

TAX CODE OF THE RUSSIAN FEDERATION
PART ONE NO. 146-FZ OF JULY 31, 1998
(with the Amendments and Additions of March 30, July 9, 1999,
January 2, 2000),
AND PART TWO NO. 117-FZ OF AUGUST 5, 2000
(with the Amendments and Additions of December 29, 2000, May 30,
August 6, 7, 8, November 27, 2001)

Part One of the Tax Code No. 146-FZ of July 31, 1998
Part Two of the Tax Code No. 117-FZ of August 5, 2000

(Part One)

Passed by State Duma on July 16, 1998
Approved by Soviet of Federation on July 17, 1998

On some questions of enforcement of Part One of the Tax Code of the Russian Federation see:

Decision of the Plenum of the Higher Arbitration Court of the Russian Federation No. 5 of February 28, 2001

Section 1. General Provisions

(Articles 1-18)

Chapter 1. Legislation on Taxes and Fees and

(Articles 1-11)

Other Regulatory Legal Acts on Taxes
and Fees

Chapter 2. System of Taxes and Fees in the

(Articles 12-18)

Russian Federation

Section 2. Taxpayers and Payers of Fees. Tax Agents.

(Articles 19-29)

Representation in Tax Legal Relations

Chapter 3. Taxpayers and Payers of Fees. Tax Agents

(Articles 19-25)

Chapter 4. Representation in Relations Regulated

(Articles 26-29)

by Legislation On Taxes and Fees

Section 3. Tax Authorities. Tax Police. Liability of Tax

(Articles 30-37)

Authorities, Customs Authorities, Tax Police
and Their Officials

Chapter 5. Tax Authorities. Tax Police. Liability of

(Articles 30-35)

Tax Authorities, Customs Authorities, Tax
Police Bodies and Their Officials

Chapter 6. Tax Police Bodies

(Articles 36-37)

Section 4. General Rules of the Fulfillment of the

(Articles 38-79)

Obligation to Pay Taxes and Fees

Chapter 7. Objects of Taxation

(Articles 38-43)

Chapter 8. Fulfillment of the Obligation to Pay
(Articles 44-60)

Taxes and Fees

Chapter 9. Changes in Deadlines for Payment Taxes
(Articles 61-68)

and Fees

Chapter 10. Demand to Pay Taxes and Fees
(Articles 69-71)

Chapter 11. Methods of Enforcement of Obligations
(Articles 72-77)

Relating to Payment of Taxes and Fees

Chapter 12. Offset and Refund of Overpaid or Over
(Articles 78-79)

Collected Amounts

Section 5. Tax Reports and Tax Control
(Articles 80-105)

Chapter 13. Tax Reports
(Articles 80-81)

Chapter 14. Tax Control
(Articles 82-105)

Section 6. Tax Offenses and Liability for Committing (Articles
106-136)

Them

Chapter 15. General Provisions on Liability for (Articles
106-115)

Committing Tax Offenses

Chapter 16. Types of Tax Offenses and Liability for (Articles
116-129)

Committing Them

Chapter 17. Costs Connected with Exercising (Articles
130-131)

Tax Control

Chapter 18. Types of Violations Committed by Banks (Articles
132-136)

Stipulated by Legislation on Taxes and
Fees and Liability for Committing Them

Section 7. Appealing Acts of Tax Authorities and (Articles
137-142)

Actions or Inaction on the Part of Tax
Officers

Chapter 19. Procedure for Appealing Acts of Tax (Articles
137-139)

Authorities and Actions or Inaction
on the Part of Tax Officers

Chapter 20. Consideration of Appeals and Rendering (Articles
140-142)

Decisions

Federal Law No. 147-FZ of July 31, 1998 on Introduction Part I
of the

Tax Code of the Russian Federation

Federal Law No. 118-FZ of August 5, 2000 on Entry into Force of
Part 2 of
the Tax Code of the Russian Federation and on Introduction of
Amendments

On specific issues relating to putting into force Part 1 of the Tax Code of the Russian Federation see [Decision](#) of the Plenary Meeting of the Supreme Court of the Russian Federation and the Higher Arbitration Court of the Russian Federation No. 41/9 of June 11, 1999

Section 1. General Provisions

Chapter 1. Legislation on Taxes and Fees and Other Regulatory Legal Acts on Taxes and Fees

[Federal Law](#) No. 154-FZ of July 9, 1999 amended Article 1 of this Code

The amendments shall [enter into force](#) upon the expiry of one month since the day of the [official publication](#) of the [Federal Law](#)

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

Article 1. Legislation of the Russian Federation, Legislation of Russian Federation Member Territories, and Regulatory Legal Acts of Representative Bodies of Local Self-Government on Taxes and Fees

1. Legislation of the Russian Federation on taxes and fees shall consist of this Code and other federal laws on taxes and fees adopted in accordance therewith.

2. This Code shall establish a system of taxes and fees collected to the federal budget, and general principles of taxation and fees in the Russian Federation, including:

- 1) types of taxes and fees collected in the Russian Federation;
- 2) the grounds for arising and the procedure for fulfillment of obligations to pay taxes and fees;
- 3) the principles of the introduction, enforcement and invalidation of the earlier introduced taxes and dues of the subjects of the Russian Federation and local taxes and dues;
- 4) the rights and duties of taxpayers, the tax authorities and other parties to relations regulated by tax and fee legislation;
- 5) forms and methods of tax control;
- 6) liability for tax violations;
- 7) the procedure for appeals against reports of tax bodies and actions (inaction) of their officials.

According to [Federal Law](#) No. 118-FZ of August 5, 2000 (in the wording of [Federal Law](#) No. 33-FZ of March 24, 2001, which shall come into force a month after its [official publication](#)), Item 3 of Article 1 of this Code shall be put into force as of the date when the [Law](#) of the Russian Federation on the Fundamentals of Tax System in the Russian Federation is recognized as invalid

3. This Code shall apply to establishment, introduction and collection of fees in cases where it is explicitly provided for in this Code.

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

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

6. Laws and other regulatory legal acts provided for by this Article shall be referred to in this Code as "legislation on taxes and fees."

Federal Law No. 154-FZ of July 9, 1999 amended Article 2 of this Code

The amendments shall enter into force upon the expiry of one month since the day of the official publication of the Federal Law

See the previous text of the Article

Article 2. Relations Regulated by Tax and Fee Legislation

Tax and fee legislation shall regulate authority relations involving imposition, enactment and collection of taxes and fees in the Russian Federation, and also relations arising during the exercise of tax control, the appeal against the acts of tax bodies, the actions or inaction of their officials, and imposition of sanctions for tax violations.

Tax and fee legislation shall not apply to relations involving imposition, enactment and collection of customs payments or relations arising during the exercise of control over customs payments, the appeal against the acts of customs bodies, the action or inaction of their officials and imposition of sanctions on guilty persons unless otherwise provided by this Code.

Federal Law No. 154-FZ of July 9, 1999 amended Article 3 of this Code

The amendments shall enter into force upon the expiry of one month since the day of the official publication of the Federal Law

See the previous text of the Article

Article 3. Basic Principles of Tax and Fee Legislation

1. Each person shall pay taxes and fees imposed in a lawful way. Tax and fee legislation shall be based on recognition of universality and equality of taxation. Upon the introduction of taxes it is necessary to take into account the taxpayer's ability to pay the tax.

2. Taxes and fees may not be discriminatory or applied differently depending on social, racial, national, religious and other similar criteria.

It shall not be allowed to set differential tax or fee rates or grant tax benefits depending on the form of ownership, citizenship of individuals or origin of capital.

It shall be allowed to impose special types of duties or differential rates of import custom duties depending on the country of origin of goods in accordance with this Code and customs legislation of the Russian Federation.

3. Taxes and fees shall have an economic basis and may not be arbitrary. It shall not be allowed to impose taxes preventing individuals from exercise of their constitutional rights.

4. It shall not be allowed to impose taxes and fees which violate the single economic area of the Russian Federation and in particular restrict free movement, either directly or indirectly, of goods (works, services) or financial resources within the Russian Federation; nor it shall be allowed to restrict or hinder the economic activity of natural persons and organisations, which is not banned by law, in any other way.

5. Federal taxes and fees shall be imposed, amended or revoked by this Code.

Taxes and fees of Russian Federation member territories, and local taxes and fees shall be imposed, amended or revoked by laws of Russian Federation member territories relevant to taxes and fees or regulatory legal acts of representative local self-government bodies relevant to taxes and fees, respectively, in accordance with this Code.

No one may be charged with an obligation to pay taxes and fees or other contributions and payments having characteristics of taxes as defined by this Code which are not provided by this Code or are imposed in a way which is different from the one provided by this Code.

6. Upon the introduction of taxes it is necessary to define all the elements of taxation. The legislative acts on taxes and dues shall be formulated in a way to enable

each person to know exactly which taxes or dues he should pay, when and in which procedure.

7. All unremovable doubts, contradictions and ambiguities of legislative acts relevant to taxes and/or fees shall be interpreted in favour of taxpayers (payers of fees).

Federal Law No. 154-FZ of July 9, 1999 amended Article 4 of this Code

The amendments shall enter into force upon the expiry of one month since the day of the official publication of the Federal Law

See the previous text of the Article

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

1. In cases provided for by legislation on taxes and fees, federal executive bodies, the organs of the executive power of the subjects of the Russian Federation, the executive bodies of local self-government, the agencies of governmental extra-budgetary funds shall publish regulatory legal acts on issues related to taxation and fees which may not amend or supplement legislation on taxes and fees. In issuing the above acts, the State Customs Committee of the Russian Federation shall be guided by customs legislation.

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

Federal Law No. 154-FZ of July 9, 1999 amended Article 1 of this Code

The amendments shall enter into force upon the expiry of one month since the day of the official publication of the Federal Law

See the previous text of the Article

Article 5. Enactment and Validity of Legislative Acts on Taxes and Fees

Federal Law No. 51-FZ of March 30, 1999 suspended Item 1 of Article 5 of Part 1 of the Tax Code of the Russian Federation until January 1, 2000

1. Legislative acts on taxes shall take effect not earlier than upon expiry of one month after the date of their official publication and not earlier than the first day of the next tax period for the corresponding tax except for cases provided by this Article.

Legislative acts on fees shall take effect not earlier than upon expiry of one month after the date of their official publication except for cases provided by this Article.

Federal laws amending this Code with regard to imposition of new taxes and/or fees, and also legislative acts on taxes and/or fees of Russian Federation member territories and acts of representative local self-government bodies imposing taxes and/or fees shall not take effect until 1 January of the year following the year of their adoption, but not earlier than one month since the day of their official publication.

2. Legislative acts on taxes and fees which impose new taxes and/or fees, raise tax rates, the amounts of dues, impose or increase sanctions for breaches of the legislation on the taxes and dues, establish new obligations for, or worsen situation in any other way of, taxpayers or payers of fees or other parties to relations regulated by legislation on taxes and/or fees shall not be retroactive.

3. Legislative acts on taxes and/or fees which lift or mitigate sanctions for breaches of the legislation on the taxes and dues or provide additional guarantees of protection of rights of taxpayers and payers of fees or tax agents and their representatives, shall be retroactive.

4. Legislative acts on taxes and fees which revoke taxes and/or fees, reduce tax rates, eliminate obligations of taxpayers, payers of dues, tax agents and their representatives or improve their position in any other way, may be retroactive if the above acts explicitly provide for it.

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

Federal Law No. 154-FZ of July 9, 1999 amended Article 6 of this Code

The amendments shall enter into force upon the expiry of one month since the day of the official publication of the Federal Law

See the previous text of the Article

Article 6. Lack of Correspondence Between Regulatory Legal Acts on Taxes and Fees and This Code

1. A regulatory legal act on taxes and fees shall be considered to be at variance with this Code if such act:

1) is issued by a body which does not have the right under this Code to issue acts of this type or is issued in violation of the established procedure for issuance of such acts.

2) revokes or restricts the rights of taxpayers, payers of fees, tax agents or their representatives or powers of the tax authorities, customs agencies of governmental extra-budgetary funds established by this Code;

3) changes the content of obligations of parties to relations as regulated by the Legislation on taxes and fees, other persons whose duties are established by the present Code;

4) prohibits actions of taxpayers, payers of fees or tax agents and their representatives, allowed by this Code;

5) prohibits actions of the tax authorities, customs agencies, agencies by governmental extra-budgetary funds, their officials allowed or prescribed by this Code;

6) allows or admits actions prohibited by this Code;

7) changes the grounds, conditions, sequence or procedure for actions of parties to relations as regulated by the Legislation on taxes and fees, other persons whose duties are established by the present Code;

8) changes the scope and/or content of concepts and terms defined in this Code or uses these concepts and terms in a meaning other than the one used in this Code;

9) contradicts in any other way the general principles and/or the literal meaning of particular provisions of this Code.

2. Normative legal Acts referred to in Item 1 of this Article shall be considered to be at variance with this Code provided even one of the circumstances set forth in Item 1 of this Article exists.

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

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

Federal Law No. 154-FZ of July 9, 1999 supplemented this Code with Article 6.1
The amendments shall enter into force upon the expiry of one month since the day of the official publication of the Federal Law

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

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

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

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

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

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

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

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

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

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

Article 7. Effect of International Treaties on Taxation

If a tax treaty of the Russian Federation which contains provisions concerning taxation and fees establish rules and standards other than those provided by this Code or laws and other regulatory legal acts on taxes and/or fees adopted in accordance with it, the rules and standards of tax treaties of the Russian Federation shall prevail.

Federal Law No. 154-FZ of July 9, 1999 amended Article 8 of this Code
The amendments shall enter into force upon the expiry of one month since the day of the official publication of the Federal Law
See the previous text of the Article

Article 8. Concept of Tax and Fee

1. A tax shall be defined as an obligatory and individually non-refundable payment collected from organisations and individuals in the form of alienation of money resources owned by them by right of ownership, economic jurisdiction or operational management for purposes of financing the activity of the state and/or municipalities.

2. A fee shall be defined as an obligatory contribution collected from organisations and individuals the payment of which is one of the conditions of legally significant actions to be taken in relation to payers of fees by government authorities, local self-government bodies or other bodies and officials authorized by them, including granting of particular rights or issuance of permits (licenses).

Federal Law No. 154-FZ of July 9, 1999 amended Article 9 of this Code

The amendments shall enter into force upon the expiry of one month since the day of the official publication of the Federal Law

See the previous text of the Article

Article 9. Parties to Relations Regulated by Legislation on Taxes and Fees

Parties to relations regulated by tax and fee legislation shall be as follows:

1) organisations and individuals recognized as taxpayers and payers of fees under this Code;

2) organisations and individuals recognized as tax agents under this Code;

3) the Ministry of Taxes and Dues of the Russian Federation and its subdivisions in the Russian Federation (hereinafter referred to as the tax bodies);

4) the State Customs Committee of the Russian Federation and its offices (hereinafter referred to as customs authorities);

5) State executive bodies and local self-government executive bodies, other bodies and officials authorized by them that receive and collect taxes and/or fees and also control their payment by taxpayers and payers of fees apart from tax and customs authorities in accordance with the established procedure (hereinafter referred to as collectors of taxes and fees);

6) the Ministry of Finance of the Russian Federation, finance ministries of the republics, finance departments (boards, divisions) of administrations of krais [territories], oblasts [regions], the cities of Moscow and St. Petersburg, the autonomous oblast, autonomous okrugs [areas], raions [districts] and cities (hereinafter referred to as financial bodies), other authorized bodies when making decisions on deferral and payment by installments of taxes and fees and on other issues provided by this Code.

7) agencies of governmental extra-budgetary funds;

On the enforcement of the Tax Code of the Russian Federation in legal relations involving the payment of insurance premiums to the Pension Fund of the Russian Federation see Letter of the Pension Fund of the Russian Federation No. MZ-09-25/7298 of August 15, 2000

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

Federal Law No. 154-FZ of July 9, 1999 amended Article 10 of this Code

The amendments shall enter into force upon the expiry of one month since the day of the official publication of the Federal Law

See the previous text of the Article

Article 10. Tax Violation Proceedings

1. A person shall be made liable for a tax violation and tax violation proceedings shall be conducted in accordance with the procedure established in Chapters 14 and 15 of this Code.

2. Proceedings with respect to violations of tax and fee legislation containing elements of an administrative violation or crime shall be conducted in accordance with

the procedure established by the legislation on administrative violations or criminal procedural legislation of the Russian Federation, respectively.

3. Proceedings with respect to violations of tax and fee legislation in connection with the movement of goods across the customs border of the Russian Federation shall be conducted as prescribed by the [customs legislation](#) of the Russian Federation unless otherwise stipulated by the present Code.

[Federal Law No. 154-FZ of July 9, 1999 amended Article 11 of this Code](#)

[The amendments shall enter into force upon the expiry of one month since the day of the official publication of the Federal Law](#)

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

[Article 11.](#) Institutions, Concepts and Terms Used in This Code

1. Institutions, concepts and terms of civil law, family law and other branches of law used in this Code shall apply in the meaning in which they are used in these branches of law unless otherwise provided by this Code.

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

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

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

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

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

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

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

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

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

accounts (an account) mean settlement (current) and other accounts with banks, opened on the basis of a contract of a bank account, on which the pecuniary funds of organisations and individual entrepreneurs are placed and from which they may be spent;

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

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

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

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

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

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

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

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

3. The concepts of taxpayer, taxable item, tax base, tax period and other specific concepts and terms of legislation on taxes and fees shall be used in the meaning defined in the corresponding Articles of this Code.

Chapter 2. System of Taxes and Fees in the Russian Federation

According to [Federal Law No. 118-FZ of August 5, 2000 \(in the wording of \[Federal Law No. 33-FZ of March 24, 2001, which shall come into force a month after its official publication\\)\]\(#\), Article 12 of this Code shall be put into force as of the date when the \[Law of the Russian Federation on the Fundamentals of Tax System in the Russian Federation\]\(#\) is recognized as invalid](#)

*[Federal Law No. 154-FZ of July 9, 1999 amended Article 12 of this Code](#)
[See the previous text of the Article](#)*

Article 12 of Part I of the Tax Code shall [come into force](#) from the date of introduction of Part II of the Tax Code of the Russian Federation

Article 12. Types of Taxes and Fees in the Russian Federation

1. The following types of taxes and fees shall be imposed in the Russian Federation: [federal taxes and fees](#), [taxes and fees of Russian Federation member territories](#) (hereinafter referred to as regional taxes and fees), and [local taxes and fees](#).

2. Federal taxes and fees shall be defined as taxes and fees imposed by this Code and payable throughout the Russian Federation.

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

4. Local taxes and dues shall be recognized to be those established by this Code and the normative legal acts of the representative bodies of local self-government and those carried into effect in conformity with this Code by the normative legal acts of the representative bodies of local self-government and subject to obligatory payment on the territories of the respective municipal entities.

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

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

5. No regional or local taxes (fees) may be imposed which are not provided for by this Code.

According to [Federal Law No. 118-FZ of August 5, 2000](#) (in the wording of [Federal Law No. 33-FZ of March 24, 2001](#), which shall come into force a month after its [official publication](#)), Article 13 of this Code shall be put into force as of the date when the [Law of the Russian Federation on the Fundamentals of Tax System in the Russian Federation](#) is recognized as invalid

Article 13. Federal Taxes and Fees

1. Federal taxes and fees shall include:

- 1) value added tax;
- 2) excise taxes on particular types of goods (services) and separate types of mineral raw materials;
- 3) tax on profit (income) of organisations;
- 4) capital gains tax;
- 5) personal income tax;
- 6) contributions to state social off-budget funds;
- 7) state duty;
- 8) customs duty and customs fees;

See [Methodological Directions on the procedure for application of customs duties to the goods moved across the customs border of the Russian Federation](#), given by [Letter of the State Customs Committee of the Russian Federation No. 01-06/38024 of December 27, 2000](#)

- 9) tax on subsoil use;
- 10) tax on rehabilitation of the mineral raw materials base;
- 11) tax on additional income from hydrocarbons production;
- 12) fee for the right of use of fauna and water biological resources;
- 13) forest tax;
- 14) water tax;
- 15) ecological tax;
- 16) federal license fees.

According to [Federal Law No. 118-FZ of August 5, 2000](#) (in the wording of [Federal Law No. 33-FZ of March 24, 2001](#), which shall come into force a month after its [official publication](#)), Article 14 of this Code shall be put into force as of the date when the [Law](#)

of the Russian Federation on the Fundamentals of Tax System in the Russian Federation is recognized as invalid

Article 14. Regional Taxes and Fees

1. Regional taxes and fees shall include:

- 1) tax on property of organisations;
- 2) tax on real estate;
- 3) road tax;
- 4) transport tax;
- 5) sales tax;
- 6) tax on gambling business;
- 7) regional license fees.

2. After enactment of real estate tax, the tax on property of organisations, individual property tax and land tax shall cease to be effective in the corresponding area.

According to [Federal Law No. 118-FZ of August 5, 2000](#) (in the wording of [Federal Law No. 33-FZ of March 24, 2001](#), which shall come into force a month after its [official publication](#)), Article 15 of this Code shall be put into force as of the date when the [Law of the Russian Federation on the Fundamentals of Tax System in the Russian Federation](#) is recognized as invalid

Article 15. Local Taxes and Fees

1. Local taxes and fees shall include:

- 1) land tax;
- 2) individual property tax;
- 3) tax on advertising;
- 4) inheritance or gift tax;
- 5) local license fees.

[Federal Law No. 154-FZ of July 9, 1999](#) amended Article 16 of this Code

The amendments shall [enter into force](#) upon the expiry of one month since the day of the [official publication](#) of the Federal Law

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

Article 16. Information About Taxes and Dues;

Information and copies of laws and other normative legal acts about the introduction and repeal of regional and local taxes and duties shall be sent by the government authorities of a Russian Federation member territory and local self-government bodies to the Ministry of Taxes and Dues of the Russian Federation and the Ministry of Finance of the Russian Federation, and also to the relevant regional tax authorities and financial bodies.

Information on current regional taxes and fees and their basic provisions shall be published on a quarterly basis by the Ministry of Taxes and Dues of the Russian Federation, and information on current local taxes and fees and their basic provisions shall be published at least once a year by the relevant regional tax authorities.

[Letter of the Ministry of the Russian Federation for Taxes and Fees No. BG-6-01/584@](#) of August 2, 2000 designated the journal "Russian Tax Courier" (mass media registration certificate No. 017745 of June 22, 1998) as the source of publication of information on effective regional taxes and fees and the basic provisions thereof

[Federal Law No. 154-FZ of July 9, 1999](#) amended Article 17 of this Code

The amendments shall enter into force upon the expiry of one month since the day of the official publication of the Federal Law

See the previous text of the Article

Article 17. General Conditions of Imposition of Taxes and Fees

1. A tax shall only be considered as imposed if the taxpayers and the elements of taxation are defined, namely,

taxable item;

tax base;

tax period;

tax rate;

procedure for calculation of tax;

procedure and dates of tax payment.

2. In tax imposition, a legislative act on taxes and dues may also provide if necessary tax benefits and grounds for using them by the taxpayer.

3. In imposing fees, their payers and elements of taxation shall be defined relative to particular fees.

According to Federal Law No. 118-FZ of August 5, 2000 (in the wording of Federal Law No. 33-FZ of March 24, 2001, which shall come into force a month after its official publication), Article 18 of this Code shall be put into force as of the date when the Law of the Russian Federation on the Fundamentals of Tax System in the Russian Federation is recognized as invalid

Federal Law No. 154-FZ of July 9, 1999 reworded Article 18 of this Code

See the previous text of the Article

Article 18. Special Types of Tax Treatment

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

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

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

Section 2. Taxpayers and Payers of Fees. Tax Agents. Representation in Tax Legal Relations

Chapter 3. Taxpayers and Payers of Fees. Tax Agents

Federal Law No. 154-FZ of July 9, 1999 amended Article 19 of this Code

The amendments shall enter into force upon the expiry of one month since the day of the official publication of the Federal Law

See the previous text of the Article

Article 19. Taxpayers and Payers of Fees

Taxpayers and payers of fees shall be defined as organisations and individuals who are under an obligation, under this Code, to pay taxes and/or fees, respectively.

In the order prescribed by this Code the branches and other separate subdivisions of Russian organisations shall discharge their duties of these organisations in the

payment of taxes and dues in the place of the location of these branches and other separate subdivisions.

Federal Law No. 154-FZ of July 9, 1999 amended Article 20 of this Code

The amendments shall enter into force upon the expiry of one month since the day of the official publication of the Federal Law

See the previous text of the Article

Article 20. Related Persons

1. For purposes of taxation, related persons shall be defined as individuals and/or organisations the relations between which may exert influence on the conditions or economic results of their activity or activity of persons they represent, namely:

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

2) one individual is subordinate to another individual as to his or her superior; as to his or her superior;

3) in accordance with the family law of the Russian Federation, the persons are spouses, relatives, are related to each other by marriage, are an adopter and an adoptee or a guardian and a ward.

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

Federal Law No. 154-FZ of July 9, 1999 amended Article 21 of this Code

The amendments shall enter into force upon the expiry of one month since the day of the official publication of the Federal Law

See the previous text of the Article

Article 21. Rights of Taxpayers (Payers of Fees)

1. Taxpayers shall have the right to:

1) receive from the tax authorities at the place of registration free information on current taxes and fees, laws on taxes and fees and other acts containing rules of tax and fee legislation, and also on the rights and duties of taxpayers, and powers of the tax authorities and their officials;

See Regulations on Providing Information to Taxpayers on Taxes and Fees Matters approved by Order of the Ministry of Taxes and Fees of the Russian Federation No. GB-3-15/120 of May 5, 1999

2) receive written explanations from the tax authorities and other authorized state bodies about application of legislation relevant to taxes and fees;

3) use tax benefits provided there are grounds for it and in accordance with the procedure established by tax and fee legislation;

4) receive deferral, the right to pay by installments, a tax loan or an investment tax credit in accordance with the procedure and on conditions set by this Code;

5) the timely credit or refund of tax, penalty interest, fines amounts paid or collected over and above the correct amount;

6) represent their interests in tax legal relations in person or via their representative;

7) provide explanations to the tax authorities and their officials on the calculation and payment of taxes and fees, and also on protocols of audits conducted;

- 8) be present at a field tax audit;
 - 9) receive copies of a tax audit protocol and decisions of the tax authorities, and also of tax notices and requirements for tax payment;
 - 10) require compliance with tax and other legislation from tax officials while the latter perform actions with respect to taxpayers;
 - 11) not to comply with unlawful acts and demands of the tax authorities and their officials which are at variance with this Code or other federal laws;
 - 12) appeal against acts of the tax authorities and actions (inaction) of their officials in accordance with the established procedure;
 - 13) require keeping a tax secret;
 - 14) claim full compensation for losses caused by unlawful decisions of the tax authorities or unlawful actions (inaction) of their officials in accordance with the established procedure.
2. Taxpayers shall also have other rights under this Code and other acts of tax and fee legislation.
 3. Payers of fees shall have the same rights as taxpayers.

Article 22. Guarantee and Protection of Rights of Taxpayers
(Payers of Fees)

1. Taxpayers (payers of fees) shall be guaranteed an administrative and judicial protection of their rights and legitimate interests.
The procedure for protection of taxpayers rights shall be established by this Code and other federal laws.
2. The rights of taxpayers shall be secured by the relevant obligations of tax officials.
Failure to fulfill or improper fulfillment of obligations to secure the rights of taxpayers shall involve liability under federal laws.

Federal Law No. 154-FZ of July 9, 1999 amended Article 23 of this Code
The amendments shall enter into force upon the expiry of one month since the day of the official publication of the Federal Law
See the previous text of the Article

Article 23. Obligations of Taxpayers (Payers of Fees)

1. Taxpayers shall be required to:
 - 1) pay taxes and fees imposed in a lawful way;
 - 2) register with the tax bodies if this Code provides for such an obligation;
 - 3) keep records of their income (expenses) and taxable items in accordance with the established procedure if legislation on taxes and dues provides for such an obligation;
 - 4) file tax returns for taxes they are required to pay with the tax authority at the place of registration in accordance with the established procedure if legislation on taxes and fees provides for such an obligation, as well as accounting in accordance with the Federal Law on Accounting;
 - 5) provide documents required to calculate and pay taxes to the tax authorities and their officials in cases provided for by this Code;
 - 6) comply with lawful demands of the tax authority to eliminate revealed violations of tax and fee legislation, and also not to hinder the lawful activity of tax officials when they discharge their official duties;
 - 7) provide to the tax authority the necessary information and documents in cases and in accordance with the procedure provided by this Code;
 - 8) ensure safety, in the course of four years, of bookkeeping data and other documents required for the calculation and payment of taxes and fees, and of

documents confirming income earned (for organisations, also expenses incurred) and paid (withheld) taxes;

9) fulfill other obligations provided by tax and fee legislation.

2. Taxpayer organisations and individual entrepreneurs, apart from obligations set forth in Item 1 of this Article, shall be required to inform in writing the tax authority at the place of registration of the following:

opening or closure of accounts - within ten days;

all instances of holding an interest in Russian and foreign organisations - not later than within one month of commencement of such an interest;

all separate divisions set up within the Russian Federation - not later than within one month of their establishment, reorganisation or liquidation;

declaring them insolvent (bankrupt), liquidation or reorganisation - not later than within three days of adopting such a decision;

changes in their location or the place of residence - not later than 10 days since the time of such change.

3. Payers of fees shall be obligated to pay the legally established fees, and also meet other obligations as established by the legislation relevant to taxes and fees.

4. For failure to fulfill or improper fulfillment of obligations imposed on him, the taxpayer (payer of fees) shall be liable under the legislation of the Russian Federation.

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

[Federal Law No. 154-FZ of July 9, 1999 amended Article 24 of this Code](#)

The amendments shall [enter into force](#) upon the expiry of one month since the day of the [official publication](#) of the Federal Law

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

Article 24. Tax Agents

1. Tax agents shall be defined as persons who are required under this Code to calculate, withhold from the taxpayer and remit taxes to the corresponding budget (off-budget fund).

2. Tax agents shall have the same rights as taxpayers unless otherwise provided by this Code.

3. Tax agents shall be required to:

1) calculate, withhold from resources paid to taxpayers and remit to the budgets (off-budget funds) correctly and on time the corresponding taxes;

2) within one month notify the tax authority, in writing, of the impossibility to withhold tax from the taxpayer and inform the tax authority at the place of their registration of the amount of arrears;

On the cases when enterprises, institutions and organisation are not bound to submit to the tax bodies information on the incomes they have disbursed for the benefit of natural persons, see Letter of the Ministry of Taxes and Fees of the Russian Federation [No. BG-6-08/479 of June 26, 2000](#)

3) keep records of income paid to taxpayers and taxes withheld and remitted to the budgets (off-budget funds), including separate records for each taxpayer personally;

4) provide to the tax authority at the place of registration documents required to control the correctness of calculation, withholding and remittance of taxes.

4. The tax agents shall transfer the collected taxes in the order prescribed by this Code for the payment of the tax by a taxpayer";

5. For failure to fulfill or improper fulfillment of obligations imposed on him, the tax agent shall incur liability under the [legislation](#) of the Russian Federation.

Article 25. Collectors of Taxes and/or Fees

In cases provided by this Code, funds in payment of taxes and/or fees shall be received from taxpayers and/or payers of fees and remitted to the budget by government authorities, local self-government bodies or other authorized agencies and officials, i.e. collectors of taxes and/or fees.

The rights, duties and liability of collectors of taxes and/or fees shall be determined by this Code, federal laws and legislative acts of Russian Federation member territories and regulatory legal acts of representative local self-government bodies on taxes and/or fees adopted in accordance therewith.

Chapter 4. Representation in Relations Regulated by Legislation On Taxes and Fees

Article 26. The Right to Representation in Relations Regulated by Legislation on Taxes and Fees

1. The taxpayer may participate in legal relations via his legal or authorized representative unless otherwise provided by this Code.

2. Personal participation of the taxpayer in tax legal relations shall not deprive him of the right to have a representative; likewise, participation of the representative shall not deprive the taxpayer of his right to personal participation in the above relations.

3. The powers of the representative shall be documented in accordance with this Code and other federal laws.

4. Rules provided by this Chapter shall apply to payers of fees and tax agents.

Article 27. Legal Representative of the Taxpayer

1. Legal representatives of a taxpayer organisation shall be defined as persons authorized to represent this organisation on the basis of law or its founding documents.

2. Legal representatives of an individual taxpayer shall be defined as persons acting as his representatives under civil law of the Russian Federation.

Article 28. Actions (Inaction) of Legal Representatives of Organizations

Actions (inaction) of legal representatives of organisations performed in connection with participation of this organisation in tax legal relations shall be recognized as actions (inaction) of this organisation itself.

[Federal Law No. 154-FZ of July 9, 1999 amended Article 29 of this Code](#)

[The amendments shall enter into force upon the expiry of one month since the day of the official publication of the Federal Law](#)

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

Article 29. Authorized Representative of the Taxpayer

1. An authorized representative of the taxpayer shall be defined as an individual or a legal entity authorized by the taxpayer to represent his interests in his relations with the tax authorities (customs agencies and agencies of governmental extra-budgetary funds) or other parties to relations regulated by tax and fee legislation.

2. Officials of tax bodies, customs agencies and agencies of governmental extra-budgetary funds or tax police, judges, investigators or public prosecutors may not be authorized representatives of taxpayers.

3. An authorized representative of the taxpayer shall exercise his authority on the basis of a power of attorney issued as prescribed by civil law of the Russian Federation.

An authorized representative of an individual taxpayer shall exercise his authority on the basis of a power of attorney notarially certified or a power of attorney equated with the one notarially certified in accordance with civil law.

Federal Law No. 154-FZ of July 9, 1999 reworded the title of Section 3 of this Code
The amendments shall enter into force upon the expiry of one month since the day of the official publication of the Federal Law
See the previous text of the title

**Section 3. Tax Bodies. Customs Agencies.
Agencies of the Governmental Extra-budgetary Funds.
Tax Police Bodies. The Responsibility of the Tax Bodies,
the Customs Agencies, the Agencies of the Governmental
Extra-budgetary Funds, the Tax Police Bodies and Their Officials**

Federal Law No. 154-FZ of July 9, 1999 reworded the title of Chapter 5 of this Code
The amendments shall enter into force upon the expiry of one month since the day of the official publication of the Federal Law
See the previous text of the title

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

Federal Law No. 154-FZ of July 9, 1999 amended Article 30 of this Code
The amendments shall enter into force upon the expiry of one month since the day of the official publication of the Federal Law
See the previous text of the Article

Article 30. Tax Authorities in the Russian Federation

1. The tax authorities in the Russian Federation shall be the Ministry of Taxes and Dues of the Russian Federation and its territorial divisions in the Russian Federation.

See the Regulations on the Ministry of the Russian Federation of Taxes and Fees, approved by Decision of the Government of the Russian Federation No. 783 of October 16, 2000

2. In cases provided by this Code, the customs authorities and the agencies of the governmental extra-budgetary funds shall have the competence of the tax authorities.

3. The tax authorities, the agencies of the governmental extra-budgetary funds and customs authorities shall act within their competence and in accordance with the legislation of the Russian Federation.

4. The tax authorities, the agencies of the governmental extra-budgetary funds and customs authorities shall discharge their functions and cooperate with each other by exercising their authority and fulfilling obligations established by this Code and other federal laws determining the procedure for organisation and activity of the tax authorities.

Federal Law No. 154-FZ of July 9, 1999 reworded Article 31 of this Code
The amendments shall enter into force upon the expiry of one month since the day of the official publication of the Federal Law
See the previous text of the Article

Article 31. The Rights of the Tax Bodies

1. The tax bodies shall have the right:

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

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

See the [Procedure](#) for Ordering Field Tax Inspections approved by [Order](#) of [Order](#) of the Ministry of Taxes and Fees of the Russian Federation No. AP-3-16/318 of October 8, 1999

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

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

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

See the [form](#) of the decision on the suspension of operations on accounts in a bank approved by [Order](#) of the Ministry for Taxes and Fees of the Russian Federation No. AP-3-16/325 of October 13, 1999

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

[Order](#) of the Ministry of Finance of the Russian Federation and the Ministry of Taxes and Fees of the Russian Federation Nos 20n, GB-3-04/39 of March 10, 1999 endorsed the [Regulations](#) on the Procedure for Stock Taking in Respect of Taxpayers' Assets in the Course of Tax Inspection

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

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

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

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

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

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

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

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

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

16) to bring the following actions in courts of general jurisdiction or in courts of arbitration:

actions of recovery of tax sanctions from persons who breached the legislation on taxes and dues;

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

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

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

actions of the recovery of the indebtedness of taxes duties which correspond to penalties and fines by the budgets or the extra-budgetary funds, if this indebtedness is attributed for more than three months to the organisations, which under the civil legislation of the Russian Federation dependent (affiliate) companies (enterprises, from the corresponding basic (prevalent, participating) companies (partnerships, enterprises), when their bank accounts receive the proceeds from the sold goods (works, services) of (subsidiary) companies or enterprises, and also to the organisations which are under the [civil legislation](#) of the Russian Federation basic (prevalent, participating) companies (partnerships, enterprises), and from the dependent (subsidiary) companies or enterprises, when their bank account receive the proceeds from the sold goods (works, services) of the basic (prevalent, participating) companies (partnerships, enterprises);

in other cases provided for by this Code.

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

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

[Federal Law No. 154-FZ of July 9, 1999 amended Article 32 of this Code](#)

[The amendments shall enter into force upon the expiry of one month since the day of the official publication of the Federal Law](#)

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

Article 32. Duties of the Tax Bodies

1. Tax bodies and their officials shall be obliged to:

1) strictly comply with the legislation on taxes and fees;

- 2) monitor the observation of the legislation on taxes and fees as well as other normative legal acts in compliance therewith;
- 3) keep records of taxpayers in the established procedure;
- 4) explain the application of legislative and other normative legal acts on taxes as well as normative acts in compliance therewith, inform taxpayers free of charge of the effective taxes, provide them with established accounting forms and explain the procedure of their processing, the procedure of calculation and payment of taxes and fees;

See [Regulations on Providing Information to Taxpayers on Taxes and Fees Matters approved by Order of the Ministry of Taxes and Fees of the Russian Federation No. GB-3-15/120 of May 5, 1999](#)

- 5) refund or credit excessive amounts of taxes, interests and fines paid or collected in the manner as per this Code;
- 6) keep tax secrets;
- 7) forward to the taxpayer or another tax agent copies of tax audit acts and decisions of a tax body as well as in cases provided for by this Code, the tax notice and the demand to pay a tax and a fee.

2. Tax bodies shall perform other duties provided for in this Code and other federal laws.

3. In case of revealing the circumstances giving reason to suspect that violation of legislation on taxes and fees has been committed with the signs of a crime, the tax bodies shall within ten days submit the materials to a respective body of the tax police to decide on a criminal case initiation.

Article 33. Duties of Officials of the Tax Bodies

1. Officials of the tax bodies shall:
 - 1) act in strict compliance with this Code and other federal laws;
 - 2) realize the rights and duties of the tax bodies within the scope of their competence;
 - 3) treat duly and courteously taxpayers, their representatives and other participants of the tax relations; respect their honor and dignity.

*[Federal Law No. 154-FZ of July 9, 1999 amended Article 34 of this Code](#)
[The amendments shall enter into force upon the expiry of one month since the day of the official publication of the Federal Law](#)
[See the previous text of the Article](#)*

Article 34. The Authorities of Customs Bodies and Duties of Customs Officials with Respect to Taxes and Fees

1. The customs bodies of the Russian Federation shall use the rights and perform the duties of tax bodies to collect taxes and fees in connection with movement of goods across the customs territory of the Russian Federation as per the customs legislation of the Russian Federation, this Code and other federal laws on taxes and/or fees, as well as other federal laws.

2. Customs officials shall perform the duties as established by item 1 of [Article 33](#) of this Code as well as other duties as per the customs legislation of the Russian Federation.

3. The customs bodies of the Russian Federation shall hold liable those persons who may be guilty of abuses of the legislation on taxes and fees in connection with movement of goods across the customs border of the Russian Federation in the manner established by the customs legislation of the Russian Federation.

Federal Law No. 154-FZ of July 9, 1999 supplemented this Code with Article 34.1
The amendments shall enter into force upon the expiry of one month since the day of
the official publication of the Federal Law

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

*On the rights and obligations of bodies of the Pension Fund of the Russian
Federation when exercising tax control powers see Letter of the Pension Fund of the
Russian Federation No. MZ-09-25/7298 of August 15, 2000*

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

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

Federal Law No. 154-FZ of July 9, 1999 amended Article 35 of this Code
The amendments shall enter into force upon the expiry of one month since the day of
the official publication of the Federal Law
See the previous text of the Article

Article 35. Liability of Tax Bodies, Customs Bodies, the Agencies of
the Governmental Extra-budgetary Funds and Also Their Officials

1. Tax bodies, customs bodies shall be liable for losses inflicted to taxpayers as a
result of unlawful actions (decisions), actions or inaction of the former as well as
unlawful actions (decisions) or inaction of the officials and other employees of those
bodies in performing their office duties.

The losses incurred by the taxpayers shall be reimbursed at the expense of the
federal budget in the procedure envisaged in this Code or other federal laws.

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

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

3. The officials and other employees of the bodies specified in Items 1 and 2 of this
Article guilty of unlawful actions or the absence of actions shall bear responsibility
provided for in the legislation of the Russian Federation.

Chapter 6. Tax Police Bodies

Federal Law No. 154-FZ of July 9, 1999 amended Article 36 of this Code
The amendments shall enter into force upon the expiry of one month since the day of
the official publication of the Federal Law
See the previous text of the Article

Article 36. The Authorities of the Federal Tax Police Service
Bodies

1. The bodies of the Federal Tax Police Service (hereinafter - Tax Police bodies)
perform the functions to prevent, identify, terminate and investigate violation of laws on
taxes and fees which are criminal or administrative law abuses, as well as other
functions imposed on them according to the Federal Law on the Federal Tax Police
Bodies.

2. The Tax Police bodies shall have the following authorities:

- 1) pursue, according to the procedural criminal law of the Russian Federation, investigation of criminal cases the procedure of investigation of which falls under their jurisdiction;
- 2) perform, according to the procedural criminal law of the Russian Federation, preliminary inquiry of cases on crimes under their competence;
- 3) conduct investigations in accordance with the federal legislation;
- 4) participate in tax audits upon requests from the tax bodies;

Federal Law No. 13-FZ of January 2, 2000 supplemented Item 2 of Article 36 of this Code with a new Subitem 5 in the following wording. Subitem 5 shall be deemed to be Subitem 6

5) in the presence of sufficient data significant of some indicia of a crime, checks shall be carried out in accordance with the legislation of the Russian Federation. By the results of a check a report shall be drawn up on the check of the taxpayer by the bodies of the tax police, on the basis of which the tax police bodies shall take one of the following decisions:

See Instructions on the Procedure for the Federal Tax Police Bodies to Order and Conduct Inspection of Taxpayers, approved by Order of the Federal Tax Police Service of the Russian Federation No. 285 of June 25, 2001

in the case of discovery of tax infractions containing certain indicia of formal components of a crime - on initiating criminal proceedings;

in the case of discovery of a tax infraction not containing any indicia of formal components of a crime - on refusing to initiate criminal proceedings and on sending the materials to the relevant tax body;

in the absence of a tax infraction - on refusing to initiate criminal proceedings;

6) any other authority stipulated in the Federal Law on the Federal Tax Police Bodies.

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

Article 37. Liabilities of the Tax Police Bodies and Their Officials

1. Tax police bodies shall be held liable for any losses inflicted to the taxpayers as a result of their (tax police bodies) unlawful actions (decisions) or absence thereof likewise unlawful actions (decisions) or the absence of actions on part of the officials and other employees of those bodies in performance of their office duties.

The incurred losses by the taxpayers shall be reimbursed at the expense of the federal budget in the procedure envisaged by this Code and other applicable federal laws.

2. The tax police officials and other employees guilty of unlawful actions or the absence thereof shall bear responsibility as per the legislation of the Russian Federation.

Section 4. General Rules of the Fulfillment of the Obligation to Pay Taxes and Fees

Chapter 7. Objects of Taxation

Federal Law No. 154-FZ of July 9, 1999 amended Article 38 of this Code

The amendments shall enter into force upon the expiry of one month since the day of the official publication of the Federal Law

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

Article 38. Object of Taxation

1. Operations in the sale of goods (works, services), property, revenue, profit, value of realized [sold] goods (works, services), or another object having a cost, quantitative or physical characteristic whose existence is linked to the emergence of a tax liability of the taxpayer according to the legislation on taxes and fees may be objects of taxation.

Each tax has an independent object of taxation defined in compliance with part II of this Code and with account of the provisions of this Article.

2. Under the property in this Code shall be understood types of objects of civil rights (except for property rights) referred to as property according to the Civil Code of the Russian Federation.

3. For the purpose of this Code goods shall be any property sold or to be sold. Any other property as defined by the Customs Code of the Russian Federation shall be also referred to goods in order to regulate the relations connected with collection of customs duties.

4. Works for taxation shall be any activity which results have tangible expression and may be realized to meet the needs of an organisation and/or natural persons.

5. Services for taxation shall be any activity which results do not have tangible expression, are realized and consumed in the process of performance of such activity.

Federal Law No. 154-FZ of July 9, 1999 amended Article 39 of this Code

The amendments shall enter into force upon the expiry of one month since the day of the official publication of the Federal Law

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

Article 39. Realization [Sale] of Goods, Works (Services)

1. Realization [sale] of goods, works (services) by an organisation or an individual entrepreneur shall be respectively construed as the transfer of title to goods, transfer of results of completed works from one person to another, repayable provision of services by one person for another (including an exchange of goods, works, or services) for a compensation, or, in cases provided for in this Code, the transfer of the right of ownership of goods, of the results of performed works by one persons for another person, the rendering of services by one person to another person shall be free of charge.

2. The place and the date of actual realization of goods (works, services) shall be determined as per the special parts of this Code.

3. The following shall be not deemed as realization of goods (works, services):

1) performance of transactions in connection with circulation of Russian or foreign currency (unless the purpose of such transactions is numismatics);

2) transfer of fixed assets, intangible assets and (or) other assets by an organisation to its successor (successors) when such organisation is reorganized;

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

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

5) transfer of assets within the limits of the original contribution to a participant of an economic entity or partnership (its successor or inheritor) when such participant

leaves (withdraws) the company or the partnership as well as in distribution of assets of a liquidated economic entity or a partnership between its participants;

6) transfer of assets within the limits of the original contribution to a participant of a simple partnership agreement (joint activity agreement) or its successor when his share of assets is singled out from the assets in common ownership of the agreement participants or when such assets are divided;

7) transfer of residential premises in state or municipal houses when they are privatized;

8) withdrawal of property by way of its confiscation, inheritance of property as well as giving to other persons' ownership abandoned things and things or animals with no identified owner, findings and hidden treasures, as per the provisions of the [Civil Code](#) of the Russian Federation;

9) other transactions in cases provided for by this Code.

On the peculiarities of application of Item 3 of Article 39 of the Tax Code of the Russian Federation, see the [Methodical Recommendations](#) on the application of Chapter 22 "Excise Taxes" of Part 2 of the Tax Code of the Russian Federation (excisable mineral raw materials) [Order](#) of the Ministry for Taxes and Fees of the Russian Federation No. BG-3-03/440 of December 18, 2000

[Federal Law](#) No. 154-FZ of July 9, 1999 amended Article 40 of this Code

The amendments shall [enter into force](#) upon the expiry of one month since the day of the [official publication](#) of the Federal Law

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

Article 40. Principles of Determining the Price of Goods (Works, Services)

1. Unless otherwise provided by the present Article, for the purposes of taxation the prices of goods, work services shall be those stated by parties to transactions. Until proven otherwise, it shall be assumed that these prices correspond to the level of market prices.

2. Tax authorities during the exercise of control over the calculation of taxes shall be entitled to verify the correctness of the prices used in transactions only in the following cases:

- 1) between related persons;
- 2) commodity swap (barter) transactions;
- 3) at the time of completing foreign trade transactions;
- 4) in case of the derivation of prices upwards or downwards for more than 20 per cent of the level of prices applicable by a taxpayer to identical (homogeneous) goods (works, services) within a short period of time.

According to [Federal Law](#) No. 147-FZ of July 31, 1998 on Putting Into Force Part 1 of the Tax Code of the Russian Federation provisions provided for by Item 3 of this Article shall not apply in the estimation of market prices of financial instruments, forward transactions and securities before the enforcement of the second part of the Tax Code of the Russian Federation

3. In cases provided for by [Item 2 of this Article](#), when the prices of goods, works or services applied by the parties to a transaction deviate upwards or downwards for more than 20 per cent from the market price of identical (homogenous) goods (works or services), the tax body shall have the right to pass a motivated decision on the additional charge of the tax and penalty, calculated in way as if the results of this transaction would have been assessed on the basis of the application of market prices for relevant goods, works or services.

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

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

4. The market price of goods (works, services) shall be understood as the price resulting from the interaction between supply and demand on the market of identical (or, in the absence of such, similar) goods (works, services) in comparable economic (business) conditions.

5. The market of goods (works, service) shall be understood as the sphere of circulation of these goods (works, services) determined based on the ability of the buyer (seller) to realistically purchase (sell) the goods (work, services) in the territory which is the closest with respect to the buyer (to the seller) inside or outside the Russian Federation, without running any significant additional costs.

6. Identical goods shall be understood as goods whose characteristic basic features are the same.

Features to be taken into account when determining whether goods are identical, shall include, without being limited to, their physical characteristics, quality, market reputation, the country of origin and the producer. Insignificant differences in the appearance of goods may not be taken into consideration for the purposes of determining whether goods are identical.

7. Similar goods shall be understood as goods that short of being identical have similar characteristics and consist of similar components, which allows them to perform the same functions and (or) be commercially interchangeable.

Features to be taken into account when determining whether goods are similar shall include, without being limited to, their quality, availability of a trademark, market reputation, country of origin.

8. When determining the market price of goods(works, services), taken into account shall be transactions between unrelated persons. Transaction between related persons can be taken into account in those cases when the relation that exists between these persons did not affect the outcome of such transactions.

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

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

According to [Federal Law No. 147-FZ of July 31, 1998 on Putting Into Force Part 1 of the Tax Code of the Russian Federation provisions provided for by Item 10 of this](#)

Article shall not apply in the process of determining market prices of financial instruments, forward transactions and securities before the enforcement of the second part of the Tax Code of the Russian Federation

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

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

11. The information used for determining and recognizing the market price of goods (works, services) shall include official sources of information on market prices of goods (works, services), exchange quotations.

12. When hearing a case, the court shall be entitled to take into account any circumstances that have a bearing upon the determination of results of a transaction, without being limited to those listed under [Items 4-11](#) of this Article.

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

14. In determining the market prices of securities and financial instruments of time deals, the provisions of [Items 3](#) and [10](#) of this Article shall be applied in the manner which takes into account the special provisions of Chapter Tax on Profit (Income) of Organizations of this Code.

[Federal Law No. 118-FZ of August 5, 2000 \(in the wording of \[Federal Law No. 33-FZ of March 24, 2001, which shall come into force a month after its official publication\\)\]\(#\) reworded Article 41 of this Code](#)

Article 41. Principles of Determining Income

Pursuant to the present Code, income shall be understood and economic gain in the form of money or in kind, that shall be taken into account, if it can be estimated and to the extent that this gain can be estimated, and [income] determined in accordance with Chapters "[Personal Income Tax](#)", "Enterprise (Organization) Income Tax", and "Tax on Capital Gains" of the present Code.

[Federal Law No. 154-FZ of July 9, 1999 amended Article 42 of this Code](#)

The amendments shall enter into force upon the expiry of one month since the day of the official publication of the Federal Law

See the previous text of the Article

Article 42. Income from Sources Inside and Outside the Russian Federation

Federal Law No. 118-FZ of August 5, 2000 (in the wording of Federal Law No. 33-FZ of March 24, 2001, which shall come into force a month after its official publication) reworded Item 1 of Article 42 of this Code

1. Income of a taxpayer can be classified as either income from sources inside the Russian Federation, or income from sources outside the Russian Federation pursuant to Chapters "Tax on Organizations' Profits (Incomes)", "Personal Income Tax", "Tax on Capital Gains" of this Code.

2. If the provisions of the present Code do not allow to unequivocally classify the income received by a taxpayer as either income from sources inside the Russian Federation, or income from sources outside the Russian Federation, this determination shall be made by the Ministry of Finance of the Russian Federation. The share of the income that can be attributed to sources inside the Russian Federation and shares that can be attributed to sources in other countries shall be determined in a similar way.

Federal Law No. 154-FZ of July 9, 1999 amended Article 43 of this Code

The amendments shall enter into force upon the expiry of one month since the day of the official publication of the Federal Law

See the previous text of the Article

Article 43. Dividends and Interest

1. Any income received by a shareholder (participant) from an organisation through allocation of its after-tax profits (including income in the form of interest on preference shares) to shares (stakes), owned by such shareholder (participant) shall constitute a dividend in proportion to the shares of shareholders (participants) in the authorized (pooled) capital of the organisation.

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

2. The following shall not constitute a dividend:

1) payments received by a shareholder (participant) of an organisation in cash or in kind which do not exceed the contributing of this shareholder (participant) to the authorized (pooled) capital of the organisation in the event of a liquidation of the said organisation;

2) payments to shareholders (participant) of an organisation in the form of transfer of shares of that organisation into their property;

3) payments to a non-profit organisation for the conduct of its main statutory activity (unrelated to business), made by economic companies whose authorized capital consists in full the contributions of this non-profit organisation.

3. Interest shall be construed as any income announced (established) in advance, including income in the form of a discount, received on debt obligations of any kinds (irrespective of their form). Interest shall include, among other things, income on cash deposits and debt obligations.

Chapter 8. Fulfillment of the Obligation to Pay Taxes and Fees

Article 44. Emergence, Alteration and Termination of Obligation for Payment of Tax or Fee

1. Obligation to pay a tax or fee shall emerge, alter and terminate on the grounds established by the present Code or other acts of legislation on taxes and duties.

2. An obligation to pay a specific tax shall be imposed on a taxpayer/payer of duty with the emergence of grounds that require payment of this tax or duty, as established by the legislation on taxes and duties.

3. An obligation to pay a tax and/or duty shall terminate in the following cases:

1) once the taxpayer or payer of duty pays the tax and/or duty;

2) with the emergence of circumstances with which the legislation on taxes and duties associates termination of obligation to pay the tax or duty in question;

3) with the death of an individual taxpayer or recognition of him as decedent in accordance with the procedure established by civil legislation. The liability of the decedent or one recognized as decedent with respect to property taxes shall be repayable on the account of his estate;

4) liquidation of an institutional taxpayer after the liquidation commission has settled all budget claims (claims of extrabudgetary funds) in accordance with [Article 49](#) of the present Code.

Federal Law No. 154-FZ of July 9, 1999 amended Article 45 of this Code

The amendments shall enter into force upon the expiry of one month since the day of the official publication of the Federal Law

See the previous text of the Article

Article 45. Fulfillment of an Obligation to Pay a Tax or a Duty

1. It shall be the duty of taxpayers/payers of duties to fulfill the obligation to pay taxes/duties on their own, unless otherwise provided by the legislation on taxes and duties.

The obligation to pay a tax or duty shall be fulfilled within the time limits established by the legislation on taxes and duties. A taxpayer shall have the right to fulfill his obligation to pay taxes/duties ahead of time.

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

In case of failure to pay or failure to pay the full amount of a tax, the tax debt shall be paid off in due course at the expense of money funds available on bank accounts of the taxpayer in accordance with the procedure provided in [Articles 46](#) and [48](#) of the present Code, and at the expense of other property of the taxpayer in accordance with the procedure provided in [Articles 47](#) and [48](#) of the present Code.

Collection of a tax and/or duty from an organisation shall be performed without recourse to court, unless otherwise provided by the present Code. Collection of a tax and/or duty from a natural person shall be done through a court procedure.

Collection of a tax from an organisation cannot be performed without recourse to court, if the tax obligation is based on a change introduced by a tax authority into the following:

1) legal qualification of deals concluded by taxpayers with third parties;

2) legal qualification of the status and nature of the business in which the taxpayer is engaged.

2. Tax obligation shall be considered fulfilled by the taxpayer from the moment an order to pay the tax in question is presented to the bank, provided that the money balance of the taxpayer's account is sufficient to make the payment, and if the payment is made in ready cash - from the moment the tax payment is deposited into a bank or paid to the receiving cashier of a local government authority or a branch office of the State Committee of Telecommunications and Information Technologies of the Russian

Federation. The tax shall not be recognized as paid if the taxpayer himself redeems, or the bank returns to the taxpayer, the payment order for the remittance of the tax payment into the budget (extra-budgetary fund), and also if at the time of presenting by a taxpayer an order for tax payment this taxpayer has other non-fulfilled claims made to his account, which under the civil legislation of the Russian Federation are executed in a priority order and if the taxpayer has not sufficient monetary funds on the account to satisfy all claims.

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

If the responsibility of assessing the tax and withholding it is imposed, in accordance with the provisions of this Code, on the tax agent, then the tax obligation of the taxpayer shall be considered fulfilled from the moment taxes were withheld by the tax agent.

3. The obligation to pay taxes/duties shall be executed in the currency of the Russian Federation. Foreign organisations, and also natural persons who are not tax residents of the Russian Federation may discharge the duty of tax payment in foreign currency. The tax payment may be made in foreign currency also in other cases provided for by federal laws.

According to [Letter](#) of the Ministry of Finance of the Russian Federation and the Ministry for Taxes and Dues of the Russian Federation Nos 83n, BG-6-09/723 of August 25, September 8, 2000, it is unlawful to perform the obligation to pay taxes and dues in a non-cash form

4. Failure to fulfill an obligation to pay taxes shall constitute grounds for applying measures of enforced fulfillment of the tax obligation provided in the present Code.

5. Rules of this Article shall also apply to fees.

[Federal Law No. 154-FZ of July 9, 1999 amended Article 46 of this Code](#)

The amendments shall [enter into force](#) upon the expiry of one month since the day of the [official publication](#) of the Federal Law

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

Article 46. Collection of Taxes, Duties, and Penalty Interest from Bank Accounts of Institutional Taxpayers (Payers of Fees) or Institutional Tax Agents

1. In case of failure to pay or failure to pay the full amount of tax in the established time frame, the tax obligation shall be executed by enforced collection actions by levying the taxpayer's or tax agent's bank account.

2. Collection of a tax shall be performed on the strength of a decision of the tax authority (hereinafter referred to as decision on collection) by forwarding a cash collection order to the bank of the taxpayer or tax agent, ordering the bank to withdraw money funds from the accounts of a taxpayer/tax agent and remit the required amount to the corresponding budgets and (or) extrabudgetary funds.

According to [Federal Law No. 154-FZ of July 9, 1999](#) if at the time of the [entry into force](#) of the mentioned Federal Law the ten-day period for the adoption of a decision on the recovery of the tax (due or penalty) from the monetary funds of a taxpayer or a tax agent, provided for by Item 3 of Article 46 of the first part of this Code was not expired, then the said period shall be extended to 60 days

3. A decision on recovery shall be taken after the expiry of the period fixed for the discharge of the duty of tax payment, but not later than 60 days after the expiry of the

term of the execution of the claim for tax payment. A decision to collect taxes made after the expiration of the indicated ten-day limit shall be ineffective and shall not be subject to fulfillment. Should this be the case, the tax authority can file a suit with a court for collection the tax debt from the taxpayer or tax agent.

The taxpayer (tax agent) shall be notified of the decision to collect the tax not later than five days after the decision on collection of the required amount of cash was made.

4. A cash collection order (instruction) to the bank to remit the tax to the corresponding budget and (or) extrabudgetary fund shall be forwarded to the bank where the taxpayer (payer, tax agent) has its accounts and shall be subject to unconditional fulfillment by the bank within the order of priority established by civil legislation of the Russian Federation.

5. A cash collection order (instruction) of the tax authority to remit a tax shall indicate those accounts of the taxpayer (or tax agent) from which the tax is to be remitted, and the amount to be remitted.

Taxes may be collected from rouble and (or) foreign exchange accounts of a taxpayer (tax agent) with the exception of loan and budget accounts.

Collection of taxes from foreign exchange accounts of a taxpayer (tax agent) shall be performed in the amount equivalent to the amount payable in roubles at the rate of the Central Bank of the Russian Federation on the date of the sale of foreign currency. When taxes are collected from foreign exchange accounts, the head of the tax authority (or his deputy) shall forward to the bank, along with the cash collection order, an order to sell the hard currency of the taxpayer (tax agent) not later than the following day.

A tax shall not be collected from taxpayer's or tax agent's deposit account unless the term of the deposit agreement has expired. Provided there is a deposit agreement between a taxpayer (another obligor) and the bank, the tax authority body shall have the right to issue an order (instruction) to the bank to remit funds from the deposit account to a settlement (current) account of the taxpayer (other obligor) upon the expiration of the deposit agreement, if the order (instruction) of the tax authority to the bank to remit the tax has not been fulfilled by that time.

6. An order (instruction) of the tax authority to remit a tax shall be executed by the bank not later than within one business day after the day when such order (instruction) was received by the credit organisation, if the collection of tax is done from the rouble accounts, or not later than two business days, if the tax is collected from foreign exchange accounts, since this does not violate the order of sequence of payments, established by the civil legislation of the Russian Federation.

Should the balance on the accounts of a taxpayer or another obligor as of the day when the credit organisation received an order (instruction) from the tax authority to remit a tax be insufficient to pay off the tax debt or nil, the order shall be executed as money arrives on such accounts not later than one business day after each such arrival into rouble accounts, and not later than two business days after each such arrival into hard currency accounts, inasmuch as this procedure is not inconsistent with the order of priority payments as established by the [civil legislation](#) of the Russian Federation.

On the order of writing-off funds from the bank account in the year 1999 see [Article 23](#) of Federal Law No. 36-FZ of February 22, 1999 on the Federal Budget for 1999

7. Should the balance on the accounts of a taxpayer (tax agent) be insufficient or nil or in the absence of information about the accounts of a taxpayer or a tax agent, the tax authority shall have the right to collect the tax liability at the expense of other property of the taxpayer or tax agent in accordance with the procedure set out in [Article 47](#) of this Code.

8. In collecting a tax, a tax authority can resort to suspension of bank accounts of a taxpayer (tax agent) in accordance with the procedure and on the terms established by [Article 76](#) of this Code.

9. The provisions contained in this Article shall also be applicable to collection of penalty interest for untimely payment of taxes/duties.

10. The rules provided in this Article shall also be applicable for collecting a fee.

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

Federal Law No. 154-FZ of July 9, 1999 amended Article 47 of this Code

The amendments shall enter into force upon the expiry of one month since the day of the official publication of the Federal Law

See the previous text of the Article

Article 47. Collection of Taxes at the Expense of Property of Institutional Taxpayers or Institutional Tax Agents

1. In cases stated in Item 7 of Article 46 of this Code, the tax authority can take the property (including ready cash) of an institutional taxpayer or institutional tax agent to satisfy a tax debt within the limits of the amounts indicated in the demand for payment of taxes adjusted for the amounts already levied in accordance with Article 46 of the present Code.

See the Procedure for interaction of tax authorities of the Russian Federation and services of executive officers of justice in the enforced execution of decisions of tax authorities and other executive instruments, approved by Order of the Ministry for Taxes and Fees of the Russian Federation and the Ministry of Justice of the Russian Federation No. VG-3-10/265/215 of July 25, 2000

Paragraph 2 of Item 1 of Article 47 of Part I of the Tax Code shall come into force from January 1, 2000

Collection of a tax or duty at the expense of property of an institutional taxpayer (institutional tax agent) shall be performed on the strength of a decision made by the head of the tax authority (his deputy) by forwarding a ruling to the marshal of the court in the district where the taxpayer (tax agent) is located to be executed in accordance with the procedure provided by Federal Law on the Executive Procedure with due account of the details envisaged by this Article.

2. The ruling to collect taxes at the expense of property of an institutional taxpayer or institutional tax agent shall contain:

full name of the official and the name of the tax authority that issued the said decision;

the date and reference number of the resolution of the head of the tax authority (or his deputy) to collect taxes at the expense of taxpayer's (tax agent's) property;

the name and address of the institutional taxpayer or institutional tax agent whose property is being levied excerpt from the resolution of the head of the tax authority (or his deputy) to collect taxes at the expense of taxpayer's (tax agent's) property;

the effective date the resolution of the head of the tax authority (or his deputy) to collect taxes at the expense of institutional taxpayer's or institutional tax agent's property;

the date of the above indicated ruling

The ruling shall be signed by the head of the tax authority (or his deputy) and stamped with the stamp of the tax authority.

3. The collection actions shall be performed, and the orders contained in the ruling executed, by the court marshal within two months after the receipt of the ruling.

4. Collection of taxes at the expense of property of an institutional taxpayer or an institutional tax agent shall be performed in the following sequence:

ready cash;

assets which are not immediately involved in manufacturing of products (goods), particularly, securities, foreign exchange valuables, equipment, non-production premises, automobiles, items of interior design of offices;

finished products (goods), as well as other material valuables which are not involved and (or) not intended for direct involvement in production;

raw materials and supplies intended for direct involvement in production, as well as machinery, equipment, buildings, structures and other fixed assets;

assets transferred under lease, loan, rental or other agreements to other persons (enterprises, organisations or natural persons), if such agreements have been terminated or recognized ineffective in accordance with the established procedure in order to secure the fulfillment of a tax obligation;

other assets.

5. If taxes as collected at the expense of property of an institutional taxpayer or institutional tax agent, the tax obligation shall be considered fulfilled from the moment the said property is sold and the tax debt of the institutional taxpayer or institutional tax agent is paid off from the proceeds from sale.

6. Tax officials shall not have the right to purchase the property of a institutional taxpayer or institutional tax agent that is sold in execution of a decision to collect the tax debt at the expense of the property of the taxpayer or tax agent.

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

8. The provisions contained in this Article shall also be applicable for collecting a fee at the expense of property of the payer of duty.

9. provisions provided for by this [Article](#) shall also apply in case of the collection of taxes and dues by customs agencies.

[Federal Law No. 154-FZ of July 9, 1999 amended Article 48 of this Code](#)

[The amendments shall enter into force upon the expiry of one month since the day of the official publication of the Federal Law](#)

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

Article 48. Collection of Taxes, Fees or Interest from Property of Individual Taxpayer or Tax Agent or Natural Person

1. In the event of non-fulfillment in time of a tax liability by an individual taxpayer or a tax agent - natural person, the tax body (customs agency) may file a complaint in court for collection of a tax from the property (including funds at bank accounts and cash) of the individual taxpayer or individual tax agent within the limits of the amounts specified in the demand to pay tax.

2. The complaint concerning collection of a tax from the property of an individual taxpayer or a tax agent - natural person shall be filed with the Arbitration Court (regarding the property of a natural person registered as an individual entrepreneur) or with a court of general jurisdiction (regarding the property of individuals other than entrepreneurs).

3. The complaint concerning collection of a tax from the property of an individual taxpayer or a tax agent - natural person may be filed with an appropriate court by the tax body (customs agency) during six months following the expiration date of the demand to pay the tax.

4. The complaint concerning collection of a tax from the property of an individual taxpayer or a tax agent (customs agency) - natural person can be accompanied by a petition of the tax body to arrest the property of the respondent as a security of the complaint.

5. The proceedings in a case concerning collection of a tax from the property of an individual taxpayer or an individual tax agent shall be performed in accordance with the

Russian legislation of arbitration procedures or the Russian legislation of civil procedures.

6. Collection of a tax from the property of an individual taxpayer or an individual tax agent on the basis of an effective court decision shall be made in accordance with the [Federal Law](#) on the Executive Procedure with due account of the details envisaged by this Article.

7. Collection of a tax from the property of an individual taxpayer or a tax agent - natural person shall be made step by step with regard to the following:

funds on bank accounts;

cash;

property that is not involved in the production process directly, such as securities, foreign currency, non-production premises, cars, pieces of office decoration;

finished products (goods) and other material assets not involved in production and (or) not intended for direct participation in production;

raw materials and materials intended for direct participation in production as well as plant, equipment, buildings, constructions and other fixed assets;

property which was assigned under a contract into possession, use or disposal without transferring the title of ownership on such property if, in order to secure the obligation to pay a tax, such contract was annulled or invalidated in the established procedure;

other property with the exception of personal effects intended for everyday use by the individual or his family in accordance with the legislation of the Russian Federation.

