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The VAT rate increase from January 1, 2019

The VAT rate in Russia will increase from 18% to 20% from January 1, 2019. These amendments were introduced by Federal Law No. 303-FZ from 03.08.2018. Preferential VAT rates of 0% and 10% remain the same.

Despite the fact that VAT is an indirect tax paid by the citizens, its increase will also affect the conduct of companies' businesses. In our Newsletter we will tell you how to prepare for the change of the VAT rate from practical point of view.

What should be done before January 1, 2019

CONDUCT RECONCILIATION OF CONTRACTS WITH COUNTERPARTIES

SIGN ADDITIONAL AGREEMENTS TO CONTRACTS REGARDING VAT

CORRECT BUDGETS AND FORECASTS FOR 2019

Our experts:

Moscow



Ekaterina
Lakatosh

Senior Tax Expert

+7 / 495 / 956
55 57

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Transition period

The new tax rates apply to **goods (works, services), property rights, shipped (performed, rendered) transferred from January 1, 2019.**

However, in case of prepayment, it is very likely that payments are made in 2018, and shipping will take place in 2019. In this case, the cost of the services rendered (shipped goods) will be subject to VAT at the rate of 20% and it will be necessary to additionally pay VAT. Especially attention should be paid to the prepayment of services of foreign companies, since your company can become a VAT tax agent.

If your company has long-term contracts without a phased implementation of works, we recommend discussing with customers/suppliers the issue of closing documents on the actual works performed in 2018. This will allow the parties not to withdraw money from the turnover required to pay an additional 2% VAT on the volumes of these works.

How can SCHNEIDER GROUP help?

If you have any questions, you can address your SCHNEIDER GROUP Client Manager. We are ready to advise you on the check of contracts and the analysis of current settlements with counterparties, also our tax experts will advise you on the optimal formulations of contracts with suppliers and buyers.

St. Petersburg



Olga Lux

Tax Expert

+7 / 812 / 458
58 00

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17/09/2018

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About us

SCHNEIDER GROUP provides international clients with back office services they need to expand their business into or within Russia, Kazakhstan, Belarus, Ukraine, Poland, Uzbekistan, Armenia and Germany. Our services include market entry support, accounting outsourcing, tax consulting, import, ERP systems (1C, SAP and Microsoft Dynamics NAV) and support in legal matters with focus on migration, labor and corporate law.



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24/09/2018



The VAT rate increase from January 1, 2019

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