

A REVIEW OF TAXATION REGULATORY DOCUMENTS ISSUED IN THE PERIOD OF FEBRUARY 2014 THRU MARCH 2014

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The political events that took place in the period under review, concerning the declaration of independence of the Crimea from Ukraine, the referendum in the Crimea which gave rise to signing an agreement on the accession of the Republic of Crimea and the city of Sevastopol to the Russian Federation as Russia's new constituent territories, will have a long-term decisive impact on the economic situation in the Russian Federation, factoring in that the global community has withheld recognition of the reunification of Russia and the Crimea.

In our opinion, it would be unreasonable to discontinue certain forms of Russia's interaction with the leading countries despite the recent dramatically sharpened contradictions which have resulted in the cessation of the form of coordinating leading countries' stand, such as G8. Should Russia keep developing free market relations on its territory, the coordination on the issues relating to, for example, the interception of tax evasion channels should be continued, because this meets common interests and will allow mutually accepted forms of cooperation in this area to be introduced into the international practice.

The decisions which were taken in the period under review reflect the ambivalence in approaching socio-economic governance of the Russian Federation. On the one hand, a series of documents and decisions aimed at the development of free-market relations were issued and taken, on the other hand, trends towards strengthening the role of administrative and prohibitive methods as priority guidelines in public management manifested themselves clearly. Restrictions to the ownership rights and economic freedoms of individuals and legal entities as a means of enforcing them to meet administrative requirements squeezing the constitutional rights and freedoms cannot be considered acceptable methods of governance in a free-market environment. Methods of administrative pressure acquire under certain circumstances the nature of redundant economic restrictions which violate the Constitution of the Russian Federation. Such a phenomenon was considered by the Constitutional Court of the Russian Federation (hereinafter referred to as the CC RF). Since the judicial mechanism under the given circumstances acts post factum, the constitutional rights and freedoms might be found to be deliberately violated for a long period of time.

There were positive events such as Ministry of Finance's provisional theses on the fiscal policy guidelines for 2015 and the period of 2016 thru 2017 which confirm that tax load will not be hardened. Budget revenues are expected to increase through widening the tax base (which is possible through cutting tax allowances and preferences). A "light regime" of transition to the property tax was declared, under which the tax allowances established at the federal level will be retained and a reduction coefficient introduced at the initial stage. The tax is going to be introduced shortly,

allowing regional budget revenues to be linked to fair market-value appraisal of taxable immovable property¹. The intention to further cut off customs tariffs while increasing the mineral extraction tax was confirmed, thereby meeting the terms of Russia's accession to the WTO².

The issue of financial federalism was sharpened in the period under review. Sweeping growth of regional debts resulted from delegating to the regions the responsibility for spending without transferring respective revenues has revealed discrepancies between the Ministry of Finance of Russia and the Council of Federation of Russia in how to resolve the issue³. The Ministry of Finance is ready to replace commercial receivables with cheaper budget loans, while senators suggested to transfer the federal part of the profit tax (2% of the total 20% rate) to the regions, charge the income tax at the domicile, as well as halve the number of federal civil servants in the constituent territories of the Russian Federation. A plenary meeting of the

1 В. Вислогузов, «Налоги вырастут почти без роста» [Visloguzov V., "Taxes to increase, but not the tax load", available at: kommersant.ru/doc/2432249 dated 18.02.2014]

2 «Шаталов: налоговый маневр в нефтянке будет зависеть от решений ЕЭС» ["Shatalov: taxation maneuvering in oil industry to depend on EEC's decisions"], available at: ria.ru/economy/20140318/999984802.html от 18.03.2014]

3 В. Вислогузов, «Минфин и Совфед не сошлись бюджетами. Регионы просят денег на дефицит и инвестиции» [Visloguzov V., "The Ministry of Finance of Russia and the Council of Federation of Russia fail to agree on the budget. Regions ask for money to cover the deficit, and investment"], available at: kommersant.ru/doc/2437863 от 26.03.2014. В 2014 г. According to the regional estimates presented by the Chamber of Accounts of the Russian Federation, factoring in the Russian President's orders of May 2013, the regions run short of Rb 946bn of the total need of Rb 2,6 trillion. In 2013, the debt owed by the regions to banks increased from Rb 428bn to almost Rb 700bn.

Council of Federation to consider this issue is scheduled for April 2014.

