



State Policy Developments

The Russian Government specifies the secondary liability of directors and owners of companies going bankrupt

On July 7, 2017, the Russian Government released the updated draft amendments to the federal law #127-FZ “On Insolvency (Bankruptcy)” supplementing amendments dedicated to activities of bankruptcy managers that passed the first reading in the State Duma on April 22, 2016.

The new amendments primarily focus on secondary liability for the owners and managers of a company going through the bankruptcy procedure. The new regulations extending the scope of the secondary liability claims have been enacted on July 1, 2017.

Specifically, the following key issues have been addressed in the updated amendments:

- (1) Introduction of definition of a person who controls the debtor;
- (2) Introduction of the list of persons who have the right of bringing in the secondary liability claims;
- (3) Detailed procedure of distribution of the secondary liability claims between creditors;
- (4) Introduction of incentives for the bankruptcy managers to execute the secondary liability claims;
- (5) Protective measures in relation to the secondary liability claims may only be imposed as a result of the adversary procedures.

Amendments and their description at web site of the Russian Government: [Original](#) (Rus) | [Google Translate](#)

The Ministry of Finance proposed key directions of the tax, budgetary and customs policy for 2018-2020

On July 11, 2017, the Ministry of Finance released the draft of “Key Directions of the Budgetary, Tax, Customs and Tariff Policy for 2018 and the Planning Period of 2019 and 2020” to be considered by the State Duma on July 19, 2017.

The Ministry’s **macroeconomic projections** go in line with projections adopted by the Government and assume 2.0% GDP growth in 2017 and 1.5% GDP growth in 2018-2020. The average annual Urals crude oil is projected to drop from USD 45.6 per barrel in 2017 to USD 40.8 per barrel in 2018 with further gradual recovery to USD 41.6 per barrel in 2019 and USD 42.4 per barrel in 2020.

The Ministry confirmed the budgetary projections previously adopted by the Government. Specifically, the Russian **federal budget deficit** is expected to decrease from 2.1% of GDP in 2017 to 0.8% of GDP in 2020 (1.6% in 2018 and 0.9% in 2019). The Russian **consolidated budget deficit** shall also decrease from 2.2% of GDP in 2017 to 1.0% of GDP in 2020 (1.9% in 2018 and 1.1% in 2019).

The Ministry envisages the following **steps aimed at structural transformation of the Russian economy**:

- (1) Reducing the size of the shadow economy in Russia and securing the competitive environment for the business;
- (2) Improving effectiveness of the state companies (specifically, introduction of requirements to distribute 50% of net income of the state-owned companies as dividends and optimisation of subsidies’ policy);
- (3) Stimulation of investment activities (specifically, introduction of [tax benefits for companies investing in modernisation of the fixed assets](#));
- (4) Improving effectiveness of the oil and gas sector (specifically, introduction of [the added income tax](#) for pilot projects and correction of customs policy for oil and oil products);
- (5) Implementation of project management principles in the state management in order to improve effectiveness of the state-run programs;
- (6) A number of measures aimed at fine-tuning of the tax policy.

It is noticeable that details on the announced 22/22 tax reform (increase of VAT from 18% to 22% with simultaneous decrease of aggregate payments of organisations to [extra-budgetary funds](#) from 30% to 22%) have not been disclosed in the document.

The document also describes the new fiscal rule to be introduced starting from 2018 that was initially [presented in the middle of June 2017](#).

“Key Directions of the Budgetary, Tax, Customs and Tariff Policy for 2018 and the Planning Period of 2019 and 2020” at web site of the State Duma: [Original](#) (Rus)

The bill on responsibility of social networks for dissemination of unlawful information has been introduced

On July 12, 2017, two delegates of [the State Duma](#) belonging to United Russia, the ruling party, introduced the bill imposing responsibility of social networks for placement of information, which dissemination is prohibited by the Russian legislation.

The bill envisages introduction of definition of “social networks’ operator”, who is obliged to establish the representative office within the territory of the Russian Federation. The operator shall restrict access or remove the illegally distributed information based on a user’s request within 24 hours, including the following information:

- (1) information calling upon war;
- (2) information stirring up ethnic, racial or religious hatred or enmity;
- (3) inadequate information discrediting honour or reputation of a person;
- (4) any other information, which distribution is considered an administrative or criminal offence.



The bill also introduces the outstanding penalties for the operators (RUR 3-5 million for the private persons and RUR 30-50 million for the legal entities).