8. In the event that the tax has been collected from the property of the taxpayer or the tax agent, the obligation to pay the tax and fee shall be deemed fulfilled from the time when such property was sold and the arrears of the taxpayer or the tax agent paid from the proceeds. Interest for untimely remittance of taxes shall not accrue during the period between the time of the property arrest and remittance of the proceeds to the appropriate budgets (off-budget funds).

9. The incumbents of tax bodies (customs agency) shall not have the right to buy the property of an individual taxpayer or an individual tax agent that is being sold in the process of execution of a court decision on collection a tax from the property of the individual taxpayer or the individual tax agent.

10. The rules of this Article shall also apply in case of collecting fee from the property of the taxpayer.

11. The rules of this Article shall also apply to collection of interest for untimely payment of a tax or a fee.

[Federal Law No. 154-FZ of July 9, 1999 amended Article 49 of this Code](#)

[The amendments shall enter into force upon the expiry of one month since the day of the official publication of the Federal Law](#)

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

Article 49. Fulfillment of to Pay Taxes and Fees in the Event of Liquidation

1. The obligation to pay taxes and fees (interest, fines) of an organisation undergoing liquidation shall be fulfilled by the liquidation commission of such an organisation from the funds of such an organisation, including proceeds from the sale of its assets.

2. Should the funds of an organisation in liquidation, including proceeds from the sale of its assets for the purpose of fulfilling an obligation to pay taxes and fees, due penalties and fines, be insufficient for full discharge of such obligation, the outstanding debt should be paid by the founders (participants) of this organisation in the procedure and to the extent established by the legislation of the Russian Federation.

3. The priority of fulfillment of the obligation to pay taxes and fees in case of liquidation of an organisation vis-à-vis settlements with other creditors of such organisation shall be specified by civil law of the Russian Federation.

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

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

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

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

[Federal Law No. 154-FZ of July 9, 1999 amended Article 50 of this Code](#)

[The amendments shall enter into force upon the expiry of one month since the day of the official publication of the Federal Law](#)

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

Article 50. Fulfillment of Obligations to Pay Taxes and Fees in the Event of Re-Organization of a Legal Entity

1. Obligations to pay taxes and fees of a re-organized legal entity shall be fulfilled by its successor (successors) in accordance with the procedure set out in this Article.

2. Fulfillment of an obligation to pay taxes and fees of a reorganized legal entity shall be the responsibility of its successor (successors) irrespective of whether or not the successor (successors) had been aware before the reorganisation was completed of facts and (or) circumstances of failure to fulfill or improper fulfillment of an obligation to pay taxes and fees by the re-organized legal entity. In this case the legal successor (legal successors) shall pay all the penalties due to the liabilities which have passed to him.

Successor(s) to a reorganized legal entity shall also be liable for all the fines owed by the latter for the tax offenses committed prior to completion of the reorganisation process. The legal successor (legal successors) of a reorganized legal entity shall enjoy all rights and discharge all duties in the order prescribed for taxpayers by this Code, when he performs the duties of the payment of taxes and dues, vested in it by this Article.

3. Re-organisation of a legal entity shall not change the deadline for fulfillment of its obligation to pay taxes and fees by a successor (successors) to such legal entity.

4. In case of merger of several legal entities, the legal entity resulting from such merger shall be recognized as a successor with respect to the obligation to pay taxes and fees of each of such legal entities.

5. In case of accession of one legal entity to another legal entity, the accessing legal entity shall be recognized as a successor to the obligation to pay taxes and fees of the accessed legal entity.

6. In case of division of a legal entity into several legal entities, the legal entities resulting from such division shall be recognized as successors with respect to the obligation to pay taxes of the divided organisation.

7. Should there be several successors, the share of each of them in the fulfillment of the obligation to pay taxes and fees of the re-organized legal entity shall be determined in accordance with the procedure envisaged by the civil legislation.

If the division balance sheet do not make it possible to determine the share of a successor to the reorganized legal entity, or rule out the possibility of complete fulfillment of an obligation to pay taxes and fees by any one of the successors, or if such re-organisation was aimed at failure to fulfill the obligations to pay taxes then, pursuant to a court decision, the newly emerged legal entities may be liable jointly and severally for fulfillment of the obligation to pay taxes of the reorganized legal entity.

8. In case of a separation from a legal entity, no succession to the re-organized legal entity with respect to its obligation to pay taxes and fees shall arise. If as a result of separation from the legal entity of one or more legal entities the taxpayer or payer of fees cannot fulfill the obligation to pay taxes and fees in full, then, pursuant to a court decision, the separated legal entities may jointly and severally fulfill the obligation to pay taxes.

9. In the event of re-organisation of one legal entity into a new one, the legal entity resulting from such re-organisation shall be recognized as a successor to the obligation to pay taxes of the re-organized legal entity.

10. The amount of a tax excessively paid by a legal entity before its re-organisation shall be offset against the fulfillment by a successor (successors) to such legal entity of obligation to pay other taxes, interest and penalties for a tax offense of the re-organized legal entity. Such offset shall be performed by a tax body or a customs body independently in accordance with the procedure set out in [Chapter 12](#) of this Code with due account for the details provided for in this Article and not later than 30 days after the day when such re-organisation was completed.

The amount of excessively paid tax to be offset against the outstanding liability of a re-organized legal entity with respect to other taxes, penalties and fines shall be distributed among budgets and (or) extra-budgetary funds in proportion to the total amounts of outstanding liabilities with respect to other taxes of such legal entity vis-a-vis the corresponding budgets and (or) extra-budgetary funds.

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

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

11. Rules provided for in this Article shall also be applicable to fulfillment of obligations with respect to the fee payable as a legal entity is reorganized.

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

Federal Law No. 154-FZ of July 9, 1999 amended Article 51 of this Code

The amendments shall enter into force upon the expiry of one month since the day of the official publication of the Federal Law

See the previous text of the Article

Article 51. Fulfillment of Obligations to Pay Taxes and Fees of a Missing or Disabled Natural Person

1. The obligation to pay taxes and fees of a natural person recognized missing by court shall be fulfilled by a person authorized by a body of trusteeship and guardianship.

The person authorized by a body of trusteeship and guardianship shall pay the entire amount of taxes and fees unpaid by the taxpayer recognized missing without interest accruing, as well as interest and penalties due from the taxpayer as of the date when he was recognized missing. Such amounts shall be paid from the funds of the natural person recognized missing.

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

3. Fulfillment of the obligation to pay taxes and fees of natural persons recognized missing or incapable, as well as payment of interest and penalties due from them, shall be stopped by the appropriate tax body in case such natural persons had no sufficient funds (no funds) for fulfillment of these obligations.

In case of absence of a decision passed in the established procedure with regard to the revocation of the decision on recognizing the natural person missing or incapable, the previously stopped fulfillment of the obligation to pay taxes and fees shall be resumed.

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

Federal Law No. 154-FZ of July 9, 1999 amended Article 52 of this Code

The amendments shall enter into force upon the expiry of one month since the day of the official publication of the Federal Law

See the previous text of the Article

Article 52. Procedure of Tax Assessment

The taxpayer himself shall assess the amount of tax due for the tax period on the basis of the tax base, tax rate and tax benefits.

In certain cases envisaged by the legislation of the Russian Federation on taxes and fees, a tax body or a tax agent may be charged with the duty to assess the amount of tax. In these cases prior to 30 days before the maturity of payment the tax body shall send a tax notice to the respective taxpayer. This notice shall indicate the amount of the tax subject to payment, the calculation of the tax base, and also the time of tax

payment. The form of tax notice shall be established by the Ministry of Taxes and Dues of the Russian Federation. A tax notice may be handed over to the manager of an organisation (its lawful or authorized representative) or a natural person (his legal or authorized representative against receipt or in any other way that confirms the fact and the date of its reception. When said persons evade a tax notice, the latter shall be sent by registered mail. A tax notice shall be deemed to be received upon the expiry of 6 days since the date of sending a registered letter.

[Order of the Ministry of the Russian Federation for Taxes and Duties No. AP-3-08/326 of October, 14, 1999 approved the tax notification forms](#)

Article 53. Tax Base and Tax Rates

1. A tax base represents a value, physical or other parameter of a taxable item. A tax rate represents the amount of tax levied on a unit of measurement of a tax base. A tax base and the procedure for determining it, as well as tax rates with respect to federal taxes shall be established by this Code.

In cases provided for in this Code, federal tax rates may be established by the Government of the Russian Federation in the procedure and amounts specified by this Code.

2. The tax base and the procedure for determining it with regard to regional and local taxes shall be established by this Code. Tax rates for regional and local taxes shall be established by laws of the member territories of the Russian Federation, regulations of local governments within the limits established by this Code.

[Federal Law No. 154-FZ of July 9, 1999 amended Article 54 of this Code](#)

The amendments shall [enter into force](#) upon the expiry of one month since the day of the [official publication](#) of the Federal Law

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

Article 54. General Issues of Tax Base Assessment

1. Taxpayers-organisations shall assess the tax base according to the results of each tax period on the basis of the data in the accounting books and (or) other documented data concerning the items subject to taxation or associated with taxation.

In case mistakes (distortions) in tax base assessment made in the previous tax (reporting) periods are revealed in the current (reporting) tax period, the tax liabilities shall be reassessed for the period when such mistakes were made. If it impossible to determine the specific period, then the tax liabilities of reporting period when the mistakes (distortions) were revealed shall be corrected.

2. Individual entrepreneurs shall assess the tax base by the results of each tax period on the basis of profit and loss and business operations accounting in the procedure determined by the Ministry of Finance of the Russian Federation and the Ministry of Taxes and Dues of the Russian Federation.

3. Other [individual taxpayers](#) shall assess the tax base on the basis of the data on income subject to taxation which are obtained in the qualifying cases from organisations as well as the data of their own records of taxable income kept in any form.

[Federal Law No. 154-FZ of July 9, 1999 amended Article 55 of this Code](#)

The amendments shall [enter into force](#) upon the expiry of one month since the day of the [official publication](#) of the Federal Law

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

Article 55. Tax Period

1. A tax period shall be a year or any other period of time with regard to a taxpayer's liabilities for individual taxes after the end of which the tax base shall be

determined and the due amount of tax assessed. The tax period may consist of one or several reporting periods that are wound up with advance payments.

2. If an organisation was established after the beginning of a calendar year, the first tax period for such organisation shall be the time period from the date of establishment to the end of that year. The date of establishment of the organisation shall be the date of state registration of such organisation.

If an organisation was established between December 1 and December 31, the first tax period for such organisation shall be the time period between the date of its establishment and the end of the year following the year of its establishment.

3. If an organisation was liquidated (reorganized) before the end of a calendar year, the last tax period for such organisation shall be the time period between the beginning of that year and the date when the liquidation (reorganisation) was completed.

If an organisation established after the beginning of a calendar year was liquidated (reorganized) before the end of this year, its tax period shall be the period of time between the date of its establishment and the date of liquidation (reorganisation).

If an organisation was established during the period of time between December 1 and December 31 and liquidated (reorganized) before the end of the calendar year following the year of its establishment, its tax period shall be the period of time between the date of establishment and the date of liquidation (reorganisation).

The rules set out in this part shall not apply to organisations from which one or several organisations are separated, or which access one or several organisations.

4. Rules set out in [parts 1-3 of this Article](#) shall not apply to those taxes and fees for which the tax period is established for a calendar month or quarter. In such cases, when an organisation is established, liquidated, reorganized, individual tax periods shall be changed with approval of the tax body at the place of registration of the taxpayer.

5. If property subject to taxation was purchased, sold (alienated or destroyed) after the beginning of a calendar year, the tax period for such property for the purpose of the tax on such property in the given calendar year shall be defined as the time period during which the property was actually owned by the taxpayer.

[Federal Law No. 154-FZ of July 9, 1999 amended Article 56 of this Code](#)

The amendments shall [enter into force](#) upon the expiry of one month since the day of the [official publication](#) of the Federal Law

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

Article 56. Establishment and Use of Benefits Regarding Taxes and Fees

1. Benefits with regard to taxes and fees shall be construed as privileges granted to individual categories of taxpayers and payers of fees and envisaged by the tax and fee legislation as compared with other taxpayers and payers of fees; such privilege includes the possibility not to pay a tax or a fee or to pay a smaller amount thereof.

Norms of law on taxes and fees which define grounds, procedure for and terms of application of benefits with regard to taxes and fees shall not be of individual nature.

2. A taxpayer may refuse to use a benefit, or stop using it for one or more tax periods, unless otherwise provided by this Code.

[Federal Law No. 154-FZ of July 9, 1999 amended Article 57 of this Code](#)

The amendments shall [enter into force](#) upon the expiry of one month since the day of the [official publication](#) of the Federal Law

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

Article 57. Deadlines for Paying Taxes and Fees

1. Deadlines for paying taxes and fees shall be established for each tax and fee. Any change in the established deadline for paying a tax or a fee shall be allowed only as provided in this Code.

2. When a tax or a fee are paid after the expiration of the established deadline, the taxpayer or the payer of a fee shall be subject to an interest in the manner and under the terms as provided in this Code.

3. Payment deadlines for taxes and fees shall be defined as a calendar date or a period of time estimated in years, quarters, months, weeks and days, and also as a reference to an event which is to take place, or an action which is to be committed. The deadlines for performance of actions by participants of tax relations shall be established by this Code as applicable to each such action.

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

Federal Law No. 154-FZ of July 9, 1999 amended Article 58 of this Code

The amendments shall enter into force upon the expiry of one month since the day of the official publication of the Federal Law

See the previous text of the Article

Article 58. Procedure for Paying Taxes and Fees

1. Taxes shall be paid by making lump sum payment of the entire amount of a tax of a fee, or in any other form provided for in this Code and other legislation acts applicable to taxes and fees.

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

3. Taxes and fees shall be paid in cash or in a non-cash form.

In the absence of such bank, the taxpayer or a tax agent being natural persons may pay taxes and fees through the cash office of a village or town body of local self-government or through a communications entity of the State Committee of Tele-Communications and Information Technologies of the Russian Federation.

4. A specific procedure for paying a tax or a fee shall be established for each tax or a fee according to this Article.

The procedure for and terms of paying federal taxes and fees shall be established by this Code.

The procedure for and terms of paying regional and local taxes and fees shall be established accordingly by the applicable laws of the subjects of the Russian Federation and regulatory legal acts of the representative bodies of local self-governments in accordance with this Code.

5. Rules of this Article shall also be applicable to payment of fees.

Federal Law No. 154-FZ of July 9, 1999 amended Article 59 of this Code

The amendments shall enter into force upon the expiry of one month since the day of the official publication of the Federal Law

See the previous text of the Article

Article 59. Write-off of Bad Debts on Taxes and Fees

According to Federal Law No. 118-FZ of August 5, 2000 (in the wording of Federal Law No. 33-FZ of March 24, 2001, which shall come into force a month after its official publication), should it be impossible to collect the amounts of tax sanctions for a breach of the taxes and fees legislation of the Russian Federation which were collected in enforceable manner before the entry into force of the Tax Code of the Russian Federation and in respect of which the decision had been issued by a tax

body before January 1, 1999, the said amounts shall be subject to the rules applicable to arrears in compliance with Item 1 Article 59 of Part 1 of this Code

1. **Arrears** of some of the taxpayers, payers of fees, tax agents and other obliged persons, which collection has proved to be impossible due to economic, social or legal reasons shall be recognized as bad debts and written off in the procedure established:

for federal taxes and fees - by the Government of the Russian Federation;

for regional and local taxes and fees ? by the executive bodies of the subjects of the Russian Federation and those of local government, accordingly.

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

On the Procedure for recognising as bad debt and writing off federal tax and fee arrears and penalty indebtednes, see [Decision](#) of the Government of the Russian Federation No. 100 of February 12, 2001

[Federal Law](#) No. 154-FZ of July 9, 1999 amended Article 60 of this Code

The amendments shall **enter into force** upon the expiry of one month since the day of the **official publication** of the Federal Law

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

Article 60. Obligations of Banks on the Execution of Orders to Remit Taxes and Fees, and Decisions to Collect Taxes and Fees

1. Banks shall be obliged to execute orders of taxpayers or tax agents to remit taxes (hereinafter - tax remittance order) to respective budgets (off budget funds) as well as decisions of tax bodies to collect taxes or fees at the expense of monetary funds of the taxpayer or a tax agent in the priority procedure established by the Civil legislation.

On the measures for ensuring the execution by banks of the order of taxpayers for the transfer of the tax to be budget see [Letter](#) of the Ministry for Taxes and Fees of the Russian Federation No. VP-6-05/720 of September 10, 1999

2. The order to remit a tax or the decision to collect a tax shall be executed by the bank within one operational day since the receipt of such order or decision unless otherwise is provided by this Code. No service fee shall be charged for such operations.

3. Provided there are monetary balances on the **account** of a taxpayer or a tax agent, banks shall not have the right to delay the execution of orders to remit tax amounts or decisions to collect taxes to the corresponding budgets (off budget funds).

4. Banks shall be held liable for a failure to perform or undue performance of the obligations stipulated in this **Article** as per this Code.

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

Repeated failure to perform the said obligations during one calendar year shall provide grounds for a tax service body to file a request with the Central Bank of the Russian Federation that the banking license be invalidated.

5. Rules of this Article shall also be apply to banks obligations with respect to remittance orders for fees and decisions to collect fees.

Federal Law No. 154-FZ of July 9, 1999 amended the title of Chapter 9 of this Code
The amendments shall enter into force upon the expiry of one month since the day of the official publication of the Federal Law
See the previous text of the title

Chapter 9. Changes in Deadlines for Payment Taxes and Dues, and also Penalties

Federal Law No. 154-FZ of July 9, 1999 amended Article 61 of this Code
The amendments shall enter into force upon the expiry of one month since the day of the official publication of the Federal Law
See the previous text of the Article

Article 61. General Terms of Changing the Deadline for Paying Taxes or Fees and Also Penalties

1. A change in the deadline for paying a tax or a fee shall be construed as postponement of the established deadline for paying the tax or the fee or any part thereof until a later date.

2. A change in the deadline for paying taxes and fees shall be allowed exclusively in accordance with the procedure and on the terms laid down in this Chapter.

The deadline for paying the tax may be changed with respect to the entire amount of the tax payable or a part thereof with interest accruing on the outstanding liability (hereinafter referred to in this Chapter as the outstanding liability), unless otherwise provided for in this Chapter.

3. A change in the deadline for paying a tax and a fee shall be made in the form of a deferral, an installment plan, a tax loan, and an investment tax credit.

4. A change in the deadline for fulfilling the obligation to pay taxes and fees shall not annul the existing tax or fee obligation, nor shall it give rise to a new one.

5. The change in the deadline for paying taxes and dues stated in [Article 63](#) of this Code may be made against a pledge of the assets in conformity with [Article 73](#) of this Code or upon a given security in conformity with [Article 74](#) of this Code, unless this Chapter provides otherwise.

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

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

Federal Law No. 154-FZ of July 9, 1999 amended Article 62 of this Code
The amendments shall enter into force upon the expiry of one month since the day of the official publication of the Federal Law
See the previous text of the Article

Article 62. Circumstances Ruling out Changes in the Deadline for Tax Payment

1. The deadline for paying a tax shall not be changed if in respect of a person applying for such change (hereinafter referred to as the person concerned):

1) a criminal case has been initiated upon the signs of a crime in connection with abuse of the tax legislation;

2) proceedings in tax or administrative offence related to abuse of the tax legislation have been under way;

3) there are sufficient grounds to believe that the person would use such change to conceal his monetary assets or other property subject to taxation, or such person is going to leave the Russian Federation for good to find a permanent residence elsewhere.

2. In the presence of circumstances at the time of passing a decision on the change of the term of tax payment specified in [Item 1](#) of this Article, no decision to change the deadline for fulfilling a tax obligation shall be made, and if passed, such decision shall be cancelled.

Within three business days after this decision has been ruled ineffective, the person concerned and the tax service body at the place of registration of that person shall be given a written notice thereof.

The person concerned shall have the right to appeal the decision in accordance with the procedure established by this Code.

[Federal Law No. 154-FZ of July 9, 1999 amended Article 63 of this Code](#)

[The amendments shall enter into force upon the expiry of one month since the day of the official publication of the Federal Law](#)

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

Article 63. Bodies Authorized to Make Decisions to Change the Deadline for Paying Taxes or Fees

1. The bodies in charge of making decisions to change the deadline for paying a tax or a fee (authorized bodies) shall be:

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

[See the Procedure for Organizing the Work to Grant Deferment, Payment by Installments, Tax Credit, Investment Tax Credit on Payment of Federal Taxes and Fees, and Fines Transferable to the Federal Budget approved by Order of the Ministry of Finance of the Russian Federation No. 64n of September 30, 1999](#)

2) with respect to regional and local taxes and fees - regional and local financial bodies of a subject of the Russian Federation and a municipal entity, respectively (with the exception of cases specified in 3) through 5) of this part and Item 3 of this Article);

3) with respect to taxes and fees payable in connection with the movement of goods across the customs border of the Russian Federation, the State Customs Committee of the Russian Federation or other customs bodies authorized thereby;

4) with respect to the stamp duty - authorized bodies monitoring the payment of the stamp duty;

5) with respect to taxes and fees receivable by off budget funds, bodies of the respective off budget funds.

2. If a federal law on the federal budget provides for sharing of a federal tax and a fee amount between the budgets of various levels, the deadline for paying such tax or fee with respect to the amounts due to the federal budget, shall be changed by a decision of the Ministry of Finance of the Russian Federation, and with respect to the amounts due to the budget of a subject of the Russian Federation or the local budget, by a decision of the respective financial body.

3. If the legislation on taxes and dues or the budget legislation of the respective subject of the Russian Federation provides for sharing of a regional tax and fee between budgets of various levels, the deadline for paying such tax and fee with respect to the amount payable to the budget of the subject of the Russian Federation shall be changed by a decision of the financial body of the subject of the Russian Federation,

and with respect to the amounts payable to the local budget, by a decision of the financial body of the municipal entity in question.

Federal Law No. 154-FZ of July 9, 1999 amended Article 64 of this Code

The amendments shall enter into force upon the expiry of one month since the day of the official publication of the Federal Law

See the previous text of the Article

Article 64. Procedure and Conditions of Allowing Tax Deferment or Payment of Tax and Charge by Instalments

1. Tax deferment or payment of tax by instalments means rescheduling of tax or fee collection for reasons stated in this Article, for a period of one to six months respectively, with the one-off or step-by-step payment of the arrears by the taxpayer.

2. A concerned person may be allowed to defer tax or fee payment or pay a tax or fee by instalments for one of the following reasons:

1) if such person is caused damages by natural calamity, technological accident or another extraordinary and non-preventable circumstance;

2) if a public-budget payment due to such person is delayed or if payment for an executed government order due to this person is delayed;

3) bankruptcy threatening such person provided such person makes a one-off payment of tax;

See the Rules for the Issue of Conclusions on the Possibility of Organisations Going Bankrupt in Cases of One-Time Payments of Sums of Taxes, endorsed by Order of the Federal Service on Financial Improvement and Bankruptcy of the Russian Federation No. 111-r of April 13, 2001

4) if the property situation of such an individual rules out the possibility of an one-off payment of a tax or fee;

5) if the production and/or sale of goods (works, services) by a person is of a seasonal nature. The list of sectors and activities being of a seasonal nature is approved by the Government of the Russian Federation;

List of the Seasonal Branches and Kinds of Activity Applied in Granting a Delay or an Instalment Order for the Payment of the Tax is approved by the Decision of the Government of the Russian Federation No. 382 of April 6, 1999

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

3. Tax or fee deferment or payment of tax or fee by instalments may be allowed with respect to one or several taxes and charges.

4. If a tax deferment or payment of tax by instalments is allowed for reasons stated in subitems (3), (4) and (5) of Item 2 of this Article, the amount of arrears accrues interest in accordance with a rate equal to 1/2 of the refinancing rate of the Central Bank of the Russian Federation effective during the period when tax deferment or payment of tax by instalments is allowed, unless otherwise prescribed by the customs legislation of the Russian Federation with respect to the taxes/charges payable in connection with the movement of goods across the customs border of the Russian Federation.

If a deferment (payment by instalments) is allowed for reasons as per subitems 1) and 2) of Item 2 of this Article, the amount of the arrears does not accrue interest.

5. A petition for tax deferment or payment of tax by instalments is filed with an appropriate authority; the petition must state and reasons why the tax deferment or payment of tax by instalments is requested. The concerned taxpayer forwards a copy of

the petition on to such taxpayer's local tax authority within ten days. This application shall be enclosed with the documents confirming the presence of the grounds indicated in Item 2 of this Article.

Upon request of an authority a concerned person presents to such authorized body documents relating to property that can be used a pledge or a guarantee.

6. A decision to allow tax deferment or payment by instalments or to withhold permission is taken by the authority within one month of receipt of the petition.

Upon request of a concerned person the authority may take a decision to suspend (for the period while the petition is being considered for a tax deferment or payment of tax by instalments) the payment of arrears by the concerned person. A copy of such decision is filed by the concerned person with the local tax authority within five days of passage of such decision.

7. Provided there are none of the circumstances described in [Article 62 \(1\)](#) of this Code, an authority may not deny a concerned person a tax deferment or the right to pay tax or fee by instalments for reasons stated in [subitems 1\) or 2\) of item 2](#) of this Article, not exceeding the damages having been caused to the concerned person or the amount of funding shortfall or the amount that have not been paid for a government order such person has fulfilled.

8. A decision to allow a tax deferment or payment of tax by instalments shall mention the amount of arrears, tax or charge that the petitioner seeks to defer or pay by instalments, the time and procedure of payment of the amount of arrears and accrued interest, and in appropriate cases documents concerning the property that is the subject of pledge or the guarantee.

A decision to allow a deferment or payment by instalments mentions the date when such decision takes effect. The penalty payable for the entire period from the date appointed for tax or fee payment to the effective date of such decision is included in the amount of arrears if such payment date precedes the effective date of such decision.

If a deferment or payment by instalments is allowed against a property pledge, the decision to allow such deferment (payment by instalments) takes effect only after an agreement is effected on a property pledge in the manner prescribed by [Article 73](#) of this Code.

9. A permission to defer payment or pay by instalments may not be withheld unreasonably.

If there are reasons stated in [subitems 1\) and 2\) of Item 2](#) of this Article, a decision to deny a deferment or payment by instalments shall cite the circumstances preventing rescheduling of payment of a tax.

A decision to deny a deferment or payment by instalments may be appealed by a concerned person in a manner prescribed by the legislation of the Russian Federation.

10. A copy of decision allowing or denying a deferment or payment by instalments is sent by the proper authority within three days of passage of such decision to the concerned person and to the local tax authority at the place of residence of such person.

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

12. A subdivision of the Russian Federation may prescribe reasons and conditions other than those stated above for allowing a deferment or payment by instalments of regional and local taxes and charges.

13. Rules of this Article shall also apply to the procedure and conditions of granting deferment or instalment plans for the purposes of paying fees, unless otherwise stipulated by the legislation on taxes and dues.

Federal Law No. 154-FZ of July 9, 1999 amended Article 65 of this Code
The amendments shall enter into force upon the expiry of one month since the day of the official publication of the Federal Law
See the previous text of the Article

Article 65. Procedure and Conditions of Granting Tax Credit

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

2. A tax loan may be granted with respect to one or several taxes.

3. A tax loan is granted to a concerned person after such person files a petition; such tax loan is written into an agreement of appropriate format between the proper authority and indicated person.

4. A concerned person's petition for a tax loan is filed and considered, a decision on such petition is taken and becomes effective in a manner and meeting the deadlines prescribed by Article 64 of this Code.

5. If a tax loan is granted for reasons cited in subitem 3) of Item 2, Article 64 of this Code, interest on the arrears is tied to the refinancing rate of the Central Bank of the Russian Federation that is effective during the tax loan agreement period.

If a tax loan is granted for reasons specified in subitems 1) and 2) of Item 1, Article 64 of this Code, interest on the arrears does not accrue.

6. A proper authority's decision to allow the person concerned a tax loan constitutes grounds for effecting a tax loan agreement; such agreement shall be effected within seven days of the passage of such decision.

A tax loan agreement shall specify the amount of the arrears (citing the tax or charge with respect to which the tax loan is granted), the effective period of the agreement, the interest accruing on the amount of the arrears, the procedure for the repayment of the arrears and accrued interest, the documents relating to the property that is used as a pledge, security, the parties' responsibility.

A copy of a tax loan agreement is filed by the concerned person with the local tax authority at such person's place of residence within five days of the conclusion of the agreement.

Federal Law No. 154-FZ of July 9, 1999 amended Article 66 of this Code
The amendments shall enter into force upon the expiry of one month since the day of the official publication of the Federal Law
See the previous text of the Article

Article 66. Investment Tax Credit

1. An investment tax credit constitutes a tax rescheduling arrangement under which an organisation is allowed, if there are the grounds referred to in Article 67 of this Code for the following, to reduce its tax payments during a certain period and to a certain extent, with a subsequent gradual payment of the amount of the credit and of the accrued interest.

An investment tax credit may be granted to an organisation with respect to tax on its profits (incomes), and also with respect to regional and local taxes.

A decision to grant an investment tax credit relating to the part of the tax on an organisation's income (profit) that is due to the public budget of a subdivision of the Russian Federation is taken by a financial authority of such subdivision of the Russian Federation.

An investment tax credit may be granted for a one to five year period.

2. An organisation that receives an investment tax credit may reduce its appropriate tax payments during the effective period of the investment tax credit agreement.

Each payment of the corresponding tax for which an investment tax credit has been extended is reduced during each reporting period until the amount that is retained by the organisation as a result of all such reductions (accumulated amount of credit) becomes equal to the credit amount prescribed by an appropriate agreement. A concrete order of reducing tax payments shall be determined by the concluded contract on the investment tax credit.

If an organisation effects more than one investment tax credit agreement effective at the time of the next tax payment, the accumulated credit amount is determined separately for each of these agreements. The accumulated amount of the credit is increased initially for the earliest agreement; when this accumulated amount of the credit becomes equal to the credit size stated in such agreement, the organisation may increase the accumulated amount of the credit in accordance with the next-in-line agreement.

3. In each reporting period (irrespective of the number of investment tax credit agreements) the amounts that reduce an organisation's tax payments may not exceed 50 per cent of amount of appropriate tax payments as calculated under general rules if there were no investment tax credits in existence. An amount of credit accumulated during a tax period may not exceed 50 per cent of the amount payable by the organisation as tax during this tax period. If the accumulated sum of credit exceeds the maximum amounts for which it is possible to reduce the tax and which are fixed by this item for such reporting period, the difference between this amount and the maximally admissible amount shall be shifted to the next reporting period.

If an organisation incurs losses in a reporting period that is part of a larger tax period or losses during an entire tax period, an excessive amount of credit accumulated in a tax period is carried forward to the next tax period and is recognized as an accumulated amount of credit during the first reporting period of the new tax period.

[Federal Law No. 154-FZ of July 9, 1999 amended Article 67 of this Code](#)

[The amendments shall enter into force upon the expiry of one month since the day of the official publication of the Federal Law](#)

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

Article 67. Procedure and Conditions of Granting Investment Tax Credit

1. An investment tax credit may be granted to an organisation if it must pay the appropriate tax provided one of the following applies:

1) such organisation conducts research, development, testing and evaluation works or modernizes its production facilities, including a modernization effort aimed at creating jobs for disabled persons or protection of the environment from industrial pollution;

2) such organisation is engaged in introducing new equipment or innovations, including the creation of new or improvement of existing technologies and the creation of new kinds of raw and other materials;

3) such organisation is fulfilling a very important order relating to the socio-economic development of a region or is rendering very important services to the population.

2. An investment tax credit is granted:

1) for reasons specified in [subitem 1\) of Item 1](#) of this Article, for the amount of the credit that is equal to 30 per cent of the value of the equipment acquired by the concerned organisation provided this equipment is used for purposes specified in this subitem;

2) for reasons specified in [subitems 2\)](#) and [3\)](#) of Item 1 of this Article, for the amounts of credit that are determined by agreement between the proper authority and the concerned organisation.

3. Reasons entitling an organisation to an investment tax credit must be documented by such organisation.

4. An investment tax credit is granted to an organisation if such organisation files an appropriate petition; an agreement of due format is concluded to this effect between a respective authority and the organisation.

The format of an investment tax credit is prescribed by the executive authority that takes a decision to grant an investment tax credit.

5. A decision to grant or deny an organisation an investment tax credit is taken by a proper authority within one month of the receipt of such organisation's petition. An organisation's having one or several investment tax credit agreements may not be an obstacle to effecting another such agreement with this organisation for other reasons.

6. An investment tax credit agreement shall mention the order of reducing tax payments, the amount of the credit (and specify the tax covered by the granted investment tax credit), the duration of the agreement, the interest that accrues to the amount of the credit, the procedure for the repayment of the principal amount and interest accrued, documents relating to the property that is used as pledge or security, responsibility of parties.

An investment tax credit agreement shall contain provisions against the sale or transfer for possession, use or disposal, throughout the duration of the agreement, of equipment or other property the purchase of which causes this organisation's effecting such agreement; otherwise, the conditions of such sale (transfer) are laid down.

Interest charged on the amount of the credit may not be lower than 1/2 and higher than 3/4 of the [refinancing rate](#) of the Central Bank of the Russian Federation.

A copy of the agreement is filed by the organisation at the local tax authority within five days of the conclusion of such agreement.

7. A constituent member of the Russian Federation shall have the power to pass a law, and a local government shall have the power to pass a normative act, relevant to regional and local taxes, respectively, and establish other reasons and conditions for granting an investment tax credit, including the maturity of the investment tax credit and the interest rate applicable to the principal amount of the credit.

[Federal Law No. 154-FZ of July 9, 1999 amended Article 68 of this Code](#)

The amendments shall [enter into force](#) upon the expiry of one month since the day of the [official publication](#) of the Federal Law

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

Article 68. Termination of Operation of Deferment, Payment by Instalments, Tax Credit or Investment Tax Credit

1. The operation of tax deferment, payment-by-instalments arrangement, tax credit or investment tax credit is terminated upon the expiration of the duration of appropriate decision or agreement or it may be terminated before the expiration of such period in cases prescribed by this article.

2. The operation of a tax deferment, payment-by-instalments arrangement, tax credit or investment tax credit terminates early if the taxpayer pays up the entire tax or fee amount due and appropriate interest before the expiration of the agreed-upon period.

3. The operation of a tax credit or investment tax credit may be terminated early by a court decision in case the person concerned violates the conditions of a tax deferment or payment-by-instalments arrangement, the operation of the tax deferment or payment-by-instalments arrangement may be terminated prior to the maturity date by decision of the authority that took the original decision to reschedule the period of repayment of a tax and fee early.

4. If the operation of a tax deferment or payment-by-instalments arrangement is terminated prior to the maturity date, the taxpayer shall, within 30 days of receipt of

appropriate decision, pay up the entire amount of arrears plus the penalty for each day beginning on the day following the date of receipt of such decision through the date of full payment of such amount.

An outstanding amount of arrears is defined as a difference between the amount of arrears named in the decision to grant a deferment (payment-by-instalments arrangement) plus the interest calculated in accordance with the decision to grant a deferment (payment-by-instalments arrangement) for the period of operation of the deferment (payment-by-instalments arrangement) and the actually paid amounts and interest.

5. Notice that it has been decided to terminate a deferment or payment-by-instalments arrangement or to terminate a tax credit agreement or investment tax credit agreement is given by the appropriate authority to the taxpayer or to the payer of the due by registered mail within five business days of the passage of such decision. A notice of the repeal of the decision on the delay or the instalment plan shall be deemed to be received upon the expiry of six days after the date of sending a registered letter.

A copy of such decision is sent meeting the same deadlines to the local tax authority at the place where the taxpayer or obligated person is registered.

6. An authority's decision to terminate early a deferment or payment-by-instalments arrangement may be appealed by the taxpayer or the payer of the due at a court of law in a manner prescribed by the legislation of the Russian Federation.

7. The operation of a tax loan agreement or an investment tax credit agreement may be terminated prior to the maturity date as agreed upon by the parties or by a court decision.

8. If throughout the period of duration of a tax credit agreement or an investment tax credit agreement the organisation that enters into such agreement fails to comply with the contractual conditions of sale or transfer for possession, use or disposal of equipment or other property the purchase of which caused the conclusion of such agreement, such agreement shall be terminated by court decision. If so, the organisation shall, within 30 days of the receipt of such decision, pay all outstanding tax amounts that have not yet been paid under the agreement, plus appropriate penalties and interest on outstanding tax amounts accruing every day while the investment tax credit agreement is in operation based on the refinancing rate of the Central Bank of the Russian Federation in effect during the period from the conclusion to the termination of such agreement.

9. If an organisation that is granted an investment tax credit for reasons stated in [subitem 3\), Item 1, Article 67](#) of this Code, is in breach of its obligations the investment tax credit is contingent upon, such agreement shall be terminated early by a decision of an arbitration court. If so, during an agreed-upon period but in any case within three months of the date of termination of the agreement, the organisation shall pay up the entire amount of outstanding tax and interest on this amount that accrues every day while the agreement is effective based on a rate equal to the [refinancing rate](#) of the Central Bank of the Russian Federation.

Chapter 10. Demand to Pay Taxes and Fees

[Federal Law No. 154-FZ of July 9, 1999 amended Article 69 of this Code](#)

The amendments shall [enter into force](#) upon the expiry of one month since the day of the [official publication](#) of the Federal Law

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

Article 69. Demand to Pay Up Tax or Fee

1. A demand to pay up a tax or fee is notice in writing sent to a payer of a tax or charge concerning an outstanding amount of tax or fee as well as such payer's

obligation to pay up an outstanding amount of tax or fee and appropriate penalty within an established period of time.

2. A demand to pay up a tax or fee is presented to a payer of tax or fee if such payer has not fully discharged his/her arrears.

3. A demand to pay up a tax or fee is presented to a payer of tax or fee introspectively of whether such payer is brought to account on charges of violation of tax or fee legislation.

4. A demand to pay up a tax or fee shall contain information concerning the amount of arrears relating to the tax or fee, the penalty having accrued by the time the demand is presented, the statutory deadline for the discharge of the obligation to pay the tax or fee, the deadline for the fulfilment of the demand, and the measures for the recovery of the tax and the security of the discharge of the duty of tax payment that are applicable if a taxpayer fails to comply with such demand.

In all cases such demand shall contain detailed data explaining why the tax or fee is collected and a reference to the provisions of tax legislation that establishes the duty of the payer of tax or fee to pay the tax.

5. A demand to pay a tax is presented to a payer of tax or charge by the tax authority located at the place of registration of such payer. The form of demand is established by the Ministry of Taxes and Dues of the Russian Federation.

Forms of the Demand for the Payment of Taxes and Fees approved by Order of the State Tax Service of the Russian Federation No. BF-3-10/228 of September 7, 1998

6. A demand to pay a tax may be delivered to the chief executive officer (or such officer's statutory or authorized deputy) of a legal entity or to an individual (or such individual's statutory or authorized representative) against acknowledgement or in another manner on condition that the fact and date of receipt of such demand is duly acknowledged.

If an above person takes efforts to evade the receipt of such demand, the said claim shall be sent by registered mail. A claim for tax payment shall be deemed to be received upon the expiry of six days after the date of sending a registered letter.

7. A demand to pay a tax that is payable in connection with movement of goods across the customs border of the Russian Federation is sent to the taxpayer by the customs authority in a manner established by this Code with account of the provisions of the customs legislation of the Russian Federation.

Form of demand for the payment of taxes and fees that are subject to payment in connection with the transfer of goods across the customs border of the Russian Federation endorsed by Order of the State Customs Committee of the Russian Federation No. 208 of February 26, 2001

8. The rules of this Article shall also apply to demands to pay fees.

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

Federal Law No. 154-FZ of July 9, 1999 amended Article 70 of this Code

The amendments shall enter into force upon the expiry of one month since the day of the official publication of the Federal Law

See the previous text of the Article

Article 70. Deadlines for Presenting a Demand to Pay a Tax or Fee

A demand to pay a tax must be presented to a payer of tax or fee three months after deadline for the payment of the tax or fee unless otherwise prescribed by this Code.

A demand to pay a tax or fee or appropriate penalty that is presented to a payer of tax or fee in accordance with a decision of the tax authority following a tax audit shall be sent to him within ten days of such decision having been made.

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

The rules of this Article shall also apply to deadlines for sending a demand to pay a fee.

Article 71. Consequences of Changing Obligation to Pay Tax or Fee

If the obligation of a payer of a tax or fee relating to the payment of this tax or fee changes following the presentation of a demand to pay a tax or fee, the tax authority shall forward a revised demand to the payer of tax or fee.

Chapter 11. Methods of Enforcement of Obligations Relating to Payment of Taxes and Fees

Article 72. Methods of Enforcement of Obligations Relating to Payment of Taxes/Charges

1. Obligations to pay taxes or charges may be enforced through the following methods: property pledge, guarantee, penalty, suspension of operations in bank accounts and attachment on a taxpayer's property.

2. The current chapter prescribes methods for the enforcement of obligations relating to the payment of taxes or charges, and the procedure and conditions of the application of such methods.

With respect to the taxes and charges payable in connection with the movement of goods across the customs border of the Russian Federation, other methods may also be used for the enforcement of obligations in a manner and on conditions prescribed by the customs legislation of the Russian Federation.

Federal Law No. 154-FZ of July 9, 1999 supplemented Article 72 of this Code with Item 3

The amendments shall enter into force upon the expiry of one month since the day of the official publication of the Federal Law

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

Federal Law No. 154-FZ of July 9, 1999 amended Article 73 of this Code

The amendments shall enter into force upon the expiry of one month since the day of the official publication of the Federal Law

See the previous text of the Article

Article 73. Property Pledge

1. If time frames are changed for the fulfilment of obligations to pay taxes and charges, the obligation to pay taxes and charges may be secured by a pledge.

2. A property pledge is formalized in an agreement effected between the tax authority and the pledger. The latter may be the taxpayer or payer of fees him/her/itself and a third person alike.

3. If a tax payer or payer of fees fails to fulfil an obligation relating to the payment of the amount of tax or fee due and penalty, the pledgee tax authority enforces this obligation from the value of the pledged property in a manner prescribed by the civil law of the Russian Federation.

4. The subject of pledge may be property that is pledge able under civil law unless this article prescribes otherwise.

Property pledged under an agreement between the tax authority and pledger may not be the subject of pledge under another agreement.

5. The pledger may continue to have possession of the pledged property or transfer it at the pledger's expense to the tax authority (pledgee), and the latter is responsible for preservation of the pledged property.

6. Any transactions with pledged property, including transactions undertaken for the repayment of arrears, may only be undertaken by agreement with the pledgee.

7. Legal relationships arising out of a pledge as a method of enforcement of a tax obligation are subject to civil law rules unless otherwise prescribed by the legislation on taxes and fees.

[Federal Law No. 154-FZ of July 9, 1999 amended Article 74 of this Code](#)

The amendments shall enter into force upon the expiry of one month since the day of the official publication of the Federal Law

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

Article 74. Guarantee

1. If time are changed for the fulfilment of obligations to pay taxes and charges, the obligation to pay taxes and charges may be secured by a guarantee.

2. If a taxpayer fails to pay in due time the amount of tax or fee due and penalty, the guarantor is obligated before the tax authority to fully fulfil the taxpayer's tax obligation.

An agreement is effected in accordance with civil law between the tax authority and the guarantor to formalize the guarantee.

3. If the taxpayer fails to meet his/her guaranteed tax obligations, the guarantor and the taxpayer bear joint and several liability. The forced exaction of the tax and due penalties from the warrantor shall be effected by a tax body through legal proceedings.

4. Having fulfilled the obligations under the agreement, the guarantor is entitled to recover from the taxpayer the paid amounts, interest on these amounts and the losses incurred because of the guarantor's having fulfilled the taxpayer's obligations.

5. A legal entity or individual may act as a guarantor. One tax obligation may be guaranteed by several guarantors.

6. Legal relationships arising out of a guarantee as a method of enforcement of a tax obligation are subject to provisions of the civil law of the Russian Federation unless otherwise prescribed by the legislation on taxes and fees.

7. The rules of this Article shall also apply to guarantee/security with regard to payment of fees.

[Federal Law No. 154-FZ of July 9, 1999 amended Article 75 of this Code](#)

The amendments shall enter into force upon the expiry of one month since the day of the official publication of the Federal Law

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

Article 75. Penalty Interest

1. A penalty as established by this Article is an amount of money which a payer of tax or fee, a tax agent shall shall pay in case of an overdue payment of the amounts of taxes or dues, including taxes or dues to be paid in connection with the transfer of

goods across the customs border of the Russian Federation in the later period of payments in compare with established by legislation on taxes and fee.

2. The amount of penalty interest is paid over and above the amounts of tax or charge due and introspectively of the application of other methods to enforce the obligation to pay a tax or charge and liability for the violation of the tax or fee legislation.

3. A penalty interest is calculated for each calendar day of delay in fulfillment of obligation of pay a tax or a fee, beginning on the day following the statutory deadline for the payment of a tax or charge.

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

According to [Letter](#) of the Ministry of the Russian Federation for Taxes and Fees No. FS-6-09/708@ of August 31, 2000, the suspension of debt collection in the case of seizure under the decision of a tax body or a court shall be accomplished without accrual of the penalty only in case of a seizure of real property and also raw materials, machine tools, equipment, other fixed assets intended for direct participation in production

4. A penalty interest for each day of delay is calculated in percentage points of the outstanding amount of tax or charge due.

The penalty interest rate is equal to 1/300 of the effective [refinancing rate](#) of the Central Bank of the Russian Federation.

5. A penalty interest may be paid simultaneously with the payment of a tax or charge or following full payment of such tax or charge.

6. Collection of a penalty interest may be enforced from the taxpayer's cash in bank or from the taxpayer's other property in a manner prescribed by [Articles 46-48](#) of this Code.

Enforced collection of penalty interest from a legal entity is effectuated without recourse to court, and from an individual, through court action.

[Federal Law No. 154-FZ of July 9, 1999 amended Article 76 of this Code](#)

The amendments shall [enter into force](#) upon the expiry of one month since the day of the [official publication](#) of the Federal Law

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

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

1. Suspension of operations through bank accounts is used for the purpose of enforcement of a decision to recover a tax or charge unless otherwise stipulated by Item 2 of this Article. Suspension of operations through bank accounts means that the bank suspends all debit operations on an account unless otherwise prescribed by this article.

This restriction does not apply to the payments that under civil law shall precede the fulfilment of the obligation to pay taxes and fees.

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

See the [form](#) of the decision on the suspension of operations on accounts in a bank approved by [Order](#) of the Ministry for Taxes and Fees of the Russian Federation No. AP-3-16/325 of October 13, 1999

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

3. The tax authority notifies both the bank and the taxpaying organisation simultaneously that it has been decided to suspend operations through the bank accounts of the taxpaying organisation; the fact and date of receipt of notification shall be acknowledged by the receiving party in writing.

4. A bank shall in any case fulfil the tax authority's decision to suspend operations through the bank accounts of the taxpaying organisation.

5. The suspension of operations through the bank accounts of the taxpaying organisation shall be effective as from the time of receipt by the bank of the tax authority's decision to suspend such operations pending the repeal of such demand.

6. The suspension of operations through the bank accounts of the taxpaying organisation shall be repealed by the tax authority's decision not later than one business day following the submission to the tax authority of documents in confirmation of the fulfilment by the above mentioned person of the decision to collect the tax.

7. The bank is not liable for the losses caused to a taxpaying organisation by the suspension of such persons' bank operations by decision of the tax authority.

8. The rules of this Article shall also apply to suspension of bank operations for organisation acting as a tax agent and organisation paying the due.

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

[Federal Law](#) No. 154-FZ of July 9, 1999 amended Article 77 of this Code

The amendments shall [enter into force](#) upon the expiry of one month since the day of the [official publication](#) of the Federal Law

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

Article 77. Attachment of Property

1. Attachment of property as a method of enforcement of a decision to collect a tax is an action by a tax or customs authority to restrict the taxpaying organisation's or another obligated person's ownership rights relating to his property; such action requires the consent of a prosecutor.

Property is attached if taxpaying organisation fails to fulfil in due time a demand to pay a tax or if the tax or customs authorities have sufficient reason to believe that the indicated person is likely to take measures aimed at disappearing him/herself or concealing his/her property.

2. Attachment of property may be full or partial.

A full attachment of property is a restriction of rights of a taxpaying organisation with respect to such its attached property, and the possession and use of such property is performed only under the supervision or with permission of the tax or customs authority that executes the attachment.

A partial attachment is a restriction of rights of a taxpaying organisation with respect to such its attached property, and the possession, use and disposal of such property is performed only under the supervision or with permission of the tax or customs authority that executes the attachment.

3. An attachment may be used only to ensure the collection of a tax at the expense of a taxpaying organisation in accordance with [Article 47](#) of this Code.

4. A taxpaying [organisation](#) may have all its property attached.

5. Only that property may be attached that is necessary and sufficient for the fulfilment of the demand to pay tax.

6. A decision to attach a taxpaying organisation's property shall be made by the chief officer (deputy chief officer) of the tax or customs authority ; such decision takes the form of a resolution.

7. Attachment of a taxpaying organisation's property requires the presence of witnesses. The authority that conducts the seizure shall not be able to deny the right to taxpaying organisation to attend to the attachment procedure.

Their rights and obligations shall be explained to the persons who participate in the attachment procedure as witnesses,experts, and also to the taxpaying organisation (its representative).

8. An attachment may not be made at night-time except for cases that brook no delay.

9. Prior to an attachment the officers to make the attachment shall show to the taxpaying organisation (its representative) the decision to make the attachment, a document stating the prosecutor's approval and documents confirming their authority.

10. An attachment is put on record. The attachment record or a list attached to the record shall contain the list and description of the property to be attached is listed and described ; the record shall make an accurate description of the attached assets, their quantity and individual characteristics, and if feasible, their value.

All assets to be attached shall be demonstrated to the witnesses and to the taxpaying organisation (its representative).

11. The chief officer (deputy chief officer) of the tax or customs authority that orders the attachment of property determines where the attached assets shall be kept.

12. Attached property may not be alienated (with the exception of alienation supervised or permitted by the customs or tax authority that makes the attachment), embezzled or concealed. Failure to observe the established procedures for possession, use and disposal of the attached property may result in liability of guilty persons in accordance with [Article 125](#) of this Code and/or other federal laws.

13. A decision to attach property shall be repealed by a duly authorized officer of the tax or customs authority as the obligation to pay tax terminates A decision to attach property shall be effective from the time when the attachment is made until the repeal of attachment decision by a duly authorized officer of the tax or customs authority that takes the decision to make the attachment or until a higher-level tax or customs authority or a court of law overrules such decision.

14. The rules of this Article shall also apply to attachment procedures in relation to organisation acting as a tax agent and organisation paying the due.

Chapter 12. Offset and Refund of Overpaid or Over Collected Amounts

[Federal Law No. 154-FZ of July 9, 1999 amended Article 78 of this Code](#)

[The amendments shall enter into force upon the expiry of one month since the day of the official publication of the Federal Law](#)

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

[Article 78.](#) Set offset or Refund of Overpaid Amount of Tax, Fee, and Also Penalty Interest

1. The amount of an overpaid tax shall be set off against the taxpayer's future liabilities for the same tax or some other taxes, the repaying of arrears or shall be refunded to the taxpayer according to the procedure established in this article.

On the offset or return to the taxpayer the excessively paid (recovered) amount of the federal tax, fee, and also penalty, see [Letter](#) of the Ministry of Finance of the Russian Federation and the Ministry for Taxes and Fees of the Russian Federation No. 03-01-12/07-437, FS-6-09/880 of November 17, 2000

2. The setoff or refund of an overpaid tax is made, unless otherwise decreed by this Code, by the tax authority at the place of registration of the taxpayer without interest accruing on this amount, unless otherwise decreed in this article. The customs authorities shall inform the local tax authority at the taxpayer's location concerning all overpaid taxes which were counted towards the forthcoming taxes or were repaid by customs agencies within ten days.

3. The tax authority shall notify the taxpayer about every case of overpaid tax that becomes known to the tax authority and specify the overpaid amount of tax not later than one month after such overpayment has been identified.

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

4. The setoff of an overpaid tax against forthcoming tax liabilities shall be made on the strength of a written petition of the taxpayer by decision of a tax body. Such decision shall be passed during five days after the receipt of an application, provided this sum of money is paid to the budget (extra-budgetary fund), to which the excessively paid amount of the tax was sent.

5. Upon request by the taxpayer and by decision of a tax body, the overpaid tax amount may be used to fulfil obligations relating to the payment of taxes or fees, the payment of penalty interest, the repayment of arrears if such amount comes to the same-level public budget (off-budgetary fund) to which the overpaid tax or charge amount comes. Tax authorities may at own discretion make a setoff if there are arrears relating to other taxes.

6. The tax authority shall notify the taxpayer of the passed decision on a setoff of an overpaid tax within 2 weeks of the submission of a setoff petition.

7. An overpaid amount of tax or charge is refundable upon a written request from the taxpayer. If a taxpayer has arrears for payment of taxes and dues or for debts penalties charged to the same budget/extra-budgetary fund), the excessively paid sum of money shall be repaid to a taxpayer only after the offset of the said sum of money on account of the repayment of arrears (debts).

8. A petition requesting the refund of an overpaid tax or charge may be made within three years of the payment of the specified amount.

9. An overpaid amount of tax is refunded at the expense of the budget (extra-budgetary fund) to which overpayment was made within one month of the submission of a petition requesting the refund unless otherwise decreed by this Code.

If above deadlines are not met, the overpaid amounts of tax or charge that are not refunded in due time accrue interest for each day of delayed refund.

The interest rate is equal to the [refinancing rate](#) of the Central Bank of the Russian Federation effective on the day when the timeframe for refunding is initially violated. If the tax was paid in foreign currency, interest fixed by this item shall be added to the sum of the excessively paid tax, which was recalculated at the exchange rate of the Central Bank of the Russian Federation on the day when the excessive tax payment was made";

10. An overpaid tax or charge is refunded or set off in the currency of the Russian Federation. If tax payment was made in foreign currency, the amounts of the excessively paid tax shall be accepted for an offset or shall be repaid in the currency of the Russian Federation at the exchange rate of the Central Bank of the Russian Federation on the day when the excessive tax payment was made.

11. Rules of this Article shall also apply to offsets or refunds of over paid amounts of a fee and interest and be extended to tax agents and payers of fees.

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

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

Federal Law No. 154-FZ of July 9, 1999 amended Article 79 of this Code

The amendments shall enter into force upon the expiry of one month since the day of the official publication of the Federal Law

See the previous text of the Article

Article 79. Refund of Overpaid Tax or Charge

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

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

A petition for the refund of an overpaid tax may be filed within one month of the date on which the over collection case was made known to the taxpayer, while a court petition (lawsuit) may be filed within three years starting from the date on which the person became knowledgeable or should have become knowledgeable of the over case.

If an overpayment case is recognized, the authority considering the concerned person's petition also takes a decision to refund the overpaid tax, and also interest accrued on these amounts in a manner prescribed by Item 4 of this Article.

3. Having identified the over case, the tax authority shall be required to let the taxpayer know about it within one month from the date on which the case was identified.

4. An overpaid amount of tax is refunded with the interest accrued thereon at the expense of general receipts by the budget (extra-budgetary fund), to which the amounts of the excessively collected tax were charged.

Interest on this amount accrues starting on the day following the collection day to the day on which the amount is actually refunded.

The interest rate is equal to the effective on these days refinancing rate of the Central Bank of the Russian Federation.

5. An overpaid amount of tax and the interest accrued thereon shall be refunded by the tax authority not later than one month since the day of the adoption of the decision by a tax body and during one month after the adoption of such decision, if a court of law passes a decision on the repayment of the excessively collected sums of money.

6. Refund of the overpaid tax and the interest accrued shall be made in the currency of the Russian Federation.

7. Rules of this Article shall also apply to fees and interest and be extended to tax agents and payers of fees.

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

*Federal Law No. 154-FZ of July 9, 1999 amended the title of Section 5 of this Code
The amendments shall enter into force upon the expiry of one month since the day of
the official publication of the Federal Law
See the previous text of the title*

Section 5. Tax Declaration and Tax Control

*Federal Law No. 154-FZ of July 9, 1999 amended the title of Chapter 13 of this Code
The amendments shall enter into force upon the expiry of one month since the day of
the official publication of the Federal Law
See the previous text of the title*

Chapter 13. Tax Declaration

*Federal Law No. 154-FZ of July 9, 1999 amended Article 80 of this Code
The amendments shall enter into force upon the expiry of one month since the day of
the official publication of the Federal Law
See the previous text of the Article*

Article 80. Tax Return

1. A tax return is a taxpayer's written statement concerning incomes generated and expenditures incurred, sources of income, tax benefits and calculated amount of tax and/or other data relating to the calculation and payment of tax.

A tax return is filed by every taxpayer for every tax due from such taxpayer unless otherwise decreed by the tax legislation.

2. A tax return is filed on a blank of approved format with the tax authority at the place of the taxpayer's registration.

In cases prescribed by this Code a tax return may be submitted on a floppy disk or another carrier that can be computer-processed.

A tax authority distributes blank forms of tax returns free of charge.

A taxpayer may deliver his tax return to the tax authority in person or send it by mail. The tax authority may not decline to accept the tax return and must, if the taxpayer requests so, make a note on a tax return copy to acknowledge the acceptance and date of submission; if a tax return is mailed, the date of submission thereof is that of mailing a registered letter with a list of contents attached.

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

See the Form of the Declaration of a Foreign Organization on Incomes of the Russian Federation, approved by Order of the Ministry for Taxes and Fees of the Russian Federation No. VV-3-06/424 of December 30, 1999

4. A filed tax return shall bear the taxpayer's identification number that is used with respect to all taxes.

5. Tax authorities may not require a taxpayer to include into his tax return data that is not related to the calculation and payment of taxes.

6. A tax return is filed so as to meet the statutory deadlines.

7. Instructions on how to complete a tax return for the payment of federal, regional and local taxes are issued by the Ministry of Taxes and Dues of the Russian Federation in consultation with the Ministry of Finance of the Russian Federation unless otherwise decreed by the tax legislation.

8. The rules detailed in this article shall not apply to declaration of goods crossing the customs border of the Russian Federation.

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

[Federal Law No. 154-FZ of July 9, 1999 amended Article 81 of this Code](#)

The amendments shall [enter into force](#) upon the expiry of one month since the day of the [official publication](#) of the Federal Law

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

Article 81. Making Amendments and Additions to Tax Return

1. Where a taxpayer discovers that the tax return he has filed does not reflect data, or reflects incomplete data, as well as identifies mistakes resulting in the understatement of the amount of tax due, such taxpayer shall make required additions and amendments to the tax return.

2. Where the above statement on additions and amendments mentioned in Item 1 of this Article is made prior to the expiration of the deadline for filing a tax return, such tax return is recognized as having been filed on the date of the statement.

3. Where the statement on additions and changes as per Item 1 of this Article is made following the expiration of the deadline for filing a tax return but before the expiration of the deadline for payment of tax, the taxpayer shall not be made liable if the above statement had been made prior to the date when the taxpayer learned about the discovery by a tax body of the circumstances, stipulated by Item 1 of this Article or about the appointment of a mobile tax check.

4. Where a statement on additions and changes as in [Item 1](#) of this Article is made following the expiration of the deadline for filing a tax return and the deadline for payment of tax, the taxpayer shall not be made liable if the above statement had been made by the taxpayer prior to the date when the taxpayer learned about the discovery by a tax body of the circumstances, stipulated by [Item 1](#) of this Article or about the appointment of a mobile tax check. The taxpayer shall be released from liability in keeping with this item, provided that before the filing such application the taxpayer has paid the deficient amount of the tax the corresponding penalty.

Chapter 14. Tax Control

[Federal Law No. 154-FZ of July 9, 1999 amended Article 82 of this Code](#)

The amendments shall [enter into force](#) upon the expiry of one month since the day of the [official publication](#) of the Federal Law

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

Article 82. Forms of Exercising Tax Control

1. Tax control shall be exercised by tax officials within their scope of competence by conducting tax audits, getting explanations from taxpayers, tax agents and payers of

the due, verifying accounting and reporting data, examining premises and territories used for generating income (profit), as well as in other forms provided for in this Code.

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

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

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

[Federal Law No. 154-FZ of July 9, 1999 amended Article 83 of this Code](#)

[The amendments shall enter into force upon the expiry of one month since the day of the official publication of the Federal Law](#)

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

Article 83. Registration of Taxpayers

1. For purposes of tax control, taxpayers shall be subject to registration with the tax authorities in accordance with the location of the [organisation](#), location of its separate units, place of residence, if the taxpayer is a [natural person](#), or at the location of taxable immovable and movable property thereof.

An organisation which has separate units located in the territory of the Russian Federation, and which has taxable real estate property shall be registered as a taxpayer not only at the place of its location, but also at the location of each of its separate units, and location of the immovable property and vehicles that are owned thereby.

On a Tax Body's registration of an Organisation Which Pays Specific Types of Taxes When the Organisation Lacks the Grounds for Registration for Taxation Purposes Specified in Item 1 Article 83 of the Tax Code of the Russian Federation on the Territory of Such a Tax Body, see [Letter](#) of the Ministry of the Russian Federation for Taxes and Fees No. MM-6-12/410@ of May 22, 2001

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

See [Procedure](#) for Determining the Special Aspects of the Registration of the Russian Organisations, the Largest Taxpayers, approved by [Order](#) of the Taxation Ministry of the Russian Federation No. BG-3-09/319 of August 31, 2001

[Order](#) of the Ministry of the Russian Federation for Taxes and Fees No. AP-3-10/399 of December 15, 1999 approved the [Regulation](#) on Specifics of Registration of Major Tax Payers, Legal Persons and Forms of Documents Used in the Registration of Major Tax Payers, Legal Persons

On the Practice of Management of Major Payers by Customs Authorities, see [Order of the State Customs Committee of the Russian Federation No. 303 of March 26, 2001](#)

The specific features of the record-keeping of foreign organisations shall be fixed by the Ministry of Taxes and Dues of the Russian Federation.

2. Registration of taxpayers shall be performed regardless of the availability of circumstances, with which the present Code associates the emergence of an obligation to pay a tax.

3. Application for registration of an organisation or the natural person engaged in activity without the status of a legal entity shall be filed with the tax authority at the place of location or place of residence, respectively, within ten days from the date of registration with the State Registry.

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

5. Application for registration of an organisation at the place where its taxable immovable or movable is located shall be filed with the tax authority at the location of such property within 30 days after the day when such property becomes taxable under corporate property tax.

Registration of natural persons with the tax authorities at the location of their taxable immovable property shall be performed on the basis of information provided by the bodies specified in [Article 85](#) of this Code.

The following places shall be recognized as the location of property:

1) for naval, river and air means of transportation used for international haulage - the location (residence) of the owner;

2) for means of transportation not listed in subitem 1) of this item - the point (port) of assignment or place of state registration, or, in the absence of such, the location (residence) of the owner.

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

6. Application for registration of private notaries, private detectives, private security guards shall be filed with the tax authority at their place of residence within 10 days of the issuance of a license, certificate or other document providing the legal basis for their activity.

7. Registration with tax authorities of natural persons other than private entrepreneurs shall be performed by the tax office at the place of residence of the natural person on the basis of information provided by bodies listed in [Article 85](#) of this Code.

8. In cases stated in [paragraph 2 of Item 5](#) and Item 7 of the present Article, the tax authority shall immediately notify the natural person in question of the registration of the said person.

9. Should a taxpayer experience any difficulties with determining the place of registration, the decision shall be made by the tax authority.

10. It shall be the duty of tax authorities to take measures to register organisations as taxpayers on their own (before the taxpayer files an application) on the basis of information and data reported to them by authorities that perform state registration of legal entities, natural persons as individual entrepreneurs, the issue to natural persons of licenses for the engagement in private practice, accounting and registration of immovable property and transactions with it.

[Federal Law No. 154-FZ of July 9, 1999 amended Article 84 of this Code](#)

The amendments shall [enter into force](#) upon the expiry of one month since the day of the [official publication](#) of the Federal Law

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

Article 84. Procedure for Registration, Re-Registration and Termination of Registration. Taxpayer's Identification Number

1. The application form for registration shall be established by the Ministry of Taxes and Fees of the Russian Federation. When filing an application for registration, together with the application for registration organisations shall present one duly certified copy of each of the following documents: certificate of registration, founding and other documents required for state registration, as well as other documents confirming the establishment of an organisation in accordance with the legislation of the Russian Federation.

See [Order](#) of the State Tax Service of the Russian Federation No. GB-3-12/309 of November 27, 1998 on the Approval of the Procedure and the Conditions for the Awarding, Applying and Also Changing of the Taxpayer's and the Forms of Documents Used in the Records of Juridical and Natural Persons in Tax Bodies

On the Use of a Questionnaire of an Individual in Registration for Taxation Purposes see [Letter](#) of the Ministry of the Russian Federation for Taxes and Fees No. BG-6-12/753 of September 22, 2000

When filing an application, together with the application for registration private entrepreneurs are required to submit a certificate of state registration of a private entrepreneur, or a copy of the license to engage in private practice, as well as personal identification documents and documents confirming registration at the place of residence.

Information required for the registration of natural persons as taxpayers shall also include the following personal data:

- full name;
- date and place of birth;
- sex;
- address of residence;
- data from passport or other personal ID document;
- citizenship.

New forms of applications for registration shall be approved before the beginning of the year in which they become effective.

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

2. It shall be the duty of tax authorities to register taxpayers within five days from the date that all the required documents have been filed and to issue, within the same time limit, the appropriate certificate, the form of which shall be established by the Ministry of Taxes and Fees of the Russian Federation.

3. Organizations shall be required to notify the tax authority with which they are registered of any changes in their charter or other founding documents that have to do with setting up new affiliates or offices, changes of location, as well as of permits to engage in activities subject to licensing, within 10 days from the registration of the change in the founding documents. Individual entrepreneurs shall be obliged to inform the tax body in which they are registered about the change of their places of residence within 10 days since the time of such change.

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

change of the place of location or place of residence within 10 days since the time of such change.

5. In cases when an organisation is liquidated or re-organized, or a decision is made by an organisation to close an affiliate or other isolated division, or terminate its operations through a permanent office, if a private entrepreneur terminates operation, or a limited partnership is terminated, the termination of registration shall be performed by the tax authority upon the request of the taxpayer during 14 days since the day of filing such application.

6. Registration, termination of registration with tax service bodies shall be free of charge.

7. Each taxpayer shall be assigned an taxpayer identification number which will be applicable throughout the entire territory of the Russian Federation and with respect to all taxes and charge, including those payable in connection with the movement of goods across the customs border of the Russian Federation.

The tax authority shall indicate the TIN in all notifications forwarded to such taxpayer.

Taxpayers shall indicate their TIN on documents submitted to tax authorities, such as tax returns, reports, applications or other documents, as well as in other cases stipulated by law.

The procedures and conditions for assigning, using and changing the TIN shall be determined by the Ministry of Taxes and Fees of the Russian Federation.

See the [Procedure](#) and Conditions for the Awarding, Applying, and Also Changing of the Taxpayer's Identification Number approved by [Order](#) of the State Tax Service of the Russian Federation No. GB-3-12/309 of November 27, 1998

8. Based on registration data, the Ministry of Taxes and Fees of the Russian Federation shall maintain a State Register of Taxpayers in accordance with the procedures established by the Government of the Russian Federation.

See the [Procedure](#) for Keeping the Comprehensive State Register of Taxpayers approved by [Decision](#) of the Government of the Russian Federation No. 266 of March 10, 1999

9. From the moment of taxpayer's registration information about the taxpayer becomes confidential unless otherwise provided for in this Code.

10. Organizations that are tax agents and have not been registered as taxpayers shall register with the tax authorities at the address of their location using the procedure for organisations-taxpayers set forth in this Chapter.

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

On the registration of the insurants at the obligatory pension insurance, see [Federal Law](#) No. 167-FZ of December 15, 2001

See also [Decision](#) of the Governing Body of the Pension Fund of the Russian Federation No. 33a of March 11, 2001 and [Decision](#) of the Social Insurance Fund of the Russian Federation No. 119 of December 4, 2000

[Federal Law](#) No. 154-FZ of July 9, 1999 amended Article 85 of this Code

The amendments shall enter into force upon the expiry of one month since the day of the official publication of the Federal Law

See the previous text of the Article

Article 85. Duties of Authorities in Charge of Registration of Organizations and Private Entrepreneurs, Place of Residence of Natural Persons, Civil Status, Registration and Record-Keeping of Property And Transactions with Him

1. Bodies in charge of state registration of organisations shall notify the tax authority of their jurisdiction of any organisations that were registered (re-registered) or liquidated (re-organized), within 10 days from the date of state registration (re-registration) or liquidation (re-organisation) of the organisation.

