

# Special tax regimes

3 course 6 semester

# The Tax Code (TC) provides for tax regimes

## general tax regime

involves the payment of a combination of taxes and fees:

- value added tax;
- excises;
- insurance contributions to off-budget funds;
- property tax;
- income tax.

## special tax regimes

When using *special* tax regimes, the totality of these taxes is replaced by the payment of a single tax.

- simplified taxation system;
- patent system.

## Chapter 26.2. SIMPLIFIED TAXATION SYSTEM

- The application of the simplified system of taxation by organizations provides for their release from the obligation to pay tax on profits of organizations, tax on property of organizations. Organizations applying the simplified taxation system are not recognized as taxpayers of value added tax.
- For organizations and individual entrepreneurs applying the simplified taxation system, the current procedure for conducting cash transactions and the procedure for submitting statistical reports remain.
- Organizations and individual entrepreneurs applying the simplified taxation system are not exempted from performing the duties of tax agents

## Article 346.12. Taxpayers

**Taxpayers** are organizations and individual entrepreneurs who have switched to a simplified taxation system.

An organization has the right to switch to a simplified taxation system if:

- according to the results of nine months of the year in which the organization submits a notification on the transition to a simplified taxation system, income did not exceed 112.5 million rubles.
- the average number of employees does not exceed 100 people.

### **Not entitled to apply the simplified taxation system:**

- organizations with branches;
- banks;
- insurers;
- non-state pension funds;
- investment funds;
- professional participants of the securities market;
- pawnshops;
- organizations and individual entrepreneurs producing excisable goods
- organizations whose residual value of fixed assets, determined in accordance with the legislation of the Russian Federation on accounting, exceeds 150 million rubles
- state and budgetary institutions;
- foreign organizations.

## **Article 346.13. The procedure and conditions for the beginning and termination of the application of the simplified taxation system**

- Organizations and individual entrepreneurs who have expressed a desire to switch to the simplified taxation system from the next calendar year, notify the tax authority at the location of the organization or the place of residence of the individual entrepreneur no later than December 31 of the calendar year preceding the calendar year from which they switch to the simplified system taxation.
- The notification indicates the selected object of taxation. Organizations shall also indicate in the notification the residual value of fixed assets and the amount of income as of October 1 of the year preceding the calendar year from which they switch to the simplified taxation system.
- A newly created organization and a newly registered individual entrepreneur have the right to notify of the transition to the simplified taxation system no later than 30 calendar days from the date of registration with the tax authority indicated in the certificate of registration with the tax authority.
- Taxpayers applying the simplified taxation system are not entitled to switch to another taxation regime before the end of the tax period, unless otherwise provided by this article.

## Article 346.13. The procedure and conditions for the beginning and termination of the application of the simplified taxation system

- If, following the results of the reporting (tax) period, the income of the taxpayer exceeded 200 million rubles, and (or) during the reporting (tax) period, the average number of employees of the taxpayer exceeded the limit by more than 30 people, such a taxpayer is considered to have lost the right to apply the simplified taxation system with the beginning of the quarter in which the said excess of the taxpayer's income and (or) the average number of its employees and (or) non-compliance with the specified requirements is allowed.
- The taxpayer is obliged to inform the tax authority about the transition to another taxation regime within 15 calendar days after the expiration of the reporting (tax) period.
- A taxpayer applying the simplified taxation system has the right to switch to a different taxation regime from the beginning of the calendar year by notifying the tax authority no later than January 15 of the year in which he intends to switch to a different taxation regime.
- A taxpayer who has switched from a simplified taxation system to another taxation regime is entitled to switch back to a simplified taxation system not earlier than one year after he lost the right to apply a simplified taxation system.

# Article 346.14. Objects of taxation

The objects of taxation are:

- income;
  - income less expenses.
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- When determining the object of taxation, the taxpayer reduces the income received by the following expenses:
  - expenses for the acquisition, construction and manufacture of fixed assets, as well as for the completion, additional equipment, reconstruction, modernization and technical re-equipment of fixed assets (subject to the provisions of paragraphs 3 and 4 of this article);
  - expenses for the acquisition of intangible assets, as well as the creation of intangible assets by the taxpayer himself
  - expenses for the repair of fixed assets (including leased assets);
  - material expenses ;
  - labor costs , payment of benefits for temporary disability in accordance with the legislation of the Russian Federation;
  - expenses for all types of compulsory insurance of employees, property and liability, including insurance premiums for compulsory pension insurance, compulsory social insurance in case of temporary disability and in connection with maternity, compulsory medical insurance, compulsory social insurance against accidents at work and occupational diseases, produced by in accordance with the legislation of the Russian Federation;
  - amounts of value added tax on paid goods (works, services) purchased by a taxpayer and subject to inclusion in expenses in accordance with this Article
  - expenses for ensuring fire safety of the taxpayer, expenses for property protection services, maintenance of fire and security alarms
  - expenses for the maintenance of official transport
  - travel expenses, in particular for the travel of the employee to the place of business trip and back to the place of permanent work
  - expenses for stationery;
  - expenses for postal, telephone, telegraph and other similar services, expenses for payment for communication services;
  - expenses associated with the acquisition of the right to use computer programs and databases under agreements with the right holder (under license agreements ).
  - advertising costs of manufactured (acquired) and (or) sold goods (works, services), trademark and service mark.

## Article 346.18. The tax base

- If the object of taxation is the income of an organization or an individual entrepreneur, the tax base is the monetary value of the income of an organization or an individual entrepreneur.
- If the object of taxation is the income of an organization or an individual entrepreneur, reduced by the amount of expenses, the tax base is the monetary value of income, reduced by the amount of expenses.
- If, following the results of the reporting (tax) period, the amount of expenses exceeds the amount of income, then in relation to this reporting (tax) period, the tax base is assumed to be zero.
- When determining the tax base, income and expenses are determined on an accrual basis from the beginning of the tax period



## Article 346.19. Taxable period. Reporting period

- The tax period is a calendar year.
- Reporting periods are the first quarter, six months and nine months of a calendar year.