An unexpectedly acute conflict between Russia and Ukraine triggered by the world community's recognition of a new Ukrainian government who ousted incumbent Ukrainian President Victor Yanukovich, and a referendum in the Crimea which voted for the accession of the Crimea and the city of Sevastopol to the Russian Federation, have resulted in economic sanctions against Russia by the leading developed states. The scope of such sanctions will depend on further actions of the Russia's political leaders. The package of sanctions includes measures aimed at freezing bank accounts and constraining access to the property owned by the persons who influenced most the process of Crimea's accession to the Russian Federation, canceling its G8 membership, a format of maintaining relations with the leaders of the developed countries. Furthermore, sanctions¹ against banking, energy sectors, Russian exporters and importers of arms, dual-use goods and technologies may be imposed later.

Economically, the Russian financial system will survive short-term fluctuations, because the economy is functioning within the system of market pricing and foreign currency bearings despite the dominating role of state-run monopolies, and foreign national debt (including state corporations' liabilities) still cannot be used as a means of economic pressure, however, deferred risks related to long-lasting economic sanctions against Russia may, in our opinion, be found to be very effective. In particular, this is what representatives of the U.S. Administration have warned of².

This may be associated with the fact that Russia's partners might refuse to renew foreign economic contracts or wish to introduce new terms so that they can be insured against potential losses for political reasons, forcing Russian companies to operate through mediators (perhaps, offshore companies)³, i.e. they will have to pay to the mediators. As a consequence,

1 18.03.2014 14:56 money.ru.msn.com/news/384965. «Обама готовит экономике России «удушающие санкции»» [“Obama prepares “strangling sanctions” for the Russian economy”]. The publication has a reference to a news release of the CNN channel; Р. Фаляхов, П. Сморгзков, О. Алексеева, «Санкции против России: перезагрузка» [Flyakhov R., Smorzkhov P., Alexeeva O., “Sanctions against Russia: a reload”], available at: Газета.Ru dated 11.03.2014]

2 «Белый дом посоветовал не покупать российские акции», представитель Администрации США Джей Карни [“The White House suggests not to buy Russian stocks”, James Carney from the U.S. Administration], available on: Lenta.ru/news/2014/03/19/dontbuy/ dated 19.03.2013. The U.S. Administration made a statement about taking potential extra measures aimed at the business community in connection with the situation in the Crimea.

3 The announced refusal to access the Russian Federation to the OECD is indicative of that Russia will be treated as an offshore territory in relations with developed countries.

the declared in Russia counteraction against offshore companies and moving businesses to foreign jurisdictions may be nothing more than declaration, while capital outflow from the country will increase (more than \$55bn in Q1). Risks for direct investment in the Russian economy will raise substantially, because products will be considered having the Russian origin, and their export to global markets might encounter difficulties. Price growth is unlikely to compensate for risks, as costs are unreasonably high (wages increased at a faster rate than labor productivity within a long period of time). Litigations might lead to seizure of the property owned by the Russian Federation⁴. Restrictions on using Russia's property located in Ukraine⁵ and other states might be imposed as a means of pressure to protect Ukrainian interests. Speaking of the WTO, should stricter economic sanctions be imposed against Russia, it might lose the opportunity to enjoy free competition outside its territory and become self-isolated while its WTO partners will be able to take advantage of having direct access to the Russian markets.

In our opinion, political tension between the Russian Federation and post-Soviet states only may be coped with through consistent development of free-market relations in such countries. The practice shows that it was not until the commercial relations between Georgia and the Russian Federation partially restored when the severe political Russian-Georgian conflict gave way to the commencement of negotiations between Russia, Georgia, South Ossetia, and Abkhazia⁶. Perhaps, the current severe political conflict between Ukraine and the Russian Federation cannot be handled until commercial and economic relations between the two countries are restored.

The world community has withheld recognition of the referendum in the Crimea and the subsequent accession of the Crimea to the Russian Federation. The world community have imposed economic sanctions

4 «Брюссель не имеет права брать в заложники европейский бизнес». Президент Франко-российской торгово-промышленной палаты Эммануэль Киде – о потерях ЕС в случае экономических санкций против Москвы [“Brussels may not take the European business hostage”. Franco-Russian Chamber of Commerce President Emmanuel Kide speaks about losses the EU might incur should economic sanctions against Russia have been imposed], available at izvestia.ru/news/567816 dated 20.03.2014.

