

TAX CODE OF THE RUSSIAN FEDERATION

PART I

UNOFFICIALLY TRANSLATED BY Ernst & Young

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THE TAX CODE
OF THE RUSSIAN FEDERATION
PART ONE

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As amended by:

- 1. Federal Law No. 154-FZ of the Russian Federation of July 9, 1999 Concerning the Introduction of Amendments and Additions to Part One of the Tax Code of the Russian Federation;**
- 2. Federal Law No. 13-FZ of the Russian Federation of January 2, 2000 Concerning the Introduction of Amendments and Additions to Part One of the Tax Code of the Russian Federation;**
- 3. Federal Law No. 118-FZ of the Russian Federation of August 5, 2000 Concerning the Implementation of Part Two of the Tax Code of the Russian Federation and the Introduction of Amendments to Certain Legislative Acts of the Russian Federation Concerning Taxes;**
- 4. Federal Law No. 180-FZ of the Russian Federation of December 28, 2001 Concerning the Introduction of an Amendment to Article 80 of Part One of the Tax Code of the Russian Federation;**
- 5. Federal Law No. 190-FZ of the Russian Federation of December 29, 2001 Concerning the Introduction of Amendments and Additions to the Law of the Russian**

Federation “Concerning the Customs Tariff” and Part One of the Tax Code of the Russian Federation;

- 6. Federal Law No. 196-FZ of the Russian Federation of December 30, 2001 Concerning the Implementation of the Administrative Offences Code of the Russian Federation;**
- 7. Federal Law No. 61-FZ of May 28, 2003: The Customs Code of the Russian Federation;**
- 8. Federal Law No. 65-FZ of the Russian Federation of June 6, 2003 Concerning the Introduction of an Addition to Part Two of the Tax Code of the Russian Federation and the Introduction of Amendments and Additions to Certain Other Legislative Acts of the Russian Federation and the Annulment of Certain Legislative Acts of the Russian Federation;**
- 9. Federal Law No. 86-FZ of the Russian Federation of June 30, 2003 Concerning the Introduction of Amendments and Additions to Certain Legislative Acts of the Russian Federation, the Annulment of Certain Legislative Acts of the Russian Federation and the Granting of Certain Guarantees to Employees of Internal Affairs Bodies, Bodies for Control Over the Circulation of Narcotics and Psychotropic Substances and Abolished Federal Tax Police Bodies in Connection With the Implementation of Measures for the Improvement of State Administration;**
- 10. Federal Law No. 104-FZ of the Russian Federation of July 7, 2003 Concerning the Annulment of Provisions of Legislative Acts of the Russian Federation Concerning Tax Control Over Expenditures of Physical Persons;**
- 11. Federal Law No. 185-FZ of the Russian Federation of December 23, 2003 Concerning the Introduction of Amendments to Legislative Acts of the Russian Federation With Respect to Improvement of the Procedures for the State Registration and Other Registration of Legal Entities and Private Entrepreneurs;**
- 12. Federal Law No. 58-FZ of the Russian Federation of June 29, 2004 Concerning the Introduction of Amendments to Certain Legislative Acts of the Russian Federation and the Annulment of Certain Legislative Acts of the Russian Federation in**

Connection With the Implementation of Measures to Improve State Administration;

- 13. Federal Law No. 95-FZ of the Russian Federation of July 29, 2004 Concerning the Introduction of Amendments to Parts One and Two of the Tax Code of the Russian Federation and the Annulment of Certain Legislative Acts (Provisions of Legislative Acts) of the Russian Federation Concerning Taxes and Levies;**
- 14. Federal Law No. 127-FZ of the Russian Federation of November 2, 2004 Concerning the Introduction of Amendments to Parts One and Two of the Tax Code of the Russian Federation and Certain Other Legislative Acts of the Russian Federation and Concerning the Annulment of Certain Legislative Acts (Provisions of Legislative Acts) of the Russian Federation;**
- 15. Federal Law No. 78-FZ of the Russian Federation of July 1, 2005 Concerning the Annulment of Certain Legislative Acts (Provisions of Legislative Acts) of the Russian Federation and the Introduction of Amendments to Certain Legislative Acts of the Russian Federation in Connection with the Abolition of the Tax on Property Which is Received by Way of an Inheritance or Gift;**
- 16. Federal Law No. 137-FZ of the Russian Federation of November 4, 2005 Concerning the Introduction of Amendments to Certain Legislative Acts of the Russian Federation and the Annulment of Certain Provisions of Legislative Acts of the Russian Federation in Connection with the Implementation of Measures to Improve Administrative Procedures for the Settlement of Disputes;**
- 17. Federal Law No. 19-FZ of the Russian Federation of February 2, 2006 Concerning the Introduction of Amendments to Certain Legislative Acts of the Russian Federation and the Annulment of Certain Provisions of Legislative Acts of the Russian Federation in Connection with the Adoption of the Federal Law “Concerning the Placing of Orders for Supplies of Goods, the Performance of Work and the Rendering of Services for State and Municipal Requirements”;**

18. **Federal Law No. 137-FZ of the Russian Federation of July 27, 2006 Concerning the Introduction of Amendments to Part One and Part Two of the Tax Code of the Russian Federation and to Certain Legislative Acts of the Russian Federation in Connection With the Implementation of Measures to Improve Tax Administration;**
19. **Federal Law No. 265-FZ of the Russian Federation of December 30, 2006 Concerning the Introduction of Amendments to Articles 45 and 80 of Part One of the Tax Code of the Russian Federation and Article 57 of the Budget Code of the Russian Federation;**
20. **Federal Law No. 268-FZ of the Russian Federation of December 30, 2006 Concerning the Introduction of Amendments to Part One and Part Two of the Tax Code of the Russian Federation and to Certain Legislative Acts of the Russian Federation;**
21. **Federal Law No. 64-FZ of the Russian Federation of April 26, 2007 Concerning the Introduction of Amendments to Certain Legislative Acts of the Russian Federation in Connection With the Adoption of the Federal Law “Concerning the Introduction of Amendments to the Federal Law “Concerning Basic Guarantees of the Electoral Rights and Right to Participate in a Referendum of Citizens of the Russian Federation” and the Civil Procedure Code of the Russian Federation” and for the Purpose of Providing for the Implementation of the Legislation of the Russian Federation Concerning Elections and Referenda;**
22. **Federal Law No. 83-FZ of the Russian Federation of May 17, 2007 Concerning the Introduction of Amendments to Certain Legislative Acts of the Russian Federation in Connection With the Adoption of the Federal Law “Concerning the Development Bank”;**
23. **Federal Law No. 84-FZ of the Russian Federation of May 17, 2007 Concerning the Introduction of Amendments to Articles 5 and 23 of the Federal Law “Concerning the Special Economic Zone in the Kaliningrad Province and Concerning the Introduction of Amendments to Certain Legislative Acts of the Russian Federation”, Article 89 of Part One of the Tax Code of**

the Russian Federation and Articles 288.1 and 385.1 of Part Two of the Tax Code of the Russian Federation;

- 24. Federal Law No. 103-FZ of the Russian Federation of June 26, 2008 Concerning the Introduction of Amendments to Certain Legislative Acts of the Government of the Russian Federation in Connection with the Improvement of State Administration in the Customs Sphere;**
- 25. Federal Law No. 108-FZ of the Russian Federation of June 30, 2008 Concerning the Introduction of Amendments to the Federal Law “Concerning Concession Agreements” and Certain Legislative Acts of the Russian Federation;**
- 26. Federal Law No. 160-FZ of the Russian Federation of July 23, 2008 Concerning the Introduction of Amendments to Certain Legislative Acts of the Russian Federation in Connection with Improvements in the Exercise of Powers of the Government of the Russian Federation;**
- 27. Federal Law No. 205-FZ of the Russian Federation of November 24, 2008 Concerning the Introduction of Amendments to Certain Legislative Acts of the Russian Federation in Connection with the Federal Law “Concerning the Federal Budget for 2009 and the Planning Period 2010 and 2011”;**
- 28. Federal Law No. 224-FZ of the Russian Federation of November 26, 2008 Concerning the Introduction of Amendments to Part One and Part Two of the Tax Code of the Russian Federation and Certain Legislative Acts of the Russian Federation;**
- 29. Federal Law No. 195-FZ of the Russian Federation of July 19, 2009 Concerning the Introduction of Amendments to Certain Legislative Acts of the Russian Federation;**
- 30. Federal Law No. 213-FZ of the Russian Federation of July 24, 2009 Concerning the Introduction of Amendments to Certain Legislative Acts of the Russian Federation and the Annulment of Certain Legislative Acts (Provisions of Legislative Acts) of the Russian Federation in Connection with the Adoption of the Federal Law “Concerning Insurance Contributions to the Pension Fund of the Russian Federation, the Social Insurance**

Fund of the Russian Federation, the Federal Compulsory Medical Insurance Fund and Territorial Compulsory Medical Insurance Funds”;

- 31. Federal Law No. 261-FZ of the Russian Federation of November 23, 2009 Concerning Energy Conservation and the Raising of Energy Efficiency and Concerning the Introduction of Amendments to Certain Legislative Acts of the Russian Federation;**
- 32. Federal Law No. 281-FZ of the Russian Federation of November 25, 2009 Concerning the Introduction of Amendments to Parts One and Two of the Tax Code of the Russian Federation and Certain Legislative Acts of the Russian Federation;**
- 33. Federal Law No. 283-FZ of the Russian Federation of November 28, 2009 Concerning the Introduction of Amendments to Certain Legislative Acts;**
- 34. Federal Law No. 318-FZ of the Russian Federation of December 17, 2009 Concerning the Introduction of Amendments to Parts One and Two of the Tax Code of the Russian Federation in Connection with the Introduction of a Claim-Based Procedure for Value Added Tax Reimbursement;**
- 35. Federal Law No. 374-FZ of the Russian Federation of December 27, 2009 Concerning the Introduction of Amendments to Article 45 of Part One and to Chapter 25.3 of Part Two of the Tax Code of the Russian Federation and Certain Legislative Acts of the Russian Federation and Concerning the Annulment of the Federal Law “Concerning Fees for the Issue of Licences to Carry Out Types of Activity Associated with the Production and Circulation of Ethyl Alcohol and Alcoholic and Alcohol-Containing Products”;**
- 36. Federal Law No. 383-FZ of the Russian Federation of December 29, 2009 Concerning the Introduction of Amendments to Part One of the Tax Code of the Russian Federation and Certain Legislative Acts of the Russian Federation;**
- 37. Federal Law No. 20-FZ of the Russian Federation of March 9, 2010 Concerning the Introduction of Amendments to Certain**

Legislative Acts of the Russian Federation Regarding the Reimbursement of Procedural Expenses;

- 38. Federal Law No. 229-FZ of the Russian Federation of July 27, 2010 Concerning the Introduction of Amendments to Part One and Part Two of the Tax Code of the Russian Federation and Certain Other Legislative Acts of the Russian Federation and the Annulment of Certain Legislative Acts (Provisions of Legislative Acts) of the Russian Federation in Connection with the Revision of the Regulation of Indebtedness in Respect of Taxes, Levies, Penalties and Fines and Certain Other Tax Administration Issues;**
- 39. Federal Law No. 242-FZ of the Russian Federation of July 30, 2010 Concerning the Introduction of Amendments to Certain Legislative Acts of the Russian Federation in Connection with the Organization and Holding of the Sochi 2014 XXII Olympic Winter Games and XI Paralympic Winter Games, the Development of the City of Sochi as a Mountain Climate Resort;**
- 40. Federal Law No. 243-FZ of the Russian Federation of September 28, 2010 Concerning the Introduction of Amendments to Certain Legislative Acts of the Russian Federation in Connection with the Adoption of the Federal Law “Concerning the “Skolkovo” Innovation Centre”;**
- 41. Federal Law No. 287-FZ of the Russian Federation of November 3, 2010 Concerning the Introduction of Amendments to Articles 76 and 86 of Part One of the Tax Code of the Russian Federation;**
- 42. Federal Law No. 306-FZ of the Russian Federation of November 27, 2010 Concerning the Introduction of Amendments to Part One and Part Two of the Tax Code of the Russian Federation and the Law of the Russian Federation “Concerning the Tax Authorities of the Russian Federation”;**
- 43. Federal Law No. 324-FZ of the Russian Federation of November 29, 2010 Concerning the Introduction of Amendments to Part One of the Tax Code of the Russian Federation;**

44. **Federal Law No. 404-FZ of the Russian Federation of December 28, 2010 Concerning the Introduction of Amendments to Certain Legislative Acts of the Russian Federation in Connection with the Improvement of the Activities of Preliminary Investigation Bodies.**

SECTION I GENERAL PROVISIONS

**CHAPTER 1. LEGISLATION CONCERNING TAXES AND LEVIES AND OTHER
NORMATIVE LEGAL ACTS CONCERNING TAXES AND LEVIES**

**Article 1 The Tax and Levy Legislation of the Russian Federation, the Tax and
Levy Legislation of Constituent Entities of the Russian Federation, and
Normative Legal Acts of Representative Bodies of Municipalities
Concerning Taxes and Levies**

1. The tax and levy legislation of the Russian Federation shall consist of this Code and federal laws concerning taxes and levies which are adopted in accordance with this Code.
2. This Code establishes the system of taxes and levies and the general principles of taxation and levies in the Russian Federation, including:
 - 1) the types of taxes and levies which are to be collected in the Russian Federation;
 - 2) the grounds on which obligations to pay taxes and levies arise (change, terminate) and the procedure for the fulfilment of those obligations;
 - 3) the principles governing the establishment, implementation and abolition of previously introduced taxes of constituent entities of the Russian Federation and local taxes;
 - 4) the rights and obligations of taxpayers, tax authorities and other parties to relations which are regulated by tax and levy legislation;
 - 5) the forms and methods of tax control;
 - 6) liability for tax offences;
 - 7) the procedure for appealing against acts of tax authorities and the actions (inaction) of their officials.
3. The force of this Code shall apply to rights and obligations associated with the establishment, introduction and collection of levies in those instances where this is directly stipulated by this Code.
4. The tax and levy legislation of constituent entities of the Russian Federation shall consist of tax laws of constituent entities of the Russian Federation which have been adopted in accordance with this Code.
5. Normative legal acts of municipalities concerning local taxes and levies shall be adopted by representative bodies of municipalities in accordance with this Code.

6. The laws and other normative acts which are referred to in this Article shall hereafter in the text of this Code be referred to as “tax and levy legislation”.

Article 2 Relations Which Are Regulated by Tax and Levy Legislation

Tax and levy legislation shall regulate relations of power with respect to the establishment, introduction and collection of taxes and levies in the Russian Federation and relations which arise in the process of exercising tax control, appealing against acts of tax authorities and the actions (inaction) of their officials and imposing sanctions for the commission of tax offences.

Tax and levy legislation shall not apply to relations associated with the establishment, introduction and collection of customs payments and relations which arise in the process of exercising control over the payment of customs payments, appealing against acts of customs authorities and the actions (inaction) of their officials and imposing sanctions on offenders, unless otherwise stipulated by this Code.

Article 3 Basic Principles of Tax and Levy Legislation

1. Every person must pay legally established taxes and levies. Tax and levy legislation shall be based on the recognition of the universality and equality of taxation. In establishing taxes account shall be taken of the actual ability of the taxpayer to pay the tax.

2. Taxes and levies may not be of a discriminatory nature or be applied differently on the basis of social, racial, national, religious or other similar criteria.

It shall not be permissible to establish differentiated rates of taxes and levies or tax exemptions depending on form of ownership, the nationality of physical persons or the place of origin of capital.

3. Taxes and levies must have an economic basis and may not be arbitrary. Taxes and levies which hinder citizens from exercising their constitutional rights shall not be permissible.
4. It shall not be permissible to establish taxes and levies which violate the single economic space of the Russian Federation and, in particular, which directly or indirectly restrict the free movement of goods (work and services) or financial resources within the territory of the Russian Federation, or otherwise to restrict or create hindrances to the economic activities of physical persons and organizations which are not prohibited by law.
5. No one may be charged with an obligation to pay taxes and levies or other contributions and payments which have the attributes of taxes and levies as established by this Code other than those which are provided for by this Code or which have been established in a manner other than that which is prescribed by this Code.

6. When taxes are established all elements of taxation must be defined. Acts of legislation concerning taxes and levies must be formulated in such a way that every person knows precisely which taxes (levies) he must pay and when and according to what procedure he must pay them.
7. All unresolvable doubts, contradictions and ambiguities in acts of tax and levy legislation shall be interpreted in favour of the taxpayer (levy payer).

Article 4 Normative Legal Acts of the Government of the Russian Federation, Federal Executive Bodies, Executive Bodies of Constituent Entities of the Russian Federation and Executive Local Government Bodies Concerning Taxes and Levies

1. The Government of the Russian Federation, federal executive bodies which are authorized to carry out functions involving the formulation of State policy and normative-legal regulation in the sphere of taxes and levies and in the customs sphere, executive bodies of constituent entities of the Russian Federation and executive local government bodies in cases provided by tax and levy legislation shall, within the limits of their competence, issue normative legal acts on issues relating to taxation and levies which may not make amendments or additions to tax and levy legislation.
2. The federal executive body authorized to carry out control and supervision functions in the area of taxes and levies and its territorial bodies and customs authorities of the Russian Federation which are subordinate to the federal executive body in charge of the customs sphere shall not have the right to issue normative legal acts on matters concerning taxes and levies.

Article 5 The Force of Acts of Tax and Levy Legislation in Time

1. Acts of tax legislation shall enter into force no earlier than one month after the day of their official publication and not earlier than the 1st day of the next tax period for the tax in question, except in the instances envisaged in this Article.

Acts of legislation concerning levies shall enter into force no earlier than one month after the day of their official publication, except in the instances envisaged in this Article.

Federal laws which introduce amendments to this Code insofar as it concerns the establishment of new taxes and (or) levies and acts of tax and levy legislation of constituent entities of the Russian Federation and normative legal acts of representative bodies of municipalities which introduce taxes shall enter into force no earlier than January 1 of the year following the year in which they are adopted, but not earlier than one month from the day of their official publication.

Acts of tax and levy legislation such as are referred to in clauses 3 and 4 of this Article may enter into force from the day of their official publication if they contain a specific provision to that effect.

2. Acts of tax and levy legislation which establish new taxes and (or) levies, increase tax rates and the rates of levies, establish or increase liability for the violation of tax and levy legislation, establish new obligations or otherwise worsen the position of taxpayers or levy payers and of other parties to relations which are regulated by tax and levy legislation shall not have retroactive force.
3. Acts of tax and levy legislation which abolish or reduce liability for the violation of tax and levy legislation or establish additional guarantees of the protection of the rights of taxpayers, levy payers, tax agents and their representatives shall have retroactive force.
4. Acts of tax and levy legislation which abolish taxes and (or) levies, reduce rates of taxes (levies), eliminate obligations of taxpayers, levy payers, tax agents and their representatives or otherwise improve their position may have retroactive force if they directly stipulate this.
5. The provisions set out in this Article shall also apply to normative legal acts concerning taxes and levies of federal executive bodies, executive bodies of constituent entities of the Russian Federation and local government bodies.

Article 6 Failure of Normative Legal Acts Concerning Taxes and Levies to Conform to this Code

1. A normative legal act concerning taxes and levies shall be deemed to be at variance with this Code where such act:
 - 1) has been issued by a body which does not have the right to issue such acts in accordance with this Code or has been issued in violation of the established procedure for the issue of such acts;
 - 2) abolishes or limits the rights of taxpayers, levy payers, tax agents and their representatives or the powers of tax authorities and customs authorities which are established by this Code;
 - 3) introduces obligations which are not provided for by this Code or alters the substance as defined by this Code of the obligations of parties to relations which are regulated by tax and levy legislation and of other persons whose obligations are established by this Code;
 - 4) prohibits actions of taxpayers, payers of levies, tax agents and their representatives which are permitted by this Code;
 - 5) prohibits actions of tax authorities and customs authorities and officials thereof which are permitted or prescribed by this Code;
 - 6) authorizes or allows actions which are prohibited by this Code;

- 7) alters the grounds, conditions, sequence or procedure which are established by this Code for the actions of parties to relations which are regulated by tax and levy legislation and of other persons whose obligations are established by this Code;
 - 8) alters the essence of concepts and terms which are defined in this Code or uses those concepts and terms in a meaning other than the meaning in which they are used in this Code;
 - 9) otherwise conflicts with the general principles and (or) the literal meaning of particular provisions of this Code.
2. The normative legal acts concerning taxes and levies which are referred to in clause 1 of this Article shall be deemed to be at variance with this Code in the event that any one or more of the circumstances envisaged by clause 1 of this Article exist.
 3. A normative legal act shall be declared to be at variance with this Code through the courts unless otherwise stipulated by this Code. The Government of the Russian Federation or other executive body or local government executive body which adopted the act in question or their higher bodies shall have the right to abolish the act or make appropriate amendments to the act prior to a court examination.
 4. Normative legal acts which regulate the procedure for the levying of taxes which are payable in connection with the movement of goods across the customs border of the Customs Union within the Eurasian Economic Community (hereafter in this Code referred to as “the Customs Union”) shall be governed by the provisions established by the customs legislation of the Customs Union and customs-related legislation of the Russian Federation.

Article 6.1 Procedure for the Calculation of Time Limits Established by Tax and Levy Legislation

1. Time limits established by tax and levy legislation shall be set in terms of a calendar date, or by reference to an event which must inevitably occur or to an action which must be performed, or in terms of a period of time which is calculated in years, quarters, months or days.
2. A time limit shall begin to run on the day following the calendar date or the occurrence of the event (performance of the action) by which the commencement of the time limit is defined.
3. A time limit which is calculated in years shall expire in the corresponding month and on the corresponding date of the last year of the time limit.

In this respect, a year (with the exception of a calendar year) may be any period of time consisting of 12 consecutive calendar months.

4. A time limit which is calculated in quarters shall expire on the last day of the last month of the time limit.

In this respect, a quarter shall be considered to be equal to three calendar months, and quarters shall be counted from the beginning of a calendar year.

5. A time limit which is calculated in months shall expire in the corresponding month and on the corresponding date of the last month of the time limit.

Where the end of a time limit falls in a month which does not have the corresponding date, the time limit shall expire on the last day of that month.

6. A time limit which is set in days shall be calculated in terms of working days unless the time limit is established in calendar days. In this respect, a working day shall be understood to be a day which is not deemed to be a day of rest and (or) a non-working public holiday in accordance with the legislation of the Russian Federation.

7. Where the last day of a time limit falls on a day which is deemed to be a day of rest and (or) a non-working public holiday in accordance with the legislation of the Russian Federation, the time limit shall be deemed to expire on the next working day after that day of rest and (or) non-working public holiday.

8. An action for the performance of which a time limit has been established may be performed before 24:00 on the last day of the time limit.

If documents or monetary resources are deposited at a communications organization before 24.00 on the last day of the time limit, the time limit shall not be considered to have been exceeded.

Article 7 The Force of International Tax Treaties

Where an international treaty of the Russian Federation which contains provisions concerning taxation and levies establishes rules and norms which differ from those which are laid down in this Code and in normative legal acts concerning taxes and (or) levies which have been adopted in accordance with this Code, the rules and norms of international treaties of the Russian Federation shall apply.

Article 8 Definition of Tax and Levy

1. A tax shall be understood to be a compulsory and individually non-refundable payment which is collected from organizations and physical persons by means of the alienation of monetary resources which belong to them on the basis of the right of ownership, economic jurisdiction or operational management for the purpose of financing the activities of the State and (or) municipalities.
2. A levy shall be understood to be a compulsory contribution collected from organizations and physical persons the payment of which is one of the

conditions of the performance by State authorities and local government bodies in relation to the levy payers of particular legally significant acts, including the provision of particular rights or the issue of permits (licences).

Article 9 Parties to Relations Which Are Regulated by Tax and Levy Legislation

Parties to relations which are regulated by tax and levy legislation shall include:

- 1) organizations and physical persons recognised as taxpayers or levy payers in accordance with this Code;
- 2) organizations and physical persons recognised as tax agents in accordance with this Code;
- 3) tax authorities (the federal executive body in charge of control and supervision in the area of taxes and levies, and its territorial bodies);
- 4) customs authorities (the federal executive body in charge of the customs sphere, and customs authorities of the Russian Federation which are subordinate to that body).

Article 10 Proceedings in Respect of Violations of Tax and Levy Legislation

1. Proceedings in respect of tax offences shall be instituted and conducted in accordance with the procedure which is established in Chapters 14 and 15 of this Code.
2. Proceedings in respect of violations of tax and levy legislation which have the attributes of an administrative offence or crime shall be conducted in accordance with the procedure which is established by the administrative offences legislation of the Russian Federation and the criminal procedure legislation of the Russian Federation respectively.

Article 11 Institutions, Concepts and Terms Used in this Code

1. Institutions, concepts and terms contained in civil, family and other areas of legislation of the Russian Federation which are used in this Code shall have the same meaning as they have in those areas of legislation, unless otherwise stipulated by this Code.
2. The following terms shall be used for the purposes of this Code and other acts of tax and levy legislation:
 - “organizations” means legal entities formed in accordance with the legislation of the Russian Federation (hereinafter referred to as “Russian organizations”) and foreign legal entities, companies and other corporate entities possessing civil capacity which have been established in accordance with the legislation of foreign states, international organizations and branches

and representations of such foreign entities and international organizations which have been established in the territory of the Russian Federation (hereinafter referred to as “foreign organizations”);

- “physical persons” means citizens of the Russian Federation, foreign citizens and stateless persons;

- “private entrepreneurs” means physical persons who have been registered in accordance with the established procedure and carry out entrepreneurial activities without forming a legal entity and heads of peasant (farm) holdings. Physical persons who carry out entrepreneurial activities without forming a legal entity but have not been registered as private entrepreneurs in violation of the requirements of the civil legislation of the Russian Federation shall not, insofar as the fulfilment of the obligations which are placed upon them by this Code is concerned, have the right to plead that they are not private entrepreneurs;

- “persons (person)” means organizations and (or) physical persons;

- “banks (bank)” means commercial banks and other credit organizations which have a licence issued by the Central Bank of the Russian Federation;

- “accounts (account)” means settlement (current) and other bank accounts opened on the basis of a bank account agreement to which the monetary resources of organizations and private entrepreneurs, of privately practising notaries and of lawyers who have founded law offices may be credited and from which they may be expended;

- “ledger accounts” means accounts which have been opened with bodies of the Federal Treasury (other bodies which open and maintain ledger accounts) in accordance with the budget legislation of the Russian Federation;

- “Federal Treasury accounts” means accounts opened for territorial bodies of the Federal Treasury which are intended for the recording of revenue receipts and the distribution thereof among budgets of the budget system of the Russian Federation in accordance with the budget legislation of the Russian Federation;

- “source of payment of income to a taxpayer” means an organization or physical person from whom a taxpayer receives income;

- “arrears” means the amount of a tax or levy which has not been paid within the time limit which is established by tax and levy legislation;

- “certificate of registration with a tax authority” – a document confirming that a Russian organization, a foreign organization or a physical person is registered with the tax authority for, accordingly, the location of a Russian organization, the location of an international organization, the location at which a foreign organization carries out activities in the territory of the Russian Federation through an economically autonomous subdivision or the place of residence of a physical person;

- “notification of registration with a tax authority” – a document confirming that an organization or a physical person, including a private entrepreneur, is registered with a tax authority on grounds established by this Code other than grounds specified by this Code as grounds for the issuance of a certificate of registration with a tax authority;
- “seasonal production” - production activity which is directly connected with natural and climatic conditions and the seasons. This term shall be applicable to an organization or a private entrepreneur if their production activities are not carried out in certain tax periods (quarters, halves of the year) by reason of natural and climatic conditions;
- “location of an economically autonomous subdivision of a Russian organization” – the place where that organization carries out activities through an economically autonomous subdivision;
- “place of residence of a physical person” means the address (name of constituent entity of the Russian Federation, district, town, other locality, street, building and apartment numbers) at which that physical person has been registered at his place of residence in accordance with the procedure established by the legislation of the Russian Federation. Where a physical person does not have a place of residence in the territory of the Russian Federation, at the request of that physical person the place of residence may be defined for the purposes of this Code as the place of stay of the physical person. In this respect, the place of stay of a physical person shall be understood to be the place where the physical person resides on a temporary basis according to the address (name of constituent entity of the Russian Federation, district, town, other inhabited locality, street, building number, apartment number) at which the physical person has been registered as staying in accordance with the procedure established by the legislation of the Russian Federation;
- “economically autonomous subdivision of an organization” means any subdivision which is territorially separate from the organization and at whose location permanent workplaces are equipped. An economically autonomous subdivision shall be recognised as such irrespective of whether or not its establishment is reflected in the organization’s foundation documents or other organizational and administrative documents and of the powers vested in that subdivision. In this respect, a workplace shall be deemed permanent if it is created for more than one month;
- “accounting policies for taxation purposes” means the aggregate set, chosen by a taxpayer, of methods (procedures) permitted by this Code for the determination, recognition, measurement and distribution of income and (or) expenses, and for the recording of other indicators of a taxpayer’s financial and economic activities which are required for taxation purposes;
- “the territory of the Russian Federation and other territories under its jurisdiction” – the territory of the Russian Federation and the territories of artificial islands, installations and structures over which the Russian

Federation exercises jurisdiction in accordance with the legislation of the Russian Federation and provisions of international law.

3. The concepts of “taxpayer”, “object of taxation”, “tax base”, “tax period” and other specific concepts and terms contained in tax and levy legislation shall be used in the meanings which are given in the relevant articles of this Code.
4. In relations which arise in connection with the levying of taxes in respect of the movement of goods across the customs border of the Customs Union, there shall be used the concepts which are defined by the customs legislation of the Customs Union and customs-related legislation of the Russian Federation and, to the extent not covered thereby, by this Code.
5. Rules laid down in Part One of this Code in relation to banks shall apply to the Central Bank of the Russian Federation and the “Bank for Development and Foreign Economic Activities (Vnesheconombank)” State corporation.

CHAPTER 2. THE SYSTEM OF TAXES AND LEVIES IN THE RUSSIAN FEDERATION

Article 12 Types of Taxes and Levies in the Russian Federation. Powers of Legislative (Representative) State Bodies of Constituent Entities of the Russian Federation and Representative Bodies of Municipalities With Respect to the Establishment of Taxes and Levies

1. The following types of taxes and levies shall be established in the Russian Federation: federal, regional and local.
2. Federal taxes and levies shall be taxes and levies which have been established by this Code and are compulsorily payable throughout the entire territory of the Russian Federation, unless otherwise provided by clause 7 of this Article.
3. Regional taxes shall be taxes which have been established by this Code and by tax laws of constituent entities of the Russian Federation and are compulsorily payable in the territories of the relevant constituent entities of the Russian Federation, unless otherwise provided by clause 7 of this Article.

Regional taxes shall be implemented and shall cease to have effect in the territories of constituent entities of the Russian Federation in accordance with this Code and tax laws of constituent entities of the Russian Federation.

When establishing regional taxes, legislative (representative) State bodies of constituent entities of the Russian Federation shall determine the following elements of taxation according to the procedure and within the limits which are laid down in this Code: the tax rates and the procedure and time limits for the payment of the taxes, unless those elements of taxation are established by this Code. Other elements of taxation for regional taxes and taxpayers shall be determined by this Code.

Legislative (representative) bodies of constituent entities of the Russian Federation may establish tax exemptions and the grounds and procedure for the application thereof through tax laws according to the procedure and within the limits which are laid down in this Code.

4. Local taxes shall be taxes which have been established by this Code and by normative legal acts of representative bodies of municipalities concerning taxes and are compulsorily payable in the territories of the relevant municipalities, unless otherwise provided by this clause and clause 7 of this Article.

Local taxes shall be implemented and shall cease to have effect in the territories of municipalities in accordance with this Code and normative legal acts of representative bodies of municipalities concerning taxes.

Land tax and tax on the property of physical persons shall be established by this Code and by normative legal acts of representative bodies of settlements (municipal areas) and urban districts concerning taxes and shall be compulsorily payable in the territories of the relevant settlements (inter-settlement territories) and urban districts unless otherwise provided by clause 7 of this Article. Land tax and tax on the property of physical persons shall be implemented and shall cease to have effect in the territories of settlements (inter-settlement territories) and urban districts in accordance with this Code and normative legal acts of representative bodies of settlements (municipal areas) and urban districts concerning taxes.

Local taxes in the cities of federal significance, Moscow and Saint Petersburg, shall be established by this Code and by tax laws of those constituent entities of the Russian Federation and shall be compulsorily payable in the territories of those constituent entities of the Russian Federation unless otherwise provided by clause 7 of this Article. Local taxes shall be implemented and shall cease to have effect in the territories of the cities of federal significance, Moscow and Saint Petersburg, in accordance with this Code and laws of those constituent entities of the Russian Federation.

When establishing local taxes, representative bodies of municipalities (legislative (representative) State bodies of the cities of federal significance, Moscow and Saint Petersburg) shall determine the following elements of taxation according to the procedure and within the limits which are laid down in this Code: the tax rates and the procedure and time limits for the payment of the taxes, unless those elements of taxation are established by this Code. Other elements of taxation for local taxes and taxpayers shall be determined by this Code.

Representative bodies of municipalities (legislative (representative) State bodies of the cities of federal significance, Moscow and Saint Petersburg) may establish tax exemptions and the grounds and procedure for the application thereof through tax and levy legislation according to the procedure and within the limits which are laid down in this Code.

5. Federal, regional and local taxes and levies shall be abolished by this Code.
6. There may not be established any federal, regional or local taxes and levies which are not provided for by this Code.
7. This Code shall establish special tax regimes which may envisage federal taxes which are not specified in Article 13 of this Code, and shall determine the procedure for the establishment of such taxes and the procedure for the implementation and application of those special tax regimes.

Special tax regimes may provide for exemption from the obligation to pay certain federal, regional and local taxes and levies which are specified in Articles 13 to 15 of this Code.

Article 13 Federal Taxes and Levies

The following shall be classified as federal taxes and levies:

- 1) value added tax;
- 2) excise duties;
- 3) tax on income of physical persons;
- 5) tax on the profit of organizations;
- 6) tax on the extraction of commercial minerals;
- 8) water tax;
- 9) levies for the use of fauna and for the use of aquatic biological resources;
- 10) State duty.

Article 14 Regional Taxes

The following shall be classified as regional taxes:

- 1) tax on the assets of organizations;
- 2) gaming tax;
- 3) transport tax.

Article 15 Local Taxes

The following shall be classified as local taxes:

- 1) land tax;
- 2) tax on the property of physical persons.

Article 16 Information on Taxes

Information and copies of laws and other normative legal acts concerning the establishment, amendment and termination of regional and local taxes shall be sent by State bodies of constituent entities of the Russian Federation and local government bodies to the Ministry of Finance of the Russian Federation and the federal executive body in charge of control and supervision in the area of taxes and levies, and to the financial authorities of the relevant constituent entities of the Russian Federation and territorial tax authorities.

Article 17 General Conditions of the Establishment of Taxes and Levies

1. A tax shall be considered to have been established if the taxpayers and the elements of tax assessment have been defined, and specifically:
 - the object of taxation;
 - the tax base;
 - the tax period;
 - the tax rate;
 - the procedure for the calculation of tax;
 - the procedure and deadlines for the payment of tax.
2. Where necessary tax exemptions and the grounds on which they may be used by the taxpayer may also be stipulated in the relevant act of tax and levy legislation when a tax is established.
3. Where levies are established the payers thereof and the elements of assessment shall be determined in relation to the specific levies.

Article 18 Special Tax Regimes

1. Special tax regimes shall be established by this Code and shall be applied in the cases and according to the procedure which are laid down in this Code and other acts of tax and levy legislation.

Special tax regimes may envisage a special procedure for defining the elements of taxation and may provide for exemption from the obligation to pay certain taxes and levies which are envisaged by Articles 13 to 15 of this Code.

2. The following shall be classified as special tax regimes:
 - 1) the system of taxation for agricultural goods producers (the unified agricultural tax);
 - 2) the simplified taxation system;
 - 3) the taxation system in the form of a unified tax on imputed income for certain types of activity;
 - 4) the system of taxation in the context of the performance of production sharing agreements.

**SECTION II TAXPAYERS AND LEVY PAYERS. TAX AGENTS.
REPRESENTATION IN TAX AFFAIRS**

CHAPTER 3. TAXPAYERS AND LEVY PAYERS. TAX AGENTS

Article 19 Taxpayers and Levy Payers

Taxpayers and levy payers shall be organizations and physical persons who are charged with the obligation to pay taxes and (or) levies respectively in accordance with this Code.

Branches and other economically autonomous subdivisions of Russian organizations shall, in accordance with the procedure which is stipulated by this Code, fulfil the obligations of those organizations with respect to the payment of taxes and levies at the location of those branches and other economically autonomous subdivisions.

Article 20 Interdependent Persons

1. For taxation purposes “interdependent persons” shall mean physical persons and (or) organizations between whom there exists a relationship which can influence the conditions or economic results of their activities or the activities of the persons whom they represent, specifically where:
 - 1) one organization possesses a direct and (or) indirect share interest in another organization, and the aggregate proportion of such interest exceeds 20 per cent. The proportion of an indirect share interest of one organization in another via a sequence of other organizations shall be determined as the product of the proportions of the direct share interest which the organizations within that sequence possess in one another;
 - 2) one physical person is subordinate to another physical person in terms of official status;
 - 3) the persons concerned are married to each other or related to each other by blood or by marriage or are connected by a relationship of adopter and adopted or guardian and ward in accordance with family law.
2. A court may declare persons to be interdependent on other grounds not envisaged by clause 1 of this Article if the relationship between those persons can influence the results of transactions involving the sale of goods (work and services).

