

# Russia

Effective since 1 of January 2017.

According to Russian Tax Code, digital services provided by foreign companies are subject to Russian VAT at the location of the customer.

## **VAT Standard rate**

16.67%

## **VAT Reduced rate**

There is no reduced rate established.

## **VAT calculation peculiarity**

VAT= Total revenue \* 0.1667

## **Threshold**

There is no revenue threshold for digital companies. It means that non-resident businesses, who make a single online sale to Russian consumers, have to collect and register for VAT in Russia.

## **Pieces of evidence**

To identify customer location merchant has to collect at least 3 pieces of evidence. And if one of them is Russia, the customer may be determined as Russian:

- Customer's address
- Billing address (bank or electronic payment operator)
- IP address
- Telephone number

## **E-services list**

Digital services supplied over the internet or similar electronic networks that fall under the scope of the new digital tax law are the following:

- Granting the right to use software (including computer games) and databases through the Internet as well as provision of remote access to them, including updates and additional options
- Granting the right to use computer games via the "Internet" network, including by providing remote access to them, including updates thereto, and additional
- Advertising services provided through the Internet, including services provided with the use of software and databases that function on the Internet, as well as provision of advertising space on the Internet
- Services for displaying offers for the acquisition (disposal) of goods (works and services) or proprietary rights on the Internet

- Provision of technical, organizational, informational and other possibilities with the use of information technologies and systems through the Internet for setting up contacts between sellers and buyers and conclusion of contracts (including real-time trading platforms on the Internet where potential buyers may offer prices using an automated procedure and the parties to the contract are informed of a sale by messages that are created and sent automatically)
- Provision and support of a commercial or personal presence on the Internet, support of users' electronic resources (websites and (or) pages on the Internet), provision of access to them by other Internet users, and provision of options to modify them
- Storage and processing of information if the person that submitted the information has Internet access to it
- Provision of computing capacity in real time for including information in information systems
- Provision of domain names and hosting services
- Information system and website administration services on the Internet
- Services provided automatically over the Internet upon the insertion of information by the user, automated services for on-demand data search, selection and sorting, and provision of data to the user through information and telecommunications networks (including real-time stock exchange data provision and real-time automated translation services)
- Provision of rights to use e-books and other electronic
- Publications through the Internet, including when provided for listening using remote Internet access
- Provision of rights to use informational and educational materials through the Internet, including when provided for watching or listening using remote Internet access
- Provision of rights to use images through the Internet, including when provided for watching or listening using remote Internet access
- Provision of rights to use musical works with or without lyrics through the Internet, including when provided for watching or listening using remote Internet access
- Provision of rights to use audiovisual works through the Internet, including when provided for watching or listening using remote Internet access
- Services involving searching for and/or provision of information on, potential buyers for a client
- Provision of access to search systems on the Internet
- Provision of statistical services on Internet websites

## Registration procedure

The VAT registration must be done within 30 days from the first supply to a Russian-based customer. Registration can be done via the identification's portal on FTS website. Normally registration starts on the first day of the calendar quarter before you request to join the scheme. For example, if you join on 20 July, your registration will start on 1 July. If needed, you can bring this date forward as long as you inform the tax authority.

## VAT returns filing date

Foreign companies are expected to file tax returns on quarterly basis not later than 25th day of month following the reporting period.

Digital company, whether or not it has sales, shall file a bimonthly tax return prior to the fifteenth day of the following period.

## VAT payment date

The VAT amount in RUB must be paid by the 25th day of the month following reporting quarter.

## Penalties

There is compulsory de-registration of the company (or its agent if any) in case of:

- Failure to submit a VAT tax return (for more than 6 months)
- Failure to provide the requested documents (for more than 3 months)
- Non-payment of VAT together with penalties and fines, if any (for more than 12 months)

Such de-registration leads to impossibility to use the "personal taxpayer's office" within one year, but does not eliminate the overdue tax obligation.

## Keeping records

You must keep a record of your activities supplying digital services, and you should be able to make the records available electronically without delay. You should keep a record of your returns for 10 years from the end of the year in which the service was supplied.