



Weekly Newsletter Russia

July 24-30, 2017

State Policy Developments

The Russian Ministry of Finance proposes to set unified rules on introduction and change of non-tax payments of the businesses

On July 26, 2017, the Russian Ministry of Finance proposed the bill “On Regulation of Compulsory Payments for the Legal Entities and Individual Entrepreneurs” that was prepared based on results of Investment Forum in Sochi by the order of Mr. Dmitry Medvedev, the Russian Prime Minister.

The bill aims at unifying and formalizing approach to introduction and change of non-tax payments for the businesses that have been increasing in number rapidly in the recent years. Among the examples of payments to be regulated are fees of Platon toll system (trucks), the negative environmental impact fees, utilization fees for vehicles, and fees for the tests and examinations executed by the state bodies.

The bill envisages introduction of dedicated registers of non-tax payments at the federal, regional and municipal levels. In order to be included in the register, the payments shall come through the two-stage approval procedure. At the first stage, the bills on introduction or change of non-tax payments shall go through assessment of regulatory impact. The second stage assumes adoption of dedicated legislative acts at appropriate level of the state power (federal law or resolution of the Russian Government at the federal level, laws of subjects of federation or resolutions of their top executive power bodies at regional level, or resolutions of representative bodies at municipal level).

Referring to the bill, the non-tax payments may be enforced at the beginning of the year that follows the year of their adoption, but not earlier than six months starting from official publishing of dedicated regulations. The bill also sets rights and obligations of the businesses and the state bodies in relation to non-tax payments.

The bill “On Regulation of Compulsory Payments for the Legal Entities and Individual Entrepreneurs” at Federal Portal of Drafts of Legislative Acts: [Original](#) (Rus)

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

Business Environment

The U.S. Senate gave the green light to new sanctions on Russia

On July 27, 2017, the U.S. Senate finally approved the bill [imposing new sanctions on Russia](#), which also prevents President Trump from lifting them in the future. The bill is still to be signed by Mr. Donald Trump, and there has not been clear indication on the intention to sign the bill as is

from the White House. However, the two major options considered by the White House are signing the proposed bill or negotiating even “tougher deal against the Russians”, so that introduction of new set of sanctions is commonly viewed as highly probable.

Dedicated article at Bloomberg: [Original](#) (Eng)

The Russian Central Bank kept the base rate at 9.00%

On July 28, 2017, the Russian Central Bank decided to retain the base rate at 9.00%. The major factors behind the decision are as follows:

- (1) Downside trend in inflation expectations has come to an end following correction of prices for certain products and services (for example, surge in prices for fruits and vegetables, as well as regular increase in utility tariffs);
- (2) Short-term inflation risks due to possible poor harvest are still in place;
- (3) Elevated geopolitical risks and volatility in the global commodity and financial market can lead to national currency devaluation and increasing inflation expectations;
- (4) There are substantial medium-term inflationary risks that include crude oil price fluctuations, labor productivity lagging behind wages’ growth, lower propensity to save from the side of households, and negative impact of planned tax maneuver on inflation.

As a result, the Central Bank is likely to continue implementing moderately tight monetary policy in the coming months in order to reach 4.00% inflation target for the year. The Bank’s official Russian GDP growth projection for 2017 retained in the range of 1.3-1.8%.

The next meeting on revision of the base rate will be held on September 15, 2017.

Dedicated press release of the Russian Central Bank: [Original](#) (Eng)

National Statistics

The Russian GDP growth for 2Q 2017 is estimated in the range of 2.4-2.7%

On July 27, 2017, VneshEconombank (VEB) released the monthly Russian GDP growth estimate for June 2017. The bank indicated the GDP growth at 2.6% in June as compared to June 2016 and indicated the flat seasonally adjusted growth (0.0%) as compared to May 2017. The growth for 2Q 2017 is estimated at 2.4% against 2Q 2016 (1.1% growth against 1Q 2017, seasonally adjusted). According to VEB, investment activities and increasing volumes of wholesale trade connected with increasing imports and inventories’ growth have been among the key GDP growth drivers in the second quarter of 2017.

On July 28, 2017, the Russian Ministry of Economic Development released Picture of the Economy bulletin, where it provided the Russian GDP growth estimate for June 2017 at 2.9% as compared to June 2016. The GDP growth for 2Q 2017 was estimated at 2.7% against 2Q 2016 (the estimate for May 2017 was corrected to 3.5%). The major indicated GDP growth drivers have been investment



in fixed capital that is assumed to grow by 5-6% in 2Q 2017, as well as the gradual recovery of the domestic demand.