Article 21 The Rights of Taxpayers (Levy Payers)

1. Taxpayers shall have the right:
 - 1) to receive from tax authorities at the location where they are registered free information (including information in written form) on current taxes and

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levies, tax and levy legislation and normative legal acts adopted in accordance therewith, the procedure for the calculation and payment of taxes and levies, the rights and obligations of taxpayers and the powers of tax authorities and their officials, and to receive tax declaration (computation) forms and explanations on how to complete them;

- 2) to receive from the Ministry of Finance of the Russian Federation written explanations on issues relating to the application of the tax and levy legislation of the Russian Federation, and to receive from financial authorities of constituent entities of the Russian Federation and municipalities written explanations on issues relating to the application of the tax and levy legislation of constituent entities of the Russian Federation and normative legal acts of municipalities concerning taxes and levies respectively;
- 3) to use tax exemptions wherever justified and in accordance with the procedure which is established by tax and levy legislation;
- 4) to be granted a deferral, instalment plan or investment tax credit in accordance with the procedure and subject to the conditions which are established by this Code;
- 5) to the timely crediting or refund of amounts of taxes, penalties and fines which have been paid or recovered in excess;
- 5.1) to perform a reconciliation of settlements in respect of taxes, levies, penalties and fines jointly with the tax authorities, and to receive a statement of the joint reconciliation of settlements in respect of taxes, levies, penalties and fines;
- 6) to represent their interests in relations governed by tax and levy legislation in person or through a representative;
- 7) to present to tax authorities and their officials explanations relating to the calculation and payment of taxes and relating to reports on tax audits;
- 8) to be present when an on-site tax audit is performed;
- 9) to receive copies of the report on a tax audit and the decisions of the tax authorities, and of tax notices and tax payment demands;
- 10) to demand that officials of the tax authorities and other authorized bodies comply with tax and levy legislation in their actions towards taxpayers;
- 11) not to comply with unlawful acts and requirements of tax authorities, other authorized bodies and their officials which are at variance with this Code or other federal laws;
- 12) to appeal in accordance with the established procedure against the acts of tax authorities, other authorized bodies and the actions (inaction) of their officials;
- 13) to the observance and preservation of tax secrets;

- 14) to full compensation for losses caused by unlawful acts of tax authorities or unlawful actions (inaction) of their officials;
- 15) to participate in the process of the examination of tax audit materials or other acts of tax authorities in the cases provided for by this Code.
2. Taxpayers shall also have other rights established by this Law and other acts of tax and levy legislation.
3. Levy payers shall have the same rights as taxpayers.

Article 22 Safeguarding and Protection of the Rights of Taxpayers (Levy Payers)

1. Taxpayers (levy payers) shall be guaranteed administrative and judicial protection of their rights and legal interests.

The procedure for the protection of the rights and legal interests of taxpayers (levy payers) shall be determined by this Code and other federal laws.
2. The rights of taxpayers (levy payers) shall be safeguarded by corresponding obligations of officials of tax authorities and other authorized bodies.

The failure to fulfil or improper fulfilment of obligations relating to the safeguarding of the rights of taxpayers (levy payers) shall result in the liability which is envisaged by federal laws.

Article 23 Obligations of Taxpayers (Levy Payers)

1. Taxpayers shall be obliged:
 - 1) to pay legally established taxes;
 - 2) to register with tax authorities where such obligation is stipulated by this Code;
 - 3) to maintain records of their income (expenses) and objects of taxation in accordance with the established procedure where such obligation is stipulated by tax and levy legislation;
 - 4) to submit tax declarations (computations) to the tax authority where they are registered in accordance with the established procedure where such obligation is stipulated by tax and levy legislation;
 - 5) to present to the tax authority for the place of residence of a private entrepreneur, a privately practising notary or a lawyer who has founded a legal office, upon the tax authority's request, a journal of income and expenses and economic operations; to present accounting reports to the tax authority for the location of an organization in accordance with the requirements established by the Federal Law "Concerning Accounting", except in cases where, in

accordance with the above-mentioned Federal Law, organizations are not obliged to maintain accounting records or have been exempted from maintaining accounting records;

- 6) to present documents required for the calculation and payment of taxes to tax authorities and their officials in the instances and in accordance with the procedure which are envisaged by this Code;
 - 7) to comply with legal orders issued by a tax authority to rectify violations of tax and levy legislation which have been discovered, and to refrain from hindering the lawful activities of tax authority officials when they are performing their official duties;
 - 8) to ensure the retention for a period of four years of financial and tax accounting records and other documents which are needed for the calculation and payment of taxes, including documents confirming the receipt of income, the incurring of expenses (in the case of organizations and private entrepreneurs) and the payment (withholding) of taxes;
 - 9) to bear other obligations stipulated by tax and levy legislation.
2. In addition to the obligations which are stipulated by clause 1 of this Article, taxpaying organizations and private entrepreneurs shall be obliged to present notice to the tax authority at the location of an organization and the place of residence of a private entrepreneur accordingly:
- 1) of the opening or closure of accounts (ledger accounts) – within seven days from the day on which such accounts are opened (closed). Private entrepreneurs shall notify the tax authority of accounts which they use in entrepreneurial activities;
 - 2) of all holdings in Russian and foreign organizations – not later than one month from the day on which such a holding arises;
 - 3) of all economically autonomous subdivisions of the Russian organization which have been established in the territory of the Russian Federation (excluding branches and representations) and of changes to details previously given to the tax authority concerning such economically autonomous subdivisions:
 - within one month from the day on which an economically autonomous subdivision of a Russian organization is established;
 - within three days from the day on which a particular detail concerning an economically autonomous subdivision of a Russian organization changes;
- 3.1) of all economically autonomous subdivisions of a Russian organization in the territory of the Russian Federation through which activities of that organization are to be discontinued (which are to be closed by the organization):

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- within three days from the day of the adoption by the Russian organization of the decision to discontinue activities through a branch or representation (to close a branch or representation);

- within three days from the day of the discontinuation of the Russian organization's activities through another economically autonomous subdivision (the closure of another economically autonomous subdivision);

- 4) of the re-organization or liquidation of an organization – within three days from the day on which such a decision is adopted.
3. Privately practising notaries and lawyers who have founded legal offices shall be obliged to present notice to the tax authority for their place of residence of the opening (closure) of accounts which are intended for use by them in carrying out professional activities within seven days from the day of the opening (closure) of such accounts.
4. Levy payers shall be obliged to pay legally established levies and bear other obligations established by the tax and levy legislation of the Russian Federation.
5. A taxpayer (levy payer) shall bear liability in accordance with the legislation of the Russian Federation for the failure to fulfil or improper fulfilment of the obligations placed upon them.
6. Taxpayers which pay taxes in connection with the movement of goods across the customs border of the Customs Union shall also bear the obligations which are envisaged by the legislation of the Customs Union and customs-related legislation of the Russian Federation.
7. Notices such as are provided for in clauses 2 and 3 of this Article may be presented to a tax authority in person or through a representative, sent by registered mail or transmitted in electronic form via telecommunications channels.

Where the above-mentioned notices are transmitted in electronic form, the notices must be certified by the electronic digital signature of the person presenting them or the electronic digital signature of a representative of that person.

The standard forms and formats of notices presented in paper form or in electronic form and the procedure for completing the standard forms of those notices shall be approved by the federal executive body in charge of control and supervision in the area of taxes and levies.

The procedure for presenting the notices provided for in clauses 2 and 3 of this Article in electronic form via telecommunications channels shall be approved by the federal executive body in charge of control and supervision in the area of taxes and levies.

Article 24 Tax Agents

1. Tax agents shall be persons who are charged in accordance with this Code with obligations associated with the calculation, withholding from a taxpayer and transfer of taxes to the budget system of the Russian Federation.

2. Tax agents shall have the same rights as taxpayers unless otherwise stipulated by this Code.

The rights of tax agents shall be guaranteed and protected in accordance with Article 22 of this Code.

3. Tax agents shall be obliged:

1) correctly and timely to calculate monetary resources which are paid to taxpayers, and to remit taxes to the budget system of the Russian Federation by payment to appropriate Federal Treasury accounts;

2) to present written notice to the tax authority where they are registered of the impossibility of withholding tax and of the amount of a taxpayer's indebtedness within one month from the day on which the tax agent became aware of those circumstances;

3) to maintain records of income accrued for and paid to taxpayers and of taxes calculated, withheld and remitted to the budget system of the Russian Federation, including individual records for each taxpayer;

4) to present to the tax authority where they are registered such documents as are required in order to check whether taxes have been correctly calculated, withheld and transferred;

5) to ensure the retention for a period of four years of documents which are needed for the calculation, withholding and remittance of taxes.

3.1 Tax agents shall also bear other obligations specified in this Code.

4. Tax agents shall transfer withheld taxes in accordance with the procedure which is stipulated by this Code for the payment of tax by a taxpayer.

5. Tax agents shall bear liability in accordance with the legislation of the Russian Federation for the failure to fulfil or improper fulfilment of the obligations placed upon them.

**CHAPTER 4. REPRESENTATION IN RELATIONS WHICH ARE REGULATED BY
TAX AND LEVY LEGISLATION**

Article 26 The Right to Representation in Relations Which Are Regulated by Tax and Levy Legislation

1. A taxpayer may participate in relations which are regulated by tax and levy legislation through a legal or authorized representative, unless otherwise stipulated by this Code.
2. The participation of a taxpayer in relations which are regulated by tax and levy legislation in person shall not deprive him of the right to have a representative, and likewise the participation of a representative shall not deprive the taxpayer of the right to participate in such legal relations in person.
3. The powers of a representative must be documented in accordance with this Code and federal laws.
4. The rules laid down by this Chapter shall apply to levy payers and tax agents.

Article 27 The Legal Representative of a Taxpayer

1. The legal representatives of a taxpaying organization shall be persons authorized to represent that organization on the basis of law or the organization's foundation documents.
2. The legal representatives of a taxpaying physical person shall be persons acting as his representatives in accordance with the civil legislation of the Russian Federation.

Article 28 The Actions (Inaction) of the Legal Representatives of an Organization

The actions (inaction) of the legal representatives of an organization which occur in connection with that organization's participation in relations which are regulated by tax and levy legislation shall be deemed to be the actions (inaction) of the organization itself.

Article 29 The Authorized Representative of a Taxpayer

1. The authorized representative of a taxpayer shall be a physical person or legal entity authorized by the taxpayer to represent his interests in relations with the tax authorities (customs authorities) and other participants in relations which are regulated by tax and levy legislation.
2. Officials of tax authorities, customs authorities and internal affairs bodies, judges, investigators and public prosecutors may not be authorized representatives of a taxpayer.

3. The authorized representative of a taxpaying organization shall exercise his powers on the basis of a power of attorney issued in accordance with the procedure which is established by the civil legislation of the Russian Federation.

The authorized representative of a taxpaying physical person shall exercise his powers on the basis of a notarized power of attorney or a power of attorney which is equated with a notarized power of attorney in accordance with the civil legislation of the Russian Federation.

SECTION III TAX AUTHORITIES. CUSTOMS AUTHORITIES. FINANCIAL AUTHORITIES. INTERNAL AFFAIRS BODIES. INVESTIGATIVE BODIES. LIABILITY OF TAX AUTHORITIES, CUSTOMS AUTHORITIES, INTERNAL AFFAIRS BODIES AND INVESTIGATIVE BODIES AND OF THEIR OFFICIALS

CHAPTER 5. TAX AUTHORITIES. CUSTOMS AUTHORITIES. FINANCIAL AUTHORITIES. LIABILITY OF TAX AUTHORITIES, CUSTOMS AUTHORITIES AND OF THEIR OFFICIALS

Article 30 Tax Authorities in the Russian Federation

1. Tax authorities shall comprise a unified centralized system of control over compliance with tax and levy legislation, over the correct calculation and complete and timely payment (remittance) to the budget system of the Russian Federation of taxes and levies and, in cases provided by the legislation of the Russian Federation, over the correct calculation and timely payment to the appropriate budget of other compulsory payments. The above-mentioned system shall include the federal executive body in charge of control and supervision in the area of taxes and levies and its territorial bodies.
3. Tax authorities shall act within the limits of their competence and in accordance with the legislation of the Russian Federation.
4. Tax authorities shall perform their functions and interact with federal executive bodies, executive bodies of constituent entities of the Russian Federation, local government bodies and State non-budgetary funds by means of exercising the powers envisaged by this Code and other normative legal acts of the Russian Federation.

Article 31 Rights of Tax Authorities

1. Tax authorities shall have the right:
 - 1) to require a taxpayer, levy payer or tax agent in accordance with tax and levy legislation to produce documents prepared using electronic forms and (or) formats prescribed by State bodies and local government bodies which are a basis for the calculation and payment (withholding and remittance) of taxes and levies and documents confirming the correct calculation and timely payment (withholding and remittance) of taxes and levies;
 - 2) to perform tax audits in accordance with the procedure established by this Code;
 - 3) to seize documents from a taxpayer, levy payer or tax agent when performing tax audits where there are sufficient grounds to believe that those documents would otherwise be destroyed, concealed, altered or replaced;

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- 4) to summon taxpayers, levy payers or tax agents to tax authorities on the basis of a written notification to give explanations in relation to the payment (withholding and remittance) of taxes and levies by them or in connection with a tax audit, and in other instances associated with compliance by them with tax and levy legislation;
- 5) to suspend operations on the bank accounts of a taxpayer, levy payer or tax agent and to attach the assets of a taxpayer, levy payer or tax agent in accordance with the procedure envisaged by this Code;
- 6) in accordance with the procedure envisaged by Article 92 of this Code, to inspect any production, storage, trading and other premises and areas which are used by a taxpayer for the derivation of income or are connected with the maintenance of objects of taxation, irrespective of where they are situated, and to make an inventory of assets belonging to a taxpayer. The procedure for making an inventory of a taxpayer's assets in the context of a tax audit shall be approved by the Ministry of Finance of the Russian Federation;
- 7) to determine the amounts of taxes payable by taxpayers to the budget system of the Russian Federation using a calculation method on the basis of information which is available to them concerning the taxpayer and data relating to other similar taxpayers in the event that a taxpayer refuses to allow officials of a tax authority to inspect production, storage, trading and other premises and areas which are used by the taxpayer for the derivation of income or are associated with the maintenance of objects of taxation, or in the event that a taxpayer fails to produce documents required for the computation of taxes to the tax authority for more than two months, fails to maintain records of income and expenses or records of objects of taxation or maintains records in a manner contrary to the established procedure with the result that it is impossible to calculate taxes;
- 8) to order taxpayers, levy payers, tax agents and their representatives to rectify violations of tax and levy legislation which have been discovered and monitor compliance with such orders;
- 9) to recover arrears and penalties, interest and fines in the cases and in accordance with the procedure which are established by this Code;
- 10) to require banks to produce documents confirming the debiting of amounts of taxes, levies, penalties and fines from accounts of a taxpayer, levy payer or tax agent and from correspondent accounts of banks and the remittance of those amounts to the budget system of the Russian Federation;
- 11) to engage specialists, experts and translators to assist in exercising tax control;
- 12) to summon as witnesses persons who may be aware of any circumstances which are of significance for tax control purposes;
- 13) to petition for the annulment or suspension of the validity of licences issued to legal entities and physical persons to engage in certain types of activity;

- 14) to file actions (petitions) with courts of general jurisdiction or arbitration courts:
- for the recovery of arrears, penalties and fines for tax offences in the cases provided for by this Code;
 - for compensation for damage caused to the State and (or) to a municipality by unlawful actions of a bank involving the debiting of monetary resources from a taxpayer's account after the receipt of a tax authority's decision on the suspension of operations, as a result of which it has become impossible for the tax authority to recover arrears and indebtedness in respect of penalties and fines from the taxpayer in accordance with the procedure envisaged by this Code;
 - for the early cancellation of an investment tax credit agreement;
 - in other instances envisaged by this Code.
2. Tax authorities shall also exercise other rights envisaged by this Code.
3. Higher tax authorities shall have the right to rescind and amend decisions of lower tax authorities in the event that those decisions are at variance with tax and levy legislation.
4. The standard forms and formats of the documents envisaged by this Code which are to be used by tax authorities in exercising their powers in relations governed by tax and levy legislation and the procedure for completing the standard forms of those documents and the procedure for presenting such documents in electronic form via telecommunications channels shall be approved by the federal executive body in charge of control and supervision in the area of taxes and levies unless another procedure for approving them is envisaged by this Code.

Article 32 Obligations of Tax Authorities

1. Tax authorities shall be obliged:
- 1) to comply with tax and levy legislation;
 - 2) to exercise control over compliance with tax and levy legislation and with normative legal acts which have been adopted in accordance with such legislation;
 - 3) to register organizations and physical persons in accordance with the established procedure;
 - 4) to provide to taxpayers, levy payers and tax agents free of charge information (including written information) concerning current taxes and levies, tax and levy legislation and normative legal acts adopted in accordance therewith, the procedure for the calculation and payment of taxes and levies, the rights and

obligations of taxpayers and the powers of tax authorities and their officials, and to provide tax declaration (computation) forms and explain the procedure for completing them;

- 5) to take guidance from written explanations of the Ministry of Finance of the Russian Federation with respect to matters relating to the application of the tax and levy legislation of the Russian Federation;
- 6) to provide information concerning the particulars of relevant Federal Treasury accounts to tax authorities, levy payers and tax agents when they are registered with tax authorities, and to communicate to taxpayers, levy payers and tax agents, in accordance with a procedure to be determined by the federal executive body in charge of control and supervision in the area of taxes and levies, information concerning changes in the particulars of those accounts and other information which is needed to complete instructions for the remittance of taxes, levies, penalties and fines to the budget system of the Russian Federation;
- 7) to adopt decisions on the refund to a taxpayer, levy payer or tax agent of amounts of taxes, levies, penalties and fines which have been paid in excess or recovered in excess, to send instructions prepared on the basis of those decisions to appropriate territorial bodies of the Federal Treasury for execution and to carry out the crediting of amounts of taxes, levies, penalties and fines which have been paid in excess or recovered in excess in accordance with the procedure envisaged by this Code;
- 8) to observe tax secrets and ensure the preservation thereof;
- 9) to send to a taxpayer, levy payer or tax agent copies of a tax audit report and of a tax authority's decision and, in the instances envisaged by this Code, a tax notice and (or) a demand for the payment of a tax or levy;
- 10) to present to a taxpayer, levy payer or tax agent upon its request statements of that person's settlements in respect of taxes, levies, penalties and fines on the basis of the tax authority's data.

A requested statement shall be presented within five days from the day of the receipt by the tax authority of the corresponding written request of the taxpayer, levy payer or tax agent;

- 11) to carry out, on the application of a taxpayer, a levy payer or a tax agent, a joint reconciliation of settlements in respect of taxes, levies, penalties and fines. The results of a joint reconciliation of settlements in respect of taxes, levies, penalties and fines shall be presented in the form of a statement. A statement of the joint reconciliation of settlements in respect of taxes, levies, penalties and fines shall be handed over (sent by registered mail) or transmitted to the taxpayer (levy payer, tax agent) in electronic form via telecommunications channels during the day following the day on which the statement was prepared.

The standard form and formats of a statement of the joint reconciliation of settlements in respect of taxes, levies, penalties and fines and the procedure for transmitting it via telecommunications channels shall be approved by the federal executive body in charge of control and supervision in the area of taxes and levies;

- 12) on the application of a taxpayer, levy payer or tax agent, to issue copies of decisions adopted by a tax authority in relation to that taxpayer, levy payer or tax agent.
2. Tax authorities shall also bear other obligations which are envisaged by this Code and other federal laws.
3. If, within two months from the date of expiry of the time limit for the fulfilment of a demand for the payment of tax (a levy) which was sent to a taxpayer (levy payer, tax agent) on the basis of a decision on the imposition of sanctions for the commission of a tax offence, the taxpayer (levy payer, tax agent) has not fully paid (remitted) the amounts stated in that demand of arrears, the level of which gives reason to suspect the commission of a violation of tax and levy legislation bearing elements of a crime, and corresponding penalties and fines, tax authorities shall be obliged, within 10 days from the day on which those circumstances are discovered, to send materials to investigative bodies authorized to conduct preliminary investigation in criminal cases involving crimes such as are provided for in Articles 198 to 199.2 of the Criminal Code of the Russian Federation (hereinafter referred to as “investigative bodies”) in order for a decision to be adopted on the institution of criminal proceedings.

Article 33 Obligations of Officials of Tax Authorities

Officials of tax authorities shall be obliged:

- 1) to act in strict accordance with this Code and other federal laws;
- 2) to exercise the rights and obligations of tax authorities within the limits of their competence;
- 3) to be courteous and attentive to taxpayers and their representatives and other participants in relations governed by tax and levy legislation, and to avoid injuring their honour and dignity.

Article 34 The Powers of Customs Authorities and the Obligations of Their Officials in Relation to Taxation and Levies

1. Customs authorities shall enjoy rights and bear obligations of tax authorities in relation to the collection of taxes in respect of goods carried across the customs border of the Customs Union in accordance with the customs legislation of the Customs Union and customs-related legislation of the

Russian Federation, this Code, other federal laws concerning taxes and other federal laws.

2. Officials of customs authorities shall bear the obligations which are envisaged by Article 33 of this Code and other obligations in accordance with the customs legislation of the Customs Union and customs-related legislation of the Russian Federation.

Article 34.2 Powers of Financial Authorities in the Area of Taxes and Levies

1. The Ministry of Finance of the Russian Federation shall give written explanations to taxpayers, levy payers and tax agents on issues relating to the application of the tax and levy legislation of the Russian Federation.
2. Financial authorities of constituent entities of the Russian Federation and municipalities shall give written explanations to taxpayers and tax agents on issues relating to the application of the tax and levy legislation of constituent entities of the Russian Federation and normative legal acts of municipalities concerning local taxes and levies respectively.
3. The Ministry of Finance of the Russian Federation and financial authorities of constituent entities of the Russian Federation and municipalities shall give written explanations within the limits of their competence within two months from the day on which a relevant inquiry is received. That time limit may be extended by decision of the director (deputy director) of the financial authority in question, but not by more than one month.

Article 35 Liability of Tax Authorities, Customs Authorities and Their Officials

1. Tax and customs authorities shall bear liability for losses which are caused to taxpayers, levy payers and tax agents as a result of their unlawful actions (decisions) or inaction or as a result of the unlawful actions (decisions) or inaction of officials and other employees of those authorities which occur in the course of performing their official duties.

Losses caused to taxpayers, levy payers and tax agents shall be reimbursed from the federal budget in accordance with the procedure which is stipulated by this Code and other federal laws.

3. Officials and other employees of the authorities referred to in clause 1 of this Article shall bear liability in accordance with the legislation of the Russian Federation for unlawful actions or inaction.

CHAPTER 6. INTERNAL AFFAIRS BODIES. INVESTIGATIVE BODIES

Article 36 Powers of Internal Affairs Bodies and Investigative Bodies

1. At the request of tax authorities, internal affairs bodies shall participate together with tax authorities in on-site tax audits which are carried out by tax authorities.
2. In the event that they discover circumstances which require the taking of action for which the appropriate powers are assigned by this Code to tax authorities, internal affairs bodies and investigative bodies shall be obliged to send materials to the appropriate tax authority within ten days from the day on which those circumstances are discovered in order that a decision may be taken on the basis of those materials.

Article 37 Liability of Internal Affairs Bodies and Investigative Bodies and Their Officials

1. Internal affairs bodies and investigative bodies shall bear liability for losses caused to taxpayers, levy payers and tax agents as a result of their unlawful actions (decisions) or inaction or as a result of the unlawful actions (decisions) or inaction of officials and other employees of those authorities which occur in the course of performing their official duties.

Losses caused to taxpayers, levy payers and tax agents upon carrying out the measures envisaged by clause 1 of Article 36 of this Code shall be reimbursed from the federal budget in accordance with the procedure which is stipulated by this Code.

2. Officials and other employees of internal affairs bodies and investigative bodies shall bear liability in accordance with the legislation of the Russian Federation for unlawful actions or inaction.

**SECTION IV GENERAL RULES CONCERNING THE FULFILMENT OF
OBLIGATIONS TO PAY TAXES AND LEVIES**

CHAPTER 7. OBJECTS OF TAXATION

Article 38 Object of Taxation

1. An object of taxation shall be sales of goods (work and services), assets, profit, income, expenditure or any other circumstance possessing value, quantitative or physical characteristics the existence of which is specified by tax and levy legislation as giving rise to an obligation for a taxpayer to pay tax.

Each tax shall have its own object of taxation which shall be determined in accordance with Part Two of this Code with regard being had to the provisions of this Article.

2. In this Code the term “assets” shall be understood to mean any types of those objects of civil rights (with the exception of property rights) which are classified as assets in accordance with the Civil Code of the Russian Federation.
3. For the purposes of this Code a “good” shall be any asset which is sold or is intended for sale. For the purposes of the regulation of rights and obligations associated with the collection of customs payments, goods shall include other assets as defined in accordance with the customs legislation of the Customs Union and customs-related legislation of the Russian Federation.
4. For taxation purposes “work” shall be any activity the results of which have a tangible form and may be sold in order to satisfy the needs of an organization and (or) physical persons.
5. For taxation purposes a “service” shall be any activity the results of which do not have a tangible form and are sold and consumed in the process of the performance of that activity.

Article 39 The Sale of Goods, Work and Services

1. The sale of goods, work or services by an organization or a private entrepreneur shall be understood to mean, accordingly, the transfer of ownership of goods or of the results of work performed by one person for another person in return for a consideration (including the exchange of goods, work or services) or the rendering of services by one person to another person in return for a consideration or, in the instances envisaged by this Code, the transfer of ownership of goods or of the results of work performed by one person for another person or the rendering of services by one person to another person without consideration.

2. The place and time of actual sale of goods, work and services shall be determined in accordance with Part Two of this Code.
3. The following shall not be deemed to constitute the sale of goods, work or services:
 - 1) the performance of operations associated with the circulation of Russian or foreign currency (except for numismatic purposes);
 - 2) the transfer of fixed assets, intangible assets and (or) other assets of an organization to its legal successor (legal successors) upon the re-organization of that organization;
 - 3) the transfer of fixed assets, intangible assets and (or) other assets to non-commercial organizations for use in carrying out their main statutory activities which are not connected with entrepreneurial activities;
 - 4) the transfer of assets, where such transfer has the nature of an investment (in particular, contributions to the charter (pooled) capital of companies and partnerships, contributions made under a simple partnership agreement (joint activity agreement), share contributions to the mutual funds of co-operatives);
 - 4.1) the transfer of assets and (or) property rights under a concession agreement in accordance with the legislation of the Russian Federation;
 - 5) the transfer of assets within the limits of the original contribution to a participant in a company or partnership (or the legal successor or heir of such participant) upon the withdrawal (departure) of such participant from the company or partnership and where the assets of a liquidated company or partnership are divided among its participants;
 - 6) the transfer of assets within the limits of the original contribution to a participant in a simple partnership agreement (joint activity agreement) or the legal successor of such participant in the event of the apportionment of his share from the assets which are in the common ownership of the participants in the agreement, or the division of such assets;
 - 7) the transfer of living accommodation to physical persons in buildings of the State or municipal housing stock in the process of privatization;
 - 8) the appropriation of assets by means of confiscation, the inheritance of property and the assignment to other persons of ownership of ownerless and abandoned goods, ownerless animals, finds and treasure-trove in accordance with the norms of the Civil Code of the Russian Federation;
 - 8.1) the transfer of assets to participants in a business company or partnership upon the distribution of assets and property rights of an organization undergoing liquidation which is a foreign organizer of the Sochi 2014 XXII Olympic Games and XI Paralympic Games or a marketing partner of the International Olympic Committee in accordance with Article 3.1 of Federal Law No. 310-FZ of December 1, 2007 “Concerning the Organization and Holding of the

Sochi 2014 XXII Olympic Winter Games and XI Paralympic Winter Games, the Development of the City of Sochi as a Mountain Climate Resort and the Introduction of Amendments to Certain Legislative Acts of the Russian Federation”. This provision shall apply where the establishment and liquidation of an organization which is a foreign organizer of the Sochi 2014 XXII Olympic Games and XI Paralympic Games or a marketing partner of the International Olympic Committee in accordance with Article 3.1 of the above-mentioned Federal Law occur during the period of the organization of the Sochi 2014 XXII Olympic Games and XI Paralympic Games which is established by part 1 of Article 2 of the above-mentioned Federal Law;

- 9) other operations in the instances envisaged by this Code.

Article 40 Principles of Determining the Price of Goods, Work or Services for Taxation Purposes

1. Unless otherwise stipulated by this Article, the price of goods, work or services which is specified by the parties to a transaction shall be taken for taxation purposes. Unless proven otherwise, it shall be assumed that that price is consistent with the level of market prices.
2. Tax authorities shall, for the purpose of checking whether taxes have been calculated in full, have the right to check the proper use of prices in transactions only in the following instances:
 - 1) with respect to transactions between interdependent persons;
 - 2) with respect to goods exchange (barter) transactions;
 - 3) where foreign trade transactions are carried out;
 - 4) where there is an upward or downward deviation of more than 20 per cent against the level of prices used by a taxpayer in respect of identical (homogeneous) goods (work and services) within a short period of time.
3. In the instances envisaged by clause 2 of this Article where the prices of goods, work or services which are applied by the parties to a transaction deviate upwards or downwards by more than 20 per cent against the market price of identical (homogeneous) goods (work and services), the tax authority shall have the right to issue a substantiated decision to charge additional tax and penalties calculated as if the results of that transaction had been assessed on the basis of market prices for the goods, work or services in question.

The market price shall be determined with account taken of the provisions of clauses 4 to 11 of this Article. In this respect, the price mark-ups or discounts which ordinarily apply in transactions between non-interdependent persons shall be taken into account. In particular, account shall be taken of discounts which are brought about by:

- seasonal and other fluctuations in consumer demand for goods (work and services);
- the loss by goods of their quality or other consumer characteristics;
- the expiry (nearing of the expiry) of the storage life or sell-by date of goods;
- marketing policies, including those associated with the promotion of new goods for which there are no equivalents and the introduction of goods (work and services) onto new markets;
- the sale of test models and samples of goods for the purpose of making them known to consumers.

4. The market price of a good (work, service) shall be understood to be the price prevailing on the basis of the interaction of supply and demand on the market for identical (or, where these do not exist, homogeneous) goods (work, services) under comparable economic (commercial) conditions.
5. The market for goods (work, services) shall be understood to be the sphere of circulation of those goods (work, services), which shall be determined on the basis of the ability of the purchaser (seller) in realistic terms and without significant additional expenditure to acquire (sell) the good (work, service) in question in the area of the Russian Federation nearest to the purchaser (seller) or outside the Russian Federation.
6. Identical goods shall be goods which have identical principal characteristics.

In determining whether goods are identical account shall be taken, in particular, of their physical characteristics, quality and market reputation, the country of origin and the manufacturer. Minor differences in outer appearance need not be taken into account in determining whether goods are identical.
7. Homogeneous goods shall be goods which, without being identical, have similar characteristics and consist of similar components, which allows them to perform the same functions and (or) be commercially interchangeable.

In determining whether goods are homogeneous account shall be taken, in particular, of their quality, whether or not they bear a trademark, their market reputation and their country of origin.
8. In determining the market prices of goods, work or services transactions between persons who are not interdependent shall be taken into consideration. Transactions between interdependent persons may be taken into consideration only in those instances where the interdependence of those persons did not affect the results of those transactions.
9. In determining the market price of a good, work or service account shall be taken of information on transactions involving identical (homogeneous) goods, work or services in comparable conditions concluded at the time of the sale of the good, work or service in question. In particular, account shall be

taken of such conditions of transactions as the quantity (volume) of goods to be supplied (for example, the size of a consignment of goods), the time limits for the fulfilment of obligations, the conditions of payment which normally apply in such transactions and other reasonable conditions which may affect the prices.

In this respect, the conditions of transactions on the market for identical (or, where these do not exist, homogeneous) goods, work or services shall be deemed comparable if the difference between those conditions either does not have a significant influence on the price of such goods, work or services or may be taken into account with the aid of adjustments.

10. Where, on a particular market for goods, work or services, there are no transactions involving identical (homogeneous) goods, work or services owing to the lack of supply of such goods, work or services on that market, and where it is impossible to determine the relevant prices owing to the lack of or inaccessibility of sources of information, the market price shall be determined using the price of subsequent sale method, whereby the market price of goods, work or services sold by a seller is determined as the difference between the price at which such goods, work or services were sold by the purchaser of the goods, work or services upon subsequent sale (resale) and costs ordinarily incurred in such cases by the purchaser in connection with resale (excluding the price at which the goods, work or services were acquired by that purchaser from the seller) and the promotion of the goods, work or services acquired from the purchaser and the purchaser's profit such as is normal for the area of activity concerned.

Where the price of subsequent sale method cannot be used (in particular, where there is a lack of information concerning the price of goods, work or services subsequently sold by the purchaser), the cost method shall be used, whereby the market price of goods, work or services is determined as the sum of costs incurred and such profit as is normal for the area of activity concerned. In this respect, account should be taken of direct and indirect costs relating to the production (acquisition) and (or) sale of goods which are usual in such cases, transportation, storage and insurance costs which are usual in such cases and other similar costs.

11. In determining and acknowledging the market price of a good, work or service use shall be made of official sources of information concerning market prices for goods, work or services and exchange quotations.
12. In considering a case a court shall have the right to take into account any circumstances which are of significance in determining the results of a transaction without being limited to the circumstances which are enumerated in clauses 4 to 11 of this Article.
13. Where goods (work and services) are sold at State regulated prices (tariffs) established in accordance with the legislation of the Russian Federation, those prices (tariffs) shall be taken for taxation purposes.

14. For the purposes of determining the market prices of term transaction financial instruments and the market prices of securities the provisions of clauses 3 and 10 of this Article shall apply with regard being had to the particular considerations which are set forth in Chapter 23 of this Code – “Tax on Income of Physical Persons” and Chapter 25 of this Code – “Tax on the Profit of Organizations”.

Article 41 Principles of Determining Income

For the purposes of this Code income shall be understood to be an economic gain in monetary form or in kind which is taken into account where and to the extent that it is possible to evaluate such gain, and which is determined in accordance with the “Tax on Income of Physical Persons” and “Tax on the Profit of Organizations” chapters of this Code.

Article 42 Income from Sources Within the Russian Federation and from Sources Outside the Russian Federation

1. Income of a taxpayer may be classified as income from sources in the Russian Federation or as income from sources outside the Russian Federation in accordance with the “Tax on the Profit of Organizations” and “Tax on Income of Physical Persons” chapters of this Code.
2. Where the provisions of this Code do not make it possible to classify income received by taxpayers unequivocally as income from sources within the Russian Federation or as income from sources outside the Russian Federation, the classification of income in terms of its source shall be carried out by the federal executive body in charge of control and supervision in the area of taxes and levies. The proportion of such income which may be classified as income from sources within the Russian Federation and the proportion which may be classified as income from sources outside the Russian Federation shall be determined in similar fashion.

Article 43 Dividends and Interest

1. A dividend shall be understood to be any income received by a shareholder (participant) from an organization upon a distribution of profit remaining after taxation (including in the form of interest on preference shares) on shares (holdings) belonging to the shareholder (participant) in proportion to the shares held by the shareholders (participants) in the charter (pooled) capital of that organization.

Dividends shall also include any income which is received from sources outside the Russian Federation and is classified as dividends in accordance with the legislation of foreign states.

2. The following shall not be regarded as dividends:

- 1) payments made upon the liquidation of an organization to a shareholder (participant) in that organization in monetary form or in kind, not exceeding the contribution made by that shareholder (participant) to the charter (pooled) capital of the organization;
- 2) payments made to shareholders (participants) in an organization in the form of the transfer of ownership of shares in that organization;
- 3) payments which are made to a non-commercial organization to fund its main statutory activities (not connected with entrepreneurial activities) by companies whose charter capital consists wholly of contributions made by that non-commercial organization.
3. Interest shall be understood to be any income declared (established) in advance, including in the form of a discount, which is received in respect of a debt obligation of any kind (irrespective of the means by which it is drawn up). In this respect, interest shall be understood to include, in particular, income received in respect of monetary deposits and debt obligations.

CHAPTER 8. FULFILMENT OF OBLIGATIONS TO PAY TAXES AND LEVIES

Article 44 Grounds on Which an Obligation to Pay a Tax or Levy Arises, Changes or Terminates

1. An obligation to pay a tax or levy shall arise, change and terminate on the grounds which are established by this Code or another act of tax and levy legislation.
2. The obligation to pay a specific tax or levy shall be placed upon a taxpayer or levy payer from the time when the circumstances which are established by tax and levy legislation arise which require that tax or levy to be paid.
3. The obligation to pay a tax and (or) levy shall end:
 - 1) with the payment of the tax and (or) levy by the taxpayer or levy payer;
 - 3) when a taxpayer – physical person dies or is declared deceased in accordance with the procedure established by the civil procedure legislation of the Russian Federation. Indebtedness of a deceased person or a person who has been declared deceased in respect of the taxes referred to in clause 3 of Article 14 and Article 15 of this Code shall be settled by heirs within the limits of the value of the inherited estate in accordance with the procedure established by the civil legislation of the Russian Federation for the settlement of a testator's debts by heirs;
 - 4) with the liquidation of a taxpaying organization – after all necessary settlements with the budget system of the Russian Federation have been effected in accordance with Article 49 of this Code;

- 5) with the occurrence of other circumstances which are specified by tax and levy legislation as causing the obligation to pay a particular tax or levy to be terminated.

Article 45 Fulfilment of an Obligation to Pay a Tax or Levy

1. A taxpayer shall be obliged to fulfil a tax payment obligation independently, unless otherwise provided by tax and levy legislation.

A tax payment obligation must be fulfilled within the time limit which is established by tax and levy legislation. A taxpayer shall have the right to fulfil a tax payment obligation before the scheduled deadline.

The non-fulfilment or improper fulfilment of a tax payment obligation shall constitute grounds for a tax authority or a customs authority to send a tax payment demand to the taxpayer.