5 «Минюст Украины пригрозил России компенсировать свои убытки от отсоединения Крыма за счет конфискации имущества РФ в их стране» [“The Ukrainian Ministry of Justice threatens Russia with seizing Russia's property located in Ukraine as compensation for the Ukrainian losses incurred from the detachment of the Crimea”], available at: ria.ru/world/20140318/1000064644.html dated 18.03.2014.

6 «Тбилиси продолжит мириться с Москвой в Женеве» [“Tbilisi continues making peace with Moscow in Geneva”], available at: izvestia.ru/news/567773 dated 19.03.2014.

against Russia as a form of compulsion, because Russia hasn't changed its decision despite that the world community's opinion was communicated to Russia's leaders.

Tough reaction of the leading developed countries can be explained as follows. Further acceleration of the authoritarian government in the Russian Federation (when a small group of persons make key decisions) constitutes a substantial risk for the global economic community, because it creates economic and political uncertainty of subsequent actions of one of the major international entities which supplies energy resources to the European countries and has an effect on stability and development of the markets in many European countries. However, further escalation of authoritarian forms of government in Russia fails to meet its interests. Authoritarian government leads to distortion and artificial deformation of objective economic trends, replacement of public interests with the interests of certain groups, which may eventually boil over into curtailing personal rights and freedoms, technical and technological inferiority because of skilled labor force fleeing the Russian economy in response to imposed restrictions.

It is quite obvious that democratic form of government relies upon a free, non-monopolized market which is governed by the right of option. The authoritarian form of government may emerge when the market is underdeveloped, not free, and this form relies upon monopolized economy and serves, above all, the interests of monopolies (it is strategic monopolies, not necessarily national ones, that are given priority, namely arms, raw material, grain monopolies etc., which have direct economic control over large swathes of population). It is in the interests of Russia to consistently make its way to a free market through any political turmoils. This is the only way to partially mitigate the effects of economic sanctions, ensure progressive economic growth, avoid a degraded, monopolized economy left far behind the civilization (monopolies are well known to tend to drain financially and bankrupt independent market entities).

Russia was integrated into the global market during its post-Soviet period. The country is facing the challenge of changing its production structure, but the Russian economy is sustainable and adapted to the market. This gives reason to believe that Russia has nothing to gain from further worsening of political turmoil and confrontation with the world community, because tougher sanctions may entail further destruction of the established efficient functioning of the market. Neither is the western business community ready to give up the stable Russian market, because it might be fraught with crisis developments for western manufac-

turers themselves as a result of declining volumes of production of goods (works, services), job cuts, forced losses which cannot be compensated with inputs and investment made.

It is worth noting that economic isolation of the country is a pseudo democratic approach which foredooms the nationals of a country facing economic sanctions to a stronger authoritarian government, results in domination of national monopolies in the internal market, and as the internal free market of an isolated country gets more and more oppressed, the government in force may transform from authoritarian to totalitarian which tends to repress the personal rights and freedoms. As we see, instead of coping with political authoritarianism in the economy in transition through developing a free market, such "punishing" measures have quite the opposite effect on the nationals of such country, resulting in impoverishment, strong-arm methods of governing, weaken dissent, and inflicting damages to external counterparties' business. Given that the political forces of the developed countries are unlikely to give up sanctions, the Russian Federation only may count on the global business community's interest in retaining the Russian free market. Should the Russian leaders be truly concerned about the development of the country, the highest governance bodies should, in our opinion, elaborate a strategy of further development of market relations, attracting investors to the internal market through demonopolizing the economy, ensuring a tolerant attitude towards all points of view including the opposition, regardless of whether or not they agree with the official point of view: decisions in a democratic society are made by a majority of votes, but a freely expressed position of the minority allows for objective assessment of a given situation, efficient public administration (the opposition, unlike representatives of the government entities in force, are not interested in concealing from the incumbent government facts of corruption, breaches of law, development problems etc.), changes to social and political relations by using nonviolent methods (free discussion allows most painful public issues to be promptly detected and eliminated, without inducing any tension and social unrest).

This is why, in our opinion, it is the creation of optimal conditions for accelerated development of a free market is the main line of the development of the Russian economy at the current stage. Methods of supporting market development in taxation are well known: a fair, neutral, and competitive fiscal system should be in place; non-tax mandatory payments abolished; redundant administrative load on businesses eliminated; unreasonable prohibitive, punitive penalties abolished, etc.

