



Russia/ News on Special Taxation Systems

In 2019, changes will enter into force to those applying special tax regimes. Some of the changes also affect companies hiring contractors working under special tax regimes. Our newsletter will inform you about what to look for when your business partner applies a special tax regime. In addition, we will post news for companies using the Simplified Tax System (STS).

New regulation for self-employed

In 2019, the new taxation system for self-employed will come into force. It should be noted that the changes concern customers of self-employed persons – legal entities and individual entrepreneurs. In accordance with the adopted law, expenses for self-employed services can only be taken into account for tax purposes when an invoice has been issued.

WHO IS SELF-EMPLOYED?

Persons with an income of less than 2.4 million roubles per year who do not have employees and employers, such as freelancers, are considered self-employed. From 2019, self-employed persons must pay a tax of 6% on the sale of goods or services to legal persons. Self-employed have to handle billing monthly via a special mobile application called “My Tax”. In addition, calculations must be carried out using the “online cash register”.

HOW ARE COMPANIES AFFECTED?

The non-issuance of receipts deprives the buyer of the right to reduce the tax base for the purchase of goods, jobs or services provided by self-employed persons. For example, legal entities that use services must ensure the existence of an “online cash register”. If you plan to hire self-employed people, you must be aware of these and other limitations. For example, if your company is the sole customer of a self-employed person, then there is a high risk that you will be recognized as the official employer by tax authorities.

Changes for those applying the simplified taxation system (USN)

Increase in insurance premiums. The previous reduced rate of 20% will not be renewed and, in this context, it will be necessary as from 2019 to pay standard salaries for hired employees:

- For contributions to the pension insurance, the rate is 22% of payments not exceeding 1,150,000 roubles and 10% of payments above this amount
- For compulsory social security contributions – 2.9% of payments not exceeding 865,000 roubles. If the amount of the payments exceeds the fixed limit, no contributions will be paid.
- For contributions to compulsory health insurance, the rate is set at 5.1%, limits are not provided.

The bill on the abolition of declarations. The Ministry of Finance of the Russian Federation has proposed to cancel tax returns of the simplified tax system for those who use “income” as a taxable item and an

"online cash register". The change should affect companies selling goods and services to the public, since they have been required to use "online cash registers" since July 2017.

How can SCHNEIDER GROUP help?

We are happy to offer you our services:

- Verification of the trustworthiness of suppliers who apply the special tax regime
- Advice on possible tax implications when engaging suppliers who apply the special tax regime
- Examine possible hidden tax risks on existing documents created by suppliers applying special tax rules
- Recommendations for eliminating or minimizing identified tax risks