2. Where tax is not paid or is not paid in full within the established time limit, tax shall be recovered in accordance with the procedure envisaged by this Code.

The recovery of tax from an organization or a private entrepreneur shall take place in accordance with the procedure envisaged by Articles 46 and 47 of this Code. The recovery of tax from a physical person who is not a private entrepreneur shall take place in accordance with the procedure envisaged by Article 48 of this Code.

Tax shall be recovered by judicial process:

- 1) from an organization for which a ledger account has been opened;
- 2) for the purpose of recovering arrears which have been owed for more than three months by organizations which are dependent (subsidiary) companies (enterprises) in accordance with the civil legislation of the Russian Federation from the corresponding parent (predominant, participating) companies (enterprises) in cases where bank accounts held by the latter are credited with receipts from the sale of goods (work and services) of the dependent (subsidiary) companies (enterprises), and for the purpose of recovering arrears which have been owed for more than three months by organizations which are parent (predominant, participating) companies (enterprises) in accordance with the civil legislation of the Russian Federation from dependent (subsidiary) companies (enterprises) where their bank accounts are credited with receipts from the sale of goods (work and services) of the parent (predominant, participating) companies (enterprises);
- 3) from an organization or a private entrepreneur if their obligation to pay tax arises from a revision by the tax authority of the legal qualification of a transaction concluded by the taxpayer in question or of the status and nature of the activities of that taxpayer.

3. A tax payment obligation shall be deemed to have been fulfilled by a taxpayer, unless otherwise provided by clause 4 of this Article:
 - 1) from the moment of the presentation to a bank of an instruction for the transfer of monetary resources from the taxpayer's account to the budget system of the Russian Federation by payment to an appropriate Federal Treasury account, provided that there is a sufficient balance of money in the taxpayer's account as at the date of payment;
 - 2) from the moment of the reflection in the ledger account of an organization for which a ledger account has been opened of an operation involving the remittance of appropriate monetary resources to the budget system of the Russian Federation;
 - 3) from the day on which a physical person deposits cash at a bank, at the cash office of a local administration or at a federal postal organization for remittance to the budget system of the Russian Federation by payment to the appropriate Federal Treasury account;
 - 4) from the day of the issuance by a tax authority in accordance with this Code of a decision to credit amounts of taxes, penalties and fines which have been paid in excess or have been recovered in excess towards the fulfilment of payment obligations in respect of the tax in question;
 - 5) from the day on which amounts of tax are withheld by a tax agent, where the tax agent is charged in accordance with this Code with the obligation to calculate and withhold tax from a taxpayer's monetary resources;
 - 6) from the day of the payment of a declaration payment in accordance with the federal law concerning the simplified procedure for the declaration of income by physical persons.
4. A tax payment obligation shall not be deemed to have been fulfilled in the following cases:
 - 1) in the event that an instruction for the remittance of appropriate monetary resources to the budget system of the Russian Federation is recalled by the taxpayer or returned by a bank to the taxpayer without having been executed;
 - 2) in the event that an instruction for the remittance of appropriate monetary resources to the budget system of the Russian Federation is recalled by a taxpayer – organization for which a ledger account has been opened or is returned by a Federal Treasury body (another authorized body which opens and maintains ledger accounts) to the taxpayer without having been executed;
 - 3) in the event that a local administration or a federal post office organization refunds to a taxpayer – physical person monetary resources which were accepted for remittance to the budget system of the Russian Federation;
 - 4) in the event that the taxpayer incorrectly entered the number of the Federal Treasury account and the name of the recipient's bank in a tax remittance

instruction and this resulted in the non-remittance of the amount in question to the budget system of the Russian Federation by payment to the appropriate Federal Treasury account;

- 5) if, as at the day on which a taxpayer presents to a bank (Federal Treasury body, other authorized body which opens and maintains ledger accounts) an instruction for the remittance of monetary resources for the payment of tax, that taxpayer has other outstanding claims against its account (ledger account) which, in accordance with the civil legislation of the Russian Federation, must be executed on a priority basis, and there is not a sufficient balance in the account (ledger account) to satisfy all claims.
5. A tax payment obligation shall be fulfilled in the currency of the Russian Federation, unless otherwise provided by this Code. An amount of tax which has been calculated in a foreign currency in instances envisaged by this Code shall be translated into the currency of the Russian Federation on the basis of the official exchange rate set by the Central Bank of the Russian Federation as at the date on which tax is paid.
6. Failure to fulfil a tax payment obligation shall constitute a basis for the application of measures envisaged by this Code for the enforcement of tax payment obligations.
7. An instruction to remit tax to the budget system of the Russian Federation by payment to an appropriate Federal Treasury account shall be completed by a taxpayer in accordance with the rules for completing instructions. Those rules shall be established by the Ministry of Finance of the Russian Federation in consultation with the Central Bank of the Russian Federation.

In the event that a taxpayer discovers an error in the preparation of a tax remittance instruction which has not resulted in the non-remittance of that tax to the budget system of the Russian Federation by payment to the appropriate Federal Treasury account, the taxpayer shall have the right to submit a statement of the error to the tax authority where it is registered, accompanied by documents confirming that the tax in question was paid by the taxpayer and remitted to budget system of the Russian Federation by payment to the appropriate Federal Treasury account, requesting that an adjustment be made to the basis, type and category of payment, the tax period or the status of the taxpayer.

At the proposal of a tax authority or a taxpayer, a joint reconciliation of taxes paid by the taxpayer may be carried out. The results of the reconciliation shall be recorded in a report which shall be signed by the taxpayer and an authorized official of the tax authority.

A tax authority shall have the right to require a bank to provide a copy of a taxpayer's instruction to remit tax to the budget system of the Russian Federation by payment to the appropriate Federal Treasury account which was prepared by the taxpayer in paper form. The bank shall be obliged to present a copy of that instruction to the tax authority within five days from the day on which the tax authority's request is received.

In the instance envisaged by this clause, on the basis of an application from the taxpayer and a report on the joint reconciliation of settlements in respect of taxes, levies, penalties and fines where such a joint reconciliation has been carried out, a tax authority shall adopt a decision to adjust a payment as at the day on which tax was actually paid by the taxpayer to the budget system of the Russian Federation by remittance to the appropriate Federal Treasury account. In this respect, the tax authority shall recalculate penalties charged on the amount of tax for the period from the day on which it was actually paid to the budget system of the Russian Federation by remittance to the appropriate Federal Treasury account up to the day on which the tax authority adopted the decision to adjust the payment.

A decision to adjust a payment shall be notified by a tax authority to a taxpayer within five days after that decision is adopted.

8. The rules laid down in this Article shall also apply in relation to levies, penalties and fines and shall apply to levy payers and tax agents.

Article 46 Recovery of a Tax or Levy and of Penalties and a Fine Out of Monetary Resources Held in Bank Accounts of a Taxpayer (Levy Payer) – Organization or Private Entrepreneur or a Tax Agent – Organization or Private Entrepreneur

1. Where tax is not paid or is not paid in full within the established time limit, the fulfilment of the tax payment obligation shall be enforced by means of effecting recovery against monetary resources held in bank accounts of a taxpayer (tax agent) – organization or private entrepreneur.
2. The recovery of tax shall take place in accordance with a decision of a tax authority (hereinafter referred to as “recovery decision”) by means of sending in paper or electronic form to a bank with which accounts are held by a taxpayer (tax agent) – organization or private entrepreneur a tax authority’s instruction for the debiting and transfer to the budget system of the Russian Federation of necessary monetary resources from the accounts of the taxpayer (tax agent) – organization or private entrepreneur.

The procedure for the sending to a bank in electronic form of a tax authority’s instruction for monetary resources to be debited from accounts of a taxpayer (tax agent) – organization or private entrepreneur and remitted to the budget system of the Russian Federation shall be established by the Central Bank of the Russian Federation in consultation with the federal executive body in charge of control and supervision in the area of taxes and levies.

3. A recovery decision shall be adopted after the time limit specified in a tax payment demand has expired, but not later than two months after the expiry of that time limit. A recovery decision adopted after the expiry of the above-mentioned time limit shall be deemed invalid and shall not be enforceable. In this case the tax authority may file a petition with a court for the recovery from the taxpayer (tax agent) – organization or private entrepreneur of the

amount of tax due. A petition may be filed with a court within six months after the expiry of the time limit for the fulfilment of a tax payment demand. A time limit for filing a petition which has been missed for a valid reason may be restored by a court.

The recovery decision shall be brought to the notice of the taxpayer (tax agent) – organization or private entrepreneur within six days after the issuance of that decision.

Where a recovery decision cannot be delivered by hand to a taxpayer (tax agent) against receipt or in another manner which provides evidence of the date of receipt of the decision, the recovery decision shall be sent by registered mail and shall be considered to have been received upon the expiration of six days from the day on which the registered letter was sent.

4. A tax authority's instruction for the remittance of amounts of tax to the budget system of the Russian Federation shall be sent to a bank with which accounts are held by a taxpayer (tax agent) – organization or private entrepreneur and must be unconditionally executed by the bank in accordance with the order of priority established by the civil legislation of the Russian Federation.
5. A tax authority's instruction for the remittance of tax must contain a reference to the accounts of the taxpayer (tax agent) – organization or private entrepreneur from which tax must be remitted and the amount to be remitted.

Tax recovery may be effected from rouble settlement (current) accounts and, where there are insufficient funds in rouble accounts, from currency accounts of a taxpayer (tax agent) – organization or private entrepreneur.

The recovery of tax from currency accounts of a taxpayer (tax agent) – organization or private entrepreneur shall be effected in an amount equivalent to the rouble amount of the payment on the basis of the exchange rate of the Central Bank of the Russian Federation which is established as at the date on which currency is sold. Where resources held in currency accounts are recovered, the director (deputy director) of the tax authority shall send, together with the tax authority's instruction for the remittance of tax, an instruction to the bank to sell currency of the taxpayer (tax agent) – organization or private entrepreneur not later than the following day. Expenses associated with the sale of foreign currency shall be charged to the taxpayer (tax agent).

Tax shall not be recovered from a deposit account of a taxpayer (tax agent) unless the term of the deposit agreement has expired. Where such an agreement exists, the tax authority shall have the right to give the bank an instruction to transfer monetary resources from the deposit account to a settlement (current) account of the taxpayer (tax agent) upon the expiry of the term of the deposit agreement unless the tax authority's instruction for the remittance of tax which was sent to that bank has been executed by that time.

6. A tax authority's instruction for the remittance of tax shall be executed by a bank not later than one business day after the day on which that instruction is

received if the tax is to be recovered from rouble accounts, and not later than two business days after that day if the tax is to be recovered from currency accounts, provided that this does not violate the order of priority of payments which is established by the civil legislation of the Russian Federation.

Where there are insufficient monetary resources or no monetary resources in the accounts of a taxpayer (tax agent) – organization or private entrepreneur on the day on which a bank receives a tax authority's instruction for the remittance of tax, that instruction shall be executed as and when monetary resources are received in those accounts, not later than one business day after the day of each such receipt in rouble accounts and not later than two business days after the day of each such receipt in currency accounts, provided that this does not violate the order of priority of payments which is established by the civil legislation of the Russian Federation.

7. Where there are insufficient monetary resources or no monetary resources in the accounts of a taxpayer (tax agent) – organization or private entrepreneur or where no information is available concerning the accounts of a taxpayer (tax agent) – organization or private entrepreneur, the tax authority shall have the right to recover tax out of other assets of the taxpayer (tax agent) – organization or private entrepreneur in accordance with Article 47 of this Code.
8. For the purpose of recovering tax, a tax authority may suspend operations on the bank accounts of a taxpayer (tax agent) – organization or private entrepreneur in accordance with the procedure and subject to the conditions which are established by Article 76 of this Code.
9. The provisions of this Article shall also apply to the recovery of penalties for the late payment of tax.
10. The provisions of this Article shall also apply to the recovery of a levy and of fines in the cases envisaged by this Code.

Article 47 Recovery of Tax, a Levy and Penalties and Fines Out of Other Assets of a Taxpayer (Tax Agent) – Organization or Private Entrepreneur

1. In the instance envisaged by clause 7 of Article 46 of this Code, a tax authority shall have the right to recover tax out of the assets, including cash resources, of a taxpayer (tax agent) – organization or private entrepreneur within the limits of the amounts indicated in a tax payment demand and with account taken of amounts which have been recovered in accordance with Article 46 of this Code.

The recovery of tax out of the assets of a taxpayer (tax agent) – organization or private entrepreneur shall take place in accordance with a decision of the director (deputy director) of a tax authority by means of the sending, within three days after the adoption of such a decision, of an appropriate order to a bailiff to be executed in accordance with the procedure laid down in the

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Federal Law “Concerning Enforcement Procedures”, with account taken of the particular considerations which are laid down in this Article.

A decision on the recovery of tax out of the assets of a taxpayer (tax agent) – organization or private entrepreneur shall be adopted within one year after the expiry of the time limit for the fulfilment of a tax payment demand. A decision on the recovery of tax out of the assets of a taxpayer (tax agent) – organization or private entrepreneur which is adopted after the lapse of that period shall be deemed invalid and non-enforceable. In that case the tax authority may file a petition with a court for the recovery from the taxpayer (tax agent) – organization or private entrepreneur of the amount of tax due. A petition may be lodged with a court within two years from the day of the expiry of the time limit for the fulfilment of a tax payment demand. Where the time limit for lodging a petition is missed for a valid reason, that time limit may be restored by the court.

2. An order for the recovery of tax out of the assets of a taxpayer (tax agent) – organization or private entrepreneur must contain:
 - 1) the surname, first name and patronymic of the official and the name of the tax authority which issued that order;
 - 2) the date of adoption and number of the decision of the director (deputy director) concerning the recovery of tax out of the assets of the taxpayer or tax agent;
 - 3) the name and address of the taxpayer – organization or tax agent – organization or the surname, first name and patronymic, passport details and permanent home address of the taxpayer – private entrepreneur or tax agent – private entrepreneur against whose assets recovery is to be effected;
 - 4) the resolution part of the decision of the director (deputy director) of the tax authority concerning the recovery of tax out of the assets of the taxpayer (tax agent) – organization or private entrepreneur;
 - 5) the date of entry into force of the decision of the director (deputy director) of the tax authority concerning the recovery of tax out of the assets of the taxpayer (tax agent) – organization or private entrepreneur;
 - 6) the date of issue of the order.
3. An order for the recovery of tax shall be signed by the director (deputy director) of a tax authority and shall be certified by the heraldic seal of the tax authority.
4. Enforcement procedures must be carried out and the requirements contained in the order must be fulfilled by the bailiff within a period of two months from the day on which he receives that order.
5. The recovery of tax out of the assets of a taxpayer (tax agent) – organization or private entrepreneur shall be effected in consecutive order against:

- 1) cash resources and monetary resources held in banks which were not the subject of recovery proceedings in accordance with Article 46 of this Code;
 - 2) assets which are not directly used in the manufacture of products (goods), including, in particular, securities, currency assets, non-production facilities, light motor vehicles, office design items;
 - 3) finished products (goods) and other tangible assets which are not used and (or) are not intended for direct use in production;
 - 4) raw materials and other materials intended for direct use in production, and machine tools, equipment, buildings, installations and other fixed assets;
 - 5) assets which have been transferred under an agreement to other persons for possession, use or disposal without ownership of those assets passing to those persons, where such agreements have been cancelled or invalidated in accordance with the established procedure for the purpose of securing the fulfilment of tax payment obligations;
 - 6) other assets, with the exception of those intended for everyday personal use by a private entrepreneur or members of his family as defined in accordance with the legislation of the Russian Federation.
6. Where tax is recovered out of assets other than monetary resources of a taxpayer (tax agent) – organization or private entrepreneur, the obligation to pay tax shall be deemed to have been fulfilled from the moment when the assets of the taxpayer (tax agent) – organization or private entrepreneur are sold and the indebtedness of the taxpayer (tax agent) – organization or private entrepreneur is settled out of the proceeds.
 7. Officials of tax authorities (customs authorities) shall not have the right to acquire assets of a taxpayer (tax agent) – organization or private entrepreneur which are sold by way of implementing a decision on the recovery of tax out of the assets of a taxpayer (tax agent) – organization or private entrepreneur.
 8. The provisions laid down in this Article shall apply equally to the recovery of penalties for the late payment of tax and of fines in instances envisaged by this Code.
 9. The provisions of this Article shall apply equally to the recovery of a levy out of the assets of a levy payer – organization or private entrepreneur.
 10. The provisions laid down in this Article shall apply equally to the recovery of taxes by customs authorities with account taken of the provisions established by the customs legislation of the Customs Union and customs-related legislation of the Russian Federation.

Article 48 Recovery of Tax, a Levy, Penalties and Fines from Assets of a Taxpayer (Levy Payer) – Physical Person Who is Not a Private Entrepreneur

1. Where a taxpayer (levy payer) – physical person who is not a private entrepreneur (hereafter in this Article referred to as “physical person”) fails to fulfil within the established time limit an obligation to pay tax, a levy, penalties and fines, the tax authority (customs authority) which presented the demand for the payment of tax, a levy, penalties and fines shall have the right to file a petition with a court for the recovery of tax, a levy, penalties and fines from assets, including monetary resources in bank accounts and cash resources, of the physical person in question within the limits of the amounts indicated in the demand for the payment of tax, a levy, penalties and fines, with account taken of the special considerations established by this Article.

A petition for the recovery of tax, a levy, penalties and fines from assets of a physical person (hereafter in this Article referred to as “recovery petition”) shall be filed in relation to all demands for the payment of tax, a levy, penalties and fines for which the due date has expired and which have not been fulfilled by that physical person as at the date on which the tax authority (customs authority) files the recovery petition with a court.

The above-mentioned recovery petition shall be filed by a tax authority (customs authority) with a court where the total amount of tax, a levy, penalties and fines which is recoverable from the physical person exceeds 1,500 roubles, except in the case provided for in paragraph 3 of clause 2 of this Article.

Not later than the day on which the recovery petition is filed with a court, a copy of that petition shall be sent by the tax authority (customs authority) to the physical person from whom taxes, levies, penalties and fines are to be recovered.

2. A recovery petition shall be filed by a tax authority (customs authority) with a court of general jurisdiction within six months from the date of expiry of the due date of a demand for the payment of tax, a levy, penalties and fines, unless otherwise provided by this clause.

If, within a period of three years from the date of expiry of the due date of the earliest demand for the payment of tax, a levy, penalties and fines that is taken into account by a tax authority (customs authority) in computing the total amount of tax, a levy, penalties and fines to be recovered from a physical person, that amount of taxes, levies, penalties and fines has exceeded 1,500 roubles, the tax authority (customs authority) shall file a recovery petition with a court within six months from the day on which the above-mentioned amount exceeded 1,500 roubles.

If, within a period of three years from the date of expiry of the due date of the earliest demand for the payment of tax, a levy, penalties and fines that is taken into account by a tax authority (customs authority) in computing the total amount of tax, a levy, penalties and fines to be recovered from a physical person, that amount of taxes, levies, penalties and fines has not exceeded

1,500 roubles, the tax authority (customs authority) shall file a recovery petition with a court within six months from the date of expiry of that three-year period.

Where the time limit for filing a recovery petition has been missed for a valid reason, that time limit may be restored by a court.

3. Cases concerning the recovery of tax, a levy, penalties and fines from assets of a physical person shall be examined in accordance with the civil procedure legislation of the Russian Federation.

A tax authority (customs authority) may file a claim for the recovery of tax, a levy, penalties through adversary proceedings not later than six months from the day on which a court issues a determination annulling a court order.

Where the time limit for filing a recovery petition has been missed for a valid reason, that time limit may be restored by a court.

A recovery petition may be accompanied by an application of the tax authority (customs authority) for the respondent's assets to be attached by way of securing the claim.

4. The recovery of tax, a levy, penalties and fines from assets of a physical person on the basis of a judicial act which has entered into legal force shall take place in accordance with the Federal Law "Concerning Enforcement Proceedings" with account taken of the special considerations laid down in this Article.

5. The recovery of tax, a levy, penalties and fines from assets of a physical person shall be effected in consecutive order against:

- 1) monetary resources held in bank accounts;
- 2) cash resources;
- 3) assets which have been transferred under an agreement to other persons for possession, use or disposal without ownership of those assets passing to those persons, where such agreements have been rescinded or invalidated in accordance with the established procedure for the purpose of securing the obligation to pay tax, a levy, penalties and fines;
- 4) other assets, with the exception of those intended for everyday personal use by the physical person or members of his family as defined in accordance with the legislation of the Russian Federation.

6. Where tax, a levy, penalties and fines are recovered from assets other than monetary resources of a physical person, the obligation to pay tax, a levy, penalties and fines shall be deemed to have been fulfilled from the moment when the assets are sold and the indebtedness is settled out of the proceeds. No penalties for the late remittance of taxes shall be charged from the moment

when the assets in question are attached up to the day on which the proceeds are remitted to the budget system of the Russian Federation.

7. Officials of tax authorities (customs authorities) shall not have the right to acquire assets of a physical person which are sold pursuant to judicial acts concerning the recovery of tax, a levy, penalties and fines from assets of a physical person.

Article 49 Fulfilment of Obligations with Respect to the Payment of Taxes and Levies (Penalties, Fines) in the Event of the Liquidation of an Organization

1. The obligations with respect to the payment of taxes and levies (penalties, fines) of an organization which is undergoing liquidation shall be fulfilled by the liquidation commission out of the monetary resources of that organization, including proceeds from the sale of its assets.
2. Where the monetary resources of an organization undergoing liquidation, including proceeds from the sale of its assets, are insufficient to fulfil its obligations in their entirety with respect to the payment of taxes and levies and of penalties and fines which are due, the remaining indebtedness should be settled by the founding parties (participants) of that organization within the limits and in accordance with the procedure which are established by the legislation of the Russian Federation.
3. The order of priority of the fulfilment of obligations with respect to the payment of taxes and levies upon the liquidation of an organization among settlements with other creditors of that organization shall be determined by the civil legislation of the Russian Federation.
4. Amounts of taxes and levies (penalties, fines) which have been paid in excess by an organization undergoing liquidation or have been recovered in excess from such an organization shall be credited by a tax authority towards the settlement of arrears in respect of other taxes and levies and indebtedness of the organization undergoing liquidation in respect of penalties and fines in accordance with the procedure established by this Code.

The amount of taxes and levies (penalties, fines) paid in excess or recovered in excess which is to be credited shall be distributed in proportion to arrears of other taxes and levies and indebtedness of the organization undergoing liquidation in respect of penalties and fines which are payable to (recoverable for) the budget system of the Russian Federation and with respect to which the tax authorities are responsible for checking calculation and payment.

Where an organization undergoing liquidation does not have indebtedness with respect to the fulfilment of obligations to pay taxes and levies and obligations to pay penalties and fines, an amount of taxes and levies (penalties, fines) paid by or recovered from that organization in excess shall be refundable to that organization in accordance with the procedure

established by this Code not later than one month from the day on which an application is submitted by the taxpayer – organization.

5. The provisions set out in this Article shall also apply in relation to the payment of taxes in connection with the movement of goods across the customs border of the Customs Union.

Article 50 Fulfilment of Obligations with Respect to the Payment of Taxes and Levies (Penalties, Fines) in the Event of the Re-Organization of a Legal Entity

1. The tax obligations of a re-organized legal entity shall be fulfilled by its legal successor (legal successors) in accordance with the procedure which is established by this Article.
2. Responsibility for fulfilling the tax obligations of a re-organized legal entity shall rest with its legal successor (legal successors) irrespective of whether or not the legal successor (legal successors) was (were) aware before the re-organization was completed of the facts and (or) circumstances of the non-fulfilment or improper fulfilment of those obligations by the re-organized legal entity. In this respect, the legal successor (legal successors) must pay all penalties due on the obligations which have passed to it.

The legal successor (legal successors) of a re-organized legal entity shall also be liable to pay amounts of fines imposed on the legal entity for tax offences committed prior to the completion of its re-organization. The legal successor (legal successors) of a re-organized legal entity shall, in fulfilling the obligations with respect to the payment of taxes and levies which are imposed upon it by this Article, enjoy all rights and fulfil all obligations in accordance with the procedure which is stipulated by this Code for taxpayers.

3. The re-organization of a legal entity shall not alter the time limits for the fulfilment of its tax obligations by the legal successor (legal successors) of that legal entity.
4. Where two or more legal entities merge, their legal successor insofar as the fulfilment of tax obligations is concerned shall be deemed to be the legal entity which arises as a result of such merger.
5. Where one legal entity is acquired by another legal entity the legal successor of the acquired legal entity insofar as the fulfilment of tax obligations is concerned shall be deemed to be the legal entity which acquired it.
6. In the event of a demerger the legal entities which arise as a result of such demerger shall be deemed to be the legal successors of the re-organized legal entity insofar as the fulfilment of tax obligations is concerned.
7. Where there are two or more legal successors the share of each of them in the fulfilment of the tax obligations of the re-organized legal entity shall be

determined in accordance with the procedure which is envisaged by civil legislation.

If the distribution balance sheet does not make it possible to determine the share of the legal successor of the re-organized legal entity or makes it impossible for the tax obligations to be fulfilled in their entirety by any legal successor, and such re-organization was aimed at avoiding the fulfilment of tax obligations, then by decision of a court the newly formed legal entities may jointly fulfil the tax obligations of the re-organized entity.

8. Where one or more new legal entities are spun off from an existing legal entity, no legal succession shall arise in relation to the re-organized legal entity insofar as the fulfilment of its tax obligations is concerned. If, as a result of the spin-off of one or more new legal entities from an existing legal entity, a taxpayer is unable to fulfil its tax obligations in their entirety, and such re-organization was aimed at avoiding the fulfilment of obligations with respect to the payment of taxes (penalties, fines), then by decision of a court the spun-off legal entities may jointly fulfil the tax obligations of the re-organized entity.
9. Where one legal entity is re-organized as another legal entity, the legal successor of the re-organized legal entity insofar as the fulfilment of tax obligations is concerned shall be deemed to be the newly formed legal entity.
10. An amount of tax (penalties, fines) which was paid in excess by a legal entity or recovered in excess prior to its re-organization shall be credited by the tax authority towards the fulfilment by the legal successor (legal successors) of the obligations of the re-organized legal entity with respect to the settlement of arrears of other taxes and levies and indebtedness in respect of penalties and fines for a tax offence. Such crediting shall take place not later than one month from the day of the completion of the re-organization in accordance with the procedure which is established by this Code, with account taken of the particular considerations which are laid down in this Article.

An amount of tax or a levy (penalties, fines) which was paid in excess by or recovered in excess from a legal entity prior to its re-organization and is to be credited shall be distributed in proportion to arrears of other taxes and levies and indebtedness of the re-organized legal entity in respect of penalties and fines which are payable to (recoverable for) the budget system of the Russian Federation and with respect to which the tax authorities are responsible for checking calculation and payment.

Where a legal entity undergoing re-organization does not have outstanding obligations with respect to the payment of tax or with respect to the payment of penalties and fines, any amount of tax (penalties and fines) which has been paid in excess by or recovered in excess from that legal entity shall be refundable to its legal successor (legal successors) no later than one month from the day on which an application is submitted by the legal successor (legal successors) in accordance with the procedure which is established by Chapter 12 of this Code. In this respect, the amount of tax (penalties, fines) which was paid in excess by or recovered in excess from the legal entity prior

to its re-organization shall be refunded to the legal successor (legal successors) of the re-organized legal entity in accordance with the share of each legal successor as determined on the basis of the distribution balance sheet.

11. The rules contained in this Article shall apply equally to the fulfilment of levy obligations in the event of the re-organization of a legal entity.
12. The rules which are laid down in this Article shall also apply for the purpose of determining the legal successor (legal successors) of a foreign organization which has been re-organized in accordance with the legislation of a foreign state.
13. The provisions set out in this Article shall also apply in relation to the payment of taxes in connection with the movement of goods across the customs border of the Customs Union.

Article 51 Fulfilment of the Obligations with Respect to the Payment of Taxes and Levies of a Physical Person Who is Absent in Place Unknown or Legally Incapable

1. The obligations with respect to the payment of taxes and levies of a physical person who has been pronounced by a court to be absent in place unknown shall be fulfilled by the person authorized by the guardianship and wardship authority to manage the property of the person who is absent in place unknown.

The person authorized by the guardianship and wardship authority to manage the property of a person who is absent in place unknown shall be obliged to pay the entire amount of the taxpayer's (levy payer's) unpaid taxes and levies and penalties and fines due as at the day on which the person in question is pronounced absent in place unknown. Those amounts shall be paid out of the monetary resources of the physical person who has been pronounced absent in place unknown.
2. The obligations with respect to the payment of taxes and levies of a physical person who has been pronounced legally incapable by a court shall be fulfilled by his guardian out of the monetary resources of that legally incapable person. The guardian of a physical person who has been pronounced legally incapable by a court must pay the entire amount of taxes and levies not paid by the taxpayer (levy payer) and penalties and fines due as at the day on which the person concerned was pronounced legally incapable.
3. The fulfilment of the obligations with respect to the payment of taxes and levies of physical persons who have been pronounced absent in place unknown or legally incapable and the obligation to pay penalties and fines due shall be suspended by decision of the appropriate tax authority in the event that the monetary resources of those physical persons are insufficient to fulfil those obligations.

Where a decision is adopted in accordance with the established procedure to rescind the pronouncement of the absence in place unknown or legal incapability of a physical person, the suspended fulfilment of that person's obligations with respect to the payment of taxes and levies shall be resumed from the day on which that decision is adopted.

4. Persons who, in accordance with this Article, are charged with the obligations with respect to the payment of taxes and levies of physical persons who have been pronounced missing or legally incapable shall enjoy all rights and fulfil all obligations in accordance with the procedure which is stipulated by this Code for taxpayers and levy payers, with account taken of the particular considerations which are laid down by this Article. Where such persons, while carrying out the duties imposed upon them by this Article, are held to account for the commission of tax offences for which they are at fault, they shall not have the right to pay the fines envisaged by this Code out of the assets of a person who has been pronounced missing or legally incapable.

Article 52 Procedure for the Calculation of Tax

1. A taxpayer shall independently calculate the amount of tax payable for a tax period on the basis of the tax base, the tax rate and tax concessions.
2. In cases provided for by the tax and levy legislation of the Russian Federation, responsibility for calculating the amount of tax may be placed upon a tax authority or a tax agent.

Where a tax authority is responsible for calculating the amount of tax, the tax authority shall send the taxpayer a tax notice not later than 30 days before the payment due date.

3. A tax notice must contain an indication of the amount of tax payable, the computation of the tax base and the time limit for the payment of tax.

A tax notice may contain data relating to a number of taxes payable.

The standard form of a tax notice shall be approved by the federal executive body in charge of control and supervision in the area of taxes and levies.

4. A tax notice may be handed to the director of an organization (a legal or authorized representative of the organization) or to a physical person (a legal or authorized representative of the physical person) in person against receipt, sent by registered mail or transmitted in electronic form via telecommunications channels. Where a tax notice is sent by registered mail, the tax notice shall be deemed to have been received six days after the registered letter was despatched.

The formats and procedure for the sending to a taxpayer of a tax notice in electronic form via telecommunications channels shall be established by the federal executive body in charge of control and supervision in the area of taxes and levies.

Article 53 Tax Base and Tax Rate, and Rates of Levies

1. The tax base shall represent the value, physical or other characteristics of an object of taxation. The tax rate shall represent the size of tax charges per unit of measurement of the tax base. The tax base and the procedure for its determination and the tax rates for federal taxes and levy rates for federal levies shall be established by this Code.
2. The tax base and the procedure for its determination with respect to regional and local taxes shall be established by this Code. The tax rates for regional and local taxes shall be established by the laws of constituent entities of the Russian Federation and the normative legal acts of representative bodies of municipalities respectively within the limits which are established by this Code.

Article 54 General Issues Relating to the Calculation of the Tax Base

1. Taxpaying organizations shall calculate the tax base according to the results for each tax period on the basis of data in accounting records and (or) on the basis of other documented information on items which are taxable or relevant to the assessment of tax.

In the event that errors (misstatements) in the calculation of the tax base which relate to past tax (accounting) periods are discovered in the current tax (accounting) period, the tax base and the amount of tax shall be recalculated for the period in which those errors (misstatements) were made.

Where it is impossible to determine the period in which errors (misstatements) were made, the tax base and the amount of tax shall be recalculated for the tax (accounting) period in which the errors (misstatements) have been discovered. A taxpayer shall also have the right to recalculate the tax base and the amount of tax for the tax (accounting) period in which errors (misstatements) relating to prior tax (accounting) periods are found where the errors (misstatements) committed have caused tax to be overpaid.

2. Private entrepreneurs, privately practising notaries and lawyers who have founded legal offices shall calculate the tax base according to the results for each tax period on the basis of records of income and expenditure and economic operations in accordance with a procedure to be determined by the Ministry of Finance of the Russian Federation.
3. Other taxpaying physical persons shall calculate the tax base on the basis of information which is obtained from organizations and (or) physical persons in the established instances concerning amounts of income paid to them and concerning objects of taxation and data in their own records of income received and objects of taxation which are maintained in arbitrary form.

4. The rules laid down in clauses 1 and 2 of this Article shall also apply to tax agents.
5. In the cases envisaged by this Code, tax authorities shall calculate the tax base resulting for each tax period on the basis of data available to them.

Article 55 The Tax Period

1. The tax period shall be understood to be the calendar year or another period of time applicable to particular taxes, upon the expiration of which the tax base is determined and the amount of tax payable is calculated. A tax period may consist of one or more accounting periods.
2. Where an organization is established after the beginning of a calendar year, the first tax period for that organization shall be the period of time from the day on which it is established up to the end of that year. In this respect, the day on which an organization is established shall be deemed to be the day of its State registration.

Where an organization is established on a day which falls within the period from December 1 to 31, the first tax period for that organization shall be the period of time from the day on which it is established up to the end of the calendar year which follows the year in which it is established.

3. Where an organization is liquidated (re-organized) before the end of a calendar year, the last tax period for that organization shall be the period of time from the beginning of that year up to the day of the completion of the liquidation (re-organization).

Where an organization which was established after the beginning of a calendar year is liquidated (re-organized) before the end of that year, the tax period for that organization shall be the period of time from the day on which it was established up to the day of its liquidation (re-organization).

Where an organization is established on a day which falls within the period from December 1 to 31 and is liquidated (re-organized) before the end of the calendar year following the year of its establishment, the tax period for that organization shall be the period of time from the day on which it was established up to the day of its liquidation (re-organization).

The rules laid down in this clause shall not apply to organizations from which one or more new organizations are spun off or which acquire one or more organizations.

4. The rules laid down in clauses 2 and 3 of this Article shall not apply to taxes in relation to which the tax period is established as a calendar month or quarter. In such instances, upon the establishment, liquidation or re-organization of an organization the individual tax periods shall be adjusted by agreement with the tax authority where the taxpayer is registered.

Article 56 Establishment and Use of Tax and Levy Exemptions

1. Tax and levy exemptions shall be understood to mean privileges over other taxpayers and levy payers which are provided for by tax and levy legislation and are granted to particular categories of taxpayers and levy payers, including the right not to pay a tax or levy or to pay a lesser amount thereof.

Norms of tax and levy legislation which determine the grounds, procedure and conditions for the application of tax and levy exemptions may not be individually oriented.

2. A taxpayer shall have the right to refrain from using an exemption or to suspend the use thereof for one or more tax periods unless otherwise stipulated by this Code.

3. Exemptions in respect of federal taxes and levies shall be established and abolished by this Code.

Exemptions in respect of regional taxes shall be established and abolished by this Code and (or) by tax laws of constituent entities of the Russian Federation.

Exemptions in respect of local taxes shall be established and abolished by this Code and (or) by normative legal acts of representative bodies of municipalities concerning taxes (tax laws of the cities of federal significance, Moscow and Saint Petersburg).

Article 57 Time Limits for the Payment of Taxes and Levies

1. The time limits for the payment of taxes and levies shall be established separately for each individual tax and levy.

The established time limit for the payment of a tax or levy may be altered only in accordance with the procedure which is stipulated by this Code.

2. Where a tax or levy is paid not in accordance with the time limit for payment, the taxpayer (levy payer) shall pay a penalty in accordance with the procedure and subject to the conditions which are envisaged by this Code.

3. Time limits for the payment of taxes and levies shall be defined by a calendar date or the expiration of a period of time measured in years, quarters, months or days, or by reference to an event which must be arrived at or occur or an action which must be performed. Time limits for the performance of actions by participants in relations governed by tax and levy legislation shall be established by this Code with respect to each such action.

4. In those instances where the tax base is calculated by the tax authority, the obligation to pay tax shall arise no earlier than the date on which the tax notice is received.

Article 58 Procedure for the Payment of Taxes and Levies

1. Tax shall be paid by a single payment of the entire amount of tax or according to a different procedure envisaged by this Code and other acts of tax and levy legislation.
2. The amount of tax payable shall be paid (remitted) by a taxpayer or tax agent within the prescribed time limits.
3. Provision may be made in accordance with this Code for preliminary tax payments – advance payments – to be paid over the course of a tax period. An obligation to pay advance payments shall be deemed to have been fulfilled according to a procedure similar to that which applies for the payment of tax.

In the event that advance payments are paid later than the dates established by tax and levy legislation, penalties shall be charged in accordance with the procedure envisaged by Article 75 of this Code on the amount of the advance payments which have been paid late.

A violation of the procedure for the calculation and (or) payment of advance payments may not be considered as a basis for calling a person to account for the violation of tax and levy legislation.

4. Tax shall be paid in cash or without cash transfer.

Where no bank is available, taxpayers (tax agents) which are physical persons may pay taxes through the cash office of a local administration or through a federal postal organization.