2. Bodies in charge of state registration of natural persons as private entrepreneurs shall notify the tax authority of their jurisdiction of any natural persons who registered or terminated their operation in the capacity of private entrepreneurs within 10 days after the issuance, withdrawal or expiration of the registration certificate.

In a similar way, authorities that issue licenses, certificates or other similar documents to private notaries, private detectives and private guardsmen, shall notify tax authorities of the natural persons to whom the said documents were issued, from whom they were withdrawn or whose documents have expired.

3. Bodies in charge of registration of natural persons at the place of residence, or registration of certificates of civil status of natural persons shall notify the tax authority of their jurisdiction of the registration, birth or death of natural persons within 10 days after the registration of such persons or events.

4. Bodies in charge of record-keeping and/or registration of taxable immovable property shall notify the tax authorities of their jurisdiction of the registered immovable properties, means of transportation and owners within 10 days after the date of property registration.

See Procedure for Submitting to the Tax Bodies Information on the Cost of Immovable Property Objects by the Authorized Technical Inventory Organizations approved by Order of the State Committee for Construction of the Russian Federation and the Ministry of Taxes and Fees of the Russian Federation No. 36/BG-3-08/67 of February 28, 2001

5. Bodies of trusteeship and wardship, educational institutions and institutions of medical treatment, institutions of social security and other similar institutions which, in accordance with the federal legislation, exercise trusteeship, wardship or management of property of a ward shall notify tax authorities of their jurisdiction of any wardship, trusteeship, of property management responsibilities assumed by them with respect to infants, other minors, persons recognized as incapable by court, capable persons under wardship in the form of patronage, natural persons recognized missing by court, as well as of any subsequent changes in connection with the said trusteeship, wardship or property management arrangements within 5 days from the date of the respective decision.

6. Bodies (institutions) authorized to perform notary actions and private notaries shall report instances of notarization of an inheritance right, deeds of gift, transactions with immovable property and means of transportation to tax authorities of their jurisdiction within 5 days after the date of the corresponding notarization unless otherwise provided for in this Code.

7. The bodies engaged in the accounting and/or registration of users of natural resources, and also in the licensing the activity for the use of these resources, shall be obliged to provide information about the granting in rights to such use, which are objects

of taxation, to the tax bodies in the place of their location during 10 days after the registration (issue of a relevant licence or permit) of the user of natural resources.

Federal Law No. 154-FZ of July 9, 1999 amended Article 86 of this Code

The amendments shall enter into force upon the expiry of one month since the day of the official publication of the Federal Law

See the previous text of the Article

Article 86. Duties of Banks With Regard to Taxpayer Registration

1. Banks shall open accounts to organisations, private entrepreneurs, only upon presentation of a certificate of registration with a tax authority.

With respect to organisations, private taxpayers the bank shall notify the tax authority of the jurisdiction of the taxpayer of any event of an opening or closing of such an account.

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

Federal Law No. 154-FZ of July 9, 1999 supplemented this Code with Article 86.1

The amendments shall enter into force from January 1, 2000

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

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

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

- 1) real estate, except for perennial plantations;
- 2) motor transport vehicles unrelated to immovable property;
- 3) shares of public joint-stock companies, government and municipal securities, and also savings certificates;
- 4) cultural values;
- 5) gold bars.

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

Federal Law No. 154-FZ of July 9, 1999 supplemented this Code with Article 86.2

The amendments shall enter into force from January 1, 2000

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

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

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

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

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

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

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

On the forms of the documents necessary in the exercise of the tax control over the expenses of a natural person see [Order of the Ministry for Taxes and Fees of the Russian Federation No. AP-3-08/379 of December 2, 1999](#)

7. A non-submission by an organisation or an authorized person of information indicated in this Article shall be regarded as a tax offences and shall involve the responsibility stipulated by [Article 126](#) of this Code.

*[Federal Law No. 154-FZ of July 9, 1999](#) supplemented this Code with [Article 86.3](#)
The amendments shall [enter into force](#) from January 1, 2000*

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

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

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

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

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

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

[Federal Law No. 154-FZ of July 9, 1999](#) amended [Article 87](#) of this Code

The amendments shall [enter into force](#) upon the expiry of one month since the day of the [official publication](#) of the [Federal Law](#)

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

Article 87. Tax Checks

The tax bodies shall carry on [chamber](#) and [field](#) tax checks of taxpayer, payers of dues and tax agents. A tax check may cover only three calendar years of the activity of

the taxpayer, the payer of the due and the tax agent, which directly precede the year of the respective check.

If during cameral or field audit the tax authority finds that it needs additional information on taxpayer's operations with third parties, the tax authority can request the documents that have to do with the operations of the audited taxpayer (the payer of the due) from these third parties (cross-examination).

Tax authorities are forbidden to do repeated field audits of the same taxes that are either due for payment or were paid by the taxpayer (the payer of the due) for the already audited tax period, except for cases when such an audit is conducted in connection with re-organisation or liquidation of the corporate taxpayer (organisation paying the due) or is conducted by a higher-level tax authority as means of exercising control over the operation of the tax authority that conducted the first audit.

A second field audit conducted for the purposes of exercising control over the tax authority shall be conducted by the higher-level tax authority based on a motivated resolution of that authority and in compliance with the provisions of the present Article.

*Federal Law No. 154-FZ of July 9, 1999 supplemented this Code with Article 87.1
The amendments shall enter into force upon the expiry of one month since the day of the official publication of the Federal Law*

Article 87.1. Tax Checks by Customs Agencies

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

*Federal Law No. 154-FZ of July 9, 1999 amended Article 86 of this Code
The amendments shall enter into force upon the expiry of one month since the day of the official publication of the Federal Law
See the previous text of the Article*

Article 88. Cameral Tax Audit

A cameral audit is an examination conducted in the office of the tax authority of the data contained in tax returns and other documents filed by the taxpayer that serve as the basis for computing and paying taxes, as well other documents concerning the taxpayer that the tax authority has in its possession.

Cameral audits shall be conducted by authorized tax officials as part of their routine duties within 3 months after the taxpayer has filed a tax return and other documents that serve as a basis for assessing and/or paying the tax, unless another deadline has been set forth in legislative or other regulatory acts on taxation, and no specific decision of the head of the tax authority shall be required to conduct such a audit.

If the audit reveals mistakes made when in filling out the forms or inconsistencies in reported data, the taxpayer shall be notified and requested to make the appropriate corrections within the established time limit.

During cameral audit the tax authority is entitled to request additional data from the taxpayer, to receive explanations and documents that confirm the correctness of assessment and timeliness of tax payment.

For the underpaid amount of taxes revealed by cameral audit, the tax authority shall send out a demand for the payment of the tax and interest amount in question.

*Federal Law No. 154-FZ of July 9, 1999 amended Article 89 of this Code
The amendments shall enter into force upon the expiry of one month since the day of the official publication of the Federal Law
See the previous text of the Article*

Article 89. Field Tax Audit

See the Methodological Directions for Conducting Comprehensive Field Tax Inspections in Respect of the Taxpayers Being Organisations Tax Agents, Fee-Payers) Incorporating Branches Representative Offices) and Other Isolated Units forwarded by Letter of the Ministry of the Russian Federation for Taxes and Fees No. AS-6-16/369 of May 7, 2001

Field tax audits shall be conducted on the basis of a decision made by the head of a tax authority or deputy thereof.

See the Procedure for Ordering Field Tax Inspections approved by Order of Order of the Ministry of Taxes and Fees of the Russian Federation No. AP-3-16/318 of October 8, 1999

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

A field tax audit conducted in connection with a reorganisation or liquidation of a corporate taxpayer, duty-paying organisation, or by a higher tax authority for the purpose of exercising control over the operation of the tax authority that conducted the original audit can be conducted regardless of the time of the previous audit.

If necessary, authorized tax officials conducting the field tax audit can take inventory of taxpayer's property, and also conduct visual examinations of production, storage, trade and other premises and grounds used by the taxpayer for earning profit or for keeping objects of taxation; this visual examination shall be done in accordance with the procedures determined under Article 92 of the present Code.

If officials of the tax authority conducting the audit have sufficient grounds to believe that documents evidencing transgressions can be destroyed, hidden, altered or substituted, such documents shall be seized in accordance with the procedure in Article 94 of the present Code, and on the basis of an act drafted by these officials. The Deed on the seizure of documents shall state the grounds for the seizure and include the list of the documents removed. During the seizure of documents, the taxpayer (tax agent or duty-payer) is entitled to make comments that shall be entered into the Act upon his request. The documents seized shall be numbered, sawn together with a string and stamped or signed by the taxpayer (tax agent or duty-payer). If the taxpayer (tax agent or duty-payer) refuses to put his stamp or signature on the Act, a special note of this shall be made. The taxpayer (tax agent or duty-payer) shall be served a copy of the Act.

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

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

Federal Law No. 154-FZ of July 9, 1999 amended Article 90 of this Code

The amendments shall enter into force upon the expiry of one month since the day of the official publication of the Federal Law

See the previous text of the Article

Article 90. Participation of a Witness

1. Any natural person who may have knowledge of any facts that have significance for exercising tax control can be summoned to testify as a witness. Witness testimony shall be entered into a protocol.

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

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

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

3. A natural person can refuse to testify only on the grounds provided for by the legislation of the Russian Federation.

4. A witness can testify at the place where he is situated, if due to illness, old age or disability he cannot come to the tax office, and in other cases as decided by the tax official.

5. Before hearing the witness testimony, the tax official shall warn the witness of the liability for refusal or avoidance to testify or perjury. This shall be entered into the protocol and certified with the signature of the witness.

Federal Law No. 154-FZ of July 9, 1999 amended Article 91 of this Code

The amendments shall enter into force upon the expiry of one month since the day of the official publication of the Federal Law

See the previous text of the Article

Article 91. Access to Grounds or Premises by Tax Officials for the Purposes of Exercising Tax Control

1. Access to the grounds or premises of a taxpayer, a duty payer and a tax agent shall be granted to official of the tax authority directly involved in conducting the tax audit upon presentation of their official heads and a resolution of the head of the tax authority (or his deputy) on conducting a field audit of the taxpayer.

2. Officials of the tax authority directly involved in the tax audit shall have the right to examine the grounds or premises of the taxpayer used for business operations, or examine objects of taxation to establish whether the actual parameters of these objects match the parameters reported by the taxpayer (or another obligor).

3. Should access to such grounds or premises (except for living quarters) be impeded for tax officials conducting the tax audit from getting, the head of the audit team (unit) shall draw up a Deed to be signed by him and the taxpayer (or another obligor), based on which the tax authority shall be entitled to assess the tax liability from the data on the taxpayer (or another obligor) that the tax authority has, or by analogy.

Should the taxpayer refuse to sign the said deed, a note of this shall be made in the deed.

4. Unlawfully impeding access to the grounds or premises of a taxpayer to tax officials conducting the tax audit shall constitute a tax offense and entail a liability stipulated in [Article 124](#) of this Code.

5. Access of tax officials conducting the tax audit to living quarters against the will or without the consent of the natural persons who live there differently as in cases established by the federal law or on the basis of a court decision shall not be permitted.

Article 92. Examination

1. In order to clarify circumstances that are of relevance for the comprehensiveness of the audit, officials of the tax authority conducting the field audit shall have the right to examine grounds or premises of the taxpayer being audited, as well as documents and objects.

2. Examination of documents or objects outside the framework of a field tax audit shall be allowed, if the documents or object have been received by tax officials as a result of earlier actions performed in exercise of tax control, or if the owner of these objects gives his consent to their examination.

3. Examination shall be conducted in the presence of attesting witnesses. The person being audited or a representative thereof, as well as experts shall have the right to assist in conducting the examination.

4. If necessary, photograph-taking, filming, video recording, making copies of documents and other actions can be undertaken at the time of the examination.

5. A protocol of examination shall be drawn up.

Federal Law No. 154-FZ of July 9, 1999 amended Article 93 of this Code

The amendments shall enter into force upon the expiry of one month since the day of the official publication of the Federal Law

See the previous text of the Article

Article 93. Requests for Documents

1. An officer of the tax authority conducting the tax audit has the right to request that the taxpayer, the duty-bound payer or the tax agent being audited provide the documents needed for the audit.

The person to whom the request for information is addressed shall send or turn over such documents to the tax authority within five days of the request.

Documents shall be provided in the form of duly certified copies.

2. Refusal of the taxpayer, the duty-bound payer or the tax agent to produce the documents/records requested during the conduct of a tax audit, or failure to present them within the fixed terms, shall constitute a tax offence and shall be liable under [Article 126](#) of the present Code.

In the event of such refusal the tax officer that conducts the tax audit shall seize the needed documents pursuant to the procedure provided for in [Article 94](#) of this Code.

Article 94. Seizing Documents and Other Objects

1. Seizure of documents and objects shall be performed on the strength of a motivated seizure ruling made by an official of the tax authority conducting the field audit.

The said ruling shall be subject to approval by the head or deputy head of the tax authority in question.

2. Seizure of documents or other objects cannot not be carried out at night time.

3. Seizure of documents or other objects shall be made in the presence of attesting witnesses and of the person who has the documents and other objects to be seized in his possession.

Before starting the seizure, the tax official shall present the seizure ruling and brief those present at the seizure on their rights and duties.

4. The tax officer shall than suggest that the person in possession of documents and other objects to be seized surrender them voluntarily. Meeting with a refusal to voluntarily surrender the documents or objects, the officer shall carry out an enforced seizure.

Meeting with refusal, on the part of the person from whom documents and other objects are to be seized, to provide access to the premises or other possible locations of documents or objects to be seized, tax officers shall be entitled to obtain access on their own trying to avoid causing unnecessary damage to locks, doors and other objects.

5. The documents and objects that are not related to the object of the tax audit, shall not be subject to seizure.

6. Seizure of documents and other objects is recorded in a protocol as prescribed by [Article 99](#) of this Code and the present Article.

7. Seized documents and other objects shall be listed and described in the seizure protocol or in an attachment thereto, indicating the exact name of every item, its quantity, measures, weight and individual characteristics, and if possible, its value.

8. In cases when seizure of copies of taxpayer's documents is insufficient for conducting control measures and tax authorities have sufficient grounds to believe that the original documents shall be destroyed, hidden, modified or replaced, the tax officer shall have the right to seize the original documents in accordance with the provisions of this Article.

When such documents are seized, copies thereof shall be made and certified by a tax officer. Such copies shall be handed over to the person whose documents were seized. If copies cannot be produced or delivered at the time of the seizure, they shall be handed over by the tax authority to the person whose documents were seized within five days of the date of the seizure.

9. All seized documents and objects shall be demonstrated to the attesting witnesses and other persons participating in, or attending, the seizure, and, if necessary, packed at the site of the seizure.

10. A copy of the protocol of seizure of documents/objects shall be served against subscription or mailed to the person from whose possession these documents or other objects were seized.

[Federal Law No. 154-FZ of July 9, 1999 amended Article 95 of this Code](#)

The amendments shall [enter into force](#) upon the expiry of one month since the day of the [official publication](#) of the Federal Law

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

Article 95. Expert Examination

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

Expert examination shall be conducted in cases when clarification of questions at hand requires specialized knowledge in science, arts, technology or craft.

2. The questions put before an expert and the assessment that the expert delivers cannot go beyond the scope of his/her expertise. Experts shall be recruited on a contractual basis.

3. An expert examination shall be ordered by a ruling of an officer of the tax authority that conducts the field audit.

The ruling shall specify the reasons for requesting an expert examination; the name of the expert or the name of the organisation where expert examination is to be conducted, questions that put before the expert, and materials made available to the expert.

4. The expert has the right to examine the materials of the audit that relate to the subject of the expert examination and submit requests for additional materials.

5. The expert has the right to refuse to deliver expert opinion if the materials made available to him/her are insufficient , or if he/she does not possess the knowledge required to carry out the expert examination.

6. An officer of the tax authority that has issued the ruling on conducting the expert examination shall present the ruling to the person being audited and brief that person on his rights under Item 7 of this Article.

7. When expert examination is ordered and during its conduct, the taxpayer being audited has the right to do the following:

1) to challenge the expert;
2) to request that the expert be appointed from among the persons that he himself suggests;

3) to put additional questions to the expert to provide his/her opinion on them;
4) to be present , subject to permission of the tax officer, at the expert examination and offer his/her explanations to the expert;

5) to familiarize himself/herself with the expert's opinion.

8. An expert shall deliver his/her opinion in writing in his/her own name. This opinion shall include the description of the research conducted, the findings and responses to the questions that were asked. Should the expert establish any material facts that lie outside the scope of the original inquiry, the expert has the right to include such findings into his/her opinion.

9. Expert opinion or his statement of the impossibility to deliver one shall be presented to the audited taxpayer who shall have the right to present his own explanations or counter-arguments, request that additional questions be put or request an additional or repeated expert examination.

10. An additional expert examination shall be ordered if the outcome of the first one lacks clarity or is incomplete; the assignment to conduct it can be given to the same or a different expert.

A repeated expert examination shall be ordered if the first one is invalid or inconclusive and the assignment to conduct it shall be given to a different expert.

An additional and new expert examination shall be ordered in compliance with the provisions of the present Article.

[Federal Law No. 154-FZ of July 9, 1999 amended Article 96 of this Code](#)

[The amendments shall enter into force upon the expiry of one month since the day of the official publication of the Federal Law](#)

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

Article 96. Recruiting a Specialist for Assisting in Exercising Tax Control

1. If needed, specialist that posses special knowledge and skills and have no interest in the outcome of the case can be recruited on a contractual basis to assist in conducting specific tax control actions including during the conduct of field tax checks .

2. Specialists shall be recruited on a contractual basis.

3. Participation in the case of a person in the capacity of a specialist shall not preclude a possibility for interrogation of this person, concerning the same case, as a witness.

[Federal Law No. 154-FZ of July 9, 1999 amended Article 97 of this Code](#)

[The amendments shall enter into force upon the expiry of one month since the day of the official publication of the Federal Law](#)

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

Article 97. Participation of an Interpreter

1. Where necessary, an interpreter can be recruited on a contractual basis to assist in exercising tax control.

2. An interpreter shall be a person who has no stake in the outcome and has the command of the language required for interpretation.

This provision shall also apply to a person who understands the signs of the mute or the deaf.

3. The interpreter shall arrive as summoned by the tax official who appointed him/her and adequately perform the interpretation.

4. The interpreter shall be briefed on the liability for refusal or avoidance to fulfill his duties or for providing a fraudulent interpretation, which shall be recorded in a protocol signed by the interpreter.

Article 98. Attesting Witnesses

1. When conducting tax control actions, in cases provided for in the present Code, attesting witnesses shall be summoned.

2. At least two attesting witnesses shall be summoned.

3. Any natural persons having no stake in the outcome of the case may be summoned as attesting witnesses.

4. Tax officials shall not be allowed to act as attesting witnesses.

5. Attesting witnesses shall attest to the fact, content and results of actions performed in their presence, in a protocol. They shall have the right to comment on the actions performed, and such comments shall be entered into the protocol.

If needed, the attesting witnesses may be interrogated on the above circumstances.

Article 99. General Requirements to Protocols of Tax Control Proceedings

1. In cases stated in the present Code, tax control proceedings shall be recorded at the time of the proceedings in protocols. The protocols shall be drawn up in Russian.

2. The protocol shall state the following:

1) the title thereof;

2) date and place of proceedings;

3) time of beginning and end of proceedings;

4) position and name of the person who drew the protocol;

5) full name of every person who assisted in or was present at the proceedings; and, if necessary, their address and citizenship, and their command of the Russian language;

6) content and sequence of proceedings;

7) material facts and circumstances that were identified in the course of the proceedings.

3. The protocol shall be read by all those who assisted in, or were present at the proceedings. The said persons shall have the right to make comments which shall be entered into the protocol or attached to the file.

4. The protocol shall be signed by the tax officer who drew it, as well as by all those who were either present at, or assisted in, the proceedings.

5. Attached to the protocol shall be photographs and negatives, films, videotapes and other materials that were produced during the proceedings.

[Federal Law No. 154-FZ of July 9, 1999 amended Article 100 of this Code](#)

[The amendments shall enter into force upon the expiry of one month since the day of the official publication of the Federal Law](#)

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

Article 100. Reporting Field Audit Results

1. Based on the results of a field tax audit not later than two months after the compilation of the reference on the carried check, the authorized tax officials shall draw up an act of tax audit of the established form that shall be signed by these officials and the head of the audited organisation (if taxpayer is a legal entity) or the individual entrepreneur, or by their representatives. If the representatives of organisations refuse to sign the act, a record of this shall be made therein. If the indicated persons avoid receiving the Tax Audit Act this shall be reflected in a report of tax checking.

2. Indicated in the tax audit act shall documented facts of tax offences revealed during the audit or the absence thereof, as well as conclusions and recommendation of the auditors on elimination of the revealed breaches and references to the Articles of this Code, which provide for responsibility of this type of tax offences.

3. The form of the tax audit act and the requirements to drawing it shall be established by the Ministry of Taxes and Dues of the Russian Federation.

On the procedure for drafting the field tax inspection report and taking a decision having considered materials thereof see the Instruction of the Ministry for Taxes and Fees of the Russian Federation No. 52 of March 31, 1999 approved by Order of the Ministry for Taxes and Fees of the Russian Federation No. GB-3-16/66 of March 31, 1999

4. The tax audit act shall be served to the head of the organisation, if the taxpayer is a legal entity, or the entrepreneur, if the taxpayer is a natural person, engaged in entrepreneurial activities, (or their representatives) without forming a legal entity, against subscription, or delivered in some other way that testifies of the date of its receipt by the taxpayer or its representatives. If the tax audit act is mailed by registered mail to the tax payer, the sixth day after it was sent shall be considered as the date of service.

5. If the taxpayer does not agree with the facts stated in the audit act, or with the conclusions and recommendations of the auditors, he is entitled to file a written explanation of his motives for refusing to sign the act and/or objections concerning the act as a whole or its individual provisions with the appropriate tax authority within two weeks from the data of the receipt of the audit act. The taxpayer is also entitled to attach documents (of certified copies thereof) that confirm the grounds for objections or motives for refusing to sign the audit act to the written explanation (objection) or to deliver them to the tax authority within the agreed time limit.

6. Upon expiry of the time period indicated in the preceding part of this Article and within 14 days from the date of such expiry the head of the tax authority (or his deputy) shall examine the tax audit act, and documents and materials presented by the taxpayer.

Federal Law No. 154-FZ of July 9, 1999 amended Article 101 of this Code

The amendments shall enter into force upon the expiry of one month since the day of the official publication of the Federal Law

See the previous text of the Article

Article 101. Proceedings in a Case of Tax Offences Committed by a Taxpayer, a Duty Payer or by a Tax Agent (Rendering a Decision on the Results of Examination of Audit Materials)

1. Checking materials shall be examined by the manager (deputy manager) of a tax body. In the event of submitting by the taxpayer written explanations or objections to the report of a tax check, the materials of the check shall be examined in the presence of the officials of a taxpaying organisation or an individual entrepreneur or of their representative. The tax body shall notify the taxpayer about the time and the place of

the examination of the checking materials well in advance. If despite the notification the taxpayer failed to appear, the checking materials, including the objections, explanations and other documents and materials presented by the taxpayer shall be considered in his absence.

2. Based on results of audit materials examination, the head of the tax authority (or his deputy) shall render a decision to:

- 1) to bring the taxpayer to fiscal responsibility for committing the tax offence;
- 2) to not to bring the taxpayer to responsibility of committing the tax offence;
- 3) to conduct additional tax control measures.

3. The resolution on bringing the taxpayer to responsibility for committing a tax offence shall state the circumstances of the tax offence committed by the taxpayer as established by the tax audit, documents and other facts that confirm the said circumstances, arguments brought forth by the taxpayer in his defense and results of verifying these arguments, the decision to bring the taxpayer to fiscal responsibility for concrete tax offences indicating the articles of the law stipulating these offences, and the measures of liability applicable thereto.

4. Based on the decision to bring the taxpayer to responsibility for committing the tax offence, the tax authority sends out a demand for payment, requesting the taxpayer to pay tax arrears, and penalizing interest.

5. A copy of the decision of the tax body and the demand for payment shall be served to the taxpayer or his/her representative, against subscription or are delivered in another way which testifies of the date of the receipt by the taxpayer. If it is impossible to hand in the decision of a tax body to a taxpayer or his representatives by the above-said methods, this decision shall be sent by registered mail and shall be deemed to be received upon the expiration of six days after its dispatch.

6. Nonobservance, by tax officials, of the requirements established in this Chapter, shall constitute grounds for annulling the decision of the tax authority by the higher tax authority or court.

7. With respect to tax offences revealed by the tax authority for which individual taxpayers or officials of corporate taxpayers are punishable under administrative law, the authorized official of the tax authority that conducted the audit draws up a protocol of administrative offence. Examination of such tax cases and application of administrative sanctions with respect to taxpayer officials (if legal entity) or individual taxpayers (if entrepreneurs) at fault shall be conducted by tax authorities in accordance with administrative legislation of the Russian Federation and subjects of the Russian Federation.

8. The provisions of this Article shall also apply to duty payers and tax agents.

*Federal Law No. 154-FZ of July 9, 1999 supplemented this Code with Article 101.1
The amendments shall enter into force upon the expiry of one month since the day of the official publication of the Federal Law*

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

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

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

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

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

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

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

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

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

1) on the calling to account of a person for breaking the legislation on taxes and dues;

2) on the refusal to call to account a person for breaking the legislation on taxes and dues;

3) on additional measures of tax control.

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

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

11. A copy of the decision taken by the tax body manager and the demand shall be handed in to the persons who has breaches the legislation on taxes and dues against receipt or shall be conveyed in any other way that testifies to the date of its reception by

the taxpayer or by his representative. If a copy of the tax body's decision and/or demand may not be handed in to him, they shall be deemed to be received by the person who has breached the legislation on taxes and dues or by his representative upon the expiry of six days after they were sent by registered mail.

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

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

[Federal Law No. 13-FZ of January 2, 2000 amended Article 102 of this Code](#)
[See the previous text of the Article](#)

Article 102. Taxpayer Confidentiality

1. Any information regarding a taxpayer received [information] by a tax authority, the bodies of the tax police, the agency of the governmental extra-budgetary fund and the customs agency shall be considered confidential, with the exception of the following:

- 1) information disclosed by the taxpayer at his own discretion or with his consent;
- 2) information on the TIN;
- 3) on violations of tax and fee legislation and sanctions for these violations;

4) information provided to tax (customs) or law-enforcement agencies of other nations in accordance with international treaties (agreements) on mutual cooperation between tax (customs) or law enforcement authorities of respective countries (in the part that concerns information submitted to these agencies), to which the Russian Federation is a party.

2. Confidential taxpayer information shall not be subject to disclosure by tax authorities, the bodies of the tax police, the agencies of the governmental extra-budgetary funds and customs agencies, their officials, recruited specialists, or experts, with the exception of cases stipulated in the federal law.

Disclosure of confidential tax information shall include, without being limited to, the use of information, which constitutes a technological or commercial secret of the taxpayer, that came into possession of a tax official, the bodies of the tax police, an agency of the governmental extra-budgetary fund or a customs agency, a participating specialist or expert while performing their duties.

[See the Procedure for the Provision of Confidential Information by Tax Bodies endorsed by Order of the Ministry of the Russian Federation for Taxes and Fees No. BG-3-24/346 of October 3, 2000](#)

3. Confidential taxpayer information that came into possession of the tax authority, the bodies of the tax police, the agencies of the governmental extra-budgetary funds or the customs agencies shall be subject to special storage and access arrangements.

Access to confidential tax information shall be enjoyed by officials indicated in the authorization lists determined by the Ministry of Taxes and Dues of the Russian Federation, the agencies of the governmental extra-budgetary funds, the Federal Service of the Tax Police of the Russian Federation and the State Customs Committee of the Russian Federation.

4. Loss of documents containing confidential tax information, or disclosure of such information shall entail a liability under federal laws.

Federal Law No. 154-FZ of July 9, 1999 amended Article 103 of this Code
The amendments shall enter into force upon the expiry of one month since the day of the official publication of the Federal Law
See the previous text of the Article

Article 103. Inadmissibility of Causing Unlawful Damage While Exercising Tax Control

1. In exercising tax control, causing unlawful damage to taxpayer, duty payers, the tax agent or to their representatives or property held in their possession, use, or disposal shall be inadmissible.

2. Damage done by unlawful actions of tax authorities or their officials in exercising tax control shall be subject to full compensation, including the compensation for loss of expected gains (missing/unearned profit).

3. For causing damages to the taxpayer, the tax agent or their representatives by their unlawful actions, tax authorities and their officials shall be held liable under federal laws.

4. Damages done to the taxpayer, the tax agent or their representatives by lawful actions of tax officials shall not be subject to compensation, except in cases set forth in the federal laws.

Federal Law No. 154-FZ of July 9, 1999 amended Article 104 of this Code
The amendments shall enter into force upon the expiry of one month since the day of the official publication of the Federal Law
See the previous text of the Article

Article 104. Statement of Claim for Collecting a Tax Sanction

1. Having rendered a ruling on bringing the taxpayer (or other obligor) to responsibility for a tax offence, the respective tax authority files a lawsuit with a court for the collection of the tax sanction established under the present Code from the person being brought to responsibility for committing the tax offence.

Prior to filing a lawsuit with a court, the tax authority shall advise the taxpayer (or other obligor) to pay the amount of the tax sanction voluntarily.

If the taxpayer (or other obligor) refuses to pay the amount of the tax sanction voluntarily or does not make the payment within the time limit stated in the demand for payment, the tax authority shall file a statement of claim at court for the collection of the tax sanction established under the present Code for committing the tax offence.

2. Lawsuits/petitions for collecting tax sanctions from organisations or individual entrepreneurs are filed with an arbitration court, and [lawsuits/petitions for collecting tax sanctions] from individuals other than individual entrepreneurs - with a court of general jurisdiction.

Attached to the statement of claim shall be the protocol of the tax offence and other materials of the case produced in the course of the tax audit.

3. If necessary, along with filing a statement of claim for collecting the tax sanction from the person being brought to responsibility for committing the tax offence, the tax authority can file a motion at court to secure the claim in the order envisaged by the civil procedure legislation of the Russian Federation and by the arbitration procedure legislation of the Russian Federation.

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

Article 105. Hearing of Cases and Execution of Rulings to Collect Tax Sanctions

1. Cases for collection of tax sanctions instituted by tax authorities against organisations or individual entrepreneurs shall be tried by courts of arbitrage pursuant to the law of arbitral procedure of the Russian Federation.

2. Cases for collection of tax sanctions instituted by tax authorities against natural persons other than individual entrepreneurs shall be tried by courts of general jurisdiction pursuant to the law of civil procedure of the Russian Federation.

3. Execution of effective court rulings on collecting tax sanctions shall be performed pursuant to the Russian Federation law of final process.

Section 6. Tax Offenses and Liability for Committing Them

Chapter 15. General Provisions on Liability for Committing Tax Offenses

Federal Law No. 154-FZ of July 9, 1999 amended Article 106 of this Code
The amendments shall enter into force upon the expiry of one month since the day of the official publication of the Federal Law
See the previous text of the Article

Article 106. Concept of Tax Offense

Tax offense is an unlawful (in violation of tax legislation) act (action or inaction) of a taxpayer, tax agent or other persons entailing liability under the present Code.

Article 107. Persons Liable for Committing Tax Offenses

1. Liability for committing tax offenses shall be borne by organisations and natural persons in cases provided for in Chapter 16 of this Code.

2. Natural persons can be held liable for tax offences from the age of sixteen.

Federal Law No. 154-FZ of July 9, 1999 amended Article 108 of this Code
The amendments shall enter into force upon the expiry of one month since the day of the official publication of the Federal Law
See the previous text of the Article

Article 108. General Conditions of Holding [Taxpayers] Liable for Committing Tax Offenses

1. No one can be held liable for committing a tax offense other than on the grounds and in the manner stipulated in the present Code.

2. No one can be held liable for the same tax offense twice.

3. Liability provided for under this Code for an act committed by a natural person shall arise if the said act does not contain elements of crime provided for by criminal legislation of the Russian Federation.

4. Holding an organisation liable for a tax offense shall not release its officials from administrative, criminal or other liability under federal laws, provided that the appropriate grounds for that exist.

5. Holding a taxpayer liable for a tax offense shall not release him from the obligation to pay the tax and penalty liability. The calling of a tax agent to account for committing a tax offence shall not release him from the duty of transferring the due sums of the tax and the penalty.

6. A person shall be presumed innocent of committing a tax offense until his guilt is proven in accordance with the procedure provided for by the federal law and established by a legally effective court decision. The person called to account shall not be required to prove his innocence of committing a tax offense. The burden of presenting evidence of the tax offence and proving person's guilt in committing it shall

be carried by the tax authorities. Ineradicable doubts as to the guilt of the person called to account shall be interpreted in favor of the person.

Article 109. Circumstances Which Rule out the Possibility of Holding a Person Liable for Committing a Tax Offense

A person cannot be held liable for committing a tax offence if at least one of the following circumstances is present:

- 1) absence of the event of a tax offence;
- 2) absence of guilt of the person in question in committing a tax offence;
- 3) action containing elements of a tax offence committed by a natural person who had not reached sixteen years of age at the time of the action was committed;
- 4) expiry of the statute of limitations for the tax offence committed.

Article 110. Forms of Guilt of Committing a Tax Offense

1. Recognized as a defaulter [a person at fault] shall be a person who has committed an unlawful intentionally or by negligence.

2. A tax offence shall be recognized as committed intentionally, if the person who committed it was aware of the unlawful nature of his action (inaction), was desiring, or conscientiously admitting the possibility of occurrence of, harmful consequences of such actions (inaction).

3. A tax offence shall be considered committed through negligence, if the person who committed it was not aware of the unlawful nature of his actions (inaction) or of the harmful nature of consequences of such action (inaction), even though he should have and could have been aware of it.

4. A guilt of an organisation in committing a tax offence shall be established depending on the guilt of its officials or its representatives whose actions (or inaction) provided the conditions for the tax offence.

[Federal Law No. 154-FZ of July 9, 1999 amended Article 111 of this Code](#)

[The amendments shall enter into force upon the expiry of one month since the day of the official publication of the Federal Law](#)

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

Article 111. Circumstances Ruling Out the Guilt of a Person in Committing a Tax Offense

1. The following circumstances shall rule out the guilt of a person in committing a tax offence:

1) committing an act that contains elements of a tax offence in consequence of a natural calamity or other extraordinary or insurmountable circumstances (said circumstances shall be established by the presence of generally known facts, by publications in mass media and by any methods that are not in need of special means of proof);

2) committing an act that contains elements of a tax offence by a natural person whose condition at the time of committing that act was such that he could not understand or control his actions as a result of his sickly state (said circumstances shall be proved by submitting to a tax body documents, which by their meaning, content and date relate to that tax period in which a tax offence was committed);

3) the taxpayer or tax agent was acting on the strength of written explanations on the questions of the application of the legislation on taxes and dues given by a tax authority or another authorized government agency or officials thereof within the scope of their authority (said circumstances shall be established, given appropriate documents of these bodies, which by their meaning and content relate to tax periods in which a tax offence was committed, regardless of the date of the publication of these documents).

2. In the presence of circumstances listed under [Item 1](#) of this Article, the person shall not be held liable for committing a tax offence

[Federal Law No. 154-FZ of July 9, 1999 amended Article 112 of this Code](#)
The amendments shall enter into force upon the expiry of one month since the day of the official publication of the Federal Law
[See the previous text of the Article](#)

Article 112. Attenuating and Aggravating Circumstances for Committing a Tax Offense

1. Circumstances attenuating the liability for committing a tax offense shall be the following:

- 1) committing an offense on account of a coincidence of difficult personal or family circumstances;
- 2) committing an offence under threat for force, or due to pecuniary, administrative or other dependence;
- 3) other circumstances recognized by court as those attenuating the liability for a tax offence.

2. The aggravating circumstance shall be that when the tax offence is committed by a person who was already held liable for committing a similar offence in the past.

3. The person from whom a tax sanction has been collected shall be deemed to have been subject to this sanction in the course of 12 months since the effective date of the decision made by court or tax body on application of this sanction.

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

[Federal Law No. 154-FZ of July 9, 1999 amended Article 113 of this Code](#)
The amendments shall enter into force upon the expiry of one month since the day of the official publication of the Federal Law
[See the previous text of the Article](#)

Article 113. Statute of Limitations for Tax Offenses

1. A person cannot be held liable for a tax offense if three years (the statute of limitations) have expired since the day when the offense was committed or since the first day after the end of the tax period during which the offense committed.

Computation of the statute of limitation from the day when the tax offense was committed shall be applicable to all tax offenses, except for those provided for under [Articles 120](#) and [122](#) of this Code.

Computation of the statute of limitation from the first day after the end of the respective tax period shall be applicable to tax offenses provided for under [Articles 120](#) and [122](#) of this Code.

[Federal Law No. 154-FZ of July 9, 1999 amended Article 114 of this Code](#)
The amendments shall enter into force upon the expiry of one month since the day of the official publication of the Federal Law
[See the previous text of the Article](#)

Article 114. Tax Sanctions

1. A tax sanction is a measure of liability for tax offenses.
2. Tax sanctions shall be established and imposed in the form of money charges (fines) in the amounts provided for in [Chapter 16](#) of this Code.

3. Provided there is at least one attenuating circumstance, the amount of fine shall be reduced, but not more than by half of the amount of fine established under the appropriate Article of [Chapter 16](#) of this Code for committing a tax offense.

4. In the presence of the aggravating circumstance stated in [Item 2 of Article 112](#), the amount of fine shall be increased by 100%.

5. Should one person commit two or more tax offenses, tax sanctions shall be imposed for each offense separately, without a heavier sanction absorbing a lesser one.

6. The amount of fine imposed on the taxpayer/payer of charges - tax agent for a violation of legislation on taxes and charges that resulted in an overdue tax or fee liability shall be subject to remittance from the accounts of the taxpayer/payer of charges - tax agent only after the full amount of the said liability and accrued penalizing interest were remitted in the order of sequence established by the civil legislation of the Russian Federation.

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

[Federal Law No. 154-FZ of July 9, 1999 amended Article 115 of this Code](#)

The amendments shall [enter into force](#) upon the expiry of one month since the day of the [official publication](#) of the Federal Law

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

Article 115. Statute of Limitations on Collecting Tax Sanctions

According to [Federal Law No. 154-FZ of July 9, 1999](#) if at the time of the [entry into force](#) of this Federal Law the three-month period was not expired for the recourse of a tax body to a court of law with an action on the recovery of the tax sanction, stipulated by [Item 1 of Article 115 of this Code](#), then the said period shall be extended to six months

1. Tax authorities can file a claim at court for collecting a tax sanction not later than within six months after the day when the tax offense was discovered and an appropriate act was drawn up (the period of limitation for the recovery of sanctions).

2. In case on non-suit or dismissal of a criminal case, but in the presence of a tax offense, the statute of limitations for filing a statement of claim shall be computed from the day the tax authority receives a ruling of non-suit or dismissal of the criminal case.

Chapter 16. Types of Tax Offenses and Liability for Committing Them

[Federal Law No. 154-FZ of July 9, 1999 amended Article 116 of this Code](#)

The amendments shall [enter into force](#) upon the expiry of one month since the day of the [official publication](#) of the Federal Law

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

[Article 116.](#) Failure to Meet the Deadline for Registering with a Tax Authority

1. Failure by a taxpayer to meet the deadline for filing an application for registration with a tax authority, established by [Article 83](#) of this Code, in the absence of elements of a tax offense provided for under [Item 2 of this Article](#)

shall entail a fine in the amount of five thousand roubles.

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

[Federal Law No. 154-FZ of July 9, 1999 amended Article 1 of this Code](#)

The amendments shall enter into force upon the expiry of one month since the day of the official publication of the Federal Law

See the previous text of the Article

Article 117. Avoidance of Registration with a Tax Authority

1. The activity by an organisation or an individual entrepreneur without registration with a tax body

shall entail a fine in the amount of 10% of the income received during this period from doing the business in question or twenty thousand roubles, whichever is greater.

2. The activity by an organisation or an individual entrepreneur without registration with a tax body for more than three months

shall entail a fine in the amount of 20 per cent of the incomes received during the period of activity without registration for more than 90 days.

Federal Law No. 154-FZ of July 9, 1999 amended Article 118 of this Code

The amendments shall enter into force upon the expiry of one month since the day of the official publication of the Federal Law

See the previous text of the Article

Article 118. Failure to Meet the Deadline for Reporting the Opening of a Bank Account

1. Failure by a taxpayer to meet the deadline established by this Code for submitting information of his opening or closing an account with any bank to the tax authorities.

shall entail a fine in the amount of five thousand roubles.

Federal Law No. 154-FZ of July 9, 1999 amended Article 119 of this Code

The amendments shall enter into force upon the expiry of one month since the day of the official publication of the Federal Law

See the previous text of the Article

Article 119. Non-submission of a Tax Declaration

1. Failure by a taxpayer to meet the deadline provided for by the tax legislation for filing a tax return with the tax office where the taxpayer is registered, provided that no elements of a tax offence under Item 2 of this Article are present,

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

2. Failure by a taxpayer to file a tax return for more than 180 days after the legislatively established deadline for filing such tax returns

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

Federal Law No. 154-FZ of July 9, 1999 amended Article 120 of this Code

The amendments shall enter into force upon the expiry of one month since the day of the official publication of the Federal Law

See the previous text of the Article

Article 120. Failure to Comply with the Rules of Accounting for Income, Expenses and Objects of Taxation

Ruling of the Constitutional Court of the Russian Federation No. 6-O of January 18, 2001 ruled that provisions of Items 1 and 3 of this Article and Item 1 of Article 122, defining the insufficiently demarcated between themselves corpus delicti of the tax law violations, cannot be applied simultaneously as the ground for taking to responsibility for committing one and the same illegal actions, which does not exclude the possibility of their independent application on the basis of an assessment by the court of the actual circumstances of the concrete case and with an account for the constitutional-legal meaning of the corpus delicti of the tax law violations made clear by the Constitutional Court of the Russian Federation

1. A gross violation of rules of accounting for income and (or) expenses and (or) objects of taxation, if these actions were committed within one tax period, in the absence of signs of a tax offence provided for by Item 2 of this Article, shall entail imposition of a fine in the amount of five thousand roubles.

2. The same deeds if they were being committed during a period of time that exceeds one tax period, shall entail a fine in the amount of fifteen thousand roubles.

3. The same deeds if they resulted in under reporting of the tax base, shall entail a fine in the amount of 10 percent of the amount of unpaid tax, or 15 thousand roubles, whichever is less.

A gross violation of rules of accounting for income, expenses and objects of taxation for the purposes of the present Article shall mean absence of primary [detailed] documents, or absence of invoices, or absence of book-keeping registries, repeated (twice and more times during a calendar year) untimely or incorrect coverage of business transactions, monetary funds, tangible assets, intangible assets and financial investments of the taxpayer in the balance sheet accounts and in reporting.

Federal Law No. 154-FZ of July 9, 1999 excluded Article 121 from this Code

The amendments shall enter into force upon the expiry of one month since the day of the official publication of the Federal Law

~~Article 121. Violation of Rules Governing the Procedure for Compiling a Tax Return~~

~~Violation of rules governing the procedure for compiling a tax return by a taxpayer, that is failure to reflect [anything at all] or failure to reflect in full [the amounts of taxes due], and also errors that lead to under the amounts of taxes due, shall entail imposition of a fine in the amount of five thousand roubles.~~

Federal Law No. 154-FZ of July 9, 1999 amended Article 122 of this Code

The amendments shall enter into force upon the expiry of one month since the day of the official publication of the Federal Law

See the previous text of the Article

Ruling of the Constitutional Court of the Russian Federation No. 6-O of January 18, 2001 ruled that provisions of Items 1 and 3 of Article 120 and Item 1 of this Article, defining the insufficiently demarcated between themselves corpus delicti of the tax law violations, cannot be applied simultaneously as the ground for taking to responsibility for committing one and the same illegal actions, which does not exclude the possibility of their independent application on the basis of an assessment by the court of the actual circumstances of the concrete case and with an account for the constitutional-legal meaning of the corpus delicti of the tax law violations made clear by the Constitutional Court of the Russian Federation

Article 122. Failure to Pay the Full Amount of Taxes Due

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

shall entail a fine in the amount of 20 per cent of the unpaid tax liability.

2. Non-payment or incomplete payment of the sums of the tax as a result of understating the tax base or of any other wrong calculation of the tax subject to payment in connection with the movement of goods across the customs border of the Russian Federation shall involve the exaction of a fine in the amount of 20 per cent of the unpaid amount of the tax.

On application of part 2 of Article 122 of this Code, see [Letter of the State Customs Committee of the Russian Federation No. 27-09/33399 of November 17, 2000](#)

3. Deeds provided for by Items 1 and 2 of this Article, when committed intentionally, shall entail a fine in the amount of 40 per cent of the unpaid tax liability.

[Federal Law No. 154-FZ of July 9, 1999 amended Article 123 of this Code](#)

The amendments shall [enter into force](#) upon the expiry of one month since the day of the [official publication](#) of the Federal Law

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

Article 123. Failure of a Tax Agent to Fulfill the Duty of Withholding and Remitting Taxes

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

shall entail a fine in the amount of 20% of the amount that had to be remitted.

[Federal Law No. 154-FZ of July 9, 1999 amended Article 124 of this Code](#)

The amendments shall [enter into force](#) upon the expiry of one month since the day of the [official publication](#) of the Federal Law

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

Article 124. Unlawful Denial of Access to the Grounds or Premises to a Tax Official, the Customs Agency and the Agency of the Governmental Extra-budgetary Fund

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

shall entail a fine in the amount of five thousand roubles.

[Federal Law No. 154-FZ of July 9, 1999 amended Article 125 of this Code](#)

The amendments shall [enter into force](#) upon the expiry of one month since the day of the [official publication](#) of the Federal Law

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

Article 125. Failure to Comply with the Regulations of Tenancy, Use and Disposal of Attached Property

Failure to comply with the procedures established by this Code for tenancy, use and/or disposal of property under lien

shall entail the imposition of a fine in the amount of ten thousand roubles.

[Federal Law No. 154-FZ of July 9, 1999 amended Article 126 of this Code](#)

The amendments shall enter into force upon the expiry of one month since the day of the official publication of the Federal Law

See the previous text of the Article

Article 126. Non-Provision of Information Necessary for the Exercise of Tax Control to a Tax Authority

1. Non-submission by a taxpayer or a tax agent to tax bodies within the fixed period of time of documents and/or other information, provided for by this Code and other legislative acts on taxes and dues,

shall entail the exaction of a fine in the amount of 50 roubles for each non-presented document.

2. Non-provision of information about a taxpayer to a tax authority in the form of refusal of an organisation to turn over the documents, stipulated by the present Code, containing information on the taxpayer at the request of a tax authority, as well as avoidance to provide such documents, or provision of documents containing false information unless such deed contains the signs of a breach of the legislation on taxes and dues which is stipulated by **Article 135.1** of this Code.

shall entail a fine in the amount of five thousand roubles.

3. Actions stated under Item 2 of the present Article, if they were committed by a natural person

shall entail a fine in the amount of five hundred roubles.

Federal Law No. 154-FZ of July 9, 1999 excluded Article 127 from this Code

The amendments shall enter into force upon the expiry of one month since the day of the official publication of the Federal Law

~~**Article 127.** Refusal to Provide Documents and Other Items Required for Proceedings in a Tax Case~~

~~Refusal by a taxpayer (other obligor) to present documents and items requested by a tax authority, and also failure to present these within the deadlines established in this Code,~~

~~shall entail a fine in the amount of five thousand roubles.~~

Federal Law No. 154-FZ of July 9, 1999 amended Article 128 of this Code

The amendments shall enter into force upon the expiry of one month since the day of the official publication of the Federal Law

See the previous text of the Article

Article 128. Liability of a Witness

Failure to appear or avoidance from appearing without a good reason by a person summoned in connection with a tax case as a witness

shall entail a fine in the amount of one thousand roubles.

Unlawful Refusal of a witness to give testimony, or perjury on the part thereof

shall entail a fine in the amount of three thousand roubles.

Article 129. Refusal of an Expert, Interpreter or Specialist to Assist in a Tax Audit, Presentation of a Fraudulent Opinion by an Expert or Fraudulent Interpretation by an Interpreter

1. Refusal of an expert, interpreter or specialist to assist in a tax audit

shall entail a fine in the amount of five hundred roubles.

2. Presentation of a fraudulent opinion by an expert or fraudulent interpretation by an interpreter

shall entail a fine in the amount of one thousand roubles.

Federal Law No. 154-FZ of July 9, 1999 supplemented this Code with Article 129.1
The amendments shall enter into force upon the expiry of one month since the day of
the official publication of the Federal Law

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

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

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

Chapter 17. Costs Connected with Exercising Tax Control

Federal Law No. 154-FZ of July 9, 1999 amended Article 130 of this Code
The amendments shall enter into force upon the expiry of one month since the day of
the official publication of the Federal Law
See the previous text of the Article

Article 130. Composition of Costs Connected With Tax Control

Costs connected with tax control are comprised of the following:
amounts payable to witnesses, interpreters, specialists, experts, and attesting witnesses;
court costs (law charges).

Federal Law No. 154-FZ of July 9, 1999 amended Article 131 of this Code
The amendments shall enter into force upon the expiry of one month since the day of
the official publication of the Federal Law
See the previous text of the Article

Article 131. Payment of Amounts Due to Witnesses, Interpreters, Specialists, Experts, and Attesting Witnesses

1. Travel and lodging expenses of witnesses, interpreters, specialist, experts, and attesting witnesses incurred by the latter in connection with their appearance at the office of the tax authority shall be reimbursed and per diems shall be paid.

2. Interpreters, specialist, and experts shall be remunerated for the work they did on the commission of a tax authority, if this work is not part of their normal job functions.

3. A person summoned to a tax agency as a witness continues to draw his/her wage at the principal job while such witness is absent from the job.

4. Amount due to witnesses, interpreters, specialists, experts, and attesting witnesses shall be paid by the tax authority upon fulfillment of their duties.

The payment procedure and amounts payable shall be determined by the Government of the Russian Federation and shall be financed from the federal budget of the Russian Federation.

See Regulations for Payment and the Rate of Payment for the Benefit of Witnesses, Translators, Specialists and Experts Invited to Take Part in Tax Control Actions approved by Decision of the Government of the Russian Federation No. 298 of March 16, 1999

**Chapter 18. Types of Tax Offenses Committed by Banks
Stipulated by Legislation on Taxes and Fees and Liability
for Committing them**

Federal Law No. 154-FZ of July 9, 1999 reworded Article 132 of this Code
The amendments shall enter into force upon the expiry of one month since the day of the official publication of the Federal Law
See the previous text of the Article

Article 132. Failure of a Bank to Comply with the Procedure for Opening an Account for a Taxpayer

1. The opening by a bank of an account to an organisation or an individual entrepreneur without the production by them of a certificate of registration with a tax body, and also the opening of an account in the presence in the bank of the decision of the tax body on the suspension of transactions in the accounts of this person, shall involve the exaction of a fine in the amount of 10,000 roubles.
2. Non-supply by a bank to a tax body of information about the opening or the closing of an account by an organisation or an individual entrepreneur shall involve the exaction of a fine in the amount of 20,000 roubles.

Article 133. Failure to Meet the Deadline for Executing an Order to Remit a Tax or Fee

1. Failure of a bank to meet the deadline established by the present Code for executing the order of a taxpayer (payer of charge) or a tax agent to remit a tax or a charge shall entail a penalty interest in the amount of 1/150 of the CBR refinancing rate, or 0.2 % for every day of delay, whichever is higher.

Federal Law No. 154-FZ of July 9, 1999 excluded Item 2 from Article 133 of this Code
The amendments shall enter into force upon the expiry of one month since the day of the official publication of the Federal Law

- ~~2. Actions undertaken by the bank to create a situation when no money funds are present on the bank account of the taxpayers with respect to whom the bank has a cash collection order, as in Article 46 of this Code, of a tax authority, shall entail a fine in the amount of 30% of the amount uncollected as a result of such actions.~~

Federal Law No. 154-FZ of July 9, 1999 amended Article 134 of this Code
The amendments shall enter into force upon the expiry of one month since the day of the official publication of the Federal Law
See the previous text of the Article

Article 134. Failure of a Bank to Comply with a Decision of a Tax Authority to Suspend the Accounts of a Taxpayer, Duty-payer or Tax Agent

- Execution by a bank, which has a decision by a tax authority to suspend accounts of a taxpayer, duty-payer or tax agent, of an order of the latter to remit funds to a third party unconnected to the execution of the duties of paying the tax or the due, or any other payment order, which, in accordance with the Russian Federation legislation, has higher priority than payments to the budget or the extra-budgetary fund, shall entail a fine in the amount of twenty percent of the amount remitted in accordance with the order of taxpayer, duty-payer or tax agent, or the amount of liability, whichever is higher.

Federal Law No. 154-FZ of July 9, 1999 reworded Article 135 of this Code

The amendments shall enter into force upon the expiry of one month since the day of the official publication of the Federal Law

See the previous text of the Article

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

1. The unlawful non-fulfilment by a bank of the decision of a tax body on the collection of the tax or the due and also the penalty within the period of time fixed by this Code,

shall involve the exaction of the penalty in the amount of one hundred and fiftieth rate of refinancing of the Central Bank of the Russian Federation, but not more than 0.2 per cent for each day of delay.

2. The commission by a bank of actions aimed at creating a situation of the absence of monetary funds on the account of a taxpayer, a duty payer or a tax agent, with regard to which the tax body has in the bank its collection letter under Article 46 of this Code,

shall involve the exaction of a fine in the amount of 30 per cent of the sum of money that has been received as a result of such actions.

Federal Law No. 154-FZ of July 9, 1999 supplemented this Code with Article 135.1

The amendments shall enter into force upon the expiry of one month since the day of the official publication of the Federal Law

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

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

shall involve the exaction of a fine in the amount of 10,000 roubles.

2. Non-submission by banks on a motivated inquiry of a tax body of references on the transactions and accounts of the organisations or individual entrepreneurs without the status of a legal entity within the time fixed by this Code

shall involve the exaction of a fine in the amount of 20,000 roubles.

Federal Law No. 154-FZ of July 9, 1999 amended Article 136 of this Code

The amendments shall enter into force upon the expiry of one month since the day of the official publication of the Federal Law

See the previous text of the Article

Article 136. Procedure for Collecting Fines and Penalty Interest from Banks

The fines stated in Articles 132-134, shall be collected in accordance with the procedure similar to the one provided for by the present Code for collection of tax sanctions.

Penalties indicated in Articles 133 and 135 shall be collected in the order prescribed by Article 60 of this Code.

Section 7. Appealing Acts of Tax Authorities and Actions or Inaction on the Part of Tax Officers

Chapter 19. Procedure for Appealing Acts of Tax Authorities and Actions or Inaction on the Part of Tax Officers

On Appeal from the Acts of Tax Bodies, see [Letter](#) of the Ministry of the Russian Federation for Taxes and Fees No. VP-6-18/691 of August 24, 2000

[Federal Law No. 154-FZ of July 9, 1999 amended Article 137 of this Code](#)
The amendments shall [enter into force](#) upon the expiry of one month since the day of the [official publication](#) of the Federal Law
[See the previous text of the Article](#)

[Article 137.](#) Right to Appeal

Every taxpayer or tax agent shall be entitled to appeal acts of tax authorities of non-normative nature, as well as actions or inaction of tax officials, if the taxpayer or tax agent believes that such acts, actions of inaction infringe upon their rights.

Normative legal acts [regulations] of tax authorities can be appealed in accordance with the procedure provided for by the federal legislation.

[Article 138.](#) Procedure for Appeals

1. Acts of tax authorities, actions or inaction of tax official can be appealed against to a higher tax authority (higher tax official) or court.

Filing a complaint to a higher tax authority (higher tax official) shall not rule out the right to a simultaneous or subsequent filing of a similar complaint with a court.

2. Judicial appeals against acts (including normative acts) of tax authorities, actions or inaction of tax officials by organisations and individual entrepreneurs shall be performed by means of filing a statement of claim with a court of arbitrage in accordance with federal laws on arbitral procedure.

Judicial appeals against acts (including normative acts) of tax authorities, actions or inaction of tax officials made by individuals other than individual entrepreneurs shall be performed by means of filing a statement of claim with a court of general jurisdiction in accordance with the legislation on appealing against unlawful actions of government authorities and officials to court.

[Federal Law No. 154-FZ of July 9, 1999 amended Article 139 of this Code](#)
The amendments shall [enter into force](#) upon the expiry of one month since the day of the [official publication](#) of the Federal Law
[See the previous text of the Article](#)

Article 139. Procedure and Deadline for Filing Appeals with Higher Tax Authorities or Higher Officials

See [Regulations](#) on considering tax disputes in pre-trial orders, approved by [Order](#) of the Ministry of Taxes and Fees of the Russian Federation No. BG-1-14/290 of August 17, 2001

1. An appeal against an act of a tax authority, actions or inaction of a tax officer shall be filed with the higher tax authority or a higher official of the same tax authority, respectively.

2. Unless otherwise provided for by this Article, an appeal to higher tax authority (higher official) shall be filed within three month from the day when the taxpayer learned or ought to have learned of the violation of their interests. Documents supporting the complaint may be appended to this complaint.

In case of failure to meet the deadline for appeal filing due to good reasons, the period allowed for appeal filing may be renewed at the request of the appellant by the head (deputy head) of the tax authority or by superior tax authority.

3. An appeal shall be submitted in written form to the relevant tax authority or official.

4. The person who has filed an appeal to the superior authority or the superior official can withdraw it by written request, unless a ruling concerning that appeal has already been rendered.

Withdrawal of an appeal shall deprive the appellant of the right to file a new appeal stating the same reasons for it with the same tax authority or the same superior official.

A new appeal can be filed with the higher tax authority or higher official within the time limits provided for by [Item 2](#) of this Article.

Chapter 20. Consideration of Appeals and Rendering Decisions

[Federal Law No. 154-FZ of July 9, 1999 amended Article 140 of this Code](#)

The amendments shall [enter into force](#) upon the expiry of one month since the day of the [official publication](#) of the Federal Law

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

Article 140. Consideration of Appeals by Superior Tax Authorities or Superior Officials

On the Procedure for Examining the Tax Payers' Complaints, see [Letter of the Ministry of Taxes and Fees of the Russian Federation No. VP-6-18/274 of April 5, 2001](#)

1. A taxpayer' appeal shall be considered within one month of its receipt.
2. Based on the results of consideration of an appeal against an act of a tax authority, the higher tax authority shall be entitled to:
 - 1) dismiss the appeal;
 - 2) cancel the act of the tax authority and order an additional examination;
 - 3) cancel the ruling and dismiss the tax case;
 - 4) alter the decision or render a new decision.

Based on the results of consideration of an appeal against actions or inaction of tax officials, the higher tax authority or official shall be entitled to render a decision on the substance of the case.

3. The decision of the tax authority or official concerning the appeal shall be made within one month. The appellant shall be informed of the decision taken by a written notification.

Article 141. Consequences of Appeal Filing

1. Filing an appeal with a superior tax authority or a superior official shall not suspend the execution of the act or the action appealed against, except in cases set forth in this Code.

2. If the tax authority or tax official considering an appeal have ample grounds to believe that the act or action appealed against are not consistent with the legislation of the Russian Federation, the said tax authority shall be entitled to suspend the act or action appealed against in full or in part. The decision to suspend the execution of the act (action) shall be taken by the head of the tax authority that has passed the act by a higher tax authority.

Article 142. Consideration of Appeals to Court

Appeals (statements of claim) against act of tax control bodies, actions (inaction) of tax officials filed with court shall be considered and resolved in accordance with the federal law of civil procedure, arbitral procedure and other federal laws.

President of the Russian Federation
Moscow, the Kremlin

B. Yeltsin

Federal Law No. 166-FZ of December 29, 2000 amended part two of Tax Code of the Russian Federation. The amendments shall come into force as of January 1, 2001
See the previous text of part two of Tax Code

Part 2

Adopted by the State Duma on July 19, 2000
Approved by the Federation Council on July 26, 2000

Section VIII. Federal Taxes	(Articles 143 - 245)
Chapter 21. Value-Added Tax	(Articles 143 - 178)
Chapter 22. Excise Taxes	(Articles 179 - 206)
Chapter 23. Personal Income Tax	(Articles 207 - 233)
Chapter 24. Uniform Social Tax (the Contribution)	(Articles 234 - 245)

Federal Law No. 118-FZ of August 5, 2000 on the Enactment of Part 2 of the Tax Code of the Russian Federation and Amending Some Legislative Acts of the Russian Federation on Taxes

Section VIII. Federal Taxes

Federal Law No. 166-FZ of December 29, 2000 amended Chapter 21 of the Tax Code of the Russian Federation. The amendments shall come into force as of January 1, 2001
See the previous text of Chapter 21 of the Tax Code

Chapter 21. Value-Added Tax

According to Federal Law No. 118-FZ of August 5, 2000 until July 1, 2001 this Chapter shall be applied having regard to the peculiarities established by it. On the operation of the said norms of the Federal law, see Letter of the Ministry of the Russian Federation for Taxes and Fees No. VG-6-03/502 @ of June 29, 2001

See 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

On the Procedure for application of value-added tax with respect to goods imported into the territory of the Russian Federation, see Order of the State Customs Committee of the Russian Federation No. 131 of February 7, 2001

See Methodological Recommendations on the procedure for applying the value-added tax to the goods imported into the territory of the Russian Federation, given in Letter of the State Customs Committee of the Russian Federation No. 01-06/36951 of December 19, 2000

Article 143. Taxpayers

The following shall be recognised as taxpayers for the purposes of value added tax (hereinafter referred to as "taxpayers"):

organizations;

individual entrepreneurs;

persons recognized as taxpayers of the value added tax (further in the present Chapter - tax) in connection with the movement of goods across the customs border of the Russian Federation defined according to the [Customs Code](#) of the Russian Federation.

Article 144. Registration as a Taxpayer

1. Taxpayers are subject to a compulsory registration with the tax body in compliance with Articles 83, 84 of the present Code and with due regard to the peculiarities stipulated by the present chapter.

See the [Recommendations Concerning the Matters of Registration of Organisations and Individual Entrepreneurs with a Tax Body as Value Added Tax Payers given by Letter of the Ministry of the Russian Federation for Taxes and Fees No. MM-6-12/46 of January 19, 2001](#)

2. Foreign organisations are entitled to be registered with the tax bodies as taxpayers at the location of their permanent establishments in the Russian Federation. Registration as a taxpayer shall be effected by a tax body on a written application of a foreign organisation.

On putting on records in the tax body organizations and individual businessmen as value-added tax payers, see [Order of the Ministry of Taxes and Fees of the Russian Federation No. BG-3-12/375 of October 31, 2000](#)

Article 145. Relief from performing a taxpayer's duty

1. Organisations and individual entrepreneurs have the right to be relieved from performing a taxpayer's duties relating to tax accrual and payment if the sum of proceeds from the sale of goods (works, services) of such organisations or individual entrepreneurs less the tax and the sales tax has not exceeded as aggregate 1,000,000 roubles for the three preceding calendar months in a row.

2. The provision of Item 1 of the present article shall not extend to the organisations and individual entrepreneurs selling excisable goods and excisable mineral raw materials.

3. Organisations and individual entrepreneurs shall not be relieved from a taxpayer's duties under Item 1 of the present Article in as much as it concerns the duties arising in connection with the import into the customs territory of the Russian Federation of goods taxable under Subitem 4 Item 1 Article 146 of the present Code.

Persons contending for being relieved from a taxpayer's duties shall file a relevant application in writing and documents supporting their right to such a relief with the tax body at the place where they are registered.

The said application and documents shall be filed not later than the 20th day of the month beginning with which these persons contend for being relieved from a taxpayer's duties.

The [form](#) of an application for relief from a taxpayer's duties shall be subject to endorsement of the Ministry of the Russian Federation for Taxes and Fees.

4. If they comply with the terms specified in Items 1 - 3 of the present article organisations and individual entrepreneurs shall be relieved from a taxpayer's duties for a term equal to 12 calendar months in a row. Upon the expiration of the said term the organisations and individual entrepreneurs which have been relieved from a taxpayer's duties shall file an application with the tax bodies accompanied with documents

confirming that within the said term the sum of proceeds from the sale of goods (works, services) less the tax and the sales tax did not exceed 1,000,000 roubles as an aggregate for each three calendar months in a row.

5. Within ten days counting from the date of the submission of the documents specified in Items 3 and 4 of the present article the tax bodies shall verify them and return a [decision](#) as to:

the lawfulness of the relief from a taxpayer's duties or the lack of the right to the relief;

the prolongation of the term of relief from a taxpayer's duties or the refusal to effect such a prolongation.

6. If within the period in which organisations and individual entrepreneurs were relieved from a taxpayer's duties proceeds from the sale of goods (works, services) exceeds the maximum limit set by Item 4 of the present article the taxpayers shall cease to enjoy the right to the relief beginning from the first day of the month in which it was exceeded and until the end of the relief term and they shall generally pay the tax.

The sum of tax for the month in which the said limit was exceeded shall be recovered and paid to the budget in the established manner.

Should a taxpayer fail to submit the documents specified in Item 4 of the present article (or should the taxpayer submit documents containing unreliable information) the sum of tax shall be recovered and paid to the budget in the established manner, with a relevant tax sanction and penalty being collected from the taxpayer.

[Article 146.](#) The Item of Taxation

1. The following operations shall be defined as items of taxation:

1) sale of goods (works, services) on the territory of the Russian Federation, including the sale of subjects of a pledge and transfer of goods (results of performed works, rendered services) under a compensation agreement or a novation.

For the purposes of the present Chapter, the transfer of title to goods, results of performed works, rendered services on gratuitous basis shall be redefined as sale of goods (works, services);

[Federal Law No. 110-FZ of August 6, 2001 amended subitem 2 of Item 1 of Article 146 of this Code. The amendments shall come into force as of January 1, 2002](#)

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

2) the transfer of goods (performance of works, provision of services) on the territory of the Russian Federation for own purposes in respect of which expenses are not accepted for offset (in particular, as depreciation deductions) when the tax on the profit of organisations is being calculated;

3) performance of construction and erection works for own consumption;

4) importation of goods to the customs territory of the Russian Federation.

2. For the purposes of the present Chapter, the following shall not be recognized as sale of goods (works, services):

1) operations listed in [Item 3 of Article 39](#) of the present Code;

2) transfer on a gratuitous basis of apartment houses, nursery schools, clubs, sanatoriums and other facilities of social and cultural housing purposes and also roads, electrical grids, substations, gas networks, water intake facilities and other similar objects to public authorities and bodies of local self-government (or by decision of said bodies to specialized organizations operating the aforesaid facilities as per their purpose);

3) transfer of property of the state and municipal enterprises redeemed by way of privatization;

4) performance of works (rendering of services) to bodies which are included in the system of public authorities and bodies of local self-government within the framework of

execution of functions assigned to them, if the mandatory nature of executing said works (rendering of services) is stipulated by legislation of the Russian Federation, legislation of subjects of the Russian Federation, or laws of bodies of local self-government;

5) transfer on a gratuitous basis of fixed assets to public authorities and government agencies and bodies of local self-government, and also to budgetary establishments, state and municipal unitary enterprises.

Article 147. The Place of Sale of Goods

For the purposes of the present Chapter, the territory of the Russian Federation shall be recognized as the place of sale of goods if one or several of the below circumstances exist:

the goods are located on the territory of the Russian Federation and are not shipped, and are not transported;

the goods at the time of beginning of the shipment or transportation are located on the territory of the Russian Federation;

Article 148. The Place of Sale of Works (Services)

1. For the purposes of the present Chapter the territory of the Russian Federation shall be recognized as the place of sale of works (services) performed if:

1) works (services) are connected directly to real estate (except for aircraft, sea ships and internal navigation ships and also spacecraft) located on the territory of the Russian Federation. Such works (services), in particular, shall include civil engineering, assembly, construction and erection, repair, restoration works, the planting of trees and shrubs;

2) works (services) connected to personal property located on the territory of the Russian Federation;

3) services actually performed on the territory of the Russian Federation in the area of culture, arts, education, physical culture or tourism and sports;

4) a buyer of works (services) operates on the territory of the Russian Federation.