It is critical, in our opinion, to continue interacting on a wide range of the key economic agreements between the Russian Federation and the United States despite contradictions on the Crimean referendum. All the agreements aimed at ensuring normal functioning of a free market shouldn't be discontinued. Russia's participation in exchanging information about deoffshorization of the economy is worth noting as an activity intended to ensure normal functioning of a free market.

Of great importance is a project on bilateral cooperation on executing the provisions of the U.S. Foreign Account Tax Compliance Act (FATCA) which the parties agreed upon late in February 2014¹. The FATCA is intended to reduce tax losses which the U.S. budget incurs from offshore schemes. The FATCA requires that foreign banks provide the U.S. Internal Revenue Service with information on U.S. customers' accounts. According to the explanations of the Ministry of Finance of Russia, an arrangement on using an information interchange model was achieved. Should an agreement have been signed, Russian banks will be obliged via the Federal Tax Service of Russia (FTS of Russia) to provide the U.S. party with fiscal information on U.S. tax residents and their bank accounts, and the U.S. party will assume responsibility to provide Russia with data on Russian accounts with U.S. banks and the relevant data. Should no agreement have been signed until July 1, 2014, Russian banks will fall under economic sanctions.

In our opinion, it would be unreasonable for the parties to discontinue interaction in detecting and combating tax evasions, even amid economic sanctions.

Another line of development that should be continued is Russian Government's current work on making master and departmental lists of public works and services provided by public agencies, requirements to the formation of registers of such works and services. This work is being performed as part of the reform designed to ensure transition of publicly funded institutions from direct budget financing of public institutions maintenance costs to financing costs of specific public assignments on the basis of established financial standards per unit of a public assignment in actual size. The introduction of registers of public works and services with specific indicators of assignments and contractors, as well as posting respective information on the unified portal of the budget system of the Russian Federation (www.budget.gov.ru) will help enhance civil watch of the effectiveness of budget resources spending, transparency of objectives and

specific publicly funded items, as well as improve the results achieved within specific items of the register.

For example, the Russian Government Regulation dated 26.02.2014 describes the mechanisms of making and publishing public services registers.

This will allow one to assess the proportionality of established tax load limits and potentialities for decreasing the tax load by giving up redundant public services.

Since not only 100% state-owned agencies, but also private entities may submit an application for the provision of public services, making (by the state) a free register of regulatory documents on each type of public service regulating terms and procedures for the provision of such services, and reporting measures, could facilitate further development of competition and cost-effectiveness in the market of public services through the engagement of small and medium-sized entities. Perhaps, this is the next step towards increasing the transparency and quality of public expenditures. A set of regulatory documents on sanitary and epidemiological requirements to environmental safety developed by specialists from IC ConsultantPlus may be used as an example for making a scheme. The point at issue is which documents establish which standards for premises so that safety of such premises is ensured for both the seller and the buyer of works (services).

There is an obvious a trend towards imposing administrative penalties and other forms of restricting the title and ownership rights as a universal means of enforcing individuals and legal entities to adhere to the decisions of certain government authorities. The legislator intends to use penalties in an effort to regulate almost all relations arising in the society, i.e. social, political, and economic relations. However, imposing artificial restriction on the ownership rights implies imposing restriction on the civil economic rights and freedoms. Disproportional restriction on the economic rights and freedoms involves violation of the Constitutional law.

Having encountered actions of individuals and legal entities which for some reasons aren't supported by government authorities, the Russian legislator has made illegal such actions of individuals and legal entities to prevent them in the future and established administrative penalties for violations, with, as a rule, a high threshold of fiduciary penalties (a very wide range of "from" and "up to" limits"). Such a scheme of penalties fails to comply with the Constitution of the Russian Federation and violates the rights of those to whom it applies. The CC RF Ruling of July 30, 2001 No. 13-P explains that penalties must meet the requirements set forth in Clause 3, Article 55 of the

¹ Available at: 1prime.ru or 26.02.2014.

Constitution of the Russian Federation¹ and must be proportional: “the size of such a penalty – since such a penalty is associated with restricting the constitutional ownership right – must at least meet the criterion of proportionality”. The proportionality suggests the observation of the principle of “equitable, individualized, and differentiated punishment”.

The applicable scheme of legally established penalty lower and upper limits enables the recoveror to impose a penalty within legally established limits, taking no account of proportionality between the sanction and the violation. A penalty only may be lowered (below the “lower” limit) in court (i.e. by the “law enforcer”). As a result, the violator’s right to dispose of his/her property is restricted in violation of the requirements provided for by the Constitution of the Russian Federation: the constitutional requirements are breached at the moment of imposing sanctions, and the constitutional civil rights are restored in court.