In this case the local administration and the federal postal organization shall be obliged:

- to accept monetary resources for the payment of taxes and to remit them to the budget system of the Russian Federation in a correct and timely manner by transfer to the appropriate Federal Treasury account for each taxpayer (tax agent). In this respect, no charge shall be made for the acceptance of monetary resources;
- to maintain records of monetary resources accepted for the payment of taxes and remitted to the budget system of the Russian Federation for each taxpayer (tax agent);
- upon accepting monetary resources, to issue to taxpayers (tax agents) receipts acknowledging the acceptance of those monetary resources. The form of a receipt which is to be issued by a local administration shall be approved by the federal executive body in charge of control and supervision in the area of taxes and levies;

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- to present to tax authorities (officials of tax authorities) upon their request documents confirming the acceptance of monetary resources from taxpayers (tax agents) towards the payment of taxes and the remittance thereof to the budget system of the Russian Federation.

Monetary resources which are accepted by a local administration from a taxpayer (tax agent) in cash must, within five days from the day on which they are accepted, be deposited at a bank or federal postal organization for remittance to the budget system of the Russian Federation by payment to the appropriate Federal Treasury account.

Where, by reason of a natural disaster or other force majeure circumstances, monetary resources accepted from a taxpayer (tax agent) cannot be deposited at a bank or federal postal organization within the established time limit for remittance to the budget system of the Russian Federation, that time limit shall be extended until those circumstances have been eliminated.

A local administration and a federal postal organization shall bear liability in accordance with the legislation of the Russian Federation for the non-fulfilment or improper fulfilment of the obligations which are envisaged by this clause.

The imposition of sanctions shall not release a local administration or a federal postal organization from the obligation to remit to the budget system of the Russian Federation monetary resources which have been accepted from taxpayers (tax agents) for the payment and remittance of amounts of taxes.

5. The specific procedure for the payment of tax shall be established in accordance with this Article with respect to each individual tax.

The procedure for the payment of federal taxes shall be established by this Code.

The procedure for the payment of regional and local taxes shall be established by laws of constituent entities of the Russian Federation and normative legal acts of representative bodies of municipalities respectively in accordance with this Code.

6. A taxpayer shall be obliged to pay tax within one month from the day of the receipt of a tax notice, unless a longer period of time for the payment of tax is specified in that tax notice.
7. The rules laid down in this Article shall also apply in relation to the procedure for the payment of levies (penalties and fines).
8. The rules laid down in clauses 2 to 6 of this Article shall also apply in relation to the procedure for the payment of advance payments.

Article 59 Qualification as Non-Recoverable and Write-Off of Arrears and Indebtedness in Respect of Penalties and Fines

1. Amounts of arrears and indebtedness in respect of penalties and fines which are owed by particular taxpayers, levy payers and tax agents shall be qualified as non-recoverable after it has proved impossible to secure the payment and (or) recovery of the amounts concerned in cases where:
 - 1) an organization has been liquidated in accordance with the legislation of the Russian Federation – to the extent of arrears and indebtedness in respect of penalties and fines which have not been settled owing to the fact that the organization did not have sufficient assets and (or) they could not be settled by the founding parties (participants) of the organization within the limits and according to the procedure which are established by the legislation of the Russian Federation;
 - 2) a private entrepreneur has been declared bankrupt in accordance with Federal Law No. 127-FZ of October 26, 2002 “Concerning Insolvency (Bankruptcy)” – to the extent of arrears and indebtedness in respect of penalties and fines which have not been settled by reason of the insufficiency of the debtor’s assets;
 - 3) a physical person has died or has been declared deceased in accordance with the procedure established by the civil procedure legislation of the Russian Federation – with respect to all taxes and levies, and as far as the taxes referred to in clause 3 of Article 14 and Article 15 of this Code are concerned – to the extent of the amount in excess of the value of his inherited estate, including in the event that the inheritance passes into the ownership of the Russian Federation;
 - 4) a court has adopted an act in accordance with which the tax authority is no longer able to pursue the recovery of the arrears and indebtedness in respect of penalties and fines owing to the expiry of the established time limit for the recovery thereof, including by issuing a determination not to restore a missed time limit for filing a petition with a court for the recovery of the arrears and indebtedness in respect of penalties and fines;
 - 5) in other cases provided for by the tax and levy legislation of the Russian Federation.
2. The bodies competent to adopt a decision for arrears and indebtedness in respect of penalties and fines to be qualified as non-recoverable and written off shall be:
 - 1) the tax authorities for the location of an organization or the place of residence of a physical person (except in the cases provided for in subsections 2 and 3 of this clause) – in the circumstances provided for in subsections 1 to 3 of clause 1 of this Article;

- 2) the tax authorities where a taxpayer, a levy payer or a tax agent is registered (except in the case provided for in subsection 3 of this clause) – in the circumstances provided for in subsections 4 and 5 of clause 1 of this Article;
- 3) customs authorities to be designated by the federal executive body in charge of the customs sphere – with respect to taxes, penalties and fines which are payable in connection with the movement of goods across the customs border of the Customs Union.
3. Laws of constituent entities of the Russian Federation and normative legal acts of municipalities may establish additional grounds for qualifying arrears in respect of regional and local taxes and indebtedness in respect of penalties and fines pertaining to those taxes as non-recoverable.
4. Amounts of taxes, levies, penalties and fines which have been debited from bank accounts of taxpayers, levy payers and tax agents but have not been remitted to the budget system of the Russian Federation shall be qualified as non-recoverable and written off in accordance with this Article if, at the time of the adoption of the decision regarding the qualification as non-recoverable and write-off of those amounts, the banks concerned have been liquidated.
5. The procedure for the write-off of arrears and indebtedness in respect of penalties and fines which have been qualified as non-recoverable and the list of documents confirming the circumstances specified in clause 1 of this Article shall be approved by the federal executive body in charge of control and supervision in the area of taxes and levies and the federal executive body in charge of the customs sphere (insofar as taxes, penalties and fines payable in connection with the movement of goods across the customs border of the Customs Union are concerned).
6. The rules laid down in this Article shall also apply for the purpose of writing off bad debt in respect of interest such as is provided for in Chapter 9 and Article 176.1 of this Code.

Article 60 The Obligations of Banks with Respect to the Execution of Orders to Transfer Taxes and Levies

1. Banks shall be obliged to execute a taxpayer’s instruction for the remittance of tax to the budget system of the Russian Federation by payment to the appropriate Federal Treasury account (hereinafter referred to as “taxpayer’s instruction”) and a tax authority’s instruction for the remittance of tax to the budget system of the Russian Federation (hereinafter referred to as “tax authority’s instruction”) out of the monetary resources of a taxpayer or tax agent according to the order of priority which is established by the civil legislation of the Russian Federation.
2. A taxpayer’s instruction or a tax authority’s instruction shall be executed by a bank within one business day following the day of the receipt of that instruction, unless otherwise envisaged by this Code. In this respect, no service fee shall be charged for such operations.

Where a physical person presents a tax remittance instruction to an economically autonomous subdivision of a bank which does not have a correspondent account (subaccount), the time limit established by paragraph 1 of this clause for the execution by a bank of a taxpayer's instruction shall be extended in accordance with the established procedure by the period of time taken by a federal postal organization to deliver the instruction to an economically autonomous subdivision of the bank which has a correspondent account (subaccount), but not by more than five business days.

3. Where there are monetary resources available in the account of a taxpayer banks shall not have the right to delay the execution of a taxpayer's instruction and a tax authority's instruction.

3.1 Where a taxpayer's instruction or a tax authority's instruction cannot be executed within the time limit established by this Code owing to the absence (insufficiency) of monetary resources in a correspondent account held by a bank with an institution of the Central Bank of the Russian Federation, the bank shall be obliged, within a day following the day on which the time limit established by this Code for the execution of an instruction expires, to report the non-execution (partial execution) of a taxpayer's instruction to the tax authority at the location of the bank and to the taxpayer and the non-execution (partial execution) of a tax authority's instruction to the tax authority which sent that instruction and to the tax authority at the location of the bank (its economically autonomous subdivisions).

4. Banks shall bear liability in accordance with this Code for the failure to fulfil or improper fulfilment of the obligations envisaged by this Article.

The imposition of sanctions shall not release a bank from the obligation to transfer the amount of tax to the budget system of the Russian Federation. In the event that a bank fails to fulfil that obligation within the prescribed time limit, measures shall be taken against that bank for the recovery of the untransferred amounts of the tax (levy) out of monetary resources in accordance with a procedure similar to that which is stipulated by Article 46 of this Code and out of other assets according to the procedure laid down in Article 47 of this Code.

4.1 In the event that the above-mentioned obligations are violated more than once during one calendar year this shall constitute grounds for the tax authority to present a petition to the Central Bank of the Russian Federation for the revocation of the bank's licence to carry out banking operations.

4.2 A demand for the remittance of tax to the budget system of the Russian Federation (hereafter in this Article referred to as "tax remittance demand") must be sent to a bank in electronic form via telecommunications channels not later than three months from the day of the discovery of an amount of tax which has not been remitted to the budget system of the Russian Federation and the preparation by a tax authority of a document concerning the discovery of an amount of tax which has not been remitted by the bank to the budget system of the Russian Federation.

A tax remittance demand shall be a notification to a bank of the amount of tax not remitted and of the obligation to remit that amount of tax within the established time limit.

The formats for a tax remittance demand and the procedure for the sending of such a demand in electronic form shall be approved by the federal executive body in charge of control and supervision in the area of taxes and levies.

5. The rules established by this Article shall also apply in relation to obligations of banks with respect to the execution of instructions of tax agents and levy payers and shall apply to the remittance of levies, penalties and fines to the budget system of the Russian Federation.
6. The rules established by this Article shall also apply with respect to the execution by a bank of instructions of local administrations and federal postal organizations for the remittance to the budget system of the Russian Federation by payment to the appropriate Federal Treasury account of monetary resources which have been accepted from taxpayers (tax agents, levy payers) which are physical persons.
7. When banks execute instructions for the refund to taxpayers, tax agents and levy payers of amounts of taxes, levies, penalties and fines which have been paid (recovered) in excess, no service fee shall be charged for those operations.

CHAPTER 9. ALTERATION OF THE TIME LIMITS FOR THE PAYMENT OF A TAX OR LEVY AND OF PENALTIES AND A FINE

Article 61 General Conditions Relating to the Alteration of the Time Limits for the Payment of a Tax or Levy and of a Penalty and a Fine

1. The alteration of the time limit for the payment of a tax or levy shall mean the postponement to a later date of the time limit for the payment of a tax or levy.
2. The time limit for the payment of a tax or levy may be altered in accordance with the procedure established by this Chapter.

The time limit for the payment of a tax and (or) a levy may be altered with respect to all or part of the amount of the tax and (or) levy which is due (hereafter in this Chapter referred to as “amount of the indebtedness”), with interest being charged on the amount of the indebtedness, unless otherwise provided by this Chapter.

The time limit for the payment of State duty shall be altered with account taken of the special considerations which are laid down in Chapter 25.3 of this Code.

3. The alteration of the time limit for the payment of a tax or levy shall be in the form of a deferral, an instalment plan or investment tax credit.
 - 3.1 A person who is seeking the alteration of the time limit for the payment of a tax and (or) a levy (hereafter in this Chapter referred to as “interested person”) shall have the right to submit, together with an application for the granting of a deferral or instalment plan for the payment of the tax and (or) levy, an application for the granting of investment tax credit.

Upon considering an application from an interested person for the granting of a deferral or instalment plan for the payment of a tax and (or) a levy and an application for the granting of investment tax credit, a body authorized to adopt decisions on the alteration of the time limits for the payment of taxes and levies shall have the right to offer that person other conditions provided for in this Chapter for the granting of a deferral or instalment plan for the payment of a tax and (or) a levy and investment tax credit, which shall be adopted subject to agreement with the interested person.
4. The alteration of the time limit for the payment of a tax or levy shall neither cancel the existing nor create a new tax or levy obligation.
5. The alteration of the time limit for the payment of tax or levy may, by decision of the bodies referred to in Article 63 of this Code, be secured by a pledge of assets in accordance with Article 73 of this Code or a surety bond in accordance with Article 74 of this Code, unless otherwise stipulated by this Chapter.
6. The time limit for the payment of taxes envisaged by special tax regimes shall be altered in accordance with the procedure which is stipulated by this Chapter.

The provisions of this Chapter shall also apply where a deferral or an instalment plan is granted for the payment of a penalty or a fine.
8. The alteration of the time limit for the payment of a tax or levy and of a penalty and a fine by tax authorities shall take place in accordance with a procedure to be determined by the federal executive body in charge of control and supervision in the area of taxes and levies.
9. This Chapter shall not apply to tax agents.

Article 62 Circumstances Which Preclude the Alteration of the Time Limit for the Payment of a Tax or Levy

1. The time limit for the payment of a tax and (or) a levy may not be altered if, in relation to the interested person:
 - 1) criminal proceedings have been instituted with respect to evidence of a crime involving a violation of tax and levy legislation;

- 2) proceedings are being conducted in respect of a tax offence or an administrative offence in the area of taxes and levies and in the customs sphere with respect to taxes which are payable in connection with the movement of goods across the customs border of the Customs Union;
 - 3) there are sufficient grounds to believe that the person in question will use the alteration of the time limit to conceal his monetary resources or other taxable assets or that he intends to depart from the Russian Federation for permanent residence abroad;
 - 4) at any time during the three years preceding the day on which that person submitted the application for the alteration of the time limit for the payment of the tax and (or) levy, the body referred to in Article 63 issued a decision terminating the effect of a previously granted deferral, instalment plan or investment tax credit by reason of the violation of the conditions of the corresponding alteration of the time limit for the payment of a tax and (or) a levy.
2. Where the circumstances referred to in clause 1 of this Article exist, a decision to alter the time limit for the payment of a tax and (or) a levy may not be adopted, and any such decision which has been adopted must be rescinded.

The interested person and the tax authority where that person is registered shall be notified of the rescission of the adopted decision within a period of three days.

The interested person shall have the right to appeal against such a decision in accordance with the procedure which is established by this Code.

Article 63 Bodies Authorized to Adopt Decisions on the Alteration of the Time Limits for the Payment of Taxes and Levies

1. The bodies which have the authority to adopt decisions on the alteration of the time limits for the payment of taxes and levies (hereinafter referred to as “authorized bodies”) shall be:
 - 1) in the case of federal taxes and levies - the federal executive body in charge of control and supervision in the area of taxes and levies (except in the instances envisaged by subsections 3, 4, 6 and 7 of this clause and clauses 2, 4 and 5 of this Article);
 - 2) in the case of regional and local taxes - the tax authorities at the location (place of residence) of an interested person (except in the case envisaged by subsection 7 of this clause). Decisions on the alteration of the time limits for the payment of taxes shall be adopted in consultation with the appropriate financial authorities of constituent entities of the Russian Federation and municipalities (except in the case envisaged by subsection 7 of this clause and by clause 3 of this Article);

- 3) in the case of taxes which are payable in connection with the movement of goods across the customs border of the Customs Union - the federal executive body in charge of the customs sphere, or customs authorities authorized by that body;
 - 4) in the case of State duty – bodies (officials) which have been authorized in accordance with Chapter 25.3 of this Code to perform legally significant acts for which State duty is payable;
 - 6) in the case of tax on income physical persons payable by physical persons who are not private entrepreneurs with respect to income which is received without tax being withheld by tax agents – the tax authorities for the place of residence of those persons. Decisions on the alteration of the time limits for the payment of tax on such income with respect to amounts payable to the budgets of constituent entities of the Russian Federation and local budgets shall be adopted in consultation with the financial authorities of the relevant constituent entities of the Russian Federation and municipalities;
 - 7) in the case of tax on the profit of organizations at the tax rate established for the crediting of that tax to the budgets of constituent entities of the Russian Federation and in the case of regional taxes with respect to decisions on the alteration of the time limits for the payment of those taxes in the form of investment tax credit – bodies so authorized by the legislation of constituent entities of the Russian Federation.
2. Where, in accordance with the budget legislation of the Russian Federation, federal taxes or levies are payable to the federal budget and (or) the budgets of constituent entities of the Russian Federation and local budgets, the time limits for the payment of such taxes or levies (with the exception of State duty) shall be altered on the basis of decisions of the authorized bodies referred to in clause 1 of this Article adopted, insofar as amounts payable to the budgets of constituent entities of the Russian Federation and local budgets are concerned, in consultation with the financial authorities of the relevant constituent entities of the Russian Federation and municipalities.
 3. Where, in accordance with the legislation of constituent entities of the Russian Federation, regional taxes are payable to the budgets of constituent entities of the Russian Federation and (or) local budgets, the time limits for the payment of such taxes shall be altered on the basis of decisions of tax authorities at the location (place of residence) of interested parties adopted, to the extent of amounts payable to:
 - the budgets of constituent entities of the Russian Federation, - in consultation with the financial authorities of those constituent entities of the Russian Federation;
 - local budgets, - in consultation with the financial authorities of the relevant municipalities.
 4. In the instance envisaged by paragraph 2 of clause 1 of Article 64 of this Code, a decision on the alteration of the time limits for the payment of federal

taxes and levies shall be adopted by the Government of the Russian Federation.

5. In the case provided for in Article 64.1 of this Code, a decision on the alteration of the time limits for the payment of federal taxes shall be adopted by the Minister of Finance of the Russian Federation.

Article 64 The Procedure and Conditions for the Granting of a Deferral or Instalment Plan for the Payment of a Tax or Levy

1. A deferral or instalment plan for the payment of tax shall represent an alteration of the time limit for the payment of tax, subject to the existence of the grounds which are envisaged by this Chapter, for a period not exceeding one year, with the amount of the indebtedness to be paid as a lump sum or on an instalment basis respectively.

A deferral or instalment plan for the payment of federal taxes, insofar as the portion payable to the federal budget is concerned, may be granted for a period of more than one year, but not exceeding three years, by decision of the Government of the Russian Federation.

In the case provided for in Article 64.1 of this Code, a deferral or instalment plan for the payment of federal taxes for a period not exceeding five years may be granted by decision of the Minister of Finance of the Russian Federation.

2. A deferral or instalment plan for the payment of tax may be granted to an interested person whose financial position does not enable that tax to be paid within the established time limit but there are sufficient grounds to believe that the person concerned will be able to pay that tax within the period for which the deferral or instalment plan is granted, provided that at least one of the following grounds exists:
 - 1) the person has sustained damage as a result of a natural calamity, an industrial disaster or other circumstances of insurmountable force;
 - 2) budget appropriations and (or) budget obligation limits were not provided (not provided on time) to the interested person and (or) maximum levels of financing of expenses were not communicated (not communicated on time) to the interested person as a recipient of budgetary resources in an amount sufficient to enable the timely fulfilment by that person of the obligation to pay tax, or monetary resources were not transferred (not transferred on time) to the interested person from the budget, including by way of payment for services rendered (work performed, goods supplied) by that person for State and municipal needs, in an amount sufficient to enable the timely fulfilment by that person of the obligation to pay tax;
 - 3) there is a risk that indications of insolvency (bankruptcy) would arise for the interested person if that person were to pay tax as a lump sum;

- 4) the financial position of a physical person (disregarding assets on which execution cannot be levied in accordance with the legislation of the Russian Federation) makes it impossible for tax to be paid as a lump sum;
- 5) the production and (or) sale of goods, work or services by the interested person is seasonal in nature;
- 6) there are grounds such as are established by the customs legislation of the Customs Union and customs-related legislation of the Russian Federation for the granting of a deferral or instalment plan for the payment of taxes which are payable in connection with the movement of goods across the customs border of the Customs Union.

2.1 Where the grounds referred to in subsections 1 and 3 to 6 of clause 2 of this Article exist, a deferral or instalment plan for the payment of tax may be granted to an organization for an amount not exceeding the value of its net assets and to a physical person for an amount not exceeding the value of his assets, excluding assets on which execution cannot be levied in accordance with the legislation of the Russian Federation.

3. A deferral or instalment plan for the payment of tax may be granted with respect to one or more taxes.

4. Where a deferral or instalment plan for the payment of tax is granted on the grounds referred to in subsections 3, 4 and 5 of clause 2 of this Article, interest shall be charged on the amount of the indebtedness at a rate equal to one half of the refinancing rate of the Central Bank of the Russian Federation prevailing in the deferral or instalment plan period, unless otherwise stipulated by the customs legislation of the Customs Union and customs-related legislation of the Russian Federation with respect to taxes which are payable in connection with the transportation of goods across the customs border of the Customs Union.

Where a deferral or instalment plan for the payment of tax is granted on the grounds referred to in subsections 1 and 2 of clause 2 of this Article, interest shall not be charged on the amount of the indebtedness.

5. An application for the granting of a deferral or an instalment plan for the payment of tax shall be submitted by the interested person to the appropriate authorized body. Within five days of the application being submitted to the authorized body a copy of the application shall be sent by the interested person to the tax authority where that person is registered. The application for the granting of a deferral or an instalment plan for the payment of tax shall be accompanied by the following documents:

- 1) a statement from the tax authority where the person is registered concerning the status of settlements in respect of taxes, levies, penalties and fines;
- 2) a statement from the tax authority where the person is registered containing a list of all bank accounts held by that person;

- 3) statements from banks concerning monthly flows of monetary resources on the person's bank accounts for each month of the six months preceding the submission of the application, and concerning the presence or otherwise of settlement documents of that person in the relevant file of unpaid settlement documents;
- 4) statements from banks concerning balances of monetary resources in all the person's bank accounts;
- 5) a list of contract partners who are debtors of the person, indicating the prices of contracts concluded with the debtor contract parties (the amounts of other obligations and the grounds on which they arose) and the time periods for their performance, and copies of the contracts in question (documents confirming the existence of other grounds on which an obligation arose);
- 6) an undertaking by the person to comply during the period of the adjustment of the time limit for the payment of tax with the conditions subject to which the decision to grant a deferral or instalment plan is adopted, and that person's proposed schedule for the settlement of indebtedness;
- 7) documents such as are referred to in clause 5.1 of this Article which confirm the existence of grounds for the alteration of the time limit for the payment of tax.

5.1 An application for the granting of a deferral or instalment plan for the payment of tax on the ground specified in subsection 1 of clause 2 of this Article shall be accompanied by a report on the occurrence in relation to the interested person of the circumstances of insurmountable force which are the basis for filing that application and a statement of appraisal of damage caused to that person as a result of those circumstances, prepared by an executive body (State body, local government body) or organization responsible for civil defence and the protection of the public and territories against emergencies.

An application for an interested person who is a recipient of budgetary resources to be granted a deferral or instalment plan for the payment of tax to on the ground specified in subsection 2 of clause 2 of this Article shall be accompanied by a document of a financial authority and (or) a chief controller (controller) of budgetary resources which specifies the amounts of budget appropriations and (or) budget obligation limits which were not provided (not provided on time) to the person in question and the amount of the maximum levels of financing of expenses which were not communicated (not communicated on time) to that person in an amount sufficient to enable the timely fulfilment by that person of the obligation to pay tax.

An application for the granting of a deferral or instalment plan for the payment of tax on the ground specified in subsection 2 of clause 2 of this Article to an interested person to whom monetary resources were not transferred (were not transferred on time) in an amount sufficient to enable the timely fulfilment by that person of the obligation to pay tax, including by way of payment for services rendered by that person (work performed, goods supplied) for State or municipal needs shall be accompanied by a document

from the recipient of the budgetary resources which indicates the amount of monetary resources which was not transferred (was not transferred on time) to that person from the budget in an amount sufficient to enable the timely fulfilment by that person of the obligation to pay tax, or a document from the State or municipal customer which indicates the amount of monetary resources which was not transferred (was not transferred on time) to that person from the budget in an amount sufficient to enable the timely fulfilment by that person of the obligation to pay tax, by way of payment for services rendered by that person (work performed, goods supplied) for State or municipal needs.

The existence of the ground specified in subsection 3 of clause 2 of this Article shall be established on the basis of the results of an analysis of the financial position of an economic entity carried out by the federal executive body in charge of control and supervision in the area of taxes and levies in accordance with a methodology to be approved by the federal executive body authorized to carry out functions involving the formulation of State policy and normative legal regulation in the area of insolvency (bankruptcy) and financial rehabilitation.

An application for the granting of a deferral or instalment plan for the payment of tax on the ground specified in subsection 4 of clause 2 of this Article shall be accompanied by information on movable and immovable property of the physical person (excluding property on which execution cannot be levied in accordance with the legislation of the Russian Federation).

An application for the granting of a deferral or instalment plan for the payment of tax on the ground specified in subsection 5 of clause 2 of this Article shall be accompanied by a document prepared by the interested person confirming that income from branches and types of activity included in the list to be approved by the Government of the Russian Federation of branches and types of activity which are seasonal in nature accounts for not less than 50 per cent of that person's total income from the sale of goods (work and services).

- 5.2 In an application for the granting of a deferral or instalment plan for the payment of tax the interested person shall undertake to pay interest charged on the amount of indebtedness in accordance with this Chapter.
- 5.3 Upon the request of the authorized body an interested person shall present documents concerning assets which may be pledged as security, or a surety bond.
6. The decision to grant or refuse to grant a deferral or instalment plan for the payment of tax shall be adopted by the authorized body within 30 days from the day on which the interested person's application is received.

Upon a petition of the interested person the authorized body shall have the right to adopt a decision concerning a temporary (for the period while the deferral or instalment plan application is considered) suspension of the payment of the amount of indebtedness by the interested person. The interested person shall present a copy of that decision to the tax authority

where he is registered within five days from the day on which the decision is adopted.

A decision on the granting of a deferral or instalment plan for the payment of tax shall be adopted by the authorized body within the time period which is established by paragraph 1 of this clause in consultation with financial authorities in accordance with Article 63 of this Code.

8. The decision to grant a deferral or instalment plan for the payment of tax must contain an indication of the amount of indebtedness, the tax in respect of which the deferral or instalment plan is granted, the time limits and procedure for the payment of the indebtedness and interest charges and, where appropriate, documents relating to assets which are provided as a security, or a guarantee.

The decision to grant a deferral or instalment plan for the payment of tax shall enter into force from the day specified in that decision. In this respect, penalties charged for the entire period of time from the day established for the payment of tax up to the day on which the decision enters into force shall be included in the amount of indebtedness if that payment deadline precedes the day on which the decision enters into force.

Where a deferral or instalment plan is granted on security of assets, the decision to grant it shall enter into force only after the conclusion of an agreement on the pledging of assets in accordance with the procedure which is stipulated by Article 73 of this Code.

9. A decision to refuse to grant a deferral or instalment plan for the payment of tax must be substantiated.

The interested person may appeal against the decision to refuse to grant a deferral or instalment plan for the payment of tax in accordance with the procedure which is established by the legislation of the Russian Federation.

10. The authorized body shall send a copy of the decision to grant or refuse to grant a deferral or instalment plan for the payment of tax to the interested person and to the tax authority where that person is registered within a period of three days from the day on which that decision is adopted.

12. Laws of constituent entities of the Russian Federation and normative legal acts of representative bodies of municipalities may establish additional grounds and other conditions for the granting of a deferral or instalment plan for the payment of regional and local taxes, penalties and fines respectively.

13. The rules contained in this Article shall apply equally to the procedure and conditions for the granting of a deferral or instalment plan for the payment of levies unless otherwise stipulated by the tax and levy legislation of the Russian Federation.

Article 64.1 Procedure and Conditions for the Granting of a Deferral or Instalment Plan for the Payment of Federal Taxes by Decision of the Minister of Finance of the Russian Federation

1. A deferral or instalment plan for the payment of one or more federal taxes and penalties and fines in respect of federal taxes may be granted by decision of the Minister of Finance of the Russian Federation with account taken of the special considerations laid down in this Article.

A deferral or instalment plan such as is envisaged by paragraph 1 of this clause may be granted where the amount of an organization's indebtedness as at the 1st of the month in which the application for a deferral or instalment plan (hereafter in this Article referred to as "application") is submitted exceeds 10 billion roubles and the settlement of the indebtedness by means of a single payment would create a threat of adverse social and economic consequences.

2. An organization seeking a deferral or instalment plan in the case provided for in this Article shall submit to the Ministry of Finance of the Russian Federation an application accompanied by the following documents:
 - 1) a statement issued by the tax authority concerning the status of settlements in respect of taxes, penalties and fines;
 - 2) a proposed schedule for the settlement of indebtedness;
 - 3) documents and information proving that adverse social and economic consequences might arise if the indebtedness were to be settled by means of a single payment;
 - 4) the organization's written agreement to disclose information constituting tax secrets which is relevant to the consideration of the organization's application.
3. A copy of the application shall be sent by the organization to the tax authority where it is registered.
4. A decision on an organization's application shall be adopted within one month from the day on which the application was received.

A decision to grant a deferral or instalment plan with respect to amounts payable to the budgets of constituent entities of the Russian Federation and (or) local budgets must be agreed with the financial authorities of the relevant constituent entity of the Russian Federation and (or) municipality.

5. Interest shall be charged on an amount of indebtedness in relation to which a decision has been adopted to grant a deferral or instalment plan at a rate equal to one half of the refinancing rate of the Central Bank of the Russian Federation which was in effect in the period of the deferral or instalment plan.

A deferral or instalment plan such as is envisaged by this Article may be granted without means of securing it.

Article 66 Investment Tax Credit

1. Investment tax credit shall represent an alteration of the time limit for the payment of tax whereby, subject to the existence of the grounds referred to in Article 67 of this Code, an organization is granted the possibility of reducing its tax payments over a specified period and within specified limits and subsequently paying the amount of credit and interest charges on an instalment basis.

Investment tax credit may be granted in respect of tax on the profit of an organization and in respect of regional and local taxes.

Investment tax credit may be granted for a period of from one to five years.

2. An organization which has received investment tax credit shall have the right to reduce its payments in respect of the relevant tax over the period of validity of the investment tax credit agreement.

A reduction shall be made in respect of each payment of the relevant tax for which investment tax credit was granted for each reporting period until such time as the amount remaining unpaid by the organization as a result of such reductions (the accumulated amount of credit) becomes equal to the amount of credit provided for by the relevant agreement. The specific procedure for reducing tax payments shall be determined by the investment tax credit agreement which has been concluded.

Where an organization concludes more than one investment tax credit agreement which have not expired by the time of the next tax payment, the accumulated amount of credit shall be determined separately for each agreement. In this respect, the accumulated amount of credit shall first be increased with respect to the agreement first concluded, and, when the accumulated amount of credit reaches the level specified in the agreement, the organization may increase the amount of credit under the next agreement.

3. The amounts by which tax payments are reduced in each reporting period (irrespective of the number of investment tax credit agreements) may not exceed 50 per cent of the amounts of those tax payments as determined according to the general rules without taking into account the existence of investment tax credit agreements. In this respect, the amount of credit accumulated over the tax period may not exceed 50 per cent of the amount of tax payable by that organization for that tax period. Should the accumulated amount of credit exceed the maximum amounts by which tax may be reduced as established by this clause for an accounting period, the difference between that amount and the maximum acceptable amount shall be carried over to the next accounting period.

Where an organization shows a loss according to the results of activity for particular reporting periods during a tax period or according to the results of activity for the entire tax period, the excess accumulated amount of credit

based on the results of activity for the tax period shall be carried over to the next tax period and shall be regarded as an accumulated amount of credit in the first reporting period of the new tax period.

Article 67 The Procedure and Conditions for Granting Investment Tax Credit

1. Investment tax credit may be granted to an organization which is liable to pay a particular tax where any of the following grounds apply:
 - 1) the organization is conducting research and development work or technical modernization of its own production activity, including with the aim of creating jobs for disabled persons or protecting the environment against pollution by industrial waste and (or) raising the energy efficiency of the production of goods, performance of work and rendering of services;
 - 2) the organization is carrying out technical adaptation or innovation work, including the creation of new or improvement of existing technologies and the creation of new types of raw materials and other materials;
 - 3) the organization is executing an order which is highly important for the social and economic development of the region or provides essential services to the public;
 - 4) the organization is fulfilling the State defence order;
 - 5) the organization invests in the creation of facilities which have the highest energy efficiency rating, including apartment blocks, and (or) are connected with renewable sources of energy, and (or) are classified as facilities for the generation of thermal energy or electrical energy which have an efficiency coefficient exceeding 57 per cent, and (or) other highly energy-efficient facilities and technologies in accordance with the list approved by the Government of the Russian Federation.
2. Investment tax credit shall be granted:
 - 1) when sought on the grounds referred to in subsections 1 and 5 of clause 1 of this Article – for an amount of credit equal to 100 per cent of the value of equipment acquired by the interested organization which is used solely for the purposes mentioned in that subsection;
 - 2) when sought on the grounds referred to in subsections 2 to 4 of clause 1 of this Article – for amounts of credit to be determined on the basis of an agreement between the authorized body and the interested organization.
3. The interested organization must provide documentary evidence of the existence of the grounds on which investment tax credit is sought.
4. Investment tax credit shall be granted on the basis of an application of the organization concerned and shall be documented by a standard agreement between the appropriate authorized body and that organization. In that

application the organization shall undertake to pay interest charged on the amount of the indebtedness in accordance with this Chapter.

The form of the investment tax credit agreement shall be established by the authorized body which adopts the decision to grant investment tax credit.

An organization shall have the right to submit to the appropriate authorized body an application for the grant of investment tax credit or an application for the grant of a deferral or instalment plan for the payment of tax.

5. The decision to grant an organization investment tax credit shall be adopted by the authorized body in consultation with financial bodies in accordance with Article 63 of this Code within 30 days from the day on which the application is received. The fact that an organization already has one or more investment tax credit agreements may not serve as a hindrance to the conclusion of another investment tax credit agreement with that organization on other grounds.
6. The investment tax credit agreement must specify the procedure for reducing tax payments, the amount of credit (with an indication of the tax in respect of which the organization has been granted investment tax credit), the period of validity of the agreement, interest to be charged on the amount of credit, the procedure for the settlement of the amount of credit and interest charges, documents concerning assets which are provided as a security, or a guarantee, and the liability of the parties. Where investment tax credit is granted against a pledge of assets, an agreement on the pledge of assets shall be concluded in the manner prescribed by Article 73 of this Code.

The investment tax credit agreement must contain provisions in accordance with which it is not permissible during the period of validity of the agreement to sell to other persons or transfer to other persons for possession, use or disposal equipment or other assets the acquisition of which by the organization was a condition of the granting of investment tax credit, or which determine the conditions of such sale (transfer).

It shall not be permissible to establish interest on the amount of credit at a rate which is less than one half or more than three quarters of the refinancing rate of the Central Bank of the Russian Federation.

The organization shall present a copy of the agreement to the tax authority where it is registered within five days from the day on which the agreement is concluded.

7. A law of a constituent entity of the Russian Federation and normative legal acts adopted by representative local government bodies relating to regional and local taxes respectively may establish other grounds and conditions for the granting of investment tax credit, including the effective period of investment tax credit and rates of interest on the amount of credit.

Article 68 Termination of a Deferral, Instalment Plan or Investment Tax Credit

1. A deferral, instalment plan or investment tax credit shall terminate upon the expiry of the period of validity of the relevant decision or agreement or may be terminated before that time in the instances provided for by this Article.
2. A deferral, instalment plan or investment tax credit shall terminate early in the event that the entire amount of the tax or levy which is due and appropriate interest are paid before the expiry of the established period.
3. In the event that the interested person violates the conditions of the granting of a deferral or instalment plan, the deferral or instalment plan may be terminated early by decision of the authorized body which adopted the decision concerning the relevant alteration of the time limit for the fulfilment of the tax or levy obligation.
4. Where a deferral or instalment plan is terminated early in the case provided for in clause 3 of this Article the interested person must, within one month after receiving the relevant decision, pay the unpaid amount of the indebtedness and penalties for each calendar day, beginning with the day following the day on which the decision is adopted until the day on which the amount is paid inclusively.

In this respect, the amount of indebtedness which remains unpaid shall be determined as the difference between the amount of indebtedness specified in the decision to grant a deferral (instalment plan), increased by the amount of interest calculated in accordance with the deferral (instalment plan) decision for the period while the deferral (instalment plan) was in effect, and actually paid amounts and interest.

5. A notice of the rescission of the deferral or instalment plan decision shall be sent by the authorized body which adopted that decision to the interested person by registered mail within five days from the day of its adoption. A notice of the rescission of the deferral or instalment plan decision shall be deemed to have been received upon the expiry of a period of six days from the date on which the registered letter was despatched.

A copy of that decision shall be sent to the tax authority where the interested person is registered within the same time limits.

6. The interested person may appeal against the decision of an authorized body concerning the early termination of a deferral or instalment plan in a court in accordance with the procedure which is established by the legislation of the Russian Federation.
7. An investment tax credit agreement may be terminated early on the basis of an agreement between the parties or by decision of a court.
8. If, during the period of validity of an investment tax credit agreement, the organization which concluded it violates the conditions stipulated by the agreement with respect to the sale or transfer to other persons for possession,

use or disposal of equipment or other assets the acquisition of which was a condition of the granting of investment tax credit, then that organization must, within one month from the day on which the investment tax credit agreement is cancelled, pay all amounts of tax which earlier remained unpaid in accordance with the agreement and appropriate penalties and interest on the unpaid amounts of tax charged for each calendar day of the period of validity of the investment tax credit agreement on the basis of the refinancing rate of the Central Bank of the Russian Federation which was in effect in the period between the conclusion and the cancellation of the agreement.

9. Where an organization which has received investment tax credit on the grounds referred to in subsection 3 of Article 67.1 of this Code violates the obligations for the purposes of the fulfilment of which it received investment tax credit during the time period established by the agreement, then, not later than three months from the day on which the agreement is cancelled, it must pay the entire amount of unpaid tax and interest on that amount, which shall be charged for each day of the period of validity of the agreement on the basis of a rate equal to the refinancing rate of the Central Bank of the Russian Federation.
10. In the event that interest provided for in this Chapter which is payable by an interested person is not paid on time, it shall be recovered according to a procedure similar to the procedure for the recovery of interest which is laid down in Article 176.1 of this Code.

