

## A REVIEW OF RUSSIAN GOVERNMENT'S MEETINGS HELD IN AUGUST 2013

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*Following are some of the issues and problems that were considered at Russian Government's meetings held in August 2013: a draft law which introduces a special form of on-the-ground control by tax authorities of how banks discharge the functions established by the legislation on taxes and levies, as well as a draft law which further defines procedures for state control (supervision) over local self-government bodies and local self-government officials, including regulation of scheduled and spot inspections.*

A federal draft law "On the Introduction of Amendments to Part 1 of the Tax Code of the Russian Federation and Article 1 of the Federal Law "On the Protection of Rights of Legal Entities and Self-employed Entrepreneurs In the Course of Public Control (Supervision) and Municipal Control", as well as Concerning the Annulment of Certain Acts of Legislation of the Russian Federation in the Context of the Enhancement of Control over the Fulfillment by Banks of the Obligations Established by the Law on Taxes and Levies of the Russian Federation" were considered at Russian Government's meeting which was held on **August 1, 2013**.

The draft law is intended to regulate the procedure for control by tax authorities to ensure that banks fulfill their obligations established by the law on taxes and levies.

In addition to the existing cameral inspection procedure which is normally conducted at location of a tax authority, the draft law introduces a sort of on-the-ground inspection of banks which is to be conducted in banks' premises. Moreover, it is banks, not their customers, that are to be subject to such inspection.

In general, the foregoing procedure for inspection of banks is harmonized with the existing "common" procedure designed for on-site tax inspection of taxpayers to be introduced.

For instance, the draft law offers the same scope of information to make a decision to conduct inspection, a three-year inspection period, a two-month period of inspection which can be extended for as long as four months according to the procedure established by the Federal Tax Service of Russia (FTS of Russia), identical mechanism and terms of discontinuation of inspection (up to six months, and, in case of a request of information from foreign government bodies, up to nine months), as well as the grounds for a re-inspection.

The draft law was approved and submitted to the State Duma of the Russian Federation for consideration.

A federal draft law "On the Introduction of Amendments to Article 77 of the Federal Law "On the General Principles of the Local Self-Governance in the Russian

Federation" was considered at Russian Government's meeting which was held on **August 21, 2013**.

The draft law establishes the principles of legal regulation of public control (supervision) over local self-government bodies and local self-government officials, including organization of scheduled and spot inspections.

The draft law establishes a general rule under which supervisors will conduct scheduled inspections no more than once in two years on the basis of annual plans approved by the public prosecution office of a constituent territory of the Russian Federation. Spot inspections will be conducted optionally, whose closed list established by the draft law. At the same time, the foregoing cases are not clearly defined in terms of contents – "the existence of facts of infringement of the legislation of the Russian Federation which may result in emergencies, life/health threatening situation, as well as large-scale violations of citizens' rights", therefore the difference between scheduled inspections and spot inspections are quite conventional.

Spot inspections must be approved by the public prosecution office of a constituent territory of the Russian Federation.

Public supervisory and control authorities are to forward their proposals concerning the annual plan of inspections to the public prosecution office of a constituent territory of the Russian Federation not later than on the 1<sup>st</sup> of September of a year preceding the year in which inspections are to be conducted.

Based on the proposals made by the public supervisory and control authorities, the public prosecution office of a constituent territory of the Russian Federation is to design an annual plan not later than on the 1<sup>st</sup> of October of a year preceding the year in which inspections are to be conducted.

The annual plan is to include the following information:

- The name and location of local self-government bodies and local self-government officials who are subject to inspection ;

- The name of a public supervisory and control authorities who plan to conduct inspections;
- Goals and grounds for inspections, as well as terms thereof.

The annual plan is to be posted in the official website of the public prosecution office of a constituent territory of the Russian Federation and the respective public supervisory and control authorities not later than on the 1<sup>st</sup> of November of a year preceding the year in which inspections are to be conducted.

The procedure for inspections is as follows: supervisory bodies are to request information from a local self-government body. No limits for the volume of

such information are specified by the amendments. At the same time, the draft law imposes a single restriction on the volume of information provided to supervisory bodies: it is prohibited to request the information which is available on the local self-government body's official website or published in mass media. Furthermore, in its response to such a request the local self-government body will be obliged to disclose the source where the respective information is officially published or posted.

The draft law was approved and submitted to the State Duma of the Russian Federation for consideration. ●