

REVIEW OF THE MEETINGS OF THE GOVERNMENT OF THE RF IN JULY 2013

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At the meetings of the Government of the Russian Federation in July 2013, the following issues among other things were discussed: the draft law which upgrades protection of workers' right to receive a pay in case of a bankruptcy of the employer; the draft law aimed at unification of procedures for collection of insignificant amounts of arrears on insurance contributions, penalties and fines.

On July 10, at the meeting of the Government of the Russian Federation draft federal law on Amendment of Article 4,5 of the Code of the Russian Federation on Administrative Violations and Federal Law on Insolvency (Bankruptcy) (as regards the issue of upgrading responsibility for violation of payment of wages and salaries) was discussed. The draft law is aimed at upgrading protection of workers' rights to receive a pay.

For the purpose of realization of the above goal, a number of amendments were introduced in Federal Law No.127-FZ of October 26, 2002 on Insolvency (Bankruptcy):

1. The list of bankruptcy signs includes arrears on wages and salaries and payment of loss-of-employment compensation; also due to the above the terms used in that Federal Law on Insolvency (Bankruptcy) were specified, in particular, the term – “bankruptcy” – which means in the draft law a failure by the debtor to meet in full the demands, including those of creditors, as regards payment of loss-of-employment compensations and wages and salaries of workers (former workers);
2. In Article 9 (The Debtor's Responsibility to Submit an Application to the Court of Arbitration), one more reason for the manager of the debtor or individual entrepreneur to apply to the court of arbitration has been introduced, that is, the debt on labor remuneration which has been outstanding for over three months, loss-of-employment compensation and other payments due to workers;
3. In its turn, workers (former workers) are granted the right to initiate bankruptcy proceedings;
4. Claims regarding remuneration of workers (former workers) as regards current payments, that is, those which arise after the day the court of arbitration took a decision on recognition of the debtor as bankrupt will constitute the second order of current claims; all the claims included in the second order as regards payment of remuneration to persons whose involvement into

bankruptcy proceedings is not obligatory will be included into the new third order;

5. The order of fulfillment of claims as regards payment of labor remuneration and other allowances to individuals which are not related to current payments specified in Article 134 (4) of Federal Law on Insolvency (Bankruptcy) has been properly arranged.

Under the draft law, claims of compensation of moral damage are excluded from the first order of claims. By default, the above claims will be attributed to the claims of the third order.

Claims of the second order will be arranged in such a way so that they form their own internal hierarchy. At present, the claims of the second order include the following: payment of loss-of-employment compensations, labor remuneration of persons who work or worked under a labor contract and payment of royalties to authors of outputs of intellectual activities. The above payments are carried out by the debtor in arbitrary order. As regards the second order of claims, the draft law sets the following three sub-orders:

- Payment of labor remuneration in the amount of maximum Rb 30,000 per month per worker;
- Outstanding claims on labor remuneration;
- Payment of royalties to individuals – authors of outputs of intellectual activities).

The draft law is expected to introduce an amendment into Article 4.5 of the Code of the Russian Federation on Administrative Violations; under the above amendment a resolution on an administrative violation can be made within a year from the day such an administrative violation took place (instead two months provided for at present).

The draft of amendments into the Code of Administrative Violations of the Russian Federation and the Federal Law on Insolvency (Bankruptcy) was approved and submitted to the State Duma of the Russian Federation.

On July 25, at the meeting of the Government of the Russian Federation the draft law on Amendment of Some Statutory Acts of the Russian Federation as

Regards Upgrading of the Procedure for Collection of Payments to State Extra-Budgetary Funds was considered. The draft law introduces amendments into Federal Law No.212-FZ of July 24, 2009 on Insurance Contributions to the Pension Fund of the Russian Federation and the RF Federal Fund of Mandatory Medical Insurance for the purpose of making simpler the collection of insignificant amounts of arrears on insurance contributions, penalties and fines.

The draft law increases the period of collection of debts at the expense of funds in accounts of payers of insurance contributions from two months to one year and two months after the expiry of the period of fulfillment of the earliest claim in case the unpaid amount of the debt specified in the claims as regards payments administered by the Pension Fund does not exceed Rb 1,500, while as regards those administered by the Social Insurance Fund, Rb 500. Also, the draft law provides for the opportunity to supervising authorities to pass one decision on collection in respect of several unfulfilled claims as regards payment of insurance contributions.

In addition to the above, it is proposed to increase the deadlines for taking by authorities supervising payment of insurance contributions of resolutions on collection of insurance contributions at the expense of the property of the payer of insurance contributions, but not later than two years after the expiry of the period of fulfillment of the earliest claim as regards payment of the debt in case the unpaid amount of the debt specified in the claim as regards payments administered by the Pension Fund does not exceed Rb 1,500, while those administered by the Social Insurance Fund, Rb 500. It is to be noted that the authority supervising payment of insurance contributions will be granted powers to pass a resolution on collection of insurance contributions in respect of one or several claims simultaneously.

The draft law sets the limit as regards the minimum amount of collection of the debt by judicial means from individuals-payers of insurance contributions in the amount of Rb 500.

The draft law was approved and submitted to the State Duma of the RF. ●