CHAPTER 10. THE DEMAND FOR PAYMENT OF TAXES AND LEVIES

Article 69 The Demand for Payment of a Tax or Levy

1. A tax payment demand shall be understood to be a notice to a taxpayer informing him of the amount of tax outstanding and of the obligation to pay the outstanding amount of tax within the specified time limit.
2. A tax demand shall be sent to a taxpayer if the taxpayer has arrears.
3. A tax demand shall be sent to a taxpayer irrespective of whether or not the taxpayer has been called to account for the violation of tax and levy legislation.
4. The tax demand must contain information concerning the amount of tax indebtedness, the amount of penalties charged at the time of sending the demand, the time limit for the payment of tax which is established by tax and levy legislation, the deadline for the fulfilment of the demand and the measures for the recovery of tax and for ensuring the fulfilment of the tax payment obligation which would be used should the taxpayer fail to fulfil the demand.

In all cases the demand must contain detailed information concerning the grounds on which the tax is imposed and a reference to the provisions of tax

and levy legislation which establish the obligation of the taxpayer to pay the tax.

Where the amount of arrears which is discovered as a result of a tax audit gives reason to suspect the commission of a violation of tax and levy legislation bearing elements of a crime, the demand which is sent must contain a warning to the effect that the tax authority will be obliged, in the event that amounts of arrears, penalties and fines are not paid in full within the established time limit, to send materials to investigative bodies in order for a decision to be adopted on the institution of criminal proceedings.

A tax payment demand must be fulfilled within eight days from the date of receipt of that demand, unless a longer period of time for the payment of tax is specified in that demand.

5. The demand for payment of a tax shall be sent to the taxpayer by the tax authority with which the taxpayer is registered. The form of the demand shall be approved by the federal executive body in charge of control and supervision in the area of taxes and levies.

6. A tax payment demand may be handed to the director of an organization (a legal or authorized representative of the organization) or to a physical person (a legal or authorized representative of the physical person) in person, sent by registered mail or transmitted in electronic form via telecommunications channels. Where the demand is sent by registered mail, it shall be deemed to have been received six days after the registered letter was despatched.

The formats and procedure for the sending to a taxpayer of a tax payment demand in electronic form via telecommunications channels shall be established by the federal executive body in charge of control and supervision in the area of taxes and levies.

8. The rules laid down in this Article shall also apply in relation to demands for the payment of levies, penalties and fines and shall apply to demands which are sent to levy payers and tax agents.

Article 70 Time Limits for the Sending of a Demand for the Payment of a Tax or Levy

1. A tax payment demand must be sent to the taxpayer not later than three months from the day on which arrears are discovered, unless otherwise provided by clause 2 of this Article.

Upon discovering arrears a tax authority shall draw up a document in a form to be approved by the federal executive body in charge of control and supervision in the area of taxes and levies.

2. A tax payment demand based on the results of a tax audit must be sent to the taxpayer within 10 days from the date of entry into force of the relevant decision.

3. The rules established by this Article shall also apply in relation to the time limits for the sending of a demand for the payment of a levy and of penalties and a fine.
4. The rules established by this Article shall also apply in relation to the time limits for the sending of a demand for the remittance of tax which is sent to a tax agent.

Article 71 Consequences of Changes in a Tax or Levy Obligation

In the event that the obligation of a taxpayer, tax agent or levy payer with respect to the payment of a tax or levy changes after a demand for the payment of tax, a levy, penalties or a fine has been sent, the tax authority shall be obliged to send a revised demand to those persons.

CHAPTER 11. MEANS OF ENSURING THE FULFILMENT OF TAX AND LEVY OBLIGATIONS

Article 72 Means of Ensuring the Fulfilment of Obligations with Respect to the Payment of Taxes and Levies

1. The fulfilment of obligations with respect to the payment of taxes and levies may be ensured by the following means: pledge of assets, guarantee, penalty, suspension of operations on bank accounts and attachment of the taxpayer's property.
2. The means of ensuring the fulfilment of obligations with respect to the payment of taxes and levies and the procedure and conditions for using them shall be established in this chapter.

Article 73 Pledge of Property

1. In cases provided for in this Code, obligations with respect to the payment of taxes and levies may be secured by a pledge.
2. A pledge of assets shall be documented by an agreement between the tax authority and the pledgor. The pledgor may be the taxpayer or levy payer itself or a third party.
3. Where a taxpayer or levy payer fails to fulfil the obligation to pay the amounts of a tax or levy which are due and appropriate penalties, the tax authority shall fulfil that obligation out of the value of the pledged property in accordance with the procedure which is established by the civil legislation of the Russian Federation.

4. The object of a pledge may be assets which may be put in pledge in accordance with the civil legislation of the Russian Federation, unless otherwise established by this Article.

The object of a pledge in an agreement between a tax authority and a pledgor may not be the object of a pledge in another agreement.

5. Assets which are pledged may remain with the pledgor or be transferred at the pledgor's expense to the tax authority (pledgee), in which case the latter shall assume responsibility for the safekeeping of the assets.
6. Any transactions involving the pledged property, including transactions which are carried out for the purpose of settling amounts of indebtedness, may be undertaken only subject to prior agreement with the pledgee.
7. The provisions of civil legislation shall apply to legal relations which arise when a pledge is established as a means of ensuring the fulfilment of obligations with respect to the payment of taxes and levies, unless otherwise stipulated by tax and levy legislation.

Article 74 Guarantee

1. Where the time limits for the fulfilment of tax obligations are changed and in other instances envisaged by this Code, tax obligations may be secured by a guarantee.
2. Under a guarantee the guarantor shall assume the obligation before the tax authorities to fulfil the taxpayer's tax obligation in full should the latter fail to pay the amounts of tax due and appropriate penalties within the established time limit.

The guarantee shall be documented in accordance with the civil legislation of the Russian Federation by an agreement between the tax authority and the guarantor.

3. In the event that the taxpayer fails to fulfil the obligation with respect to the payment of taxes which is secured by the guarantee, the guarantor and the taxpayer shall bear joint liability. The enforced recovery of tax and any penalties which are due from the guarantor shall be carried out by the tax authority through the courts.
4. Upon the fulfilment by the guarantor of its assumed obligations in accordance with the agreement, it shall acquire the right to demand from the taxpayer the amounts which it has paid, interest on those amounts and compensation for losses incurred as a result of the fulfilment of the taxpayer's obligations.
5. The guarantor may be a legal entity or a physical person. It shall be permissible to use more than one guarantor simultaneously for one tax obligation.

6. The provisions of the civil legislation of the Russian Federation shall apply to legal relations which arise when a guarantee is established as a means of securing the fulfilment of a tax obligation, unless otherwise stipulated by tax and levy legislation.
7. The rules of this Article shall apply equally to a guarantee for the payment of a levy.

Article 75 Penalty

1. A penalty shall be a monetary amount established by this Article which a taxpayer must pay when the amounts of taxes or levies, including taxes which are payable in connection with the transportation of goods across the customs border of the Customs Union, which are due are paid later than the deadlines which are established by tax and levy legislation.
2. The amount of applicable penalties shall be paid in addition to the amounts of a tax or levy which are due irrespective of the use of other measures to ensure the fulfilment of the tax or levy obligation and sanctions for the violation of tax and levy legislation.
3. A penalty shall be charged for each calendar day of the delay in the fulfilment of the tax or levy obligation, beginning on the day following the day which is established by tax and levy legislation for the payment of the tax or levy, except as otherwise provided by Chapter 26.1 of this Code.

Penalties shall not be charged on an amount of arrears which the taxpayer was unable to settle by reason of the fact that the taxpayer's assets were attached by decision of a tax authority or injunctive measures were taken by decision of a court in the form of the suspension of operations on the taxpayer's bank accounts or the attachment of the taxpayer's monetary resources or assets. In this case no penalties shall be charged for the entire period for which those circumstances existed. The submission of an application for the granting of a deferral (instalment plan) or investment tax credit shall not result in the suspension of the charging of penalties on the amount of tax which is payable.

4. The penalty for each day of delay shall be determined as a percentage of the unpaid amount of the tax or levy.

The percentage rate of the penalty shall be taken as equal to one three-hundredths of the refinancing rate of the Central Bank of the Russian Federation effective at the time.

5. Penalties shall be paid at the same time as the amounts of the tax or levy are paid or after those amounts have been fully paid.
6. Penalties may be recovered on an enforced basis out of a taxpayer's monetary resources in bank accounts and out of a taxpayer's other assets in accordance with the procedure which is stipulated by Articles 46 to 48 of this Code.

The enforced recovery of penalties from organizations and private entrepreneurs shall be effected according to the procedure laid down in Articles 46 and 47 of this Code, and the enforced recovery of penalties from physical persons who are not private entrepreneurs shall be effected according to the procedure laid down in Article 48 of this Code.

The enforced recovery of penalties from organizations and private entrepreneurs in the instances envisaged by subsections 1 to 3 of clause 2 of Article 45 of this Code shall be effected by judicial process.

7. The rules laid down in this Article shall also apply to levy payers and tax agents.
8. Penalties shall not be charged on an amount of arrears which arose for a taxpayer (levy payer, tax agent) as a result of observing written explanations concerning the procedure for the calculation and payment of a tax (levy) or on other issues relating to the application of tax and levy legislation which were given to that taxpayer (levy payer, tax agent) or to the public by a financial or tax authority or another authorized State government body (an authorized official of such a body) within the limits of its competence (these circumstances shall be established by the existence of a relevant document of such a body which, in terms of its meaning and content, relates to the tax (accounting) periods in respect of which the arrears arose, irrespective of the date of publication of that document).

The provision laid down in this clause shall not apply where such written explanations are based on incomplete or inaccurate information presented by the taxpayer (levy payer, tax agent).

Article 76 Suspension of Operations on Bank Accounts of Organizations and Private Entrepreneurs

1. The suspension of operations on bank accounts shall be used to enforce a decision on the recovery of tax, a levy, penalties and (or) a fine, unless otherwise stipulated by clause 3 of this Article and subsection 2 of clause 10 of Article 101 of this Code.

The suspension of operations on an account shall signify the cessation by the bank of all debit operations on that account, unless otherwise stipulated by clause 2 of this Article.

The suspension of operations on an account shall not apply to payments the execution of which comes before the fulfilment of tax and levy payment obligations in order of priority in accordance with the civil legislation of the Russian Federation, or to operations involving the debiting of monetary resources for the payment of taxes (advance payments), levies, insurance contributions and applicable penalties and fines and involving the remittance thereof to the budget system of the Russian Federation.

2. A decision to suspend the operations of a taxpayer – organization on its bank accounts shall be adopted by the director (deputy director) of a tax authority who sent a demand for the payment of tax, penalties or a fine in the event that the taxpayer – organization has not paid that demand.

In this respect, a decision to suspend operations of a taxpayer – organization on its bank accounts may be adopted no earlier than the issuance of a decision on the recovery of tax.

The suspension of operations on the bank accounts of a taxpayer – organization in the instance envisaged by this clause shall signify the termination by the bank of debit operations on that account within the limits of the amount stated in the decision on the suspension of bank account operations of the taxpayer – organization, unless otherwise envisaged by paragraph 3 of clause 1 of this Article.

The suspension of a taxpayer – organization’s operations on its currency bank account in the case provided for in this clause shall signify the cessation by the bank of debit operations on that account within the limit of a foreign currency amount equivalent to the rouble amount shown in the decision on the suspension of the taxpayer – organization’s bank account operations, determined on the basis of the exchange rate set by the Central Bank of the Russian Federation on the commencement date of the suspension of operations on the taxpayer’s currency account.

3. A decision to suspend operations of a taxpayer – organization on its bank accounts may also be adopted by the director (deputy director) of a tax authority in the event that the taxpayer – organization in question does not submit a tax declaration to the tax authority within 10 days after the expiry of the established time limit for the submission of such a declaration.

In this case the suspension of operations on accounts shall be cancelled by a decision of the tax authority not later than one day following the day on which the taxpayer in question submits a tax declaration.

4. A decision on the suspension of operations of a taxpayer – organization on its bank accounts shall be transmitted by the tax authority to the bank in paper or electronic form.

A decision on the cancellation of the suspension of operations on accounts of a taxpayer – organization shall be delivered by hand by a tax authority official to a representative of the bank at the bank’s location against receipt, or shall be sent to the bank in electronic form or by another means which provides evidence of the date of receipt thereof by the bank, not later than the day following the day on which the decision is adopted.

The procedure for the sending to a bank of a tax authority’s decision on the suspension of operations on bank accounts of a taxpayer – organization or a decision on the cancellation of the suspension of operations on bank accounts of a taxpayer – organization in electronic form shall be established by the Central Bank of the Russian Federation in consultation with the federal

executive body in charge of control and supervision in the area of taxes and levies.

The form of and procedure for the sending to a bank of a tax authority's decision on the suspension of operations on bank accounts of a taxpayer – organization and a decision on the cancellation of the suspension of operations on bank accounts of a taxpayer – organization in paper form shall be established by the federal executive body in charge of control and supervision in the area of taxes and levies.

A copy of a decision on the suspension of operations on bank accounts of a taxpayer – organization or a decision on the cancellation of the suspension of operations on bank accounts of a taxpayer – organization shall be transmitted to the taxpayer – organization against receipt or in another manner which provides evidence of the date of receipt of a copy of the decision in question by the taxpayer – organization not later than the day following the day on which the decision is adopted.

5. A bank shall be obliged to notify a tax authority electronically of balances of monetary resources held by a taxpayer – organization in bank accounts on which operations have been suspended within three days after the date of receipt of that tax authority's decision on the suspension of operations on bank accounts of the taxpayer – organization. The formats to be used for the presentation by a bank of information on balances of monetary resources held in bank accounts of a taxpayer – organization and the procedure for the sending of that information in electronic form shall be approved by the Central Bank of the Russian Federation in consultation with the federal executive body in charge of control and supervision in the area of taxes and levies.
6. A tax authority's decision on the suspension of operations on bank accounts of a taxpayer – organization must be strictly complied with by a bank.
7. The suspension of a taxpayer – organization's operations on its bank accounts shall have effect from the time when the bank receives the tax authority's decision on the suspension of such operations and until the bank receives the tax authority's decision on the cancellation of the suspension of operations on the taxpayer – organization's bank accounts.

The date and time of the receipt by a bank of a tax authority's decision on the suspension of operations on bank accounts of a taxpayer – organization shall be indicated in the delivery notification or in the acknowledgement of receipt of that decision. Where a decision on the suspension of operations on bank accounts of a taxpayer – organization is sent in electronic form, the date and time of the receipt thereof by a bank shall be determined in accordance with a procedure to be established by the Central Bank of the Russian Federation in consultation with the federal executive body in charge of control and supervision in the area of taxes and levies.

Where, since the adoption of a decision on the suspension of operations on the bank accounts of a taxpayer – organization, changes have occurred in the

name of the taxpayer – organization and (or) in the details of the bank account of the taxpayer – organization on which operations are suspended according to the tax authority’s decision, the bank must continue to enforce that decision in relation to the taxpayer – organization whose name has changed and in relation to operations on the account whose details have changed.

8. The suspension of operations on bank accounts of a taxpayer – organization shall be cancelled by a decision of the tax authority not later than one day after the day of the receipt by the tax authority of documents (copies thereof) confirming the recovery of tax, penalties or a fine.

9. In the event that the total amount of monetary resources held by a taxpayer – organization in accounts on which operations have been suspended on the basis of a tax authority’s decision exceeds the amount which is specified in that decision, the taxpayer in question shall have the right to submit to the tax authority an application for the cancellation of the suspension of operations on its bank accounts, indicating the accounts in which there are sufficient monetary resources for the execution of the tax recovery decision.

A tax authority shall be obliged, within two days of receiving the taxpayer’s application which is referred to in paragraph 1 of this clause, to adopt a decision on the cancellation of the suspension of operations on accounts of a taxpayer – organization with respect to the amount in excess of the amount of monetary resources which is stated in the tax authority’s decision on the suspension of operations on bank accounts of the taxpayer – organization.

In the event that a taxpayer does not supply, together with the above-mentioned application, documents confirming monetary resources held in the accounts specified in that application, the tax authority may, before adopting a decision on the cancellation of the suspension of operations and within one day after the day on which the taxpayer’s application was received, send to the bank with which the accounts specified by the taxpayer are held an inquiry regarding the balances of monetary resources in those accounts. A statement of balances of monetary resources in a taxpayer’s bank accounts shall be sent by a bank in electronic form in the prescribed format not later than the day following the day on which the tax authority’s inquiry is received.

After receiving from a bank information to the effect that there are sufficient resources in the taxpayer’s bank accounts for the execution of the recovery decision, the tax authority shall be obliged to adopt within two days a decision on the cancellation of the suspension of operations on the taxpayer – organization’s accounts with respect to the amount in excess of the amount of monetary resources which is stated in the tax authority’s decision on the suspension of operations on bank accounts of the taxpayer – organization.

9.1 The suspension of operations on a taxpayer – organization’s bank accounts shall be cancelled in the cases specified in clauses 3 and 7 to 9 of this Article and in clause 10 of Article 101 of this Code and on grounds provided for in other federal laws.

Where the suspension of operations on a taxpayer – organization’s bank accounts is cancelled on grounds provided for in other federal laws, it shall not be necessary for the tax authority to adopt a decision cancelling the suspension of such operations.

- 9.2 Where a tax authority fails to comply with the time limit for the cancellation of a decision on the suspension of operations on a taxpayer – organization’s bank accounts or the time limit for the delivery to a bank representative (the sending to a bank) of a decision on the cancellation of the suspension of operations on a taxpayer – organization’s bank account, interest payable to the taxpayer shall accrue on the amount of monetary resources covered by the suspension for each calendar day by which the time limit is exceeded.

In the event that a tax authority unlawfully issues a decision ordering the suspension of operations on a taxpayer – organization’s bank account, interest payable to that taxpayer – organization shall accrue on the amount of monetary resources covered by that decision of the tax authority for each calendar day commencing from the day on which the bank received the decision ordering the suspension of operations on the taxpayer’s accounts up to the day on which the bank receives a decision cancelling the suspension of operations on the taxpayer – organization’s accounts.

The interest rate shall be taken to be equal to the refinancing rate of the Central Bank of the Russian Federation which was in effect on days on which operations on a taxpayer – organization’s accounts were unlawfully suspended or the tax authority was not in compliance with the time limit for the cancellation of a decision on the suspension of operations on a taxpayer – organization’s bank accounts or the time limit for the delivery to a bank representative (the sending to a bank) of a decision on the cancellation of the suspension of operations on a taxpayer – organization’s bank account.

10. A bank shall not be liable for losses incurred by a taxpayer – organization as a result of the suspension of its bank operations by decision of a tax authority.
11. The rules established by this Article shall also apply in relation to the suspension of operations on bank accounts of a tax agent – organization and a levy payer – organization, on bank accounts of private entrepreneurs as taxpayers, tax agents and levy payers and on bank accounts of privately practising notaries (lawyers who have founded legal offices) as taxpayers and tax agents.
12. While a decision on the suspension of operations on an organization’s accounts is in force, a bank shall not have the right to open new accounts for that organization.

Article 77 Attachment of Assets

1. The attachment of property as a means of securing the enforcement of a decision on the recovery of tax, penalties and fines shall be understood to be action taken by a tax or customs authority with the authorization of a public

prosecutor to limit a taxpayer – organization’s right of ownership in respect of his assets.

Assets shall be attached in the event that a taxpayer – organization fails to fulfil an obligation to pay tax, penalties and fines within the established time limits and tax or customs authorities have sufficient grounds to believe that the person in question will take measures to abscond or conceal his assets.

2. The attachment of property may be full or partial.

A full attachment of property shall be understood to be such restriction of a taxpayer – organization’s rights in relation to his assets whereby the taxpayer – organization does not have the right to dispose of the attached assets and the assets are possessed and used subject to the authorization of and under the control of the tax or customs authority.

A partial attachment shall be understood to be such restriction of a taxpayer – organization’s rights in relation to his assets whereby the assets are possessed, used and disposed of subject to the authorization of and under the control of the tax or customs authority.

3. Attachment may be used only to secure the recovery of tax, penalties and fines out of a taxpayer – organization’s assets in accordance with Article 47 of this Code.

4. An attachment order may be levied on the entire assets of a taxpayer – organization.

5. Only those assets which are necessary and sufficient to meet the obligation to pay tax, penalties and fines may be attached.

6. A decision to attach a taxpayer - organization’s assets shall be adopted by the director (deputy director) of a tax or customs authority in the form of an appropriate order.

7. The attachment of the assets of a taxpayer - organization shall take place with the participation of attesting witnesses. The authority carrying out the attachment of assets shall not have the right to refuse to allow the taxpayer - organization (or a legal and (or) authorized representative of the taxpayer - organization) to be present when the assets are attached.

Persons participating in the attachment of assets as attesting witnesses and specialists and the taxpayer - organization (the taxpayer - organization’s representative) shall have their rights and obligations explained to them.

8. The attachment of assets at night-time shall not be permitted except in urgent cases.

9. Before assets are attached, the officials carrying out the attachment must present to the taxpayer - organization (the taxpayer - organization’s

representative) the attachment decision, the public prosecutor's authorization and documents which certify their powers.

10. A report on the attachment of assets shall be drawn up when an attachment is carried out. The assets which are to be attached shall be listed and described in that report and the attached list with an exact indication of the name, quantity and individual characteristics of the items and, if possible, their value.

All items which are to be attached shall be shown to the attesting witnesses and the taxpayer - organization (the taxpayer - organization's representative).

11. The director (deputy director) of the tax or customs authority who adopts the order on the attachment of assets shall specify the place where the attached assets are situated.

12. The alienation (except where carried out under the control of or with the permission of the tax or customs authority making the attachment), embezzlement or concealment of attached property shall not be permitted. Failure to observe the established procedure for the possession, use and disposal of attached assets shall constitute grounds for calling the offenders to account in accordance with Article 125 of this Code and (or) other federal laws.

13. A decision to attach assets shall be rescinded by an authorized official of a tax or customs authority when the obligation to pay tax, penalties and fines is terminated.

A decision to attach assets shall have effect from the time of the levying of an attachment order until that decision is rescinded by the authorized official of a tax or customs authority who adopted the decision, or until that decision is rescinded by a higher tax or customs authority, or by a court.

A tax (customs) authority shall notify a taxpayer of the cancellation of a decision on the attachment of assets within five days after the day of the adoption of that decision.

14. The rules of this article shall apply equally to the attachment of the assets of a tax agent - organization or of a levy payer - organization.

CHAPTER 12. CREDITING AND REFUND OF AMOUNTS WHICH HAVE BEEN PAID OR RECOVERED IN EXCESS

Article 78 Crediting or Refund of Overpayments of Tax, a Levy, Penalties or a Fine

1. An amount of overpaid tax shall be credited towards a taxpayer's future payments in respect of the same tax or other taxes or towards the settlement of arrears in respect of other taxes or indebtedness in respect of penalties and

finer for tax offences, or shall be refunded to the taxpayer in accordance with the procedure envisaged by this Article.

The crediting of amounts of overpaid federal taxes and levies and regional and local taxes shall be effected in relation to the corresponding types of taxes and levies and in relation to penalties charged in respect of corresponding taxes and levies.

2. The crediting or refund of an amount of overpaid tax shall be carried out by the tax authority where the taxpayer is registered, unless otherwise provided by this Code, without interest being charged on that amount, unless otherwise established by this Article.

3. A tax authority shall be obliged to notify a taxpayer of each tax overpayment of which the tax authority has become aware and of the amount of overpaid tax within 10 days from the day on which such overpayment is discovered.

In the event of the discovery of indications of a possible overpayment of tax, at the proposal of the tax authority or the taxpayer a joint reconciliation of settlements in respect of taxes, levies, penalties and fines may be carried out.

4. An amount of overpaid tax shall be credited towards a taxpayer's future payments in respect of the same tax or other taxes on the basis of a written application of the taxpayer by decision of the tax authority.

A decision on the crediting of an amount of overpaid tax towards a taxpayer's future payments shall be adopted by the tax authority within 10 days from the day of the receipt of the taxpayer's application or from the day on which the tax authority and the taxpayer in question sign a report on a joint reconciliation of taxes paid by the taxpayer, if such a joint reconciliation has been carried out.

5. The crediting of an amount of overpaid tax towards the settlement of arrears in respect of other taxes and indebtedness in respect of penalties and (or) fines which are payable or recoverable in the instances envisaged by this Code shall be effected by tax authorities independently.

In the instance envisaged by this clause, the decision on the crediting of an amount of overpaid tax shall be adopted by the tax authority within 10 days from the day on which it discovers the occurrence of the tax overpayment or from the day on which the tax authority and the taxpayer sign a report on the joint reconciliation of taxes paid by the taxpayer, if such a joint reconciliation has been carried out, or from the day of the entry into force of a court decision.

The provision laid down in this clause shall not prevent a taxpayer from submitting to the tax authority a written application for an amount of overpaid tax to be credited towards the settlement of arrears (indebtedness in respect of penalties and fines). In this case the tax authority's decision on the crediting of the amount of overpaid tax towards the settlement of arrears and indebtedness in respect of penalties and fines shall be adopted within 10 days

from the day of the receipt of the above-mentioned application from the taxpayer or from the day on which the tax authority and the taxpayer sign a report on the joint reconciliation of taxes paid by the taxpayer, if such a joint reconciliation has been carried out.

6. An amount of overpaid tax shall be refundable on the basis of a written application from the taxpayer within one month from the day on which that application is received by the tax authority.

The refund to a taxpayer of an amount of overpaid tax when that taxpayer has arrears in respect of other taxes of the corresponding type or indebtedness in respect of corresponding penalties and in respect of fines which are recoverable in the instances envisaged by this Code shall take place only after the amount of overpaid tax has been credited towards the settlement of arrears (indebtedness).

7. An application for the crediting or refund of an amount of overpaid tax may be submitted within three years from the day on which the amount in question was paid, except as otherwise provided by this Code.

8. A decision on the refund of an amount of overpaid tax shall be adopted by a tax authority within 10 days from the day of the receipt of a taxpayer's application for the refund of the amount of overpaid tax or from the day on which the tax authority and the taxpayer in question sign a report on a joint reconciliation of taxes paid by the taxpayer, if such a joint reconciliation has been carried out.

Before the expiry of the time limit which is established by paragraph 1 of this clause, an instruction for the refund of the amount of overpaid tax, drawn up on the basis of the tax authority's decision on the refund of that amount of tax, must be sent by the tax authority to a territorial body of the Federal Treasury in order for the refund to the taxpayer to be effected in accordance with the budget legislation of the Russian Federation.

9. A tax authority shall be obliged to give a taxpayer written notice of a decision to allow the crediting (refund) of amounts of overpaid tax or of a decision not to allow such crediting (refund) within five days from the day on which the decision in question is adopted.

That notice shall be transmitted to the director of an organization, to a physical person or to their representatives in person against receipt or in another manner which provides evidence of the fact and date of the receipt of the notice.

10. In the event that an amount of overpaid tax is refunded outside the time limit which is established by clause 6 of this Article, the tax authority shall assess on the amount of overpaid tax which has not been refunded within the established time limit interest payable to the taxpayer for each calendar day by which the time limit for the refund is exceeded.

The interest rate shall be taken to be equal to the refinancing rate of the Central Bank of the Russian Federation which was effective on the days on which the refund time limit was exceeded.

11. A territorial body of the Federal Treasury which has refunded an amount of overpaid tax shall notify the tax authority of the date of the refund and the amount of monetary resources refunded to the taxpayer.
12. In the event that the interest envisaged by clause 10 of this Article has not been paid to a taxpayer in full, the tax authority shall adopt a decision concerning the refund of the remaining amount of interest, calculated on the basis of the date of the actual refund of amounts of overpaid tax to the taxpayer, within three days after receiving the notification from the territorial body of the Federal Treasury concerning the date of the refund and the amount of monetary resources refunded to the taxpayer.

Before the expiry of the time limit which is established by paragraph 1 of this clause, an instruction for the refund of the remaining amount of interest, drawn up on the basis of the tax authority's decision on the refund of that amount, shall be sent by the tax authority to a territorial body of the Federal Treasury in order for the refund to be effected.

13. The crediting or refund of an amount of overpaid tax and the payment of assessed interest shall be effected in the currency of the Russian Federation.
14. The rules established by this Article shall also apply in relation to the crediting or refund of amounts of overpaid advance payments, levies, penalties and fines and shall apply to tax agents and levy payers.

The provisions of this Article shall be applied in relation to the refund or crediting of overpaid amounts of State duty with account taken of the special considerations which are established by Chapter 25.3 of this Code.

Article 79 Refund of Amounts of Tax, a Levy, Penalties and a Fine Which Have Been Recovered in Excess

1. An amount of tax which has been recovered in excess shall be refunded to the taxpayer in accordance with the procedure which is envisaged by this Article.

The refund to a taxpayer of an amount of tax recovered in excess when that taxpayer has arrears in respect of other taxes of the corresponding type or indebtedness in respect of corresponding penalties and in respect of fines which are recoverable in the instances envisaged by this Code shall take place only after the amount in question has been credited towards the settlement of those arrears (indebtedness) in accordance with Article 78 of this Code.

2. A decision on the refund of an amount of tax recovered in excess shall be adopted by a tax authority within 10 days from the day of the receipt of a taxpayer's application for the refund of the amount of tax recovered in excess.

Tax Code Part One

Before the expiry of the time limit which is established by paragraph 1 of this clause, an instruction for the refund of the amount of tax recovered in excess, drawn up on the basis of the tax authority's decision on the refund of that amount of tax, must be sent by the tax authority to a territorial body of the Federal Treasury in order for the refund to the taxpayer to be effected in accordance with the budget legislation of the Russian Federation.

3. An application for a refund of an amount of tax recovered in excess may be submitted by a taxpayer to a tax authority within one month from the day on which the taxpayer became aware of the excess recovery of tax or from the day of the entry into force of a court decision.

A statement of claim may be filed with a court within three years from the day on which the person became aware or should have become aware of the excess recovery of tax.

In the event that the excess recovery of tax is found to have occurred, the tax authority shall adopt a decision on the refund of the amount of tax recovered in excess and of interest assessed on that amount in accordance with the procedure envisaged by clause 5 of this Article.

4. Once a tax authority has established that tax has been recovered in excess, it shall be obliged to give notice of that fact to the taxpayer within 10 days from the day on which that fact is established.

That notice shall be transmitted to the director of an organization, to a physical person or to their representatives in person against receipt or in another manner which provides evidence of the fact and date of receipt of the notice.

5. An amount of tax recovered in excess shall be refundable together with interest assessed thereon within one month from the day of the receipt of the taxpayer's written application for the refund of the amount of tax recovered in excess.

Interest shall be assessed on an amount of tax recovered in excess from the day following the day of recovery up to and including the day on which the refund actually takes place.

The interest rate shall be taken to be equal to the refinancing rate of the Central Bank of the Russian Federation which was effective on those days.

6. A territorial body of the Federal Treasury which has refunded an amount of tax recovered in excess and interest assessed on that amount shall notify the tax authority of the date of the refund and of the amount of monetary resources refunded to the taxpayer.

7. In the event that the interest envisaged by clause 5 of this Article has not been paid to a taxpayer in full, the tax authority shall adopt a decision concerning the refund of the remaining amount of interest, calculated on the basis of the date of the actual refund to the taxpayer of amounts of tax recovered in excess,

within three days after receiving the notification from the territorial body of the Federal Treasury concerning the date of the refund and the amount of monetary resources refunded to the taxpayer.

Before the expiry of the time limit which is established by paragraph 1 of this clause, an instruction for the refund of the remaining amount of interest, drawn up on the basis of the tax authority's decision on the refund of that amount, shall be sent by the tax authority to a territorial body of the Federal Treasury in order for the refund to be effected.

8. The refund of an amount of tax recovered in excess and the payment of assessed interest shall be effected in the currency of the Russian Federation.
9. The rules established by this Article shall also apply in relation to the crediting or refund of amounts of advance payments, levies penalties and fines which have been recovered in excess and shall apply to tax agents and levy payers.

The provisions of this Article shall apply in relation to the refund or crediting of amounts of State duty which have been recovered in excess with account taken of the special considerations which are established by Chapter 25.3 of this Code.

SECTION V TAX DECLARATION AND TAX CONTROL

CHAPTER 13. TAX DECLARATION

Article 80 Tax Declaration

1. A tax declaration shall be a written statement of a taxpayer, or a statement of a taxpayer prepared in electronic form and transmitted via telecommunications channels with the use of an electronic digital signature, concerning objects of taxation, income received and expenses incurred, sources of income, the tax base, tax exemptions, the calculated amount of tax and (or) other data which serve as a basis for the calculation and payment of tax.

A tax declaration shall be submitted by each taxpayer for each tax which is payable by that taxpayer, unless otherwise stipulated by tax and levy legislation.

An advance payment computation shall be a written statement of a taxpayer, or a statement of a taxpayer prepared in electronic form and transmitted via telecommunications channels with the use of an electronic digital signature, concerning the calculation base, exemptions used, the calculated amount of an advance payment and (or) other data which serve as a basis for the calculation and payment of an advance payment. An advance payment computation shall be submitted in the instances which are envisaged by this Code in relation to a specific tax.

A levy computation shall be a written statement of a levy payer, or a statement of a levy payer prepared in electronic form and transmitted via telecommunications channels with the use of an electronic digital signature, concerning objects of assessment, exemptions used, the calculated amount of a levy and (or) other data which serve as a basis for the calculation and payment of a levy, unless otherwise envisaged by this Code. A levy computation shall be submitted in the instances which are envisaged by Part Two of this Code in relation to each levy.

A tax agent shall submit to the tax authorities the computations which are envisaged by Part Two of this Code. Such computations shall be submitted in accordance with the procedure which is established by Part Two of this Code in relation to a specific tax.

2. Tax declarations (computations) shall not be submitted to tax authorities for taxes in relation to which taxpayers are exempt from the obligation to pay them in connection with the application of special tax regimes insofar as activities in connection with which the special tax regimes are applicable or assets used in carrying out those activities are concerned.

A person deemed to be a taxpayer in respect of one or more taxes who does not carry out operations resulting in the movement of monetary resources in his bank accounts (in the cash office of an organization) and does not have

objects of taxation for those taxes shall submit a unified (simplified) tax declaration for the taxes in question.

The form of a unified (simplified) tax declaration and the procedure for completing it shall be approved by the federal executive body in charge of control and supervision in the area of taxes and levies in consultation with the Ministry of Finance of the Russian Federation.

A unified (simplified) tax declaration shall be submitted to the tax authority for the location of an organization or for the place of residence of a physical person not later than the 20th of the month following a quarter, six-month period, nine-month period or calendar year which has ended.

3. A tax declaration (computation) shall be submitted to the tax authority where a taxpayer (levy payer, tax agent) is registered in the prescribed form on paper or in prescribed electronic formats together with documents which, in accordance with this Code, must accompany a tax declaration (computation). Documents which, in accordance with this Code, must accompany a tax declaration (computation) may be submitted by taxpayers in electronic form.

Taxpayers whose average number of employees for the preceding calendar year exceeds 100 persons and newly established organizations (including those established as a result of a re-organization) which have a number of employees in excess of that limit shall submit tax declarations (computations) in prescribed electronic formats, except where a different procedure is envisaged by the legislation of the Russian Federation for the presentation of information which is classified as State secrets.

Information on the average number of employees for the preceding calendar year shall be submitted by a taxpayer to a tax authority not later than January 20 of the current year or, where an organization has been established (re-organized), not later than the 20th of the month following the month in which the organization was established (re-organized). That information shall be presented in the form approved by the federal executive body in charge of control and supervision in the area of taxes and levies to the tax authority for the location of the organization (for the place of residence of a private entrepreneur).

Taxpayers which have been classified in accordance with Article 83 of this Code as major taxpayers shall submit all the tax declarations (computations) which they are required to submit in accordance with this Code to the tax authority where they are registered as major taxpayers in prescribed electronic formats, except where a different procedure is envisaged by the legislation of the Russian Federation for the presentation of information which is classified as State secrets.

Blank forms of tax declarations (computations) shall be provided by tax authorities free of charge.

4. A tax declaration (computation) may be submitted by a taxpayer (levy payer, tax agent) to a tax authority in person or through a representative, sent as mail

with an enclosure list or transmitted in electronic form via telecommunications channels.

A tax authority shall not have the right to refuse to accept a tax declaration (computation) which has been submitted by a taxpayer in the prescribed form (the prescribed format) and shall be obliged, at the request of the taxpayer (levy payer, tax agent), to place a mark on a copy of the tax declaration (a copy of the computation) acknowledging acceptance and the date of receipt thereof in the case of the receipt of a tax declaration (computation) in paper form or to transmit an acknowledgement of receipt in electronic form where a tax declaration (computation) is received via telecommunications channels.

Where a tax declaration (computation) is sent by post, the day of its submission shall be deemed to be the date of despatch of the mail with the enclosure list. Where a tax declaration (computation) is transmitted via telecommunications channels, the day of its submission shall be deemed to be the date on which it is sent.

5. A tax declaration (computation) which is submitted must indicate the taxpayer identification number, unless otherwise provided by this Code.

A taxpayer (levy payer, tax agent) or its representative shall sign a tax declaration (computation) to confirm that the information given in the tax declaration (computation) is accurate and complete.

Where the accuracy and completeness of information given in a tax declaration (computation), including with the use of an electronic digital signature where a tax declaration (computation) is submitted in electronic form, is confirmed by an authorized representative of a taxpayer (levy payer, tax agent), the basis of the representation (the name of the document confirming authority to sign the tax declaration (computation)) shall be indicated in the tax declaration (computation). In this respect, the tax declaration (computation) shall be accompanied by a copy of the document confirming the authority of the representative to sign the tax declaration (computation).

Where a tax declaration (computation) is submitted in electronic form, a copy of a document confirming the authority of a representative to sign the tax declaration (computation) may be presented in electronic form via telecommunications channels.