The bill at web-site of the State Duma: [Original](#) (Rus)

Comments to the bill at web-site of the State Duma: [Original](#) (Rus)| [Google Translate](#)

Business Environment

Russia ranked 39 in the Digital Evolution Index 2017

On July 13, 2017, Digital Planet, an interdisciplinary research initiative of The Fletcher School's Institute for Business in the Global Context, released 2017 report ("How Competitiveness and Trust in Digital Economies Vary Across the World").

The report features the Digital Evolution Index that covers 60 countries being a combination of four assessed factors: Supply Conditions (access infrastructure, transaction infrastructure, fulfillment infrastructure), Demand Conditions (consumer capacity to engage, digital payment uptake, digital uptake), Institutional Environment (institutions and the business environment, institutions and the digital ecosystem, institutional effectiveness and trust), Innovation and Change (Inputs, Process, Output). Besides that, the Digital Evolution Index Momentum is also calculated that represents growth rate of a country's digitalization score over an eight-year period (2008—2015).

Russia held 39th place in 2017 Digital Evolution Index with 2.44 score (the maximum score of 3.79 was awarded to Norway and Sweden). The Digital Evolution Index Momentum Score is 3.43 putting Russia to 5th place in the ranking (the maximum score of 3.95 was assigned to China).

Dedicated report of Digital Planet: [Original](#) (Eng)

Supreme Court approves the reform of the Russian system of general jurisdiction courts

On July 13, 2017, the summit of [the Supreme Court of the Russian Federation](#) approved the reform of the [general jurisdiction courts' system](#) that was initiated in the end of 2016 by Mr. Vyacheslav Lebedev, the head of the Supreme Court. After the approval, the appropriate bill will be passed to the State Duma for consideration.

The reform assumes introduction of a number of appeal courts and superior-level courts (cassation) courts within the system of general jurisdiction courts similarly to those operating in [the system of arbitration courts](#). There will be totally 9 cassation courts and 5 appeal courts in Russia.

At present, [general jurisdiction courts of the Russian regions](#) (subjects of the Federation) are appointed as the superior-level courts and the appeal courts being also the trial courts for a number of cases.

The reform will allow separating properly the functions of courts at the appeal and cassation stages. Specifically, the following key changes are proposed:

(1) The boards of regional courts will be no longer authorized to consider appeals to those courts' decisions made on a trial stage;

- (2) The supreme boards (presidiums) of the regional courts will no longer act as cassation stage for decisions of [district courts](#) and [JPs](#). Their functions will be limited to organizational issues related to operations of appropriate court.
- (3) New appeal courts will be vested with a part of the present functions of the regional courts and the Supreme Court on appeal cases;
- (4) The appeals to the Supreme Court in relation to the decisions of the district courts will only be possible after the decision at cassation stage and in case of the substantial breaches of the procedure;
- (5) The Supreme Court will not be responsible for processing complaints related to decisions of inferior-level courts that have not come into force.

Dedicated article in Kommersant newspaper: [Original](#) (Rus)| [Google Translate](#)

National scale ratings of the Russian issuers granted by Top 3 rating agencies became officially ineligible for regulatory purposes

Starting from July 14, 2017, the national scale ratings granted by [S&P](#), [Moody's](#) and [Fitch](#) to the Russian issuers are officially ineligible for regulatory purposes in Russia.

All of the mentioned agencies have already withdrawn the national scale ratings in Russia. This resulted from changing local regulations on operations of international rating agencies requiring them to establish branches in Russia and go through compulsory accreditation procedure.

At present, the [ACRA](#) (Analytical Credit Rating Agency) and [Expert RA](#) are the only rating agencies accredited for granting the national scale ratings to the local issuers.

Dedicated article by RIA Novosti News Agency: [Original](#) (Rus)| [Google Translate](#)

Federal law #222-FZ "On Operations of Credit Rating Agencies in the Russian Federation" dated July 13, 2015: [Original](#) (Rus)

