

Russian Companies with a Share of the Foreign Capital will be Able to Receive a Status of the Small Business

On August 3, 2018, revolutionary changes were introduced into Federal Law No. 209-FZ "On the Development of Small and Medium-Sized Businesses in the Russian Federation", which will come into force on **December 1, 2018**.

Now, Russian companies with a share of foreign capital exceeding 49% have the opportunity to acquire the status of a small or medium-sized business entity and receive preferences guaranteed by this status. Earlier such organizations did not have an opportunity to apply for this status.

Can your company be considered a small or medium enterprise?

To obtain the status, it is necessary to meet the following conditions:

- The average number of employees of a Russian company for the previous calendar year should not exceed 250 people;
- The amount of income from conducting business activities of a Russian company for the previous calendar year should not exceed 2 billion rubles (about 25 million Euros);
- The parent company abroad must also meet the above criteria. * Check of the parent company for compliance with the criteria will be carried out by specialized auditing organizations upon the companies' applying.

** For the companies with less than 49% of the share of foreign capital, or for companies possessing the status of «Skolkovo» project participant, the last condition is not relevant.*

What does the status of a small or medium-sized enterprise give?

Below are the benefits that the companies, classified as small and medium-sized businesses, can count on:

- Special tax regimes (for certain types of activities and with a share of participation of other companies not more than 25%);
- Simplified rules for statutory and tax accounting;
- Simplified procedure for statistical reports preparation;
- Benefits and quotas when participating in government procurement;
- Property support (transfer to the possession or use of state or municipal property on a paid or free of charge basis or on preferential terms in accordance with state and municipal programs);
- Various forms of the state support (financial, informational, consulting, etc.).

A company can count on these benefits if it is included in the Unified Register of small or medium-sized businesses. The Unified Register is available at the website of Russian Federal Tax Service.

How to be registered in the Unified Register of Small and Medium-Sized Businesses?

From 2016, the status of the company is determined by the Unified Register of small and medium-sized businesses (hereinafter referred to as the Register).

The register is formed annually by the Federal Tax Service. Regarding the companies with participation it will be formed from 1 to 5 July. The information required for the register will be provided by auditors on the basis of the reporting data of the parent company (with a share of foreign capital exceeding 49%).

How can SCHNEIDER GROUP help?

SCHNEIDER GROUP can advise you on the issues related to the definition of state support measures in connection with obtaining status. If you are interested, please address our experts.