6. A tax declaration (computation) shall be submitted within the time limits which are established by tax and levy legislation.
7. The standard forms and procedures for completing the standard forms of tax declarations (computations) and the formats and procedures for the submission of tax declarations (computations) in electronic form shall be approved by the federal executive body in charge of control and supervision in the area of taxes and levies in consultation with the Ministry of Finance of the Russian Federation.

Tax Code Part One

The federal executive body in charge of control and supervision in the area of taxes and levies shall not have the right to include in the form of a tax declaration (computation) and tax authorities shall not have the right to require taxpayers (levy payers, tax agents) to include in a tax declaration (computation) information which is not related to the calculation and (or) payment of taxes and levies, with the exception of:

- 1) the type of document: primary (corrective);
- 2) the name of the tax authority;
- 3) the location of an organization (or of an economically autonomous subdivision of an organization) or the place of residence of a physical person;
- 4) the surname, first name and patronymic of a physical person or the full name of an organization (or of an economically autonomous subdivision of an organization);
- 5) the contact telephone number of the taxpayer.
9. Special considerations relating to the submission of tax declarations in the context of the performance of production sharing agreements are laid down in Chapter 26.4 of this Code.
10. Special considerations relating to the fulfilment of the obligation to submit tax declarations by means of the payment of a declaration payment are laid down in the federal law concerning the simplified procedure for the declaration of income by physical persons.

Article 81 Amending a Tax Declaration

1. In the event that a taxpayer discovers that information has not been disclosed or has not been fully disclosed in a tax declaration which it has submitted to a tax authority, or discovers errors which result in an understatement of the amount of tax payable, the taxpayer shall be obliged to make necessary amendments to the tax declaration and to submit a revised tax declaration to the tax authority in accordance with the procedure established by this Article.

In the event that a taxpayer discovers in a tax declaration which it has submitted to a tax authority inaccuracies or errors which do not result in an understatement of the amount of tax payable, the taxpayer shall have the right to make necessary amendments to the tax declaration and to submit a revised tax declaration to the tax authority in accordance with the procedure established by this Article. In this respect, a revised tax declaration which has been submitted after the expiry of the established time limit for the filing of a declaration shall not be considered to have been submitted late.

2. Where a revised tax declaration is submitted to a tax authority before the expiry of the time limit for the filing of a tax declaration, it shall be considered to have been filed on the day of the filing of the revised tax declaration.

3. Where a revised tax declaration is submitted to a tax authority after the expiry of the time limit for the filing of a tax declaration, but before the expiry of the time limit for the payment of tax, the taxpayer shall be exempt from liability if the revised tax declaration was submitted before the taxpayer learned that the tax authority had discovered the non-disclosure or incomplete disclosure of information in the tax declaration or errors resulting in an understatement of the amount of tax payable, or that an on-site tax audit had been scheduled.

4. Where a revised tax declaration is submitted to a tax authority after the expiry of the time limit for the filing of a tax declaration and the time limit for the payment of tax, the taxpayer shall be exempt from liability in the event that:

1) the revised tax declaration is submitted before the taxpayer learns that the tax authority has discovered the non-disclosure or incomplete disclosure of information in the tax declaration or errors resulting in an understatement of the amount of tax payable, or that an on-site tax audit has been scheduled with respect to the tax in question for the period in question, provided that it paid the missing amount of tax and corresponding penalties prior to submitting the revised tax declaration;

2) the revised tax declaration is submitted after the performance of an on-site tax audit for the tax period in question which did not result in the discovery of the non-disclosure or incomplete disclosure of information in the tax declaration or of errors resulting in an understatement of the amount of tax payable.

5. A revised tax declaration shall be submitted by a taxpayer to the tax authority where it is registered.

A revised tax declaration (computation) shall be submitted to a tax authority using the form which was valid in the tax period for which the amendments in question are made.

6. In the event that a tax agent discovers that information has not been disclosed or has not been fully disclosed in a computation which it has submitted to a tax authority, or discovers errors therein which result in an understatement or overstatement of the amount of tax to be remitted, the tax agent shall be obliged to make necessary amendments and submit a revised computation to the tax authority in accordance with the procedure established by this Article.

A revised computation which is submitted by a tax agent to a tax authority must contain data relating only to those taxpayers in relation to which the non-disclosure or incomplete disclosure of information or errors resulting in an understatement of the amount of tax have been discovered.

The provisions laid down in clauses 3 and 4 of this Article concerning exemption from liability shall also apply in relation to tax agents when they submit revised computations.

7. The rules laid down in this Article shall also apply in relation to revised levy computations and shall extend to levy payers.

CHAPTER 14. TAX CONTROL

Article 82 General Provisions Concerning Tax Control

1. Tax control shall be understood to mean activities carried out by authorized bodies involving the checking of compliance by taxpayers, tax agents and levy payers with tax and levy legislation in accordance with the procedure established by this Code.

Tax control shall be exercised by officials of tax authorities within the limits of their authority by means of carrying out tax audits, obtaining explanations from taxpayers, tax agents and levy payers, checking accounting and reporting data, inspecting premises and areas used to derive income (profit) and by other means provided for by this Code.

Special considerations relating to the exercise of tax control in the context of the performance of production sharing agreements are determined by Chapter 26.4 of this Code.

3. Tax authorities, customs authorities, internal affairs bodies and investigative bodies shall, according to a procedure to be determined by agreement among them, inform one another of materials in their possession concerning violations of tax and levy legislation and concerning tax crimes, concerning measures taken to stop their occurrence and concerning tax audits performed by them, and shall exchange other necessary information for the purpose of carrying out their assigned tasks.
4. In exercising tax control it shall not be permitted to collect, store, use or disseminate information concerning a taxpayer (levy payer, tax agent) which has been received in violation of the provisions of the Constitution of the Russian Federation, this Code or federal laws or in violation of the principle of the protection of information which constitutes the professional secrets of other persons, and in particular legal secrets and audit secrets.

Article 83 Registration of Organizations and Physical Persons

1. For the purposes of tax control organizations and physical persons must be registered with the tax authorities for the location of an organization, the location of its economically autonomous subdivisions, the place of residence of a physical person and the location of immovable property and means of transport which belong to them and on other grounds envisaged by this Code.

Organizations which have economically autonomous subdivisions located in the territory of the Russian Federation must register with the tax authorities for the location of each economically autonomous subdivision.

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The Ministry of Finance of the Russian Federation shall have the right to lay down special considerations relating to the registration with the tax authorities of major taxpayers and organizations which have acquired the status of participants in a project involving the conduct of research and development activities and commercialization of the results of those activities in accordance with the Federal Law “Concerning the “Skolkovo” Innovation Centre”.

Particular considerations relating to the registration of foreign organizations and foreign citizens shall be established by the Ministry of Finance of the Russian Federation.

Special considerations relating to the registration of taxpayers in the context of the performance of production sharing agreements are determined by Chapter 26.4 of this Code.

2. The registration of organizations and of private entrepreneurs with a tax authority shall take place irrespective of the circumstances to which this Code links the origination of an obligation to pay a certain tax or levy.
3. The registration of a Russian organization with the tax authorities for the location of the organization and the location of a branch or representation of the organization, the registration of a foreign non-commercial non-governmental organization with the tax authorities for the location where it carries out activities in the territory of the Russian Federation through a division and the registration of a private entrepreneur with the tax authorities for his place of residence shall be carried out on the basis of information contained in the Unified State Register of Legal Entities and the Unified State Register of Private Entrepreneurs.
4. The registration of a Russian organization with the tax authorities for the location of its economically autonomous subdivisions (other than a branch or representation) shall be carried out by the tax authorities on the basis of notices presented (sent) by that organization in accordance with clause 2 of Article 23 of this Code.

The registration (deregistration) of a foreign organization with the tax authorities for places where it carries out activities in the territory of the Russian Federation through economically autonomous subdivisions shall be carried out on the basis of an application for the registration (deregistration) of that organization, except as otherwise provided by clause 3 of this Article. A registration application shall be submitted by a foreign organization to a tax authority not later than 30 calendar days from the day on which it commences activities in the territory of the Russian Federation. When submitting an application for registration (deregistration), a foreign organization shall present to the tax authority together with that application such documents as are needed for registration (deregistration) with the tax authority, a list of which shall be approved by the Ministry of Finance of the Russian Federation.

Where an organization has a number of economically autonomous subdivisions in one municipality or in the cities of federal significance Moscow and Saint Petersburg in territories which are under the jurisdiction of

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different tax authorities, the registration of the organization may be carried out by the tax authority for the location of one of the economically autonomous subdivisions to be designated by the organization itself. The choice of tax authority shall be indicated by the organization in the notification which is presented (sent) by a Russian organization to the tax authority for its location and by a foreign organization to its chosen tax authority.

- 4.1 Where an organization which is a foreign marketing partner of the International Olympic Committee in accordance with Article 3.1 of Federal Law No. 310-FZ of December 1, 2007 “Concerning the Organization and Holding of the Sochi 2014 XXII Olympic Winter Games and XI Paralympic Winter Games, the Development of the City of Sochi as a Mountain Climate Resort and the Introduction of Amendments to Certain Legislative Acts of the Russian Federation” (with the exception of official broadcasting companies) carries out activities in fulfilment of the obligations of a marketing partner of the International Olympic Committee through an economically autonomous subdivision for a period not exceeding six months which includes the period of the holding of the Sochi 2014 XXII Olympic Winter Games and XI Paralympic Winter Games which is established by part 2 of Article 2 of the above-mentioned Federal Law, the registration of that organization shall take place on the basis of a notification sent by that organization to a tax authority.

Where an organization which is an official broadcasting company in accordance with Article 3.1 of the above-mentioned Federal Law carries out activities under an agreement concluded with the International Olympic Committee or an organization authorized by that Committee through an economically autonomous subdivision for a period not exceeding six months which includes the period of the holding of the Sochi 2014 XXII Olympic Winter Games and XI Paralympic Winter Games which is established by part 2 of Article 2 of the above-mentioned Federal Law, the registration of that organization shall take place on the basis of a notification sent by that organization to a tax authority.

The standard form of the notification to be used for the registration with a tax authority of an organization which is a foreign marketing partner of the International Olympic Committee and (or) an official broadcasting company shall be approved by the federal executive body in charge of control and supervision in the area of taxes and levies.

5. The registration and deregistration of an organization or physical person with the tax authority at the location of immovable property and (or) means of transport belonging to them shall be carried out on the basis of information supplied by the bodies referred to in Article 85 of this Code. An organization must be registered with the tax authorities at the location of immovable property which belongs to it by right of ownership or on the basis of economic jurisdiction or operational management.

For the purposes of this article the location of assets shall be:

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- 1) in the case of sea-going and river vessels and aircraft: the place (port) of registry or, if this does not exist, the place of State registration or, if these do not exist, the location (place of residence) of the owner of the assets;
- 2) in the case of means of transport other than those referred to in subsection 1 of this clause: the place of State registration or, where this does not exist, the location (place of residence) of the owner of the assets;
- 3) in the case of other immovable property: the place where the property is actually situated.
- 5.1 The rules laid down in clause 5 of this Article shall also apply to State-owned and municipally-owned immovable property and means of transport forming part of the assets of organizations (including in accordance with a concession agreement) in relation to which those organizations have been granted rights of possession, use and disposal or rights of possession and use.
6. The registration of a privately practising notary shall be carried out by a tax authority at his place of residence on the basis of information supplied by the bodies referred to in Article 85 of this Code.

The registration of a lawyer shall be carried out by a tax authority at his place of residence on the basis of information supplied by the law chamber of a constituent entity of the Russian Federation in accordance with Article 85 of this Code.
7. The registration with the tax authorities of physical persons who are not classified as private entrepreneurs shall be carried out by the tax authority for the place of residence of the physical person on the basis of information provided by the authorities which are referred to in clauses 1 to 6 and 8 of Article 85 of this Code or on the basis of an application of a physical person.
- 7.1 Physical persons whose place of residence for taxation purposes is defined as the place of stay of a physical person shall have the right to file an application for registration with the tax authorities with the tax authority at their place of stay.
8. In the instances envisaged in paragraph 2 of clause 5 and in clauses 7 and 7.1 of this Article, the tax authority must immediately notify the physical person of his registration.
9. Where taxpayers experience difficulties in determining their place of registration, a decision shall be taken by the tax authority on the basis of information provided by the taxpayers.
10. Tax authorities must, on the basis of available data and information concerning taxpayers, ensure the registration (deregistration) of and recording of details concerning taxpayers.

Article 84 The Procedure for the Registration and Deregistration of Organizations and Physical Persons. The Taxpayer Identification Number

1. The registration and deregistration of organizations and physical persons with tax authorities on grounds provided for in this Code and the amendment of information held by tax authorities concerning such organizations and physical persons shall be carried out in accordance with the procedure established by the Ministry of Finance of the Russian Federation.

In the case of the registration of physical persons the composition of information concerning those persons shall also include their personal details:

- surname, first name and patronymic;
- date and place of birth;
- gender;
- place of residence;
- passport details or details of another identification document of the taxpayer;
- details of citizenship.

2. A tax authority shall be obliged to register a physical person on the basis of an application from that physical person within five days from the day on which that application is received by the tax authority, and, within the same time period, to issue to that physical person a certificate of registration with a tax authority (if no such certificate has previously been issued) or a notification of registration with a tax authority.

A tax authority shall be obliged to register a Russian organization at the location of an economically autonomous subdivision of that organization (other than a branch or representation) within five days from which the day on which it receives a notice from that organization in accordance with clause 2 of Article 23 of this Code, to register a Russian organization at the location of a branch or representation of that organization and a foreign non-commercial non-governmental organization at the location where it carries out activities in the territory of the Russian Federation through a division on the basis of information contained in the Unified State Register of Legal Entities and to register a foreign organization at a place where it carries out activities in the territory of the Russian Federation through another economically autonomous subdivision within five days from the day on which it receives from that organization a registration application and all necessary documents, and shall be obliged, within the same period, to issue to the Russian organization or foreign organization a notification of registration with a tax authority or a certificate of registration with a tax authority accordingly.

A tax authority which has registered a newly established Russian organization or a private entrepreneur shall be obliged to issue to the Russian organization a certificate of registration with a tax authority, or to the private entrepreneur a

certificate of registration with a tax authority (if no such certificate has previously been issued) and a notification of registration with a tax authority confirming the registration of the physical person with the tax authority as a private entrepreneur.

A tax authority shall be obliged to carry out the registration and deregistration of an organization or a physical person at the location of immovable property and (or) means of transport belonging to them and of privately practising notaries and lawyers at their place of residence within five days from the day on which it receives information presented by the bodies referred to in Article 85 of this Code. The tax authority shall be obliged, within the same time period, to issue or send by registered mail to the above-mentioned persons a certificate of registration with a tax authority and (or) a notification of registration (notification of deregistration) with a tax authority.

A tax authority shall be obliged to carry out the registration (deregistration) of an organization or a physical person on other grounds provided for in this Code within five days from the day on which it receives the relevant application or information supplied by the bodies referred to in Article 85 of this Code, and, within the same time period, to issue a notification of registration (notification of deregistration) with a tax authority.

3. Amendments to details of Russian organizations, divisions of foreign non-commercial non-governmental organizations in the territory of the Russian Federation or private entrepreneurs shall be registered by the tax authority for the location of a Russian organization, the location of a branch or representation of a Russian organization, the location where a foreign non-commercial non-governmental organization carries out activities in the territory of the Russian Federation through a division or the place of residence of a private entrepreneur on the basis of information contained in the Unified State Register of Legal Entities and the Unified State Register of Private Entrepreneurs accordingly.

Amendments to details of economically autonomous subdivisions (other than branches and representations) of Russian organizations shall be registered by the tax authorities for the locations of those economically autonomous subdivisions on the basis of notices presented (sent) by a Russian organization in accordance with clause 2 of Article 23 of this Code.

Amendments to details of foreign organizations (including branches, representations and other economically autonomous subdivisions, with the exception of divisions such as are referred to in paragraph 1 of this clause) shall be registered by the tax authorities for the locations of those economically autonomous subdivisions on the basis of an application from a foreign organization prepared in the form prescribed by the federal executive body in charge of control and supervision in the area of taxes and levies. At the same time as it submits such an application a foreign organization shall present documents which are needed in order for the information in question to be registered by the tax authority, a list of which shall be approved by the Ministry of Finance of the Russian Federation.

Amendments to details of physical persons who are not private entrepreneurs, details of privately practising notaries and details of lawyers shall be registered by the tax authority for their place of residence on the basis of information supplied by the bodies referred to in Article 85 of this Code.

4. In the event of a change in the location of an organization, the location of an economically autonomous subdivision of an organization or the place of residence of a physical person, they shall be deregistered by the tax authority with which the organization or physical person was registered. In this respect, the tax authority shall carry out the deregistration:

- of a Russian organization at its location (at the location of a branch or representation), a foreign non-commercial non-governmental organization at the location of activities carried out in the territory of the Russian Federation through a division and a physical person as a private entrepreneur at his place of residence – on the basis of information contained in the Unified State Register of Legal Entities and the Unified State Register of Private Entrepreneurs accordingly;

- of a Russian organization at the location of another economically autonomous subdivision – within five days from the day on which it receives the notice presented (sent) by the Russian organization in accordance with clause 2 of Article 23 of this Code;

- of a foreign organization at the place of activities carried out in the territory of the Russian Federation through an economically autonomous subdivision – within five days from the day on which it receives the relevant application, unless otherwise provided by this clause;

- of a privately practising notary, a lawyer or a physical person who is not a private entrepreneur – within five days from the day on which it receives registration details supplied in accordance with Article 85 of this Code by bodies which carry out the registration of physical persons at their place of residence.

The registration of an organization or a physical person with the tax authority for a new location, location of an economically autonomous subdivision or place of residence of a physical person shall be carried out on the basis of documents received from the tax authority for the former location of the organization or location of an economically autonomous subdivision (place of residence of the physical person) accordingly.

The deregistration of a physical person with a tax authority may also be carried out by that tax authority upon receiving relevant information concerning the registration of that physical person with another tax authority for his place of residence.

5. Where a Russian organization ceases activities in connection with liquidation, as a result of re-organization or in other cases established by federal laws or a physical person ceases activities as a private entrepreneur, their deregistration shall be carried out on the basis of information contained in the Unified State

Register of Legal Entities and the Unified State Register of Private Entrepreneurs accordingly.

Where a Russian organization ceases activities through a branch or representation (a branch or representation is closed) or a foreign non-commercial non-governmental organization ceases activities in the territory of the Russian Federation through a division, the deregistration of the Russian organization by the tax authority for the location of that branch (representation) and the deregistration of the foreign organization by the tax authority for the location of activities carried out in the territory of the Russian Federation through that division shall be carried out on the basis of information contained in the Unified State Register of Legal Entities, but not before the completion of an on-site tax audit if one is being carried out.

In the event of the cessation of activities (closure) of another economically autonomous subdivision of a Russian organization (a foreign organization), the deregistration of the organization by the tax authority for the location of that economically autonomous subdivision shall be carried out on the basis of the notice received by the tax authority from the Russian organization in accordance with clause 2 of Article 23 of this Code (an application from the foreign organization) within 10 days from the day of the receipt of that notice (application), but not before the completion of an on-site tax audit if one is being carried out.

In the event of the termination of the authority of a privately practising notary or the termination of the status of a lawyer, they shall be deregistered by the tax authority on the basis of information supplied by the bodies referred to in Article 85 of this Code.

- 5.1 An application for registration (deregistration) with a tax authority on grounds provided for in this Code and a notification of the choice of tax authority for the registration of an organization at the location of one of its economically autonomous subdivisions may be presented to the tax authority in person or through a representative, sent by registered mail or transmitted in electronic form via telecommunications channels. If the above-mentioned application (notification) is transmitted to the tax authority in electronic form it must be certified by the electronic digital signature of the person submitting that application (notification) or of a representative of that person.

The standard forms and formats of applications for registration (deregistration) with tax authorities on grounds provided for in this Code and of the notification of the choice of tax authority for the registration of an organization at the location of one of its economically autonomous subdivisions which are presented to tax authorities in paper or electronic form and the procedure for completing the standard forms of applications and the notification shall be approved by the federal executive body in charge of control and supervision in the area of taxes and levies.

Upon the request of an organization or a physical person, including a private entrepreneur, a tax authority may send an applicant a certificate of registration with a tax authority and (or) a notification of registration with a tax authority

(a notification of deregistration with a tax authority) in electronic form, certified by the electronic digital signature of the person who signed the documents, via telecommunications channels.

The standard forms and formats of the above-mentioned request and documents confirming registration (deregistration) with a tax authority, the procedure for completing a request in paper form and the procedure for the sending of the above-mentioned documents by the tax authority to the applicant shall be approved by the federal executive body in charge of control and supervision in the area of taxes and levies.

The procedure for the presentation of the applications, notification and request referred to in this clause in electronic form shall be approved by the Ministry of Finance of the Russian Federation.

6. Registration and cancellation of registration shall be carried out free of charge.
7. Every taxpayer shall be assigned a taxpayer identification number which shall be the same in the entire territory of the Russian Federation for all types of taxes and levies.

The tax authority shall indicate the taxpayer identification number in all notifications sent to the taxpayer.

Every taxpayer shall indicate his identification number in declarations, reports, applications and other documents submitted to the tax authority and in other instances envisaged by legislation, unless otherwise provided by this Article.

The procedure and conditions for the assignment, use and alteration of the taxpayer identification number shall be determined by the Ministry of Finance of the Russian Federation.

Physical persons who are not private entrepreneurs shall have the right not to enter taxpayer identification numbers in tax declarations, applications or other documents which are submitted to tax authorities, in which case they shall indicate their personal details as envisaged by clause 1 of Article 84 of this Code.

8. On the basis of registration data the federal executive body in charge of control and supervision in the area of taxes and levies shall maintain the Unified State Register of Taxpayers in accordance with the procedure which is established by the Ministry of Finance of the Russian Federation.
9. A taxpayer's details shall constitute tax secrets from the time of his registration with a tax authority unless otherwise stipulated by Article 102 of this Code.
10. Organizations which are tax agents and which have not been registered as taxpayers must be registered with the tax authorities for their location in

accordance with the procedure which is stipulated by this Chapter for organizations which are taxpayers.

Article 85 Obligations of Bodies, Institutions, Organizations and Officials to Provide Information Relating to the Registration of Organizations and Physical Persons to Tax Authorities

1. Judicial bodies which issue licences to engage in notarial activities and confer authority on notaries shall be obliged to inform the tax authority for their location of physical persons who have received licences to engage in notarial activities and (or) have been appointed to or relieved of the post of a private notary engaged in private practice within five days from the day on which a relevant order is issued.
2. Law chambers of constituent entities of the Russian Federation must, not later than the 10th of each month, report to the tax authority at the location of a law chamber of a constituent entity of the Russian Federation information concerning lawyers which was entered in the register of lawyers of the constituent entity of the Russian Federation in the preceding month (including information concerning the form of legal practice chosen by them) or was excluded from that register, and concerning decisions adopted in that month concerning the suspension (renewal) of the status of lawyers.
3. Bodies which carry out the registration of physical persons at their place of residence (place of stay) or which register acts of civil status of physical persons shall be obliged to report instances of the registration of a physical person at a place of residence and the registration (deregistration) of a foreign worker at a place of stay and births and deaths of physical persons to the tax authorities for the location of those bodies within 10 days after the day of the registration (deregistration) of those persons or the day of the registration of acts of civil status of physical persons.
4. Bodies which carry out cadastral registration, maintain the State cadastre of immovable property and carry out the State registration of rights in immovable property and transactions involving such property and bodies which carry out the registration of means of transport shall be obliged to provide information concerning immovable property located in the territory under their jurisdiction, concerning means of transport which have been registered with those bodies (rights and transactions which have been registered with those bodies) and concerning the owners thereof to the tax authorities at their location within 10 days from the day on which such registration takes place, and to present that information before March 1 of each year, current as at January 1 of the current year.
5. Guardianship and custodianship bodies shall be obliged to give notice of the establishment of a guardianship or custodianship and the administration of property in relation to physical persons who own (possess) property, including the placing of a child who owns (possesses) property in an adoptive family, and of subsequent changes associated with such guardianship, custodianship

or administration of property, to the tax authorities for the locality of those bodies within 10 days from the day on which the relevant decision is adopted.

6. Bodies (institutions) authorized to perform notarial acts and privately practising notaries shall be obliged to report the issuance of certificates of inheritance rights and the notarial certification of gift agreements to the tax authorities at their location or place of residence respectively not later than five days from the day on which such notarial certification occurs, unless otherwise provided by this Code. In this respect, information on the certification of gift agreements should contain information on the degree of kinship between the donor and the donee.
7. Bodies which carry out the recording and (or) registration of users of natural resources and the licensing of activities associated with the use of such resources must give notice of the granting of rights to such use which constitute an object of taxation to the tax authorities for their locality within ten days after the registration of (issuance of an appropriate licence or permit to) the user of natural resources.
8. Bodies which carry out the issue and replacement of documents certifying the identity of a citizen of the Russian Federation in the territory of the Russian Federation shall be obliged to provide to the tax authority at the place of residence of a citizen information:
 - concerning instances of the initial issue or replacement of a document certifying the identity of the citizen of the Russian Federation in the territory of the Russian Federation and concerning changes in personal details contained in the newly issued document within five days from the date of issue of the new document;
 - concerning instances of the submission by the citizen to those bodies of a declaration of the loss of a document certifying the identity of the citizen of the Russian Federation in the territory of the Russian Federation within three days from the date of submission thereof.
9. Bodies and organizations which carry out the accreditation of branches and representations of foreign organizations shall be obliged to report to the tax authorities at their location information concerning the accreditation (withdrawal of the accreditation) of branches and representations of foreign legal entities within 10 days from the day of the accreditation (withdrawal of accreditation).

A body which is authorized to maintain a register of branches and representations of international organizations and foreign non-commercial non-governmental organizations shall be obliged to give notice to the tax authority for its locality of entries made in that register (of changes made to the register) within 10 days from the day on which information is entered in (changes are made to) that register.
- 9.1 Bodies which carry out State technical registration shall be obliged to present to the tax authorities for their locality before March 1 of each year information

on the inventory value of immovable property and other information needed for the calculation of taxes, current as at January 1 of the current year.

- 9.2 Local government bodies shall be obliged to present to tax authorities before February 1 of each year information concerning land plots which are deemed to be an object of taxation in accordance with Article 389 of this Code, current as at January 1 of the current year.
10. The standard forms and formats of information provided for in this Article which is presented in paper or electronic form and the procedure for completing standard forms shall be approved by the federal executive body in charge of control and supervision in the area of taxes and levies.
11. The bodies referred to in clauses 3, 4, 8, 9.1 and 9.2 of this Article shall present relevant information to tax authorities in electronic form. The procedure for the presentation of information to tax authorities in electronic form shall be determined by an agreement between the interacting parties.

Article 86 Obligations of Banks with Respect to the Registration of Taxpayers

1. Banks shall open accounts for organizations and private entrepreneurs only upon presentation of a certificate of registration with a tax authority.

A bank shall be obliged to give notice of the opening or closure of an account or of changes to the details of an account of an organization (private entrepreneur) in paper or electronic form to the tax authority at its location within three days from the day of the opening, closure or alteration of the details of the account in question.

E&Y Note: In accordance with Federal Law No. 229-FZ of July 27, 2010, the words “paper or” shall be omitted from paragraph 2 of clause 1 of Article 86 with effect from January 1, 2012.

The procedure for the provision by a bank of notice of the opening or closure of an account or of changes to account details in electronic form shall be established by the Central Bank of the Russian Federation in consultation with the federal executive body in charge of control and supervision in the area of taxes and levies.

The standard forms and formats of notices of a bank to a tax authority concerning the opening or closure of an account or of changes to account details shall be established by the federal executive body in charge of control and supervision in the area of taxes and levies.

2. Banks shall be obliged to issue to tax authorities notices of bank accounts held and (or) of balances of monetary resources in accounts and statements of operations on accounts of organizations (private entrepreneurs) in accordance with the legislation of the Russian Federation within three days after the receipt of a substantiated request from a tax authority.

Notices of bank accounts held and (or) of balances of monetary resources in accounts and statements of operations on bank accounts of organizations (private entrepreneurs) may be requested by tax authorities when conducting tax control measures in relation to those organizations (private entrepreneurs).

The information referred to in this clause may be requested by a tax authority after the issuance of a decision on the recovery of tax and in the event of the adoption of decisions on the suspension of operations or the cancellation of the suspension of operations on accounts of an organization (private entrepreneur).

3. The standard form (formats) of and procedure for the sending by a tax authority of a request to a bank shall be established by the federal executive body in charge of control and supervision in the area of taxes and levies.

The form of and procedure for the presentation of information by banks at the request of tax authorities shall be established by the federal executive body in charge of control and supervision in the area of taxes and levies in consultation with the Central Bank of the Russian Federation.

The formats in which banks are to present information in electronic form upon requests from tax authorities shall be approved by the Central Bank of the Russian Federation in consultation with the federal executive body in charge of control and supervision in the area of taxes and levies.

4. The rules laid down in this Article shall also apply in relation to accounts which are opened for the purpose of professional activities for privately practising notaries and lawyers who have founded legal offices.

Article 87 Tax Audits

1. Tax authorities shall perform the following types of tax audits of taxpayers, levy payers and tax agents:
 - 1) in-house tax audits;
 - 2) on-site tax audits.
2. The purpose of in-house and on-site tax audits shall be to check compliance by a taxpayer, levy payer or tax agent with tax and levy legislation.

Article 88 In-House Tax Audit

1. An in-house tax audit shall be performed at the location of a tax authority on the basis of tax declarations (computations) and documents submitted by a taxpayer and other documents concerning a taxpayer's activities which are in the possession of the tax authority.

2. An in-house tax audit shall be performed by authorized officials of a tax authority in accordance with their official duties without any special decision of the director of the tax authority within three months from the day on which a taxpayer submits a tax declaration (computation).
3. In the event that an in-house tax audit reveals errors in a tax declaration (computation) and (or) inconsistencies in information contained in documents submitted, or reveals discrepancies between information presented by the taxpayer and information which is contained in documents possessed by the tax authority or which has been obtained by the tax authority in the course of conducting tax control, the taxpayer shall be informed of this and requested to give necessary explanations within five days or to make appropriate adjustments within the established time limit.
4. A taxpayer which presents to a tax authority explanations regarding errors revealed in a tax declaration (computation) and (or) inconsistencies in information contained in documents submitted shall have the right additionally to present to the tax authority extracts from tax and (or) accounting ledgers and (or) other documents confirming the accuracy of data entered in a tax declaration (computation).
5. A person performing an in-house tax audit shall be obliged to examine explanations and documents presented by a taxpayer. If, after examining explanations and documents presented, or in the absence of explanations from the taxpayer, the tax authority finds that a tax offence or another violation of tax and levy legislation has been committed, officials of the tax authority shall be obliged to draw up an audit report in accordance with the procedure envisaged by Article 100 of this Code.
6. When performing in-house tax audits tax authorities shall also have the right, in accordance with the established procedure, to require taxpayers which use tax exemptions to provide documents confirming the right of those taxpayers to those tax exemptions.
7. When performing an in-house tax audit a tax authority shall not have the right to require a taxpayer to provide additional information and documents unless otherwise provided by this Article or unless this Code requires such documents to be presented together with a tax declaration (computation).
8. Upon the submission of a tax declaration for value added tax in which the right to a tax reimbursement is claimed, an in-house tax audit shall be performed with account taken of the special considerations which are laid down in this clause on the basis of tax declarations and documents presented by the taxpayer in accordance with this Code.

A tax authority shall have the right to require a taxpayer to produce documents which confirm the legitimacy of the application of tax deductions in accordance with Article 172 of this Code.
9. When performing an in-house tax audit in relation to taxes associated with the use of natural resources, tax authorities may, in addition to the documents

referred to in clause 1 of this Article, require a taxpayer to produce other documents which are a basis for the calculation and payment of those taxes.

- 9.1 Where, before an in-house tax audit has been completed, a taxpayer submits a revised tax declaration (computation) in accordance with the procedure prescribed by Article 81 of this Code, the in-house tax audit of the previously submitted declaration (computation) shall be terminated and a new in-house tax audit shall be commenced on the basis of the revised tax declaration (computation). The termination of an in-house tax audit shall signify the cessation of all actions of the tax authority in relation to the previously submitted tax declaration (computation). In this respect, documents (information) received by the tax authority in the course of the terminated in-house tax audit may be used in performing tax control measures in relation to the taxpayer.
10. The rules envisaged by this Article shall also apply to levy payers and tax agents, unless otherwise provided by this Code.

Article 89 On-Site Tax Audit

1. An on-site tax audit shall be performed at the site (on the premises) of a taxpayer on the basis of a decision of the director (deputy director) of a tax authority.

Where a taxpayer is unable to provide premises for the performance of an on-site tax audit, the on-site tax audit may be performed at the location of the tax authority.

2. A decision on the performance of an on-site tax audit shall be issued by the tax authority for the location of an organization or for the place of residence of a physical person, unless otherwise provided by this clause.

A decision on the performance of an on-site tax audit of an organization which has been classified in accordance with the procedure established by Article 83 of this Code as a major taxpayer shall be issued by the tax authority which registered that organization as a major taxpayer.

A decision on the performance of an on-site tax audit of an organization which has acquired the status of a participant in a project involving the conduct of research and development activities and commercialization of the results of those activities in accordance with the Federal Law “Concerning the “Skolkovo” Innovation Centre” shall be issued by the tax authority which carried out the registration of that organization with a tax authority.

An independent on-site tax audit of a branch or representation shall be performed on the basis of a decision of the tax authority for the location of the economically autonomous subdivision in question.

A decision on the performance of an on-site tax audit must contain the following information:

- the full and abbreviated name or surname, first name and patronymic of the taxpayer;
- the subject-matter of the audit, i.e. the taxes which are to be audited for correct calculation and payment;
- the periods in respect of which the audit is to be performed;
- the titles and surnames and initials of the tax authority officials who are charged with performing the audit.

The form of a decision of a director (deputy director) of a tax authority on the performance of an on-site tax audit shall be approved by the federal executive body in charge of control and supervision in the area of taxes and levies.

3. An on-site tax audit of one taxpayer may cover one or more taxes.
4. The subject-matter of an on-site tax audit shall be the correct calculation and timely payment of taxes.

The period covered by an on-site tax audit may not exceed the three calendar years preceding the year in which the decision on the performance of the audit is adopted, unless otherwise provided by this Article.

Where a taxpayer submits a revised tax declaration the relevant on-site tax audit may cover the period for which the revised tax declaration has been submitted.

5. Tax authorities shall not have the right to perform two or more on-site tax audits in relation to the same taxes for one and the same period.

Tax authorities shall not have the right to perform more than two on-site tax audits in relation to one taxpayer in the course of a calendar year, except where the director of the federal executive body in charge of control and supervision in the area of taxes and levies decides that an on-site tax audit of a taxpayer needs to be performed over and above that limit.

In determining the number of on-site tax audits of a taxpayer, account shall not be taken of the number of independent on-site tax audits performed in relation to branches and representations of that taxpayer.

6. An on-site tax audit may not continue for more than two months. That period may be extended to four months or, in exceptional cases, to six months.

The grounds and procedure for extending the period of performance of an on-site tax audit shall be established by the federal executive body in charge of control and supervision in the area of taxes and levies.

7. Within the framework of an on-site tax audit a tax authority shall have the right to audit the activities of branches and representations of a taxpayer.

A tax authority shall have the right to perform an independent on-site tax audit of branches and representations with respect to matters concerning the correct calculation and timely payment of regional and (or) local taxes.

A tax authority performing an independent on-site audit of branches and representations shall not have the right to perform in relation to a branch or representation two or more on-site tax audits in relation to the same taxes for one and the same period.

A tax authority shall not have the right to perform in relation to one branch or representation of a taxpayer more than two on-site tax audits in the course of one calendar year.

In the case of an independent on-site tax audit of branches and representations of a taxpayer, the period of the audit may not exceed one month.

8. The period of the performance of an on-site tax audit shall be calculated from the day of the adoption of the decision to order an audit up to the day of the preparation of the certificate of performance of the audit.
9. The director (deputy director) of a tax authority shall have the right to suspend the performance of an on-site tax audit for the purpose of:
 - 1) requesting and obtaining documents (information) in accordance with Article 93.1 of this Code;
 - 2) obtaining information from foreign State bodies under the terms of international agreements of the Russian Federation;
 - 3) the performance of expert examinations;
 - 4) the translation into Russian of documents presented by a taxpayer in a foreign language.

The suspension of the performance of an on-site tax audit on the ground specified in subsection 1 of this clause may not occur more than once in relation to each person from whom documents are requested.

The suspension and resumption of the performance of an on-site tax audit shall be documented by an appropriate decision of the director (deputy director) of the tax authority performing that audit.

The total period of time for which the performance of an on-site tax audit is suspended may not exceed six months. Where an audit has been suspended on the ground specified in subsection 2 of this clause and the tax authority has been unable for six months to obtain requested information from foreign State bodies under the terms of international agreements of the Russian Federation, the period of the suspension of that audit may be increased by three months.

While the suspension of the performance of an on-site tax audit is in effect, actions taken by a tax authority to obtain documents from the taxpayer shall be suspended, with all originals requested and obtained in the course of performing the audit being returned to the taxpayer in this case, with the exception of documents obtained by seizure, and actions of the tax authority at the site (on the premises) of the taxpayer which are connected with that audit shall be suspended.

10. A repeat on-site tax audit of a taxpayer shall be understood to mean an on-site tax audit which is performed irrespective of when the last audit was performed in relation to the same taxes and for the same period.

When a repeat on-site tax audit is ordered the limitations referred to in clause 5 of this Article shall not apply.

When a repeat on-site tax audit is performed the audit may cover a period not exceeding the three calendar years preceding the year in which the decision on the performance of the repeat on-site tax audit is adopted.