The place of activity of the buyer shall be considered the territory of the Russian Federation if the buyer of works (services) specified in the present Subitems is actually located on the territory of the Russian Federation on the basis of state registration of an organization or individual entrepreneur, and if such is not available - on the basis of the place indicated in constituent instruments of the organization, the place of management of the organization, seat of its permanent executive board, location of its permanent representation (if the services are rendered through this permanent representation), place of residence of the natural person. The provision of the present Subitem shall apply to the rendering of works (services):

in the transfer to property or assignment of patents, licenses, trademarks, copyrights or other performance of works (provision of services) rights;

consulting, legal, accounting, engineering, advertising, education services, services in the processing of information, and also in the performance of research and development works. Engineering services shall include engineering and consulting services in the development of a production process and sale of products (works, services), preparation of civil engineering and operation of facilities in industry, infrastructure, agricultural and other objects, predesign and design services (drafting of feasibility studies, the design engineering and other similar services). Services in the processing of information shall include services in the collection, generalization and systematization of information files and furnishing the user with results of this information processing;

on leasing of personnel if the personnel works at the place of business activity of the buyer;

on letting out movable property, except for ground motor vehicles;

services of an agent who on behalf of the principal participant of the contract would hire a person (organization or natural person) to render services stipulated by the present Subitem;

services rendered directly at Russian airports and in the airspace of the Russian Federation on board service aircraft, including aeronavigation service;

works (services) in the service of sea ships (pilotage posting, all kinds of harbor dues, services of ships of port fleet, repair and other works (services));

5) activity of organizations or individual entrepreneurs that perform works (render services) shall be performed on the territory of the Russian Federation (as regards the performance of works (rendering of services) not stipulated by [Subitems 1 - 4 of Item 1](#) of the present Article).

2. The territory of the Russian Federation shall be considered the place of activity of an organization or individual entrepreneur performing works (rendering services) not stipulated by [Subitems 1 - 4 of Item 1](#) of the present Article if this organization or individual entrepreneur is actually present on the territory of the Russian Federation on the basis of state registration, and if such is not available - on the basis of the place stated in constituent documents of the organization, place of management of the organization, seat of the organization's permanent executive board, location of its permanent representation in the Russian Federation (if the works were performed (the services were rendered) through this permanent representation) or place of residence of the natural person.

For the purposes of the present Chapter, as the place of activity performed by the organization or individual entrepreneur who renders services in letting out aircraft, sea ships or internal navigation vessels under lease contracts (time chartering) with a crew, and also services in carriage, shall be recognized accordingly the place of actual rendering of services in the management and technical operation of leased out said vessels and the place of rendering services in the carriage.

3. If the sale of works (services) is of an auxiliary nature as regards the sale of principal works (services), the place of sale of the principal works (services) shall be recognized as the place of such an auxiliary sale.

4. Documents confirming the place of performance of works (of rendering of services) outside the territory of the Russian Federation, are:

- 1) a contract with foreign or Russian persons;
- 2) documents confirming the fact of performance of works (of rendering of services).

[Article 149.](#) Operations Which Are Not Taxable (Exempted from Taxation)

1. Not subject to taxation (exempt from taxation) on the territory of the Russian Federation shall be services in letting out business premises and/or housing to foreign subjects or to organizations accredited in the Russian Federation.

The sale of services specified in the present Item is not subject to taxation (is exempt from taxation) when by law of a corresponding foreign state a similar procedure is established concerning citizens of the Russian Federation and Russian organizations accredited in this foreign state, or if such a standard is stipulated by an international treaty (agreement) of the Russian Federation. The [list](#) of foreign states in relation to whose citizens and (or) whose organizations are applied the norms of the present Item shall be defined by the federal body of executive authorities regulating relations of the Russian Federation with foreign states and international organizations jointly with the Ministry of the Russian Federation for Taxes and Fees.

2. Not subject to taxation (tax exempt) shall be the sale (and also transfer, performance, rendering for own needs) on the territory of the Russian Federation of:

- 1) the following domestic and foreign-made medical goods as per under the list approved by the Government of the Russian Federation:

According to [Federal Law No. 118-FZ of August 5, 2000](#), paragraphs two, three and four of Subitem 1 of Item 2 of Article 149 of Part 2 of the Tax Code shall enter into force as of January 1, 2002

the major and vitally essential drugs, including medicine - substances, among others those prepared by pharmacies, except for raw material (materials) for their preparation, vitamin-rich and treatment and preventive products of food, meat, dairy, fish and flour-and-cereals industry, household disinfectant, insecticides and deratization means, diapers, repellents, goods for veterinary uses, containers and packing;

major and vitally essential items of medical use;

major and vitally essential medical equipment;

[artificial limbs and orthopedic articles](#), raw materials for their manufacture and semi-finished articles for the above;

[technical facilities](#), including motor vehicles, materials which can be used only for disability prevention or rehabilitation of invalids;

See the [List of Technical Appliances Used Exclusively for the Prophylaxis of Disability or for the Rehabilitation of Invalids, Whose Realization Shall Not Be Subject to Levying with the Value Added Tax](#), approved by [Decision of the Government of the Russian Federation No. 998 of December 21, 2000](#)

[lenses and rims](#) for glasses (except sunglasses);

See the [List of Lenses and Frames for Spectacles \(Except Sun Glasses\) Whose Realisation Shall Not Be Subject to Imposition with Value-Added Tax](#) approved by [Decision of the Government of the Russian Federation No. 240 of March 28, 2001](#)

2) medical services rendered by medical organizations and/or institutions, except for beauty treatment, veterinary and sanitary-and-epidemiological services. Limitations established by the present Subitem shall not apply to veterinary and sanitary-and-epidemiological services funded from the budget. For the purposes of the present Chapter, the following shall be referred to as medical services:

services of medical establishments defined by the list of services granted under obligatory medical insurance;

services rendered to the population by medical and sanitary - preventive establishments in diagnostics, prevention and treatment irrespective of forms and sources of payment for such under the [list](#) approved by the Government of the Russian Federation;

services of medical organizations in the collection of blood from the population which are rendered under agreements with stationary medical establishments and by out-patient departments;

first aid services rendered to the population;

services in the manufacture of drugs by pharmacies' establishments;

services in the duty of medical staff at a patient's bed;

services of a pathology-anatomic bureau;

services of medical establishments rendered to pregnant women, infants, disabled persons and drug addicts under treatment;

services in the manufacture and repair of glass lenses (except for sun-protection), repair of hearing aids and artificial limbs and orthopedic articles;

3) services in the care for the ill, disabled and senior citizens granted by the state and municipal authorities of social protection to the persons, the necessity of care for whom is confirmed by appropriate conclusions of bodies of public health services and bodies of social protection of the population;

4) services in the care for children at pre-school establishments, holding of classes with minor children in hobby groups, circles (including sports ones) and studios;

5) food products produced directly by canteens of universities and schools, canteens of other educational institutions, canteens of medical organizations, children's pre-school establishments and sold by them to aforesaid establishments, and also food products manufactured directly by organizations of public catering and sold by such to aforesaid canteens.

The provisions of the present Subitem shall be applied to canteens of universities and schools, canteens of other educational institutions, messes of medical organizations only if these establishments are entirely or partially financed from the budget or from resources of obligatory medical insurance funds;

6) services in conservation, acquisition and use of archives rendered by archive establishments and organizations;

7) services in the carriage of passengers:

by urban public passenger transport (except for taxis, as well as mini-buses). For the purposes of the present Article, services in the carriage of passengers by urban public passenger transport shall include services in the carriage of passengers under uniform conditions of carriage of passengers, including at single travel tariffs established by bodies of local self-government which grant all privileges for travel approved in due order;

seagoing, river, railway or motor transport (except for taxis, as well as mini-buses) in suburban transport, provided passengers are carried at single tariffs and all travel privileges are granted as approved in due order;

8) undertaker's services, works (services) in the manufacture of gravestone monuments and registration of graves, and also sale of funeral accessories (according to a [list](#) endorsed by the government of the Russian Federation);

9) postage stamps (except for collectable stamps), marked cards and marked envelopes, lottery tickets of lotteries conducted by decisions of the Government of the Russian Federation and/or legislative (representative) bodies of constituent entities of the Russian Federation;

10) services in the provision of living quarters in the housing stock of all forms of ownership;

11) coins made of precious metals (except for collectable coins) which are the currency of the Russian Federation, or currency of foreign states.

Collector's precious metal coins" shall include the following:

precious metal coins being the currency of the Russian Federation or the currency of a foreign state (a group of states) coined according to the mirror surface technology;

precious metal coins not being the currency of the Russian Federation or the currency of a foreign state (group of states);

12) shares in the authorized (pooled) capital of organizations, shares in unit funds of co-operatives and unit investment funds, securities and instruments of time transactions (including forward and future contracts and options);

13) services rendered without collection of an extra charge to repair and maintain goods and household devices, including medical goods during their warranty period, including the cost of spare parts and details for such;

14) services in the field of education involving industrial practice (according to the areas of basic and further education as stated in the license) or educational process, except for consulting services, and also services in letting out premises performed by non-commercial educational organizations.

Sale by non-commercial education organizations of goods (works, services) as their own products (produced by educational institutions, including industrial practice workshops within the framework of basic and further education), and also those bought from outside sources shall be subject to taxation irrespective whether the income from

this sale is directed to the educational institution in question or to immediate needs of the development, improvement of the educational process;

According to [Federal Law No. 118-FZ of August 5, 2000, Subitem 15 of Item 2 of Article 149 of Part 2 of the Tax Code in the part of exemption from taxation of repair and restoration works performed on monuments of history and culture shall enter into force as of 1 January, 2002](#)

15) repair and restoration, mothballing and rehabilitation works performed in the restoration of historical and cultural monuments protected by the state, and also religious buildings and structures used by religious organizations (except for archaeological and earth works in zones adjacent to historical and cultural monuments or cult buildings and structures; civil engineering works in the reconstruction of monuments completely lost to history and culture or of cult buildings and structures; works in the manufacture of restoration, mothballing of structures and materials; activities to control quality of performed works);

16) works performed during the sale of target-oriented socio-economic programs (projects) of housing construction for servicemen within the framework of implementation of aforesaid programs, including:

works in the construction of social, cultural purpose or amenities and the associated infrastructure;

works in the creation, construction and maintenance of centers for professional retraining of servicemen, persons discharged from military service and members of their families.

Operations listed in the present Subitem are not subject to taxation (are exempted from taxation), provided these works are financed solely and directly to the charge of loans or credits granted by international organizations and/or governments of foreign states, foreign organizations or natural persons pursuant to inter-governmental or interstate agreements, a party to which is the Russian Federation, and also agreements signed by authorized bodies of state administration on instruction of the Government of the Russian Federation;

17) services rendered by bodies authorized thereto, for which a state duty is collected, all kinds of license, registration and patent fees and charges and also tolls and duties collected by state bodies, bodies of local self-government, by other authorized bodies and officials when granting certain rights to organizations and natural persons (including wood charges, rent charge to use forest stock and other payments to the budgets for the right to use natural resources);

18) goods placed under the customs [treatment of duty free shop](#);

19) goods (works, services) except for excisable goods and excisable mineral raw materials sold (performed, rendered) within the framework of rendering gratuitous help (assistance) to the Russian Federation according to the [Federal Law](#) on Gratuitous Help (Assistance) to the Russian Federation and Addenda and Amendments to Certain Laws of the Russian Federation on Taxes and on the Establishment of Privileges under the Payments to State Extra-Budgetary Funds in Connection with the Granting of Gratuitous Help (Assistance) to the Russian Federation.

Sale of goods (works, services) listed in the present Subitem shall not be taxable (exempted from taxation) upon submission to the tax authorities of the following documents:

the contract (copy of the contract) of the taxpayer with the donor of the gratuitous help (assistance) or with the recipient of the gratuitous help (assistance) to deliver goods (perform works, render services) within the framework of rendering the gratuitous help (assistance) to the Russian Federation;

certificate (notarized copies of the certificate) issued in due order and confirming that the delivered goods (performed works, rendered services) are classed as humanitarian or technical help (assistance);

bank statement confirming that proceeds have actually been received on the taxpayer's account in a Russian bank for the goods (works, services) sold to the donor of free aid (assistance) or to a beneficiary of free aid (assistance).

If a contract has a clause calling for settlements in cash a bank statement shall be submitted to a tax body to acknowledge the payment of the amounts of money received by the taxpayer into the taxpayer's account in a Russian bank and also copies of cash receipt slips confirming the actual receipt of proceeds from the buyer of the said goods (works, services);

20) services rendered by establishments of culture and arts in the area of culture and arts, which include:

services in letting out audio and video media on hire from the stock of said establishments, of sound and technical equipment, musical instruments, stage facilities, costumes, footwear, theatrical props, properties, wigmaker's accessories, articles for cultural needs, animals, exhibits and books; services in the making of copies for educational purposes and teaching aids, services in photocopying, reproduction, photocopying, making of microcopies of printed matter, museum exhibits and documents from stocks of aforesaid establishments; services in making sound recordings of theatre shows, cultural-and-educational and entertainment shows, in the production of copies of sound recordings from sound records of aforesaid establishments; services in the delivery of printed matter from stocks of libraries to readers and receipt thereof from the readers; services in drafting lists, reports and catalogues of exhibits, materials and other articles and collections making up stocks of aforesaid establishments; services in hiring out scenic and concert areas to other budget funded institutions of culture and arts, and also services in the distribution of tickets specified in paragraph three of the present Subitem;

sale of admission tickets and seasonal tickets to theatre-and-entertainment, cultural-and-educational activities and entertainment shows, excursion tickets on a form duly authorized as a strict accountability form;

sale of programs at performances and concerts, catalogues and booklets.

To establishments of culture and arts for the purposes of the present Chapter, theaters, cinemas, concert organizations and collectives shall be referred theatrical and concert box offices, circuses, libraries, museums, exhibitions, houses and palaces of culture, clubs, houses (in particular of cinema, writers', composers' houses), planetaria, parks of culture and recreation, lecture halls and popular universities, excursion bureaus, reserves, botanical gardens and zoos, national parks, natural parks and landscape parks;

21) works (services) in the production of cine-products performed (rendered) by organizations of cinematography, of rights to use (including hire and show) cine-products which have received the national film certificate;

22) services rendered directly at airports of the Russian Federation and in the air space of the Russian Federation in the service of aircraft, including aero-navigation services;

23) works (services) in the service of seagoing and inland watercraft (pilotage, all kinds of harbour dues, services of port craft, repair and other works (services)).

3. The following operations shall not be subject to taxation (tax exempt):

1) sale (transfer for own needs) of religious use objects (according to the list approved by the Government of the Russian Federation upon submission by religious organizations (associations), the former being produced and sold by religious organizations (associations) within the framework of religious activities, apart from excisable ones and also the organization and holding by aforesaid organizations of religious rites, ceremonies, prayer assemblies or other cult activities;

Federal Law No. 165-FZ of December 15, 2001 established that until January 1, 2002 the following shall be relieved from the value added tax: transactions of sale (in particular, of transfer, performance, provision for one's own purposes) of goods (except for excisable goods, mineral raw materials and mineral resources and also other goods included in the list approved by the Government of the Russian Federation on the proposal of all-Russia public organisations of disabled persons), works, services (except for brokerage and other mediation services) provided and sold by organisations if the mean list numbers of disabled persons among its employees makes up at least 50 per cent and their share of the payroll fund at least 25 per cent

The present Federal Law shall extend to legal relations that have emerged since January 1, 2001.

2) sale (in particular, transfer, performance, provision for own needs) of goods (except for excisable, mineral raw materials and mineral resources, and also other goods according to the list approved by the Government of the Russian Federation upon submission by All-Russian public organizations of disabled persons, works, services (except for broker and other intermediary services), effected and sold by:

public organizations of invalids (including those created as unions of public organizations of invalids) at least 80 per cent of whose membership are invalids and their legal representatives;

organizations whose entire authorized capital consists of contributions of public organizations of invalids specified in paragraph two of the present Subitem if the average active number of invalids among their workers constitutes no less than 50 per cent, and their share in the fund of wages - no less than 25 per cent;

establishments, whose assets are owned solely by public organizations of invalids specified in paragraph two of the present Subitem and created to achieve educational, cultural, treatment-and-health improvement, physical culture and sports, scientific, information related and other social purposes, and also to render legal and other help to disabled, disabled children and their parents;

health treatment and industrial (labour) workshops at anti-tuberculosis, psychiatric, psycho-neurological establishments, establishments of social protection or social rehabilitation of population;

3) the accomplishment of banking transactions by banks (save cash collection), in particular:

raising organisations' and individuals' funds as deposits;

placing borrowed funds of organisations and individuals in the name of banks and on the account of the banks;

opening and keeping organisations' and individuals' bank accounts;

effecting settlements on the instructions of organisations and individuals, in particular, correspondent banks, on their bank accounts;

providing cash services to organisations and individuals;

purchasing/selling foreign currency in cash and in cashless form (in particular, providing mediation services relating to transactions of the purchase/sale of foreign currency);

accomplishing transactions in precious metals and precious stones under the legislation of the Russian Federation;

banks issuing bank guarantees and also accomplishing the following transactions:

issuing a surety for a third person as providing for performance of obligations in pecuniary form;

providing services relating to the installation and operation of a "client-bank" system, in particular, providing software and personnel training for the said system;

4) operations performed by organizations that provide information and technological interaction between participants in settlements, including rendering of services in the collection, processing and sending to participants in the settlements of information on bank card operations;

5) performance of certain banking operations by organizations which, according to the legislation of the Russian Federation have the right to perform such without a license of the Central Bank of the Russian Federation;

6) sale of articles of folk art crafts of recognized artistic value (except for excisable goods) whose samples have been registered in the order established by the Government of the Russian Federation;

7) rendering of services in insurance, co-insurance and re-insurance by insurance organizations, and also rendering of services on non-state pension insurance by non-state pension funds.

For the purposes of the present Article, those operations shall be recognized as operations in insurance, co-insurance and reinsurance as a result of which the insurance organization receives:

insurance (remuneration) payments under insurance, co-insurance and reinsurance contracts, including insurance premium payments, and paid reinsurance commission (including a bonus);

interest charged on deposit of the premium under reinsurance contracts and transferred by the reinsured to the reinsurer;

insurance premiums received by the authorized insurance organization which has duly concluded a coinsurance contract for and on behalf of the insurers;

the funds received by the insurer under as subrogation from a person responsible for damage caused to the insurant at the rate of insurance indemnity paid to the insurant;

8) the conducting of lotteries, running of totalizators and holding other games based on risk (including those using game machines) by gambling industry organizations;

9) sale of ore, concentrates and other industrial products containing precious metals, scrap and waste of precious metals for the manufacture and refining of precious metals; sale of precious metals and gems by taxpayers (except for those listed in Subitem 6 of Item 1 of Article 164 of the present Code) to the State Fund of Precious Metals and Gems of the Russian Federation, to the Central Bank of the Russian Federation and banks; sale of gems into raw materials (except for raw diamonds) to be processed by enterprises irrespective of their forms of ownership for subsequent export sale; sale of gems into raw materials to specialized foreign trade organizations, the Central Bank of the Russian Federation and banks; sale of precious metals from the State Fund of Precious Metals and Gems of the Russian Federation to specialized foreign trade organizations, the State Fund of Precious Metals and Precious Stones of the Russian Federation, the Central Bank of the Russian Federation and banks, and also precious metals in ingots by the Central Bank of the Russian Federation and banks provided that these ingots remain in a certified vault (the State Vault of Valuables, the vault of the Central Bank of the Russian Federation or vaults of banks);

10) sale of raw diamonds to processing enterprises of all forms of ownership;

11) intrasystem sale (transfers, performance, rendering for own needs) of goods produced (performed works, rendered services) by organizations and establishments of the penitentiary system;

12) transfer of goods (execution of works, rendering of services) free of charge within the framework of charities according to the Federal Law on Charities and Charitable Organizations, except for excisable goods;

13) sale of entrance tickets whose form is approved in the established manner as a strict accountability form, by organizations of physical culture and sports for entrance to

sports and entertainment activities they conduct; rendering of services in leasing out sports facilities to conduct aforesaid activities;

14) rendering of services by members of Bars;

15) rendering of financial services on granting loans in cash;

16) performance of research and development works at the expense of funds of budgets, and also funds of the Russian Fund for Fundamental Research, the Russian Fund for Technological Development and extra-budgetary funds of ministries, departments and associations formed for these purposes according to the legislation of the Russian Federation; performance of research and development works by educational and research institutions and under economic contracts;

According to Federal Law No. 118-FZ of August 5, 2000, Subitem 17 of Item 3 of Article 149 of Part 2 of the Tax Code will become void as of January 1, 2002

17) sale of scientific and educational book products and also editorial, publishing and polygraphic activity in its production and sale;

18) sale of vouchers (authorizations to a course of treatment with board) whose form is duly approved as a strict accountability form, to sanatoriums and health improvement establishments, and recreational establishments located on the territory of the Russian Federation;

19) performance of works (rendering of services) in the fighting of wood fires;

20) sale of products of own manufacture of organizations engaged in the production of agricultural products which generate at least 70 per cent of the overall share of incomes from the sale in the total sum of their incomes, the former made with wages in kind for labour, issues in kind for labor, and also for the public catering of workers involved in agricultural works;

According to Federal Law No. 118-FZ of August 5, 2000, Subitem 21 of Item 3 of Article 149 of Part 2 of the Tax Code will become void as of January 1, 2002

21) sale of products of mass media, and printed matter associated with education, science and culture; editorial, publishing and polygraphic works and services in the production of mass media products and books associated with education, science and culture.

On paying the value-added tax in respect of the advances received by mass media publishing houses in 2001 for the subscription for 2002, see Letter of the Ministry for Taxes and Fees of the Russian Federation No. 09-1-19/3550/17 of November 29, 2001

The present Subitem shall not apply to mass media products of advertising or erotic nature nor to printed matter of advertising or erotic character.

4. If the taxpayer performs taxable operations and operations which are not taxable (being released) according to provisions of the present Article, the taxpayer is obliged to keep separate accounting of such operations.

5. A taxpayer performing operations in the sale of goods (of works, services) stipulated by Item 3 of the present Article shall have the right to refuse the release of such operations from taxation having presented an appropriate application to the tax authorities at the place of their registration as a taxpayer no later than by the 1st tax period starting from which the taxpayer is going to refrain from the release or to suspend the latter.

Such refusal is possible only concerning all operations performed by the taxpayer stipulated by one or several Subitems of Item 3 of the present Article. A similar

operation may not be released or not tax exempt depending on who the buyer (purchaser) of the corresponding goods (works, services) is.

It is not permitted to refuse release from tax obligation operations for a period of less than one year.

6. Operations listed in the present [Article](#) shall not be subject to taxation (tax exempt), provided the taxpayers performing these operations hold the appropriate licenses to carry out the licensed activity according to the legislation of the Russian Federation.

7. Release from tax obligation according to provisions of the present Article shall not apply when business activities are performed in the interests of other persons on the basis of contracts of delegation, contracts of commission agency or agency contracts, except as otherwise provided in the present Code.

Article 150. Importation of Goods to the Territory of the Russian Federation Not Taxable (Tax Exempt)

1. Not taxable (tax exempt) shall be the importation to the customs territory of the Russian Federation of:

1) goods (except excisable goods and excisable mineral raw materials) imported as gratuitous aid (assistance) to the Russian Federation, in accordance with the manner established by the Government of the Russian Federation pursuant to the [Federal Law on Gratuitous Aid \(Assistance\) to the Russian Federation and the Introduction of Amendments and Addenda to Certain Legislative Acts of the Russian Federation on Taxes and on the Establishment of Privileges on Payments to the State Extra-Budgetary Funds in Connection with the Granting of Gratuitous Aid \(Assistance\) to the Russian Federation](#)";

2) goods listed in [Subitem 1 of Item 2 of Article 149](#) of the present Code and also the raw material and component parts for their production;

3) materials for production of medical immunobiological drugs for diagnostics, prevention and/or treatment of infectious diseases (under the list approved by the Government of the Russian Federation);

4) valuable articles of art handed over as gifts to establishments and referred by law of the Russian Federation to highly valuable articles of cultural and national heritage of the peoples of the Russian Federation;

5) all types of printed publications received by state and municipal libraries and museums under international exchanges of books and also of products of cinematography imported by specialized state organizations for the purposes of international non-commercial exchanges;

6) products manufactured as a result of economic activity of Russian organizations on land lots being the territory of a foreign state covered by the Russian Federation's right of land use on the basis of an international treaty;

7) process equipment, components and spare parts thereto imported as a contribution to authorized (pooled) capitals of organizations;

8) raw natural diamonds;

9) goods intended for official use by foreign diplomatic representations and agencies equated thereto, and also for personal use by diplomatic and administrative-clerical personnel of these agencies, including members of their families living with them;

10) currency of the Russian Federation and foreign currency, notes being legal tender (except for those intended for collecting), and also financial credit instruments - shares, bonds, certificates, bills of exchange;

11) sea products caught and/or processed by the fishing-production enterprises (organisations) of the Russian Federation.

2. If goods whose importation to the customs territory of the Russian Federation according to the present Article have been used without payment of the tax for purposes

other than those under which such exemption from taxation was granted, the entire tax must be paid, including the charged fine for the whole period beginning from the date of importation of such goods to the customs territory of the Russian Federation up to the time of actual payment of the tax.

Article 151. Peculiarities of Taxation When Goods are Moved
Across the Customs Border of the Russian Federation

1. When goods are imported to the customs territory of the Russian Federation depending on the selected customs treatment the tax shall be levied in the following manner:

1) when goods are placed under the [customs treatment of issue for free circulation](#), the entire tax shall be paid, unless otherwise is stipulated by [Article 150](#) of the present Code;

2) when goods are placed under the [customs treatment of reimport](#), the taxpayer shall pay the amounts of tax from which he had been released or the amounts which were repaid to him due to the [export of goods](#) according to the present Code in the order stipulated by the customs legislation of the Russian Federation;

3) when goods are placed under the [customs treatment of transit, customs warehouse, re-export, duty free shop, processing under customs control, free custom zone, free warehouse, destruction](#) or [refusal in favour of the state](#), no tax shall be paid;

4) when goods are placed under the [customs treatment of processing on the customs territory](#), the tax shall be paid upon importation of these goods to the customs territory of the Russian Federation with subsequent reimbursement of paid amounts of the tax upon exportation of products from the processing of such goods from the customs territory of the Russian Federation;

5) when goods are placed under the [customs treatment of temporary importation](#), the complete or partial release from payment of tax in the order stipulated by the customs legislation of the Russian Federation shall be applied;

6) in case of the import of products of processing of goods placed under the [customs treatment of processing outside of the customs territory](#) the full or partial exemption of payment of tax in the order stipulated by the customs legislation of the Russian Federation shall be applied;

7) in case of the import of pedigree cattle, agricultural machinery or process equipment intended solely to set up and modernize technological processes and delivered under leasing, payment of the tax shall be deferred up to the time when such goods are placed on records by the leasee but for not more than six months.

2. When goods are exported from the customs territory of the Russian Federation, the tax shall be levied in the following order:

1) in case of export of goods from the customs territory of the Russian Federation under the [customs treatment of export](#), no tax shall be paid.

The manner of taxation specified in the present Subitem shall be applied also when goods are placed under the customs treatments of [customs warehouse](#), free warehouse or free customs zone for the purposes of subsequent export of these goods (including products of their processing) according to the customs treatment of export;

See [Order](#) of the State Customs Committee of the Russian Federation and the Ministry for Taxes and Fees of the Russian Federation No. 830/BG-3-06/299 of August 21, 2001 on the strengthening of the Customs and Tax Control When Declaring Goods in Accordance with the Customs Regime of Export

2) in case of export of goods from the customs territory of the Russian Federation under the [customs treatment of reexport](#) the amount of tax paid upon importation to the customs territory of the Russian Federation shall be repaid to the taxpayer in the order stipulated by the customs legislation of the Russian Federation;

3) in case of export of goods from the customs territory of the Russian Federation in accordance with customs treatments different from those specified in [Subitems 1 and 2](#) of the present Item, neither exemption from taxation shall be granted nor shall paid amounts of tax be reimbursed, unless otherwise stipulated by the customs legislation of the Russian Federation.

3. When natural persons move goods which are intended for industrial or other business activities, either the simplified or preferential manner of tax payment can be applied in conformity with [the customs legislation](#) of the Russian Federation.

Article 152. Peculiarities of Taxation When Goods Are Moved Across the Customs Border of the Russian Federation in the Absence of Customs Control and Customs Clearance

1. If under an international treaty of the Russian Federation both the customs control and customs clearance of goods moved across the customs border the Russian Federation are cancelled, the tax authorities of the Russian Federation shall collect the tax levied on goods originating in such a state and imported to the territory of the Russian Federation.

2. In such cases, the cost of purchased goods imported into the territory of the Russian Federation, including the cost of their delivery up to the border of the Russian Federation shall be defined as the item of taxation.

3. The tax paid to the budget simultaneously with the payment of the cost of goods, but no later than 15 days after recording imported goods on the books, to the customs territory of the Russian Federation.

The order of payment of the commodity tax levied on goods moved across the customs border of the Russian Federation without customs control or customs clearance shall be defined by the Government of the Russian Federation.

Article 153. The Tax Base

1. The tax base in case of sale of goods (works, services) is defined by the taxpayer according to the present Chapter depending on the peculiarities of the sale of goods (works, services) produced by him or purchased by him.

In case of transfer of goods (performance of works, rendering of services) for one's own needs and recognized as an item of taxation in conformity with [Article 146](#) of the present Code, the tax base shall be defined by the taxpayer according to the present Chapter.

In case of import of goods to the customs territory of the Russian Federation, the tax base shall be defined by the taxpayer according to the present Chapter and the [customs legislation](#) of the Russian Federation.

When the taxpayers apply various tax rates during sale (transfer, performance, provision for own needs) of goods (works, services) the tax base shall be defined separately for each type of good (works, services) taxed at different rates.

When identical tax rates are used, the tax base shall be defined summarily for all types of operations taxed at this rate.

2. When determining the tax base, the proceeds from the sale of goods (works, services) shall be defined on the basis of all incomes of the taxpayer associated with settlements under the payment for aforesaid goods (works, services) received by him in cash and/or in kind, including the payment by means of securities.

Incomes specified in the present Item shall be taken into account if the former can be evaluated, and to the degree to which they can be evaluated.

3. When determining the tax base, the proceeds (expenses) of the taxpayer in foreign currency shall be converted into roubles at the exchange rate of the Central Bank of the Russian Federation according to the date of sale of goods (works, services) or on the date when the expenses were actually borne.

Article 154. The Procedure for the of Determination of the Tax Base When Selling Goods (Works, Services)

1. The tax base upon the sale by the taxpayer of goods (works, services), unless otherwise stipulated by the present Article, shall be defined as the cost of these goods (works, services) estimated on the basis of prices defined according to [Article 40](#) of the present Code, with allowance for excise taxes (for excisable goods and excisable mineral raw materials) and without inclusion into such of the tax and the sales tax.

2. When goods (works, services) are sold under commodity swap (barter) transactions and sale of goods (works, services) on a gratuitous basis, transfer of title to the subject of pledge to the pledgee in case of default on an obligation secured by the pledge for the transfer of goods (results of performed works, rendering of services) when paying wages in kind, the tax base shall be defined as the cost of aforesaid goods (works, services) estimated on the basis of prices defined in compliance with the procedure similar to that of [Article 40](#) of the present Code, with allowance for excise taxes (for excisable goods and excisable mineral raw material) and without inclusion into such of the tax, and the sales tax. In the case of the sale of goods (works, services) involving subsidies granted by the budgets of different level in connection with a taxpayer's application of state regulated prices or involving the privileges granted to specific consumers under the federal legislation tax base shall be assessed as the value of the goods (works, services) sold calculated proceeding from their actual selling prices.

3. In case of sale of assets subject to record-keeping at cost with account taken of the paid tax, the tax base shall be defined as the difference between the price of sold property defined with due regard to the provision of [Article 40](#) of the present Code, with allowance for the tax, excise taxes (levied on excisable goods and excisable mineral raw material) and without inclusion into it the sales tax, and cost of sold assets (residual cost with account for reassessments).

4. In the case of the sale of agricultural products and products resulting from processing thereof purchased from natural persons (not being taxpayers) according to the [list](#) endorsed by the Government of the Russian Federation (save excisable goods) tax base shall be assessed as a difference between the price determined in compliance with [Article 40](#) of the present Code with the account taken of the tax and without the inclusion of the sales tax and the purchasing price of the said products.

5. The tax base in case of services in the manufacture of goods from raw material made on commission (materials) shall be defined as the cost of their treatment, processing or another transformation with account for excise taxes (for excisable goods) and without including in it the tax and the sales tax.

6. In case of sale of goods (works, services) under time deals (deals providing for the delivery of goods (performance of works, rendering of services), upon expiration of a term established by the agreement (contract) at a price fixed directly in this agreement or contract) the tax base shall be defined as the cost of these goods (works, services) stated directly in the agreement (contract), but shall not be below their cost estimated on the basis of prices defined in accordance with the procedure similar to that of [Article 40](#) of the present Code and effective on the date of sale with account for excise taxes (for excisable goods and excisable mineral raw material) and without inclusion into such of the tax, and the sales tax. **7.** In the case of the sale of goods in returnable tare having pledge prices the pledge prices of the tare shall not be included in tax base if the said tare is subject to return to the seller.

8. Depending on peculiarities of the sale of goods (works, services), the tax base shall be defined according to Articles 155 - 162 of the present Chapter.

Article 155. Peculiarities of Determination of Tax Base for a Contract of Financing with the Assignment of a Monetary Claim or an Assignment of Claim (Cession)

1. In case of an assignment of claim arising from an agreement of sale of goods (works, services) operations on whose sale are subject to taxation (are not tax exempt according to [Article 149](#) of the present Code), or the transfer of aforesaid claim to another person on the basis of law, the tax base under operations of sale of said goods (works, services) shall be defined in the order stipulated by [Article 154](#) of the present Code.

2. The tax base in case of sale, by a new creditor who has received a claim, of financial services associated with the assignment of a claim arising from contract of sale of goods (works, services), operations on whose sale are subject to taxation, shall be defined as an amount exceeding the amounts of income received by the new creditor upon the subsequent assignment of the claim or termination of the corresponding obligation, as compared to the sum of expenses borne on the purchase of said claim.

3. The tax base in case of sale, by the new creditor who has received a claim, of other financial services associated to the claims, being subject of the assignment, shall be defined in the order established by [Article 154](#) of the present Code.

Article 156. Peculiarities of Determination of Tax Base by Taxpayers Receiving an Income on the Basis of Contracts of Delegation, Contracts of Commission Agency or Agency Contracts

1. When accomplishing a business activity in the interests of another person on the basis of contracts of delegation, contracts of commission agency or agency contracts, the taxpayers shall determine the tax base as an amount of income received by them in the form of compensations (any other incomes) upon the performance of any of the aforesaid contracts.

2. Operations in the sale of services rendered on the basis of contracts of delegation, contracts of commission agency or agency contracts, and associated with the sale of goods (works, services) not subject to taxation (exempted from taxation) according to [Article 149](#) of the present Code, shall not be covered by exemption from taxation, except for intermediary services in the sale of goods (works, services) specified in [Item 1](#) and [Subitems 1](#) and [8 of Item 2](#) and [Subitem 6 of Item 3 of Article 149](#) of the present Code.

Article 157. Peculiarities of Determination of Tax Base and Peculiarities of Payment of Tax upon the Accomplishment of Carriage and Sale of International Communications Services

1. In case of performance of carriage (except for suburban carriage according to [paragraph three of Subitem 7 of Item 2 of Article 149](#) of the present Code) of passengers, luggage, cargo, luggage-freight or mail by railway, motor vehicle, air, sea or river transport, the tax base shall be defined as the cost of carriage (without inclusion of the tax and the sales tax) only within the territory of the Russian Federation. Upon the accomplishment of air carriage, the boundaries of the territory of the Russian Federation shall be defined at the starting and destination points of the air trip.

2. In case of the sale of travel documents at reduced rates, the tax base is calculated on the basis of such reduced rates.

3. The provisions of the present Article shall be applied taking into account the provisions of [Item 1 of Article 164](#) of the present Code and shall not apply to the carriage specified in [Subitem 7 of Item 2 of Article 149](#) of the present Code, nor to the carriage stipulated by international treaties (agreements).

4. When prior to the beginning of a trip, cash is returned to customers for unused travel documents, the returnable amount shall include the entire amount of the tax. If the passengers turn in the travel documents in transit due to termination of the trip, the returnable amount shall include the amount of the tax at the rate corresponding to the distance not yet covered by the passengers. In such a case when tax base is being

assessed no account shall be taken of the amounts actually refunded to the passengers.

5. In case of a sale of international communications services, the tax base shall be defined as the proceeds (without inclusion into it of the tax and the sales tax) received by the communications organization from the sale of aforesaid services and marked down by the amount transferred to:

1) foreign administrations of communications, international communications organizations, foreign organizations recognized by private operating organizations in connection with the payment of the lease of international communications channels, and also payment of services of the international postal service;

2) in the form of membership fees to international communications organizations whose member is the Russian Federation;

3) to other communications organizations if international communication services are rendered jointly with such.

Article 158. Peculiarities of Determination of Tax Base in Case of Sale of an Enterprise as a Whole Property Complex

1. The tax base in case of sale of an enterprise as a whole property complex shall be defined separately on each type of asset of the enterprise.

2. If the price at which the enterprise is sold turned out to be below the book value of sold assets, a correction factor shall be applied for the purposes of taxation which is computed as the relation of the selling price of the enterprise to the book value of said assets.

If the price at which the enterprise is sold turned out to be above the book value of sold assets, a correction factor shall be applied for the purposes of taxation computed as the relation of the selling price of the enterprise marked down by the book value of debt receivable, (and by the cost of securities if no decision was made to revalue such) to the book value of sold assets and marked down by the book value of debt receivable (and for the cost of securities if no decision was made to revalue such) is accepted. In this case the correction factor shall not be applied to the amount of debt receivable (and the cost of securities).

3. For the purposes of taxation, the price of each type of assets shall be accepted as the product of its book value and the correction factor.

4. The vendor of the enterprise shall draw up a summary invoice which is to state in the column "Total, including VAT" the price at which the enterprise was sold. In so doing, it is necessary to make separate entries in the summary invoice for fixed assets, intangible assets, other types of assets of industrial and non-productive purpose, the amount of debt receivable, and the value of securities and other items of assets of the balance sheet. The summary invoice shall enclose the statement of inventory taking.

In the summary invoice, the price of each type of asset shall be accepted as the product of its book value into a correction factor.

For each type of asset whose sale is taxed, it is necessary to state in the columns "Rate of VAT" and "Amount of VAT" the corresponding settlement tax rate of 16.67 per cent and the amount of the tax defined as the percentage share of the tax base corresponding to the tax rate of 16.67 per cent.

Article 159. The Procedure for the Determination of Tax Base When Performing Operations on the Transfer of Goods (Performance of Works, Rendering of Services) for Own Needs and the Execution of Civil and Erection Works for One's Own Consumption

[Federal Law No. 110-FZ of August 6, 2001 amended Item 1 of Article 159 of this Code. The amendments shall come into force as of January 1, 2002](#)
[See the text of Item in the previous wording](#)

1. When a taxpayer transfers goods (performs works, renders services) for their own needs, expenses under which are not accepted for deduction (in particular, through depreciation deductions) in the calculation of tax levied on profit of organizations, the tax base shall be defined as the cost of these goods (works, services) estimated on the basis of sale prices of identical (and in their absence, homogeneous) goods (similar works, services) effective in the previous tax period, and in their absence - on the basis of market prices, taking into account excise taxes (for excisable goods and excisable mineral raw material), and without inclusion into such tax, and the sales tax.

2. In case of performance of civil and erection works for one's own consumption, the tax base shall be defined as the cost of performed works calculated on the basis of all actual expenses borne by the taxpayer in their performance.

Article 160. The Procedure for Determination of Tax Base When Importing Goods to the Customs Territory of the Russian Federation

1. In case of import of goods (except for goods specified in [Items 3](#) and [5](#) of the present Article and with allowance for [Articles 150 - 152](#) of the present Code) into the customs territory of the Russian Federation, the tax base shall be defined as the amount of:

- 1) the customs value of these goods defined according to the present Code;
- 2) payable customs duty;
- 3) payable excises (on excisable goods and excisable mineral raw materials).

2. The customs cost of goods shall be defined according to the present Code.

3. In case of import to the customs territory of the Russian Federation of goods which had been previously exported from it to be processed outside the customs territory of the Russian Federation according to the customs treatment of outward processing, the tax base shall be defined as the cost of such processing.

4. The tax base shall be defined separately for each group of goods of the same name, type and brand imported to the customs territory of the Russian Federation.

If a consignment of goods imported into the customs territory of the Russian Federation contains both excisable goods (excisable mineral raw materials) and non-excisable goods and mineral raw materials, the tax base shall be defined separately for each group of aforesaid goods. The tax base shall be defined in a similar order if a consignment of goods imported to the customs territory of the Russian Federation contains goods exported earlier from the customs territory of the Russian Federation for processing outside the customs territory of the Russian Federation.

5. If according to an international treaty the Russian Federation has cancelled the customs control and customs clearance for goods imported to the territory of the Russian Federation, the tax base shall be defined as the amount of:

- the cost of purchased goods, including the cost of delivery of aforesaid goods up to the border of the Russian Federation;
- payable excise taxes (for excisable goods and excisable mineral raw material).

Article 161. Peculiarities of Determination of Tax Base by Tax Agents

1. In case of sale of goods (works, services) whose place of sale is the territory of the Russian Federation, for foreign persons being taxpayers who have not registered with the tax authorities as the taxpayers, the tax base shall be defined as the sum of income from sale of these goods (works, services) taking into account the tax.

The tax base shall be defined separately in case of performance of each operation of sale of goods (works, services) on the territory of the Russian Federation taking into account the present Chapter.

2. The tax base specified in Item 1 of the present Article shall be defined by tax agents. In so doing, the tax agents shall be recognized as organisations and individual

entrepreneurs registered with the tax authorities, who purchase on the territory of the Russian Federation of goods (works, services) from foreign persons. The tax agents are to compute, withhold from the taxpayer, and pay to the budget the relevant amount of tax regardless of whether they execute obligations of the taxpayer associated with the calculation and payment of tax and also other obligations established by the present Chapter.

3. In case of the sale on the territory of the Russian Federation of services in by bodies of public authority and government and bodies of local self-government relating to the hiring out of federal property, property, of constituent entities of the Russian Federation and municipal property the tax base shall be defined as the amount of rental taking into account the tax. In so doing, the tax base shall be defined by the tax agent separately for each leased item of property. In this case, lessors of the aforesaid property shall be recognized as tax agents. Said persons are to calculate and withhold from the incomes paid to the lessor and to pay to the budget the appropriate amount of the tax.

Article 162. Peculiarities of Determination of Tax Base Taking into Account Amounts Associated with Settlements for the Payment for Goods (Works, Services)

1. The tax base determined according to [Articles 153 - 158](#) of the present Code shall be defined taking into account the following amounts:

1) advance or other payments received against future deliveries of goods, performance of works or rendering of services.

Provisions of the present Subitem shall not apply to advance payments and other payments received to offset the forthcoming delivery of goods taxable at the tax rate of zero per cent in compliance with [Subitem 1 Item 1 Article 164](#) of the present Code, whose production cycle lasts more than six months (as per the [list](#) and in the [procedure](#) defined by the Government of the Russian Federation);

2) received amounts for sold goods (works, services) in the form of financial assistance and designed to replenish special purpose funds, towards the increase of incomes, or otherwise associated with payment for sold goods (works, services);

3) amounts received in the form of interest (discount) on the bonds received as offsetting payment for sold goods (works, services) and bills of exchange, interest under credits against goods in the part exceeding the interest rate computed on the basis of the [refinancing rates](#) of the Central Bank of the Russian Federation, effective in the periods for which interest is being calculated;

4) indemnities received under contracts of insurance of risk of default on contractual obligations by a contractor of the insurant creditor if under the insured contractual obligations the insurant is to deliver goods (works, services) whose sale is recognized as an item of taxation according to [Article 146](#) of the present Code;

2. Provisions of [Item 1](#) of the present Article shall not cover operations of the sale of goods (works, services) which are not subject to taxation (are released from taxation) according to provisions of [Article 149](#) of the present Code.

Article 163. Tax Period

1. Tax period shall be established as a calendar month, except as otherwise established by Item 2 of the present article.

2. For taxpayers having monthly amounts of proceeds from the sale of goods (works, services) over the quarter, with no account taken of the tax and the sales tax, not exceeding one million roubles the tax period shall be set as a quarter."

Article 164. Tax Rates

On the Procedure for Indirect Tax Application in Mutual Trade Relations with the Member States of the Commonwealth of Independent States, see [Letter of the Ministry of the Russian Federation for Taxes and Fees No. VG-6-03/502 @ of June 29, 2001](#)

1. Taxation shall be imposed at 10 per cent tax rate on the sale of:

1) goods (except for petroleum, including stable gas condensate and natural gas exported to territories of member states of the Commonwealth of Independent States) that have been placed under the [customs treatment of export](#), provided that they are [actually exported](#) from the customs territory of the Russian Federation and that documents required under [Article 165](#) of the present Code are submitted to the tax authorities;

2) works (services) directly involved in the manufacture and sale of goods specified in Subitem 1 of the present Item.

The provision of the present subitem shall apply to works (services) in the escorting, transporting, loading and trans-shipment of goods exported from the territory of the Russian Federation and those imported to the Russian Federation (the former being performed by Russian carriers), and other similar works (services), and also works (services) in the processing of goods placed under the [customs treatments of processing of goods in the customs territory](#) and [under customs control](#);

3) works (services) directly associated with the carriage (transportation) across the customs territory of the Russian Federation of goods that have been placed under the [customs treatment of transit](#) across aforesaid territory;

4) services in the carriage of passengers and luggage on condition that the departure point or destination point of passengers and luggage is located outside of the territory of the Russian Federation, provided the carriage is registered on the basis of uniform international documents of carriage;

5) works (services) performed (rendered) directly in outer space, and also the scope of preparatory works (services) on grounds that are technologically determined by and form an integral part of works (services) performed (rendered) directly in outer space;

6) precious metals by taxpayers extracting such or producing the former from scrap and waste containing precious metals. To the State Fund of Precious Metals and Jewels of the Russian Federation, the Central Bank of the Russian Federation, banks;

7) goods (works, services) for official use by foreign diplomatic representations and agencies equated to such or for personal use by diplomatic or administrative-clerical personnel of such agencies, including members of their families staying with them. The sale of goods (performance of works, rendering of services) specified in the present Subitem shall be subject to taxation at 0 per cent when the legislation of the corresponding foreign state establishes a similar order concerning diplomatic agencies and those equated to such, of the Russian Federation, diplomatic and administrative-clerical personnel of such agencies (including members of their families staying with them), or if such standard is stipulated in an international treaty of the Russian Federation. The [list](#) of foreign states concerning whose agencies the standards of the present Subitem are applied shall be defined by a federal body of executive power governing relations of the Russian Federation with foreign states and international organizations jointly with the Ministry of the Russian Federation for Taxes and Fees.

The [order](#) of application of the present Subitem shall be established by the Government of the Russian Federation.

2. Taxation shall be imposed at 0 per cent in case of sale of:

1) the following food articles:

cattle and poultry in live weight;

meat and meat products (except for gourmet articles: tenderloin, veal, tongue, sausage articles - fresh smoked of best quality, fresh smoked semi-dry, of best quality,

fresh seasoned, stuffed of best quality; smoked articles made of pork, mutton, beef, veal, poultry - balyk, karbonade, neck, ham, pastorma, loin; baked pork and beef; canned ham, bacon, karbonade and tongue in marinade);

milk and dairy products (including ice-cream produced on their basis, except for ice-cream produced on a fruits-and-berry basis, fruit and food ice);

eggs and egg based products;

vegetable oil;

margarine;

sugar, including raw sugar;

salt;

grain, compound food, fodder mixes, grain waste;

oilseeds and products of their processing (coarsely cut, oilcakes);

bread and baked food articles (including fancy bread, rusk and roll articles);

groats;

flour;

pasta;

live fish (except for valuable species: white salmon, Baltic and Far Eastern salmon, sturgeon (beluga, bester, sturgeon, sevryuga, sterlet), salmon, trout (except for sea trout), nelma, keta, chavych, kizhuch, muksun, omul, Siberian and Amur sig, chir);

seafood and fish products, including cooled, frozen or of another kind of processing, herring, canned food and pickled canned food (except for gourmet articles: caviar of sturgeon and salmon species; of white salmon, Baltic salmon, of sturgeon fish - beluga, bester, sturgeon, sevryuga, sterlet; salmon; backs and flanks of nelma, cold smoked; light-, medium- and semuzh- pickled keta and chavycha; backs of keta, chavycha and cold smoked kizhuch, flanks of keta and sides of cold smoked chavycha; backs of muksun, omul, Siberian and Amur sig, cold smoked chir; pickled canned fillet slices of Baltic salmon and Far Eastern salmon; crab meat and sets of cooked-and-frozen separate limbs of crabs; of spiny lobsters);

children's and diabetic foods;

vegetables (including potatoes);

2) the following goods for children:

knitted articles for the newborn and children of day care, pre-school, junior and senior school age groups: outdoor knitted articles, knitted underwear articles, socks and stockings, other knitted articles: gloves, mittens, headgear;

sewn articles (except for articles made of natural fur and natural leather) for the newborn and children of day care, pre-school, junior and senior school age groups: the street clothes (including the dress and suit groups), underwear, headgear, clothes and articles for the newborn and children of day care groups;

footwear (except for sports): footwear for the newborn and children of day care groups, of pre-school, and school; made of felt or rubber: small children's sizes, childrens, pupils';

children's beds;

children's mattresses;

perambulators;

school exercise-books;

toys;

plasticine;

pencil cases;

counting sticks;

school abacuses;

school diaries;

drawing-books;

albums for drawing;

albums for plotting;

folders for exercise-books;
covers for textbooks, diaries, exercise-books;
holders of cards with figures and letters;
diapers.

Codes of product types listed in the present Item according to the [All-Russian Classifier of Products](#), and also the [Commodity Classification for Foreign Trade Activities](#) shall be defined by the Government of the Russian Federation.

3. Taxation shall be made at the 20 per cent tax rate in the cases not specified in [Items 1, 2 and 4](#) of the present Article.

4. Taxation shall be imposed at the 9.09 per cent and 16.67 per cent tax rate (the computation tax rates) - when receiving funds involved in the payment for goods (works, services), stipulated by [Article 162](#) of the present Code, the withholding of tax by tax agents according to [Article 161](#) of the present Code, and also when selling goods (works, services) purchased outside and taken into account together with the tax according to [Item 3 of Article 154](#) of the present Code, and also in the case of the sale of agricultural products and products resulting from processing thereof under [Item 4 Article 154](#) of the present Code.

5. In case of the import of goods to the customs territory of the Russian Federation, the tax rates specified in [Items 2 and 3](#) of the present Article shall be applied.

6. Under operations of the sale of goods (works, services), stipulated by [Subitems 1 - 7 of Item 1](#) of the present Article, the taxpayer shall submit a separate [tax declaration](#) to the tax authorities.

[Article 165.](#) The Order of Confirmation of the Right to Receive Reimbursements in Case of Taxation at the 0 per cent tax rate ent tax rate

1. In case of sale of goods specified by [Subitem 1 of Item 1](#) of Article 164 of the present Code for confirmation of justification of application of the 0 per cent tax rate (or peculiarities of taxation) and tax deductions, the following documents shall be submitted to the tax authorities unless otherwise is stipulated by [Items 2 and 3](#) of the present article;

1) the contract (copy of the contract) of the taxpayer with the foreign person to deliver goods beyond the borders of the customs territory of the Russian Federation. If the contracts contain information constituting a state secret, instead of copies of the complete text of the contract an abstract thereof shall be submitted containing the information required to effect the tax control (in particular, information on the terms of delivery, on times, price, type of products);

2) a bank abstract confirming the actual receipt of proceeds from the foreign person a buyer of aforesaid goods - to an account of the taxpayer held with a Russian bank.

If the contract provides for settlement in cash, the taxpayer shall submit to the tax authorities a bank abstract confirming that the taxpayer had entered the received amounts to his account held with a Russian bank, and also copies of cash collection slips confirming the actual receipt of proceeds from the foreign person - the buyer of aforesaid goods.

If foreign currency earnings from the sale of goods (works, services) on the territory of the Russian Federation are not entered into accounts, effected in compliance with the procedure provided by the legislation of the Russian Federation on currency exchange regulations and currency control, the taxpayer shall submit to the tax authorities documents (copies thereof) confirming the right not to enter into accounts foreign currency earnings in the territory of the Russian Federation.

If under foreign trade transactions of commodity swaps (barter), the taxpayer submits to tax authorities documents confirming the fact of importation of the goods (performance of works, rendering of services) received under aforesaid operations in the territory of the Russian Federation and of their entering into accounts;

3) [a cargo customs declaration](#) (its copy) with marks of the Russian customs authority which has released goods in the [regime of export](#), and of the Russian customs authority in whose region of activity is situated the crossing point through which the goods were exported from the customs territory of the Russian Federation (hereinafter referred as the "border customs authority"). Upon exportation of goods under the customs treatment of export by pipeline transport or via transmission lines, the complete cargo customs declaration shall be submitted with notes of the Russian customs authority performing the customs clearance of said export of the goods.

In case of export of goods under the customs treatment of export across the border of the Russian Federation with a member state of customs Union on which the customs control was cancelled, the cargo customs declaration shall be submitted with notes of the customs authority of the Russian Federation effecting the customs clearance of said exportation of goods.

In cases and in the manner defined by the Ministry of the Russian Federation for Taxes and Fees, as agreed with the State Customs Committee of the Russian Federation, upon the export of certain types of goods, exporters are permitted to submit the cargo customs declaration with marks of the customs authority which effected the customs clearance of the exported goods, and the special register of the actually exported goods with marks of the border customs authority of the Russian Federation;

See [Order](#) of the State Customs Committee of the Russian Federation and the Ministry for Taxes and Fees of the Russian Federation No. 830/BG-3-06/299 of August 21, 2001 on the strengthening of the Customs and Tax Control When Declaring Goods in Accordance with the Customs Regime of Export

4) copy of the transport, shipping and/or of other documents with marks of border customs authorities confirming the export of goods from the territory of the Russian Federation. The taxpayer can submit any of the listed documents taking into account the following.

In case of export of goods under the customs [treatment of export](#) on ships through seaports, the taxpayer shall submit to the tax authorities the following documents to confirm that the goods have been exported from the customs territory of the Russian Federation:

a copy of an order to ship the exported goods, including the name of the port of discharge with a mark "Loading permitted" of a border custom-house of the Russian Federation;

a copy of the bill of lading for the carriage of the exported goods, which in the column "Port of discharge" shall give the name of a port located outside the customs territory of the Russian Federation.

In the case of the export of goods under the [customs regime](#) of export across the border of the Russian Federation with a member state of the Customs Union where customs control has been abolished copies of carriage and forwarding documents shall be presented as bearing annotations of the customs body of the Russian Federation which has completed customs formalities in respect of the said export of the goods.

In case of export of goods under the regime of export by air transport the taxpayer shall submit to the tax authorities a copy of the international air cargo waybill which is to name an airport of discharge located outside the customs territory of the Russian Federation in order to confirm the export of goods from the customs territory of the Russian Federation.

Copies of transport, shipping and/or other documents confirming the export of goods from the customs territory of the Russian Federation can not be submitted in case of export of goods under the customs regime of export by pipeline transport or via transmission lines.

2. In case of sale of goods stipulated by [Subitem 1 of Item 1 of Article 164](#) of the present Code, through a commission agent, an attorney or an agent under a contract, of commission agency, contract of delegation or agency contract, the following documents shall be submitted to the tax authorities in order to prove the propriety of the application of the 0 per cent tax rate (or peculiarities of taxation) and tax deductions:

1) the contract of commission agency, contract of delegation or agency contract (or copies) of the taxpayer with a commission agent, attorney or agent;

2) the contract (or copy) of the person effecting the delivery of goods for export on the instruction of the taxpayer (according to the contract of commission agency, contract of delegation or agency contract) with a foreign person to deliver aforesaid goods from the customs territory of the Russian Federation;

3) a bank abstract confirming the actual receipt of proceeds from the foreign person acting as the buyer of aforesaid goods in an account of taxpayer or the commission agent (of the attorney, agent) in a Russian bank.

If the contract provides for settlement in cash, it is necessary to submit to the tax authorities a bank abstract confirming the entering of amounts received by taxpayer or the commission agent (by the attorney, the commission agent) into his account held with a Russian bank, and also copies of cash collection slips which confirm the actual receipt of the proceeds from the foreign person acting as the buyer of the aforesaid goods.

If foreign currency earnings from the sale of goods (works, services) on the territory of the Russian Federation are not entered into accounts in compliance with the procedure provided by the [legislation](#) of the Russian Federation on foreign currency regulation and currency control, the taxpayer shall submit to the tax authorities documents (copies) proving his right not to enter into the account foreign exchange earnings in the territory of the Russian Federation.

Under foreign trade transactions of commodity swap (barter), the taxpayer shall submit to the tax authorities documents proving the import of goods (performance of works, rendering of services) received under the aforesaid operations, in the territory of the Russian Federation and their entering into accounts;

4) documents stipulated by [Subitems 3 and 4 of Item 1](#) of the present Article.

3. In case of sale of goods stipulated by [Subitem 1 of Item 1](#) of Article 164 of the present Code, towards the servicing of the debt of the Russian Federation and of the former USSR or to offset the extension of state credits to foreign states, the following documents shall be submitted to the tax authorities in order to prove the propriety of the application of the 0 per cent tax rate (or peculiarities of taxation) and tax deductions:

1) a copy of an agreement between the Government of the Russian Federation and the government of a corresponding foreign state on the settlement of indebtedness of the former USSR (the Russian Federation) or to offset the extension of state credits to foreign states;

2) a copy of an agreement between the Treasury of the Russian Federation and the taxpayer about the funding of deliveries of goods towards the repayment of state debt or to offset the extension of state credits to foreign states;

3) a bank abstract confirming actual receipt of proceeds from the sale of goods on export from the budget in the currency of the Russian Federation to an account of the taxpayer held with a Russian bank;

4) documents stipulated by [Subitems 3 and 4 Items 1](#) of the present Article.

4. In case of the sale of works (services) stipulated by [Subitems 2 and 3 of Item 1 of Article 164](#) of the present Code, the following documents shall be submitted to the tax authorities in order to prove the propriety of application of the 0 per cent tax rate (or peculiarities of taxation) and tax deductions, unless otherwise is stipulated by [Item 5](#) of the present Article:

1) a contract (copy of the contract) of the taxpayer with a foreign or Russian person to perform aforesaid works (to render aforesaid services);

2) a bank abstract confirming the actual receipt of proceeds from foreign or Russian person acting as the buyer of said works (services) to an account of the taxpayer held with a Russian bank.

If the contract provides for settlement in ready cash, it is necessary to submit to the tax authorities a bank abstract proving the entering of the amounts received by the taxpayer into his account held with a Russian bank, and also copies of cash collection slips, confirming the actual receipt of proceeds from the foreign or Russian person, acting as the buyer of the aforesaid works (services).

If foreign currency earnings from the sale of goods (works, services) on the territory of the Russian Federation are not entered into accounts in compliance with the procedure provided by the [legislation](#) of the Russian Federation on foreign currency regulation and currency control, the taxpayer shall submit to the tax authorities documents (their copies) proving his right not to enter into account the foreign exchange earnings in the territory of the Russian Federation;

3) the [cargo customs declaration](#) (its copy) with marks of the Russian customs authority which has released the goods under the customs treatment of export or transit, and the border customs authority through which the goods were exported from the customs territory of the Russian Federation (imported into the customs territory of the Russian Federation in compliance with [Subitem 2 Item 1 Article 164](#) of the present Code). The provisions of the present Subitem shall be applied taking into account features stipulated by [Subitem 3 of Item 1](#) of the present Article;

4) copy of transport, shipping and/or other documents proving the exportation of goods from the customs territory of the Russian Federation (the import of goods into the customs territory of the Russian Federation in compliance with Subitem 2 Item 1 Article 164 of the present Code). The provisions of the present Subitem shall be applied taking into account features stipulated by [Subitem 4 of Item 1](#) of the present Article.

5. In case of rendering by rail services in the carriage (transportation) of goods placed under the [customs treatment of export](#) and goods placed under the [customs treatment of transit](#), the following documents shall be submitted to the tax authorities in order to prove the propriety of application of the 0 per cent tax rate (or peculiarities of taxation) and tax deductions:

1) if foreign currency proceeds are received in the currency account of the Ministry of Railways of the Russian Federation - settlement letters of the authorized body of the Ministry of Railways of the Russian Federation on the distribution of foreign currency proceeds for the carriage of exported and transit goods;

2) if proceeds are received in the currency of the Russian Federation:
bank abstracts confirming actual receipt of the proceeds for rendered services in the carriage (transportation) of goods placed under the [customs treatment of export](#), and goods placed under the [customs treatment of transit](#), to an account of the railway with due regard to the peculiarities specified in [Subitem 2 Item 1](#) and [Subitem 3 Item 2](#) of the present article;

Copies of the uniform international documents of carriage defining the route of carriage with details on the destination country and marks on the carriage of goods in the regime of "export of goods" ("transit of goods"). If goods placed under the customs treatment of export, and goods placed under the customs treatment of transit are exported by ships through seaports, a copy shall be submitted of inland carriage documents with details on the destination country and a mark on the carriage of goods in the "export of goods" ("transit of goods") regime, and also with a mark of the port on the acceptance of goods for further export (transit).

6. In case of rendering services stipulated by [Subitem 4 of Item 1 of Article 164](#) of the present Code, the following documents shall be submitted to the tax authorities in order to prove the propriety of application of the 0 per cent tax rate (or peculiarities of taxation) and tax deductions:

1) a bank abstract confirming the actual receipt of proceeds from a Russian or foreign person for rendered services in an account of the Russian taxpayer held with a Russian bank with due regard to the peculiarities specified in [Subitem 2 Item 1](#) and [Subitem 3 Item 2](#) of the present article;

2) a register of the uniform international documents of carriage on the carriage of passengers and luggage which are to give details on the route and specify the departure and destination points.

7. At the sale of works (services) stipulated by [Subitem 5 of Item 1 of Article 164](#) of the present Code, the following documents shall be submitted to tax authorities in order to prove the propriety of application of the 0 per cent tax rate (or peculiarities of taxation) and tax deductions:

1) the contract (copy of the contract) of the taxpayer with foreign or Russian persons to perform works (render services);

2) a bank abstract confirming the actual receipt of proceeds from a Russian or foreign person for executed works (rendered services) in an account, of the taxpayer in the Russian bank with due regard to the peculiarities specified in [Subitem 2 Item 1](#) and [Subitem 3 Item 2](#) of the present article;

3) acts and other documents confirming the performance of works (rendering of services) directly in outer space and also performance of works (rendering of services) that are technologically determined by and form an integral part of the works (services) performed (rendered) directly in outer space;

8. In case of sale of goods stipulated by [Subitem 6 of Item 1 of Article 164](#) of the present Code, the following documents shall be submitted to the tax authorities in order to prove the propriety of application of the 0 per cent tax rate (or peculiarities of taxation) and tax deductions:

1) the contract (copy of the contract) on the sale of precious metals or precious stones;

2) documents confirming that precious metals or precious stones have been transferred to the State Fund of Precious Metals and Precious Stones of the Russian Federation, the Central Bank of the Russian Federation, banks.

9. The documents specified in [Items 1 - 5](#) of the present Article shall be submitted by the taxpayers to prove the propriety of application of the 0 per cent tax rate upon the sale of goods (works, services) specified in [Subitems 1 - 3 of Item 1 of Article 164](#) of the present Code, no later than within 180 days beginning from the date the regional customs authority registers the cargo customs declaration on the export of goods under the regime of export (transit).

If upon expiration of 180 days beginning from the date the goods were released by the regional customs authorities in [the mode of export](#) or [transit](#) the taxpayer failed to present the documents proving the actual export of goods and also performance of works (rendering of services) directly associated with the production and sale of aforesaid goods, the aforesaid operations on the delivery of goods (performance of works, rendering of services) shall be taxable under the rates of 10 per cent or 20 per cent, accordingly. If subsequently the taxpayer submits to the tax authorities documents justifying the application of the 0 per cent tax rate, then the paid amounts of the tax shall be returnable to the taxpayer in the manner and on conditions which are stipulated by [Article 176](#) of the present Code.

Provisions of the present Item shall not apply to taxpayers released from performance of the taxpayer obligation according to [Article 145](#) of the present Code.

10. The documents indicated in the present Article shall be submitted by taxpayers to justify the application of the 0 per cent tax rate simultaneously with the submission of the [tax declaration](#).

11. The order of confirmation of the right to receive reimbursement of the amount of tax with application of the 0 per cent tax rate concerning the goods moved across the

border of the Russian Federation without customs control and customs clearance shall be defined by the Government of the Russian Federation.

Article 166. The Order of Calculation of the Tax

1. The amount of tax when determining the tax base according to [Articles 154 - 159](#) and [162](#) of the present Code shall be calculated as the percentage share corresponding to the tax rate of the tax base, and in case of separate record-keeping - as the amount of tax received as a result of additional amounts of taxes calculated separately as percentage shares of appropriate tax bases corresponding to tax rates.

2. The total amount of tax in case of sale of goods (works, services) shall be defined as an amount resulting from additional amounts of tax calculated according to the order laid down by Item 1 of the present Article.

3. The total amount of tax shall not be calculated by taxpayers being foreign organisations who are not registered with tax authorities as taxpayers. In such a case amount of tax shall be calculated by tax agents separately on each operation in the sale of goods (works, services) on the territory of the Russian Federation according to the order established by [Item 1](#) of the present Article.

4. The total amount of tax in case of sale of goods (works, services) shall be calculated by the results of each tax period as applied to all operations recognised as a tax basis under [Subitems 1 - 3 Item 1 Article 146](#) of the present Code, the date of which sale (transfer) refers to the corresponding tax period taking into account all changes that increase or reduce the tax base over the appropriate tax period.

5. The total amount of tax in case of import of goods to the customs territory of the Russian Federation shall be calculated as the percentage share of the tax base estimated according to [Article 160](#) of the present Code and corresponding to the tax rate.

If according to the requirements established by [Item 4 of Article 160](#) of the present Code, the tax base shall be defined separately for each group of imported goods, then for each of the aforesaid tax bases the amount of tax shall be calculated separately according to the order established by paragraph one of the present Item. In doing so, the total amount of tax shall be calculated as the amount received as a result of addition of amounts of taxes estimated separately for each of such tax bases.

6. The amount of tax on operations of sale of goods (works, services) taxed according to [Item 1, Article 164](#) of the present Code under the 0 per cent tax rate shall be calculated separately on each such operation according to the order established by [Item 1](#) of the present Article.

7. If the taxpayer maintains no book-keeping or record-keeping of items of taxation, tax authorities shall have the right to calculate tax amounts payable on the basis of data available on other similar taxpayers.

Article 167. Determination of Date of Sale (Transfer) of Goods (Works, Services)

1. For the purposes of the present Chapter, the date of sale of goods (works, services) depending on the accounting policy adopted by the taxpayer for the purposes of taxation, unless otherwise is not stipulated by [Item 6 -8](#) of the present Article, shall be defined as follows:

1) for taxpayers who have approved in their accounting policy for the purposes of taxation the date of occurrence of duty to pay tax as per the shipment and presentation of settlement documents to the buyer as the earliest of the following dates:

- the day of shipment (transfer) of goods (works, services);
- the day of payment of goods (works, services);

2) for taxpayers who have approved in their accounting policy for the purposes of taxation the date, of the arising of duty to pay tax in accordance with the receipt of money resources, as the day of payment of goods (works, services).