Should the violator cannot afford the imposed penalty because of disproportional punishment, the duly imposed penalty becomes even more burdensome. The same conclusion has been made by the Constitutional Court of the Russian Federation (CC RF). The CC RF Ruling of 25.02.2014 No. 4-P reads that “failure to pay in due time the administrative penalty, under the Clause 1, Article 20.25 of the Administrative Offences Code of the Russian Federation, may incur a penalty at double rate of the outstanding administrative penalty on the legal entity, which may just as well acquire the nature of redundant administrative enforcement if the sum of the initially imposed administrative penalty is already very burdensome for the legal entity subject to administrative penalty”.

The Constitutional Court of the Russian Federation had to communicate directly to the legislator that the practice of establishing too high thresholds of penalties is unconstitutional², because similar violations of

the Constitution have for more than 15 years been committed in adopting and executing laws.

Therefore, there are reasons, in our opinion, to assume that introducing new penalties under the standard pattern (i.e. in violation of the constitutional requirements) for a period of more than 15 years, every time the legislator deliberately sets too high threshold (lower limit) of the administrative sanction so that by using economic methods, such as imposing unaffordable liabilities, make sure that until the end of the legal proceeding the defendant cannot conduct free economic (social, political) activity and exercise other constitutionally guaranteed rights concerning the defendant’s property. This practice should be discontinued, while indemnitees should be, in our opinion, entitled to compensation from the federal budget for the incurred non-pecuniary and non-pecuniary damage.

The issue of penalties has become topical, because the Russian Government has accepted coefficients based on imposed and levied sanctions to measure the performance of public supervisory and licensing authorities, – see, for example, the Russian Government Regulation dated 25.02.2014 No. 145, making amendments to the Rules for Making up Reports on Public Control (Supervision), Municipal Control in the Areas Approved by the Russian Government Regulation dated 5.04.2010 No. 215 and the Rules for Monitoring of Licensing established by the Russian Government Regulation dated May 5, 2012 No. 467.

The following measures have been introduced to measure the performance of regulatory and supervisory authorities, for example, the sums of imposed administrative penalties as percentage of the total sum of imposed administrative penalties; average amount of imposed administrative penalty, including civil servants and legal entities (thousands of rubles); the share of inspections whose materials on detected violations have been submitted to authorized bodies for instituting criminal proceedings (as percentage of the total number of inspections which detect violations of mandatory requirements) etc.

The size of imposed administrative penalties has been complemented with the share of completed random inspections, the share of violations detected during random inspections as percentage of the total number of violations revealed during all types of inspections etc. to make up the performance measures for licensing provided for by the amendments to the Russian Government Regulation dated May 5, 2012 No. 467 in addition.

It isn’t quite clear what the specified newly introduced indicators have to do with the effectiveness of

1 Clause 3, Article 55 of the Constitution of the Russian Federation: “The rights and freedoms of man and citizen may be limited by federal law only to the extent necessary for the protection of the fundamental principles of the constitutional system, morality, health, the rights and lawful interests of other people, for ensuring defense of the country and security of the State”.

2 The CC RF Ruling of 25.02.2014, № 4-P, Clause 5: “Imposing on legal entities administrative penalties whose lower sums constitute a substantial amount, the federal legislator in pursuance of the constitutional requirements ... shall be obliged to make ensure that the application of such penalties entail no redundant administrative enforcement ... Otherwise, as specified in the CC RF Ruling of January 17, 2013, No. 1-P, one shouldn’t rule out that administrative penalties with substantial sums of lower limits might turn from an enforcement action preventing administrative offences to a tool of oppressing economic independence and initiative, redundant restriction on the freedom of enterprise and the freedom of ownership, which is unacceptable pursuant to ... the Constitution of the Russian Federation and contradicts the general law of equity”.

supervisory and licensing agencies. These are would-be significant indicators. The performance (effectiveness) has always been measured on the result-based, income-based principle. For example, net profit growth should be measured using types of activity regulated by supervisory and licensing agencies per ruble of wages of the personnel employed by these supervisory and licensing agencies, or the cost-effectiveness of budget financing of maintenance of supervisory and licensing agencies per one ruble (thousand, one million rubles) of revenues of the types of activity regulated by supervisory and licensing agencies while the regulated entities retain the quality of goods (works, services).