A repeat on-site tax audit of a taxpayer may be performed:

- 1) by a higher tax authority – by way of inspecting the activities of a tax authority which has performed an audit;
- 2) by a tax authority which has previously performed an audit, on the basis of a decision of the director (deputy director) of that authority – in the event that a taxpayer submits a revised tax declaration in which the stated amount of tax is less than the amount previously declared. The period in respect of which the revised tax declaration has been submitted shall be audited within the framework of the repeat on-site tax audit.

If, when a repeat on-site tax audit is performed, a taxpayer is found to have committed a tax offence which was not detected when the initial on-site tax audit was performed, tax sanctions shall not be imposed on the taxpayer unless the non-detection of the tax offence when the initial tax audit was performed was the result of collusion between the taxpayer and an official of the tax authority.

11. An on-site tax audit which is carried out in connection with the re-organization or liquidation of a taxpayer – organization may be performed irrespective of when the last audit was performed and of the subject-matter of the last audit. In this respect, the audited period shall not exceed the three calendar years preceding the year in which the decision on the performance of the audit is adopted.

12. A taxpayer shall be obliged to ensure that officials of tax authorities who are performing an on-site tax audit have an opportunity to inspect documents associated with the calculation and payment of taxes.

When an on-site tax audit is being performed, documents needed for the audit may be requested and obtained from the taxpayer in accordance with the procedure established by Article 93 of this Code.

Officials of tax authorities may inspect originals of documents only at the site of the taxpayer, except in the case of the performance of an on-site tax audit at the location of a tax authority and in the cases envisaged by Article 94 of this Code.

13. Where necessary, authorized officials of tax authorities who are carrying out an on-site tax audit may make an inventory of the taxpayer's assets and make an inspection of production, storage, trading and other premises and areas which are used by the taxpayer for the derivation of income or are connected with the maintenance of objects of taxation in accordance with the procedure established by Article 92 of this Code.
14. Where officials carrying out an on-site tax audit have grounds to believe that documents which provide evidence of the commission of offences might be destroyed, concealed, altered or replaced, those documents shall be seized in accordance with the procedure envisaged by Article 94 of this Code.
15. On the last day of the performance of an on-site tax audit, an inspector must draw up a certificate of the performance of an audit, in which there shall be stated the subject-matter and dates of performance of the audit, and hand it to the taxpayer or its representative.

In the event that a taxpayer (or its representative) evades receipt of a certificate of the performance of an audit, that certificate shall be sent to the taxpayer by registered mail.

16. Special considerations relating to the performance of on-site tax audits in the context of the performance of production sharing agreements are laid down in Chapter 26.4 of this Code.
- 16.1 Special considerations relating to the performance of on-site tax audits of residents which have been excluded from the unified register of residents of the Special Economic Zone in the Kaliningrad Province are laid down in Articles 288.1 and 385.1 of this Code.
17. The rules laid down in this Article shall also apply with respect to the performance of on-site tax audits of levy payers and tax agents.

Article 90 Participation of a Witness

1. Any physical person who may be aware of circumstances which are of significance for tax control may be summoned to testify as a witness. The testimony of a witness shall be entered in the record of proceedings.
2. The following persons may not be questioned as witnesses:

- 1) persons who, by reason of their minority or physical or mental abnormalities, are incapable of correctly apprehending circumstances which are significant for tax control;
- 2) persons who received information which is needed for tax control purposes as a result of performing their professional duties where such information is classified as the professional secrets of such persons, and in particular lawyers and auditors.
3. A physical person shall have the right to refuse to testify only on the grounds envisaged by the legislation of the Russian Federation.
4. A witness's testimony may be heard at his place of residence if he is unable to appear at the tax authority owing to illness, old age or disability, and in other instances at the discretion of the official of the tax authority.
5. Before hearing testimony, the official of the tax authority shall warn the witness of the legal consequences of refusing to testify, failing to testify or giving false testimony, to which effect a note shall be entered in the record of proceedings which shall be certified by the witness's signature.

Article 91 Access of Officials of Tax Authorities to Sites or Premises for the Purpose of Carrying Out a Tax Audit

1. Officials of tax authorities who are directly involved in carrying out a tax audit shall be allowed access to the site or premises of the taxpayer, levy payer or tax agent upon presentation of their official identity cards and the decision of the director (deputy director) of a tax authority concerning an on-site tax audit of that taxpayer, levy payer or tax agent.
2. Officials of tax authorities who are directly involved in carrying out a tax audit may inspect sites or premises of the audited person which are used for entrepreneurial activities or inspect objects of taxation in order to establish whether or not actual data relating to those objects correspond to the documentary data provided by the audited person.
3. In the event that officials of tax authorities who are performing a tax audit are denied access to the above-mentioned sites or premises (with the exception of dwellings), the director of the audit group (team) shall draw up a report to be signed by him and by the audited person.

On the basis of that report the tax authority shall have the right independently to determine the amount of tax payable using data possessed by it concerning the audited person or by analogy.

In the event that the audited person refuses to sign the above-mentioned report, a note to that effect shall be made in the report.

5. Officials of tax authorities carrying out a tax audit shall not be allowed access to dwellings without the consent or against the will of the physical persons

residing therein other than in the instances established by federal law or on the basis of a court decision.

Article 92 Inspection

1. An official of a tax authority who is carrying out an on-site tax audit may, for the purpose of clarifying circumstances which are of significance in ensuring that the audit is complete, inspect the sites and premises of the taxpayer in relation to whom the tax audit is carried out and examine documents and items.
2. The inspection of documents and items outside the context of an on-site tax audit shall be permitted if the documents and items were received by an official of a tax authority as a result of earlier tax control actions or if the owner of the items consents to such inspection.
3. The inspection shall be made in the presence of attesting witnesses.

The person in relation to whom the tax audit is carried out or his representative and specialists shall have the right to participate when an inspection is made.
4. Where necessary, photography, filming and video recording shall be used, documents shall be copied and other actions shall be undertaken when carrying out inspections.
5. A report shall be drawn up concerning the inspection.

Article 93 Requesting Documents When Performing a Tax Audit

1. A tax authority official who is performing a tax audit shall have the right to request from the audited person such documents as are needed for the audit. A request for documents may be transmitted to the director (a legal or authorized representative) of an organization or to a physical person (a legal or authorized representative of a physical person) in person against receipt or transmitted in electronic form via telecommunications channels. Where a request for documents cannot be transmitted by the above-mentioned methods, it shall be sent by registered mail and shall be considered to have been received upon the lapse of six days from the date on which the registered letter was despatched.
2. Requested documents may be presented to a tax authority in person or through a representative, sent by registered mail or transmitted in electronic form via telecommunications channels.

Documents in paper form shall be presented in the form of copies certified by the audited person. It shall not be permissible to require the notarial certification of copies of documents which are presented to a tax authority (an

official), unless otherwise provided by the legislation of the Russian Federation.

Where documents requested from a taxpayer have been prepared in electronic form using prescribed formats, the taxpayer shall have the right to send them to the tax authority in electronic form via telecommunications channels.

The procedure for the sending of a request for documents and the procedure for the presentation of documents at the request of a tax authority in electronic form via telecommunications channels shall be established by the federal executive body in charge of control and supervision in the area of taxes and levies.

Where necessary a tax authority shall have the right to inspect the original versions of documents.

3. Documents which have been requested during a tax audit shall be produced within 10 days from the day on which the relevant request is received.

In the event that an audited person is unable to produce requested documents within 10 days, that person shall, within one day after the day on which the request for the production of documents is received, notify the auditing officials of the tax authority in writing of the impossibility of producing the documents within that time period, stating the reasons why the requested documents cannot be produced within the established time limit, and of the time period within which the audited person is able to produce the requested documents.

Within two days after receiving such notification, the director (deputy director) of the tax authority may, on the basis of that notification, extend the time limit for the production of documents or refuse to extend that time limit, to which effect a separate decision shall be rendered.

4. A refusal by an audited person to produce documents requested in the course of a tax audit or failure to produce them within the established time limit shall be deemed to be a tax offence and shall result in the liability which is envisaged by Article 126 of this Code.

In the event of such refusal or failure to produce documents within the established time limit, a tax authority official who is performing a tax audit shall carry out the seizure of the necessary documents in accordance with the procedure envisaged by Article 94 of this Code.

5. While performing a tax audit and other tax control measures tax authorities shall not have the right to require the audited person to produce documents which were previously produced to the tax authorities when in-house or on-site tax audits of the audited person in question were performed. This limitation shall not apply to cases where documents were previously produced to the tax authority in the form of original documents which were then returned to the audited person, or to cases where documents produced to a tax authority were subsequently lost by reason of force majeure.

Article 93.1 Requesting Documents (Information) Concerning a Taxpayer, Levy Payer or Tax Agent and Information Concerning Particular Transactions

1. A tax authority official who is performing a tax audit shall have the right to require a contract partner or other persons possessing documents (information) relating to the activities of an audited taxpayer (levy payer, tax agent) to produce those documents (that information).

Requests for documents (information) relating to the activities of an audited taxpayer (levy payer, tax agent) may also be made when examining tax audit materials on the basis of a decision of the director (deputy director) of a tax authority where the performance of additional tax control measures is ordered.

2. In the event that a reasonable need arises for tax authorities to obtain information concerning a particular transaction outside the context of the performance of tax audits, a tax authority official shall have the right to request and obtain that information from the parties to that transaction or from other persons who possess information concerning that transaction.

3. A tax authority which is carrying out tax audits or other tax control measures shall send an instruction to request and obtain documents (information) relating to the activities of an audited taxpayer (levy payer, tax agent) to the tax authority where the person from whom those documents (information) are to be requested is registered.

In this respect, there shall be indicated in the instruction the tax control measure in the course of the performance of which the need for the production of documents (information) arose and, where information regarding a particular transaction is requested, details which enable that transaction to be identified.

4. Within five days after receiving an instruction, the tax authority where the person from whom the documents (information) are to be requested is registered shall send to that person a request for the production of documents (information). That request shall be accompanied by a copy of the instruction to request and obtain documents (information). The request for documents (information) shall be sent with account taken of the provisions laid down in clause 1 of Article 93 of this Code.

5. A person who has received a request for the production of documents (information) shall fulfil that request within five days after receipt or, within the same time period, shall give notice that it does not possess the requested documents (information).

Where requested documents (information) cannot be produced within the above-mentioned time limit, the tax authority may, at the petition of the person from whom the documents are requested, extend the time limit for the production of those documents (that information).

Requested documents shall be produced with account taken of the provisions laid down in clauses 2 and 5 of Article 93 of this Code.

6. A refusal to produce documents requested in the context of the performance of a tax audit or failure to produce them within the established time limit shall be deemed to be a tax offence and shall result in the liability which is envisaged by Article 129.1 of this Code.
7. The procedures for co-operation between tax authorities with respect to the fulfilment of instructions to request and obtain documents shall be established by the federal executive body in charge of control and supervision in the area of taxes and levies.

Article 94 Seizure of Documents and Items

1. The seizure of documents and items shall take place on the basis of a substantiated order of the tax authority official carrying out an on-site tax audit.

That order must be approved by the director (deputy director) of the relevant tax authority.
2. Documents and items may not be seized at night-time.
3. Documents and items shall be seized in the presence of attesting witnesses and the persons whose documents and items are being seized. Where necessary, a specialist shall be invited to participate in the seizure.

Before the seizure commences, the tax authority official shall present the order to carry out the seizure and shall explain to the persons present their rights and obligations.
4. The tax authority official shall request the person whose documents and items are to be seized to hand them over voluntarily; in the event of a refusal, the seizure shall be carried out compulsorily.

In the event that the person from whom documents and items are to be seized refuses to open premises or other places where the documents and items which are to be seized may be kept, the tax authority official may do this himself, avoiding unnecessary damage to locks, doors and other objects.
5. Documents and items which are not relevant to the subject of the tax audit may not be seized.
6. A report on the seizure of documents and items shall be drawn up in compliance with the requirements which are laid down in Article 99 of this Code and in this Article.
7. Documents and items which have been seized shall be listed and described in the seizure report or in attached lists with an exact indication of the name,

quantity and individual characteristics of the items and, where possible, the value of the items.

8. In cases where copies of documents of an audited person are not sufficient for the performance of tax control measures and tax authorities have sufficient grounds to believe that the originals of the documents may be destroyed, concealed, altered or replaced, a tax authority official shall have the right to confiscate the originals of the documents in accordance with the procedure envisaged by this Article.

Where such documents are seized, copies of them shall be made which shall be certified by a tax authority official and provided to the person from whom they are seized. Where copies cannot be made or provided at the same time as documents are seized, the tax authority shall provide them to the person from whom they were seized within five days after the seizure.

9. All documents and items which are seized shall be shown to the attesting witnesses and other persons participating in the seizure and, where necessary, shall be packed at the place of seizure.

Confiscated documents must be numbered, bound and sealed or signed by the taxpayer (tax agent, levy payer). In the event that a taxpayer (tax agent, levy payer) refuses to seal or sign confiscated documents, a special note to this effect shall be made in the seizure report.

10. A copy of the report on the seizure of documents and items shall be delivered against receipt or sent to the person from whom the documents or items were seized.

Article 95 Expert Examinations

1. Where necessary, an expert may be engaged on a contractual basis to participate in the conduct of specific tax control procedures, including the performance of on-site tax audits.

An expert examination shall be commissioned in the event that specialist knowledge in the field of science, art, technology or crafts is required in order to resolve matters which arise.

2. Neither the matters raised with an expert nor his opinion may go beyond the bounds of the expert's specialist knowledge. The engagement of a person as an expert shall take place on the basis of an agreement.

3. An expert examination shall be commissioned by an order of the tax authority official carrying out an on-site tax audit.

The order must indicate the grounds on which the expert examination is commissioned, the name of the expert or the name of the organization at which the examination is to be carried out, the matters raised with the expert and the materials to be made available to the expert.

4. An expert shall have the right to acquaint himself with audit materials relating to the subject of the examination and to make requests to be provided with additional materials.
5. An expert may decline to give an opinion if the materials provided to him are insufficient or if he does not possess the knowledge required to carry out the expert examination.
6. The tax authority official who issued the order commissioning an expert examination must acquaint the person to be audited with that order and inform him of his rights as envisaged by clause 7 of this Article, to which effect a protocol should be drawn up.
7. When an expert examination is commissioned and carried out, the audited person shall have the right:
 - 1) to challenge the expert;
 - 2) to request that an expert be appointed from among persons designated by him;
 - 3) to submit additional questions in order to receive the expert's opinion on them;
 - 4) to be present when the expert examination is carried out subject to the permission of the tax authority official and to give explanations to the expert;
 - 5) to acquaint himself with the expert's opinion.
8. The expert shall give an opinion in writing in his own name. The expert's opinion must contain an exposition of the research carried out, the conclusions reached as a result of that research and substantiated answers to the questions submitted. If, when carrying out the examination, the expert discovers relevant circumstances regarding which no questions were submitted to him, he shall have the right to include conclusions on those circumstances in his opinion.
9. The expert's opinion or statement of his inability to give an opinion shall be presented to the audited person, who shall have the right to give explanations and state objections and to request that additional questions be submitted to the expert or that a supplementary examination or a re-examination be commissioned.
10. A supplementary expert examination shall be commissioned in the event that the opinion is insufficiently clear or complete and shall be assigned to the same or a different expert.

A re-examination shall be commissioned in the event that the expert's opinion is unsubstantiated or there are doubts as to its accuracy and shall be assigned to a different expert.

Supplementary examinations and re-examinations shall be commissioned in compliance with the requirements which are stipulated by this Article.

Article 96 The Engagement of a Specialist to Assist in Exercising Tax Control

1. Where necessary, a specialist who possesses specialized knowledge and skills and who has no personal interest in the outcome of the case may be engaged on a contractual basis to participate in the conduct of particular tax control procedures, including the performance of on-site tax audits.
2. A person may be engaged as a specialist on a contractual basis.
3. A person's participation as a specialist shall not preclude him from being questioned as a witness with respect to the same circumstances.

Article 97 Participation of a Translator

1. Where necessary, a translator may be engaged on a contractual basis to participate in the conduct of tax control procedures.
2. The translator must be a person who has no personal interest in the outcome of the case and who speaks the language of which a knowledge is required for translation.

 This provision shall also apply to a person who understands the signs of a deaf or mute physical person.
3. The translator must appear when summoned by the tax authority official who appointed him and perform the translation work which is assigned to him with accuracy.
4. The translator shall be advised of the legal consequences of a refusal or failure to fulfil his obligations and of the wilful making of a false translation, to which effect a note shall be made in the record of proceedings which shall be certified with the translator's signature.

Article 98 Participation of Attesting Witnesses

1. In the instances which are envisaged by this Code, attesting witnesses shall be called when tax control procedures are carried out.
2. No fewer than two attesting witnesses must be called.
3. Any physical persons who have no personal interest in the outcome of the case may be called as attesting witnesses.
4. Officials of tax authorities shall not be permitted to participate as attesting witnesses.

5. Attesting witnesses shall be required to certify in the record of proceedings the fact, nature and results of the procedures carried out in their presence. They shall have the right to make observations on the procedures carried out which must be entered in the record of proceedings.

Where necessary, attesting witnesses may be questioned about the above-mentioned circumstances.

Article 99 General Requirements Relating to the Record of Proceedings Which is Drawn Up When Tax Control Procedures Are Carried Out

1. In the instances envisaged by this Code records of proceedings shall be drawn up when tax control procedures are carried out. Records of proceedings shall be drawn up in the Russian language.
2. The following shall be indicated in a record of proceedings:
 - 1) its title;
 - 2) the place and date of the carrying out the particular procedure;
 - 3) the time of the commencement and termination of the procedure;
 - 4) the position, surname, first name and patronymic of the person who drew up the record of proceedings;
 - 5) the surname, first name and patronymic of each person who participated in the procedure or was present when it was carried out and, where necessary, the address and nationality of each such person and an indication as to whether or not they speak the Russian language;
 - 6) the nature of the procedure and the sequence in which it was carried out;
 - 7) significant relevant facts and circumstances revealed upon carrying out the procedure.
3. The record of proceedings shall be read by all persons who participated in carrying out the procedure or who were present when it was carried out. Those persons shall have the right to make comments, and those comments shall be entered in the record of proceedings or included in the file.
4. The record of proceedings shall be signed by the tax authority official who drew it up and by the persons who participated in the procedure or were present when it was carried out.
5. Photographs and negatives, films, videotapes and other materials produced while the procedure was carried out shall be attached to the record of proceedings.

Article 100 Documentation of the Results of a Tax Audit

1. On the basis of the results of an on-site tax audit and within two months from the day on which a certificate of the performance of an on-site tax audit is drawn up, authorized officials of tax authorities must prepare a tax audit report in the prescribed form.

In the event that violations of tax and levy legislation are found in the course of performing an in-house tax audit, the tax authority officials performing the audit must prepare a tax audit report in the prescribed form within 10 days after the completion of the in-house tax audit.

2. A tax audit report shall be signed by the persons who performed the audit in question and by the person in relation to whom the audit was performed (or his representative).

A refusal by a person in relation to whom an audit was performed or by his representative to sign the report shall be noted in the tax audit report.

3. There shall be indicated in a tax audit report:

- 1) the date of the tax audit report. That date shall be understood to be the date on which the report is signed by the persons who performed the audit;
- 2) the full and abbreviated name or surname, first name and patronymic of the audited person. Where an audit of an organization is performed at the location of an economically autonomous subdivision of the organization, in addition to the name of the organization there shall be entered the full and abbreviated name of the audited economically autonomous subdivision and the location of that subdivision;
- 3) the surnames, first names and patronymics of the persons who performed the audit and their titles, stating the name of the tax authority which they represent;
- 4) the date and number of the decision of the director (deputy director) of the tax authority on the performance of the on-site tax audit (in the case of an on-site tax audit);
- 5) the date of the submission to the tax authority of the tax declaration and other documents (in the case of an in-house tax audit);
- 6) a list of documents presented by the audited person in the course of the tax audit;
- 7) the period in respect of which the audit was performed;
- 8) the name of the tax in respect of which the tax audit was performed;
- 9) the dates of the commencement and completion of the tax audit;

- 10) the address of the location of the organization or of the place of residence of the physical person;
- 11) information concerning tax control measures conducted when carrying out the tax audit;
- 12) documented violations of tax and levy legislation which were found in the course of the audit, or a note to the effect that none were found;
- 13) conclusions and recommendations of the inspectors with respect to the rectification of violations and references to articles of this Code in the event that this Code prescribes liability for the violations of tax and levy legislation in question.

3.1 A tax audit report shall be accompanied by documents confirming violations of tax and levy legislation which were discovered in the course of the audit. In this respect, documents received from the person in relation to whom the audit was performed shall not be attached to the audit report. Documents containing information constituting banking, tax or other legally protected secrets of third parties which the tax authority is not permitted to disclose and personal details of physical persons shall be attached in the form of extracts certified by the tax authority.

4. The form of and requirements relating to the preparation of a tax audit report shall be established by the federal executive body in charge of control and supervision in the area of taxes and levies.

5. A tax audit report must, within five days from the date of that report, be delivered by hand to the person in relation to whom the audit was performed or his representative against receipt or transmitted in another manner which provides evidence of the date of receipt of the report by that person (or his representative).

In the event that a person in relation to whom an audit has been performed or his representative evade receipt of the tax audit report, that fact shall be reflected in the tax audit report and the tax audit report shall be sent by registered mail to the location of the organization (economically autonomous subdivision) or to the place of residence of the physical person. Where a tax audit report is sent by registered mail the date of delivery of that report shall be considered to be the sixth day counting from the date on which the registered letter was sent.

6. Where a person in relation to whom a tax audit has been performed (or his representative) disagrees with statements made in the tax audit report or with the conclusions and recommendations of the inspectors, that person may, within 15 days after receiving the tax audit report, present to the appropriate tax authority written objections relating to the report as a whole or to individual points therein. In this respect, the taxpayer shall have the right to present together with the written objections or to provide to the tax authority

within an agreed time limit documents (or certified copies thereof) which prove the validity of its objections.

Article 100.1 Procedure for the Examination of Cases Concerning Tax Offences

1. Cases concerning tax offences which were found in the course of an in-house or on-site tax audit shall be examined in accordance with the procedure envisaged by Article 101 of this Code.
2. Cases concerning tax offences which were found in the course of other tax control measures (with the exception of the offences envisaged by Articles 120, 122 and 123 of this Code) shall be examined in accordance with the procedure envisaged by Article 101.4 of this Code.

Article 101 Issuance of a Decision on the Results of the Examination of Tax Audit Materials

1. A tax audit report, other materials relating to a tax audit and additional tax control measures in the course of which violations of tax and levy legislation were found and written objections presented by the audited person (or his representative) in relation to that report must be examined by the director (deputy director) of the tax authority which performed the tax audit, and a decision thereon must be adopted within 10 days from the day of the expiry of the time limit which is specified in clause 6 of Article 100 of this Code. That time limit may be extended, but not by more than one month.
2. The director (deputy director) of a tax authority shall give notice of the time and place of the examination of the tax audit materials to the person in relation to whom the audit was performed.

The person in relation to whom a tax audit was performed shall have the right to participate in the process of the examination of the materials relating to that audit in person and (or) through his representative. The person in relation to whom a tax audit was performed shall have the right, before the decision provided for in clause 7 of this Article is issued, to inspect all materials in the file, including materials relating to additional tax control measures.

The non-appearance of the person in relation to whom an audit was performed (his representative), where that person has been duly notified of the time and place of the examination of the tax audit materials, shall not hinder the examination of the tax audit materials except where the participation of that person is deemed by the director (deputy director) of the tax authority to be essential for the examination of those materials.

3. Before the examination of tax audit materials on their merits commences, the director (deputy director) of a tax authority must:
 - 1) announce who is to examine the case and to which tax audit the materials which are to be examined relate;

- 2) establish whether persons invited to participate in the examination are present. In the event that such persons are not present the director (deputy director) of the tax authority shall ascertain whether or not the parties to the case proceedings were duly notified, and adopt a decision to examine the tax audit materials in the absence of those persons or to postpone that examination;
- 3) in the event of the participation of a representative of the person in relation to whom the audit was performed, verify the authority of that representative;
- 4) explain to the persons participating in the examination proceedings their rights and obligations;
- 5) issue a decision to postpone the examination of the tax audit materials in the event of the non-attendance of a person whose participation is essential for the examination.

4. In the context of the examination of tax audit materials the tax audit report and, where necessary, other materials relating to tax control measures and the written objections of the person in relation to whom the audit was performed may be read out. The absence of written objections shall not deprive that person (his representative) of the right to give his explanations at the stage of the examination of the tax audit materials.

The examination of tax audit materials shall involve studying the evidence presented, including documents previously requested from the person in relation to whom the audit was performed, documents submitted to the tax authorities in the course of in-house or on-site tax audits of the person concerned and other documents in the tax authority's possession. It shall not be permissible to use evidence obtained not in compliance with this Code. Where documents (information) concerning a taxpayer's activities were presented by the taxpayer to the tax authority not in compliance with the time limits established by this Code, the documents (information) received by the tax authority shall not be considered to have been received not in compliance with this Code. In the course of the examination a decision may be adopted, where necessary, to engage a witness, expert or specialist to take part in the examination.

5. In the course of the examination of tax audit materials the director (deputy director) of a tax authority:
 - 1) shall establish whether or not the person in relation to whom the tax audit report was drawn up has committed a violation of tax and levy legislation;
 - 2) shall establish whether or not violations found constitute a tax offence;
 - 3) shall establish whether or not there are grounds for calling the person to account for the commission of a tax offence;

4) shall identify circumstances which eliminate culpability for the commission of a tax offence or circumstances which mitigate or increase liability for the commission of a tax offence.

6. Where additional evidence needs to be obtained in order to confirm the commission or non-commission of violations of tax and levy legislation, the director (deputy director) of a tax authority shall have the right to issue a decision on the performance of additional tax control measures within a period not exceeding one month.

There shall be stated in a decision ordering the performance of additional tax control measures the circumstances which gave rise to the need to perform those additional measures, the time limit within which the measures are to be performed and the specific form of the measures.

Additional tax control measures may involve the requesting of documents in accordance with Articles 93 and 93.1 of this Code, the questioning of a witness and the performance of an expert examination.

7. On the basis of the results of the examination of tax audit materials, the director (deputy director) of a tax authority shall issue a decision:

- 1) on the imposition of sanctions for the commission of a tax offence;
- 2) on the non-imposition of sanctions for the commission of a tax offence.

8. There shall be stated in a decision on the imposition of sanctions for the commission of a tax offence the circumstances of the tax offence committed by the person who is called to account as they were established by the audit performed, with reference to documents and other evidence of those circumstances, the arguments given by the person in relation to whom the audit was performed in his defence and the results of the evaluation of those arguments, the decision on the imposition of tax sanctions on the taxpayer for specific tax offences, specifying the articles of this Code which refer to those offences, and the sanctions which are to be imposed. There shall be stated in a decision on the imposition of sanctions for the commission of a tax offence the amount of identified arrears and of applicable penalties and the fine which is payable.

There shall be stated in a decision on the non-imposition of sanctions for the commission of a tax offence the circumstances which occasioned the non-imposition of sanctions. There may be stated in a decision on the non-imposition of sanctions for the commission of a tax offence the amount of arrears, if such arrears were identified in the course of the audit, and the amount of applicable penalties.

There shall be indicated in a decision on the imposition of sanctions for the commission of a tax offence or in a decision on the non-imposition of tax sanctions for the commission of a tax offence the time period within which the person in relation to whom the decision has been issued may appeal against that decision, the procedure for appealing against the decision to a higher tax

authority (to a higher official), the name and location of the authority and other necessary data.

9. A decision on the imposition of sanctions for the commission of a tax offence and a decision on the non-imposition of tax sanctions for the commission of a tax offence shall enter into force upon the expiration of a period of 10 days from the day on which it is served upon the person (or a representative of the person) in relation to whom the decision in question was issued. In this respect, the decision in question must be served within five days after the day on which it is adopted. Where a decision cannot be served by hand, it shall be sent to the taxpayer by registered mail and shall be considered to have been received upon the lapse of six days from the day on which the registered letter was despatched.

In the event that an appellate appeal against a tax authority's decision is filed in accordance with the procedure envisaged by Article 101.2 of this Code, that decision shall enter into force from the day on which it is approved by a higher tax authority in whole or in part.

A person in relation to whom a particular decision has been issued shall have the right to execute the decision in whole or in part before it has entered into force. In this respect, the filing of an appellate appeal shall not deprive that person of the right to execute a decision which has not entered into force in whole or in part.

10. Following the issuance of a decision on the imposition of sanctions for the commission of a tax offence or a decision on the non-imposition of tax sanctions for the commission of a tax offence, the director (deputy director) of a tax authority shall have the right to take injunctive measures aimed at ensuring the enforceability of the decision in question where there are sufficient grounds to believe that failure to take such measures might make it difficult or impossible in the future to enforce that decision or to recover the arrears, penalties and fines which are stated in the decision. In order to take injunctive measures the director (deputy director) of the tax authority shall issue a decision which shall enter into force from the day on which it is issued and shall have force until the day of the execution of the decision on the imposition of sanctions for the commission of a tax offence or the decision on the non-imposition of tax sanctions for the commission of a tax offence or until the day on which the issued decision is rescinded by a higher tax authority or a court.

The director (deputy director) of a tax authority shall have the right to adopt a decision to cancel injunctive measures or a decision to replace injunctive measures in cases provided for by this clause and clause 11 of this Article. A decision to cancel (replace) injunctive measures shall enter into force from the day on which it is issued.

Injunctive measures may take the form of:

1) a prohibition on the alienation (pledging) of the taxpayer's assets without the tax authority's consent. The prohibition which is envisaged by this subsection on alienation (pledging) shall be applied consecutively to:

- immovable property, including immovable property which is not used in the production of products (work and services);
- means of transport, securities, office interior design items;
- other assets, other than finished products, raw materials and other materials;
- finished products, raw materials and other materials.

In this respect, a prohibition on the alienation (pledging) of assets of each successive group shall be imposed in the event that the aggregate value of the assets in the preceding groups as determined on the basis of accounting data is less than the total amount of arrears, penalties and fines which is payable on the basis of the decision on the imposition of sanctions for the commission of a tax offence or the decision on the non-imposition of tax sanctions for the commission of a tax offence;

2) the suspension of operations on bank accounts in accordance with the procedure established by Article 76 of this Code.

The suspension of operations on bank accounts by way of taking injunctive measures may be applied only after a prohibition has been imposed on the alienation (pledging) of assets and in the event that the aggregate value of such assets according to accounting data is less than the total amount of arrears, penalties and fines which is payable on the basis of the decision on the imposition of sanctions for the commission of a tax offence or the decision on the non-imposition of tax sanctions for the commission of a tax offence.

The suspension of operations on bank accounts may be applied in relation to the difference between the total amount of arrears, penalties and fines which is specified in the decision on the imposition of sanctions for the commission of a tax offence or the decision on the non-imposition of tax sanctions for the commission of a tax offence and the value of assets which cannot be alienated (pledged) in accordance with subsection 1 of this clause.

11. At the request of a person in relation to whom a decision on the taking of injunctive measures has been issued, a tax authority shall have the right to allow the injunctive measures which are envisaged by clause 10 of this Article to be replaced by:

1) a bank guarantee confirming that the bank undertakes to pay the amount of arrears specified in the decision on the imposition of sanctions for the commission of a tax offence or the decision on the non-imposition of tax sanctions for the commission of a tax offence and amounts of applicable penalties and fines in the event that those amounts are not paid by the principal within the time limit established by tax authority;

- 2) a pledge of securities which are circulated on the organized securities market or a pledge of other assets executed in accordance with the procedure envisaged by Article 73 of this Code;
- 3) a third-party guarantee executed in accordance with the procedure envisaged by Article 74 of this Code.
12. In the event that a taxpayer provides, as security for an amount payable to the budget system of the Russian Federation on the basis of a decision on the imposition of sanctions for the commission of a tax offence or a decision on the non-imposition of tax sanctions for the commission of a tax offence, a valid bank guarantee issued by a bank which is included in the list of banks which meet the established requirements for the acceptance of bank guarantees for taxation purposes, as provided for in clause 4 of Article 176.1 of this Code, the tax authority shall not have the right to refuse the taxpayer's request for the replacement of the injunctive measures which are envisaged by this clause.
13. A copy of a decision on the taking of injunctive measures and a copy of a decision on the cancellation of injunctive measures shall, within five days after its issuance, be delivered by hand to the person in relation to whom the decision has been issued or to his representative against receipt or shall be transmitted in another manner which provides evidence of the date on which the taxpayer received the decision in question.

Where a copy of a decision is sent by registered mail the decision shall be considered to have been received upon the lapse of six days from the date on which the registered letter was sent.
14. Failure by officials of tax authorities to comply with requirements established by this Code may be a basis for a decision of a tax authority to be rescinded by a higher tax authority or a court.

A violation of significant conditions of procedures for the examination of tax audit materials shall constitute a basis for a tax authority's decision on the imposition of sanctions for the commission of a tax offence or decision on the non-imposition of tax sanctions for the commission of a tax offence to be rescinded by a higher tax authority or a court. Such significant conditions shall include ensuring that a person in relation to whom an audit has been performed has the opportunity to participate in the process of the examination of tax audit materials in person and (or) through his representative and ensuring that the taxpayer has an opportunity to present explanations.

Other violations of the procedures for the examination of tax audit materials may serve as grounds for the rescission of the above-mentioned decision of a tax authority if those violations have resulted or may result in the adoption of an unlawful decision by the director (deputy director) of the tax authority.
15. An authorized official of a tax authority who has performed an audit shall draw up an administrative offence report within the limits of his competence in relation to violations found by the tax authority for which physical persons

or officials of organizations are liable to administrative sanctions. The examination of cases concerning such offences and the application of administrative punishments in relation to physical persons and officials of organizations who are guilty of committing them shall take place in accordance with administrative offences legislation.

- 15.1 Where a tax authority which has issued a decision on the imposition of sanctions for the commission of a tax offence on a taxpayer (levy payer, tax agent) – physical person has sent materials to investigative bodies in accordance with clause 3 of Article 32 of this Code, not later than the day following the day on which the materials are sent the director (deputy director) of the tax authority shall be obliged to issue a decision suspending execution of the decision on the imposition of sanctions for the commission of a tax offence and the decision on the recovery of the relevant tax (levy), penalties and a fine which have been adopted in relation to the physical person in question.

In this respect, the running of the time limits for recovery which are stipulated by this Code shall be suspended for the period of the suspension of the decision on the recovery of the relevant tax (levy), penalties and a fine.

Where, following the examination of materials, a resolution is issued not to institute a criminal case or a resolution is issued to terminate a criminal case, or where a judgment of acquittal is rendered in a relevant criminal case, the director (deputy director) of the tax authority shall, not later than the day following the day on which it received notification of those facts from investigative bodies, issue a decision to resume execution of the decision on the imposition of sanctions for the commission of a tax offence and the decision on the recovery of the relevant tax (levy), penalties and a fine which were adopted in relation to the physical person in question.

Where an action (omission) on the part of a taxpayer (levy payer, tax agent) – physical person which was the basis for the imposition of sanctions for the commission of a tax offence has become the basis for the rendering of a guilty verdict in relation to that physical person, the tax authority shall rescind the decision issued insofar as it concerns the imposition on the taxpayer (levy payer, tax agent) – physical person of sanctions for the commission of a tax offence.

Investigative bodies which have received materials from tax authorities in accordance with clause 3 of Article 32 of this Code shall be obliged to send the tax authorities notifications of the results of the examination of those materials not later than the day following the day on which the relevant decision is adopted.

Within five days after the issue of tax authority decisions such as are referred to in this clause, copies of those decisions shall be handed by the tax authority to the person in relation to whom the decision in question has been issued or to a representative of that person against receipt or shall be transmitted by another means which provides evidence of the date of receipt thereof. Where

a copy of a tax authority decision is sent by registered mail the date of receipt shall be deemed to be the sixth day from the date of despatch.

16. The provisions established by this Article shall also apply to levy payers and tax agents.

Article 101.2 Procedure for Appealing Against a Decision of a Tax Authority on the Imposition of Sanctions for the Commission of a Tax Offence or a Decision on the Non-Imposition of Sanctions for the Commission of a Tax Offence

1. An appeal against a decision on the imposition of sanctions for the commission of a tax offence or a decision on the non-imposition of tax sanctions for the commission of a tax offence may be lodged with a higher tax authority in accordance with the procedure which is laid down in this Article.

The procedure and time limits for the consideration of an appeal by a higher tax authority and the adoption of a decision thereon shall be determined in accordance with the procedure envisaged by Articles 139 to 141 of this Code with account taken of the provisions established by this Article.

2. An appeal against a decision on the imposition of sanctions for the commission of a tax offence or a decision on the non-imposition of tax sanctions for the commission of a tax offence which has not entered into force may be lodged on an appellate basis by means of filing an appellate appeal.

If a higher tax authority which considers an appellate appeal does not rescind the decision of the lower tax authority, the decision of the lower tax authority shall enter into force from the date on which it is approved by the higher tax authority.

In the event that a higher tax authority which considers an appellate appeal amends the decision of the lower tax authority, the decision of the lower tax authority, with account taken of the amendments made, shall enter into force from the date of the adoption of the relevant decision by the higher tax authority.

3. An appeal against a decision on the imposition of sanctions for the commission of a tax offence or a decision on the non-imposition of tax sanctions for the commission of a tax offence which has entered into force and was not the subject of an appellate appeal may be lodged with a higher tax authority.

4. At the petition of a person who is appealing against a tax authority's decision, a higher tax authority shall have the right to suspend the execution of the contested decision.

5. A judicial appeal against a decision on the imposition of sanctions for the commission of a tax offence or a decision on the non-imposition of tax sanctions for the commission of a tax offence may be lodged only after an

appeal against that decision has been lodged with a higher tax authority. Where a judicial appeal is lodged against such a decision, the time limit for filing an action with a court shall be calculated from the day on which the person in relation to whom the decision was issued became aware that it had entered into force.