2. For the purposes of the present Article, the payment of goods (works, services) shall be defined as the termination of the counter obligation of the buyer of aforesaid goods (works, services) to the taxpayer which is directly connected to the delivery (transfer) of these goods (performance of works, rendering of services) except for the termination of the counter obligation by the buyer-drawer issuing his own bill of exchange. The payment of goods (works, services), in particular shall be defined as:

1) receipt of funds in the accounts of the taxpayer or his commission agent, attorney or agent in a bank or in the cash department of taxpayer (commission agent, attorney or agent);

2) discharge of an obligation by offset;

3) transfer by the taxpayer of the right of demand to a third person on the basis of agreements or according to law.

3. In cases when goods are not shipped or transported, but there is conveyance of property to these goods, such conveyance of property for the purposes of the present Chapter shall be equated to its shipment.

4. If in case of termination of the counter obligation of the buyer of goods (works, services) to pay for these goods (works, services) by the buyer-drawer transferring his own bill of exchanges as the payment of aforesaid goods (works, services) shall be recognized the payment by the buyer-drawer (or other person) of said bill of exchange or transfer by the taxpayer of aforesaid bill of exchange under the endorsement to a third person.

5. If the buyer fails to perform prior to the lapse of limitation of actions under the right of demand of execution of the counter obligation involved in the delivery of goods (performance of works, rendering of services), the earliest of the following dates shall be recognized as the date of payment of goods (works, services):

1) the day of lapse of said period of limitation;

2) the day of writing-off debt receivable.

6. In case of sale of goods (works, services) on a gratuitous basis, the date of sale of goods (works, services) shall be defined as the day of shipment (transfer) of goods (performance of works, rendering of services).

7. In case of sale by the taxpayer of goods transferred to him for storage as per a contract of warehouse storage involving the issue of the warehouse certificate, the date of sale of aforesaid goods shall be defined as the day of sale of the warehouse certificate.

8. In case of the sale by a finance agent of services of financing with assignment of a monetary claim, and also in case of sale by a new creditor who has received the aforesaid demand of financial services, the date of sale of aforesaid services shall be defined as the day of the subsequent assignment of such claim or the performance by the debtor of such claim.

9. In case of sale of goods (works, services) stipulated by Subitems 1 - 3 of Item 1 of Article 164 of the present Code, the date of sale of aforesaid goods (works, services) shall be defined as the earliest of the following dates:

1) the last day of the month during which was put together the complete set of documents required under Article 165 of the present Code;

2) the 181st day beginning from the date of placement of goods under the customs treatment of export or under the customs treatment of transit;

10. For the purposes of the present Chapter, the date of performance of civil and erection works for own consumption shall be defined as the day of entry in the records of the appropriate facility of completed capital construction.

11. For the purposes of the present Chapter, the date of transfer of goods (performance of works, rendering of services) for one's own needs recognized as an item of taxation according to the present Chapter shall be defined as the day of performance of aforesaid transfer of goods (performance of works, rendering of services).

12. The accounting policy adopted by the organization for the purposes of taxation shall be approved by appropriate orders and orders of the head of the organization.

The accounting policy shall be applied for the purposes of taxation as of January 1 of the year following the year of its approval by an appropriate order, order of the chief of the organization.

The accounting policy for the purposes of taxation adopted by organization shall be obligatory for all separate units of the organization.

The accounting policy for the purposes of taxation adopted by the newly founded organization shall be approved no later than the end of the first tax period. The accounting policy for the purposes of taxation accepted by the newly founded organization shall be considered as being applied from the date of creation of the organization.

If a taxpayer is not certain as to what method he is going to use to determine the date of sale of goods (works, services) for tax calculation and payment purposes the sale date determination method specified in [Subitem 1 Item 1](#) of the present article shall be applied.

[Article 168.](#) The Amount of Tax Presented by the Vendor to the Buyer

1. In case of sale of goods (works, services), the taxpayer in addition to the price (tariff) of sold goods (works, services) is obliged to present an appropriate amount of tax for payment to the buyer of these goods (works, services).

2. The amount of tax presented by the taxpayer to the buyer of goods (works, services) shall be calculated on each kind of these goods (works, services) as the percentage share corresponding to the tax rate specified in Item 1 of the present Article of the prices (tariffs).

3. In case of sale of goods (works, services), the relevant invoices shall be presented to the buyer not later than five days from the day of shipment of goods (performance of works, rendering of services).

4. The appropriate amount of tax shall be stated in a separate line in settlement documents, including in the registers of cheques and registers to receive funds from the letter of credit, primary registration documents and in invoices.

5. In case of sale of goods (works, services), the operations on which sale according to [Article 149](#) of the present Code are not subject to taxation (are exempt from taxation), and also when according to [Article 145](#) of the present Code a taxpayer is released from performance of the taxpayer obligation, the settlement documents and the primary registration documents shall be made out and invoices shall be submitted without pointing out the corresponding amount of tax. In so doing, the appropriate inscription shall be made or the stamp " Without the tax (VAT)" shall be affixed to said documents.

6. In case of sale of goods (works, services) to the population at wholesale prices (tariffs) the appropriate amount of tax shall be included in said prices (tariffs). In so doing, the amount of tax shall not be stated on labels of goods and price tags which are handed out by vendors nor on receipts and other documents issued to buyers.

7. In case of the sale of goods in cash by retail and public catering organisations (enterprises) and also other organisations performing works and providing services for a pay immediately to the general public, the requirement laid down by [Items 3 and 4](#) of the present Article concerning registration of settlement documents and making out invoices shall be considered fulfilled if the vendor has issued to the buyer a cash voucher or another document of an established form.

Article 169. The Invoice

On the Application of Invoices When Calculating the Value-Added Tax, see [Letter of the Ministry for Taxes and Fees of the Russian Federation No. VG-6-03/404 of May 21, 2001](#)

1. An invoice is the document used as the basis to accept the presented amounts of tax for deduction or reimbursement in the order stipulated by the present Chapter.

2. Invoices made out and issued in violation of the order established by [Items 5 and 6](#) of the present Article can not constitute a ground to accept for deduction or reimbursement the tax amounts presented to the buyer by the vendor. Failure to meet the requirements to the invoice which are not stipulated by Items 5 and 6 of the present Article can not be the basis for the refusal to accept for deduction an amount of tax presented by the vendor.

3. The taxpayer is obliged to make out the invoice, to keep log-books of received and issued invoices, books of purchases and books of sales, unless otherwise stipulated by Item 4 of the present Article:

1) in case of performance of operations defined as items of taxation according to the present [Chapter](#) including those not taxable (exempt from taxation) according to [Article 149](#) of the present Code;

2) in other duly defined cases.

4. Invoices shall not be made out by taxpayers on operations of sale of securities (except for broker and intermediary services), and also banks, insurance organizations and non-state pension funds on operations which are not taxable (exempt from taxation) according to [Article 149](#).

5. An invoice shall state:

1) the serial number and date of the invoice;

2) the name, address and identification numbers of the taxpayer and buyer;

3) the name and address of the consignor and consignee;

4) the number of the settlement document when an advance or other payments are received against future deliveries of goods (performance of works, rendering of services);

5) the name of the delivered (shipped) goods (description of the executed works, rendered services) and unit of measurements;

6) the quantity (volume) of goods (works, services) delivered (shipped) under the invoice on the basis of units of measurement accepted for it;

7) the price (tariff) per unit of measurement under an agreement (contract) less the tax, and if state controlled prices (tariffs) are used, including the tax, with allowance for amounts of the tax;

8) the cost of goods (works, services) for the entire quantity of delivered goods (shipped) on the invoice (executed works, rendered services) less the tax;

9) the sum of excise duty levied on excisable goods;

10) the tax rate;

11) the amount of tax the buyer of goods (works, services) is charged which is defined on the basis of effective tax rates;

12) the cost of the entire quantity of goods delivered (shipped) (executed works, rendered services) under the invoice with allowance for the amount of tax;

13) the country of origin of goods;

14) the number of the [cargo customs declaration](#).

Information stipulated by Subitems 13 and 14 of the present Items shall be submitted concerning goods whose country of origin is not the Russian Federation. The taxpayer selling aforesaid goods shall be responsible only for the conformity of aforesaid information in the invoices presented by him to the information contained in the invoices received by him and in the shipping documents.

6. The invoice shall be signed by the head and chief accountant of the organization or other officials authorized thereto according to an internal order in the organization, it

shall be certified by the organization's seal. When an invoice is drawn up by an individual businessman the invoice shall be signed by the individual businessman, and state the requisites of the state registration certificate of such individual businessman.

7. In case when an obligation is denominated in a foreign currency under the terms of a deal, the amounts of money specified in an invoice, can be stated in foreign currency.

8. The [order](#) of keeping a log-book of received and drawn up invoices, books of purchases and books of sales shall be established by the Government of the Russian Federation.

[Federal Law No. 110-FZ of August 6, 2001 amended Article 170 of this Code. The amendments shall come into force as of January 1, 2002](#)
[See the text of the Article in the previous wording](#)

Article 170. The Order of Referring Tax Amounts to the Costs of Production and Sale of Goods (Works, Services)

1. Amounts of tax a taxpayer is charged when buying goods (works, services) or actually paid by him when importing goods to the customs territory of the Russian Federation, unless otherwise established by provisions of the present Chapter, shall not be included in the expenses accepted for [deduction](#) when calculating the tax levied on profit of organizations (income tax of natural persons), except for cases stipulated by Item 2 of the present Article.

2. Amounts of tax a taxpayer is charged when buying goods (works, services) or actually paid by him when importing goods to the customs territory of the Russian Federation shall be included into expenses accepted for deduction when calculating the tax levied on profit of organizations (income tax of natural persons) if aforesaid goods (works, services) are used in the course of:

1) production and/or sale of goods (works, services), the operations on whose sale are not subject to taxation (are exempt from taxation) according to [Items 1 - 3 of Article 149](#) of the present Code;

2) production and/or transfer of goods (works, services), the operations in the transfer (performance, rendering) of which for own needs are recognized as an item of taxation according to the present Chapter but are not subject to taxation (are exempt from taxation) according to [Items 2 and 3 of Article 149](#) of the present Code;

3) sale of goods (performance of works, rendering of services) whose place of sale is not recognized as the territory of the Russian Federation.

3. If the taxpayer accepts the amounts of tax specified in [Item 2](#) of the present Article for deduction or reimbursement in the order stipulated by the present Chapter, the appropriate amounts of tax shall be subject to recovery and payment to the budget.

4. In case the buyer uses partially the bought goods (executed works, rendered services) in the production and/or sale of goods (works, services) operations in whose sale are subject to taxation, and partially - in the production and/or sale of goods (works, services), operations in whose sale are exempt from taxation, the amount of tax presented by the vendor of aforesaid bought goods (of works, services) shall be included in the costs accepted for deduction when calculating the tax levied on profit of organizations (income tax of natural persons) or shall be subject to tax deduction in the proportion in which aforesaid bought goods (work, services) are utilized in the production and/or sale of goods (works, services) operations in whose sale are not subject to taxation (are exempt from taxation). Such proportion shall be defined on the basis of the cost of goods (works, services) operations in whose sale are subject to taxation (are exempt from taxation) in the overall amount of proceeds from sale of goods (works, services) during an accounting tax period.

Provisions of the present Item shall not be applied to those tax periods in which the share of goods (works, services) used for the production and/or sale of non-taxable

goods (works, services) does not exceed 5 per cent (in terms of their cost) of the overall cost of purchased goods (works, services) utilized in the production and/or sale of goods (works, services). All amounts of tax presented by vendors of aforesaid goods (works, services) over such tax period shall be subject to deduction according to the order stipulated by [Article 172](#) of the present Code.

5. Banks, insurance institutions, and non-state pension funds shall have the right to include in the costs accepted for deduction when calculating tax levied on profit of organizations the amounts of tax paid to suppliers for the purchased goods (works, services). Here, the entire amount of tax received by them under taxable operations shall be payable to the budget.

6. The amounts of tax presented to a taxpayer in the case of acquisition of goods (works, services) or actually paid at the import of goods into the territory of the Russian Federation shall be taken into account in the value of such goods (works, services) when:

1) goods (works, services) are being acquired by persons not being taxpayers under the present chapter or relieved from a taxpayer's duties under [Article 145](#) of the present Code;

2) depreciated assets are being acquired for the purpose of manufacturing and/or selling the goods (works, services) the transactions of the sale (transfer) whereof are not recognised as the sale of goods (works, services) under [Item 2 Article 146](#) of the present Code.

Article 171. Tax Deductions

1. The taxpayer shall have the right to reduce the total amount of tax computed according to [Article 166](#) of the present Code by tax deductions established by the present Article.

2. Subject to deductions shall be amounts of tax presented to the taxpayer and paid by him when purchasing goods (works, services) on the territory of the Russian Federation or paid by the taxpayer when importing goods to the customs territory of the Russian Federation under the [customs treatment of release for free circulation, temporary import](#) and [processing outside of the customs territory](#), in relation to:

1) goods (works, services) purchased to carry out industrial activity or other operations recognized as items of taxation according to the present Chapter, except for the goods specified by [Item 2](#) and [6](#) of Article 170 of the present Code;

2) goods (works, services) purchased for resale.

3. Subject to deductions shall be amounts of tax paid according to [Article 173](#) of the present Code by buyers and the tax agents.

Buyers and tax agents registered with the tax authorities and acting as taxpayers according to the present [Chapter](#) shall have the right to the aforesaid tax deductions.

The provisions of the present item shall be applicable if the goods (works, services) were acquired by a taxpayer being a tax agent for the purposes specified in [Item 2](#) of the present article and if the taxpayer withheld and paid the tax out of the taxpayer's incomes when they were being acquired.

4. Subject to deduction shall be amounts of tax presented by the vendors to a foreign person being a taxpayer not registered with tax authorities of the Russian Federation, when said taxpayer buys goods (works, services), or pays the foreign person when importing goods to the customs territory of the Russian Federation for his production purposes or for the accomplishment of his other activities.

Said amounts of tax shall be subject to deduction or refund to a foreign person being a taxpayer after a tax agent pays the tax withheld from incomes of this taxpayer and only in the part in which the bought or imported goods (works, services) have been used in the production of goods (performance of works, rendering of services) sold by the tax agent who withheld the tax. The specified amounts of tax shall be subject to

deduction or reimbursement, provided the foreign person acting as the taxpayer registers with the tax authorities of the Russian Federation.

5. Subject to deductions shall be amounts of tax presented by the vendor to the buyer and paid by the vendor to the budget when selling goods, if these goods are returned (including during warranty period) to the vendor or such were rejected. Subject to deductions shall be amounts of tax paid when performing works (rendering services) if these works (services) are rejected.

Subject to deductions shall be amounts of tax calculated by the vendors and paid by them to the budget from amounts of advance payments or other payments for goods (performance of works, rendering of services) sold on the territory of the Russian Federation in case of cancellation of the corresponding contract and return of the appropriate amounts of advance payments.

6. Subject to deductions shall be amounts of tax presented to the taxpayer by contractors (customers acting as builders) when they perform capital construction or assembly (erection) of fixed assets, of the amount of tax presented to the taxpayer on goods (works, services) bought by him to perform the building and erection works, the amount of tax presented to the taxpayer when he purchases projects under capital construction, and also the amount of tax calculated by the taxpayer when performing building and erection works for own consumption.

The amounts of tax specified in the present Item shall be subject to deduction after the objects respectively of completed or uncompleted capital construction are entered into records.

Federal Law No. 110-FZ of August 6, 2001 amended Item 7 of Article 171 of this Code. The amendments shall come into force as of January 1, 2002
See the text of the Item in the previous wording

7. Subject to deductions shall be amounts of tax paid on expenses borne during business trips (expenses in travel to the place of the business trip and back, including expenses to use bed linen in overnight trains, and also expenses in renting housing) and representation expenses accepted for deduction when calculating the tax levied on profit of organizations.

In so doing, the amount of tax subject to deduction shall be calculated under the reference tax rate of 16.67 per cent of the amount of aforesaid expenses disregarding the sales tax. In the absence of documents proving aforesaid expenses, the amount of tax subject to deduction shall be calculated under the reference tax rate of 16.67 per cent of the authorized rates of such expenses.

8. Subject to deductions shall be amounts of tax calculated by the taxpayer on amounts of advance payments or other payments received against future deliveries of goods.

Article 172. The Order of Application of Tax Deductions

1. Tax deductions stipulated by [Article 171](#) of the present Code shall be made on the basis of invoices drawn up by vendors when taxpayers buy goods (works, services), documents confirming that tax amounts have been actually paid, documents confirming the payment of the tax amounts withheld by tax agents, or on the basis of other documents in cases set forth in [Items 3, 6-8 of Article 171](#) of the present Code.

Subject to deductions shall be, unless otherwise established by the present Article, only amounts of tax presented to a taxpayer and paid by him when he was acquiring goods (works, services) or when the amounts actually paid by them when importing goods to the customs territory of the Russian Federation after aforesaid goods (works, services) are entered into records, with due regard to features laid down by the present Article and provided appropriate primary documents are submitted.

Deductions of tax amounts presented by vendors to the taxpayer when he buys or pays for fixed assets and/or intangible assets specified in [Items 2](#) and [4 of Article 171](#) of the present Code and imported to the customs territory of the Russian Federation, shall be effected in full after said fixed assets and/or intangible assets are entered into records.

[2.](#) In case the taxpayer uses his own property (including bills of exchange of a third person) as settlement for goods (works, services) he had bought, the amounts of tax actually paid by the taxpayer when buying said goods (works, services) shall be calculated on the basis of balance costs of such property (with allowance for its revaluation and amortization performed according to the legislation of the Russian Federation) transferred towards payment for such.

If the taxpayer - drawer uses his own bill of exchange (or bills of exchange of a third person received in exchange for his own bill of exchange) in the settlement for the goods (work, service) bought by him, the amount of tax actually paid by the taxpayer - drawer when acquiring aforesaid goods (works, services) shall be calculated on the basis of amounts actually paid by him settling his own bill of exchange.

[3.](#) The deductions of tax amounts stipulated by [Article 171](#) of the present Code concerning operations in the sale of goods (works, services) specified in [Item 1 of Article 164](#) of the present Code shall be made only if appropriate documents stipulated by [Article 165](#) of the present Code are submitted to the tax authorities.

Deductions of tax amounts stipulated by the present item shall be made on the basis of a separate tax declaration required by [Item 7 of Article 164](#) of the present Code.

[4.](#) Deductions of tax amounts specified in [Item 5 of Article 171](#) of the present Code shall be made in full after appropriate adjustment operations involved in the return of goods or rejection of goods (works, services) have been entered in the records, but no later than one year from the time of the return or rejection.

[5.](#) The deductions of tax amounts specified in [Item 6 of Article 171](#) of the present Code shall be made as appropriate projects of completed capital construction (fixed assets) or sale of an uncompleted capital construction project are entered into records.

[6.](#) The deductions of tax amounts specified in [Item 8 of Article 171](#) of the present Code shall be made after the date of sale of appropriate goods (performance of works, rendering of services).

Article 173. The Amount of Tax Payable to the Budget

[1.](#) The amount of tax payable to the budget shall be calculated on the basis of results of each tax period as an amount reduced by the amount of tax deductions stipulated by [Article 171](#) of the present Code (except for tax deductions stipulated by [Item 3 of Article 172](#) of the present Code) being the overall amount of the tax calculated according to [Article 166](#) of the present Code.

The amount of tax payable to the budget under operations of sale of goods (works, services) specified in [Subitems 1 - 7 of Item 1 of Article 164](#) of the present Code shall be defined on the basis of results of each tax period as an amount of tax calculated according to [Item 6 of Article 166](#) of the present Code and reduced by the amount of tax deductions stipulated by [Item 3 of Article 172](#) of the present Code.

[2.](#) If the amount of tax deductions over any tax period exceeds the total amount of tax computed according to [Article 166](#) of the present Code, the amount of aforesaid tax payable to the budget on the basis of results of such tax period shall be understood to have zero value.

A positive difference between the amount of tax deductions and the total amount of tax calculated under the transactions recognised as tax basis in compliance with [Subitems 1 - 2 Item 1 Article 146](#) of the present Code, shall be reimbursable to the taxpayer in the order and on conditions which are stipulated by [Article 176](#) of the present Code.

An excess of amounts of tax deductions stipulated by [Item 3 of Article 172](#) of the present Code over amounts of tax calculated according to [Item 6 of Article 166](#) of the present Code shall be reimbursable to the taxpayer in the order and on the conditions which are stipulated by Article 176 of the present Code.

3. The amount of tax payable if goods are imported to the customs territory of the Russian Federation shall be calculated according to Item 5 of [Article 166](#) of the present Code.

4. In case of sale of goods (works, services) specified in [Article 161](#) of the present Code, the amount of tax payable to the budget shall be calculated and paid in full by tax agents defined in Article 161 of the present Code, at the expense of funds subject to transfer to the taxpayer or other persons as directed by the taxpayer.

5. The amount of tax payable to the budget shall be calculated by the following taxpayers if they invoice the buyer and state separately the tax amount:

1) taxpayers released from discharge of the taxpayer obligations involved in the calculation and payment of tax according to [Article 145](#) of the present Code;

2) taxpayers covered by exemption from taxation under operations as stipulated by [Article 149](#) of the present Code.

Here, the amount of tax payable to the budget shall be defined as the amount of tax indicated in the appropriate invoice handed in to the buyer of goods (works, services).

Article 174. The Order and Terms of Payment of Tax to the Budget

1. The payment of tax in respect of transactions recognised as tax basis in compliance with [Subitems 1 - 3 Item 1 Article 146](#) of the present Code, on the territory of the Russian Federation shall be effected according to the results of each tax period and on the basis of actual sale (transfer) of goods (performance of works, including those for own needs, rendering of services, including those for own needs) over the lapsed tax period no later than the 20th day of the month following the lapsed tax period, unless otherwise is stipulated by the present Chapter.

If goods are imported to the customs territory of the Russian Federation, the amount of tax payable to the budget shall be paid according to the [customs legislation](#).

2. The amount of tax payable to the budget under operations of sale (transfer, performed, rendered for own needs) goods (works, services) on the territory of the Russian Federation shall be paid at the place of registration of the taxpayer with tax authorities taking into account the features established by [Article 175](#) of the present Code.

3. The tax agents shall pay the amount of tax at the place of their location.

4. The payment of tax by persons specified in [Item 5 of Article 173](#) of the present Code shall be made on the basis of results of each tax period according to the appropriate sale of goods (works, services) over the lapsed tax period no later than the 20th day of the month following the completed tax period.

See the [Forms of Declaration on the Value-added Tax and Instructions for filling them in, endorsed by Order of the Ministry for Taxes and Fees of the Russian Federation No. BG-3-03/407 of November 27, 2000](#)

5. Taxpayers (tax agents), including those listed in [Item 5 of Article 173](#) of the present Code are obliged to submit to the tax authorities at the place of their registration an appropriate [tax declaration](#) no later than the 20th day of the month following the lapsed tax period, unless otherwise stipulated by the present Chapter.

6. Taxpayers who over a quarter generate monthly proceeds from the sale of goods (works, services), disregarding the tax and sales tax, the former not exceeding 1 mil. roubles shall have the right to pay the tax on the basis of actual sale (transfer) of

goods (performance of works, including those for own needs, rendering of services, including those for own needs) for the completed quarter no later than the 20th day of the month following the lapsed quarter.

Taxpayers making quarterly tax payments shall submit their [tax declaration](#) no later than the 20th day of the month following the lapsed quarter.

[Article 175](#). Peculiarities of Calculation and Payment of Tax at the Location of Separate Units of the Organization

1. An organization consisting of separate units shall pay the tax at the place of its location and also at the location of each separate unit.

On the procedure for the payment of the Value Added Tax by organizations with set-apart subdivisions see also [Letter of the Ministry of Taxes and Fees of the Russian Federation No. VG-6-03/130@ of February 12, 2001](#)

2. The amount of tax payable at the location of the separate unit of the organization shall be defined as half of the product of the total amount of the tax payable by the organization, into an amount computed as the sum of the ratio of average payroll of workers (the wage fund) of the separate unit to the average pay roll of workers (the wage fund) as regards the organization as a whole and the ratio of the cost of fixed assets of the separate unit to the cost of fixed assets of the organization as a whole.

The tax amount payable at the location of an organisation incorporating isolated units shall be determined as a difference between the sum total of the tax payable by the organisation as a whole and the aggregate sum of the tax payable at the location of all the isolated units of the organisation.

3. Organizations that have separate units shall independently define and notify the tax authorities at the place of their registration as a taxpayer, what parameter should be applied: average pay roll of workers or the wage fund. The parameter selected by the organization should remain unchanged during a calendar year.

Ratios specified in Item 2 of the present Article shall be defined on the basis of actual parameters of average payroll of workers (the wage fund) at the end of the reporting tax period and mean annual costs of fixed assets of these organizations and their separate units over the calendar year precedent to the reporting tax period.

[Article 176](#). The Order of Tax Reimbursement

1. If, on the basis of results of a tax period, the amount of tax deductions exceeds the total amount of tax computed in respect of the transactions recognised as tax basis [under Subitems 1-2 Item 1 Article 146](#) of the present Code, the received difference shall be subject to reimbursement (offset, return) to the taxpayer according to the provisions of the present Article.

2. The said amount shall be allocated within three calendar months following the past tax period towards performing under the taxpayer's duties to pay taxes and fees, in particular the taxes payable in connection with the movement of goods across the customs border of the Russian Federation, towards the payment of penalty, repayment of arrears, tax sanction amounts adjudged to the taxpayer and subject to entry in the same budget.

The tax bodies shall accomplish the offset on their own and they shall do it in agreement with the customs bodies when it concerns the taxes payable in connection with the movement of goods across the customs border of the Russian Federation, with taxpayer being notified about the offset within ten days after the date when it was accomplished.

3. Upon the expiration of three calendar months following the past tax period the amount which has not be taken into account shall be subject to refund for the benefit of the taxpayer on his written application.

Within two weeks after receipt of aforesaid application, the tax authorities shall decide as to a repayment the said amount for the benefit of the taxpayer from an appropriate budget and within the same time shall direct this decision for performance to a corresponding body of the federal treasury. Aforesaid amounts shall be repaid by bodies of the federal treasury.

The amounts shall be returned by bodies of the federal treasury within two weeks starting from the day of receipt of aforesaid decision of the tax authority. If such decision is not received by the appropriate body of federal treasury within seven days starting from the day it was sent by the tax authorities, the eighth day starting from the day such decision was sent by the tax authorities shall be defined as the receipt date of such a decision.

If the deadlines established by the present Item for an amount returnable to the taxpayer are not kept, interest shall be charged on the basis of one three hundred sixtieth of the [refinancing rate](#) of the Central Bank of the Russian Federation per deferment day.

4. The amounts stipulated by [Article 171](#) of the present Code concerning operations in the sale of goods (works, services) stipulated by [Subitems 1 - 6 Item 1 of Article 164](#) of the present Code, and also amounts of tax calculated and paid according to [Item 6 of Article 166](#) of the present Code shall be liable to offset (refund) on the basis of a separate [tax declaration](#) specified in [Item 7 of Article 164](#) of the present Code and documents stipulated by [Article 165](#) of the present Code.

The reimbursement shall be made no later than three months from the day of submission by the taxpayer of the tax declaration specified in Item 7 of Article 164 of the present Code and documents stipulated by Article 165 of the present Code.

During aforesaid time the tax authorities shall check the justification of the application of the 0 per cent tax rate and tax deductions and take a decision to reimburse by offset or refund the appropriate amounts or to refuse (in full or partially) to reimburse.

If the tax authorities decided to refuse (in full or partially) to reimburse, they are to provide the taxpayer with the motivated conclusion no later than 10 days after said decision was taken.

If during the established period the tax authorities have not decided whether to refuse and/or aforesaid conclusion was not presented to the taxpayer, the tax authorities are obliged to accept a compensation award to an amount to which the decision to refuse was not taken and to notify the taxpayer on the decision taken within ten days.

If the taxpayer has any arrears and fines on the tax, arrears and fines on other taxes and fees, or indebtedness on the awarded tax sanctions subject to transfer to the same budget from which the reimbursement is being made, by decision of the tax authority, they shall be offset in the order of priority.

The tax authorities shall offset the aforesaid and inform the taxpayer thereof within 10 days.

If the tax authorities decided on a compensation award, if there are arrears on the tax accrued during a period between the declaration submission date and the date of reimbursement of the appropriate amounts and which does not exceed an amount to be reimbursed by decision of tax authorities, no fine on the arrears shall be charged.

If the taxpayer has no arrears or fines on the tax, any arrears and fines on other taxes and also any indebtedness on awarded tax sanctions subject to transfer to the same budget from which the refund is made, the amounts to be reimbursed shall be offset against current payments on the tax and/or other taxes and fees payable to the same budget, and also on the taxes paid in connection with the movement of goods across the customs border of the Russian Federation and in connection with the sale of works (services) associated directly with the production and sale of such goods, as

agreed with the customs authorities, or are to be returned to the taxpayer upon his application.

No later than the last day of the time specified in [paragraph two](#) of the present Item, the tax authorities shall take a decision to return tax amounts from the appropriate budget and within the same deadline it shall forward this decision for execution to the appropriate body of the federal treasury.

Bodies of the federal treasury shall refund the amounts within two weeks after they receive the decision of the tax authorities. If such decision is not received by an appropriate body of the federal treasury within seven days starting from the day it was forwarded by the tax authorities, the date of receipt of such a decision shall be recognized as the eighth day starting from the day it was forwarded by the tax authorities.

If the deadlines established by the present Item for an amount refundable to the taxpayer are not kept, interest shall be charged on the basis of the [refinancing rate](#) of the Central Bank of the Russian Federation.

On the compensation of the sum of the value-added tax in the export of commodities (works, services), see [Order](#) of the Ministry of Taxes and Fees of the Russian Federation No. BG-3-03/461 of December 27, 2000

Article 177. The Terms and Order of Payment of Tax in Case of Import of Goods to the Customs Territory of the Russian Federation

Terms and order of payment of tax in case of import of goods to the customs territory of the Russian Federation shall be established by the [customs legislation](#) of the Russian Federation with allowance for provisions of the present Chapter.

Article 178. The Order of Taxation When Performing Production Sharing Agreements

In the case of performance under production sharing contracts concluded in compliance with the [Federal Law](#) on Production Sharing Contracts the tax shall be calculated and paid with allowance for the following features:

See the [Methodological Recommendations](#) on the Procedure for the Calculation and Payment of Value Added Tax in the Fulfilment of Production Sharing Agreements approved by [Order](#) of the Ministry of Taxes and Fees of the Russian Federation No. VG-3-01/340 of September 10, 2001

exempt from tax shall be goods, works and services intended, according to the project documentation, for the performance of works under the production sharing agreement, including those imported to the customs territory of the Russian Federation by the investor, operator of said agreement, their suppliers, original contractors and carriers and other persons participating in the performance of works under said agreement on the basis of agreements (contracts) with the investor and/or the operator, and services rendered on the territory to the Russian Federation by foreign legal persons to the investors or operators of the production sharing agreements in connection with the performance of works under aforesaid agreements. The payer shall be exempt from payment of the tax, provided an application is submitted to the tax authorities (customs authorities) requesting exemption, which shall enclose the following documents:

a copy of the contract between the operator or supplier (original contractor, carrier) and the investor under the production sharing agreement, or a copy of the contract between the supplier (original contractor, carrier) and the operator on the concrete production sharing agreements provided that the operator is authorized to conclude the contracts on behalf of the investor;

a copy of the invoice (copy of the bill) made out by the supplier (original contractor, carrier) to the investor;

a letter of guarantee of the investor or operator under the production sharing agreements as per the [form](#) established by the Government of the Russian Federation confirming that the goods, work and services in question are intended by the project documentation for the performance of works under aforesaid agreement;

copies of transport and shipping documents;

the specified invoice giving the name of goods and their cost in the currency in which accounts are maintained under the agreement and/or in which the tax was calculated on said goods in the absence of exemption.

The [order and terms](#) of submission of said documents to the tax authorities shall be established by the Ministry of the Russian Federation for Taxes and Fees, and to the customs bodies by the State Customs Committee of the Russian Federation.

If the tax authorities (customs authorities) uncover any unauthorized use of goods, works or services (within the framework of time of their useful life) imported to the customs territory of the Russian Federation covered by a privilege established by the present Article, the value added tax, and fines shall be levied and collected in the order established by the present Code;

exempt from taxation shall be the turnover between the investor and the operator of the production sharing agreement under a gratuitous transfer of goods and materials required to perform works under said agreement, and also operations in the transfer of funds necessary to finance such works according to the estimate approved in the order established by the aforesaid agreement;

exempt from taxation shall be the turnovers in the transfer by the investor to the state of property newly created or bought by the investor and used by him to perform works under an agreement, and subject to transfer to the state according to terms of the agreement;

in the course of calculation of the tax, the investor being party to the production sharing agreement and/or the operator shall deduct from the amount of said tax subject to transfer to the budget during each tax period, all amounts of tax paid by the investor and/or the operator over said period in connection with the performance of works under said agreement;

a difference arising for the investor, being the party to the production sharing agreement and/or operator, in case of excess of amounts of tax paid by the investor and/or the operator in each tax period in connection with the performance of works under said agreement over the amount of said tax computed on sales during this tax period of products, goods (works, services), including in the absence of said sales, shall be reimbursable to the investor and/or operator from the budget at the end of said period in the order and on the terms established by the present Chapter of the Code. If the state fails to comply with said terms, amounts of paid tax subject to reimbursement from the budget shall be marked up on the basis of the refinancing rate of the Central Bank of the Russian Federation in effect during the period in question, if records are kept in the currency of the Russian Federation, or proceeding from the rate if records are kept in foreign currency;

following the start in production of a mineral raw material, the amount of tax not reimbursed to the investor from the budget by the appropriate day and specified according to Paragraph 13 of the present article shall be reimbursed to him to the charge of partial reduction of publicly owned produced products to the amount of its cost equivalent, according to the terms of the agreement;

The text of the previous paragraph is quoted according to the source ("Rossiiskaja Gazeta" No. 153 - 154 of August 10, 2000)

when performing production sharing agreements concluded up to the entry into force of the Federal Law on Production Sharing Agreements applied shall be the conditions of calculation and payment of the tax established by said agreements.

See [Methodical Recommendations](#) for application of Chapter 22 Excise Taxes of the Tax Code of the Russian Federation (excisable mineral raw materials) [Order](#) of the Ministry for Taxes and Fees of the Russian Federation No. BG-3-03/441 of December 19, 2000

See [Methodical Recommendations](#) on the application of Chapter 22 Excise Taxes of Part 2 of the Tax Code of the Russian Federation (excisable mineral raw materials), approved by [Order](#) of the Ministry for Taxes and Fees of the Russian Federation No. BG-3-03/440 of December 18, 2000

[Federal Law](#) No. 166-FZ of December 29, 2000 amended Chapter 22 of the Tax Code of the Russian Federation. The amendments [shall come into](#) force as of January 1, 2001

[See the previous text of Chapter 22 of the Tax Code](#)

Chapter 22. Excise Taxes

According to [Federal Law](#) No. 118-FZ of August 5, 2000 until July 1, 2001 this Chapter shall be applied having regard to the peculiarities established by it. On the operation of the said norms of the Federal Law, see [Letter](#) of the Ministry of the Russian Federation for Taxes and Fees No. VG-6-03/502 @ of June 29, 2001

See [Methodological Recommendations](#) on the Procedure for the Application of Excises with Respect to Goods Imported into the Territory of the Russian Federation given by [Letter](#) of the State Customs Committee of the Russian Federation No. 01-06/36951 of December 19, 2000

Article 179. Taxpayers

1. The following shall be defined as taxpayers of the excise tax (further in the present Chapter referred to as - the "taxpayers"):

- 1) organizations;
- 2) individual businessmen;
- 3) persons recognized as taxpayers in connection with the movement of goods across the customs border of the Russian Federation shall be defined according to the [customs code](#) of the Russian Federation.

2. Organizations and other persons named in the present Article shall be defined as taxpayers if they perform operations taxable under the present Chapter.

[Article 180.](#) Features of Execution of the Duties of Taxpayer Within the Framework of a Contract of Simple Partnership (Contract on Joint Activity)

1. Taxpayers - parties to a contract of simple partnership (contract on joint activity) shall bear the joint and several liability on bearing the responsibility on payment of tax calculated according to the present Chapter.

On registration with the tax authority of a party to a contract of simple partnership (contract on joint activity) as the taxpayer of excise tax, see [Order](#) of the Ministry for Taxes and Fees of the Russian Federation No. BG-3-12/376 of November 1, 2000

2. For the purposes of the present Chapter, it shall be established that the person managing the business of the simple partnership (of the contract on joint activity) shall be named as the person discharging the obligation to calculate and pay the entire amount of excise tax computed under operations defined as an item of taxation according to the present Chapter and performed within the framework of a simple partnership contract (contract on joint activity). In case the simple partnership (contract on joint activity) is managed jointly by all participants of the simple partnership (contract on joint activity), the parties to the contract of simple partnership (contract on joint activity) shall independently name a participant discharging the obligation in the calculation and payment of the entire amount of excise tax under operations defined as the item of taxation according to the present Chapter and performed within the framework of the simple partnership contract (contract on joint activity).

Said person shall have all rights and discharge the taxpayer obligations stipulated by the present Code concerning the aforesaid amount of excise tax.

No later than on the day of performance of the first operation, defined as an item of taxation according to the present Chapter, said person shall to notify a tax body of his having discharged his duty as a taxpayer within the framework of a general partnership agreement (joint activity agreement).

On the notification of the tax body by the participant in a simple partnership agreement (in an agreement on the joint activity) about the discharge of liabilities involved in the computation and in the payment of the entire sum of the excise duty, imposed on the transactions performed in the framework of the simple partnership agreement (of the agreement on the joint activity) see [Order of the Ministry of Taxes and Fees of the Russian Federation No. BG-3-09/303 of August 23, 2001](#)

3. In case the obligation to pay the excise tax is duly performed in full by the person discharging the obligation to pay the excise tax within the framework of the simple partnership (the contract on joint activity) according to Item 2 of the present Article, the obligation to pay the excise tax by other parties to contract of a simple partnership (contract on joint activity) shall be considered fulfilled.

Article 181. Excisable Goods and Excisable Mineral Raw Materials

1. Excisable goods shall be defined as follows:

- 1)** ethyl alcohol made of all types of raw materials, except for brandy alcohol;
- 2)** alcohol containing products (solutions, emulsion, suspension and other types of products in liquid form with a volumetric share of ethyl alcohol over 9 per cent.

For the purposes of the present Chapter, the following alcohol containing goods shall not be defined as excisable products:

medical, treatment-and-preventive, diagnostic preparations that were granted state registration with the authorized federal body of executive power and entered into [the State Register](#) of drugs and articles of medical use and also medical, treatment-and-preventive drugs (including homeopathic drugs) produced by chemist organizations under individual recipes and requests of medical organizations and dispensed in bottles not more than 100 ml;

drugs of veterinary use that were granted state registration with the authorized federal body of executive power and entered into the State Register of the registered veterinary drugs developed for application in animal industries on the territory of the Russian Federation bottled in tare not more than 100 ml;

perfume and cosmetics products that were granted state registration in the authorized federal bodies of executive power and dispensed in tare not more than 270 ml;

waste materials subject to further processing and/or use for technical purposes which are byproducts of production of ethyl alcohol made of food raw material, of vodka articles, liqueur and vodka articles, the former conforming to the reference documentation approved (agreed) by a federal body of executive power and entered into the State Register of ethyl alcohol made of food raw materials, alcoholic and alcohol containing products in the Russian Federation;

goods of household use in aerosol tare;

3) alcoholic products (drinkable alcohol, vodka, liqueur and vodka articles, cognacs, wine and other food products containing a volumetric share of ethyl alcohol more than 1.5 per cent, except for wine materials);

4) beer;

5) tobacco products;

6) jewelry.

For the purposes of the present Chapter, jewelry shall be defined as articles made of precious metals and their alloys and/or gems and/or artificially grown pearls.

State awards, medals, insignia articles shall not be defined as jewelry which status is defined by laws of the Russian Federation or decrees of the President of the Russian Federation, coins having the status of legal tender and which were officially issued, cult and religious use articles (except for wedding rings) intended for the use in temples during religious rites and/or divine services and jewelry haberdashery, articles from non-precious metals and alloys in the manufacture of which sliver-containing soldering materials have been used and also folk art craft articles manufactured with the use of gold- containing (silver-containing) paints and/or threads;

7) cars and motorcycles featuring engine power rating over 112.5 kW (150 h.p.);

8) petrol;

9) diesel fuel;

10) motor oil for diesel and/or carburetor (injector) engines.

Federal Law No. 126-FZ of August 8, 2001 reworded Item 2 of Article 181 of this Code

The amendments shall come into force as of January 1, 2002

See the text of the Item in the previous wording

2. Excisable mineral raw materials shall be defined as follows:

1) natural gas.

For the purposes of the present chapter stripped dry gas and oil (casing-head) gas shall be deemed natural gas after they have been processed.

Federal Law No. 126-FZ of August 8, 2001 reworded Article 182 of this Code

The amendments shall come into force as of January 1, 2002

See the text of the Item in the previous wording

Federal Law No. 118-FZ of August 7, 2001 reworded Article 182 of the present Code

The amendments shall come into force a month after official publication of the mentioned Federal Law

See the previous text of the Article

Article 182. The Item of Taxation

1. The following operations shall be defined as items of taxation:

1) sale, by persons, on the territory of the Russian Federation of excisable goods produced by them, including the sale of subjects of pledge and transfer of excisable goods under a compensation agreement or novation.

For the purposes of the present Chapter, the conveyance of title to excisable goods and/or excisable mineral raw materials by a person to another person for a

consideration and/or on a gratuitous basis, and also their use as wages in kind shall be defined as sale of excisable goods and/or excisable mineral raw materials;

According to [Federal Law No. 118-FZ of August 5, 2000 \(in the wording of \[Federal Law No. 33-FZ of March 24, 2001, which shall come into force a month after its official publication\\)\]\(#\), \[Subitem 2 Item 1 Article 182 of this Code shall be put into force as of June 1, 2001\]\(#\)](#)

2) sale by organizations from excise warehouses of alcoholic products bought from manufacturers of said products acting as taxpayers or from excise warehouses of other organizations.

The sale of alcoholic products from a excise warehouse of an wholesale organization to an excise warehouse of another wholesale organization shall not be recognized as an item of taxation;

3) sale by persons of confiscated and/or ownerless excisable goods, excisable goods which were refused in favour of the state and which are to be converted into state- and/or municipal property handed over to the former on the basis of sentences or decisions of courts, arbitration courts or other state bodies authorized thereto;

4) excisable goods produced by a person from on commission raw material (materials) and transferred to the territory of the Russian Federation by him to the owner of said raw material (materials) or other persons, including the receipt of said excisable goods into ownership on account of payment of services in the production of excisable goods from raw materials made on commission (materials);

5) produced excisable goods transferred within a unit of an organization for further production of non-excisable goods, except for operations named in [Subitems 2, 3 of Item 1 of Article 183](#) of the present Code;

6) excisable goods produced by persons for own needs and transferred on the territory of the Russian Federation;

7) transfer, by persons, of excisable goods produced by them into the charter (investment) capital of organizations, into share funds of co-operatives, and also as instalments under a contract of a simple partnership (contract on joint activity) on the territory of the Russian Federation;

8) transfer on the territory of the Russian Federation by an organization (business company or partnership) of excisable goods produced by it to its participant (his assignee or heir) in case of his exit from the organization (business company or partnership), and also the transfer of excisable goods effected within the framework of a simple partnership contract (contract on joint activity) to a participant (his assignee or heir) into said agreement to separate his share from assets owned jointly by parties to an agreement, or in case of division of such assets;

9) transfer of produced excisable goods for processing on commission basis;

10) import of excisable goods to the customs territory of the Russian Federation;

11) primary sale of excisable goods originating and imported to the territory of the Russian Federation from territories of member states of the Customs Union without customs registration (if there are agreements on the single customs space);

12) sale of natural gas from the territory of the Russian Federation;

13) sale and/or transfer, including that on a gratuitous basis, of natural gas to the territory of the Russian Federation to gas distribution organizations or direct (passing gas distributing organization) to end users using natural gas as fuel and/or raw material except the transactions specified in [Subitems 8 -12 Item 1 Article 183](#) of the present Code;

14) transfer of natural gas for own use except the transactions specified in [Subitem 9 Item 1 Article 183](#) of the present Code;

15) transfer of natural gas for industrial processing on commission basis and/or within the structure of an organization to manufacture other types of products except the transactions specified in [Subitem 12 Item 1 Article 183](#) of the present Code;

16) transfer of natural gas as a contribution to the charter (investment) capital, contribution under a simple partnership contract (contract on joint activity), fixed contributions to the share funds of co-operatives.

2. Operations listed in [Subitems 12 - 16 of Item 1](#) of the present Article shall be defined as items of taxation if excisable kinds of mineral raw material are extracted (are produced) on the territory of the Russian Federation, its continental shelf and/or its exclusive economic area.

3. For the purposes of the present chapter the "production" shall include in particular the bottling of excisable goods effected as a part of the general process of production of such goods in keeping with state standards and/or other regulatory technical documentation governing the process of production of the said goods and they shall be endorsed by authorised federal executive bodies and also any types of blending of goods in storage and sale places (except for public catering organisations) resulting in an excisable good.

4. In the event of reorganization of an organization, the right and the obligation to pay excise tax shall be transferred to its assignee.

Article 183. Operations Which Are Not Taxable (Exempt From Taxation)

[Federal Law No. 118-FZ of August 7, 2001 reworded Article 183](#)

The amendments shall [come into force](#) a month after official [publication](#) of the mentioned Federal Law

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

1. Not subject to taxation (the following operations are exempt from taxation) shall be:

1) transfer of excisable goods by a structural unit of an organization not being an independent taxpayer for production of other excisable goods to another similar structural unit of this organization, and also the in-house transfer of ethyl alcohol produced from non-food raw materials for the production of non-excisable goods;

2) sale of denatured ethyl alcohol, made from all kinds of raw material, to organizations under special permits for its supply within limits of allocated quotas approved (agreed) by authorized federal bodies of executive power.

For the purposes of the present Chapter, denatured ethyl alcohol shall be defined as ethyl alcohol containing such concentrations of denaturants that make it impossible to use said alcohol in the production of alcoholic and other food products made on the basis of ethyl alcohol received under special permits for its delivery within the limits of allocated quotas according to and approved by authorized federal bodies of executive authority by normative and technical documents, having passed state registration with an authorized federal body of executive authority and entered in the State register of ethyl alcohol and alcohol containing solutions from non-food raw material, or in the State Register of Ethyl Alcohol from Food Raw Materials, Alcohol Products and Alcohol-Containing Products in the Russian Federation.

Ethyl alcohol shall be defined as denatured (exempt from taxation) only provided its denaturation is effected on the basis of ethyl alcohol received under special permits for its delivery within the limits of allocated quotas, within the framework of a single technological process involving production facilities of an organization (without transfer during this technological process from one structural unit of the organization to another if the organization has such structural units);

3) the sale of alcohol containing denatured products to organizations under special permits for its delivery within the limits of allocated quotas approved and agreed by authorized federal bodies of executive power, in the manner established by the Government of the Russian Federation.

For the purposes of the present Article, alcohol containing denatured products shall be defined as alcohol containing non-food products containing denaturants in such concentrations of denaturants that make it impossible to use said alcohol in the production of alcoholic and other food products made on the basis of ethyl alcohol, including denatured ones, which is received under special permits for its delivery within the limits of the allocated quotas according to the approved authorized federal bodies of executive power in accordance with the normative and technical documents, that were granted state registration with the authorized federal body of executive power and entered into the State Register of ethyl alcohol and alcohol containing solutions made from non food raw materials or in the State Register of Ethyl Alcohol from Food Raw Materials, Alcohol Products and Alcohol-Containing Products in the Russian Federation;

4) the sale of excisable goods and/or transfer by a person of petroleum products produced by the person from customer's raw materials to the owner of the said raw materials (materials) or to other persons, such goods having been placed under the customs regime of export, out of the territory of the Russian Federation under Article 184 of the present Code;

5) the initial sale (transfer) of confiscated and/or ownerless excisable goods or excisable goods that were refused in favour of the state, and which are to be transferred into state and/or municipal property, for industrial processing under customs control and/or that of the tax authorities or destruction;

6) pumping of natural gas into strata to maintain reservoir pressure;

7) pumping of natural gas into underground storage;

8) the use of natural gas to prepare heat-carriers for pumping into petroleum strata and other methods of raising oil recovery, and also for gas lifting products of crude oil;

9) the use of natural gas for own process needs of organizations producing and transporting natural gas within the limits of the specifications stipulated by the process of preparation and transportation of gas approved in the order defined by the Government of the Russian Federation;

10) the sale (transfer) of stripped petroleum gas and associated petroleum gas on the territory of the Russian Federation after their treatment or processing;

11) the sale on territory of the Russian Federation of natural gas for personal consumption by natural persons, and also for consumption by housing construction co-operatives, condominiums and other similar consumers;

12) the transfer and/or sale of natural gas for production (including on commission basis) of compressed gas in case of its sale at state controlled prices;

According to Federal Law No. 126-FZ of August 8, 2001, Subitems 13 - 15 of Item 1 of Article 183 of this Code shall be deleted as of January 1, 2002

~~13) the sale of petroleum produced as a result of oil sludge processing;~~

~~14) the sale of petroleum extracted from activated idle, monitor or suspended (as of January 1, 1999) wells whose list shall be approved in the order approved by the Government of the Russian Federation;~~

~~15) the use of petroleum for the technological needs of oil extracting organizations within the limits of specifications dictated by the process needs of production, preparation and transportation of petroleum approved in the order defined by the Government of the Russian Federation and also the use of petroleum for the purposes of improving oil recovery of layers and other technological operations, including processing of drilling mud, shifting of wells to petroleum when completing and testing wells within the limits of the rates supported by oil recovery technologies endorsed in~~

~~accordance with the procedure determined by the Government of the Russian Federation.~~

2. Operations listed in [Item 1](#) of the present Article shall not be taxable (are exempt from taxation) only in case separate record-keeping of operations on production and sale (transfer) of such excisable goods and/or excisable mineral raw material is maintained.

3. Not taxable shall be (shall be exempt from taxation) the import to the customs territory of the Russian Federation of excisable goods which were refused in favour of the state and which are to be transferred into the state and/or municipal property.

[Federal Law No. 118-FZ of August 7, 2001 reworded Article 184](#)

The amendments shall [come into force](#) a month after official [publication](#) of the mentioned Federal Law

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

Article 184. Features of Exemption from Taxation of Operations in the Sale of Excisable Goods outside the Territory of the Russian Federation

On the Procedure for Indirect Tax Application in Mutual Trade Relations with the Member States of the Commonwealth of Independent States, see [Letter of the Ministry of the Russian Federation for Taxes and Fees No. VG-6-03/502 @ of June 29, 2001](#)

1. Exemption from taxation of operations stipulated by [Subitem 4 of Item 1 of Article 183](#) of the present Code shall take place only in case of the export of excisable goods under the customs treatment of export from the territory of the Russian Federation directly by the manufacturer of these goods acting as the taxpayer, and also by the owner of petroleum produced from its own raw material under an agreement for processing petroleum with an oil refinery, or on their instruction by another person on the basis of a contract of commission agency, contract of delegation or agency contract.

The taxpayer shall be relieved from excise tax when he sells excisable goods produced by him and/or transfers petroleum products produced from customer's raw materials, such goods or products having been placed under the customs regime of export, out of the territory of the Russian Federation if a bank surety or a bank guarantee is presented to the tax body ([Article 74](#) of the present Code). Such surety should provide for the undertaking of the bank to pay the excise tax amount and appropriate fine if the taxpayer fails to submit in the order and terms laid down by [Item 6 of Article 198](#) of the present Code documents confirming the fact of export of excisable goods and default on payment of the tax and/or fine.

In the absence of a surety of a bank, the taxpayer is obliged to pay the excise tax according to the standard order governing operations on the sale of excisable goods on the territory of the Russian Federation.

2. Upon payment of the excise tax due to the absence of a surety of a bank, at the taxpayer the paid amounts of the excise tax and appropriate fine shall be refundable upon submission by the taxpayer to the tax authorities of documents confirming the fact of export of excisable goods.

The tax shall be refunded in the order stipulated by [Article 203](#) of the present Code.

See [Letter of the Ministry for Taxes and Fees of the Russian Federation No. VG-6-03/177@ of March 1, 2001](#)

Article 185. Features of Taxation in Case of Movement of Excisable Goods Across the Customs Border of the Russian Federation

1. In case of import of excisable goods to the customs territory of the Russian Federation depending on a selected customs treatment, taxation shall be made in the following order:

1) if excisable goods are placed under the customs treatment of release for free circulation, the excise tax shall be paid in full;

2) if excisable goods are placed under the customs treatment of re-import, the taxpayer shall pay the amount of excise tax from which he was exempt or which was returned to him in connection with the export of goods according to the present Code in the order stipulated by the customs legislation the Russian Federation;

3) if excisable goods are placed under the customs treatments of transit, bonded warehouse, re-export, processing under customs control, free customs area, free warehouse, destruction or refusal in favour of the state, the excise tax is not paid;

4) if excisable goods are placed under the customs treatment of processing on the customs territory, the excise tax is paid upon the import of said goods to the customs territory of the Russian Federation and subsequently the paid amounts of the excise tax are refunded on exportation of products of their processing from the customs territory of the Russian Federation;

5) if excisable goods are placed under the customs treatment of temporary import, the excise tax shall be exempted in full or partially in the order stipulated by the customs legislation of the Russian Federation.

2. In the case of export of excisable goods from the customs territory of the Russian Federation, the tax shall be imposed in the following manner:

1) in case of export of goods under the customs treatment of export from the customs territory of the Russian Federation, the excise tax is not paid with allowance for Article 184 of the present Code or the paid amounts of the excise tax are refunded (are offset) by the tax authorities of the Russian Federation in the order stipulated by the present Code.

The order laid down in the present Subitem shall apply also if goods are placed under the customs treatments of bonded warehouse, free warehouse or free customs area for the purposes of their (including products of their processing) subsequent export according to the customs treatment of export from the customs territory of the Russian Federation;

2) in case of export of goods under the customs treatment of re-export from the customs territory of the Russian Federation, amounts of excise tax paid on their import to the customs territory of the Russian Federation shall be refunded to the taxpayer in the order stipulated by the customs legislation the Russian Federation;

3) in case of export of excisable goods from the customs territory of the Russian Federation according to customs treatments different from those listed in Subitems 1 and 2 of the present Item, there is no exemption from taxation nor a refund of paid amounts of excise tax, unless otherwise stipulated by the customs legislation of the Russian Federation.

3. In case excisable goods which are not intended for industrial or other activities are moved by natural persons, the simplified or preferential order of payment of excise tax can be used according to the customs legislation of the Russian Federation.

Article 186. Features of Levying of Excise Tax on Excisable goods moved Across the Customs Border of the Russian Federation in the Absence of Customs Control and Customs Registration

1. If, under an international treaty of the Russian Federation with a foreign state, the customs control and customs registration are abrogated for goods being moved across the customs border of the Russian Federation, the procedure for levying excise

tax on excisable goods originating from such a state or released for free circulation on its territory and imported to the territory of the Russian Federation shall be established by the Government of the Russian Federation.

2. In case of export of excisable goods from the territory of the Russian Federation to the territory of foreign states defined in Item 1 of the present Article, the order of confirmation of the right to exemption from payment of excise tax shall be established by the Government of the Russian Federation, including on the basis of bilateral agreements with the governments of said foreign states.

Article 187. Determination of the Tax Base in Case of the Sale (Transfer) of Excisable Goods

1. The tax base is defined separately for each type of excisable good.

2. The tax base in case of the sale (transfer defined as an item of taxation according to the present Chapter) of excisable goods produced by the taxpayer depending on tax rates fixed for such goods shall be defined as:

1) the volume of sold (transferred) excisable goods in kind - on excisable goods for which firm (specific) tax rates (in an absolute amount per unit of measurement) are established;

2) the cost of sold (transferred) excisable goods computed on the basis of prices defined with due regard to the provisions of [Article 40](#) of the present Code disregarding the excise tax, value-added tax and sales tax on excisable goods for which ad valorem (in percentage points) tax rates are established;

3) the cost of transferred excisable goods computed on the basis of average prices of sale effective over the previous tax period, and in their absence, on the basis of market prices disregarding the excise tax, value-added tax and the sales tax - on excisable goods for which ad valorem (in percentage) tax rates are established. In a similar order the tax base on excisable goods shall be defined for which ad valorem (in percentage) tax rates are established when they are sold on a gratuitous basis, when performing commodity swap (barter) transactions, and also by transfer of excisable goods under a cancellation compensation or novation and transfer of excisable goods as wages in kind.

3. The tax base in case of sale of confiscated and/or ownerless excisable goods, excisable goods which were refused for the benefit of the state and which are to be transferred into the state and/or municipal property, and also in case of the initial sale of excisable goods originating and imported from the territory of member states of the Customs Union without customs registration (if there are agreements on the single customs area) shall be as defined according to [Subitems 1 and 2 of Item 2](#) of the present Article.

Apparently, in the previous paragraph of the official text of the present document an error occurred: instead of the words "Subitems 1 and 2 of Item 1 of the present Article" should be "Subitems 1 and 2 of Item 2 of the present Article"

4. The tax base in case of transfer of jewelry produced on individual orders of the population using second-hand jewelry and/or scrap of such articles shall be defined as the cost of processing computed on the basis of the transaction price stated by the parties, unless otherwise is stipulated by [Article 40](#) of the present Code, disregarding the excise tax, the value added tax and the sales tax.

The numbering of the items is given according to the official source of publication

5. When determining the tax base, the taxpayer's proceeds received in foreign currency shall be converted into the currency of the Russian Federation at the [rate](#) of the Central Bank of the Russian Federation effective on date of sale of excisable goods.

6. Not to be included in the tax base are the funds received by taxpayers and that are not associated with the sale of excisable goods.

Federal Law No. 126-FZ of August 8, 2001 reworded Article 188 of this Code
The amendments shall come into force as of January 1, 2002
See the text of the Article in the previous wording

Article 188. Assessing the Tax Base in the Case of Sale (Transfer) of Excisable Mineral Raw Materials

1. In the case of sale (transfer) of natural gas in the domestic market the tax base shall be assessed as the value of sold (transferred) transported natural gas calculated on the basis of the prices applied but not below the state regulated prices, with account taken of discounts granted in the established manner, less value added tax. When payment is made for the service of gas transportation via gas distribution networks the value of the service and the amount of tariffs shall not be included in the tax base.

2. When natural gas is sold outside the territory of the Russian Federation the tax base shall be assessed as the value of natural gas sold less value-added tax in the case of sale of natural gas to member states of the Commonwealth of Independent States, customs payments and natural gas transportation expenses incurred outside of the territory of the Russian Federation.

3. When the tax base is being assessed the value of the taxpayer's excisable mineral raw materials in a foreign currency shall be converted into Russian currency at the exchange rate of the Central Bank of the Russian Federation effective as of the date of sale thereof.

4. Amounts received by the taxpayer not connected with the sale of excisable raw materials shall not be included in the tax base.

Article 189. The Increase of the Tax Base in Case of Sale of Excisable Goods and Excisable Mineral Raw Materials

Federal Law No. 118-FZ of August 7, 2001 reworded Item 1 of Article 189 of the present Code
The amendments shall come into force a month after official publication of the mentioned Federal Law
See the previous text of the Item

1. The tax base defined according to Articles 187 and 188 of the present Code shall be increased by the amounts received for excisable goods and/or excisable mineral raw materials sold in the form of financial assistance, advance and other payments received to offset future delivery of excisable goods and/or excisable mineral raw materials whose date of sale is determined in compliance with Item 1 Article 195 of the present Code, to replenish special purpose funds for the increase of incomes in the form of interest (discount) on bills of exchange and commodity credit interest, or otherwise shall be associated with the payment for sold excisable goods and/or excisable mineral raw materials.

2. The provisions of Item 1 of the present Article shall be applied to operations on sale of excisable goods and/or excisable mineral raw materials for which ad valorem (in percentage points) tax rates are established.

3. The amounts specified in the present Article received in foreign currency shall be converted into the currency of the Russian Federation at the rate of the Central Bank of the Russian Federation effective on the date of their actual receipt.

Article 190. Features of Determination of Tax Base in Case of Sale of Excisable Goods Using Different Tax Rates

1. If the taxpayer keeps separate record-keeping of operations in the production and sale (transfer recognized as an item of taxation according to the present Chapter) of excisable goods, operations on whose sale are taxed at different tax rates, tax bases shall be defined separately on operations taxed at identical tax rates. In so doing, the amounts specified in [Item 1 of Article 189](#) of the present Code depending on used ad valorem (in percentage points) tax rates shall be included in the appropriate tax bases.

2. If the taxpayer keeps no separate record-keeping defined in Item 1 of the present Article, a single tax base shall be established for all operations of sale (transfer) of excisable goods. In so doing, amounts stipulated in Item 1 of Article 189 of the present Code shall be included in this single tax base.

Article 191. Determination of Tax Base in Case of Import of Excisable Goods to the Customs Territory of the Russian Federation

1. If excisable goods (with allowance for provisions of [Article 185](#) of the present Code) are imported to the customs territory of the Russian Federation, the tax base shall be defined:

1) for excisable goods concerning which firm (specific) tax rates are established (in absolute amounts per unit of measurement) - as the volume of imported excisable goods in kind;

2) for excisable goods concerning which ad valorem (in percentage points) tax rates are established as the sum of:

their customs value;

the payable customs duty.

2. Customs values of excisable goods and also payable customs duty shall be defined according to the present Code.

3. The tax base shall be defined separately for each consignment of excisable goods which are imported to the customs territory of the Russian Federation.

If a consignment of excisable goods imported to the customs territory of the Russian Federation contains excisable goods whose importation is taxed under different tax rates, the tax base shall be defined separately for each group of said goods. Similarly shall be determined the tax base if a consignment of excisable goods imported to the customs territory of the Russian Federation contains excisable goods which had been earlier exported from the customs territory of the Russian Federation for processing outside the customs territory of the Russian Federation.

4. When importing to the customs territory of the Russian Federation excisable goods as products of processing outside the customs territory of the Russian Federation, the tax base shall be defined according to the provisions of the present Article.

Article 192. The Tax Period

For the taxpayers specified in [Items 1 and 2 of Article 179](#) of the present Code, a tax period shall be defined as a calendar month.

Article 193. Tax Rates

[Federal Law No. 126-FZ of August 8, 2001](#) reworded [Item 1 of Article 193 of this Code](#)

[The amendments shall come into force as of January 1, 2002](#)

[Federal Law No. 118-FZ of August 7, 2001](#) reworded [Item 1 of Article 193 of this Code](#)

[The amendments shall come into force as of January 1, 2002](#) [See the previous text of the Item](#)

According to [Federal Law No. 118-FZ of August 5, 2000, Item 1 of Article 193 of Part 2 of the Tax Code concerning tobacco raw material, tobacco offal and other industrially made tobacco and industrial substitutes of tobacco used as raw materials in the production of tobacco articles, shall come into effect as of January 1, 2002](#)

1. The taxation of excisable goods and excisable mineral raw materials shall be effected at the following uniform tax rates throughout the territory of Russian Federation:

Type of Excisable Good	Tax Rate (as Percentage Points or Roubles and Kopecks per Unit)
Ethyl alcohol from all kinds of raw materials (in particular, raw ethyl alcohol from all kinds of raw materials)	14 roubles 11 kopecks per 1 litre of water-free ethyl alcohol
Alcohol products with ethyl alcohol content of over 25 per cent by volume (except and for wines) and alcohol-containing products	98 roubles 78 kopecks per 1 litre of water-free ethyl alcohol contained in excisable goods
Alcohol products with ethyl alcohol content of 9 to 25 per cent inclusive by volume in (except for wines)	72 roubles 91 kopecks per 1 litre of water-free ethyl alcohol contained in excisable goods
Alcohol products with ethyl alcohol content of up to 9 per cent inclusive by volume (except for wines)	50 roubles 60 kopecks per 1 litre of water-free ethyl alcohol contained in excisable goods
Wines (except for natural)	41 roubles 20 kopecks per 1 litre of water-free ethyl alcohol contained in excisable goods
Champagne and sparkling wines	10 roubles 58 kopecks per 1 litre
Natural wines	3 roubles 52 kopecks per 1 litre (except for champagne and sparkling wines)
Beer with rated (standardised) ethyl alcohol content of up to 0.5 per cent inclusive by volume	0 roubles per 1 litre
Beer with rated (standardised) litre	1 rouble 12 kopecks per 1

ethyl alcohol content from 0.5 to 8.6 per cent inclusive by volume

Beer with rated (standardised) 1 litre ethyl alcohol content over 8.6 per cent by volume 3 roubles 70 kopecks per

Tobacco articles: 453 roubles 60 kopecks per 1 kg

Smoking tobacco, except for tobacco used as raw material for producing tobacco products 185 roubles 92 kopecks per 1 kg

Cigars 11 roubles 20 kopecks per piece

Cigarillos, filter cigars longer than 85 mm 84 roubles per 1,000 pcs

Filter cigarettes, except for filter cigarettes longer than 85 mm and cigarettes, Classes 1, 2, 3 and 4 under code GOST 3935-81 61 roubles 60 kopecks per 1,000 pcs

Filter cigarettes, Classes 1, 2, 3 and 4 under code GOST 3935-81 39 roubles 20 kopecks per 1,000 pcs

Jewellery articles 5 per cent

Federal Law No. 126-FZ of August 8, 2001 deleted the line "Oil and stable gas condensate" from the present table. The amendments shall come into force as of January 1, 2002

~~Oil and stable gas condensate 73 roubles 92 kopecks per 1 ton~~

Cars featuring engines of up to 67.5 kW (90 h.p.) inclusive 0 roubles per 0.75 kW (1 h.p.)

Cars featuring engines of over 67.5 kW (90 h.p.) and up to 112.5 kW (150 h.p.) inclusive 11 roubles 20 kopecks per 0.75 kW (1 h.p.)

Cars featuring engines of over 112.5 kW (150 h.p.), motorcycles featuring engines of 112 roubles per 0.75 kW per 0.75 kW (1 h.p.)

over 112.5 kW (150 h.p.)

Motor petrol with octane number of "80" inclusive 1,512 roubles per 1 ton

Motor petrol with other octane numbers 2,072 roubles per 14 ton

Diesel fuel 616 roubles per 1 ton

Oil for diesel and/or carburettor (injection) engines 1,680 roubles per 1 ton

Natural gas sold (transferred) on the territory of the Russian Federation 15 per cent

Natural gas sold (transferred) to the member states of the Commonwealth of Independent States 15 per cent

Natural gas sold (transferred) off the territory of the Russian Federation (except for the member states of the Commonwealth of Independent States) 30 per cent".

[Federal Law No. 118-FZ of August 7, 2001 reworded Item 2 of Article 193 of this Code](#)

[The amendments shall come into force a month after official publication of the mentioned Federal Law](#)

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

2. The taxation of alcohol products imported into the customs territory of the Russian Federation shall be effected at the relevant tax rates specified in [Item 1](#) of the present article.

When alcohol products with ethyl alcohol content of up to 9 per cent by volume inclusive are being sold by the taxpayers being the producers thereof taxation shall be effected at the tax rates specified in [Item 1](#) of the present article.

When alcohol products with ethyl alcohol content of over 9 per cent by volume, except for the sale of the said products to excise warehouses of other organisations and excise warehouses being structural units of the taxpayers being the producers of alcohol products, are being sold by the taxpayers being the producers thereof taxation shall be effected at the relevant tax rates specified in [Item 1](#) of the present article.

When alcohol products with ethyl alcohol content of over 9 per cent by volume are being sold by the taxpayers being the producers thereof to excise warehouses, except for excise warehouses being structural units of the taxpayers being the producers of alcohol products, taxation shall be effected at the rate of 50 per cent of the relevant tax rates specified in [Item 1](#) of the present article.

When alcohol products with ethyl alcohol content of over 9 per cent by volume, are being sold by wholesalers from excise warehouses, except for the sale of the said

products to excise warehouses of other wholesalers or to excise warehouses being structural units of taxpayers being wholesalers and also alcohol products brought into the customs territory of the Russian Federation, taxation shall be effected at the rate of 50 per cent of the relevant tax rates specified in [Item 1](#) of the present article.