### **The tax rate is set:**

- in the amount of 6 percent if the object of taxation is income
- in the amount of 15 percent if the object of taxation is income reduced by the amount of expenses

## Article 346.21. The procedure for calculating and paying tax

- The tax is calculated as a percentage of the tax base corresponding to the tax rate, unless otherwise provided by this paragraph.
- In relation to taxpayers whose income, determined on an accrual basis from the beginning of the tax period, exceeded 150 million rubles, but did not exceed 200 million rubles, and (or) during the specified period, the average number of employees of which exceeded 100 people, but did not exceed 130 people, the tax is calculated by summing the following two values:
  - an amount equal to the product of the relevant tax rate and the tax base determined for the reporting period preceding the quarter in which the said excess of the taxpayer's income and (or) the average number of its employees occurred;
  - a value equal to the product of the relevant tax rate and a part of the tax base calculated as the difference between the tax base of the tax period and the tax base determined for the reporting period preceding the quarter in which the said excess of the taxpayer's income and (or) the average number of its employees occurred.
- The amount of tax at the end of the tax period is determined by the taxpayer independently.
- Taxpayers who have chosen income as an object of taxation, based on the results of each reporting period, calculate the amount of the advance tax payment based on the tax rate and actually received income, calculated on an accrual basis from the beginning of the tax period to the end of the first quarter, six months, nine months, respectively, taking into account previously calculated amounts of advance tax payments.

## Article 346.21. The procedure for calculating and paying tax

- Taxpayers who have chosen income as an object of taxation shall reduce the amount of tax (advance tax payments) calculated for the tax (reporting) period by the amount:
  - 1) insurance premiums for compulsory pension insurance, compulsory social insurance in case of temporary disability and in connection with motherhood, compulsory health insurance paid (within the calculated amounts) in this tax (reporting).
- At the same time, taxpayers have the right to reduce the amount of tax (advance tax payments) by the amount of the expenses specified in this clause by no more than 50 percent.
- Taxpayers who have chosen income reduced by the amount of expenses as an object of taxation, at the end of each reporting period, calculate the amount of the advance tax payment based on the tax rate and the income actually received, reduced by the amount of expenses, calculated on an accrual basis from the beginning of the tax period until the end of the first one, respectively. quarter, six months, nine months, taking into account the previously calculated amounts of advance tax payments
- Payment of tax and advance tax payments is made at the location of the organization (place of residence of an individual entrepreneur)
- Advance tax payments are paid no later than the 25th day of the first month following the expired reporting period.

# Chapter 26.5. PATENT SYSTEM OF TAXATION

## Article 346.43. General provisions

38) engaging in medical activities or pharmaceutical activities by a person who has a license for these types of activities, with the exception of the sale of medicinal products subject to mandatory labeling with identification means, including control (identification) marks

## Chapter 26.5. PATENT TAXATION SYSTEM

The patent system of taxation is used by individual entrepreneurs along with other taxation regimes

The patent system of taxation applies to types of entrepreneurial activity :

- repair, cleaning, dyeing and tailoring of footwear, textile and knitwear according to the individual order of the population
- hairdressing and cosmetic services;
- services for the production of installation, electrical installation, sanitary and welding works
- veterinary activities;
- retail trade carried out through objects of a stationary trading network with trading floors

**Retail trade** - entrepreneurial activity associated with the sale of goods (including for cash, as well as using payment cards) on the basis of retail sales contracts.

**Trading floor area** - a part of the store, pavilion, occupied by equipment intended for displaying, demonstrating goods, carrying out cash settlements and servicing customers, the area of cash registers and cash booths, the area of workplaces for service personnel, as well as the area of passages for customers. The area of the sales area also includes the leased part of the area of the sales area. The area of auxiliary, administrative and amenity premises, as well as premises for receiving, storing goods and preparing them for sale, in which customer service is not provided, does not apply to the area of the trading floor. The area of the trading floor is determined on the basis of inventory and title documents.

When applying the patent system of taxation, an individual entrepreneur has the right to attract employees, including under civil law contracts. At the same time, the average number of employees should not exceed 15 people for the tax period for all types of entrepreneurial activities carried out by an individual entrepreneur, in respect of which the patent taxation system is applied.

## Chapter 26.5. PATENT TAXATION SYSTEM

**The patent system of taxation does not apply to:**

retail trade carried out through the objects of a stationary trading network with a sales area of more than 150 square meters

wholesale trade, as well as trade carried out under supply contracts.

Individual entrepreneurs who have switched to the patent system of taxation are recognized as **taxpayers**.

The document certifying the right to apply the patent system of taxation is a patent for the implementation of one of the types of entrepreneurial activity

The patent is valid throughout the territory of the subject of the Russian Federation. An individual entrepreneur has the right to obtain several patents. A patent is issued at the choice of an individual entrepreneur for a period of one to twelve months inclusive within a calendar year.

**The object of taxation** is the potentially receivable annual income of an individual entrepreneur in the relevant type of entrepreneurial activity, established by the law of the subject of the Russian Federation.

**The tax base** is defined as the monetary expression of the annual income potentially receivable by an individual entrepreneur by type of entrepreneurial activity, in respect of which the patent system of taxation is applied.

**The tax rate** is set at 6 percent.

**The tax period** is a calendar year. If a patent is issued for a period of less than a calendar year, the period for which the patent was issued is recognized as a tax period.