Article 101.3 Execution of a Decision of a Tax Authority on the Imposition of Sanctions for the Commission of a Tax Offence or a Decision on the Non-Imposition of Sanctions for the Commission of a Tax Offence

1. A decision on the imposition of sanctions for the commission of a tax offence or a decision on the non-imposition of tax sanctions for the commission of a tax offence shall be enforceable from the day on which it enters into force.
2. Responsibility for enforcing a particular decision shall rest with the tax authority which issued that decision. Where an appeal is considered by a higher tax authority on an appellate basis, the relevant decision which has entered into force shall be sent to the tax authority which issued the initial decision within three days from the day on which the decision in question entered into force.
3. On the basis of a decision which has entered into force, a demand for the payment of tax (a levy) and applicable penalties, and of a fine in the event that the person in question is called to account for a tax offence, shall be sent in accordance with the procedure established by Article 69 of this Code to the person in relation to whom the decision on the imposition of sanctions for the commission of a tax offence or the decision on the non-imposition of tax sanctions for the commission of a tax offence has been issued.

Article 101.4 Legal Proceedings in Respect of Tax Offences Envisaged by This Code

1. Upon discovering evidence of violations of tax and levy legislation for which sanctions are prescribed by this Code (with the exception of tax offences for which cases of the discovery thereof are examined in accordance with the procedure established by Article 101 of this Code), a tax authority official must, within 10 days from the day on which such violation is discovered, prepare a statement in the prescribed form, which shall be signed by that official and by the person who committed the violation. Where a person who has committed a violation of tax and levy legislation refuses to sign a statement, a note to that effect shall be made in that statement.
2. The report must contain documented evidence of violations of tax and levy legislation and the conclusions and recommendations of the official who discovered the evidence of violations of tax and levy legislation with respect to the rectification of the violations revealed and the imposition of tax sanctions.

3. The form of the report and requirements relating to the preparation thereof shall be established by the federal executive body in charge of control and supervision in the area of taxes and levies.
4. The report shall be delivered by hand to the person who committed the tax offence against receipt or shall be transmitted in another manner which provides evidence of the date of receipt of that report. In the event that the person concerned evades receipt of that report, an official of the tax authority shall make a note to this effect in the report and the report shall be sent to that person by registered mail. In the event that the report is sent by registered mail, the date of delivery of the report shall be deemed to be the sixth day commencing from the day on which it was despatched.
5. In the event that a person who has committed a tax offence disagrees with the statements made in the report or with the conclusions and recommendations of the official who discovered the occurrence of the tax offence, that person may, within a period of 10 days from the date of receipt of the report, present to the appropriate tax authority written objections relating to the report as a whole or to individual points therein. In this respect, that person shall have the right to present together with the written objections or to transmit to the tax authority within an agreed time limit documents (or certified copies thereof) which prove the validity of his objections.
6. Upon the expiration of the time limit which is referred to in clause 5 of this Article, within a period of 10 days the director (deputy director) of the tax authority shall examine the report which sets out evidence of violations of tax and levy legislation and the documents and materials submitted by the person who committed the offence.
7. The report shall be examined in the presence of the person who is called to account or of his representative. The tax authority shall notify the person who committed the violation of tax and levy legislation in advance of the time and place of the examination of the report. The non-appearance of a person called to account for the commission of a tax offence who has been duly notified, or of a representative of that person, shall not prevent the director (deputy director) of the tax authority from examining the report in the absence of that person.

Upon the examination of a report, the prepared report, other materials relating to tax control measures and the written objections of the person who is called to account for the commission of a tax offence may be read out. The absence of written objections shall not deprive that person of the right to give his explanations at the stage of the examination of the report.

Upon the examination of a report, the explanations of the person who is called to account shall be heard and other evidence shall be examined. It shall not be permissible to use evidence obtained not in compliance with this Code.

Where a person being called to account presented documents (information) to the tax authority not in compliance with the time limits established by this Code, the documents (information) received shall not be considered to have been received not in compliance with this Code.

In the course of the examination of a report and other materials relating to tax control measures, a decision may be adopted, where necessary, to engage a witness, expert or specialist to take part in the examination.

In the course of the examination of a report and other materials the director (deputy director) of a tax authority:

- 1) shall establish whether or not the person in relation to whom the report was prepared has committed a violation of tax and levy legislation;
 - 2) shall establish whether or not the violations found constitute tax offences which are contained in this Code;
 - 3) shall establish whether or not there are grounds for calling the person in relation to whom the report was prepared to account for the commission of a tax offence;
 - 4) shall identify circumstances which eliminate culpability for the commission of a tax offence or circumstances which mitigate or increase liability for the commission of a tax offence.
8. On the basis of the results of the examination of a report and accompanying documents and materials, the director (deputy director) of a tax authority shall issue, within the time limit specified in clause 6 of this Article, a decision:
- 1) on the imposition of sanctions on a person for the commission of a tax offence;
 - 2) on the non-imposition of sanctions on a person for the commission of a tax offence.
9. In a decision on the imposition of sanctions on a person for the commission of a tax offence an account shall be given of the circumstances of the offence committed and reference shall be made to documents and other data confirming those circumstances, the arguments given by the person who is called to account in his defence and the results of the evaluation of those arguments, the decision on the imposition of sanctions on the person for specific tax offences, specifying the articles of this Code which prescribe liability for those offences, and the sanctions which are to be imposed.
- There shall be indicated in a decision on the imposition of sanctions for the commission of a tax offence the time period within which the person in relation to whom that decision has been issued may appeal against that decision, the procedure for appealing against the decision to a higher tax authority (to a higher official), the name and location of the authority and other necessary data.
10. On the basis of an issued decision on the imposition of sanctions on a person for the violation of tax and levy legislation, a demand for the payment of penalties and a fine shall be sent to that person in accordance with the

procedure established by Article 69 of this Code and within the time limits established by clause 2 of Article 70 of this Code.

11. A copy of a decision of the director of a tax authority and a demand for the payment of penalties and a fine shall be delivered by hand to the person who committed the tax offence against receipt or shall be transmitted in another manner which provides evidence of the date on which they were received by that person (or his representative). In the event that a person called to account or his representatives evade receipt of copies of the above-mentioned decision and demand, those documents shall be sent by registered mail and shall be considered to have been received upon the expiration of six days after the day on which they were despatched by registered mail.

12. Failure by officials of tax authorities to comply with requirements established by this Code may constitute a basis for a decision of a tax authority to be rescinded by a higher tax authority or a court.

A violation of significant conditions of procedures for the examination of a report and other materials relating to tax control measures shall constitute a basis for a tax authority's decision to be rescinded by a higher tax authority or a court. Such significant conditions shall include ensuring that a person in relation to whom a report has been prepared has the opportunity to participate in the process of the examination of the materials in person and (or) through his representative and ensuring that the person concerned has an opportunity to present explanations.

Other violations of the procedures for the examination of materials may serve as grounds for the rescission of the above-mentioned decision of a tax authority if those violations have resulted or may result in the adoption of an incorrect decision.

13. An authorized official of a tax authority shall draw up an administrative offence report in relation to violations of tax levy legislation found by the tax authority for which persons are liable to administrative sanctions. The examination of cases concerning such offences and the application of administrative sanctions in relation to persons who are guilty of committing them shall be carried out by tax authorities in accordance with the administrative offences legislation of the Russian Federation.

Article 102 Tax Secrets

1. Any information concerning a taxpayer which is received by a tax authority, internal affairs bodies, investigative bodies, a body of a State non-budgetary fund or a customs authority shall constitute tax secrets, with the exception of information:

- 1) which is divulged by the taxpayer independently or with his consent;
- 2) concerning the taxpayer's identification number;

- 3) concerning violations of tax and levy legislation and sanctions for those violations;
- 4) which is provided to the tax (customs) or law enforcement authorities of other states in accordance with international treaties (agreements) to which the Russian Federation is a party on mutual co-operation between tax (customs) and law enforcement authorities (to the extent of the information provided to those authorities);
- 5) which is provided to electoral commissions in accordance with legislation concerning elections following audits by a tax authority of information on the amount and sources of income of a candidate and of his or her spouse and on assets owned by a candidate and his or her spouse.

2. Tax secrets shall not be divulged by tax authorities, internal affairs bodies, investigative bodies, bodies of State non-budgetary funds or customs authorities or by their officials or by hired specialists or experts, except in the instances envisaged by federal law.

The divulgence of tax secrets shall be understood to include, in particular, the use or impartation to another person of industrial or commercial secrets of a taxpayer which became known to an official of a tax authority, internal affairs body, investigative body, body of a State non-budgetary fund or customs authority or a hired specialist or expert in the course of the fulfilment of their duties.

3. Information received by tax authorities, internal affairs bodies, investigative bodies, bodies of State non-budgetary funds or customs authorities which constitutes tax secrets shall be subject to a special system of storage and access.

Access to information which constitutes tax secrets shall be enjoyed by officials to be determined respectively by the federal executive body in charge of control and supervision in the area of taxes and levies, the federal executive body in charge of internal affairs, the federal State body which exercises authority in the area of criminal justice and the federal executive body in charge of the customs sphere.

4. The loss of documents which contain information which constitutes tax secrets or the divulgence of such information shall result in the liability envisaged by federal laws.

Article 103 Impermissibility of Inflicting Improper Damage in Exercising Tax Control

1. It shall not be permitted to inflict improper damage on audited persons or representatives thereof or on property which is possessed, used or disposed of by them when exercising tax control.

2. Losses which are caused by the improper actions of tax authorities or their officials in exercising control, including lost profit (unreceived income), shall be fully reimbursable.
3. Tax authorities and officials thereof who cause losses to audited persons or representatives thereof as a result of improper actions shall be called to account in accordance with federal laws.
4. Losses which are caused to audited persons or representatives thereof by legitimate actions of officials of tax authorities shall not be reimbursable except in the instances envisaged by federal laws.

Article 104 Petition for the Recovery of a Tax Sanction

1. After the issuance of a decision on the imposition of sanctions for the commission of a tax offence on a physical person who is not a private entrepreneur or in other cases where the extrajudicial recovery of tax sanctions is not permitted, the tax authority in question shall file a petition with a court for the recovery of the tax sanction which is established by this Code from the person who is called to account for the commission of a tax offence.

Before presenting a claim to a court the tax authority must request the person who is called to account for the commission of a tax offence to pay the due amount of the tax sanction voluntarily.

In the event that the person who is called to account for the commission of a tax offence refuses to pay the amount of the tax sanction voluntarily or misses the payment deadline which is indicated in the demand, the tax authority shall present a petition to a court for the recovery from the person concerned of the tax sanction which is prescribed by this Code for the commission of the tax offence in question.

2. A petition for the recovery of a tax sanction from an organization or a private entrepreneur shall be presented to an arbitration court, and a petition for the recovery of a tax sanction from a physical person who is not a private entrepreneur shall be presented to a court of general jurisdiction.

The tax authority's decision and other case materials obtained in the course of the tax audit shall be attached to the petition.

3. Where necessary, at the same time as it presents a petition for the recovery of a tax sanction from a person who is called to account for the commission of a tax offence, the tax authority may petition the court for the claim to be secured in accordance with the procedure which is stipulated by the civil procedure legislation of the Russian Federation and the arbitration procedure legislation of the Russian Federation.
4. The rules which are set forth in this Article shall also apply in the case of the imposition of sanctions for a violation of tax and levy legislation which was

committed in connection with the transportation of goods across the customs border of the Customs Union.

Article 105 Examination of Cases and Enforcement of Decisions on the Recovery of Tax Sanctions

1. Cases involving the recovery of tax sanctions from organizations and private entrepreneurs on the basis of a petition filed by tax authorities shall be examined by arbitration courts in accordance with the arbitration procedural legislation of the Russian Federation.
2. Cases involving the recovery of tax sanctions from physical persons who are not private entrepreneurs on the basis of a petition filed by tax authorities shall be examined by courts of general jurisdiction in accordance with the civil procedural legislation of the Russian Federation.
3. Court decisions concerning the recovery of tax sanctions which have entered into legal force shall be enforced in accordance with the procedure which is established by the legislation of the Russian Federation concerning enforcement procedures.

Court decisions which have entered into legal force concerning the recovery of tax sanctions from organizations for which ledger accounts have been opened shall be enforced in accordance with the procedure which is established by the budget legislation of the Russian Federation.

**SECTION VI TAX OFFENCES AND LIABILITY FOR THE
COMMISSION THEREOF**

**CHAPTER 15. GENERAL PROVISIONS CONCERNING LIABILITY FOR THE
COMMISSION OF TAX OFFENCES**

Article 106 Definition of a Tax Offence

A tax offence shall be understood to be a wrongfully committed unlawful (in violation of tax and levy legislation) act (action or inaction) of a taxpayer, a tax agent or other persons for which liability is established by this Code.

Article 107 The Bearers of Liability for the Commission of Tax Offences

1. Liability for the commission of tax offences shall be borne by organizations and physical persons in the instances envisaged by Chapters 16 and 18 of this Code.
2. A physical person may be called to account for the commission of tax offences from the age of sixteen years.

Article 108 General Conditions of Amenability for the Commission of Tax Offences

1. No one may be called to account for the commission of a tax offence other than on the grounds and in accordance with the procedure which are stipulated by this Code.
2. No one may be called to account more than once for the commission of one and the same tax offence.
3. The basis for the calling of a person to account for violations of tax and levy legislation shall be the ascertainment of the fact that a particular violation has been committed in a tax authority decision which has entered into force.
4. The fact that an organization has been called to account for the commission of a tax offence shall not exempt it from administrative, criminal or other liability envisaged by the laws of the Russian Federation where the appropriate grounds exist.
5. The fact that a person has been called to account for the commission of a tax offence shall not exempt it from the obligation to pay (remit) amounts of tax (a levy) and penalties due.
6. A person shall be deemed innocent of committing a tax offence until his guilt has been proven in accordance with the procedure which is envisaged by federal law. A person who is called to account shall not be obliged to prove his innocence of committing a tax offence. The obligation to prove the

existence of circumstances which show that a tax offence has occurred and that the person is guilty of committing it shall rest with the tax authorities. Any insurmountable doubts as to the guilt of the person who is called to account shall be interpreted in that person's favour.

Article 109 Circumstances Which Prevent a Person from Being Called to Account for the Commission of a Tax Offence

A person may not be called to account for the commission of a tax offence if any of the following circumstances exist:

- 1) no tax offence has occurred;
- 2) the person concerned is not guilty of committing a tax offence;
- 3) an act which contains the elements of a tax offence was committed by a person who was under sixteen years of age at the time when the act was committed;
- 4) the period of limitation for calling a person to account for the commission of a tax offence has expired.

Article 110 Forms of Guilt with Respect to the Commission of a Tax Offence

1. A person who has committed an unlawful act deliberately or through negligence shall be deemed guilty of committing a tax offence.
2. A tax offence shall be deemed to have been committed deliberately if the person who committed it was aware of the unlawful nature of his actions (inaction) and desired or knowingly allowed the occurrence of the injurious consequences of such actions (inaction).
3. A tax offence shall be deemed to have been committed through negligence if the person who committed it was not aware of the unlawful nature of his actions (inaction) or of the injurious nature of the consequences of those actions (inaction), although he should and could have been aware of this.
4. The guilt of an organization with respect to the commission of a tax offence shall be determined according to the guilt of its officers or representatives whose actions (inaction) caused the tax offence to be committed.

Article 111 Circumstances in Which a Person May Not be Found Guilty of Committing a Tax Offence

1. Circumstances in which a person may not be found guilty of committing a tax offence shall include:

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- 1) the commission of an act which contains elements of a tax offence as a result of a natural disaster or other emergencies and insurmountable circumstances (such circumstances shall be established by the existence of generally known facts and of publications in the mass media and by other means not requiring special proof);
- 2) the commission of an act which contains elements of a tax offence by a taxpaying physical person who, at the time of committing the act, was in a condition in which that person could not have been aware of or able to control his own actions as a result of an illness (such circumstances shall be proved by the provision to the tax authority of documents which, by virtue of their meaning, content and date, relate to the tax period in which the tax offence was committed);
- 3) observance by a taxpayer (levy payer, tax agent) of written explanations concerning the procedure for the calculation and payment of a tax (levy) or on other issues relating to the application of tax and levy legislation which were given to that taxpayer (levy payer, tax agent) or to the public by a financial or tax authority or another authorized State government body (an authorized official of such a body) within the limits of its competence (these circumstances shall be established by the existence of a relevant document of such a body which, in terms of its meaning and content, relates to the tax periods in which a tax offence was committed, irrespective of the date of publication of that document).

The provision of this subsection shall not apply where such written explanations are based on incomplete or inaccurate information provided by a taxpayer (levy payer, tax agent);

- 4) other circumstances which may be regarded by the court or tax authority which is examining the case as eliminating culpability for the commission of a tax offence.
2. Where the circumstances referred to in clause 1 of this Article exist, the person concerned shall not be called to account for the commission of a tax offence.

Article 112 Circumstances Which Mitigate or Increase Liability for the Commission of a Tax Offence

1. Circumstances which mitigate liability for the commission of a tax offence shall include:
 - 1) the commission of an offence as a result of a confluence of difficult personal or family circumstances;
 - 2) the commission of an offence under the influence of threat or force or by reason of material, professional or other dependence;

- 2.1) the fact that a physical person who is called to account for the commission of a tax offence has serious financial difficulties;
- 3) other circumstances which may be regarded by the court or tax authority which is examining the case as mitigating liability.
2. A circumstance which increases liability shall be the commission of a tax offence by a person previously called to account for a similar offence.
3. A person from whom a tax sanction has been recovered shall be deemed to have been subjected to that sanction for 12 months after the entry into legal force of the decision of the court or tax authority.
4. Circumstances which mitigate or increase liability for the commission of a tax offence shall be established by the court or tax authority which is examining the case and shall be taken into account when imposing tax sanctions.

Article 113 Period of Limitation on Amenability for the Commission of a Tax Offence

1. A person may not be called to account for the commission of a tax offence if a period of three years (the limitation period) has elapsed from the day on which it was committed or from the day following the end of the tax period during which the offence was committed up to the moment when the decision on the imposition of sanctions is issued.

The measurement of the limitation period from the day on which the tax offence was committed shall apply for all tax offences other than those envisaged in Articles 120 and 122 of this Code.

The measurement of the limitation period from the day following the end of the tax period during which the offence was committed shall apply for the tax offences envisaged in Articles 120 and 122 of this Code.

- 1.1 The running of the period of limitation for the imposition of sanctions shall be suspended if a person who is called to account for a tax offence has actively obstructed the performance of an on-site tax audit and this has become an insurmountable obstacle to the performance of that audit and to the determination by tax authorities of the amounts of taxes payable to the budget system of the Russian Federation.

The running of the period of limitation for the imposition of sanctions shall be considered to have been suspended from the day of the preparation of the report which is envisaged by clause 3 of Article 91 of this Code. In this case, the running of the period of limitation for the imposition of sanctions shall be resumed from the day on which the circumstances obstructing the performance of the on-site tax audit have ceased to exist and a decision to resume the on-site tax audit has been issued.

Article 114 Tax Sanctions

1. A tax sanction shall be a punishment for the commission of a tax offence.
2. Tax sanctions shall be prescribed and imposed in the form of monetary penalties (fines) in the amounts envisaged by Chapters 16 and 18 of this Code.
3. Where any mitigating circumstance exists the amount of the fine must be reduced by at least half against the level which is prescribed by the relevant article of this Code.
4. Where the circumstance which is envisaged by clause 2 of Article 112 exists, the amount of the fine shall be increased by 100 per cent.
5. Where one person commits two or more tax offences, tax sanctions shall be recovered for each offence separately without less severe sanctions being absorbed by those of greater severity.
6. The amount of a fine which is recovered from a taxpayer, levy payer or tax agent for a tax offence which has resulted in indebtedness in respect of a tax (levy) shall be transferred from the accounts of the taxpayer, levy payer or tax agent respectively only after the full amount of that indebtedness and applicable penalties have been transferred according to the order of priority which is established by the civil legislation of the Russian Federation.

Article 115 Period of Limitation for the Recovery of Fines

1. Tax authorities may file a petition with a court for the recovery of fines from an organization or a private entrepreneur according to the procedure and time limits which are envisaged by Articles 46 and 47 of this Code, and may file a petition with a court for the recovery of fines from a physical person according to the procedure and time limits which are envisaged by Article 48 of this Code.

A petition for the recovery of a fine from an organization or a private entrepreneur in the cases envisaged by subsections 1 to 3 of clause 2 of Article 45 of this Code may be filed by a tax authority within six months after the expiry of the time limit for the fulfilment of a demand for the payment of a fine. Where the time limit for the filing of such a petition has been missed for a valid reason, that time limit may be restored by a court.

2. Where the institution or termination of criminal proceedings is refused but a tax offence has occurred, the time limit for the submission of a petition shall be measured from the day on which the tax authority receives an order refusing to institute or terminate criminal proceedings.

CHAPTER 16. TYPES OF TAX OFFENCES AND LIABILITY FOR THE COMMISSION THEREOF

Article 116 Violation of the Procedure for Registration with a Tax Authority

1. A violation by a taxpayer of the time limit which is established by this Code for the submission of an application for registration with a tax authority on grounds provided for in this Code

shall result in the recovery of a fine of 10,000 roubles.

2. The carrying-on of activities by an organization or a private entrepreneur without registering with a tax authority on grounds provided for in this Code

shall result in the recovery of a fine equal to 10 per cent of income received during that time as a result of such activities, but not less than 40,000 roubles.

Article 118 Violation of the Time Limit for the Submission of Information on the Opening or Closure of a Bank Account

1. The violation by a taxpayer of the time limit which is established by this Code for the submission of information on the opening or closure by the taxpayer of an account with a bank

shall result in the recovery of a fine in the amount of five thousand roubles.

Article 119 Failure to Submit a Tax Declaration

A failure by a taxpayer to submit a tax declaration within the time limit established by tax and levy legislation to the tax authority where the taxpayer is registered

shall result in the recovery of a fine equal to 5 per cent of the unpaid amount of tax which is payable (additionally payable) on the basis of that declaration for each full or partial month from the day established as the deadline for its submission, but not more than 30 per cent of that amount and not less than 1,000 roubles.

Article 119.1 Violation of the Established Method for the Submission of a Tax Declaration (Computation)

A failure to comply with the procedure for the submission of a tax declaration (computation) in electronic form in cases specified in this Code

shall result in the recovery of a fine of 200 roubles.

Article 120 Gross Violation of the Rules for Accounting for Income and Expenses and Objects of Taxation

1. A gross violation by an organization of the rules for accounting for income and (or) expenses and (or) objects of taxation, where such acts were committed during one tax period, in the absence of the elements of the tax offence which is envisaged by clause 2 of this Article,

shall result in the recovery of a fine in the amount of ten thousand roubles.
2. The same acts, if they were committed during more than one tax period,

shall result in the recovery of a fine in the amount of thirty thousand roubles.
3. The same acts, if they resulted in an understatement of the tax base,

shall result in the recovery of a fine in the amount of twenty per cent of the amount of unpaid tax, but not less than forty thousand roubles.

A gross violation of the rules for accounting for income and expenses and objects of taxation for the purposes of this article shall be understood to mean the absence of source documents or the absence of VAT invoices, books of account or tax ledgers or the systematic (two or more times within a calendar year) late or incorrect recording in accounting records, in tax ledgers and in reports of the taxpayer's economic operations, monetary resources, tangible assets, intangible assets and financial investments.

Article 122 The Non-Payment or Incomplete Payment of Tax (a Levy)

1. The non-payment or incomplete payment of amounts of tax (a levy) as a result of the understatement of the tax base or other incorrect calculation of tax (a levy) or as a result of other unlawful actions (inaction)

shall result in the recovery of a fine in the amount of 20 per cent of the unpaid amount of tax (of the levy).
3. The acts envisaged by clause 1 of this Article, when committed deliberately,

shall result in the recovery of a fine in the amount of 40 per cent of the unpaid amount of tax (of the levy).

Article 123 Failure by a Tax Agent to Fulfil His Obligation to Withhold and (or) Transfer Taxes

The unlawful failure to withhold and (or) remit (failure to withhold and (or) remit in full) within the time limit established by this Code amounts of tax which is required to be withheld and transferred by a tax agent

shall result in the recovery of a fine in the amount of 20 per cent of the amount required to be withheld and (or) remitted.

Article 125 Failure to Observe the Procedure for the Possession, Use and (or) Disposal of Assets Which Have Been Attached or in Relation to Which a Tax Authority Has Taken Injunctive Measures in the Form of a Pledge

Failure to observe the procedure which is established by this Code for the possession, use and (or) disposal of assets which have been attached or in relation to which a tax authority has taken injunctive measures in the form of a pledge

shall result in the recovery of a fine in the amount of 30,000 roubles.

Article 126 Failure to Present Information Required for Tax Control Purposes to a Tax Authority

1. Failure by a taxpayer (levy payer, tax agent) to submit to the tax authorities within the prescribed time limit such documents and (or) other information as are envisaged by this Code and other acts of tax and levy legislation

shall result in the recovery of a fine in the amount of 200 roubles for each document which is not submitted.

2. Failure to present information on a taxpayer to a tax authority, consisting in the refusal by an organization to present documents with information on a taxpayer which are in its possession and which are required in accordance with this Code upon the request of a tax authority, and any other failure to present such documents or the presentation of documents containing information which is known to be false, except where such act bears the elements of the violation of tax and levy legislation which is envisaged by Article 135.1 of this Code,

shall result in the recovery of a fine in the amount of ten thousand roubles.

Article 128 Liability of Witnesses

The non-appearance or failure to appear without good reason of a person who is summoned as a witness in connection with a case involving a tax offence

shall result in the recovery of a fine in the amount of one thousand roubles.

An unlawful refusal by a witness to testify or the wilful giving of false testimony

shall result in the recovery of a fine in the amount of three thousand roubles.

Article 129 Refusal by an Expert, Translator or Specialist to Participate in a Tax Audit, Wilful Giving of a False Report or Wilful Making of a False Translation

1. A refusal by an expert, translator or specialist to participate in a tax audit

shall result in the recovery of a fine in the amount of five hundred roubles.

2. The wilful giving of a false report by an expert and the wilful making of a false translation by a translator

shall result in the recovery of a fine in the amount of 5,000 roubles.

Article 129.1 Unlawful Failure to Report Information to a Tax Authority

1. An unlawful failure by a person to report (delay in reporting) information which, in accordance with this Code, that person is obliged to report to a tax authority, in the absence of the elements of the tax offence which is envisaged by Article 126 of this Code,

shall result in the recovery of a fine in the amount of 5,000 roubles.

2. The same acts when repeated within a calendar year

shall result in the recovery of a fine in the amount of 20,000 roubles.

Article 129.2 Violation of the Procedure for the Registration of Gaming Facilities

1. A violation of the procedure which is established by this Code for the registration with tax authorities of gaming tables, gaming machines, totalizator counters and bookmaking office counters or of the procedure for the registration of a change in the number of such facilities

shall result in the recovery of a fine equal to three times the rate of gaming tax which is established for the object of taxation in question.

2. The same acts, when committed more than once,

shall result in the recovery of a fine equal to six times the rate of gaming tax which is established for the object of taxation in question.

CHAPTER 17. COSTS ASSOCIATED WITH EXERCISING TAX CONTROL

Article 131 The Payment of Amounts Due to Witnesses, Translators, Specialists, Experts and Attesting Witnesses

1. Witnesses, translators, specialists, experts and attesting witnesses shall be reimbursed for expenses incurred by them in connection with appearing at a tax authority, and specifically travel expenses, expenses for the rent of accommodation and additional expenses associated with residing away from their permanent place of residence (per diems).
2. Translators, specialists and experts shall receive a fee for work performed by them on the instructions of a tax authority unless that work is within the scope of their employment duties.
3. Employees who are summoned to a tax authority as witnesses shall retain their salary at their main place of employment for the time of their absence from work in connection with appearance at the tax authority.
4. Amounts due to witnesses, translators, specialists, experts and attesting witnesses shall be paid by the tax authority after they have fulfilled their duties.

The payment procedure and the size of the amounts payable shall be established by the Government of the Russian Federation and financed from the federal budget.

CHAPTER 18. TYPES OF VIOLATIONS BY BANKS OF OBLIGATIONS ENVISAGED BY TAX AND LEVY LEGISLATION AND LIABILITY FOR THE COMMISSION THEREOF

Article 132 Violation by a Bank of the Procedure for Opening an Account for a Taxpayer

1. The opening by a bank of an account for an organization, a private entrepreneur, a privately practising notary or a lawyer who has founded a legal office without the presentation by that person of a certificate (notification) of registration with a tax authority, and the opening of an account when the bank has received a tax authority's decision concerning the suspension of operations on that person's accounts,

shall result in the recovery of a fine in the amount of twenty thousand roubles.
2. A failure by a bank to report information on the opening or closing of an account or on changes in account details for an organization, a private entrepreneur, a privately practising notary or a lawyer who has founded a legal office to a tax authority within the established time limit

shall result in the recovery of a fine in the amount of forty thousand roubles.

Article 133 Failure to Comply with the Time Limit for the Execution of an Order for the Remittance of Tax (a Levy), an Advance Payment, Penalties or a Fine

A failure by a bank to comply with the time limit established by this Code for the execution of an order given by a taxpayer (levy payer) or tax agent, a local administration or a federal postal organization for the remittance of tax (a levy), an advance payment, penalties or a fine shall result in the recovery of a fine equal to one one-hundred-and-fiftieth of the refinancing rate of the Central Bank of the Russian Federation, but not more than 0.2 per cent, for each calendar day of the delay.

Article 134 Failure by a Bank to Comply with a Tax Authority's Order to Suspend Operations on the Accounts of a Taxpayer, Levy Payer or Tax Agent

The execution by a bank which has received a tax authority's order to suspend operations on the accounts of a taxpayer, levy payer or tax agent of an order given by the taxpayer, levy payer or tax agent to transfer resources when such order is not connected with the fulfilment of obligations with respect to the payment of a tax (an advance payment), a levy, penalties or a fine or of another payment order which, in accordance with the legislation of the Russian Federation, has priority over payments to the budget system of the Russian Federation,

shall result in the recovery of a fine in the amount of 20 per cent of the amount transferred in accordance with the order given by the taxpayer or tax agent, but not more than the amount of indebtedness, or, where there is no indebtedness, in the amount of 20,000 roubles.

Article 135 Failure by a Bank to Act Upon an Instruction of a Tax Authority for the Transfer of a Tax , an Advance Payment, a Levy, Penalties or a Fine

1. An unlawful failure by a bank to act within the time limit which is established by this Code upon an instruction of a tax authority for the transfer of a tax, an advance payment, a levy, penalties or a fine

shall result in the recovery of a fine in the amount of one one-hundred-and-fiftieth of the refinancing rate of the Central Bank of the Russian Federation, but not more than 0.2 per cent for each calendar day of the delay.

2. The taking of action by a bank to create a situation in which there are no monetary resources on the account of a taxpayer, levy payer or tax agent in relation to whom an instruction has been issued by a tax authority

shall result in the recovery of a fine in the amount of 30 per cent of the amount not received as a result of such action.

Article 135.1 Failure by a Bank to Present Notices (Statements) of Operations and Accounts to a Tax Authority

Failure by a bank to present notices of bank accounts and (or) balances of monetary resources held in accounts and statements of operations on accounts to a tax authority in accordance with clause 2 of Article 86 of this Code, and (or) failure to provide notice in accordance with clause 5 of Article 76 of this Code of balances of monetary resources held in accounts on which operations have been suspended, or the presentation of notices (statements) not in compliance with the prescribed time limit or notices (statements) containing inaccurate information, shall result in the recovery of a fine in the amount of 20,000 roubles.

Article 136 The Procedure for Recovering Fines and Penalties from Banks

The fines referred to in Articles 132 to 135.1 shall be recovered according to a procedure similar to that which is established by this Code for the recovery of sanctions for tax offences.

SECTION VII APPEALING AGAINST THE ACTS OF TAX AUTHORITIES AND THE ACTIONS OR INACTION OF THEIR OFFICIALS

CHAPTER 19. THE PROCEDURE FOR APPEALING AGAINST THE ACTS OF TAX AUTHORITIES AND THE ACTIONS OR INACTION OF THEIR OFFICIALS

Article 137 Right of Appeal

Every person shall have the right to appeal against acts of tax authorities of a non-normative nature and the actions or inaction of their officials if, in the opinion of that person, such acts, actions or inaction violate his rights.

Appeals against normative legal acts of tax authorities may be made in accordance with the procedure which is envisaged by federal legislation.

Article 138 Appeal Procedure

1. Appeals against acts of tax authorities and the actions or inaction of their officials may be made to a higher tax authority (higher official) or to a court.

The lodging of an appeal with a higher tax authority (higher official) shall not exclude the right to lodge a similar appeal with a court at the same time or at a later date, unless otherwise stipulated by Article 101.2 of this Code.

2. Court appeals against the acts (including normative acts) of tax authorities and the actions or inaction of officials of those authorities shall be made by organizations and private entrepreneurs by means of submitting a statement of claim to an arbitration court in accordance with arbitration procedural legislation.

Court appeals against the acts (including normative acts) of tax authorities and the actions or inaction of officials of those authorities shall be made by physical persons who are not private entrepreneurs by means of submitting a statement of claim to a court of general jurisdiction in accordance with legislation concerning court appeals against the unlawful actions of State bodies and officials.

3. Where appeals against acts of tax authorities or actions of their officials are lodged with a court, at the petition of the taxpayer (levy payer, tax agent) the execution of the contested acts and the performance of contested actions may be suspended by the court in accordance with the procedure established by the relevant procedural legislation of the Russian Federation.

Where appeals against acts of tax authorities or actions of their officials are lodged with a higher tax authority, at the petition of the taxpayer (levy payer, tax agent) the execution of the contested acts and the performance of the contested actions may be suspended by decision of the higher tax authority.

Article 139 The Procedure and Time Limits for the Lodging of an Appeal with a Higher Tax Authority or Higher Official

1. An appeal against an act of a tax authority or against the actions or inaction of an official of that authority shall be lodged with a higher tax authority or with a higher official of that authority respectively.
2. An appeal to a higher tax authority (higher official) shall be lodged, unless otherwise stipulated by this Code, within three months from the day on which the person became aware or should have become aware of the violation of his rights. The appeal may be accompanied by supporting documents.

In the event that the deadline for the lodging of an appeal is missed with good reason, upon the request of the person lodging the appeal that deadline may be renewed by the higher official of the tax authority or the higher tax authority accordingly.

An appellate appeal against a decision of a tax authority on the imposition of sanctions for the commission of a tax offence or a decision on the non-imposition of sanctions for the commission of a tax offence shall be filed before the contested decision enters into force.

An appeal against a decision of a tax authority on the imposition of sanctions for the commission of a tax offence or a decision on the non-imposition of sanctions for the commission of a tax offence which has entered into force and was not the subject of an appellate appeal shall be filed within one year from the moment of the issue of the contested decision.

3. The appeal shall be submitted in writing to the appropriate tax authority or official, unless otherwise stipulated by this clause.

An appellate appeal against a particular decision of a tax authority shall be filed with the tax authority which issued that decision, which must, within three days from the day on which that appeal is received, send it together with all related materials to a higher tax authority.

4. A person who has submitted an appeal to a higher tax authority or higher official may revoke it on the basis of a written application before a decision has been taken on the appeal.

The revocation of an appeal shall deprive the person who submitted it of the right to submit a second appeal on the same grounds to the same tax authority or to the same official.

The re-submission of an appeal to a higher tax authority or higher official shall take place within the time limits which are envisaged by clause 2 of this Article.

**CHAPTER 20. CONSIDERATION OF AN APPEAL AND ADOPTION OF A
DECISION ON AN APPEAL**

Article 140 Consideration of an Appeal by a Higher Tax Authority or Higher Official

1. An appeal shall be considered by the higher tax authority (higher official).
2. After considering an appeal against an act of a tax authority the higher tax authority (higher official) shall have the right:
 - 1) to reject the appeal;
 - 2) to annul the tax authority's act;
 - 3) to annul the decision and terminate proceedings in respect of the tax offence;
 - 4) to amend the decision or adopt a new decision.

After considering an appeal against the actions or inaction of officials of tax authorities the higher tax authority (higher official) shall have the right to adopt a decision on the merits of the case.

After considering an appellate appeal against a decision, a higher tax authority shall have the right:

- 1) to leave the tax authority's decision unchanged and reject the appeal;
 - 2) to rescind or amend the tax authority's decision in whole or in part and adopt a new decision on the case;
 - 3) to rescind the tax authority's decision and terminate proceedings on the case.
3. A decision of a tax authority (official) on an appeal shall be adopted within one month from the day of the receipt of the appeal. That time limit may be extended by the director (deputy director) of the tax authority for the purpose of obtaining documents (information) needed for the consideration of the appeal from lower tax authorities, but not by more than 15 days. Written notice of the adopted decision shall be given within three days from the day of its adoption to the person who filed the appeal.

Article 141 Consequences of the Submission of an Appeal

1. The submission of an appeal to a higher tax authority (higher official) shall not suspend the execution of the contested act or action, except in the instances provided for by this Code.
2. Where a tax authority (official) considering an appeal has sufficient grounds to consider that the contested act or action is at variance with the legislation of the Russian Federation, that tax authority shall have the right to suspend the

execution of the contested act or action in whole or in part. The decision to suspend the execution of an act (action) shall be adopted by the director of the tax authority which adopted the act or by a higher tax authority. The person who lodged the appeal shall be notified of the decision in writing within three days from the day of its adoption.

Article 142 Consideration of Appeals Lodged with a Court

Appeals (statements of claim) against acts of tax authorities and the actions or inaction of officials of those authorities which are lodged with a court shall be considered and determined in accordance with the procedure which is established by civil procedural and arbitration procedural legislation and other federal laws.

President of the Russian Federation

B. Yeltsin