

Three-level documentation of international groups of companies

April 2018

Introduction

Amendments to the Russian Tax Code ["the Tax Code"] introduced by the Federal Law dd 27.11.2017 No 340-FZ "On Amending Part One of the Russian Tax Code in connection with the implementation of the international automatic information exchange and documentation on international groups of companies"* have imposed an additional disclosure obligation on participating companies of international holdings.

In addition, the Tax Code is amended with provisions on the international automatic exchange of country reports in accordance with international treaties of the Russian Federation, which implies broad access of Russian tax authorities to information provided by foreign companies that are part of the same group as Russian taxpayers.

* We analyzed the following document at the draft stage - <http://jus-aureum.com/rus/novosti/rossiiskaya-federatsiya-vyhodit-na-novyi-kachestvennyi-uroven-obmena-nalogovoi-inf>

Three-level documentation

The three levels of documentation to be presented includes:

- 1) notification of participation in an international group of companies;
- 2) country information on the international group of companies to which the taxpayer is a member.

Country information includes the following documents:

- 1) global documentation for the international group of companies;
- 2) the national documentation of the participant of the international group of companies;
- 3) the country report of the international group of companies for the states (territories) whose tax residents are members of the international group of companies.

For fiscal years beginning in 2017, Russian companies that are members of international groups of companies are required to provide a notice of participation in the relevant international group, as well as global documentation and the country report.

The national documentation is to be submitted for controlled transactions, the income and (or) expenses for which are recognized starting January 1, 2018.

Notification regarding participation in an international group of companies

Who?	Member of the international group of companies
When?	Not later than 8 months from the end date of the reporting period for the parent company of the international group of companies
In which form?	Format is set Served only in electronic form
When released?	A different taxpayer submitted a relevant notice with information about all participants of this international group of companies recognized by taxpayers in accordance with the Russian Tax Code

Country Information: Global Documentation

Who?	Member of the international group of companies
When?	Within three months starting the date of receipt of the request The demand can be sent not earlier than after 12 months and no later than 36 months after the end of the reporting period specified in the request
In which form?	Random format
When released?	The total amount of income (revenue) of an international group of companies in accordance with the consolidated financial statements for the fiscal year of 12 consecutive calendar months: less than 50 billion rubles - if the parent company of an international group of companies is recognized as a Russian tax resident; less than the amount established by the national law of the state of residence of the parent company of an international group of companies

Country Information: National Documents

Who?	Member of the international group of companies
When?	<p>Upon the request of the Russia Federal Tax Service, not earlier than June 1 of the year following the calendar year in which controlled transactions are made</p> <p>For controlled transactions, revenues or expenses for which are recognized in 2018 and 2019, transitional provisions have been established. On them the documentation can be claimed not earlier than December 31 of the year following the calendar year in which incomes or expenses are recognized.</p>
In which form?	Random Format
When released?	<p>Repeated submission is not required if earlier the information was submitted in accordance with Art. 105.16-4 of the Russian Tax Code as part of the global documentation</p> <p>The total amount of income (revenue) of an international group of companies in accordance with the consolidated financial statements for the fiscal year of 12 consecutive calendar months:</p> <p>less than 50 billion rubles - if the parent company of an international group of companies is recognized as a Russian tax resident;</p> <p>less than the amount established by the national law of the state of residence of the parent company of the international group of companies.</p>

Country Information: Country Report

Who?	The parent company of an international group of companies or an authorized participant in an international group of companies	Member of the international group of companies
When?	Not later than 12 months from the end date of the reporting period.	The Russian Federal Tax Services sends a requirement to provide a country report in time, which can not be less than 3 months starting the date of receipt by the taxpayer of the specified requirement
In which form?	The format is set. To be served in electronic form only.	
When released?		The grounds for exemption are provided for by. 2 paragraph 6 of Art. 105.16-3 of the Russian Tax Code

Conclusion

The adopted amendments stipulates a significant amount of information to be disclosed to the tax authorities.


Together with the automatization of the information exchange of the Russia Federal Tax Service with the tax authorities of foreign countries, these innovations will require additional attention from taxpayers to the study of documents provided by both Russian and foreign participants of international groups of companies and the language used in such documents.

Before disclosing the relevant information, we recommend conducting an assessment of the associated tax risks independently or with the involvement of outside consultants.

On the further stages of the development of Russian and international regulation in the field of tax information exchange, [we will inform you](#).

In case of additional questions, [we will be happy to provide clarifications](#).

The information contained in this presentation is current as of April 2018, having informational nature and can not serve as a basis for making a professional judgment.



адвокатское
бюро

**ЮС
АУРЕУМ**

107113, Россия, Москва,
1-я Рыбинская ул., д. 3, этаж 5
Телефон: +7 495 221 16 61

@ JusAureum 2015