[Federal Law No. 118-FZ of August 7, 2001 reworded Item 3 of Article 193 of this Code](#)

[The amendments shall come into force a month after official publication of the mentioned Federal Law](#)

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

3. The rates of advance payment in the form of purchase of excise stamps or special regional stamps on excise goods subject to compulsory marking shall be established by the Government of the Russian Federation and they shall not exceed 1 per cent of the set rate of the excise tax on alcohol products with ethyl alcohol content of over 25 per cent by volume.

[Federal Law No. 126-FZ of August 8, 2001 reworded Article 194 of this Code](#)

[The amendments shall come into force as of January 1, 2002](#)

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

Article 194. The Order of Calculation of Excise Tax

1. The excise tax amount on excisable goods (including in case of import to the territory of the Russian Federation) concerning which firm (specific) tax rates are established shall be calculated as the product of a corresponding tax rate and the tax base estimated according to the [Articles 187 - 191](#) of present Codes.

2. The excise tax amount on excisable goods (including that in case of their import to the territory of the Russian Federation) and excisable mineral raw materials concerning which ad valorem (in percentage points) tax rates are established shall be calculated as the percentage share corresponding to the tax rate of the tax base defined according to [Articles 187 - 191](#) of the present Code, and in case of separate record-keeping - as the sum received as a result of additional amounts of taxes computed separately as percentage shares corresponding to the tax rates of corresponding tax bases.

3. The total amount of excise tax in case of sale (transfer) of excisable goods shall be an amount received as a result of addition of tax amounts computed according to [Items 1 and 2](#) of the present Article for each type of excisable good taxed at different tax rates.

4. The total amount of excise tax on excisable goods and excisable mineral raw material shall be calculated on the results of each tax period ([Article 192](#) of the present Code) as applied to all operations in the sale of excisable goods and excisable mineral, raw material the date of sale of which (of transfer) ([Article 195](#) of the present Code) refers to the appropriate tax period and also with allowance for all changes which increase or reduce the tax base over the respective tax period.

5. The total amount of excise tax if several types of excisable goods taxed at different tax rates are imported to the territory of the Russian Federation shall be an amount received as a result of the addition of excise tax amounts computed for each type of these goods according to [Items 1 and/or 2](#) of the present Article.

6. If the taxpayer does not maintain separate record-keeping stipulated by [Item 1 of Article 190](#) of the present Code, the excise tax amount on excisable goods shall be defined on the basis of the highest tax rate of those used by the taxpayer in relation to the single tax base defined for all taxable operations.

[Federal Law No. 126-FZ of August 8, 2001 reworded Article 195 of this Code](#)

The amendments shall come into force as of January 1, 2002

See the text of the Article in the previous wording

Federal Law No. 118-FZ of August 7, 2001 reworded Article 195

The amendments shall come into force a month after official publication of the mentioned Federal Law

See the previous text of the Article

Article 195. Determination of the Date of Sale (Transfer) of Excisable Goods and/or Excisable Mineral Raw Material

1. For the purposes of the present Chapter, the date of sale of excisable goods and/or mineral excisable raw materials listed in Subitem 10 of Item 1 and Subitem 1 of Item 2 of Article 181 of the present Code shall be defined as the day of payment for said excisable goods and/or excisable mineral raw materials.

Federal Law No. 118-FZ of August 5, 2000 until July 1, 2001 established that until January 1, 2002 with respect to the date of the realisation of motor spirit with the octane number of up to 80 inclusive and diesel fuel there shall applied the procedure stipulated by Item 2 of this Article respect to other excisable goods, and the payment of the excises on motor spirit and diesel fuel shall be made at the time stipulated by Item 2 of Article 204

2. For the purposes of the present Chapter, the date of sale (transfer) of excisable goods which are not listed in Item 1 of the present Article shall be defined as the day of shipment (transfer) of appropriate excisable goods and/or excisable mineral raw materials.

3. For the purposes of the present Chapter, the date of transfer of excisable goods and/or excisable mineral raw materials, in particular for own needs, and also by gratuitous transfer and/or in case of swap with involvement of excisable goods and/or mineral excisable raw materials listed in Subitem 10 of Item 1 and Subitem 1 of Item 2 of Article 181 of the present Code shall be defined as the day of performance of the appropriate operation.

According to Federal Law No. 118-FZ of August 5, 2000 (in the wording of Federal Law No. 33-FZ of March 24, 2001, which shall come into force a month after its official publication), Item 4 of Article 195 of this Code shall be put into force as of June 1, 2001

4. For the purposes of the present Chapter, the date of sale (transfer) of alcoholic products from an excise warehouse shall be defined as the day of the completion of operation of the regime of "tax warehouse".

If a shortage of said products is uncovered, the date of its sale (transfer) shall be defined as the day the shortage is discovered (except for cases of shortage within the limits of standards of natural loss approved by an authorized federal body of executive power).

According to Federal Law No. 118-FZ of August 5, 2000 (in the wording of Federal Law No. 33-FZ of March 24, 2001, which shall come into force a month after its official publication), Article 196 of this Code shall be put into force as of June 1, 2001

Article 196. The Taxation Regimes Concerning Alcoholic Products

1. Storage, transportation and delivery (transfer) to buyers of alcoholic products shall be effected on the territory of the Russian Federation according to the terms of regimes of tax warehouse.

2. While alcoholic products are under the operation of regimes of tax warehouse, said products shall not be considered sold and there no obligation will occur to pay the excise tax concerning these products.

According to [Federal Law No. 118-FZ of August 5, 2000](#) (in the wording of [Federal Law No. 33-FZ of March 24, 2001](#), which shall come into force a month after its [official publication](#)), Article 197 of this Code shall be put into force as of June 1, 2001

Article 197. The Tax Warehouse Regime

1. The tax warehouse regime shall be understood to be a complex of measures and activities of tax control performed by the tax authorities as regards alcoholic products from the time of their production and/or receipt at a warehouse (hereinafter referred to as an "excise warehouse") to the time of their shipment (transfer) to buyers.

2. Operation of the tax warehouse regime shall cover the territory on which are the industrial premises used by the taxpayer in the production of alcoholic products, and also specially created excise warehouses for their storage which are located outside this territory. It is forbidden to store said products before their shipment (transfer) to buyers in places other than excise warehouses or means of transport in the transit regime of transportation.

3. The time of shipment (transfer) of alcoholic products from the territory on which the industrial premises used by the taxpayer for their production are situated or from an excise warehouse to buyers and/or its retail structural unit shall be defined as the completion time of operation of the tax warehouse regime. In case of exemption of alcoholic products from excise tax according to the legislation of the Russian Federation on taxes and fees, the completion time of operation of the tax warehouse regime as regards such goods shall be the effective date of a corresponding report or another date stated therein.

4. Alcoholic products covered by the operation of the tax warehouse regime shall remain deposited under the control of officials of tax authorities in specially allocated and equipped premises (excise warehouses) up to the time of their shipment to buyers.

5. Excise warehouses shall be established by organizations recognized as taxpayers according to [Subitem 1 of Item 1 of Article 179](#) of the present Code if there is a corresponding permit issued by territorial bodies of the Ministry of the Russian Federation for Taxes and Fees for constituent entities of the Russian Federation. The [procedure](#) for issuing permits to establish excise warehouses, the manner of their operations and also the composition of measures of tax control concerning the former shall be defined by the Government of the Russian Federation.

See the [Rules for the Acceptance and Consideration of Documents Submitted by Organizations to Obtain a Permit for Setting Up Excise Store-Houses](#), and the [Forms for the Documents Regulating the Activity of the Excise Store-Houses approved by Order of the Ministry of Taxes and Fees of the Russian Federation No. BG-3-31/41 of February 19, 2001](#)

6. When in excise warehouses, the alcoholic products can be subjected solely to operations designed to ensure their safety, and to prepare such for sale and transportation.

7. Officials of an excise warehouse are obliged:

1) to keep account of excisable goods stored in said warehouse and submit to the tax authorities accounting reports on these in due order;

2) to ensure that excisable goods could not be taken from an excise warehouse without the supervision of officials of tax authorities;

3) to ensure that only persons with appropriate powers certified the by tax authorities will have access to the excise warehouse;

4) to comply with terms of a permit to establish an excise warehouse, including to fulfill demands of the tax authorities to equip said warehouse according to the established requirements (including availability of control devices, authenticity of the special marks), provide access to officials of the tax authorities to goods stored in the warehouse and furnish free of charge said staff with equipped premises and communication facilities for the purposes of tax control enforcement;

5) to equip an excise warehouse with double locking devices on request of the tax authorities, one of which should be controlled by the management of the tax authorities.

Article 198. The Tax Amount Presented by the Vendor to the Buyer

Federal Law No. 118-FZ of August 7, 2001 reworded Item 1 of Article 198 of this Code

The amendments shall come into force a month after official publication of the mentioned Federal Law

See the previous text of the Article

1. The taxpayer selling excisable goods he has produced from on-commission raw material (materials), or selling excisable mineral raw materials, or selling alcohol products from the excise warehouses of wholesalers, is obliged to present for payment to the buyer of said goods and/or mineral raw materials (owner of the give-and-take raw material (materials)) a corresponding amount of excise tax.

2. The appropriate amount of excise tax shall be stated in a separate line in settlement documents, including in the registers of receipts and registers to receive funds from a letter of credit, primary registration documents and in invoices (Article 169 of the present Code), save the cases when excisable goods and excisable raw materials are sold off the territory of the Russian Federation.

3. In case of the sale of excisable goods and/or excisable mineral raw materials, the operations on which sale according to Article 183 of the present Code are exempt from taxation, settlement documents, primary registration documents and invoices are to be made out without allocation of the appropriate excise tax amounts in separate lines. In so doing, the stamp "Without excise tax" is affixed or the phrase is written on said documents.

4. In case of the sale of excisable goods to the population at wholesale prices, the appropriate tax amount shall be included in the price of said goods. Thus, on labels of goods and price tags which are displayed by the vendor and also on receipts and other documents issued to the buyer, the appropriate excise tax amount shall not be singled out.

5. In case of import of excisable goods to the customs territory of the Russian Federation, the appropriate filled in customs forms and settlement documents confirming the fact of payment of the excise tax shall be used as control documents to prove propriety of tax deductions.

6. If excisable goods are exported under the customs treatment of export from the territory of the Russian Federation, the following documents must be submitted to the tax authorities at the place of registration of the taxpayer to confirm propriety of exemption from payment of the excise tax and the tax deductions within 180 days from the date of sale of said goods:

1) contract (copy of the contract) of the taxpayer with his contracting party on the delivery of excisable goods. If the excisable goods are delivered for export under a contract of commission agency, contract of delegation or an agency contract, the taxpayer shall submit to the tax authorities a contract of commission agency, contract of delegation or an agency contract (copies of the said contracts) and the contract (copy of the contract) of the person delivering the excisable goods for export on order of the

taxpayer (in accordance with the contract of commission agency, contract of delegation or agency contract) with the contracting party.

In case the export of excisable goods produced from on-commission raw materials is effected by an owner of on-commission raw materials, the taxpayer shall submit to the tax authorities the agreement between the owner of excisable goods produced from on-commission raw materials and the taxpayer on production of excisable goods and the contract (copy of the contract) between the owner of on-commission raw materials and the contracting party.

In case the export of excisable goods produced from on-commission raw materials is effected by another person under a contract of commission agency or another agreement with the owner of the on-commission raw materials, the manufacturer of these goods from on-commission raw materials acting as the taxpayer shall submit to the tax authorities in addition to the agreements between the owner of excisable goods produced from the on-commission raw materials and the taxpayer on production of excisable goods the contract of commission agency, contract of delegation or agency contract between the owner of these excisable goods and the person delivering the goods for export, as well as a contract (copy of the contract) of the person delivering the excisable goods for export with the contracting party;

2) payment documents and a bank abstract confirming the actual receipt of proceeds from sale of excisable goods to the foreign person to an account of the Russian supplier with a Russian bank.

If the delivery for export of excisable goods is performed under a contract of commission agency, contract of delegation or an agency contract, the taxpayer shall submit to the tax authorities the payment documents and a bank abstract confirming the actual receipt of proceeds from the sale of excisable goods to the foreign person to an account of the commission agent (attorney, agent) with a Russian bank registered with the tax authorities.

In case the export of excisable goods produced from on-commission raw materials is performed by the owner of said goods, the manufacturer of these goods from on-commission raw materials acting as the taxpayer shall submit to the tax authorities the payment documents and a bank abstract confirming the actual receipt of proceeds from the sale of excisable goods to the foreign person to an account of the owner of the excisable goods produced from on-commission raw materials with a Russian bank. After proceeds from the sale of goods produced from on-commission raw materials to the foreign person are received in an account of the taxpayer or holder of these excisable goods from an organization registered as a taxpayer in the Russian Federation, but not from the foreign person, it is necessary to submit to the tax authorities, besides payment documents and bank abstracts, the contracts of delegation as regards the payment for exported excisable goods between the foreign individual or organisation which has effected the payment.

If foreign currency earnings from the sale of excisable goods are not entered into the territory of the Russian Federation, are performed in compliance with the procedure established by the legislation of the Russian Federation on currency regulation and currency control, the taxpayer shall submit to the tax authorities the documents (their copies) confirming the right not to enter foreign currency earnings to the territory of the Russian Federation;

[Federal Law No. 118-FZ of August 7, 2001 reworded Subitems 3 and 4 of Item 6 of Article 198 of this Code](#)

The amendments shall [come into force](#) a month after official [publication](#) of the mentioned Federal Law

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

3) a [cargo customs declaration](#) or a copy thereof bearing an annotation of the Russian customs body which has cleared the good under the customs [regime of export](#) and the Russian customs body in whose area of activity the check-point is located through which the said goods have been taken out of the customs territory of the Russian Federation (hereinafter referred to as "border customs body").

When petroleum products are taken out of the territory of the Russian Federation under the customs regime of export by pipeline a full cargo customs declaration shall be filed as bearing annotations of the Russian customs body that has completed customs formalities in respect of this petroleum product exportation.

When petroleum products are taken to third countries across Russia's border with a member state of the Customs Union, with customs control having been abolished at such a border, under the customs regime of export a cargo customs declaration shall be filed as bearing annotations of the customs body of the Russian Federation that has completed customs formalities in respect of this petroleum products exportation;

4) copies of transport or forwarding documents or other documents bearing annotations of border customs bodies of foreign states confirming that the goods have been taken out of the customs territory of the Russian Federation, except for the exportation of petroleum products under the customs regime of export across the border of the Russian Federation.

When petroleum products are taken out of this country under the customs regime of export via sea ports copies of the following documents shall be filed with the tax bodies to confirm the exportation of the goods out of the customs territory of the Russian Federation:

a copy of instructions for shipment of the exported petroleum products including an indication of the unloading port complete with the annotation "Loading permitted" from the customs border house of the Russian Federation;

a copy of the bill of lading for the carriage of the exported petroleum products where a port located outside of the customs territory of the Russian Federation is indicated in the column "Port of unloading". Copies of transport/forwarding documents and/or other documents confirming the exportation of petroleum products out of the customs territory of the Russian Federation need not be filed in the case of exportation of petroleum products under the customs regime by pipeline.

When petroleum products are taken out of this country under the customs regime of export by railway tanks copies of transport/forwarding and/or other documents shall be filed by the taxpayer with the tax bodies to confirm the exportation of the goods out of the customs territory of the Russian Federation, such documents bearing annotations entered by the Russian border customs body.

7. In case of non-submission or partial submission of the documents listed in Item 6 of the present Article and confirming the fact of export of excisable goods from the territory of the Russian Federation which should be presented to tax authorities at the place of registration of the taxpayer, the excise tax shall be paid on said excisable goods in the order laid down by the present Chapter for operations in the sale of excisable goods on the territory of the Russian Federation.

Article 199. The Procedure for Referring Excise Tax Amounts

[Federal Law No. 110-FZ of August 6, 2001 amended Item 1 of Article 199 of this Code. The amendments shall come into force as of January 1, 2002](#)

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

1. Amounts of excise tax calculated by the taxpayer in case of sale of excisable goods and/or excisable mineral raw materials (except for sale on a gratuitous basis) and presented to the buyer, shall be referred to the taxpayer to expenses accepted for deduction when computing the organization's profit tax.

Amounts of excise tax calculated by the taxpayer on operations of transfer of excisable goods and/or excisable mineral raw materials recognized as an item of taxation according to the present [Chapter](#), and also in case of their sale on a gratuitous basis shall be referred to the taxpayer to the charge of corresponding sources to the charge of which are referred expenses under said excisable goods and/or excisable mineral raw materials.

2. Amounts of excise tax presented by the taxpayer to the buyer in case of sale of excisable goods and/or excisable mineral raw materials for the buyer shall be accounted in the cost of bought excisable goods and/or excisable mineral raw materials, unless otherwise stipulated by Item 3 of the present Article.

Amounts of excise tax actually paid when importing excisable goods to the customs territory of the Russian Federation shall be taken into account in the cost of said excisable goods, unless otherwise is stipulated by Item 3 of the present Article.

Amounts of excise tax presented by the taxpayer to the owner of the on-commission raw material (materials), shall be referred by the owner of on-commission raw material (materials) to the cost of excisable goods and/or excisable mineral raw materials produced from said raw material (materials).

3. Not to be taken into account shall be the cost of acquired or transferred on give and take terms (imported to the customs territory of the Russian Federation) excisable goods and shall be deducted or refunded in the order stipulated by the present Chapter, the amounts of excise tax presented to the buyer when acquiring or the owner of customer's raw materials (materials) in the case of transferring, they shall be payable in case of importation to the customs territory of the Russian Federation of:

1) excisable goods used as raw materials in the production of other excisable goods.

Said provision shall apply if rates of tax imposed on excisable goods used as raw materials and the rate of tax imposed on excisable goods produced from these raw materials have been defined per one and the same unit of measurement of the tax base;

2) ethyl alcohol produced from non-food raw materials thereafter used as raw material to produce non-excisable goods.

Aforesaid provision shall apply only if the ethyl alcohol produced from non-food raw materials is purchased directly from the producer of this alcohol acting as the taxpayer by an organization acting as the buyer which uses this alcohol in the production of non-excisable goods directly at the taxpayer of the manufacturer of this alcohol, and this provision shall not cover cases when ethyl alcohol produced from non-food raw materials is acquired by way of a contract of barter or mutual settlements.

[Article 200.](#) Tax Deductions

1. The taxpayer has the right to reduce the total excise tax amount on excisable goods defined according to [Article 194](#) of the present Chapter by tax deductions laid down in the present Article.

2. Deductible shall be amounts of excise tax presented by vendors and paid by the taxpayer when acquiring excisable goods or paid by the taxpayer when importing excisable goods to the customs territory of the Russian Federation which have been released for free circulation and used thereafter as raw material to produce excisable goods. If the said excisable goods get lost in the course of the storage, relocation and subsequent technological processing thereof the amounts of excise tax shall also be subject to deduction. In such a case the following shall be subject to deduction: the amount of excise relating to the part of the goods irreparably lost within the natural wear and tear rates endorsed by the authorised federal executive body for a relevant group of goods.

3. By transfer of excisable goods produced from on-commission raw material (materials), if the excisable goods are on-commission raw material (materials),

deductible shall be amounts of tax presented by vendors and paid by the owner of said on-commission raw material when acquiring the latter or paid by him when importing this raw material (materials) to the customs territory of the Russian Federation and released for free circulation as well as the excise tax amount computed and paid by the owner of on-commission raw material (materials) in the course of its production.

4. Deductible shall be amounts of excise tax paid on the territory of the Russian Federation on ethyl alcohol produced from food raw material used in the production of wine materials and thereafter used in the production of alcoholic products.

5. Deductible shall be amounts of excise tax paid by the taxpayer when a buyer returns excisable goods (including return during warranty period) or rejects such.

According to [Federal Law No. 118-FZ of August 5, 2000](#) (in the wording of [Federal Law No. 33-FZ of March 24, 2001](#), which shall come into force a month after its [official publication](#)), [Item 6 of Article 200 of this Code](#), in as much as it concerns the deduction of the advance payment amounts paid at the purchase of special regional stamps, shall be put into force as of June 1, 2001

6. Deductible shall be amounts of advance payment paid when acquiring excise marks or in case when special regional stamps are being acquired, on excisable goods subject to obligatory marking.

[Federal Law No. 118-FZ of August 7, 2001](#) supplemented [Article 200 of this Code](#) with [Item 7](#):

The amendments shall [come into force](#) a month after [official publication](#) of the mentioned [Federal Law](#)

7. The taxpayer shall be entitled to reduce the sum total of excise tax on excisable goods and/or excisable mineral raw materials determined under [Articles 188](#) and [194](#) of the present Code by the sum of excise tax calculated by the taxpayer on the amounts of advance and/or other payments received to offset future delivery of excisable goods and/or excisable mineral raw materials.

Article 201. The Procedure for Tax Deductions' Application

1. The tax deductions stipulated by [Items 1 - 4 of Article 200](#) of the present Code shall be made on the basis of settlement documents and invoices drawn up by vendors when the taxpayer acquires excisable goods or on the basis of customs declarations or other documents confirming the fact of import of excisable goods to the customs territory of the Russian Federation and the payment of a corresponding excise tax amount.

Deductible shall only be amounts of excise tax actually paid by vendors in case of purchase of excisable goods or actually paid in case of import of excisable goods to the customs territory of the Russian Federation which were released for free circulation.

If third persons pay for excisable goods used as raw material in the production of other goods, tax deductions shall be made if settlement documents give the name of the organization for which the payment was made.

If excisable goods on which on the territory of the Russian Federation excise tax has already been paid were used as the give-and-take raw material tax deductions, when the taxpayers submit copies of payment documents, a mark of the bank shall be necessary to confirm the fact of payment of the tax by the owner of the raw material (materials) or the fact of payment by the owner of the cost of the raw material at prices which include excise tax.

[Federal Law No. 110-FZ of August 6, 2001](#) amended [Items 2 and 3 of Article 201 of this Code](#). The amendments [shall come into force](#) as of January 1, 2002

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

2. The deductions of amounts of excise tax specified in [Item 4 of Article 200](#) of the present Code shall be made when taxpayers submit payment documents bearing a mark of bank confirming the fact of payment by the vendor producing wine material and ethyl alcohol produced from food raw materials at prices that include excise tax. In so doing, deductible shall be the amount of tax at a rate which should not exceed the amount of excise tax computed by the formula:

$$C = (A \times K) : 100 \% \times O,$$

where:

C - stands for the amount of excise tax paid on ethyl alcohol used in wine production;

A - stands for the tax rate per litre of absolute ethyl alcohol;

K - stands for strength of wine;

O - stands for the volume of sold wine.

An amount of excise tax exceeding the amount of excise tax calculated according to the said formula shall be referred to the incomes remaining at taxpayers' disposal after the tax on the profit of organisations.

3. The deductions of amounts of excise tax stated in [Items 1-4 of Article 200](#) of the present Code shall be made on the part of the cost of corresponding to excisable goods used as basic raw material, such cost being actually included into production outlays of other sold (transferred) excisable goods accepted for deduction when calculating the organizations' profit tax.

If over a reporting tax period the cost of excisable goods (raw material) is referred to production outlays of other sold (transferred) excisable goods without payment of the excise tax on these goods (raw material) to the vendors, the amounts of excise tax shall be deductible in the reporting period when it was paid to the vendors.

4. Amounts of excise tax detailed in [Item 2 of Article 200](#) of the present Code in relation to excisable goods exported under the regime of export from the territory of the Russian Federation shall be deducted if there is documentary confirmation of customs houses of the fact of export of the corresponding excisable goods from the customs territory of the Russian Federation and the deductions shall not apply to export of goods for processing outside the customs territory of the Russian Federation.

5. The deductions of amounts of excise tax indicated in [Item 5 of Article 200](#) of the present Code, shall be effected in full after appropriate adjustment operations in connection with the return of these goods or rejection of these goods are reflected in the record-keeping, but no later than one year from the time of return of these goods or rejection of these goods and no earlier than the time of actual payment of the entire tax amount to the vendor of these excisable goods.

6. The deductions detailed in [Item 6 of Article 200](#) of the present Code shall be made when the taxpayer makes the final calculation of the payable excise tax amount in the case of import of excisable goods into the customs territory of the Russian Federation or relating to sold (delivered) excisable goods.

Article 202. Payable Excise Tax Amount

1. The excise tax amount payable by the taxpayer performing operations in the sale (transfer recognized as an item of taxation according to the present Chapter) of excisable goods shall be defined by results of each tax period as reduced by tax deductions stipulated by [Article 200](#) of the present Code, the total excise tax amount defined according to [Article 194](#) of the present Code.

2. The excise tax amount payable by the taxpayer performing operations in the sale (the transfer defined as and item of taxation according to the present Chapter) of excisable mineral raw materials, shall be computed on results of each tax period as a total amount of excise tax on excisable mineral raw material according to [Article 194](#) of the present Code.

3. The excise tax amount payable in case of import of excisable goods to the territory of the Russian Federation shall be determined according to [Item 5 of Article 194](#) of the present Code.

4. The excise tax amount payable by the taxpayers performing the primary sale of excisable goods originating and imported from the territory of member states of the Customs Union without customs registration (if there are agreements on single customs space) shall be determined according to [Article 194](#) of the present Code.

5. If the amount of excise tax deductions over any tax period exceeds the total tax amount calculated on sold excisable goods, the taxpayer shall pay no tax in such an excise tax period.

The amount of excise tax deductions exceeding the total amount of tax computed on sold excisable goods, shall be subject to offset to the charge of current and/or future payments in the following tax period on this tax.

The amount of excise tax deductions exceeding the total amount of tax computed on excisable goods sold over a reporting tax period shall be deductible from the total amount of excise tax in the following tax period as priority in comparison with other tax deductions. If the total amount of tax computed on excisable goods sold over the following tax period will turn out to be below the said amount of excess, the difference between this amount of excise tax can be used to meet the tax obligation of the taxpayer on other taxes (duties) in the manner and on the conditions defined by [Item 5 of Article 78](#) of the present Code.

[Article 203](#). The Refundable Amount of Excise Tax

1. If by the results of a tax period the amount of tax deductions exceeds the total amount of excise tax computed on excisable goods sold (transferred) over a reporting tax period, the resulting difference shall be subject to reimbursement (offset, refund) to the taxpayer according to the provisions of the present Article.

2. Said amounts shall be used over a reporting tax period and during three tax periods thereafter to meet obligations to pay tax or fees, including the taxes paid in connection with the movement of excisable goods across the customs border of the Russian Federation, to pay fines, and to settle arrears and amounts of tax penalties awarded to the taxpayer which are subject to transfer to the same budget.

The tax authorities shall make the offset their own while on taxes paid in connection with the movement of excisable goods across the customs border of the Russian Federation, in coordination with the customs authorities and within 10 days shall inform thereof the taxpayer.

3. Upon lapse of three tax periods following a reporting tax period, an amount which was not offset shall be refundable to the taxpayer upon his application.

Within two weeks after receiving said application, the tax authorities shall take a decision on refunding said amount to the taxpayer from a corresponding budget and by the same deadline send this decision for execution to a corresponding body of the federal treasury. Said amounts shall be refunded by bodies of the federal treasury within two weeks after receiving the decision of the tax authorities. If such decision is not received by the appropriate body of the federal treasury within seven days from the date of its sending by the tax authority, the eighth day from the date of sending such a decision by the tax authority shall be date of receipt of such a decision.

If the deadlines laid down by the present Item are violated, interest shall be charged on the amount refundable to the taxpayer on the basis of one three hundred

sixtieth [rate of refinancing](#) of the Central Bank of the Russian Federation for each day of delay.

4. The amounts stipulated by [Article 201](#) of the present Code, concerning operations on sale of excisable goods defined by [Subitem 4 of Item 1 of Article 183](#) of the present Code shall be subject to offset (refund) on the basis of documents defined by [Item 6 of Article 198](#) of the present Chapter.

The reimbursement is made no later than three months from the date of submission of documents stipulated by Item 6 of Article 198 of the present Code.

During said term, tax authorities shall check the propriety of tax deductions and take a decision to reimburse by offset or refund of the appropriate amounts or to refuse (in full or partially) the reimbursement.

If tax authorities decided to deny (completely or partially) the reimbursement, it is obliged to provide the taxpayer with a reasoned conclusion no later than 10 days after the corresponding decision was taken.

In case the prescribed period the tax authorities took no decision to deny and/or no corresponding conclusion was submitted to the taxpayer, the tax authorities are obliged to decide to reimburse the amounts on which the decision to refuse was not taken and to notify the taxpayer on the decision taken within 10 days.

In case the taxpayer has any arrears or fines on the excise tax, arrears and fines on other taxes, or indebtedness on awarded tax sanctions subject to transfer to the same budget from which the refund is to be made, they shall be subject to offset as the priority by decision of the tax authority.

Tax authorities shall make said offset and within 10 days inform thereof the taxpayer.

If tax authorities decide to reimburse the amounts, and in the presence of any arrears on the excise tax accrued over a period between the date of submission of tax declaration and the date of reimbursement of the appropriate amounts, not exceeding the amount subject to reimbursement, as per the decision of tax authorities, no fine shall be charged on the amount of arrears.

In case the taxpayer has no arrears or fines on the excise tax, arrears, fines on other taxes, or arrears on awarded tax sanctions subject to transfer to the same budget from which the refund is to be made, the amounts subject to reimbursement shall be offset against current payments on the tax and/or other taxes payable to the same budget, and also on the taxes paid in connection with the movement of goods (of works, services) across the customs border of the Russian Federation as agreed with customs authorities or refundable to the taxpayer upon his request.

Not later than the last day of the deadline fixed in paragraph two of the present Item, tax authorities shall decide on refunding excise tax amounts from a corresponding budget and by the same time shall forward this decision for performance to a corresponding body of the federal treasury.

The return of amounts of excise tax is effected by bodies of the federal treasury within two weeks after receiving the decision of the tax authorities. If said decision is not received by the appropriate body of the federal treasury after seven days from the date of direction by this tax authority, the eighth day from the date of sending such decision by the tax authority shall be date of receipt of such decision.

If the deadlines laid down by the present Item are violated, interest shall be charged on the amount of excise tax refundable to the taxpayer on the basis of one three hundred and sixtieth rate of refinancing of the Central Bank of the Russian Federation for each day of delay.

[Federal Law No. 110-FZ of August 6, 2001 amended Item 5 of Article 203 of this Code. The amendments shall come into force as of January 1, 2002](#)
[See the text of the Item in the previous wording](#)

5. The excise tax amount paid by the buyer when acquiring ethyl alcohol produced from non food raw material, except for that bought by way of a contract of barter or mutual offsets with the supplier thereafter used by the buyer as raw materials in the production of non-excisable goods, in the part of the product cost actually included in expenses accepted for deduction when computing the organizations, profit tax shall be subject to offset (refund) on the basis of documents listed in [Item 2 of Article 198](#) of the present Code.

The order of refund from the federal budget of amounts of excise tax on ethyl alcohol produced from non-food raw materials and used in the production of products not subject to excise taxes, shall be defined by the Government of the Russian Federation.

Federal Law No. 118-FZ of August 7, 2001 reworded Article 204 of this Code

The amendments shall [come into force](#) a month after official [publication](#) of the mentioned Federal Law

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

Article 204. Terms and Procedure for Payment of Excise Tax in Case of Sale of Excisable Goods And Excisable Mineral Raw Materials

1. The payment of excise tax in case of sale (transfer) of excisable goods and also payment of tax in case of sale of excisable mineral raw materials if the date of sale (transfer) is defined according to [Item 1 of Article 195](#) of the present Code shall be made on the basis of actual sale over the lapsed tax period no later than the last day of the month following the reporting month.

Federal Law No. 118-FZ of August 5, 2000 until July 1, 2001 established that until January 1, 2002 with respect to the date of the realisation of motor spirit with the octane number of up to 80 inclusive and diesel fuel there shall applied the procedure stipulated by [Item 2 of Article 195](#) of the Tax Code of the Russian Federation with respect to other excisable goods, and the payment of the excises on motor spirit and diesel fuel shall be made at the time stipulated by Item 2 of that Article

2. The payment of the excise tax in case of the sale (transfer) of excisable goods listed in [Subitems 8 and 9 Item 1 Article 181](#) of the present Code, shall be made on the basis of actual sale (transfer) over the lapsed tax period:

no later than the 15th day of the third month following the reporting month - on petrol of octane number over "80" sold from the 1st to the 15th day inclusive of the reporting month;

no later than the 30th day of the third month following the reporting month, - on petrol of octane number over "80" sold from the 16th to the last day of the reporting month.

3. The payment of excise tax in the case of taxpayers selling (transferring) excisable goods manufactured by them, such goods being listed in [Subitems 1 - 7 Item 1 Article 181](#) of the present Code, shall be effected proceeding from the actual sale (transfer) of the said goods over the past tax period in equal instalments not later than the 30th day of the month following the accounting month and not later than the 15th day of the second month following the accounting month.

According to [Federal Law No. 118-FZ of August 5, 2000](#) (in the wording of [Federal Law No. 33-FZ of March 24, 2001](#), which shall come into force a month after its [official publication](#)), Paragraphs 2 - 4 Item 3 Article 204 of this Code shall be put into force as of June 1, 2001

In the case of sale (transfer) of alcohol products from wholesalers' excise warehouses the payment of excise tax shall be effected proceeding from the actual sale (transfer) over the past tax period:

not later than the 30th day of the accounting month (advance payment) - in respect of alcohol products sold from the 1st through the 15th day of the accounting month;

not later than the 15th day of the month following the accounting month - in respect of alcohol products sold from the 16th day through the last day of the accounting month.";

Federal Law No. 126-FZ of August 8, 2001 reworded Item 4 of Article 204 of this Code

The amendments shall come into force as of January 1, 2002

See the text of the Item in the previous wording

4. The payment of excise tax in case of sale (transfer) of other excisable goods shall be made on the basis of actual sale (transfer) over the lapsed tax period:

no later than the 30th day of month following the reporting month, - on other excisable goods sold from the 1st to the 15th day inclusive of the reporting month;

no later than the 15th day of the second month following the reporting month, - on other excisable goods sold from the 16th to the last day of the reporting month.

According to Federal Law No. 118-FZ of August 5, 2000 (in the wording of Federal Law No. 33-FZ of March 24, 2001, which shall come into force a month after its official publication), Item 5 Article 204 of this Code, in as much as it concerns the payment of excise tax on alcohol products sold from excise warehouses, shall be put into force as of June 1, 2001

5. The excise tax on excisable goods is paid at the place of production of such goods, and on alcoholic products, in addition, it shall be paid at the place of its sale (transfer) from excise warehouses, except for sale (transfer) to excise warehouses of other organizations.

6. Taxpayers are obliged to submit to the tax authorities at the place of their registration as taxpayers a tax declaration no later than the last day of the month following the reporting month.

Taxpayers shall file a tax return with the tax bodies at the place of the taxpayers' registration and also at the place where each branch or another isolated unit is located, inasmuch as it concerns the actual sale (transfer) of excisable goods effected by them for the accounting tax period, not later than the last day of the month following the accounting month.

Article 205. The Terms and Procedure of Payment of Excise Tax When Importing Excisable Goods to the Customs Territory of the Russian Federation

The terms and procedure for payment of excise tax in case of import of excisable goods to the customs territory of the Russian Federation are established by the customs legislation of the Russian Federation on the basis of provisions of the present Chapter.

Article 206. Features of Calculation and Payment of Taxes In Case of Implementation of Production Sharing Agreements

1. In case of implementation of production sharing agreements, concluded under the Federal Law on Production Sharing Contracts, exempted from payment of excise taxes upon the import to the customs territory of the Russian Federation shall be excisable goods which according to the design documentation are intended for the performance of works under said agreements.

The provisions of the present Item shall cover the import of excisable goods (except for tobacco products, alcoholic products, cars) by investors and operators of said agreements or other legal persons participating in the performance of works under said agreements on the basis of agreements (contracts) with investors.

2. In case of performance of production sharing agreements, the implementation of such excisable types of mineral raw material and products of their processing by investors and/or operators (or on their instructions by third persons) of such agreements, extracted in the course of performance of such agreements shall be relieved from taxation (except for jewelry) if there is a provision for such processing by said agreements, if such mineral raw materials and/or the goods are the property of the investors according to conditions of said agreements. **3.** A taxpayer shall be relieved from the duty to pay an excise tax if he presents documents to the tax and customs bodies (according to the list established by [Article 178](#) of the present Code) to confirm that excisable goods are intended for performing works under a production sharing contract. **4.** When performance is being done under production sharing contracts concluded prior to the effective date of the [Federal Law](#) on Production Sharing Contracts the terms established by the said contracts for the computation and payment of excise tax shall be applicable."

[Federal Law](#) No. 166-FZ of December 29, 2000 amended Chapter 23 of the Tax Code of the Russian Federation. The amendments [shall come into force](#) as of January 1, 2001

[See the previous text of Chapter 23 of the Tax Code](#)

Chapter 23. Personal Income Tax

See [Methodical Recommendations](#) to Tax Authorities on the Application of Chapter 23 "Personal Income Tax" of Part 2 of the Tax Code of the Russian Federation, approved by [Order](#) of the Ministry for Taxes and Fees of the Russian Federation No. BG-3-08/415 of November 29, 2000

See [Explanations](#) in Respect of Individual Questions Connected with the Calculation and Payment of Income Tax on Natural Persons given by [Letter](#) of the Ministry for Taxes and Fees of the Russian Federation No. VB-6-04/619 of August 14, 2001

[Article 207.](#) Taxpayers

Taxpayers of the personal income tax (hereinafter in the present Chapter referred to as the tax) shall be defined as natural persons being tax residents of the Russian Federation and also natural persons receiving incomes from sources in the Russian Federation who are not tax residents of the Russian Federation.

[Federal Law](#) No. 110-FZ of August 6, 2001 amended Article 208 of this Code. The amendments [shall come into force](#) as of January 1, 2002

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

Article 208. Incomes From Sources in the Russian Federation and Incomes from Sources Outside the Russian Federation

1. For the purposes of the present Chapter, the following shall be referred to as incomes from sources in the Russian Federation:

1) the [dividends and interest](#) received from a Russian organisation, as well as interest received from Russian individual businessmen and (or) from a foreign organisation in connection with the activity of its permanent representation in the Russian Federation;

2) insurance disbursements, given the onset of an insured accident, received from a Russian organisation and/or from a foreign organisation in connection with the activities of its permanent establishment in the Russian Federation;

3) incomes received from the use of copyright and other adjacent rights in the Russian Federation;

4) incomes received from the lease or another use of an asset located in the Russian Federation;"

5) incomes from the sale of:
real estate located in the Russian Federation;
in the Russian Federation, shares or other securities and also shares in the charter capital of organizations;

rights of claim to a Russian or foreign organization in connection with activity of its permanent agency on the territory of the Russian Federation;

other property located in the Russian Federation and owned by the natural person;

6) compensation for the performance of labour or other duties, performed work, rendered services, performance of action in the Russian Federation. In so doing, the compensation to directors and other similar disbursements received by members of a body of management of an organization (of board of directors or another similar body) - of the tax resident of the Russian Federation whose location (seat of management) is the Russian Federation shall be regarded as incomes received from sources in the Russian Federation irrespective of the place where the managerial duties conferred to such persons were actually performed or whence the disbursements of said compensations were effected;

7) pensions, allowances, grants and other similar disbursements received by taxpayers according to the effective Russian legislation or received from a foreign organisation in connection with activity of its permanent agency in the Russian Federation;

8) incomes received from the use of any vehicles including sea, river, air vehicles and motor road vehicles in connection with carriage to the Russian Federation and/or out of the Russian Federation or within the boundaries thereof and also fines and other sanctions for demurrage (delay) of such vehicles at loading/unloading points in the Russian Federation;

9) incomes received from the use of pipelines, electrical transmission lines, optical fibre and/or wireless communication lines, other communication facilities including computer networks, on the territory of the Russian Federation;"

10) other incomes received by the taxpayer as a result of an activity he performed in the Russian Federation.

2. For the purposes of the present Chapter, incomes of a natural person received by him as a result of conducting foreign trade operations (including commodity exchange) performed solely on behalf of and in the interests of this natural person and connected solely with the purchasing (acquiring) of goods (performance of works, rendering of services) in the Russian Federation and also with the import of goods in the Russian Federation shall not be referred to incomes received from sources in the Russian Federation.

This provision shall apply to operations involving the import of goods to the territory of the Russian Federation under the customs treatment of release for free circulation only if the following conditions are met:

1) the delivery of goods is performed by a natural person not from places of storage (including bonded warehouses) located on the territory the Russian Federation;

2) the operations are not covered by provisions of [Item 3 of Article 40](#) of the present Code;

3) the goods are not sold through a permanent agency in the Russian Federation.

If any one of said conditions is not met, the part of received incomes referred to as activity of the natural person in the Russian Federation shall be regarded an income

received from sources in the Russian Federation in connection with the sale of the goods.

In case of subsequent sale of goods acquired by the natural person through foreign trade operations defined by the present Item, to incomes of such natural person received from sources in the Russian Federation shall be referred any incomes from any sale of these goods, including their resale or pledge from warehouses or other places of location and storage of such goods which are situated on the territory of the Russian Federation, owned by this natural person, leased or used by him, except for their sale outside the Russian Federation from bonded warehouses.

3. For the purposes of the present Chapter, to the incomes received from sources outside the Russian Federation shall be referred:

1) the dividends and interest received from a foreign organisation, with the exception of interest envisaged by [Subitem 1 of Item 1](#) of the present Article;

2) insurance disbursements in the case of onset of an insured accident, received from a foreign organisation, save the insurance disbursements specified in [Subitem 2 Item 1](#) of the present article;

3) incomes from the use of copyright and other adjacent rights outside of the Russian Federation;

4) incomes received from the lease or another use of an asset located outside of the Russian Federation;"

5) incomes from sales of:

real estate located outside the Russian Federation;

shares outside the Russian Federation and other securities and also shares in the authorised capitals of foreign organisations;

rights of claim to a foreign organization except for rights of claim specified in paragraph four of [Subitem 5 of Item 1](#) of the present Article;

other property situated outside the Russian Federation;

6) compensation for the performance of labour or other duties, performed work, rendered services, or performance of action outside the Russian Federation. Here, compensation to directors and other similar disbursements received by members of a body of management of a foreign organization (of a board of directors or another similar body) - of the tax resident of the Russian Federation whose location (seat of management) is the Russian Federation shall be regarded as incomes received from sources located outside the Russian Federation irrespective of the place where the managerial duties conferred to such persons were actually performed;

7) pensions, allowances, grants and other similar disbursements received by the taxpayer in accordance with the legislation of foreign states;

8) incomes received from the use of any vehicles including sea, river, air vehicles and motor road vehicles and also fines and other sanction for the demurrage (delay) of such vehicles at loading/unloading points, save those specified in [Subitem 8 Item 1](#) of the present article;

9) other incomes received by the taxpayer as a result of an activity he performed outside the Russian Federation.

4. If provisions of the present Code do not allow to attribute unequivocally the incomes received by the taxpayer either to incomes received from sources in the Russian Federation or to incomes from sources outside the Russian Federation, the Ministry of Finance of the Russian Federation shall make the attribution. Similarly shall be defined the share of said incomes which can be referred to incomes from sources in the Russian Federation and the share which can be referred to incomes from sources outside the Russian Federation.

5. For the purposes of the present chapter the term "incomes" shall not include incomes from transactions relating to property and non- property relationships of natural persons recognised as family members and/or close relatives under the [Family Code](#) of the Russian Federation, except incomes received by the said natural persons as a

result of their concluding between themselves agreements of civil legal nature or labour agreements.

Article 209. The Item of Taxation

The item of taxation shall be defined as an income received by taxpayers:

- 1) from sources in the Russian Federation and/or from sources outside the Russian Federation - for natural persons who are [tax residents](#) of the Russian Federation;
- 2) from sources in the Russian Federation - for natural persons who are not tax residents of the Russian Federation.

Article 210. The Tax Base

1. When determining the tax base taken into account shall be all incomes the taxpayer has received both in cash and in kind or the right to dispose of which he has acquired, and also incomes in the form of material benefit defined according to [Article 212](#) of the present Code.

If any deductions are made from the taxpayer's income by his order or by a court ruling or decisions of other bodies, such deductions shall not reduce the tax base.

2. Tax base shall be defined separately for each type of income concerning which various tax rates are established.

3. For incomes concerning which the tax rate established by [Item 1 of Article 224](#) of the present Code is stipulated, the tax base shall be defined as the pecuniary form of such taxable incomes reduced by the tax deductions stipulated by [Articles 218-221](#) of the present Code with allowance for features established by the present Chapter.

If the amount of tax deductions in a tax period will exceed the amount of taxable incomes covered by the tax rate established by [Item 1 of Article 224](#) of the present Code, over the same tax period the tax base shall be defined as having zero value. The difference between the amount of tax deductions in this tax period and the amount of taxable incomes concerning which the tax rate established by [Item 1 of Article 224](#) of the present Code is stipulated, shall not be rolled over into the following tax period, unless otherwise is stipulated by the present Chapter.

4. For incomes concerning which other tax rates are established, the tax base shall be defined as a pecuniary form of taxable incomes. Thus, the tax deductions stipulated by [Articles 218-221](#) of the present Code, shall not apply.

5. Incomes (expenses accepted for deduction according to [Articles 218-221](#) of the present Code) of the taxpayer expressed (nominated) in foreign currency are converted into roubles at the rate of the Central Bank of the Russian Federation established on the date of actual receipt of the incomes (on the date of the actually incurred expenses).

Article 211. Features of the Determination of the Tax Base When Receiving Incomes in Kind

1. If the taxpayer receives an income from organizations and individual entrepreneurs in kind in the form of goods (works, services) and other property, the tax base shall be defined as the cost of these goods (works, services) other property calculated on the basis of their prices defined in accordance with the procedure described in [Article 40](#) of the present Code.

Thus, the cost of such goods (works, services) shall include corresponding amount of the value added tax, excise tax and sales tax.

2. Incomes received by the taxpayer in kind, in particular shall include:

- 1) payment (full or partial) made for him by organizations or individual entrepreneurs in goods (works, services) or property rights, including municipal services, meals, rest, and training in the interests of the taxpayer;
- 2) goods received by taxpayers, works performed in the interests of the taxpayer, and services rendered in the interests of the taxpayer on a gratuitous basis;
- 3) wages in kind.

Article 212. Features of the Determination of the Tax Base When Receiving Incomes in the Form of Material Benefit

1. Incomes of the taxpayer received in the form of material benefit shall be:

1) material benefit received from economic gain on the interest for use by the taxpayer of borrowed (credit) funds, received from organisations or individual entrepreneurs;

2) material benefit received from the purchase of goods (of works, services) from natural persons under an agreement having civil legal nature as natural persons are concerned, organizations and individual entrepreneurs being related to the taxpayer;

3) material benefit received from acquiring securities.

2. When the taxpayer receives an income in the form of material benefit specified in Subitem 1 of Item 1 of the present Article, the tax base shall be defined as:

1) excess of amounts of interest for the use of borrowed funds expressed in roubles calculated on the basis of three quarters of the current refinancing rate established by the Central Bank of the Russian Federation on the date of receipt of such funds over the amount of interest calculated on the basis of terms and conditions of the contract;

2) excess of the amount of interest for the use of borrowed funds expressed in foreign currency calculated on the basis of 9 per cent per annum, over the amount of interest calculated on the basis of terms and conditions of the contract.

The taxpayer shall determine the tax base when receiving an income in the form of material benefit expressed as the gain on interest at the receipt of borrowed funds within the times defined by Subitem 3 of Item 1 of Article 223 of the present Code, but at least once in a tax period established by Article 216 of the present Code.

3. When the taxpayer receives an income in the form of material benefit specified in Subitem 2 of Item 1 of the present Article, the tax base is defined as the excess of the price of the identical (homogeneous) goods (works, services) sold by persons being related to the taxpayer, under usual conditions to persons who are not related, over the prices of sale of identical (homogeneous) goods (works, services) to the taxpayer.

Federal Law No. 71-FZ of May 30, 2001 amended Item 4 of Article 212 of this Code

The amendments shall come into force upon the expiration of one month after the date of the official publication of this Federal Law

See the previous text of Item

4. When the taxpayer receives an income in the form of material benefit specified in Subitem 3 of Item 1 of the present Article, the tax base is defined as the excess of the market value of securities determined with the account taken of the security market price variation limits above the amount of actual expenses of the taxpayer for their purchase.

Article 213. Features of the Determination of the Tax Base on Insurance Contracts and Non-State Pension Insurance Contracts

1. When determining the tax base, incomes received in the form of insurance in the event of corresponding insured accidents under mandatory insurance performed in the manner established by the current legislation, under voluntary long-term (for a period of at least five years) life insurance and in reimbursement of harm to life, health and medical expenses (not taken into account except for payment of sanatorium vouchers) of insurants or insured persons, and also incomes in the form of insurance compensations under voluntary pension insurance contracts concluded with the insurers and (or) incomes in the form of disbursements under voluntary pension insurance contracts concluded with non-state pension funds, if such disbursements are

effected in the event of the pension grounds according to the legislation of the Russian Federation.

2. The amounts of insurance compensations received under voluntary life insurance, contracts concluded for the terms of less than five years shall not be taken into account when determining the tax base if the amounts of such insurance compensations do not exceed the amounts contributed by natural persons in the form of the insurance premium payments marked up by the insurers by an amount computed on the basis of the current refinancing rate of the Central Bank of the Russian Federation at the time the insurance contract was made. Otherwise, the difference between said amounts shall be taken into account when determining the tax base and shall be taxable at the source of disbursement at the rate stipulated by [Item 2 of Article 224](#) of the present Code.

3. In case of advance avoidance of an agreement of voluntary long-term life insurance, (advance avoidance of agreements of voluntary pension insurance concluded with the Russian non state pension funds) before the lapse of the five year term of its operation (except for cases of advance avoidance of the insurance contract for reasons beyond the will of the parties) and refund to the natural persons of cash (redemption) amount, which according to the Rules of insurance (legislation of the Russian Federation on non state pension funds) and terms and conditions of the contract are refundable in case of advance avoidance of the insurance contract (pension insurance), and also in case of a change of conditions of the aforesaid agreement in respect of the effective term thereof, the received income minus the amount of installments made by the natural person, shall be taken into account when determining the tax base and shall be taxable at the source of disbursement.

4. Under a voluntary property insurance contract (including insurance of civil liability for property tort of third persons and (or) insurance of civil liability of transport vehicle owners) in the event of the insured accident, the taxable income of the taxpayer shall be determined in cases of:

loss or destruction of insured property (property of third persons) as the difference between the received insurance compensation and the market value of insured property on the date of conclusion of the aforesaid contract (on the date of the insured accident - for a civil liability insurance contract), marked up by the amount of the insurance premium payments paid to insure this property;

damage of insured property (property of third persons) as the difference between the received insurance compensation and expenses required for repairing (restoring) this property (if no repair has been performed), or the cost of repair (rehabilitation) of this property (if repairs have been performed) being marked up by the amount of insurance premium payments paid to insure this property.

The feasibility of expenses required towards repairing (restoring) insured property if no repair (restoration) has been performed shall be confirmed by a document (cost-estimate, statement, certificate) drawn up by an insurer or independent expert (surveyor).

The feasibility of expenses towards effected repair (rehabilitate) insured property shall be confirmed by the following documents:

1) contract (copy of the contract) on the performance of appropriate works (on rendering of services);

2) documents confirming acceptance of executed works (rendered services);

3) payment documents which were made out in due order to confirm the fact of payment for works (services).

In so doing, not to be taken into account as income shall be the amount reimbursed to the insurant or the expenses incurred by the insurers involved in the investigation of circumstances of an insured accident, assessment of the scope of damage, legal costs, and also other expenses according to the current legislation and terms and conditions of the property insurance contract.

5. When determining the tax base, the amounts of insurance (pension) contributions shall be taken into account if these amounts are deposited for natural persons from the funds of organizations or other employers, except for cases:

when employers provide mandatory insurance of workers according to the current legislation, and in case of agreements of voluntary insurance providing disbursements in compensation of harm to life and health of insured natural persons and (or) payment by the insurers of medical expenses of insured natural persons, provided no disbursements are made to the insured natural persons;

According to [Federal Law No. 118-FZ of August 5, 2000](#) paragraph three of Item 5 of Article 213 of Part Two of the Tax Code concerning the restrictions on the amount imposed on the insurance (pension) premiums paid for natural persons from the funds of organisations and/or other employers in the conclusion by employers of agreement of voluntary pension insurance (agreements of voluntary nongovernmental pension security) shall be put into effect as from January 1, 2002. Until January 1, 2002, when determining the tax base for tax on the income of natural persons, there shall be taken into account the amounts of the insurance (pension) premiums in the part of the amounts exceeding 10000 roubles per year per one worker

when employers conclude contracts of voluntary pension insurance (contracts on voluntary non state pension insurance), provided that the total amount of the insurance (pension) installments will not exceed two thousand roubles annually per one worker.

[Federal Law No. 110-FZ of August 6, 2001](#) amended Article 214 of this Code. The amendments [shall come into force as of January 1, 2002](#)
[See the text of the Article in the previous wording](#)

Article 214. Specifics in the Payment of Tax on the Profits of Natural Persons with Respect to Incomes from Share Participation in an Organisation

The sum of tax on the incomes of natural persons (hereinafter in the present Chapter 'the tax') with respect to the incomes from the share participation in an organisation received in the form of dividends, shall be determined taking into account the following provisions:

1) the sum of the tax with respect to dividends received from the sources outside of the Russian Federation, shall be defined by the tax payer on his own as concerns every amount of received dividends, in accordance with the rate envisaged by [Item 4 of Article 224](#) of this Code. "The tax payers receiving dividends from sources outside of the Russian Federation shall in this case have the right to reduce the sum of the tax calculated in conformity with the present Chapter, by the sum of the tax calculated and paid at the place of location of the source of the income, only in cases when the source of the income is situated in a foreign state, with which a contract (agreement) is signed on avoiding double taxation.

If the sum of the tax paid up at the place of location of the source of the income exceeds the sum of the tax calculated in conformity with the present Chapter, the resulting difference shall not be subject to return from the budget;

2) if the source of the tax payer's income received in the form of dividends is a Russian organisation, the said organisation shall be recognised as a tax agent and shall determine the sum of the tax separately for every tax payer as concerns every payment of the said incomes in accordance with the rate envisaged by [Item 4 of Article 224](#) of this Code, and with the order stipulated by [Article 275](#) of the present Code.

[Federal Law No. 71-FZ of May 30, 2001](#) supplemented this Code with of Article 214.1

The amendments shall come into force upon the expiration of one month after the date of the official publication of this Federal Law

Article 214.1. The Peculiarities of Determining Tax Base, Calculating and Paying the Tax on Incomes under Transactions in Securities and the Transactions in Time Deal Instruments of Which the Base Asset Is Securities

1. When calculation is being done of the tax base of incomes under the in securities and the transactions in time deal instruments of which the base asset is securities account shall be taken of incomes received under the transactions:

of the purchase and sale of securities traded in the organised securities market;

of the purchase and sale of securities not traded in the organised securities market;

in time deal instruments of which the base asset is securities;

in securities and time deal instruments of which the base asset is securities, such transactions being accomplished by the trustee for the benefit of the founder of a trust (beneficiary) being a natural person.

2. For each of the transactions specified in Item 1 of the present article tax base shall be determined separately with due regard to the provisions of the present article.

For the purposes of the present article the "time deal instruments of which the base asset is securities" means futures and option market deals.

3. Income (loss) under securities purchase/sale transactions shall be determined as the sum of incomes under the aggregate deals in securities of a certain category accomplished in the tax period, less the sum of losses.

Income (loss) under a securities purchase/sale deal shall be determined as a difference between the sums received from the sale of the securities and the expenses towards acquiring, selling and holding in custody the securities actually incurred by the taxpayer (including the expenses reimbursed to the professional participant in the securities market) and documented. These expenses are as follows:

amounts payable to the seller under a contract;

payment for the services provided by a custodian;

commission payable to professional participants in the securities market;

market fee (commission);

payment for the services of a registrar;

other expenses directly relating to the purchase, sale and custody of securities payable for the services provided by professional participants in the securities market within the framework of their professional activity.

Income under a deal of purchase/sale of securities traded in the organised securities market shall be reduced by the amount of interest paid for the use of the amounts of money raised to accomplish the securities purchase/sale deal within the limits calculated proceeding from the effective refinancing rate of the Central Bank of the Russian Federation.

Loss under a deal in securities traded in the organised securities market shall be determined with due regard to the security market price variation limits.

For the purposes of the present chapter the "securities traded in the organised securities market" means securities cleared for trading by trade organisers holding a license issued by the federal body responsible for regulating the securities market.

Where the taxpayer's expenses towards the acquisition, sale and custody of securities cannot be referred to as "expenses towards the acquisition, sale and custody" of specific securities the said expenses shall be distributed pro rata to the value appraisal of the securities to which the said incomes are attributable. The value appraisal of the securities shall be effected as of the date when the expenses were incurred.

If the taxpayer's expenses are not validated by a document the taxpayer shall be entitled to a tax property deduction as stipulated in Paragraph 1 Subitem 1 Item 1 [Article 220](#) of the present Code.

A tax property deduction or a deduction in the amount of actually incurred and documented expenses shall be granted to a taxpayer when the tax is being calculated and paid to the budget at the source of disbursement of an income (a broker, trustee or another person accomplishing transactions under an agency agreement or another agreement of similar nature for the taxpayer's benefit) or upon the expiration of the tax period when the tax return is filed with a tax body.

If the tax is calculated and paid by the source of disbursement of an income (a broker, trustee or another person accomplishing transactions under an agency agreement or another agreement of similar nature for the taxpayer's benefit) in the tax period a tax property deduction shall be granted by the source of disbursement of the income as including a possibility of a subsequent review upon the expiration of the tax period when the tax return is filed with a tax body.

If there are several income disbursement sources a tax property deduction shall be granted only at one of the income disbursement sources chosen at the taxpayer's discretion.

4. The tax base relating to securities purchase/sale transactions shall be determined as the income received according to the securities transactions results of the tax period. Income (loss) under securities purchase/sale transactions shall be determined in compliance with Item 3 of the present article.

Loss under transactions in securities traded in the organised securities market incurred according to the results of the said transactions accomplished in the tax period shall reduce the tax base of the transactions of purchase/sale of securities of a certain category.

Income under the transactions of purchase/sale of securities which are not traded in the organised securities market and which, as of the time of purchase, met the criteria applicable to the securities traded in the organised securities market may be reduced by the sum of loss incurred in the tax period under the transactions of purchase/sale of securities traded in the organised securities market.

5. The tax base relating to transactions in time deal instruments (except the transactions specified in Item 6 of the present article) shall be determined as a difference between the positive and negative results obtained from a re-valuation of liabilities and claims under the deals made and from the discharge of time deal instruments with the account taken of payment for the services provided by market mediators and the market in terms of opening positions and keeping the natural person's account. The tax base relating to transactions in time deal instruments shall be increased by the sum of bonuses received under option deals and reduced by the sum of bonuses paid under the said deals.

6. As it concerns transactions in instruments of the time deals made for the purposes of minimising the risk of security price variation, the incomes from the transactions in item deal instruments (including the bonuses received under option deals) shall increase and the losses shall reduce the tax base relating to transactions in the base asset.

The procedure for classifying deals in time deal instruments as "deals made for the purposes of minimising the risk of base asset price variation" shall be set forth by the federal executive bodies empowered to do so by the Government of the Russian Federation.

7. The tax base relating to the transactions in securities and time deal instruments accomplished by a trustee shall be calculated in compliance with the procedure established by Items 4 - 6 of the present article with due regard to the provisions of the present item.

The taxpayer's incomes shall also include the amounts paid by the founder of a trust (beneficiary) to the trustee in the form of a fee and compensation for the expenses incurred by him under accomplished transactions in securities and transactions in time deal instruments.

When calculation is effected of the tax base relating to incomes under the transactions in securities and transactions in time deal instruments accomplished by a trustee for the benefit of a founder (beneficiary) of the trust the said income shall be determined for a beneficiary not being a founder of the trust with due regard to the provisions of the trust agreement.

When, in the case of trust management, deals are made in securities of various categories and also if other types of income occur in the course of trust management (including, in particular, incomes under transactions in time deal instruments, incomes in the form of dividends, interest) the tax base shall be determined separately for each category of securities and for each type of income. In such a case the incomes that cannot be directly referred to income reduction under deals in the securities of a certain category or to the reduction in a certain type of income shall be distributed pro rata to the share of each type of income (income received under transactions in the securities of a relevant category).

The loss incurred under transactions in securities accomplished by a trustee for the benefit of the founder (beneficiary) of the trust in the tax period shall reduce the incomes under the said transactions.

The loss incurred under transactions in securities and transactions in time deal instruments accomplished by a trustee for the benefit of the founder (beneficiary) of the trust shall reduce the incomes received under transactions in the securities of a relevant category and transactions in time deal instruments and the incomes received under the said transactions shall increase the incomes (reduce the losses) under transactions in the securities of a relevant category and transactions in time deal instruments.

The loss incurred under transactions in securities and transactions in time deal instruments accomplished by a trustee for the benefit of the founder (beneficiary) of the trust accomplished in the tax period shall reduce the tax base relating to transactions in the securities of a relevant category and transactions in time deal instruments respectively.

8. The tax base relating to the transactions of purchase/sale of securities and transactions in time deal instruments shall be calculated upon the expiration of the tax period. Tax calculation and payment shall be effected by the tax agent upon the expiration of the tax period or when the agent disburses amounts of money for the benefit of the taxpayer before the expiration of next tax period.

When amounts of money are disbursed by the tax agent before the expiration of next tax period the tax shall be paid on the share of income determined in compliance with the present article as corresponding to the actual amount of money disbursed. The share of income shall be determined as the sum total of income times the ratio of disbursement amount to securities value appraisal determined as of the date of the disbursement of the monies in respect of which the tax agent acts as a broker. When amounts of money are disbursed for the benefit of the taxpayer more than once in the tax period the tax amount shall be accrued and be cumulative, with the tax amounts paid earlier being taken into account.

The value appraisal of securities shall be effected proceeding from the actual expenses incurred to acquire them if these expenses are documented.

As it concerns the incomes under transactions in securities and transactions in time deal instruments accomplished by a trustee for the benefit of the founder (beneficiary) of the trust, the trustee shall be deemed a tax agent, such a trustee determining the tax base under the said transactions with due regard to the provisions of the present article.

The tax base relating to transactions in securities accomplished by a trustee for the benefit of the founder (beneficiary) of the trust shall be determined as of the date of end

of the tax period or as of the date of disbursement of amounts of money (transfer of securities) before the expiration of next tax period. The tax shall be payable within one month after the date of end of the tax period or the date of disbursement of amounts of money (transfer of securities).

When disbursements are effected in monetary form or in kind out of the resources held on trust, before the expiration of the effective term of the trust agreement or before the expiration of the tax period the tax shall be paid on the share of income determined in compliance with Item 7 of the present article corresponding to the actual amount of money disbursed for the benefit of the founder (beneficiary) of the trust. In such a case the share of income shall be determined as the sum total of income times the ratio of the amount of disbursement to the appraisal of the securities (monies) held on trust determined as of the date of disbursement of amounts of money. When disbursement is effected in monetary form or in kind out of the resources held on trust, more than once in the tax period the said calculation shall be effected as accrual and be cumulative, with the account being taken of the tax amounts paid earlier.

For the purposes of the present item the "disbursement of amounts of money" means disbursement in cash, the remittance of amounts of money to a person's bank account or to a third person's bank account on the request of a natural person.

If its is impossible to withhold from a taxpayer a tax amount calculated by the source of disbursement the tax agent (broker, trustee or another person accomplishing transactions under an agency, commission agreement or another agreement for the taxpayer's benefit) shall notify the tax body at the place of its registration within one month after the occurrence of this circumstance about the impossibility of such a withholding and of the amount of money owed by the taxpayer. In this case the tax shall be paid in compliance with [Article 228](#) of the present Code.

Article 215. Features of the Determination of Incomes of Specific Categories of Foreign Citizens

1. The following incomes shall not be taxable:

1) of heads and also staff of missions of a foreign state having a diplomatic or consular rank, members of their families staying with them if they are not citizens of the Russian Federation, except for the incomes from sources in the Russian Federation which are not connected to the diplomatic or consular service of these natural persons;

2) of the administrative-clerical staff of missions of a foreign state and members of their families staying with them, if they are not citizens of the Russian Federation or do not live in Russian Federation permanently, except for the incomes from sources in the Russian Federation which are not connected to the said individuals' employment with these missions;

3) of supporting personnel of the missions of a foreign state who are not citizens of the Russian Federation or do not live in the Russian Federation permanently which they receive when in their line of duty in the mission of a foreign state;

4) employees of international organizations - according to the charters of these organizations.

2. Provisions of the present Article shall apply in cases when legislation of a corresponding foreign state had established a similar order concerning persons listed in [Subitems 1-3 of Item 1](#) of the present Article, or if such norm is stipulated by an international treaty (agreement) of the Russian Federation. The [list](#) of foreign states and international organizations concerning whose citizens (employees) the standards of the present Article shall be applied is defined by a federal body of the executive power regulating relations of the Russian Federation with foreign states (international organizations) together with the Ministry of the Russian Federation for Taxes and Fees.

Article 216. The Tax Period

The tax period shall be defined as a calendar year.

Article 217. Non-Taxable Incomes (Exempt from Taxation)

The following types of personal incomes shall be exempt from taxation (not subject to taxation):

1) state allowances, excluding temporary disability allowance, (including the allowance for care of a sick child) as well as other disbursements and compensations paid according to the effective legislation. Here, tax exempt allowances include unemployment benefit, and maternity and birth of a child allowance;

2) the state pensions awarded in the order, established by the current legislation;

3) all types of compensatory disbursements established by the legislation of the Russian Federation, legislative acts of constituent entities of the Russian Federation, decisions of representative bodies of local self-government (within the limits of standards established according to the legislation of the Russian Federation) and involving:

reimbursement of harm caused by mutilation or other damage to health;

free granting of housing and utilities, fuels or a relevant pecuniary reimbursement;

payment of cost and/or issue of authorized allowance in kind and also the disbursement of cash instead of such an allowance;

payment of the cost of meals, sports gear, equipment, sports and dress uniform received by the sportsmen and staff of physical culture and sports organizations for training process and participation in sport competitions;

dismissal of workers, including compensations for unused holiday;

loss of life of military servicemen or government officials in the line of their official duties;

reimbursement of other expenses, including the expenses involved in the improvement of professional skills of workers;

performance by the taxpayer of his job duties (including relocation to work to another locality and reimbursement of travel and living expenses).

In case the employer pays the expenses of business trips of workers both in the country and abroad, the daily allowance exempt from taxation shall be within the limits of standards established according to the legislation of the Russian Federation, and also the actually effected and documented target expenses in the travel up to destination and back, charges for airport services, commission charges, expenses in travel to the airport or terminal in the places of departure, destination or changes, on conveyance, expenses in hiring housing, communication services expenses, charges for the receipt and registration of a service foreign passport, charges for granting visas, and also expenses in exchange of currency cash or cheques in a bank into foreign currency in cash. If no documents are presented to confirm the payment of expenses for hiring of housing, the amounts of such payment can be exempted from taxation within the limits of standards established by the legislation of the Russian Federation. A similar order of taxation shall apply to disbursements effected to persons found in command or administrative subordination to an organization, and also members of a board of directors or any similar body of the company coming to participate in meetings of the board of directors, the management board or another similar body of such a company;

4) compensation to donors for donated blood, mother's milk or other donor's assistance;

5) alimonies received by taxpayers;

6) amounts received by taxpayers in the form of grants (of gratuitous help), science, granted for support, and education, culture and arts in the Russian Federation by international or foreign organizations under the list of such organizations approved by the Government of the Russian Federation;

7) amounts received by taxpayers in the form of international, foreign or Russian prizes for achievements in the field of science and engineering, education, culture,

literature and arts under the [list](#) of prizes approved by the Government of the Russian Federation;

8) the amount of lump sum material assistance rendered:

to taxpayers in connection with natural disaster or other emergencies in order to compensate for material loss caused to them or harm to their health on the basis of decisions of bodies of legislative (representative) and/or executive authority, representative bodies of local self-government, or foreign states or special funds created by public authorities or foreign states, and also created according to international treaties, one of which parties is the Russian Federation, governmental and non-governmental interstate organizations;

by the employers to members of the family of a deceased employee or to an employee in connection with the death of a member (members) of his/her family;

to the taxpayers in the form of humanitarian aid (assistance), and also in the form of charitable help (in cash and in kind) rendered by Russian and foreign charitable organizations (funds, associations) registered in due order, included in the lists approved by the Government of the Russian Federation;

to low income and taxpayers and socially vulnerable categories of citizens in the form of amounts of the target oriented social assistance (in cash and in kind) rendered to the charge of funds of the federal budget, budgets of the constituent entities of the Russian Federation, local budgets and extra-budgetary funds according to programs approved annually by the appropriate public authorities;

to taxpayers who suffered from terrorist acts on the territory of the Russian Federation, irrespective of source of disbursement;

[Federal Law No. 110-FZ of August 6, 2001 amended Items 9 and 10 of Article 217 of this Code. The amendments shall come into force as of January 1, 2002](#)

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

9) amounts of full or partial compensation of cost of travel agreements, except for tourist ones paid by employers to workers and (or) members of their families, and invalids who are not working in the given organization to sanatoriums and health improvement establishments located on the territory of the Russian Federation, and also the amounts of full or partial compensation of cost of travel agreements for children who have not reached 16 years of age to sanatoriums and health improvement establishments located on the territory of the Russian Federation which are paid:

to the charge of funds of employers who have stayed in their order after payment of the tax to profit of organizations;

to the charge of funds of the Social Insurance Fund of the Russian Federation;

10) amounts paid by employers from funds they have retained after payment of the organization's profit tax for treatment and health services rendered to workers, their spouses, their parents and their children, provided the medical establishments hold the appropriate licenses, and documents are produced to confirm actual expenses in treatment and health services.