The introduced indicators raise concerns about being accepted by the Russian Government as government performance measures. When the government begins to measure its own performance by number and volume of imposed sanctions, it automatically begins to forcibly redraw for its own benefit the property owned by independent market commodity producers and individuals. From the point of view of the accepted measures, the harder is the administrative pressure aimed at strangling the free market, the higher is the government performance.

It would be reasonable, in our opinion, to switch to the fulfillment of control and governance tasks through the creation by market participants of self-regulating organizations (SROs) in various industries and economic areas, while the state should determine rules for conducting safe (in terms of health and environment) activities and control standards to see whether the rules are observed or not, as well as develop mechanisms of compensation for damages incurred to consumers of goods (works, services) and environment in case SRO participants fail to observe the established rules and standards.

6. A recently developing trend towards tightening the rules for financial operations and taxation in Russia has been found to be quite alarming as compared to the rules in force outside Russia. For instance, proposals have been made to prohibit civil servants to open foreign currency accounts with banks located in the Russian Federation¹ and purchase real estate in other states on legally earned and duly taxed income in the Russian Federation². In an effort to counteract offshore companies, the Ministry of Finance of Rus-

sia is ready to impose higher taxes on individuals' and legal entities' stand-alone investment as 10% of their shareholding in foreign companies³, although experts distinguish between common investment (when investors may not influence distribution of incomes) and firms established and designed to transfer capital from Russia (in which case the share of residents of a state establishing such a company in other state should be less than 50% to be able to influence distribution of incomes). Some senators suggest that seizure of property for tax crimes should be introduced⁴ by introducing the concept of "unjustified tax benefit" into the Tax Code of the Russian Federation (TC RF)". The concept of tax crime is quite controversial. Furthermore, should the non-payer's property be seized to collect arrears and pay fines for the misappropriation of funds, there is no economic reason whatsoever to forfeit the rest of the property owned by a person and his/her family.

All of the foregoing measures are designed to forcibly isolate Russia's nationals from international markets. As result, Russia's nationals will lose their economic freedom, whatever would be the reasons for such decisions, and the law of serfdom begins whenever in times of peace individuals are forced to lose their economic independence and enjoy less personal freedoms. As a reminder, foreign currency operations were totally prohibited in the U.S.S.R., and capital punishment was instituted for buying foreign currencies in the "black market". This failed to stop emigration outflow from the Soviet Union to Israel, while schemes of cross-border foreign currency conversion without official entities taking part in it were developed back at that time. Should the economic rights and freedoms of Russia's nationals be unreasonably limited, a "foreign currency black market" and a dollarized economy would reemerge in the country. In our opinion, to avoid criminalization of the Russian economy, the Russian government should ensure that Russia's nationals can generate income and pay taxes on terms not less favorable than in other developed countries.

Market relations are based on the right to option. The market allows a fair and neutral system of transferring a part of market participants' income to the state as taxes so that the state can perform its public functions for the benefit of the entire society. Discrepancies ari-

1 Д. Рункевич, Е. Малай, «Чиновникам запретят иметь валютные счета в российских банках» [Runkevich D., Malai E. "Civil servants may not open foreign currency accounts with Russian banks"], izvestia.ru/news/567927 dated 22.03.2014;

2 Е. Теслова, «Чиновникам запретят владеть недвижимостью за рубежом» [Teslova E. "Civil servants may not own immovable property in other countries"], available at: izvestia.ru/news/567922 dated 24.03.2014;

3 М. Папченкова, «Подготовлен жесткий законопроект о налогообложении иностранных «дочек» российских компаний» [Panchenkova M., "A tough draft law to be released on taxation of foreign "subsidiaries" of Russian companies"], available at: vedomostu.ru dated 17.03.2014

4 «Сенаторы предлагают законодательно закрепить конфискацию имущества за налоговые преступления» ["Senators suggest to legalize forfeiture of property for tax crimes"], available at: interfax.ru/business/361951 dated 28.02.2014.

sing from introduction of a redundant tax load (aimed at redistribution of property of individuals and legal entities in favor of other individuals and legal entities), all types of non-tax forms of seizing property of individuals and legal entities, other artificial limits tend to forcibly

establish different scopes of rights (including economic rights) and opportunities for different categories of individuals and legal entities, give rise to a social unrest, reflect degradation of democratic government and administration institutions, destroy a free market. ●