

Tax Alert COVID-19



On May 11, 2020, Vladimir Putin held a meeting by videoconference on the sanitary and epidemiological situation and new measures to support citizens and the economy of the country. Below we will outline the key measures and changes that the President announced as part of this session.

The period of non-working days and gradual reopening of enterprises

As of 12 May, the non-working days have ended and a phased resumption of work should be performed. The President issued a Decree¹, which envisages a gradual resumption of work. At the same time, the heads of the regions are to determine where the restrictive measures for COVID-19 infection should be extended. If such a decision is taken, it must be accompanied by support to maintain employment.

First of all, the priority is to create conditions for the resumption of activities of enterprises in the basic sectors of the economy: real estate development, industry, telecommunications, energy industry, extraction of mineral resources.

Decree of the President of the Russian Federation from 11.05.2020 N 316 «On determination of the order of prolongation of the measures to ensure sanitary-epidemiological well-being of the population in the subjects of the Russian Federation in connection with the spread of new coronavirus infection (COVID-19)».

Tax amendments:

The President announced some measures to support business, which include:

1. Write-off of taxes and social insurance contributions for the 2nd quarter of 2020 (VAT is an exception) for individual entrepreneurs, small and medium enterprises (SMEs) affected by the epidemiological situation, and socially oriented non-profit organizations.
2. Provision of tax deduction for social insurance contributions in the amount of a one monthly minimum wage for individual entrepreneurs whose activities were most affected by COVID-19 infection.
3. Return to self-employed persons amounts of income tax paid in 2019 (in Moscow, Tatarstan, Moscow and Kaluga regions), as well as provision of tax capital in the amount of one monthly minimum wage.

We kindly pay your attention to the fact that the list of the sectors of the Russian economy most affected by the deterioration of the situation as a result of the spread of COVID-19 infection is established by the Government Decree and is regularly updated.

¹ Decree of the President of the Russian Federation from 11.05.2020 N 316 «On determination of the order of prolongation of the measures to ensure sanitary-epidemiological well-being of the population in the subjects of the Russian Federation in connection with the spread of new coronavirus infection (COVID-19)».

Also, due to the end of the period of non-working days, the deadline for payment of taxes which was postponed earlier has come (except for the continuously operating organizations, as well as small and medium businesses of the affected industries). It is recommended to check the current terms of submission of declarations and payment of taxes in the [table](#) prepared by the Federal Tax Service.

Employment Support Programme

It was proposed to provide a preferential loans to support employment from 1 June 2020. It is assumed that SMEs from the most affected industries, as well as socially oriented NPOs, will be able to receive loans.

The amount of the loan will be calculated by the formula: one monthly minimum wage per 1 employee per month. The maturity of the loan is April 1, 2021. Rate for loan recipients is 2% (difference with the actual rate will be subsidized by the state). 85% of the loan will be granted by the state.

If the company keeps its employment at 90%+ of the current number of employees during the whole term of the subsidized loan, the main debt and interest will be cancelled after the loan expires. If the employment rate does not fall below 80% of the previous number of employees, 50% of the loan and interest will be written off. The cancellation of the main debt on the loan and the interest on it is provided by the state.

We would like to remind you that earlier the state introduced a measure according to which employers are given the opportunity to receive a free payment from the budget in the amount of 12 130 rubles for each employee in April and May if employment remained at least 90% in March 2020.