Aforesaid incomes shall be exempted from taxation if the employers make non-cash payments to medical establishments for the treatment and health services of the taxpayers, and also if the cash for these purposes is issued directly to the taxpayer (members of his family, parents) or funds intended for such purposes are entered into accounts of the taxpayers held with bank institutions;

11) grants to pupils, students, post-graduate students, hospital physicians, associates or persons working for a doctor's degree of higher vocational training or post-college vocational training, of research establishments, of students of learning establishments of basic professional and medium vocational training, students of theological educational establishments which are paid to said persons by these establishments, grants established by the President of the Russian Federation, bodies

of legislative (representative) or executive power of the Russian Federation, bodies of constituent entities of the Russian Federation, charitable funds, grants paid at the expense of budget funds to taxpayers who undergo training under a voucher issued by bodies of the employment service;

12) amounts of wages and other amounts in foreign currency received by taxpayers from federally funded state institutions or organizations that sent them to work abroad - within the limits of standards established by the current legislation on wages of employees;

13) incomes of taxpayers received from the sale of cattle, rabbits, coypu rats, birds, wild animals and birds (both live and products of their slaughter, both raw or processed) production of cattle-breeding, plant growing, flower-growing and bee-keeping, both in kind and processed which were raised on personal part-time farms, situated on the territory the Russian Federation.

Aforesaid incomes are released from taxation provided the taxpayer submits a document issued by an appropriate body of local self-government, gardening board, gardening or vegetable gardening partnerships confirming that the sold products have been produced by the taxpayer on the land lot owned by him or members of his family used for personal part-time farming, country cottage construction, gardening and vegetable gardening;

14) incomes of members of a country (farmer) household received in such a household from the production and sale of agricultural products and also from the production of agricultural products, and their processing and sale - within five years after the registration year of the household.

The present norm shall be applicable to the incomes of such members of a peasant (farmer's) farm to whom it has not been applied.

15) incomes of taxpayers received from the collection and selling of medicinal plants, wild berries, nuts and other fruits, mushrooms, or other wild plants to organizations and (or) individual entrepreneurs that have a permit (license) for large scale procurement (buying) of wild plants, mushrooms, technical and medicinal raw material of plant-related origin, except for the incomes received by individual entrepreneurs from resale of products listed in the present Subitem;

16) incomes (except for wages of hired workers) received by members registered in accordance with the established procedure patrimonial, family communities of small ethnic groups of the North from the sale of products received as a result of pursuing their traditional types of craft;

17) incomes of non-professional hunters received from selling to hunters' societies, organizations of consumers' cooperation or state unitary enterprises of furs they have procured, fur or hind raw materials or meat of wild animals if such animals are procured under licenses issued in the order established by the current legislation;

18) incomes in cash and in kind received from natural persons by way of succession or donation, except for compensation paid to heirs (assignees) of authors of works of science, literature, art, and also discoveries, inventions and industrial models;

19) incomes received from joint-stock companies or other organizations by shareholders of these joint-stock companies or participants of other organizations as a result of revaluation of fixed assets (funds) in the form of additional shares they have received, or other property shares distributed between shareholders or participants in an organization in proportion to their share and types of stocks, or in the form of differences between the new and initial face value of shares or their property share in the charter capital;

20) prizes in cash and (or) kind received by sportsmen for prize-winning places for the following sport competitions: Olympic games, championships and the world- and European cups of the official organizers or on the basis of decisions of public authorities and bodies of local self-government to the charge of funds of appropriate budgets;

championships, competitions and cups of the Russian Federation from the official organizers;

21) amounts paid to organizations and (or) natural persons orphan children aged up to 24 for education at educational establishments that have the appropriate licenses or for their training/education to the said institutions;

22) amounts of payment for invalids by organizations or individual entrepreneurs of means of prevention of physical disability and rehabilitation of invalids, and also payment of acquiring and keeping of guide dogs of disabled persons;

23) compensation paid for handing treasures over to state ownership;

24) incomes received by individual entrepreneurs for the performance of those types of activity under which they are the payers of the single tax on imputed income;

25) amounts of interest under state treasury obligations, bonds and other state securities of the former USSR, the Russian Federation and constituent entities of the Russian Federation, and also under bonds and securities issued by decision of representative bodies of local government;

26) incomes received by children - orphans and children, being members of families whose incomes per one member does not exceed the cost of living, from duly registered charitable funds and religious organizations;

Federal Law No. 71-FZ of May 30, 2001 amended Item 27 of Article 217 of this Code
The amendments shall come into force upon the expiration of one month after the date of the official publication of this Federal Law
See the previous text of Item

27) incomes in the form of interest received by taxpayers on deposits in banks situated on the territory of the Russian Federation if:

the interest on rouble deposits are paid within the limits of amounts calculated on the basis of three quarters of the current refinancing rate of the Central Bank of the Russian Federation during the period for which said interest is charged;

the established rate does not exceed 9 per cent per annum under foreign currency deposits;

28) incomes not exceeding 2,000 roubles received on any of the following grounds over a tax period:

cost of gifts received by taxpayers from organizations or individual businessmen and not taxable on succession or gift under the current legislation;

cost of prizes in cash and in kind received by taxpayers in competitions and contests held by decisions of the Government of the Russian Federation, legislative (representative) public authorities or representative bodies of a local self-government;

amounts of material assistance rendered by employers to their workers and also former workers who have retired due to disability or age-related pension;

reimbursement (payment) by employers to their workers, their spouses, parents and children, former workers (age retirees) and also invalids of the cost of drugs bought by them (for them) prescribed to them by a treating doctor.

Exemption from taxation shall be granted upon the submission of documents confirming the actual expenses incurred towards the acquisition of these medicines;

cost of any prizes or winnings received through competitions, games and other activities for the purposes of advertising goods (works, services);

29) the incomes of soldiers, sailors, sergeants and sergeant- majors drafted undergo military service and also persons drafted to undergo periodical training in the form of an allowance of money, per diem and other amounts of money received at the place of service or periodical training;

30) amounts paid to natural persons by election commissions, and also from the resources of election funds of candidates and registered candidates for the position of the President of the Russian Federation, candidates, registered candidate deputies of

the State Duma; candidates and registered candidate deputies of legislative (representative) public powers of the constituent entity of the Russian Federation; candidates and registered candidates for the position of the chief executive of a constituent entity of the Russian Federation; candidates and registered candidates of an elected body of the local government, candidates, registered candidates for a position of the head of a municipal entity; candidates and registered candidates for a position in another federal state body, a state body of the constituent entity of the Russian Federation stipulated by the Constitution of the Russian Federation, by the Constitution or charter of the constituent entity of the Russian Federation and elected directly by citizens; candidates and registered candidates for another position in a body of local self-government stipulated by the charter of the municipal entity and filled in through direct ballot, of election funds of electoral associations and election blocks for such person's work directly associated with the conduct of election campaigns;

31) Disbursements made by trade-union committees (including financial assistance) to members of trade unions except rewards and other disbursements for the performance of labour duties, at the expense of the tax, and also disbursements effected by youth and children's organizations to their members to the charge of membership fees to cover expenses involved in holding cultural, mass entertainment-, physical culture and sport activities.

Federal Law No. 71-FZ of May 30, 2001 supplemented Article 217 of this Code with Item 32

On the amendments see the mentioned above Federal Law

32) prizes on Russia state loan bonds and amounts received at the redemption of these bonds;

Article 218. Standard Tax Deductions

1. When determining the size of the tax base according to Item 2 of Article 210 of the present Code, the taxpayer shall have the right to receive the following standard tax deductions:

1) In the amount of 3,000 roubles for each month over a tax period shall be applicable to the following categories of taxpayers:

persons who have contracted radiation sickness or any other diseases associated with the radiation effects due to the Chernobyl catastrophe or associated with projects to mitigate the consequences of the catastrophe at the Chernobyl Atomic Power Plant;

persons who developed disability due to the Chernobyl accident from among the persons who took part in the elimination of consequences of the accident within the limits of the alienation zone, or who are engaged in the operation or in any other works of the Chernobyl Atomic Power Plant (including those who have been sent temporarily or dispatched therefrom), the military servicemen and men liable for call-up who have been called up for special assemblies and attracted to the performance of works associated with the elimination of consequences of the Chernobyl accident, regardless of their stationing or works performed, and also the officers and men of bodies of internal affairs who were (are) serving in the alienation zone, persons who have been evacuated from the alienation zone and resettled from the settling-out zone, or who have left the said zones voluntarily, persons who have donated their bone marrow to save the lives of victims of the Chernobyl accident, regardless of the time that has passed since the moment of the bone marrow transplantation and the time when they became disabled in this connection;

persons who in 1986-1987 consequences of the Chernobyl accident within the limits of the alienation zone or who were engaged in that period in works associated with the evacuation of the population, material assets or agricultural animals, and in the

operation or in any other works at the Chernobyl Atomic Power Plant (including those who were sent temporarily or dispatched therefrom);

military servicemen, citizens discharged from military service and also men liable for call-up who were called up for special assemblies and were attracted in that period to perform works associated with the elimination of consequences of the Chernobyl accident, including flight-operating and technical personnel of civil aviation, regardless of their stationing or works performed;

officers and rank and file members of internal affairs personnel, in particular the persons discharged from military service who were undergoing service in the alienation area of Chernobyl Atomic Power Plant in 1986-1987;

military servicemen, citizens discharged from military service and also men liable for call-up who were called up for military assemblies and participated in 1988-1990 in works on the object "Cover";

persons who became disabled, or who contracted radiation sickness, or any other diseases due to the accident in 1957 at the production association "Mayak" and the radioactive waste disposal into the river Techa from among persons who (including those who were temporarily sent or dispatched) in 1957-1958 participated directly in the works on the elimination of the consequences of the accident in 1957 at the production association "Mayak", and also who were engaged in works on conducting protection activities and rehabilitation of radioactively contaminated territories along the Techa river in 1949-1956, who (including those who were temporarily sent or dispatched) in 1959-1961 participated directly in eliminating the consequences of the accident at the production association "Mayak" in 1957, who were evacuated (resettled) from, and also who voluntarily left the populated localities which became exposed to radioactive contamination due to the accident in the 1957 at the production association "Mayak" and the radioactive waste disposal into the Techa river, including children - among them those who at the time of the evacuation (resettlement) were in the state of intra-uterine development, - and also the military servicemen and the civilian personnel of the military units and the special contingent evacuated in 1957 from the zone of radioactive contamination (in this case the voluntary leavers shall be defined as citizens who from September 29, 1957 until December 31, 1958 inclusive left the populated localities which were exposed to radioactive contamination due to the accident in 1957 at the production association "Mayak", and also those who from 1949 until 1956 inclusive left the populated localities which were exposed to radioactive contamination due to the radioactive waste disposal into the Techa river), persons who reside in the populated localities that were exposed to the radioactive contamination due to the accident in 1957 at the production association "Mayak" and the radioactive waste disposal into the Techa river where the mean annual effective equivalent irradiation dose on May 20, 1993 was still over 1 Mev (additionally, above the level of the natural radiation background for the given locality), persons who moved voluntarily to new places of residence from the populated localities exposed to radioactive contamination due to the accident in 1957 at the production association "Mayak" and the radioactive waste disposal into the Techa river, where the mean annual effective equivalent irradiation dose on May 20, 1993 was still over 1 Mev (additionally, above the level of the natural radiation background for the given locality);

persons who participated directly in the tests of nuclear weapons in the atmosphere and of combat radioactive substances, and in exercises employing such weapons before January 31, 1963;

persons who participated directly in underground nuclear weapons tests under conditions of non-standard radiation situations and the effect of other injurious effects of nuclear weapons;

persons who participated directly in the clean-up of radiation accidents that occurred at nuclear plants of surface and submarine ships and at any other military

facilities whose accidents have been registered in the established procedure by the Ministry of Defence of the Russian Federation;

persons (including military servicemen) who participated directly in the works on the assembly of nuclear charges before December 31, 1961;

persons who participated directly in underground nuclear weapons tests, and in conducting and supporting the works on the collection and burial of radioactive substances.

invalids of the Great Patriotic war;

invalids of groups I, II, and III from among the military servicemen who became disabled due to a wound, a concussion or an injury received in the defence of the USSR or in the performance of any other duties of military service, or due to a disease associated with a stay at the front, from among former partisans, and also any other categories of invalids equated in the provision of pensions to said categories of military servicemen;

2) the tax deduction of 500 roubles for each month of a tax period shall be applicable to the following categories of taxpayers:

Heroes of the Soviet Union and Heroes of the Russian Federation, and also persons decorated with the Order of Glory of the three degrees;

civilian personnel of the Soviet Army, the Soviet Navy, bodies of internal affairs of the USSR and State security of the USSR, who held established posts in military units, staffs and institutions which comprised the Army in the Field in the period of the Great Patriotic war, or persons who were in that period in the cities, the participation in whose defence is included for such persons in the period of service for assigning a pension under the preferential terms established for servicemen of the units of the active Army;

participants in the Great Patriotic War, combat operations for the defence of the USSR out of the military servicemen who served in military units, headquarters and institutions incorporated in the army and former guerrillas;

persons who were in Leningrad in the period of its siege in the years of the Great Patriotic war from September 8, 1941 until January 27, 1944, regardless of the duration of staying there;

the former, (including minors) prisoners of concentration camps, ghettos and any other places of confinement created by Nazi Germany and its allies in the period of World War II;

invalids from childhood, and also invalids of the first and second groups;

persons who contracted radiation sickness or any other diseases connected with nuclear fuel, or caused by the consequences of radiation accidents at places of civil or military atomic operations, or as a result of tests, exercises or any other works associated with any types of nuclear installations, including nuclear weapons and space technology;

junior and medium-level medical personnel, physicians and other workers of the medical institutions (with the exception of persons whose professional activity is associated with the work with any type of source of ionizing radiation under the conditions of a radiation situation at their working place corresponding to the character of the work performed) who got an overdose of radiation when rendering medical aid and attending, in the period from April 26 to June 30, 1986, persons who suffered as a result of the Chernobyl accident and who are sources of ionizing radiation;

persons who have donated their bone marrow to save the lives of another persons;

industrial and office workers, and also former military servicemen, and officers and men of the bodies of internal affairs, staff members of institutions and bodies of the criminal and penal system who have since been discharged from service, that have contracted occupational diseases associated with radiation effects at works in the alienation zone of the Chernobyl Atomic Power Plant;

persons (including those who were temporarily sent or dispatched) who in 1957-1958 participated directly in the works on the clean-up of the consequences of the

accident in 1957 at the production association "Mayak", and also persons who were engaged in the works on conducting the protective arrangements and the rehabilitation of the radioactively contaminated territories along the Techa river in 1949 - 1956;

persons who were evacuated (resettled) from, and also who left voluntarily the populated localities which became exposed to radioactive contamination due to the accident in 1957 at the production association "Mayak" and the radioactive waste-disposal into the Techa river, including children - among them those who at the moment of evacuation (resettlement) were in the state of intra-uterine development - and also former military servicemen and civilians of the military units and the special contingent evacuated in 1957 from the zone of radioactive contamination. In this case, the voluntary leavers shall be deemed to be citizens who from September 29, 1957 until December 31, 1958, inclusive, left the populated localities which were exposed to radioactive contamination due to the accident in 1957 at the production association "Mayak", and also those who from 1949 until 1956 inclusive left the populated localities which were exposed to radioactive waste disposal into the Techa river;

persons who were evacuated (including those who left voluntarily) in 1986 from the alienation zone which became exposed to radioactive contamination due to the Chernobyl accident, or who have been (are being) resettled from, including those who have left voluntarily, the fall-out zone in 1986 and in subsequent years, including children who at the moment of the evacuation were (are) in the state of intra-uterine development;

parents and spouses of military servicemen who died due to a wound, concussion or injury they suffered in the defence of the USSR or the Russian Federation or in the discharge of any other duties, or due to a disease associated with being at the front line, and also the parents and spouses of government officials who died in the discharge of their official duties. Said deduction shall be granted to spouses of diseased military servicemen and government officials, provided they have not remarried;

citizens who were dismissed from military service or were called up to military assemblies and who fulfilled overseas duty in the Republic of Afghanistan and any other countries where combat operations were conducted;

3) the tax deduction of 400 roubles for each month of a tax period shall be applicable to those categories of taxpayers that are not listed in Subitems 1 - 2 of Item 1 of the present Article and it shall be effective for up to a month in which their income calculated in progressive total from the start of the taxable period (which is covered by the tax rate laid down by Item 1 of Article 224 of the present Code) by the employer granting aforesaid standard tax deduction, has exceeded 20,000 roubles. Starting with the month when said income exceeds 20,000 roubles, the tax deduction established by the present Subitem shall not apply;

4) The tax deduction of 300 roubles for each month of a taxable period shall cover each child of those taxpayers who have in their care a child, the former being the parents or the spouses of the parents, or being guardians or trustees, and it shall be applicable up to the month when their income calculated in progressive total from the start of the taxable period (which is covered by the tax rate laid down by Item 1 of Article 224 of the present Code) by the employer granting aforesaid standard tax deduction, has exceeded 20,000 roubles. Starting with the month when said income exceeds 20,000 roubles, the tax deduction established by the present Subitem shall not apply.

The tax deduction of expenses for the maintenance of a child (children) established by the present Subitem shall be made for each child of up to 18 years of age, and also for each pupil of the daytime format of education, a post-graduate student, a staff physician, a student, a cadet up to the age of 24 years at the parents and (or) spouses, guardians or trustees.

Double tax deduction shall be made for widows (widowers), single parents, guardians or trustees. Said deduction for single parents, widows (widowers) shall terminate from the month following their marriage.

Said deduction shall be granted to widows (widowers), single parents, guardians or trustees on the basis of their written applications and documents confirming the right to such a deduction. In so doing, said deduction shall be granted to foreign natural persons, whose child (children) is situated outside the Russian Federation on the basis of documents certified by competent bodies of the state where the child (children) lives (live).

For the purposes of the present chapter a single parent shall be defined as a parent who is not officially married.

The tax base shall be reduced from the month of birth of the child (children) or the month when the guardianship (curatorship) is established, and is maintained up to the end of that year in which the child (children) has (have) reached the age stated in paragraph two of the present Subitem or in case of death of the child (children). The tax deduction is granted for a period of education of the child (children) at an educational institution, including a leave of absence which is to be duly made out during education.

2. The taxpayers who according to Subitems 1-3 of Item 1 of the present Article are entitled to more than one standard tax deduction shall be granted the largest of the corresponding deductions.

The standard tax deduction established by Subitem 4 of Item 1 of the present Article shall be granted irrespective of granting a standard tax deduction established by Subitems 1-3 of Item 1 of the present Article.

3. The standard tax deductions established by the present Article shall be granted to the taxpayer by one of the employers being a source of income disbursement at the choice of the taxpayer on the basis of his written application and documents confirming his right to such tax deductions.

If a taxpayer begins to work from a month different from the first month of a tax period the deductions specified in Subitems 3 and 4 Item 1 of the present article shall be granted by a given employer with the account taken of the income received since the beginning of the tax period from another employer whereby the taxpayer was provided with tax deductions. The amount of income received shall be documented by a statement of incomes received by the taxpayer issued by the tax agent in keeping with Item 3 Article 230 of the present Code.

4. If during a tax period the standard tax deductions were not granted to the taxpayer or were granted in a smaller amount than is stipulated by the present Article, upon termination of the tax period on the basis of the taxpayer's application, enclosed with the tax declaration and documents confirming the right to such deductions, the tax authorities shall recalculate the tax base with regard to granting standard tax deductions in the amounts stipulated by the present Article.

Article 219. Social Tax Deductions

1. When determining the size of the tax base according to Item 2 of Article 210 of the present Code, the taxpayer shall be entitled to the following social tax deductions:

1) in the amount of incomes transferred by the taxpayer to charities in the form of assistance in cash to organizations of science, culture, education, public health services and social security, partially or fully funded from appropriate budgets, and also to organizations of physical culture and sports, educational and pre-school establishments for needs of physical education of citizens and to the upkeep of sports teams in the amount of actually effected expenses, but no more than 25 per cent of the amount of income received over a tax period;

2) in the amount paid by the taxpayer over a tax period for his education at educational establishments - in the amount of actually effected expenses for education, but no more than 25,000 roubles, and also in the amount paid by the taxpayer - a parent for education of his children of up to 24 years of age in the day time format of education in educational establishments, - in the amount of actually effected expenses for this education but no more than 25,000 roubles per child in total for both parents.

See [Reference](#) on the Payment for Instruction to Be Submitted to Tax Bodies of the Russian Federation, approved by the [Order](#) of the Taxation Ministry of the Russian Federation No. BG-3-04/370 of September 27, 2001

Said social tax deduction shall be granted, provided the educational establishment has a corresponding license or another document confirming the status of the educational institution, and also upon submission by the taxpayer of documents confirming his actual expenses for training.

The social tax deduction is granted for the period of education of said persons in an educational institution, including a leave of absence which was duly taken during education;

3) in the amount paid by the taxpayer during a tax period for services in treatment granted to him by medical establishments of the Russian Federation, and also paid by the taxpayer for services in treatment of his/her spouse, his/her parents and (or) his/her children of up to 18 years of age in medical establishments of the Russian Federation (according to the [list](#) of medical services approved by the Government of the Russian Federation), and also in the amount of the cost of drugs (according to the [list](#) of drugs approved by the Government of the Russian Federation) prescribed to him by a treating doctor and purchased by taxpayers at their own expense.

The total amount of social tax deduction laid down by the present Subitem can not exceed 25,000 roubles.

For expensive types of treatment in medical establishments of the Russian Federation, the amount of tax deduction shall be accepted in the amount of actually borne expenses. The [list](#) of expensive types of treatment shall be approved by a decision of the Government of the Russian Federation.

The deduction of amounts of payment of treatment cost shall be granted to the taxpayer if the treatment took place in the medical establishments that have the required licenses to engage in medical activities, and also if the taxpayer submits documents confirming his actual expenses for the treatment and purchase of drugs.

Aforesaid social tax deduction shall be granted to the taxpayer if the treatment and purchased drugs were not paid for by an organization to the charge of funds of employers.

2. Social tax deductions shall be granted on the basis of written application of the taxpayer when the taxpayer submits his [tax declaration](#) to the tax authorities upon the lapse of the tax period.

[Federal Law No. 71-FZ of May 30, 2001 amended Article 220 of this Code](#)

The amendments [shall come into force](#) upon the expiration of one month after the date of the [official publication](#) of this Federal Law

[See the previous text of Article](#)

[Article 220.](#) Property Tax Deductions

1. When determining the size of the tax base according to [Item 2 of Article 210](#) of the present Code, the taxpayer shall be entitled to the following property tax deductions:

1) In the amounts received by the taxpayer over a tax period from the sale of apartment houses, flats, summer cottages, garden houses or land plots which have been owned by the taxpayer for less than five years, but in general not more than 1,000,000 roubles, and also in the amount received in a tax period from sale of other property which has been owned by the taxpayer for less than three years, but not more than 125,000 roubles. When selling apartment houses, flats, summer cottages, garden houses and land plots which have been owned by the taxpayer for five years or more, and also other property which have been owned by the taxpayer for three years and

more, the property tax deduction shall be granted in the amount received by the taxpayer through sale of said property.

Instead of exercising his right to property tax deduction stipulated by the present Subitem, the taxpayer shall have the right to reduce the amount of taxed incomes by the amount of his actual expenses, proved by documents, and involved in the receipt of these incomes, except for sale by the taxpayer of securities owned by him.

The peculiarities of tax base calculation, of the calculation and payment of the tax on incomes under transactions in securities and transactions in time deal instruments of which the base asset is securities are established by Article 214.1 of the present Code.

When selling property that is in common share or common joint ownership, the appropriate size of property tax deduction calculated according to the present Subitem shall be distributed between the co-owners of this property in proportion to their share or under an arrangement between them (in case of sale of property that is in common joint ownership).

The provisions of the present Subitem shall not apply to incomes received by individual businessmen from sale of property in connection with performance of their business activities;

2) In the amount spent by the taxpayer for new construction or acquiring on the territory of the Russian Federation of an apartment house or a flat, in the amount of his actual expenses, and also in the amount used to repay a mortgage received by the taxpayer in banks of the Russian Federation and actually spent by him on new construction or on the purchase of an apartment house or flat on the territory of the Russian Federation.

The overall size of property tax deduction defined by the present Subitem can not exceed 600,000 roubles disregarding amounts used to repay a mortgage received by the taxpayer in banks of the Russian Federation and actually spent by him on new construction or on the purchase of an apartment house or flat on the territory of the Russian Federation.

Aforesaid property tax deduction shall be granted to the taxpayer on the basis of the taxpayer's written application and documents confirming the property title to a bought (constructed) apartment house or a flat, and also duly made out payment documents confirming that the taxpayer paid money resources (receipts to credit slips, bank abstracts on transfer of money resources from the buyer's accounts to an account of the vendor, documentary and cash vouchers, certificates on purchase of materials from natural persons, including details on the address and passport data of the vendor and other documents).

When acquiring property in common share or common joint ownership, the size of property tax deduction computed according to the present Subitem shall be distributed between the co-owners according to their share in the ownership or with their written application (in case of acquiring an apartment house or flat into common joint ownership).

The property tax deduction laid down by the present Subitem shall not apply in cases when the payment of expenses to construct or to purchase an apartment house or flat for the taxpayer is made to the charge of funds of employers or other persons, and also in cases when the purchase and sale transaction of an apartment house or flat is performed between related natural persons according to Item 2 of Article 20 of the present Code.

A taxpayer may not be granted repeated property tax deduction stipulated by the present Subitem.

If over a tax period the property tax deduction can not be used entirely then its balance can be rolled over to the subsequent tax periods until it is exhausted.

2. Property tax deductions (except tax property deductions relating to transactions in securities) shall be granted on the basis of a written application of the taxpayer when

the taxpayer submits his [tax declaration](#) to tax authorities upon the lapse of the tax period.

When tax base is being calculated in relation to transactions in securities a tax property deduction shall be granted in accordance with the procedure established by [Article 214.1](#) of the present Code.

[Article 221](#). Professional Tax Deductions

When calculating the tax base according to [Item 2 of Article 210](#) of the present Code, the following categories of taxpayers shall be entitled to professional tax deductions:

Federal Law No. 110-FZ of August 6, 2001 amended Item 1 of Article 221 of this Code. The amendments shall come into force as of January 1, 2002
[See the text of the Item in the previous wording](#)

1) taxpayers listed in [Item 1 of Article 227](#) of the present Code in the amount actually spent by them and proved by documents expenses directly involved in the generation of incomes.

In so doing, said expenses shall be accepted for deduction in the composition of costs accepted for deduction in the calculation of the organizations profit tax according to the appropriate Article of Chapter "Organizations Income Tax" of the present Code.

The amounts of personal property tax paid of taxpayers defined in the present Subitem shall be accepted for deduction if this property being an item of taxation according to Articles of the Chapter "The Personal Income Tax" (except for apartment houses, flats, summer cottages and garages) is directly used to carry out business activity.

If the taxpayers can not provide documentary evidence of expenses connected with their activity as individual businessmen, the professional tax deduction shall be made at the rate of 20 per cent of the total amount of incomes received by the individual businessman from business activity. The present provision shall not apply to natural persons engaged in business activity without the formation of legal person, but who have not registered as individual businessmen;

2) taxpayers receiving incomes from performance of works (rendering of services) under civil contracts, - in the amount of their actual expense supported by documents - the former being directly involved in the performance of these works (rendering of services);

3) taxpayers receiving awards or compensation for creating, performance or another use of works of science, literature of art, compensation to authors of discoveries, inventions and industrial models in the amount of their actual expense supported by documents.

If these expenses can not be supported by documents they shall be accepted for deduction in the following amounts:

Stantard rate	
	of
expenses	(in
	to
per cent	of
amount	
accrued	

	income)	
	Creation of literary works, including those for theatre,	
	cinema, variety artists, circus	
20		
	Creation of fine arts and graphic works, photo works	
	for publications, architecture and design works	
30		
	Creation of sculptures, monumental and decorative	
	paintings, works of decorative and applied arts, works	
	of easel-painting, of theatre and cinema arts	
	and graphical works of	
	various techniques	
40		
	Creation of audio-visual works (video, television and	
	cinema films)	
30		
	Creation of musical works:	
	musical and scenic works, (operas, ballet performances,	
	musical comedies), symphonic, choral, chamber works,	
	works for brass bands, original music for cinema films,	
	television and video films and	
	theatre productions	
40		
	other musical works, including those	
	prepared for publication	
25		
	Performance of works of literature and arts	
20		
	Creation of scientific works and designs	
20		
	Discoveries, inventions and creation of industrial	
	models (to the amount of income received over the first	
	two years of their use)	
30		

For the purposes of the present article "taxpayer's expenses" also include the amounts of tax envisaged by the applicable tax and fee legislation in respect of the kinds of activity specified in the present article (except the tax on incomes of natural persons) accrued or paid by the taxpayer in the tax period.

When determining the tax base, the expenses confirmed by documents can not be taken into account at the same time as the expenses within the limits of the authorized norms.

The taxpayers specified in [Item 1](#) of the present article shall be provided with professional tax deductions on their written application when they file a [tax return](#) with a tax body upon the expiration of a tax period.

The taxpayers specified in [Items 2](#) and [3](#) of the present article shall be provided with professional tax deductions on their written application by the tax agents designated in compliance with [Item 1 Article 226](#) of the present Code.

The taxpayers which are specified in [Item 2](#) of the present article and which receive incomes from natural persons not being tax agents shall be provided with professional tax deductions on their written application when they file a tax return with a tax body upon the expiration of a tax period.

Article 222. Authorities of Legislative (Representative) Bodies of the Constituent Entities of the Russian Federation in the Establishment of Social and Property Deductions

Within the limits of social tax deductions established by [Article 219](#) of the present Code, and property tax deductions established by [Article 220](#) of the present Code legislative (representative) bodies of the constituent entities of the Russian Federation may establish other amounts of deductions with due account of their own region.

[Article 223.](#) The Date of Actual Receipt of Income

1. For the purposes of the present Chapter, unless otherwise stipulated by [Item 2](#) of the present Article, the date of actual receipt of income shall be defined as the day of:

1) disbursement of income, including the transfer of the income to accounts of the taxpayer held with banks or by his instruction to accounts of third persons at the receipt of incomes in cash;

2) transfer of incomes in kind - when incomes are received in kind;

3) payment by the taxpayer of interest on received borrowed (credit) funds, on purchase of goods (works, services), on purchase of securities if incomes are received in the form of material benefit.

2. Upon the receipt of income in the form of remuneration for labour, the date of actual receipt by the taxpayer of such an income shall be defined as the last day of the month for which the income for performed job duties was charged to him according to the labour contract (the agreement).

[Article 224.](#) Tax rates

1. The tax rate shall be established in the amount of 13 per cent, unless otherwise stipulated by the present Article.

*[Federal Law No. 71-FZ of May 30, 2001 amended Item 2 of Article 224 of this Code](#)
[The amendments shall come into force upon the expiration of one month after the date of the official publication of this Federal Law](#)
[See the previous text of Item](#)*

2. The tax rate shall be established in the amount of 35 per cent concerning the following incomes:
prizes paid by organizers of lotteries;

cost of prizes and prizes received in competitions, games and other activities held with the purposes of advertising goods, works and services, in the part exceeding the amounts stated in [Item 28 of Article 217](#) of the present Code;

insurance under voluntary insurance contracts in the part exceeding the amounts stated in [Item 2 of Article 213](#) of the present Code;

an income earned as interest on bank deposits in as much as it concerns the surplus of an amount calculated proceeding from three quarters of the refinancing rate of the Central Bank of the Russian Federation, within the period for which the interest is accrued in relation to rouble deposits (except time pension deposits put into the account for a term of at least six months) and nine per cent annual rate in relation to foreign currency deposits and also incomes earned as interest on time pension deposits put into account before January 1, 2001 for a term of at least six months, in as much as it concerns the surplus of an amount calculated proceeding from the effective refinancing rate of the Central Bank of the Russian Federation in the period for which the interest is accrued;

amounts of economic gain on interest when the taxpayers receive borrowed funds in the part exceeding the amounts specified in [Item 2 of Article 212](#) of the present Code.

*Federal Law No. 110-FZ of August 6, 2001 amended Item 3 of Article 224 of this Code. The amendments [shall come into force as of January 1, 2002](#)
[See the text of the Item in the previous wording](#)*

3. The tax rate shall be established in the amount of 30 per cent with respect to all the incomes received by natural persons who are not tax residents of the Russian Federation.

Federal Law No. 110-FZ of August 6, 2001 supplemented Article 224 of this Code with Item 4. The amendments [shall come into force as of January 1, 2002](#)

4. The tax rate shall be established in the amount of six per cent with respect to the incomes from the share participation in the activity of organisations received in the form of dividends.

Article 225. The Order of Calculation of Tax

1. When determining the tax base according to [Item 3 of Article 210](#) of the present Code, the amount of tax shall be calculated as a percentage share of the tax base corresponding to the tax rate established by [Item 1 of Article 224](#) of the present Code.

When determining the tax base according to [Item 4 of Article 210](#) of the present Code, the amount of tax shall be calculated as a percentage share of the tax base according to the tax rate.

2. The total amount of tax represents an amount received as a result of addition of amounts of tax calculated according to Item 1 of the present Article.

3. The total amount of the tax shall be calculated by results of a tax period as regards all incomes of the taxpayer whose date of receipt falls within the respective tax period.

4. The tax shall be calculated in whole roubles. An amount of tax less than 50 copecks shall be rejected, while 50 copecks or more shall be rounded up to a whole rouble.

Article 226. Features of Calculation of Tax by Tax Agents. The Order and Terms of Payment of Tax by Tax Agents

1. Russian organizations, individual businessmen and permanent representations of foreign organizations in the Russian Federation from which or as a result of the relations with which the taxpayer has received incomes indicated in Item 2 of the

present Article, are obliged to calculate, to withhold from the taxpayer and to pay the tax computed according to [Article 224](#) of the present Code with allowance for features stipulated by the present Article. The tax on lawyers' incomes shall be calculated, withheld and paid by the Bars (institutions thereof).

Russian organizations specified in the present Item, individual businessmen and permanent representations of foreign organizations, the Bars and the institutions thereof, in the Russian Federation are referred to in the present Chapter as tax agents.

*[Federal Law No. 71-FZ of May 30, 2001 amended Item 2 of Article 226 of this Code](#)
[The amendments shall come into force upon the expiration of one month after the date of the official publication of this Federal Law](#)
[See the previous text of Item](#)*

2. Calculation of the amounts and payment of tax according to the present Article are made for all incomes of the taxpayer, whose source is the tax agent, except for the incomes concerning which the calculation and payment of the tax are made according to [Articles 214.1, 217](#) and [228](#) of the present Code with offset of the previously withheld amounts of tax.

3. Tax agents shall calculate amounts of tax in progressive total from the beginning of the tax period by results of each month as regards all incomes covered by the tax rate established by [Item 1 of Article 224](#) of the present Code accrued to the taxpayer over the period in question, with the account taken of the tax amount withheld in the preceding months of the current tax period.

Amount of the tax with reference to incomes concerning which other tax rates are applied shall be calculated by the tax agent separately for each amount of said income accrued to the taxpayer.

The tax shall be calculated without account of incomes received by the taxpayer from other tax agents and amounts withheld by other tax agents.

4. Tax agents are obliged to withhold the computed amount of tax directly from incomes of the taxpayer upon their actual disbursement.

The deduction at the taxpayer of the charged amount of tax shall be made by the tax agent to the charge of any funds paid by the tax agent to the taxpayer, upon the actual disbursement of aforesaid funds to the taxpayer or by his instruction to third persons. In so doing, the withheld tax can not exceed 50 per cent of the amount of disbursement.

5. If the computed amount of tax can not be withheld at the taxpayer within one month from the time such circumstances occurred, the tax agent is obliged to inform the tax authorities in written form at the place of his registration on his inability to withhold the tax and the arrears of the taxpayer. As the inability to withhold tax, in particular, shall be recognized cases when it is obviously known that the period during which the sum of accrued tax can be withheld, will exceed 12 months.

6. The tax agents are obliged to transfer the amounts of calculated and withheld tax no later the day of actual receipt in the bank of effective cash to disburse the income, and also of the income transfer day from accounts of the tax agents with the bank to accounts of the taxpayer or by his instruction to bank accounts of third persons.

In other cases, tax agents shall transfer the calculated and withheld tax no later than the day following actual receipt by the taxpayer of the income, - for incomes disbursed in cash and also the day following the actual deduction of the calculated amount of tax - for incomes received by the taxpayer in kind or in a form of financial assistance.

7. The aggregate sum of tax calculated and withheld by a tax agent from the taxpayer for which he is recognized as the source of income shall be paid at the place where the tax agent is registered with a tax body.

Tax agents, Russian organizations, specified in [Item 1](#) of the present article, that have detached units are obliged to transfer amounts of calculated and withheld tax both at the place of their location, and at the place of each of its detached units.

The amount of the tax payable to the budget at the location of detached units shall be defined on the basis of amount of taxable income, charged and paid to workers of such detached units.

8. Withheld by a tax agent from incomes of natural persons concerning which he is recognized as the source of income, the aggregate amount of tax exceeding 100 roubles, shall be transferred to the budget in the order established by the present Article. If the aggregate sum of the withheld tax payable to the budget constitutes less than 100 roubles, it shall be added to the amount of tax subject to transfer to budget in the next month, but no later than December of the current year.

9. It is not allowed to pay tax at the expense of funds of tax agents. When concluding contracts and other deals, it is prohibited to include into such any tax clauses according to which income paying tax agents shall undertake to bear expenses connected with the payment of tax for natural persons.

[Article 227.](#) Features of Calculation of Amounts of Tax by Individual Entrepreneurs and Other Persons Engaged in Private Practice. The Order and Terms of Payment of Tax, and the Order and Terms of Payment of Advance Payments by Said Persons

1. The calculation and payment of tax according to the present Article shall be made by the following taxpayers:

1) natural persons registered in the order established by the current legislation and engaged in business activity without the status of a legal person - on amounts of incomes received from such activities;

2) private notaries and other persons engaged in the order established by the current legislation in private practice - on amounts of incomes received from such activity.

2. Taxpayers named in Item 1 of the present Article shall independently calculate the tax payable to the appropriate budget in the order established by [Article 225](#) of the present Code.

3. The total amount of tax payable to the appropriate budget shall be calculated by the taxpayer with allowance for the tax withheld by tax agents upon the disbursement to the taxpayer of the income, and also amounts of advance payments under the tax actually paid to the appropriate budget.

4. Losses of past years incurred by the natural person shall not reduce the tax base.

5. The taxpayers named in [Item 1](#) of the present Article are obliged to present to the tax authorities at the place of their registration the appropriate [tax declaration](#) by times established by [Article 229](#) of the present Code.

See individual income tax return [Forms](#) and the [Instructions](#) for filling them in, endorsed by [Order](#) of the Ministry of the Russian Federation for Taxes and Fees No. BG-3-08/378 of November 1, 2000

6. The total sum of tax payable to the appropriate budget calculated according to the tax declaration with allowance for provisions of the present Article shall be paid at the place of registration of the taxpayer no later than July 15 of the year following the lapsed tax period.

7. If during the year the taxpayers named in [Item 1](#) of the present Article will obtain any incomes received from the accomplishment of business activity or from pursuit of a private practice, the taxpayers are obliged to present the [tax declaration](#) stating the amount of the anticipated income from said activity in the current tax period to the tax

authorities within five days upon the completion of the month from the date of appearance of such incomes. In so doing, the sum of the anticipated income shall be determined by the taxpayer.

8. The calculation of the sum of advance payments shall be made by the tax authority. Amounts of advance payments on the current tax period shall be made by the tax authorities on the basis of the amount of anticipated income stated in the tax declaration or the amount of the actually received income from activity types stated in [Item 1](#) of the present Article for the previous tax period with allowance for tax deductions stipulated by [Articles 218](#) and [221](#) of the present Code.

9. Advance payments are paid by the taxpayer on the basis of the tax notices:

1) for January - June - not later than July 15 of the current year in the amount of half of the annual amount of advance payments;

2) for July - September - no later than October 15 of the current year in the amount of one quarter of the annual amount of advance payments;

3) for October - December - no later than January 15 of the next year in the amount of one quarter of the annual amount of advance payments.

10. In case of a significant (by more than 50 per cent) increase or reduction of income over a tax period, the taxpayer is obliged to present a new [tax declaration](#) which is to give details on the amount of the anticipated income from performance of activity indicated in Item 1 of the present Article for the current year. In this case, the tax authorities shall recalculate the amounts of advance payments for the current year as regards the outstanding deadlines of payment.

The recalculation of the amounts of advance payments is made by the tax authorities not later than within five days from receipt of the new tax declaration.

Article 228. Features of Calculation of Tax Concerning Certain Types of Incomes. The Order of Payment of Tax

1. The calculation and payment of tax according to the present Article shall be made by the following categories of taxpayers:

1) natural persons - on the basis of amounts of compensations received from natural persons who are not tax agents under concluded civil contacts, including the incomes under employment contracts or rent contracts of any property and also from the sale of property owned by these persons under ownership law;

2) natural persons - [tax residents](#) of the Russian Federation who receive incomes from sources located outside the Russian Federation - on the basis of amounts of such incomes;

3) natural persons receiving other incomes, during whose receipt the tax agents have withheld no tax - on the basis of amounts of such incomes.

[Federal Law No. 71-FZ of May 30, 2001 supplemented Item 1 of Article 228 of this Code with subitem 4](#)

[The amendments shall come into force upon the expiration of one month after the date of the official publication of this Federal Law](#)

4) the natural persons receiving prizes disbursed by the organisers of totalizator and other risk-based gambling games (in particular, those involving the use of gambling machines), proceeding from the amounts of such prizes.

2. The taxpayers specified in Item 1 of the present Article shall independently calculate the amounts of tax payable to the appropriate budget in the order established by [Article 225](#) of the present Code.

The total amount of tax payable to the appropriate budget shall be calculated by the taxpayer with allowance for amounts of the tax withheld by tax agents upon disbursement of income to the taxpayer. In so doing, losses of the past years sustained by the natural person shall not reduce the tax base.

3. The taxpayers listed in [Item 1](#) of the present Article, are obliged to present the appropriate [tax declaration](#) to the tax authorities at the place of their registration.

4. The total amount of tax payable to the appropriate budget calculated on the basis of the tax declaration with allowance for provisions of the present Article shall be paid at the place of residence of the taxpayer no later than July 15 of the year following the expired tax period.

5. The taxpayers who received incomes, in the course of which disbursement the tax agents did not withhold any amount of tax, shall pay the tax in two equal installments: the first - no later than 30 days from the date of delivery by the tax authorities of the tax notice on the payment of tax, the second - not later than 30 days after the first term of payment.

Article 229. The Tax Declaration

1. A [tax declaration](#) shall be submitted by the taxpayers named in [Articles 227](#) and [228](#) of the present Code.

The tax declaration shall be submitted no later than April 30 of the year following an expired tax period.

2. Persons who are not obliged to submit a tax declaration shall have the right to submit such a declaration to the tax authorities at their place of residence.

See Individual Income Tax Return [Forms](#) and the [Instructions](#) for Filling Them In, endorsed by [Order](#) of the Ministry of the Russian Federation for Taxes and Fees No. BG-3-08/378 of November 1, 2000

3. When the activities specified in [Article 227](#) of the present Code and/or the termination of the disbursements specified in [Article 228](#) of the present Code cease to exist, up to the end of the tax period within five days from the date of termination of such activities or such disbursements, taxpayers are obliged to present a declaration on the actually received incomes in the current tax period.

If during a calendar year a foreign natural person stops an activity the incomes from which are subject to taxation according to Articles 227 and 228 of the present Code and leaves the territory of the Russian Federation, the tax declaration on incomes actually received over the period of his stay within the current tax period on the territory of the Russian Federation, should be presented by him no later than one month before his departure from the territory of the Russian Federation.

The tax which is charged in addition to the tax declarations the order of which submission is defined by the present Item shall be paid no later than 15 days from the time of submission of such declaration.

4. In the [tax declarations](#), the natural persons shall state all the incomes they have received over the tax period, sources of their disbursement, tax deductions, the amount of tax withheld by tax agents, and the amount of advance payments actually paid during a tax period, tax amounts payable (additionally payable) or refundable according to the results of the tax period".

Article 230. Enforcement of Provisions of the Present Chapter

1. The tax agents shall keep account of incomes natural persons received from them over a tax period on the [form](#) established by the Ministry of the Russian Federation for Taxes and Fees.

2. The tax agents shall submit to tax authorities at the place of their registration information about incomes of the natural persons over this tax period and amounts of taxes charged and withheld over this tax period, annually, no later than April 1 of the year following a lapsed tax period on the [form](#) approved by the Ministry of the Russian Federation for Taxes and Fees.

Said information shall be submitted on magnetic media or via telecommunication facilities in the manner defined by the Ministry of the Russian Federation for Taxes and Fees.

Tax authorities shall forward such information to tax authorities at the place of residence of natural persons.

In so doing, no information shall be reported on incomes paid to individual entrepreneurs for goods bought from them, products or performed works (services provided) if such individual entrepreneurs have presented to the tax agent documents confirming their state registration as entrepreneurs without the status of legal person and registration with the tax bodies. If the number of natural persons who have received incomes over a tax period is up to 10 persons, the tax agents can submit such information on paper.

In exceptional cases with allowance for special features of activity or features of the location of organizations, tax authorities can grant separate organizations the right to report incomes of natural persons on paper.

3. Tax agents shall issue to natural persons upon their request information on incomes received by the natural persons and withheld amounts of tax on the [form](#) approved by the Ministry of the Russian Federation for Taxes and Fees.

Article 231. Tax Collection and Refund Procedure

1. Amounts of tax unduly withheld by a tax agent from incomes of the taxpayer shall be returned by a tax agent after the taxpayer submits a corresponding application.

2. Amounts of tax not withheld from natural persons or partially withheld by tax agents shall be collected by such from natural persons until these persons repay in full the tax arrears in the manner stipulated by [Article 45](#) of the present Code.

3. Amounts of tax not collected as a result of tax evasion by the taxpayer shall be collected for the entire time of tax evasion.

Article 232. Avoidance of Double Taxation

1. Amount of tax on incomes received outside the Russian Federation and actually paid outside the Russian Federation by a taxpayer who is a [tax resident](#) of the Russian Federation pursuant to the legislation of other states, are not accepted to offset tax payment in the Russian Federation, except as otherwise provided by an appropriate agreement (treaty) on avoidance of double taxation.

2. For exemption from the tax, offset, or to receive tax deductions or other tax privileges, the taxpayer should present to bodies of the Ministry of the Russian Federation for Taxes and Fees official confirmation that he is the resident of the state with which the Russian Federation has an agreement (treaty) on avoidance of double taxation and also a document on the income received and on his tax payment outside of the Russian Federation confirmed by the tax body of a respective foreign state which has been effective during the tax period (or a part thereof) in question. Confirmation can be submitted either before the payment of tax or advance payments on the tax or within one year after the end of that tax period on results of which the taxpayer applies to receive exemption from the tax, offset, tax deductions or privileges.

Article 233. Final Provisions

Tax benefits granted by legislative (representative) bodies of constituent entities of the Russian Federation as regards amounts of tax remitted pursuant to the legislation of the Russian Federation to their budgets up to the day of [entry into force](#) of the present Code, shall be effective during the period for which these tax benefits were granted. If upon the establishment of tax benefits the period of time was not defined during which these tax benefits can be used, such tax benefits shall terminate to operate by decision of legislative (representative) bodies of the Russian Federation.

Federal Law No. 166-FZ of December 29, 2000 amended Chapter 24 of the Tax Code of the Russian Federation. The amendments shall come into force as of January 1, 2001

See the previous text of Chapter 24 of the Tax Code

Chapter 24. The Uniform Social Tax (The Contribution)

See Federal Law No. 167-FZ of December 15, 2001 on *Obligatory Pension Insurance in the Russian Federation*

See the Methodological Recommendations on the procedure for the computation and payment of the uniform social tax (premium), approved by Order of the Ministry of Taxes and Fees of the Russian Federation No. BG-3-07/465 of December 29, 2000

See Explanations on the Individual Issues Involved in the Application of the Legislation on the Uniform Social Tax (Premium) given by Letter of the Ministry of Taxes and Fees of the Russian Federation No. SA-6-07/463 of June 19, 2001

Article 234. General Provisions

The present Chapter of the Code introduces the uniform social tax (the contribution) (hereinafter in the present Chapter referred to as - "the tax") transferred to state extra-budgetary funds - the Pension Fund of the Russian Federation, the Social Insurance Fund of the Russian Federation or funds of obligatory medical insurance of the Russian Federation (hereinafter in the present Chapter referred to as - "funds") - and designed to accumulate resources for the implementation of the right of citizens to the state pension and social security and medical aid.

Article 235. Taxpayers

On the notification of taxpayers of introduction of single social tax effective from January 1, 2001, see Letter of the Ministry of the Russian Federation for Taxes and Fees No. BG-6-12/774 of October 3, 2000

1. The following shall be recognised as payers of the tax (hereinafter in the present chapter referred to as "taxpayers"):

- 1) employers making payments to hired workers, including:
 - organizations;
 - individual entrepreneurs;
 - patrimonial, family communities of the small ethnic groups of the North engaging in traditional types of economy;
 - country (farmer) households;
 - natural persons;
- 2) individual entrepreneurs, patrimonial, family communities of small ethnic groups of the North engaging in traditional types of economy, the heads of peasant (farmer's) farms, lawyers.

2. If a taxpayer is at the same time referred to several categories of taxpayers specified in Subitems 1 and 2 of Items 1 of the present Article of the Code, he shall be recognized as a separate taxpayer on each separate ground.

3. The taxpayers specified in Subitem 2 Item 1 of the present article shall not pay the tax in as much as it concerns the part of the amount entered in the Social Insurance Fund of the Russian Federation.

Article 236. Tax Basis

1. For the taxpayers specified in [Paragraphs 2 - 5 Subitem 1 Item 1 Article 235](#) of the present Code the following shall be deemed tax basis:

the disbursements and other rewards accrued by employers for the benefit of employees on all grounds, in particular:

rewards (except the rewards payable for the benefit of individual entrepreneurs) under agreements of civil legal nature having the performance of works (provision of services) as their subject matter and also under copyright and licensing agreements;

disbursements in the form of a subsistence allowance and other free disbursements for the benefit of natural persons not related to the taxpayer under a labour agreement or an agreement of civil legal nature having the performance of works (provision of services) as its subject matter or under a copyright or licensing agreement.

The disbursements in kind effected in agricultural products and/or children's goods shall be recognised as tax basis in as much as it concerns amounts exceeding 1,000 roubles per employee for a calendar month.

2. For the taxpayers specified in [Paragraph 6 Subitem 1 Item 1 Article 235](#) of the present Code the following shall be deemed as tax basis: disbursements and other rewards, in particular rewards under agreements of civil legal nature payable by employers for the benefit of employees on all grounds.

3. For the taxpayers specified in [Subitem 2 Item 1 Article 235](#) of the present Code the following shall be deemed as tax basis: incomes from entrepreneurial or another professional activity less the expenses relating to the production of such incomes.

For individual entrepreneurs applying the simplified taxation system tax basis is income determined proceeding from the price of the license.

[Federal Law No. 110-FZ of August 6, 2001 amended Item 3 of Article 236 of this Code. The amendments shall come into force as of January 1, 2002](#)
[See the text of the Item in the previous wording](#)

4. The disbursements specified in [Items 1](#) and [2](#) of the present article shall not be deemed a tax basis if they are effected at the expense of funds remaining at the disposal of the organisation after the tax on the profit of organisations or funds remaining at the disposal of the individual entrepreneur or natural person after the tax on the incomes of natural persons.

Article 237. The Tax Base

1. The tax base of the taxpayers specified in [Paragraphs 2 - 5 Subitem 1 Item 1 Article 235](#) of the present Code shall be determined as the sum of the disbursements and other rewards stipulated in [Item 1 Article 236](#) of the present Code accrued by employers in the tax period for the benefit of employees.

When tax base is being determined account shall be taken of any disbursements and rewards (except the amounts of money mentioned in [Article 238](#) of the present Code) accrued by employers for the benefit of employees in pecuniary form or in kind or received by an employee from the employer in the form of another material gain.

When the taxpayers specified in Paragraphs 2 - 5 Subitem 1 Item 1 Article 235 of the present Code effect disbursements in the form of subsistence allowances or other free disbursements for the benefit of natural persons not related to them under a labour agreement or an agreement of civil legal nature having the performance of works (provision of services) as its subject matter, under a copyright or licensing agreement tax base shall be determined as the sum of the said disbursements in the tax period. Disbursements in kind effected in agricultural products and/or children's goods shall be included in the tax base in as much as it concerns amounts exceeding 1,000 per employee in a calendar month.

The tax base of the taxpayers specified in [Paragraph 6 Subitem 1 Item 1 Article 235](#) of the present Code shall be determined as the sum of the disbursements and

rewards stipulated in [Item 2 Article 236](#) of the present Code paid in the tax period for the benefit of employees.";

2. Taxpayers listed in [Subitem 1 of Item 1 of Article 235](#) of the present Code shall define their tax base separately for each worker from the beginning of the tax period upon expiration of each month in a progressive total.

3. The tax base of the taxpayers specified in [Subitem 2 of Item 1 of Article 235](#) of the present Code shall be defined as the amount of incomes and received by such taxpayers over a tax period both in cash and in kind from business or another professional activity in the Russian Federation less expenses involved in their generation as stipulated in [Item 1 of Article 221](#) of the present Code.

4. When tax base is being calculated disbursements and other rewards received in kind in the form of goods (works, services) shall be taken into account as the value of these goods (works, services) as of the date of receipt thereof, calculated on the basis of their market prices (tariffs) defined with allowance for provisions of [Article 40](#) of the present Code, while if prices (tariffs) of these goods (works, services) are controlled by the state, then on the basis of the state controlled wholesale prices.

In so doing, the cost of goods (works, services) shall include the appropriate amount of value added tax, sales tax, and a corresponding amount of excise taxes for excisable goods.

The same procedure shall be applicable to take into account the material gain received by an employee and/or members of his/her family on the account of the employer. Such material gain shall in particular include the following:

material benefit if the employer pays (in full or partially) for the worker and/or members of his family for goods (works, services) or rights, including municipal services, meals, rest, training in the interests of the worker;

material benefit if the worker and/or members of his family purchase from the employer goods (works, services) on conditions more favourable in comparison with their vendors' normal conditions, the latter not being related to the buyers (clients);

material benefit in the form of gain on interest when the worker receives from the employer borrowed funds on favourable terms, the former being defined by the rules laid down in [Item 2 of Article 212](#) of the present Code;

material benefit received by the worker in the form of insurance premium payments under agreements of voluntary insurance (except for amounts of insurance premium payments specified in [Subitem 9 of Item 1 of Article 238](#) of the present Code) in cases when the insurance premium payments were fully or partially made for him by the employer.

5. The amount of compensation which is taken into account when determining the tax base in the part of author's and license agreements is defined according to [Article 210](#) of the present Code with allowance for expenses stipulated by [Item 3 Articles 221](#) of the present Code.

Article 238. Amounts Which Are Not Taxable

1. The following shall not be subject to taxation:

1) state allowances paid according to the legislation of the Russian Federation, legislative acts of constituent entities of the Russian Federation, decisions of representative bodies of local self-government, including temporary disability allowance, allowance for care of sick child, unemployment benefit, maternity and birth of child allowance;

2) all types of compensatory disbursements (within the limits of standards established according to the legislation of the Russian Federation) established by legislation of the Russian Federation, legislative acts of constituent entities of the Russian Federation, decisions of representative bodies of local self-government and involving:

reimbursement of harm caused by crippling or other damage to health;

free granting of housing and utilities, fuel or a relevant pecuniary reimbursement;
payment of cost and/or issue of authorized allowance in kind and also the disbursement of cash instead of such allowance;
payment of cost of meals, sports gear, equipment, sports and dress uniform received by the sportsmen and staff of physical culture and sports organizations for the training process and participation in sports competitions;
dismissal of workers, including compensations for unused holiday;
reimbursement of other expenses, including the expenses involved in the improvement of professional skills of workers;
employment of workers dismissed as a result of reduction of work force, reorganization or liquidation of an organization;
performance by the worker of his job duties (including relocation to work to another locality and reimbursement of travel and living expenses).

In case the employer pays the expenses on business trips of workers both in the country and abroad, the daily allowance exempt from taxation shall be within the limits of standards established according to the legislation of the Russian Federation, and also the actually effected and documented target expenses in the travel up to destination and back, charges for airport services, the commission charges, expenses in travel to the airport or to the terminal in the places of departure, destination or changes, on conveyance, expenses in hiring housing, communication services expenses, charges for the issue (receipt) and registration of a service foreign passport, charges for granting (receipt) of visas, and also expenses in exchange of currency cash or cheques in a bank into foreign currency in cash. If no documents are presented to confirm the payment of expenses for hiring of housing, the amounts of such payment are exempted from taxation within the limits of standards established by the legislation of the Russian Federation. A similar order of taxation shall apply to disbursements effected to persons found in command of, or administrative subordination to, an organization, and also members of a board of directors or any similar body of the company coming to participate in meetings of the board of directors, the board of management or another similar body of such company;

3) the amount of the lump-sum material assistance rendered by the employers:

to workers in case of natural disasters or other emergencies with the aim of compensating for the material loss caused to them or harm to their health on the basis of decisions of bodies of legislative (representative) and/or executive power, decisions of representative bodies of local self-government;

to family members of a deceased worker or to worker in case of death of a member (members) of his family;

to workers wounded in terrorist acts on the territory of the Russian Federation;

Aforesaid incomes shall be exempted from taxation if the employers make non-cash payments to medical establishments for treatment and health services of taxpayers, and also if the cash for these purposes is issued directly to the taxpayer (members of his family, parents) or the funds intended for such purposes are entered into accounts of the taxpayers held with bank institutions;

4) the amount of wage and other amounts in foreign currency paid to workers, and also servicemen sent to work (to serve) abroad by taxpayers who are state organizations or institutions funded from the federal budget, within the limits established by the legislation of the Russian Federation;

5) incomes of members of a country (farmer) household received in such a household from the production and sale of agricultural products and also from production of agricultural products, their processing and sale - during the five years after the registration year of the household.

The present provision shall apply to incomes of those members of a country (farmer) household who have earlier not used the provision;

6) incomes (except for wages of hired workers) received by members of registered in accordance with the established manner patrimonial, family communities of small ethnic groups of the North from the sale of products received as a result of pursuing their traditional types of craft;

7) amounts of insurance payments (contributions) in compulsory insurance of employees performed by employers in the order established by legislation of the Russian Federation, and also under agreements of voluntary insurance providing disbursements as compensation for harm to life and the health of insured employees and payment by the insurers of medical expenses of insured natural persons, provided there are no disbursements to the insured natural persons;

8) amounts paid to the charge of membership fees of gardening, gardening and vegetable gardening-, garage construction- and housing building co-operatives (partnerships) to persons for the performance of works (services) for said organizations;

9) travel expenses of workers and members of their families to the place of their holiday and back paid by the employer to the persons working and living in areas of the Far North and areas equated thereto according to the legislation of the Russian Federation;

10) amounts paid to natural persons by election commissions, and also from the resources of election funds of candidates and registered candidates for the position of the President of the Russian Federation; candidates and registered candidate deputies of the State Duma; candidates and registered candidate deputies of legislative (representative) public power of a constituent entity of the Russian Federation; candidates and registered candidates for the position of chief executive of a constituent entity of the Russian Federation; candidates and registered candidates of an elected body of the local government; candidates and registered candidates for a position of the head of a municipal entity, candidates, registered candidates for the position in another federal state body, a state body of a constituent entity of the Russian Federation stipulated by the Constitution of the Russian Federation, by the Constitution, or charter of the constituent entity of the Russian Federation, and elected directly by citizens; candidates and registered candidates for another position in a body of local self-government stipulated by the charter of the municipal entity and filled in through direct ballot, of election funds of electoral associations and election blocks for such person's work directly associated with the conduct of election campaigns;

11) cost of service dress and utility uniform issued to workers, trainees and pupils according to the legislation of the Russian Federation free or against partial payment and remaining in their permanent personal use;

12) cost of travel privileges granted by the legislation of the Russian Federation to certain categories of workers, trainees and pupils;

13) disbursements made to the charge of members of trade-union contributions to each member of the trade union, provided that such disbursements are made no more often than once every three months and do not exceed 10,000 roubles annually.

2. The following shall not be subject to taxation: disbursements effected for the benefit of the employees of organisations financed out of budget funds, not exceeding 2,000 roubles per individual in the tax period on each of the following grounds:";

the amounts of material help rendered by employers to their workers, and also former workers who have retired due to disability or old age;

the amounts of reimbursement (payment) by employers to their former workers (old age retirees and/or invalids) and/or members of their families of cost of drugs bought by them (for them) which were prescribed to them by a treating doctor.

3. The tax base (in the part of amounts of the tax subject to transfer to the Social Insurance Fund of the Russian Federation), apart from disbursements specified in Items 1 and 2 of the present Article, shall also not include any compensations paid to workers under civil contracts or author's or license agreements.

Article 239. Tax Benefits

1. The following shall be exempt from payment of tax:

1) the organisations of any organisational and legal forms: on the amounts of disbursement and other reward not exceeding 100,000 roubles per employee being a disabled person, Group I, II or Group III, in the tax period;

2) the following categories of employers - on disbursements and other rewards not exceeding 100,000 roubles during a tax period per each individual worker:

public organizations of invalids (including those created as unions of public organizations of invalids) among which members invalids and their legal representatives constitute no less than 80 per cent, their regional and local branches;

organizations whose entire authorized capital consists of contributions of public organizations of invalids and in which the average pay roll number of invalids constitutes no less than 50 per cent and the share of wages of invalids in the wage fund constitutes no less than 25 per cent;

establishments created with the aim of achieving goals of educational, cultural, treatment and health improvement, physical culture and sports, scientific, information and other social purposes, and also for rendering legal and other help to the disabled, disabled children and their parents, the sole owners of whose assets are said public organizations of invalids.

Privileges listed under the present Subitem shall not apply to organizations engaged in the production and/or sale of excisable goods, mineral raw materials, other mineral resources, and also other goods according to the list approved by the Government of the Russian Federation upon representation of all-Russian public organizations of invalids;

3) taxpayers specified in [Subitem 2 of Item 1 of Article 235](#) of the present Code, being invalids of Group I, II or Group III in the part of incomes from their business activity and other professional activity at a rate not exceeding 100,000 roubles over a tax period;

2. If according to the legislation of the Russian Federation foreign subjects and stateless persons operating on the territory of the Russian Federation as individual entrepreneurs have no right to draw state pension, social security, or medical aid at the expense of funds of the Pension Fund of the Russian Federation, the Social Insurance Fund of the Russian Federation, and funds of obligatory medical insurance, they shall be exempted from payment of the tax in the part transferable to appropriate funds.

Taxpayers specified in [Subitem 1 of Item 1 of Article 235](#) of the present Code, shall be exempted from payment of the tax from the taxable disbursements and other rewards paid for the benefit of foreign subjects and stateless persons if such foreign subjects and stateless persons according to the legislation of the Russian Federation or terms and conditions of contract with the employer have no right to draw state pension, social security or medical aid rendered accordingly at the expense of resources of the Pension Fund of the Russian Federation, the Social Insurance Fund of the Russian Federation, and funds of obligatory medical insurance - in the part transferrable to such a fund, to disbursements from which the foreign subject or stateless person in question has no right.

On the exemption from payment of the uniform social tax, set for 2001, see [Articles 25 and 26](#) of Federal Law No. 150-FZ of December 27, 2000 on the Federal Budget for 2001

Article 240. Tax Period and Accounting Period

The tax period shall be defined as a calendar year.

Calendar month shall be deemed a tax accounting period.

Article 241. Tax Rates

Federal Law No. 155-FZ of November 27, 2001 established additional rate of insurance fees to the Pension Fund of the Russian Federation in excess of the rate of the uniform social tax (fee) transferred to the Pension Fund of the Russian Federation for the employers exploiting flying crew members of civil aviation aircraft

1. Unless otherwise stipulated in Item 2 of the present Article for taxpayers specified in Subitem 1 of Item 1 of Article 235 of the present Code, except for organizations acting as employers engaged in agricultural production, patrimonial or family communities of small ethnic groups of the North engaged in traditional activities and country (farmer) households, the following rates shall be applied:

According to Federal Law No. 118-FZ of August 5, 2000 up to January 1, 2002 in Article 241 of Part 2 of the Tax Code of the Russian Federation, a 5 per cent tax rate shall be applied when determining the tax base per each individual worker from the amount payable to the Pension Fund of the Russian Federation over 600,000 roubles

Tax base Total for each individual employee in progressive total from the start of the year	Pension Fund of the Russian Federation	Social Insurance Fund of the Russian Federation	Funds of Obligatory Medical Insurance	Funds of Obligatory Medical Insurance
1	2	3	4	5
Up to 35.6 100,000 per cent roubles	28.0 per cent	4.0 per cent	0.2 per cent	3.4 per cent
From 35,600 100,001 roubles roubles up +20.0 per	28,000 roubles +15.8 per	4,000 roubles +2.2 per	200 roubles + 0.1 per-	3,400 roubles +1.9 per

to 300,000	cent of an	cent of an	cent of an	cent of an
cent of	amount	amount	amount	amount
roubles	amount	amount	amount	amount
an amount	exceeding	exceeding	exceeding	exceeding
exceeding	100,000	100,000	100,000	100,000
100,000	roubles	roubles	roubles	roubles
roubles				
From	59,600	8,400	400	7,200
75,600	roubles	roubles	roubles	roubles
300,001	roubles	roubles	roubles	roubles
roubles	+ 7.9 per	+1.1 per	+0.1 per	+0.9 per
roubles up	cent of an	cent of an	cent of an	cent of an
+10.0 per	amount	amount	amount	amount
to 600,000	exceeding	exceeding	exceeding	exceeding
cent of	300,000	300,000	300,000	300,000
an amount	roubles	roubles	roubles	roubles
exceeding				
300,000				
roubles				
Over	83,300	11,700	700	9,900
105,600	roubles	roubles	roubles	roubles
600,000	+ 2.0 per			
roubles	cent of an			
roubles	amount			
+2.0 per	exceeding			
cent of	600,000			
an amount	roubles			
exceeding				
600,000				
roubles				

Unless otherwise is laid down in [Item 2](#) of the present Article, the following rates shall be applied for employers of organizations engaged in agricultural production, patrimonial, or family communities of small ethnic groups of the North engaged in traditional activities and country (farmer) households:

Tax base Total per each individual employee in progressive total from the start of the year	Pension Fund of the Russian Federation	Social Insurance Fund of the Russian Federation	Funds of Obligatory Medical Insurance	Funds of Obligatory Medical Insurance	
1	2	3	4	5	
Up to 26.1 100,000 per cent roubles	20.6 per cent	2.9 per cent	0.1 per cent	2.5 per cent	
From 26,100 100,001 roubles roubles up +20.0 per to 300,000 cent of roubles an amount exceeding 100,000 100,000 roubles	20,600 roubles +15.8 per cent of an amount exceeding 100,000 roubles	2,900 roubles +2.2 per cent of an amount exceeding 100,000 roubles	100 roubles + 0.1 per cent of an amount exceeding 100,000 roubles	2,500 roubles +1.9 per cent of an amount exceeding 100,000 roubles	

From	52,200	7,300	300	6,300	
66,100					
300,001	roubles	roubles	roubles	roubles	
roubles					
roubles up	+ 7.9 per	+1.1 per	+0.1 per	+0.9 per	
+10.0 per					
to 600,000	cent of an	cent of an	cent of an	cent of an	
cent of					
	amount	amount	amount	amount	
an amount					
	exceeding	exceeding	exceeding	exceeding	
exceeding					
	300,000	300,000	300,000	300,000	
300,000					
roubles	roubles	roubles	roubles	roubles	
roubles					
Over	75,900	10,600	600	9,000	
96,100					
600,000	roubles	roubles	roubles	roubles	
roubles					
roubles	+ 2.0 per				
+2.0 per					
	cent of an				
cent of					
	amount				
an amount					
	exceeding				
exceeding					
	600,000				
600,000					
roubles	roubles				
roubles					

2. The rates laid down in [Item 1](#) of the present Article shall be applied by taxpayers listed in [Subitem 1 of Item 1 of Article 235](#) of the present Code, provided the actual size of disbursements charged on average per worker was more than 25,000 roubles. If a taxpayer has been operating for less than one tax period but no less than three months, for the purposes of calculating an average amount of tax base per one worker, the average amount of tax base per worker accumulated over the last quarter shall be multiplied by four. When computing the actual size of disbursements charged on average per worker and accepted as the base when computing payments to the state extra-budgetary funds, in organizations with a number of workers more than 30 persons shall not be taken into account disbursements of 10 per cent of workers who have the largest disbursements, and in organizations with a number of workers up to 30 persons (inclusive) - disbursements of 30 per cent of workers who have the largest

disbursements. The taxpayers who do not meet the requirement laid down in Part 1 of the present Item shall pay the tax at the rates established by [Item 1](#) of the present Article provided the amount of the tax base per each individual worker is up to 100,000 roubles, irrespective of the actual size of the tax base for each individual worker.

