

Submitting to the State Duma the draft law on automatic international exchange of tax information

The draft law proposes amendments to the Tax Code, which are necessary for ensuring the collection and exchange of information with competent bodies of foreign countries with a view to implementing the Convention on Mutual Administrative Assistance in Tax Matters. Thus, taxpayers employed by an international group of companies are obligated to report to the tax authority his or her participation in the international group of companies and country-specific information, including a country-specific tax return, global documents on the international group of companies and national documents of the participant in the international group of companies.

Reference

The draft federal law On Introducing Amendments to the Tax Code of the Russian Federation (in connection with the implementation of the automatic international exchange of information on financial accounts and documents on international groups of companies), hereinafter referred to as the Draft, has been submitted by the Ministry of Finance.

On 1 July 2015, Russia joined the Convention on Mutual Administrative Assistance in Tax Matters, hereinafter referred to as the Convention, that provides for the global exchange of information on transfer pricing of transnational corporations and the automatic exchange of information on financial accounts of residents of foreign states.

In accordance with the Government directives №834-r of 30 April 2016 and №2608-r of 7 December 2016, the Federal Taxation Service signed multilateral agreements with competent bodies on the automatic exchange of financial information and automatic exchange of country-specific tax statements.

The Draft proposes introducing amendments to the Tax Code required for the collection and exchange of relevant information with competent bodies of foreign countries with a view to implementing the Convention.

Thus, starting 1 January 2017, taxpayers employed by an international group of companies are obligated to report to the tax authority his or her participation in the international group of companies and country-specific information, including a country-specific tax return, global documents on the international group of companies and national documents of the participant in the international group of companies.

To provide tax authorities with the financial information required for tax monitoring and exchange of information with competent bodies of foreign countries under the terms of the relevant multilateral agreement, organisations operating on the financial market are obligated to provide them

with relevant information on their clients, beneficiaries and (or) persons who control them directly or otherwise.

Given the need to adapt to the new requirements, the Draft relieves taxpayers of responsibility for violations in the 2018-2020 period.

Adoption of the Draft will create instruments for reducing the shadow economy and countering illegal transactions to withdraw profits from Russia.

The Government reviewed and endorsed the Draft on 20 July 2017.