Reports and Forecasts on Russia Traced by Factosphere

Date	Publisher	Document name	URL
10.07.2017	The Russian Ministry of Finance	Interview of Mr. Anton Siluanov, the Russian Minister of Finance, to Reuters agency	Original (Rus) Google Translate
10.07.2017	IMF	Russia: Five Reforms to Increase Productivity, Diversify Growth	Original (Eng)
10.07.2017	IMF	IMF Executive Board Concludes 2017 Article IV Consultation with the Russian Federation	Original (Eng)
10.07.2017	IMF	Russian Federation : 2017 Article IV Consultation-Press Release; Staff Report	Original (Eng)
10.07.2017	IMF	Russian Federation : Selected Issues	Original (Eng)
10.07.2017	Analytical Centre under the Government of the Russian Federation	Labour productivity in the Russian Federation. June 2017. Bulletin.	Original (Rus)
10.07.2017	BNP Paribas	Russia. Macroeconomic consolidation.	Original (Eng)
11.07.2017	Deka Group	Emerging Markets Trends	Original (Ger)
11.07.2017	Raiffeisen Bank International	Russia country report	Original (Eng)
11.07.2017	Deloitte	Russia through a lens. 2Q 2017.	Original (Eng)
11.07.2017	PwC	2018 Russian FTS "blacklist": Expanding the exchange of tax information	Original (Eng)
11.07.2017	ROMIR	Extraordinary expenses. Survey on daily consumer spending in Russia in June 2017.	Original (Rus) Google Translate
12.07.2017	The Russian Central Bank	Talking Trends bulletin (June 2017)	Original (Eng)
12.07.2017	Center for Strategic Research in cooperation with Russian Presidential Academy of National Economy and Public Administration	Prospects of development of the Russian financial sector	Original (Rus) Google Translate
12.07.2017	OPEC	OPEC Monthly Oil Market Report. July 2017.	Original (Eng)
13.07.2017	The Russian Central Bank	Dynamics of consumer prices. July 2017 bulletin.	Original (Rus)
13.07.2017	ROMIR	RUR 517. Survey on average shopping bill in June 2017 based on Romir Scan Panel.	Original (Rus) Google Translate
13.07.2017	Centre of Development of Higher School of Economics	Comments on the State and the Business. June 27-July 12, 2017	Original (Rus)
13.07.2017	The Russian Ministry of Economic Development and The Russian Central Bank	Dialog between Mr. Maxim Oreshkin and Ms. Elvira Nabiullina on development of the financial markets in the course of St. Petersburg International Financial Congress	Original (Rus) Google Translate
13.07.2017	The Russian Central Bank	Long-term forecast of the size and structure of financial sector of Russia	Original (Rus)
13.07.2017	The Russian Central Bank	Review of the Banking Sector of the Russian Federation. July 2017 (Internet version, unofficial translation)	Original (Eng)
13.07.2017	VTB	Weekly Custody newsletter #26 / 2017	Original (Eng)
13.07.2017	The Economist Intelligence Unit	Europe Growth and Inflation Forecast	Original (Eng)
14.07.2017	BOFIT	BOFIT Weekly	Original (Eng)
14.07.2017	Gaidar Institute in cooperation with Russian Presidential Academy of National Economy and Public Administration and Russian Foreign Trade Academy	Monitoring of Economic Situation in Russia. July 2017, #13(51)	Original (Rus) Google Translate
14.07.2017	Commerzbank	Week in Focus	Original (Eng)

Statistical Publications Traced by Factosphere

Date	Publisher	Document name	URL
10.07.2017	The Russian Ministry of Finance	Weekly data on budget funds in deposits, public budget loans and REPO	Original (Eng)
10.07.2017	The Russian Central Bank	Main Stock Market Indicators	Original (Eng, xls)
11.07.2017	The Russian Central Bank	Main Commodities' Exports of the Russian Federation Seasonally Adjusted	Original (Eng)
11.07.2017	The Russian Central Bank	Russian Federation: Main Components of the Current Account of the Balance of Payments Seasonally Adjusted	Original (Eng)



Date	Publisher	Document name	URL
11.07.2017	The Russian Central Bank	Balance of Payments of the Russian Federation (Analytical Presentation, BPM6 Methodology) Transaction Signs According to BPM6	Original (Eng)
11.07.2017	The Russian Central Bank	Comments: Estimates of Key Aggregates of the Balance of Payments of the Russian Federation for January – June of 2017	Original (Eng)
12.07.2017	The Russian Central Bank	Net Inflows/Outflows of Capital by Private Sector (Based on the Balance of Payments, Flows Data)	Original (Eng)
13.07.2017	The Russian Central Bank	Balance of Payments of the Russian Federation (monthly)	Original (Rus)
13.07.2017	The Russian Central Bank	Estimate of the External Debt of the Russian Federation as of June 30, 2017	Original (Eng)
12.07.2017	The Russian State Statistics Service	On CPI estimate for July 4-10, 2017	Original (Rus) Google Translate
13.07.2017	The Russian State Statistics Service	On production volumes of oil products and dynamics of their retail prices for July 3-9, 2017	Original (Rus) Google Translate



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