If on the time of advance tax payment the amount of the tax base accumulated from the start of the year on average per worker, calculated in accordance with the procedure provided in Paragraph 1 of the present item, turns out to be below 4,200 roubles times the number of months lapsed in the current tax period then such taxpayers shall pay the tax at the rates established by [Item 1](#) of the present Article provided the amount of the tax base per each individual worker is up to 100,000 roubles, irrespective of the actual size of tax base per each individual worker.

When tax base is being calculated as average per employee account shall be taken of the mean strength of employees determined in accordance with the procedure established by the State Statistics Committee of the Russian Federation.

When the conditions stipulated in the present item are being determined the mean strength of employees taken into account in the calculation of the amount of tax payable as a part of the tax to the Pension Fund of the Russian Federation shall be taken."

3. For taxpayers listed in [Subitem 2 of Item 1 of Article 235](#) of the present Code, unless otherwise laid down in [Item 4](#) of the present Article, the following rates shall be applied:

Tax base Total in progressive total from the start of the year	Pension Fund of the Russian Federation	Funds of Obligatory		
		Medical Insurance	Territorial	
		Federal Fund	Funds of	
		Obligatory	Obligatory	
		Medical	Medical	
		Insurance	Insurance	
1	2	3	4	5
Up to per cent 100,000 roubles	19.2 per cent	0.2 per cent	3.4 per cent	22.8
From 22,800	19,200 roubles	200 roubles	3,400	

100,001	+10.8 per cent	+ 0.1 per cent	roubles	
roubles				
roubles up	of an amount	of an amount	+ 1.9 per	+
12.8 per				
to 300,000	exceeding	exceeding	cent of an	cent
of an				
roubles	100,000	100,000	amount	
amount				
	roubles	roubles	exceedint	
exceeding				
			100,000	
100,000				
			roubles	
roubles				
From	40,800 roubles	400 roubles	7,200	
48,400				
300,001	+5.5 per cent		roubles	
roubles				
roubles up	of an amount		+0.9 per	+ 6.4
per				
to 600,000	exceeding		cent of an	cent
of an				
	300,000		amount	
amount				
	roubles		exceeding	
exceeding				
			300,000	
300,000				
			roubles	
roubles				
Over	57,300 roubles	400 roubles	9,900	
67,600				
600,000	+2.0 per cent		roubles	
roubles				
roubles	of an amount			+ 2.0
per				
	exceeding			cent
of an				
	600,000			
amount				
	roubles			
exceeding				
600,000				
roubles				

4. Except as otherwise provided in the present item, lawyers shall pay the tax at the following rates:

Tax base Total	Pension Fund of the	Funds of Obligatory Medical Insurance	Federal Fund	Territorial
in progressive	of the	Medical Insurance	of	Funds of
total from	Russian	Obligatory	Obligatory	Medical
the start of	Federation	Medical	Medical	Insurance
the year		Insurance	Insurance	
1	2	3	4	
5				
Up to 300,000 roubles	14.0 per cent	0.2 per cent	3.4 per cent	17.6
From 300,001 52,800 roubles up roubles to 600,000 +10.0 per roubles of an amount exceeding 000 roubles	42,000 roubles +8.0 per cent of an amount exceeding 300,000 roubles	600 roubles+ 0.1 per cent of an amount exceeding 300,000 roubles	10,200 roubles +1.9 per cent of an amount exceeding 300 000 roubles	
Over 82,800 600,000 roubles	66,000 roubles +2.0 per cent	900 roubles	15,900 roubles	

roubles	of an amount			+2.0
per	exceeding			cent
of an	600,000			
amount	roubles			
exceeding				600
000				
roubles				

After the federal law takes effect whereby a procedure is established for payment for the labour of lawyers out of budget funds when they render free legal assistance to individuals lawyers shall pay the tax at the rates specified in [Item 3](#) of the present Article.

5. The amount of taxes (contributions) transferrable to state extra-budgetary funds of obligatory social insurance shall be defined on the basis of actuary calculations for each type of social risk according to the legislation of the Russian Federation on obligatory social insurance. In so doing, the overall load on wages fund can not increase the ceiling rate of the consolidated tariff established by the legislation of the Russian Federation on obligatory social insurance.

Article 242. Determining the Date of Disbursements and Other Rewards (Receipt of Incomes)

The date of disbursements and other rewards or receipt of incomes shall be determined as:

the day of charging disbursements and other rewards for the benefit of the worker (the natural persons for whose benefit the disbursements are made) - for the disbursements and other rewards charged by taxpayers listed in [Subitem 1 of Item 1 of Article 235](#) of the present Code;

the day of actual receipt of a given income: for incomes from entrepreneurial or another professional activity and also other incomes relating to such an activity.

In case of settlements involving the use of bank accounts held by the taxpayer with credit institutions, the day of writing off the funds from the taxpayer's accounts shall be considered the date of disbursements and other rewards transfer.

Article 243. Calculation Procedure, the Procedure and Term for the Payment of the Tax by Taxpayers Being Employers

1. The sum of tax shall be calculated and paid by taxpayers separately in respect of each fund and it shall be determined as a relevant percentage share of the tax base.

2. The sum of tax payable in a part of the tax to the Social Insurance Fund of the Russian Federation shall be subject to reduction by taxpayers by the sum of expenses they have incurred on their own towards state social insurance as envisaged by the legislation of the Russian Federation.

See the [Instruction](#) on the Procedure for Spending the Resources of the Social Insurance Fund of the Russian Federation approved by [Decision](#) of the Social Insurance Fund of the Russian Federation No. 11 of February 9, 2001

3. According to the results of the accounting period taxpayers shall calculate tax advance payments proceeding from the tax base calculated since the beginning of the calendar year including the last accounting period and a relevant tax rate. The sum of tax advance payment payable for the accounting period shall be determined with the account taken of the advance payment amounts paid earlier.

Advance payments are effected monthly within a term set for the receipt of monies for the purpose of disbursing wages from the bank or on the day when amounts of money are remitted for such a purpose from the taxpayer' accounts to employees' accounts or to third persons' accounts on employees' instructions but not later than the 15th day of the month following the accounting month.

A bank shall not be entitled to hand out amounts of money towards wages to its client being a taxpayer if the latter has failed to present payment instructions concerning tax remittance.

Information on calculated and paid advance payment amounts shall be reflected by the taxpayer in calculations presented not later than the 20th day of the month following the accounting month to the tax body according to the format endorsed by the Ministry of the Russian Federation for Taxes and Fees.

A difference between the advance payment amounts paid for the tax period and the tax amount payable under the tax return shall be payable within 15 days after the date set for filing a tax return for the tax period or shall be accepted to offset forthcoming tax payments or be refundable for the benefit of the taxpayer in accordance with the procedure provided in Article 78 of the present Code.

4. Taxpayers shall keep record of all the amounts of accrued disbursements and other rewards and also of tax amounts relating thereto, for each natural person for whose benefit disbursements have been effected.

See the Form of individual card for record-keeping of amounts of accrued disbursements and other compensations, and also amounts of accrued single social tax (contribution) and the Procedure for filing its out endorsed by Order of the Ministry for Taxes and Fees of the Russian Federation No. BG-3-07/63 of February 27, 2001

5. Taxpayers shall furnish information to the Pension Fund of the Russian Federation in compliance with the federal legislation on personal individualised records in the state pension insurance system.

See the Temporary Procedure for Registering the Taxpayers (Insureds) Providing Information to the Pension Fund of the Russian Federation under Federal Law No. 27-FZ of April 1, 1996 on the Individual (Personal) Records Kept in the State Pension Insurance System, endorsed by Decision of the Pension Fund of the Russian Federation No. 33a of March 11, 2001

6. Every quarter, not later than the 15th day of the month following the past quarter, taxpayers shall present information (reports) to the regional branches of the Social Insurance Fund of the Russian Federation according to the format endorsed by the Social Insurance Fund of the Russian Federation on the amounts of money:

1) accrued as tax for the benefit of the Social Insurance Fund of the Russian Federation;

2) used to disburse temporary disability, maternity, child care (until 1.5 years of age), child birth, guaranteed services list reimbursement, social burial benefits and other kinds of state social insurance benefits;

3) allocated by them towards sanatorium and health resort services to employees and the children thereof in accordance with the established procedure;

4) expenses subject to offset;

5) payable for the benefit of the Social Insurance Fund of the Russian Federation.

7. The tax (tax advance payments) shall be paid under separate payment instructions to the Pension Fund of the Russian Federation, the Social Insurance Fund of the Russian Federation, the Federal Fund for Obligatory Medical Insurance and the territorial funds for obligatory medical insurance.

See the Rules for entering the fees paid in the composition of the uniform social tax (premium) onto accounts of the federal treasury bodies under the ministry of finance of the Russian Federation and for the transfer of these means into the budgets of the state social extra-budgetary funds, approved by Order of the Ministry of Finance of the Russian Federation No. 3n of January 15, 2001

8. Taxpayers shall file a tax return relating to the tax not later than March 30 of the year following the past tax period.

9. Taxpayers being organisations incorporating isolated units shall pay the tax at their own location and at the location of each isolated unit thereof. The amount of tax payable at the location of an isolated unit shall be determined proceeding from the amount of the tax base relating to the isolated unit.

The amount of tax payable at the location of an organisation incorporating isolated units shall be determined as a difference between the sum total of the tax payable by the organisation as a whole and the aggregate sum of the tax payable at the location of all isolated units thereof.

The said taxpayers shall file tax returns at their own location and also at the location of the isolated units thereof.

Article 244. Calculation Procedure, the Procedure and Term for the Payment of the Tax by Taxpayers Not Being Employees

1. The calculation of the sums of advance payments for the current tax period payable by the taxpayers specified in Subitem 2 Item 1 Article 235 of the present Code shall be done by the tax body proceeding from the tax base of a given taxpayer for the preceding tax period and the rates specified in Item 3 Article 241 of the present Code, except as otherwise provided by Items 2 and 6 of the present article.

2. If taxpayers begin to pursue entrepreneurial or another professional activity after the beginning of next tax period they shall within five days after the expiration of one month after the date of commencement of the activity file a tax return with the tax body at the place of their registration including the indication of the would-be income for the current tax period. In such a case the amount of the would-be income (the amount of would-be expenses) shall be determined by the tax payer on his own.

The calculation of advance payment amounts for the current tax period shall be done by a tax body proceeding from the amount of would- be income with the account taken of the expenses relating to the production thereof and the rates specified in Item 3 Article 241 of the present Code.

3. Should a significant (by over 50 per cent) increase in income occur in the tax period, a taxpayer shall (may, in the case of a significant decrease in income) file a new tax return including the indication of the amounts of would-be income for the current tax period. In such a case the tax body shall review tax advance payments for the current tax period relating to forthcoming due dates within five days after the time when the new tax return was filed. The difference received as a result of such a review shall be payable within the term set for next advance payment or shall be accepted to offset forthcoming advance payments.

4. Advance payments shall be effected by a taxpayer under tax notices:

1) for the months of January - June: not later than July 15 of the current year at the rate of half annual advance payment amount;

2) for the months of July - September: not later than October 15 of the current year at the rate of quarter annual advance payment amount;

3) for the months of October - December: not later than January 15 of the next year at the rate of quarter annual advance payment amount.

5. The calculation the tax according to the results of a tax period shall be performed by the taxpayers specified in [Subitem 2 Item 1 Article 235](#) of the present Code, except lawyers, on their own proceeding from all incomes received in the tax period with the account taken of the expenses relating to the production of these incomes and the rates specified in [Item 3 Article 241](#) of the present Code.

In such a case tax amount shall be calculated by a taxpayer separately for each fund and it shall be determined as a relevant percentage share of the tax base.

The difference between the advance payment amounts paid for the tax period and the tax amount payable under the tax return shall be payable not later than July 15 of the year following the tax period or shall be accepted to offset forthcoming tax payments or be refundable for the benefit of the taxpayer in accordance with the procedure provided in [Article 78](#) of the present Code.

6. The calculation and payment of the tax on the incomes of lawyers shall be effected by the Bars (institutions thereof) in accordance with the procedure specified in [Article 243](#) of the present Code.

7. The taxpayers specified in Subitem 2 Item 1 Article 235 of the present Code shall file a [tax return](#) not later than April 30 of the year following the past tax period.

When the tax return is being filed lawyers shall also file with the tax body a statement issued by a Bar (institutions thereof) stating the amounts of tax paid for them for the past tax period."

Article 245. Transitional Provisions

During 2001 the rates stipulated in [Item 1 of Article 241](#) of the present Code shall be applied by the taxpayers listed in [Subitem 1 of Item 1 of Article 235](#) of the present Code, provided the actual size of disbursements charged on average per worker, and accepted as the base when computing payments insurance premiums to the Pension Fund of the Russian Federation in the second half-year of 2000, was more than 25,000 roubles. When computing the actual size of premiums charged on average per worker and accepted as the base when computing payments to the state extra-budgetary funds, taxpayers with a number of workers more than 30 persons, not to be taken into account are disbursements of 10 per cent of workers who have the largest disbursements, and taxpayers with the number of workers up to 30 persons (inclusive) - disbursements of 30 per cent of workers who have the largest disbursements.

The taxpayers indicated in [Subitem 1 Item 1 Article 235](#) of the present Code who do not meet the requirement laid down in Part 1 of the present Item shall pay the tax at the rates established by [Item 1 of Article 241](#) provided the amount of the tax base per each individual worker is up to 100,000 roubles, irrespective of the actual size of the tax base per each individual worker.

[Federal Law No. 110-FZ of August 6, 2001 supplemented Part II of this Code with Chapter 25 "Tax on Organisations' Profit". The Chapter \[shall come into force as of January 1, 2002\]\(#\)](#)

Chapter 25. Tax on Organisations' Profit

Article 246. Tax Payers

Recognised as the tax payers of the tax on the profit of organisations (hereinafter in the present Chapter "the tax payers") shall be:

- Russian organisations;
- foreign organisations carrying out their activity in the Russian Federation through their permanent representations and (or) receiving incomes from sources situated in the Russian Federation.

Article 247. Object of Taxation

Seen as an object of taxation for the tax on the profit of organisations (hereinafter in this Chapter 'the tax') shall be profit derived by the tax payer.

Recognised as profit for the purposes of the present Chapter shall be:

- 1) for Russian organisations - derived income, reduced by the amount of the effected expenditures defined in conformity with the present Chapter;
- 2) for foreign organisations performing an activity in the Russian Federation through permanent representations income derived through these permanent representations, reduced by the amount of the outlays made by these permanent representations which shall be defined in conformity with this Chapter;
- 3) for other foreign organisations - income derived from sources situated in the Russian Federation. The incomes of the said tax payers shall be determined in conformity with [Article 309](#) of the present Code.

Article 248. Procedure for Defining Incomes. Classification of Incomes

1. For the purposes of the present Chapter, to incomes shall be referred:

- 1) the incomes derived from the sale of commodities (works, services) and of the rights of property (hereinafter 'the incomes from sale');
- 2) the extra-sale incomes.

When defining the incomes, from the latter shall be excluded the amounts of the taxes presented in conformity with this Code by the tax payer to the buyer (to the acquirer) of commodities (works, services or property rights).

The incomes shall be defined on the basis of the initial documents and of tax recording documents.

The incomes from sale shall be defined in the order established by [Article 249](#) of the present Code, with account for the provisions of the present Chapter.

The extra-sale incomes shall be defined in the order established by [Article 250](#) of the present Code, with account for the provisions of this Chapter.

2. For the purposes of the present Chapter, the property (works, services) or the rights of property shall be seen as received free of charge, if the receipt of this property (works, services) or of the rights of property is not involved in the emergence of the receiver's duty to pass on the property (rights of property) to the person who is handing them over (to perform certain work for the handing over person or to render a service to the handing over person).

3. The incomes expressed in foreign currency shall be recorded together with the incomes expressed in roubles. For this, the incomes expressed in foreign currency shall be recalculated into roubles in accordance with the official exchange rate of the Central Bank of the Russian Federation as on the date of recognising these incomes.

Article 249. Incomes from Sale

1. Recognised as the incomes from sale for the purposes of this Chapter shall be earnings derived from the sale of commodities (works, services) both of own manufacture and of those acquired earlier, as well as the earnings from the sale of property (including securities) and of the rights of property.

The earnings from the sale of securities shall be defined, taking into account the provisions of this Chapter.

2. The earnings from sale shall be defined proceeding from all the receipts connected with settlements for the sold commodities (works, services), for other property or for the rights of property and expressed in the form of money and (or) in kind, taking into account the provisions of [Article 271](#) or [Article 273](#) of the present Code.

3. The specifics in defining the incomes from sale for the individual categories of the tax payers, or the incomes from sale derived in connection with particular circumstances shall be established by the provisions of the present Chapter.

Article 250. Extra-Sale Incomes

For the purposes of this Chapter, recognised as extra-sale incomes shall be the incomes not mentioned in [Article 249](#) of the present Code.

In particular, seen as the extra-sale incomes of the tax payers shall be incomes derived:

1) from share participation in other organisations;

2) from transactions involved in the purchase and sale of foreign currency (the specifics of defining the banks' incomes from these transactions are established by [Article 290](#) of the present Code).

The income from the sale (purchase) of foreign currency arises when the rate of sale (rate of purchase) is higher (lower) than the official exchange rate of the foreign currency to the rouble of the Russian Federation, fixed by the Central Bank of the Russian Federation on the date of the deal;

3) in the form of fines, penalties and (or) other sanctions for a violation of the contractual liabilities, as well as of the sums of the compensation for the losses or for damage;

4) from letting the property for rent (into sub-rent);

5) from giving over to use the rights to the results of intellectual activity and to the means of individualisation equated to them (in particular, from giving over to use the rights arising from patents for inventions, industrial samples and other kinds of intellectual property);

6) in the form of interest received under contracts of borrowing, credit, bank account, bank deposit, as well as on securities and other debt liabilities (the specifics of defining the banks' incomes in the form of interest are established by [Article 290](#) of the present Code);

7) in the form of the sums of replenished reserves, the outlays on whose formation were accepted in the composition of the outlays in the order and on the terms established by [Articles 266, 267, 292, 294](#) and [300](#) of the present Code;

8) in the form of the gratuitously received property (works, services) or of the rights of property, with the exception of the cases pointed out in [Article 251](#) of the present Code.

When receiving property (works, services) free of charge, incomes shall be estimated proceeding from market prices defined with account for the provisions of [Article 40](#) of the present Code, but as no less than the residual cost for the depreciated property, and the outlays on production (acquisition) for commodities (works, services). Information on the prices shall be confirmed by the tax payer receiving the property (works, services), either in documented form or by making an independent estimate;

9) in the form of income distributed in favour of the tax payer, if he is a member of a simple partnership, in accordance with the order envisaged by [Article 278](#) of the present Code, as well as in the form of an excess of the cost of the returned property over the cost of the property which the tax payer has passed over as a contribution to the simple partnership, if the said tax payer (his legal successor) leaves this simple partnership;

10) in the form of the income of the past years exposed in the accounting (tax) period;

11) in the form of the positive exchange rate difference received from the revaluation of the property and of claims (liabilities) whose cost is expressed in foreign currency, including those on the currency accounts in banks which is performed in connection with a change in the official exchange rate of the foreign currency to the rouble of the Russian Federation fixed by the Central Bank of the Russian Federation;

12) in the form of the positive difference received from the revaluation of the property (with the exception of depreciated property and securities) carried out to bring the cost of such property up to the current market price in conformity with the legislation of the Russian Federation (with the exception of the cases stipulated by [Subitem 17 of Item 1 of Article 251](#) of this Code);

13) in the form of the cost of received materials or other property during their pulling down or dismantling, when fixed assets are put out of operation in cases of their liquidation (with the exception of the cases envisaged by [Subitem 19 of Item 1 of Article 251](#) of the present Code);

14) in the form of the property (monetary funds included), works and services, utilised other than in accordance with their intention, which were received in the framework of charitable activity (including charitable assistance and donations), of purpose-oriented receipts and purpose-oriented financing, with the exception of budgetary funds. With respect to the budgetary funds used other than for the target purposes, the norms of the [budgetary legislation](#) of the Russian Federation shall be applied.

The tax payers who have received property (monetary funds included), works or services in the framework of charitable activity, or purpose-oriented incomings, or purpose-oriented financing, shall submit to the tax bodies at the place of their recording, after the end of the tax period, a report on the purpose-oriented utilisation of the received funds, which shall be compiled in accordance with the form approved by the Ministry of Taxes and Fees of the Russian Federation, and the tax payers who have received budgetary funds - a report made out in accordance with the form approved by the Ministry of Finance of the Russian Federation.

For the purposes of taxation, the above-mentioned incomes shall be included in the composition of extra-sale incomes at the moment when the receiver of such incomes has actually used them other than for the intended purpose (when he has violated the terms of their receipt);

15) in the form of the received purpose-oriented funds intended for the formation of the reserves for the development of and for providing for the operation and security of nuclear power plants, which have been used other than for the intended purpose;

16) in the form of the sums by which the authorised (summed up) capital (fund) of the organisation was reduced over the accounting (tax) period, if such reduction was effected with a simultaneous refusal of return of the cost of the corresponding part of the contributions (deposits) to the organisation's shareholders (partners) (with the exception of the cases envisaged by [Subitem 18 of Item 1 of Article 251](#) of the present Code);

17) in the form of the return from a non-profit organisation of the earlier made contributions (deposits), if such contributions (deposits) were earlier recorded in the composition of the outlays on the creation of the tax base;

18) in the form of the sums of credit indebtedness (of a liability to the creditors), written off in connection with an expiry of the term of legal limitation or on the other grounds, with the exception of the cases envisaged by [Subitem 22 of Item 1 of Article 251](#) of the present Code;

19) in the form of the incomes derived from transactions with the financial instruments of futures deals, taking into account the provisions of [Articles 301-305](#) of this Code;

20) in the form of the cost of the surpluses of the commodity-material values, exposed as a result of making an inventory.

Article 251. Incomes Not Recorded When Defining the Tax Base

1. When defining the tax base, the following incomes shall not be taken into account:

1) the property and (or) rights of property, works or services received from the other persons as pre-payment for the commodities (works, services) by the tax payers, defining the incomes and outlays in accordance with the method of calculation;

2) the property and (or) the rights of property received in the form of a pawn or of the caution money as the security against the liabilities;

3) the property and (or) the rights of property, received in the form of contributions (deposits) into the authorized (summed up) capital (fund) of the organization (including emission income in the form of an excess of the price of the placement of shares over their nominal cost);

4) the property and (or) rights of property received within the limits of the initial contribution made by the partner of an economic company or partnership (by his legal successor or heir) when he leaves (withdraws from) the economic company or partnership, or if the property of the liquidated company or partnership is distributed between its participants;

5) the property and (or) rights of property received within the limits of the initial contribution made by the participant in a simple partnership contract (joint activity contract) or by his legal successor, in the case of setting apart his share from the property in the joint ownership of the participants in the contract, or in the case of dividing such property;

6) the funds received in the form of gratuitous aid (assistance) in accordance with the procedure laid down by the [Federal Law](#) on Gratuitous Aid (Assistance) to the Russian Federation and on the Introduction of Amendments and Addenda into the Individual Legislative Acts of the Russian Federation on Taxes, and on the Establishment of Privileges for the Payments into the State Extra-Budgetary Funds in Connection with Rendering Gratuitous Aid (Assistance) to the Russian Federation;

7) the fixed assets and the non-material assets, received free of charge in conformity with the international treaties of the Russian Federation by the nuclear power plants for raising their safety and used for production purposes;

8) the property received by budgetary organisations by decision of the executive power bodies of all levels;

9) the funds which have come in to the broker, agent or another attorney under a commission contract, an agency agreement and (or) another similar kind of agreement in favour of the client, principal and (or) another trustee, including the sums of the positive exchange rate differences in the settlements effected in foreign currency under the contracts with the suppliers of commodity-material values, works and services concluded on the orders of the client, the principal and (or) another trustee, with the exception of the sums of the remuneration and of those subject to the payment out to this broker, agent or another attorney in compensation for the outlays he has made;

10) the funds received under the contracts of credit and borrowing (and other similar funds irrespective of the form of legalising the borrowings, including debt securities), as well as the sums obtained from the settlements of such borrowings;

11) the property received by the Russian organisation:

- from an organisation, if the authorised (summed up) capital (fund) of the receiving party consists by no less than 50 per cent of the deposit of the handing over organisation;

- from an organisation, if the authorised (summed up) capital (fund) of the handing over party consists by no less than 50 per cent of the deposit of the receiving organisation;

- from a natural person, if the authorised (summed up) capital (fund) of the receiving party consists by no less than 50 per cent of the deposit of this natural person.

In this case, the received property shall not be recognised as income for the purposes of taxation, only if in the course of one year from the day of its receipt the said property (with the exception of the monetary funds) is not handed over to third persons;

12) the funds derived in accordance with the demands of [Articles 78](#) and [79](#) of the present Code from the budget (extra-budgetary fund) in the form of interest for an untimely return of the taxes and fees paid up and (or) exacted in excess;

13) the sums in the form of guarantee contributions into the special funds set up in conformity with the legislation of the Russian Federation, which are intended for reducing the risks of the non-execution of liabilities under deals and which are obtained in the performance of the clearing activity or of an activity aimed at organising trading on the securities market;

14) the sums of excess of the nominal cost over the price of actual acquisition by the organisation of its own shares (equities, partner shares), if the tax payer sells the shares he has earlier redeemed from their owners;

15) the property received by organisations in the framework of the purpose-oriented financing. In this case, the organisations which have received the funds of the target financing shall be obliged to keep separate records for the incomes and the expenditures received (made) in the framework of the target financing. If no such recording is carried out by the organisation which has received the funds under the purpose-oriented financing, the said funds shall be considered as those subject to taxation as from the date of their receipt.

To the funds of the target financing shall be referred the property received by the tax payer and used by him in accordance with the purpose defined by the organisation (natural person) who is the source of the target financing:

- in the form of the funds from the budgets of all levels and from the state extra-budgetary funds allocated to the budgetary institutions in accordance with the incomes and the outlays estimate of the budgetary institution;

- in the form of received grants;

- in the form of the investments, received when holding investment tenders (auctions) in the order established by the legislation of the Russian Federation;

- in the form of the investments received from foreign investors for financing the capital production-intended investments, under the condition that they are used in the course of one calendar year from the moment of their receipt;

- in the form of the funds of the share partners accumulated on the accounts of the building organisation;

- in the form of the funds received by a mutual insurance company from organisations who are members of the mutual insurance company;

- in the form of the funds, received from the Russian Fund for Fundamental Studies, from the Russian Humanitarian Scientific Fund, from the Fund for Rendering Assistance to the Development of Small Businesses in the Scientific and Technological Sphere, and from the Fund for the Production of Innovations;

- in the form of the funds received by nuclear power plants from the reserves of operating organisations intended for guaranteeing the nuclear power plants' security at all stages of their life cycle and development in conformity with the legislation of the Russian Federation on the use of nuclear power. The said incomes shall be included in the composition of the extra-sale incomes in case the receiver has actually used such funds for other than the intended purposes, or if he has not used them to the intended purpose in the course of one year after the end of the tax period in which they were received;

16) the cost of the shares additionally received by the shareholder organisation which are distributed among the shareholders by the decision of the general meeting in proportion to the number of shares in their ownership, or the difference between the nominal cost of the new shares received instead of the original ones, and the nominal cost of the shareholder's original shares in the placement of the shares among the shareholders in cases of an augmentation of the authorised capital of the joint-stock company (without changing the share of the shareholder's participation in this joint-stock company);

17) the positive difference which have emerged as a result of revaluating precious stones in cases of a change in the established order of the price lists of the settlement prices for precious stones;

18) the sums by which in the reporting (tax) period the organisation's authorised (summed up) capital was reduced in accordance with the demands of the legislation of the Russian Federation;

19) the cost of the materials and other property, received in the dismantling and pulling down of the objects withdrawn from operation in cases of their liquidation, which shall be destroyed in conformity with [Article 5](#) of the Convention on the Prohibition of the Development, Production, Accumulation and Application of Chemical Weapons, as Well as Their Destruction, and with [Part Five](#) of the Appendix on Checking the Convention on the Prohibition of the Development, Production, Accumulation and Application of Chemical Weapons, as Well as Their Destruction;

20) the cost of the amelioration of other objects of agricultural use built at the expense of the budgetary funds received by the agricultural commodity producer;

21) the property and (or) the rights of property, received by the organisations for the state stocks of special (radioactive) raw materials and of fissionable materials of the Russian Federation from transactions with material values from the state stocks of special (radioactive) raw materials and of fissionable materials, aimed at the replenishment and the maintenance of the said stocks;

22) the sums of the tax payer's credit indebtedness to the budgets of different levels, written off and (or) reduced in some other way in conformity with the legislation of the Russian Federation and (or) by the decision of the Government of the Russian Federation;

23) equipment used exclusively for educational purposes, received gratis by the state and the municipal educational establishments, and by non-state educational establishments possessing licences for the performance of educational activity;

24) the fixed assets received by organisations included into the structure of the Russian Defence Organisation for Sports and Technologies (hereinafter in the present Chapter '/ROSTO/') (if these are handed over between two or more organisations included in the structure of this Organisation), used for training the citizens in the military-recorded specialities, for carrying out the military-patriotic education of youth, as well as for the development of the aviation, technological and military-applied kinds of sport in conformity with the legislation of the Russian Federation;

25) the positive difference received from the revaluation of the securities in accordance with the market cost;

26) the sums of the replenished reserves against the devaluation of the securities (with the exception of the tax payers indicated in [Article 300](#) of the present Code).

2. The purpose-oriented incomes (with the exception of the target incomes in the form of excisable commodities and excisable mineral raw materials) shall not be taken into account when determining the tax base either. To these shall be referred the target incomes from the budget to the budget receivers and the purpose-oriented receipts for maintaining non-profit organisations and for the performance by these non-profit organisations of their authorised activity, which have arrived gratis from other organisations and (or) from natural persons, and which the above-said receivers have used for the intended purposes.

To the above-mentioned purpose-oriented incomes for the maintenance of non-profit organisations and for the performance by the latter of their authorised activity shall be referred:

1) the entrance fees, membership dues and goal-oriented contributions and deductions to the public-legal professional associations, built on the principles of obligatory membership, the share participation contributions and the donations recognised as such in conformity with the [Civil Code](#) of the Russian Federation;

2) the property handed over to non-profit organisations under a will by way of succession;

3) the sums of financing from the federal budget, from the budgets of the subjects of the Russian Federation, from the local budgets, or from the budgets of the state extra-budgetary funds, allocated for the performance of the authorised activity by non-profit organisations;

4) the funds received in the framework of charitable activity;

5) the joint contribution of the founders of non-state pension funds;

6) the pension contributions to the non-state pension funds, if these are directed in full volume for the formation of the pension reserves of the non-state pension fund;

7) the receipts from the owners by the institutions they have established, used for the intended purpose;

8) the lawyers' deductions for the maintenance of the Bar (of its institutions);

9) the funds which have come in to the trade union organisations in conformity with the collective contracts (agreements) for the trade unions to hold the socio-cultural and other events envisaged by their authorised activity;

10) funds used for their intended purpose which are received by the structural organisations of the Russian Defence Organisation for Sports and Technologies from the Ministry of Defence of the Russian Federation and (or) from another executive power body under general contract, as well as the target deductions from the organisations included in the structure of the Russian Defence Organisation for Sports and Technologies, used in accordance with the constituent documents for citizens' training in conformity with the legislation of the Russian Federation in the military-recorded specialities, for the military-patriotic education of the youth and for the development of aviation, technological and military-applied kinds of sport.

The provisions of this Item shall be applied under the condition that the incomes and outlays of the said purpose-oriented receipts, as well as the sums of the incomes and of the outlays in connection with the other activity in the organisation are recorded separately.

Article 252. Outlays. Grouping of the Outlays

1. For the purposes of this Chapter, the tax payer shall reduce the received incomes by the sum of the outlays he has made (with the exception of the outlays indicated in [Article 270](#) of the present Code).

Recognised as outlays shall be the justified and Documented expenditures (and in the cases envisaged by [Article 265](#) of the present Code, also the losses), made (incurred) by the tax payer.

Seen as justified outlays shall be the expenditures justified from an economic viewpoint whose evaluation is expressed in monetary form.

Seen as documented outlays shall be the outgoings confirmed by the documents which are formalised in conformity with the legislation of the Russian Federation. Recognised as outlays shall be any kind of expenditures, under the condition that they are made for the performance of an activity aimed at deriving an income.

2. Depending on their character, as well as on the conditions necessary for the performance and on the directions of the organisation's activity, the outlays shall be subdivided into outlays involved in production and sale, and extra-sales outlays.

The extra-sales outlays shall be defined in conformity with [Article 265](#) of the present Code.

3. The specifics in qualifying the outlays recognised for the purposes of taxation, for the individual tax payers' categories, or the outlays made in connection with special circumstances shall be established by the provisions of this Chapter.

4. If certain expenditures may be referred on equal grounds simultaneously to several groups of outlays, the tax payer shall have the right to decide on his own to which particular group he refers such outlays.

Article 253. Outlays Involved in Production and Sale

1. The outlays involved in production and sale shall incorporate:

1) the outlays connected with the manufacture (output), storage and delivery of commodities, with the performance of works and rendering services, with the acquisition and (or) sale of commodities (works, services and rights of property);

2) the outlays on maintenance and operation, repairs and technical servicing of the fixed assets and of the other property, as well as for maintaining them in good condition (in a fit-for-operation state);

3) the outlays on the development of natural resources;

4) the outlays on scientific research and on research and development works;

5) the outlays on obligatory and voluntary insurance;

6) the other outlays involved in production and (or) sale.

2. The outlays connected with the production and (or) with sale are subdivided into:

1) material outlays;

2) outlays on the remuneration of labour;

3) sums of imposed depreciation charges;

4) other outlays;

3. The specifics in determining the outlays of banks, insurance institutions, non-state pension funds, professional securities market-makers, consumer cooperation organisations and foreign organisations shall be established while taking into account the provisions of [Articles 290-309](#) of the present Code.

Article 254. Material Outlays

1. To the material outlays are referred, in particular, the following expenditures of the tax payer:

1) for the acquisition of raw materials and (or) of other materials utilised in the manufacture of commodities (in the performance of works or in rendering services) and (or) forming their base or comprising a necessary component in the manufacture of commodities (in the performance of works or in rendering services);

2) for the acquisition of materials utilised:

- for the production (manufacture) of commodities (for the performance of works or for rendering services) to provide for the technological process;

- for packing and other kinds of preparing the manufactured and (or) the sold commodities (including pre-sale preparation);

- for other production and economic needs (such as staging tests, exerting control, the maintenance and operation of the fixed assets and other similar items);

3) for the acquisition of spare parts and of the expended materials utilised for the repairs of the equipment, implements, appliances, instruments, apparatuses, laboratory equipment, overalls and other property;

4) for the acquisition of completing parts and (or) of semi-products subject to mounting and (or) to additional processing in the organisation;

5) for the acquisition of fuel, water and all kinds of power expended for technological needs, for working out (including by the organisation itself for its own production needs) all kinds of energy and for heating the buildings, as well as the outlays on the transformation and transmission of power;

6) for the acquisition of the works and services of production nature performed by the outside organisations or individual businessmen, as well as for carrying out these works (for rendering services) by the organisation's internal structural subdivisions.

To the works (services) of the production nature shall be referred the performance of the individual operations involved in the output (manufacture) of products, in performing works and rendering services in processing raw materials (materials), the exertion of control over the observation of the started technological processes, the technical servicing of the fixed assets and other similar works.

To the works (services) of the production nature shall also be referred the transportation services rendered by the outside organisations (individual businessmen included) and (or) by the structural subdivisions of the organisation itself for shipping cargoes inside the organisation, in particular the shifting of raw materials (materials), of implements, parts, ingots and other kinds of cargoes from the basic (central) storehouse to the workshops (departments) and the delivery of finished products in accordance with the terms of the contracts (agreements);

7) those involved in the maintenance and utilisation of the nature protection funds (including outlays on the maintenance and running of the purification installations, of ash-catchers, filters and other nature-protection objects, outlays on burying ecologically dangerous waste, those on buying the services of outside organisations involved in the acceptance, storage and destruction of ecologically hazardous waste, in the purification of the discharged waters, payments for the ultimately admissible ejections (dumping) of pollutant substances into the natural environment and the other similar expenses.

2. The cost of the commodity-material values included in the material outlays shall be defined proceeding from the prices of their acquisition (not taking into account taxes, which shall be recorded in the composition of the outlays in conformity with the present Code), including the commission fees paid to intermediary organisations, the import customs duties and collections, the outlays on transportation and storage, as well as other expenditures connected with the acquisition of commodity-material values.

3. If the cost of the returnable containers accepted from the deliverer with the commodity-material values is included in the price of these values, from the total sum of the outlays on the acquisition thereof shall be excluded the cost of the returnable containers at the price of their probable use or sale. The cost of the non-returnable containers and packing, accepted from the deliverer with the commodity-material values, shall be included in the sum of the outlays on their acquisition.

The containers shall be referred to as either returnable or Non-returnable in accordance with the terms of the agreement (contract) on the acquisition of the commodity-material values in question.

4. The sum of the material outlays shall be reduced by the cost of returnable waste. For the purposes of the present Chapter, seen as returnable waste shall be the residuals of the raw materials (materials), semi-products, heat-carriers and other kinds of material resources which have accumulated in the course of the manufacture of the commodities (of the performance of works or of rendering services) and which have partially lost the consumer properties of the original resources (their chemical or physical properties) and by force of this are utilised with higher outlays (with a lower output of products), or which are not utilised for their direct purpose.

Not referred to returnable waste shall be the residuals of the commodity-material values, which are handed over in accordance with the technological process to the other subdivisions as fully valuable raw materials (materials) for the output of the other kind of commodities (works, services), as well as the by-products (associated products) obtained as a result of carrying out the technological process.

Returnable waste shall be evaluated in this order:

1) at the reduced price of the original material resource (at the price of the probable utilisation), if these wastes may be used for the basic or auxiliary production but with higher outlays (with a lower output of the finished products);

2) at the price of sale, if these products are sold on the side.

5. For the purposes of taxation, to the material outlays shall be equated:

1) the outlays on the reclamation of the lands and on the other nature-protection measures, unless otherwise established by [Article 261](#) of this Code;

2) the losses from the shortages and (or) spoilage during the storage and the transportation of the commodity-material values within the limit of the norms of natural losses, approved in the order established by the Government of the Russian Federation;

3) the technological losses during production and transportation;

4) the outlays involved in the preparatory mining works in the extraction of commercial minerals for the operational stripping works in quarries and for cutting works in the underground ore extraction mines within the boundaries of the mining plot, allotted to the ore-mining enterprises.

6. When determining the amount of material expenditures in writing off the raw and other materials utilised in the output (manufacture) of commodities (in the performance of works or in rendering services), in conformity with the accounting policy accepted by the given organisation for the purposes of taxation, one of the following methods for the evaluation of the said raw and other materials shall be applied:

- the method of evaluation in accordance with the prime cost of a unit of the stocks;
- the method of evaluation in accordance with average prime cost;
- the method of evaluation in accordance with the prime cost of the acquisitions which are the first chronologically (FIFO);
- the method of evaluation in accordance with the prime cost of the acquisitions which are the last chronologically (LIFO).

Article 255. Outlays on the Remuneration of Labour

In the tax payer's outlays on the remuneration of labour shall be included any calculations for the workers in the form of money and (or) in kind, stimulating the calculations and allowances, the compensatory allowances in connection with the work regime or labour conditions, the bonuses and single-time incentive payments, as well as the outlays involved in the maintenance of these workers stipulated in the labour agreements (contracts) and (or) in the collective agreements.

For the purposes of this Chapter, to the outlays on the remuneration of labour shall be referred, in particular:

1) the sums calculated in accordance with the tariff rates, official salaries, piece-work payment rates, or percentages of the receipts in accordance with the forms and systems of the remuneration of labour accepted in the given organisation;

2) the calculations of an incentive kind, including bonuses for high production results, mark-ups to the tariff rates and salaries for the professional skills, for achieving high results in the work and for the other similar indices;

3) the calculations of an incentive and (or) compensatory nature, connected with the work regime and the

conditions of labour, including mark-ups to the tariff rates and salaries for the night-time work and for the multi-shift work, for combining trades, for expansion of the serviced zones, for the performance of work under difficult, dangerous and particularly dangerous conditions of labour, for overtime work and work on days off and on holidays, effected in conformity with the legislation of the Russian Federation;

4) the cost of the communal services, meals and products given over to the workers gratis in conformity with the legislation of the Russian Federation, and the cost of the living premises granted to the organisation's workers free of charge in conformity with the relevant procedure established by the legislation of the Russian Federation (the sums of monetary compensation for non-granting of living premises, communal and other similar services free of charge);

5) the cost of things issued to workers free of charge in conformity with the legislation of the Russian Federation (including uniforms and outfits) which are left in their personal permanent use (or the sum of the privileges in connection with selling these things at a reduced price);

6) the sum of the average earnings to workers, which are preserved during the time spent in the performance of the state and (or) public duties, and in the other cases stipulated by the legislation of the Russian [legislation on labour](#);

7) the outlays on the remuneration of labour preserved for the workers during time spent on leave, envisaged by the legislation of the Russian Federation, the outlays on

the fares of the workers and of the dependents of the workers, to the place of their spending leave on the territory of the Russian Federation and back (including the expenditures on the payment for carrying the luggage of the workers of organisations situated in the areas of the Extreme North and in the localities equated to them) in accordance with the procedure envisaged by the legislation of the Russian Federation, an additional payment to the underaged for shorter working hours, outlays on the payment for breaks in the work of mothers for feeding their babies, as well as outlays on the remuneration of the time spent in undergoing medical examinations or in the workers' discharge of state duties;

8) the monetary compensations for unused leave in cases of the worker's dismissal;

9) the allowances for the workers released in connection with the reorganisation or liquidation of the organisation, with the reduction of the labour force or of the number of workers on the organisation's staff;

10) the lump-sum awards for a long work record (the mark-ups for a long work record in the particular speciality) in conformity with the legislation of the Russian Federation;

11) the extra payments due to the regional regulation of the remuneration of labour, including allowances in accordance with the regional coefficients and the coefficients for work under hazardous natural-climatic conditions, effected in conformity with the legislation of the Russian Federation;

12) the extra payments envisaged by the legislation of the Russian Federation for an uninterrupted record of work in the regions of the Extreme North and in the localities equated to them, in the areas of the European North and in other regions with hazardous natural-climatic conditions;

13) the outlays on the remuneration of labour preserved in conformity with the legislation of the Russian Federation over the time of educational leave, granted to the organisation's workers;

14) the outlays on the remuneration of labour for the time of compelled inactivity or for the time when lower-paid work is performed in the cases envisaged by the legislation of the Russian Federation;

15) the outlays on an additional payment up to the actual earnings in cases of the temporary loss of labour capacity established by the legislation of the Russian Federation;

16) the sums of the employers' payments (contributions) under the obligatory insurance contracts, as well as the sums of the employers' payments (contributions) under the contracts for the voluntary insurance (under contracts of non-state pension security) concluded in favour of workers with insurance organisations (with non-state pension funds) which possess the licences issued in conformity with the legislation of the Russian Federation for carrying out the corresponding kinds of activity in the Russian Federation.

In the cases of voluntary insurance (of non-state pension security), the said sums shall be referred to the outlays on the remuneration of labour under the contracts:

- of long-term life insurance, if such contracts are concluded for a term of not less than five years and do not envisage insurance payments in the course of these five years, including in the form of rent and (or) of annuities (with the exception of insurance payments envisaged in case of the death of the insured person) in favour of the insured person;

- of the pension insurance and (or) of the non-state pension security. In this case, the contracts of the pension insurance and (or) of the non-state pension security shall envisage the payment of pensions (for a life term) only after the insured person has achieved the pension grounds envisaged by the legislation of the Russian Federation which give him the right to assignment of a state pension;

- of the voluntary personal insurance of workers, concluded for a term of no less than one year, which envisages coverage by the insurers of the insured workers' medical expenditures;

- of the voluntary personal insurance, concluded exclusively against the death of the insured person or against the loss by the insured person of his labour capacity in connection with the discharge of his labour duties.

The aggregate sum of the contributions (the payments) of the employers, made under the contracts of the long-term life insurance of workers and (or) of the non-state pension security of workers, shall be recorded for the purposes of taxation in an amount not exceeding 12 per cent from the sum of the outlays on the remuneration of labour.

If the essential terms of the contract are changed and (or) if the term of operation of a long-term life insurance contract, of a pension insurance contract and (or) of a contract of the non-state pension security is reduced, or if they are cancelled, the employer's contributions made under such contracts, which have been earlier included into the composition of the outlays, shall be recognised as subject to taxation as from the moment of the change of the essential terms of the said contracts and (or) of the reduction of the term of operation of these contracts or of their cancellation (with the exception of cases of the pre-schedule cancellation of the contract in connection with force majeure circumstances, that is, extraordinary and inadvertent circumstances).

Contributions on the contracts of voluntary personal insurance, envisaging the insurer's coverage of the insured workers' medical expenditures, shall be included in the composition of the outlays in an amount not exceeding three per cent of the sum of the outlays on the remuneration of labour.

The contributions on the contracts of voluntary personal insurance, concluded exclusively against the death of the insured person or against the loss by the insured worker of his labour capacity in connection with the discharge of his labour duties, shall be included in the composition of the outlays in an amount not exceeding ten thousand roubles a year per one insured worker;

17) the sums calculated in the amount of one tariff rate or salary (if the work is carried out by the hour), which are envisaged by the collective agreements, for the days spent en route from the place of location of the organisation (from the gathering point) to the place of work and back, envisaged by the work schedule by the hour, as well as for the days of the workers' detainment while en route because of weather conditions;

18) the sums calculated for the performed work to the persons attracted for the work in the organisation in accordance with special agreements on the supply of the work force with state organisations, both those issued directly to these persons and transferred to the state organisations;

19) the sums calculated at the principal place of work to the workers, the managers or the specialists of organisations during their training away from work in the system of raising the qualifications or of the re-training of the personnel in the cases envisaged by the legislation of the Russian Federation;

20) the outlays on the remuneration of labour of workers who are blood donors for the days of their medical examination, of the blood taking and of the rest, granted after every day after blood taking;

21) the outlays on the remuneration of labour of workers who are not on the organisation's staff, for the fulfilment by them of works under the concluded contracts of civil-legal nature (including turnkey contracts), with the exception of the remuneration of labour under contracts of civil-legal nature concluded with individual businessmen;

22) the allowances to servicemen undergoing military service at state unitary enterprises and in the building organisations of the federal executive power bodies in which the legislation of the Russian Federation has envisaged the military service, and to the rank and file servicemen and the commanding staff of the internal affairs bodies, stipulated by the federal laws, by the laws on the status of servicemen and on the

institutions and bodies engaged in the execution of criminal punishments in the form of deprivation of freedom;

23) additional payments to invalids, stipulated by the legislation of the Russian Federation;

24) other kinds of outlays made in the worker's favour, envisaged by the labour agreement and (or) by collective agreement.

Article 256. Depreciated Property

1. Recognised as depreciated property for the purposes of this Chapter shall be property, the results of intellectual activity and the other objects of intellectual property belonging to the tax payer by right of ownership and used by him for the purpose of deriving an income whose amount is amortised by imposing depreciation charges.

The depreciated property received by a unitary enterprise from the owner of the unitary enterprise into operative management or into economic management, shall be subject to depreciation at the given unitary enterprise in accordance with the procedure established by the present Chapter.

2. Not referred to depreciated property shall be the land and the other nature utilisation objects (water, mineral wealth and other natural resources), and also the material production stocks, commodities, securities and financial instruments of futures deals (including forward and futures contracts and options).

For the purposes of this Chapter, into the composition of the depreciated property shall not be included:

1) the property of budgetary organisations;

2) the property of non-profit organisations, with the exception of property acquired in connection with the performance of business activity and used for carrying out such activity;

3) property acquired with the use of budgetary assignments and other similar funds (in the part of the cost falling on the amount of these funds);

4) the objects of outdoor improvement (the objects of forest economy and road maintenance economy, specialised installations for navigational situations) and other similar objects;

5) productive livestock, buffalos, bullocks, yaks, deer and other wild animals (with the exception of draught animals);

6) acquired publications (books, booklets and other similar objects) and works of art;

7) property whose original cost is up to ten thousand roubles inclusive. The cost of such property shall be included in the composition of material outlays in the full sum as soon as it is put into operation;

8) property acquired (created) at the expense of funds which have been received in accordance with [Subitems 15](#) and [20 of Item 1 of Article 251](#) of the present Code, as well as the property mentioned in [Subitem 7 of Item 1 of Article 251](#) of the present Code.

For the purposes of the present Chapter, the following fixed assets shall be excluded from the composition of the depreciated property:

- those handed over (received) under contracts to gratuitous use;

- those handed over by decision of the organisation's management into conservation for a term of over three months;

- those put by the decision of the management of the organisation under reconstruction and modernisation for a term of over twelve months.

When a fixed assets object is put back into operation, the depreciation charges shall be levied on it in the order which was applied before the start of its conservation.

Article 257. Procedure for Determining the Original Cost of the Depreciated Property

1. Seen as fixed assets for the purposes of the present Chapter shall be the part of the property with a term of beneficial use exceeding twelve months, which is applied as a labour facility for the manufacture and sale of commodities (for the performance of works and for rendering services), or for the management of the organisation.

The original cost of the depreciated fixed asset shall be defined as the sum of the outlays on its acquisition, manufacture and development up to the state in which it is fit for use, with the exception of the sums of taxes recorded in the composition of the outlays in conformity with the present Code.

Recognised as the original cost of the property, which is the object of leasing, shall be the sum of the leasing party's outlays on its acquisition, with the exception of the sums of taxes recorded in the composition of the outlays in conformity with the present Code.

When the tax payer uses the objects of the fixed assets of his own manufacture, the original cost shall be defined in accordance with the actual expenditures made on the production of such objects, increased by the sum of the corresponding excise duties for the fixed assets which are excisable commodities.

2. The original cost of the depreciated property shall be changed in the cases of completing the construction and the equipment, of the reconstruction, modernisation, technical re-equipment and partial liquidation of the corresponding objects, and also on other similar grounds.

Referred to the works involved in completing the construction and equipment, and also in the reconstruction and modernisation shall be the works caused by a change in the technological or official purpose of the equipment, building, structure or other object of the depreciated fixed assets, by the increased loads and (or) by the other new properties.

For the purposes of this Chapter, to the reconstruction shall be referred the restructuring of the existing fixed assets objects in connection with the improvement of production and with the higher technical and economic indices carried out according to the project for the reconstruction of the fixed assets, aimed at an expansion of the production capacities, raising the standard and changing the range of the products.

To the technical re-equipment shall be referred a complex of measures aimed at raising the technical and economic indices of the depreciated property or of its individual parts on the basis of the introduction of advanced hardware and technology, of the mechanisation and automation of the production, of the modernisation and replacement of the outdated and physically worn out equipment and (or) software with new and more productive versions.

3. For the purposes of the present Chapter, recognised as non-material assets shall be the results of intellectual activity and other objects of intellectual property, acquired and (or) created by the tax payer (or the exclusive rights to them), which are used in the output of products (in the performance of works or in rendering services) or for the organisation's managerial needs in the course of a long period of time (over twelve months).

For a non-material asset to be recognised, it shall possess the capability to bring economic gain (income) to the tax payer and properly formalised documents confirming the existence of the non-material asset itself and (or) the tax payer's possession of the exclusive right to the results of the intellectual activity (including the patents, certificates and other protective documents, and a contract on the cession /acquisition/ of the patent or trade mark).

To the non-material assets are referred in particular:

1) the exclusive right of the patent holder to an invention, an industrial sample or a useful model;

2) the exclusive right of the author and other rightholders to the use of a computer programme or of a data base;

3) the exclusive right of the author or other rightholders to the use of the topology of the integral microschemas;

4) the exclusive right to a trade mark, a service mark, to the name of the place of commodity origin and company name;

5) the patent holder's exclusive right to selection achievements;

6) the possession of know-how, a secret formula or process, or of information concerning industrial, commercial or scientific experience.

The original cost of the depreciated non-material assets is defined as the sum of the outlays on their acquisition (creation) and on bringing them up to a state in which they are fit to use, with the exception of the sums of the taxes recorded in the composition of the outlays in conformity with the present Code.

The cost of the non-material assets created by the organisation itself shall be defined as the sum of the actual expenditures on their creation and manufacture (including material outlays, outlays on the remuneration of labour and on the services of the outside organisations, and the patent duties connected with receiving patents and certificates), with the exception of the sums of the taxes recorded in the composition of the outlays in conformity with the present Code.

To non-material assets shall not be referred:

1) scientific-research, research and development and technological works which have produced no positive result;

2) the intellectual and business qualities of the organisation's workers, their qualifications and labour capacity.

Article 258. Depreciation Groups. Specifics of Including the Depreciated Property into the Composition of the Depreciation Groups

1. The depreciated property is divided into depreciation groups in accordance with the term of its beneficial use. Recognised as the term of beneficial use is the period in the course of which an object of the fixed assets and (or) an object of non-material assets serve to the purposes of the tax payer's activity. The term of beneficial use shall be defined by the tax payer on his own as on the date of putting the given object of the depreciated property into operation in conformity with the propositions of the present Article and on the grounds of the classification of the fixed assets provided by the Government of the Russian Federation.

2. The term of beneficial use of an object of non-material assets shall be defined proceeding from the term of operation of the patent or of the certificate, and from the other restrictions of the terms of use of the objects of intellectual property in conformity with the legislation of the Russian Federation or with the applicable legislation of a foreign state, and also proceeding from the term of beneficial use of non-material assets, substantiated by the corresponding treaties. The depreciation norms for the non-material assets, for which it is impossible to define the term of beneficial use of an object of non-material assets, shall be established as ten years (but shall be no longer than the term of the tax payer's activity).

3. The depreciated property shall be divided into the following depreciation groups:

- the first group - all the short-life property with a term of beneficial use from 1 to 2 years inclusive;
- the second group - property with a term of beneficial use of over 2 years and up to 3 years inclusive;
- the third group - property with a term of beneficial use from 3 to 5 years inclusive;
- the fourth group - property with a term of beneficial use from 5 to 7 years inclusive;
- the fifth group - property with a term of beneficial use from 7 to 10 years inclusive;
- the sixth group - property with a term of beneficial use from 10 to 15 years inclusive;

- the seventh group - property with a term of beneficial use from 15 to 20 years inclusive;
- the eighth group - property with a term of beneficial use from 20 to 25 years inclusive;
- the ninth group - property with a term of beneficial use from 25 to 30 years inclusive;
- the tenth group - property with a term of beneficial use of over 30 years.

4. The classification of the fixed assets, divided into the depreciation groups, shall be formulated by the Government of the Russian Federation.

5. For those kinds of fixed assets which are not indicated in the depreciation groups, the term of beneficial use shall be fixed by the tax payer in conformity with the technical conditions and with the recommendations of the manufacturer organisations.

6. For the purposes of this Chapter, the depreciated property shall be put onto the records in accordance with their original (replacement) cost, defined in conformity with [Article 257](#) of the present Code and with Item 10 of the present Article.

7. Property received (handed over) into financial rent under a contract of financial rent (under a leasing contract, shall be included into the corresponding depreciation group by the party, which shall record the given property in accordance with the terms of the contract of financial rent (of the contact of leasing).

8. The fixed assets, the rights to which are subject to state registration in conformity with the legislation of the Russian Federation, shall be included in the composition of the corresponding depreciation group as from the moment of the documentarily confirmed fact of submitting the documents for the registration of the above-said rights.

9. The fixed assets and (or) the non-material assets shall be included in the composition of the depreciated property as from the first day of the month next to the month in which they were put into operation (handed over to the production).

10. The fixed assets acquired before the present Chapter was put into force shall be included in the corresponding depreciation group according to their replacement cost, if the tax payer has adopted the decision on the calculation of the depreciation using the linear method, and according to their residual cost, if with respect to such property the tax payer has adopted the decision on calculating the depreciation using the non-linear method.

Article 259. Methods and Procedure for Calculating the Sums of Depreciation

1. For the purposes of the present Chapter, the tax payer shall calculate the depreciation using one of the following methods, while taking into account the specifics envisaged by this Chapter:

- 1) the linear method;
- 2) the non-linear method.

2. The sum of depreciation for the purposes of taxation shall be defined by tax payers every month, in accordance with the procedure established by the present Article. The depreciation shall be calculated separately for every object of the depreciated property.

3. The tax payer shall apply the linear method for the calculation of the depreciated property towards the buildings, structures and transmission appliances, included into the eighth to tenth depreciation groups, regardless of the deadline for putting these objects into operation.

The tax payer shall have the right to apply to the rest of the fixed assets any one of the methods presented in Item 1 of this Article.

The method for calculating the depreciation, selected by the tax payer, shall be applied with respect to the object of the depreciated property, included into the composition of the corresponding depreciation group, and cannot be changed in the

course of the entire period of calculating the depreciation for this object, with the exception of the cases envisaged by Item 5 of the present Article.

The calculation of the depreciation with respect to an object of the depreciated property shall be effected in accordance with the depreciation norm established for the given object proceeding from its term of beneficial use.

4. When applying the linear method, the sum of the depreciation, calculated with respect to the object of the depreciated property for one month, shall be defined as the product of multiplying its original (replacement) cost by the depreciation norm established for the given object.

When using the linear method, the depreciation norm for every object of the depreciated property shall be defined by the formula:

$$K = [1/n] \times 100\%,$$

where K is the depreciation norm in percentages of the original (replacement) cost of the object of the depreciated property, and

n is the term of beneficial use of the given object of the depreciated property, expressed in months.

5. When using the non-linear method, the sum of the depreciation, calculated for one month with respect to the object of the depreciated property, shall be defined as the product of the residual cost of the object of the depreciated property, multiplied by the depreciation norm fixed for the given object.

When using the non-linear method, the depreciation norm of the object of the depreciated property shall be defined by the formula:

$$K = [2/n] \times 100\%,$$

where K is the depreciation norm in percentages of the residual cost applied towards the given object of the depreciated property, and

n is the term of beneficial use of the given object of the depreciated property, expressed in months.

Beginning with the month next to the month in which the residual cost of the object of the depreciated property reaches 20 per cent of the original (replacement) cost of this object, the depreciation for this object shall be calculated in the following order:

1) the residual cost of the object of the depreciated property shall be fixed for the purposes of calculating the depreciation as its basic cost for further calculations;

2) the sum of the depreciation calculated for one month with respect to the given object of the depreciated property shall be defined by dividing the basic cost of the given object by the number of months left until the expiry of the term of beneficial use of the given object.

6. If in the course of a certain calendar month the organisation was instituted, liquidated, reorganised or transformed in any other way, so that in conformity with [Article 55](#) of the present Code the tax period for it begins or ends before the end of the calendar month, the depreciation shall be calculated with account taken of the following specifics:

1) no depreciation shall be calculated by the liquidated organisation from the first day of the month in which the liquidation is completed, and by the reorganised organisation - from the first day of the month in which the reorganisation is completed in the established order;

2) the depreciation shall be calculated by the instituted organisation, emerging as a result of the reorganisation, as from the first day of the month next to the month in which its state registration was effected.

The provisions of this Item shall not be spread to organisations which change their legal organisational form.

7. With respect to the depreciated fixed assets used for work under the conditions of an aggressive environment and (or) of a rigid shift schedule, the tax payer shall have the right to apply to the basic depreciation norm a special coefficient, which shall not be higher than 2. For the depreciated fixed assets which are an object of a contract of financial rent (of a contract of leasing), the tax payer shall have the right to apply to the basic depreciation norm the special coefficient, which shall not be higher than 3. The given provisions shall not be spread to the fixed assets referred to the first, second and third depreciation groups if the depreciation for the given fixed assets is calculated using the non-linear method.

The tax payers who use the depreciated fixed assets for the performance of work under the conditions of an aggressive environment and (or) of a rigid shift schedule, shall have the right to apply the special coefficient mentioned in this Chapter only when computing the depreciation with respect to the indicated fixed assets. For the purposes of this Chapter, seen as an aggressive environment shall be the aggregate of the natural and (or) artificial factors, whose impact is responsible for a higher wear and tear (ageing) of the fixed assets in the course of their operation). To the work in an aggressive environment shall also be equated the fixed assets being in direct contact with the explosion or fire-hazardous, toxic or other kind of aggressive technological environment, which may serve as a cause (source) of an emergency situation.

8. The organisations which have handed over (received) the fixed assets that are the object of a contract of leasing concluded before the present Chapter was put into operation shall have the right to calculate the depreciation for this property using the methods and the norms existing at the moment of handing over (receiving) the property, and also applying a special coefficient of not higher than 3.

9. For passenger cars and passenger minibuses with the original cost, respectively, of over 300,000 roubles and 400,000 roubles, the basic depreciation norm shall be applied with the special coefficient of 0.5.

The organisations which have received the above passenger cars and passenger minibuses into leasing shall include this property in the composition of the corresponding depreciation group and shall apply the basic depreciation norm with a special coefficient of 0.5.

10. The calculation of the depreciation according to the depreciation norms which are lower than those established by the present Chapter shall be admissible by the decision of the head of the organisation confirmed in the accounting policy for the purposes of taxation. The reduced depreciation norms may be applied only as from the start of the tax period and throughout the entire tax period.

11. In the sale of the depreciated property by tax payers who have been applying the reduced depreciation norms, the tax base shall not be recalculated by the sum of the undercalculated depreciation against the norms envisaged by the present Article for the purposes of taxation.

12. An organisation acquiring the used objects of the fixed assets (if the decision is adopted on the application for this property of the linear method for calculating the depreciation), shall have the right to determine the depreciation norm for this property, taking into account the term of its beneficial use, reduced by the number of years (months) over which the given property was operated by its previous owners.

13. The residual cost of the depreciated property shall be defined as the difference between its original (replacement) cost and the sum of the depreciation, computed over the period of operation, which shall be determined in conformity with the present Chapter.

Article 260. Outlays on the Repairs of the Fixed Assets

1. The outlays on the repairs of the fixed assets, made by the tax payer, shall be considered as other outlays and shall be recognised for taxation purposes in the accounting (tax) period in which they were effected:

1) by the organisations of industry, the agroindustrial complex, the forestry economy, transport and communications, construction, geology and mineral prospecting, geodesical and hydrometeorological services and those of the housing-communal economy - in the amount of the actual expenses;

2) by other organisations - in an amount not exceeding 10 per cent of the original (replacement) cost of the depreciated fixed assets, determined in conformity with [Item 1 of Article 257](#) and with [Item 10 of Article 258](#) of the present Code.

2. The outlays on the repairs of the fixed assets made by the tax payer in the reporting (tax) period which exceed on aggregate the amount fixed in accordance with Subitem 2 of Item 1 of the present Article, shall be included by the tax payer in the composition of the other outlays evenly in the course of five years in the case of the repairs of the fixed assets included in the composition of the fourth to tenth depreciation groups, and in the case of repairs of the fixed assets included in the composition of the first to third depreciation groups - evenly in the course of the term of beneficial use of the depreciated fixed assets object.

3. The provisions of the present Article shall also be applied towards the outlays of the lessee of the depreciated fixed assets, if the contract (agreement) concluded between the lease-holder and the lease-giver does not envisage the recompense of these outlays.

Article 261. Outlays on the Development of Natural Resources

1. For the purposes of the present Chapter, recognised as outlays on the development of natural resources shall be the tax payer's expenditures on the geological studies of the earth's bowels, on prospecting for commercial minerals and on the performance of preparatory works.

To the outlays on the development of natural resources shall be referred, in particular:

- outlays made on the search for and on an assessment of the deposits of commercial minerals (including the audit of the stocks), on prospecting for commercial minerals and (or) on the hydrogeological investigations carried out on the plot of the earth's bowels in accordance with the licences (permits) obtained in the established order, as well as outlays on the acquisition of the necessary geological and other kinds of information from third persons, including from state bodies;

- the outlays on preparing the territory for carrying out the mining, construction and other works in conformity with the established demands made on the safety and protection of the lands, mineral wealth and the other natural resources, and of the natural environment, including on the construction of temporary approach lines and roads for the transportation of the extracted mining rock, useful minerals and wastes, and on preparing the sites for erecting the corresponding structures and for the preservation of the fertile soil layer intended for the subsequent reclamation of the lands and for the storage of the extracted mining rock, commercial minerals and the wastes;

- the outlays on the recompense of the complex damage inflicted upon the natural resources by the land users in the process of the construction and operation of the objects, as well as on the compensation of the losses caused to agricultural production by withdrawal of land for needs not connected with agricultural production and by the destruction and spoilage of deer pastures. To these outlays shall also be referred the compensations envisaged by the contracts (agreements) with local self-government bodies and (or) with the tribal and family communes of indigenous small-numbered peoples, concluded by these land users.

2. The outlays on the development of natural resources made after the present Chapter is put into operation shall be included in the composition of the other outlays in

conformity with the present Chapter, if the source of their financing is not the budgetary funds and (or) the resources of the state extra-budgetary funds.

The outlays on the development of natural resources mentioned in Item 1 of the present Article shall be recorded in the order stipulated by [Article 325](#) of the present Code. When effecting the outlays on the development of natural resources concerning several plots of the earth's bowels, the said outlays shall be recorded separately for every plot of the bowels in the part defined by the tax payer in accordance with the accounting policy he has accepted for taxation purposes. The said outlays shall be recognised for taxation purposes as from the first day of the month next to the month in which the given works (work stages) were completed, and shall be included in the composition of the other outlays evenly in the course of five years.

3. If outlays on the development of natural resources for the corresponding plot of the earth's bowels have proved to be futile, the said outlays shall be recognised for the purposes of taxation as from the first day of the month next to the month in which the tax payer informed the federal body for the management of the state stocks of mineral wealth or its territorial subdivision about the termination of further geological search, geological prospecting and other kind of works on this plot because of their uselessness.