About a one-time "emergency tax" (windfall tax)

Nonrecurrent windfall tax is proposed to be implemented since January 2024.

26th, April 2023

The Ministry of Finance of the Russian Federation has prepared a draft Law on Tax on Excess Profit of Previous Years and the relevant amendments to the Tax Code. Mass media report on that [1].

At first it was about that the withdrawal tax will be voluntary [2]. Though the authorities decided to adopt legal regulations for it. Shortly about what is known about the new tax at the moment.

Nonrecurrent windfall tax will be applicable to profit earned in 2021-2022. If your company matches the criteria of a payer this will affect your taxation planning and your taxation obligations.

Who will be deemed to be payer?

Russian legal entities and foreign legal entities that have permanent representative office within the territory of the Russian Federation.

What is the taxation base?

Income earned in 2021-2022. Provided that arithmetic average income does not exceed income earned in 2018-2019 and is less than 1 billion RUB the taxation base will be equal to zero.

What is the rate?

- 10% of sum exceeding income earned in 2018-2019;
- 5% if the payment will be effected in advance before the amendments come into force (that is before January 1st, 2024).

Who will be relieved from the taxation payment?

Companies engaged in oil, gas and coal mining, companies engaged in oil-processing, liquefied natural gas manufacturers with existing manufactures and export, small and middle business.

Text of the amendments has not been published yet. As for now large tax payers are getting acquainted with the amendments. The Ministry of Finance expects that the income from such new tax will result in 300 billion RUB.

It is supposed that the changes will come into force since January of the next year.

DSL Service specialists will help you to understand this and other changes in the tax legislation. We accurately protect interests of our clients in their disputes with tax authorities. In-time legal consultation may prevent from arising of such disputed.

[1] see e.g., https://www.kommersant.ru/doc/5940069.

[2] see e.g., https://www.interfax.ru/business/886646.

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