Picture of the Economy June 2017 bulletin: [Original](#) (Rus)

GDP indices for June 2017 by VneshEconBank: [Original](#) (Rus) | [Google Translate](#)

Reports and Forecasts on Russia Traced by Factosphere

Date	Publisher	Document name	URL
24.07.2017	The Center for Strategic Research	The government purchases. Vision of the government contract system. Report.	Original (Rus) Google Translate
24.07.2017	IMF	World Economic Outlook Update, July 2017	Original (Eng)
24.07.2017	The Russian Ministry of Finance	Announcement to the press of Mr. Ilya Trunin, the Russian Deputy Minister of Finance, on the abolishment of VAT for gold and the personal income tax for bonds and changes in transport tax for luxury cars	Original (Rus) Google Translate
25.07.2017	Centre of Development of Higher School of Economics	Market for artificial fertilizers, 1Q 2017	Original (Rus)
25.07.2017	The Russian Ministry of Finance	The roadmap on organisation of execution of the federal law "On the Federal Budget in 2017 and the Planning Period of 2018 and 2019" in 2017	Original (Rus) Google Translate
25.07.2017	Euler Hermes	Emerging Europe: the European dividend	Original (Eng)
25.07.2017	PwC	Guidance for foreign investors by the Supreme Court: Taxation matters	Original (Eng)
26.07.2017	The World Bank	Global Monthly Economic Developments, July 2017	Original (Eng)
26.07.2017	PwC	Government plans for tax reforms over a three-year period	Original (Eng)
26.07.2017	Berenberg	Global Outlook: More Growth Despite Political Risks	Original (Eng)
27.07.2017	Future Russia 2017-2035 project	Interview with Mr. Sergey Drobyshevsky, the Director on Scientific Work of Gaidar Institute , on situation in the Russian economy	Original (Rus)
27.07.2017	Centre for Development of Higher School of Economics	Comments on the state and the business, July 13-26, 2017 (#137)	Original (Rus)
27.07.2017	ACRA	Russian government to become a net borrower and Kazakhstan government to remain a net creditor in 2018. Debt market map.	Original (Eng)
27.07.2017	PwC	Bill on three-tier transfer pricing documentation and the automatic exchange of information sent to State Duma	Original (Eng)
27.07.2017	The Center for Strategic Research	Land for the people. How to avoid chaos in land circulation. Report.	Original (Rus)
27.07.2017	ROMIR	Cooled off loans. Survey on consumer loans in Russia.	Original (Rus)
27.07.2017	VTB	Weekly Custody newsletter #28 / 2017	Original (Eng)
27.07.2017	VneshEconBank	Monthly GDP indices for June 2017 with comments	Original (Rus) Google Translate
28.07.2017	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, #14(52)	Original (Rus)
28.07.2017	BOFIT	BOFIT Weekly	Original (Eng)
28.07.2017	Commerzbank	Week in Focus	Original (Eng)
28.07.2017	The Russian Ministry of Economic Development	Picture of the economy. June 2017	Original (Rus)

Statistical Publications Traced by Factosphere

Date	Publisher	Document name	URL
24.07.2017	The Russian State Statistics Service	On residential construction in 1H 2017	Original (Rus) Google Translate
24.07.2017	The Russian State Statistics Service	Employment and unemployment in the Russian Federation in June 2017	Original (Rus) Google Translate
24.07.2017	The Russian State Statistics Service	Revision of yearly and quarterly data on the Russian GDP and GDP components for 2011-2013 (incl. seasonally adjusted data)	Original (Rus)
24.07.2017	The Russian Central Bank	External Debt of the Russian Federation (Analytical Presentation)	Original (Eng)



Date	Publisher	Document name	URL
25.07.2017	The Russian State Statistics Service	Business activity of organisations in Russia in July 2017	Original (Rus) Google Translate
25.07.2017	The Russian State Statistics Service	On financial results of activities of organisations in January-May 2017	Original (Rus) Google Translate
25.07.2017	The Russian State Statistics Service	CPI in Russia and selected foreign countries in June 2017	Original (Rus) Google Translate
25.07.2017	The Russian State Statistics Service	On dynamics of prices for gasoline and oil products' resources in June 2017	Original (Rus) Google Translate
25.07.2017	The Russian State Statistics Service	On the state of the oil market in January-May 2017	Original (Rus) Google Translate
24.07.2017	The Federal Treasury	The Russian federal budget as of July 1, 2017	Original (Rus, zip)
25.07.2017	The Russian Central Bank	External Trade in Services of the Russian Federation by Main Partner Countries	Original (Eng)
25.07.2017	The Russian Central Bank	External Trade in Services of the Russian Federation within the Extended Balance of Payments Services Classification (as per Balance of Payments Methodology)	Original (Eng)
26.07.2017	The Russian Ministry of Finance	Weekly data on budget funds in deposits, public budget loans and REPO	Original (Eng)
26.07.2017	The Russian State Statistics Service	On CPI estimate for July 18-24, 2017	Original (Rus) Google Translate
26.07.2017	The Russian State Statistics Service	Outstanding Debt Due to the Employees by the Employers (Wages) as of July 1, 2017 (bulletin)	Original (Rus, rar)
27.07.2017	The Russian State Statistics Service	On production volumes of oil products and dynamics of their retail prices for July 17-23, 2017	Original (Rus) Google Translate
27.07.2017	The Russian Central Bank	External Debt Sustainability Ratios of the Russian Federation	Original (Eng)
27.07.2017	The Russian Central Bank	International Reserves of the Russian Federation (Weekly values as of the end of accounting date)	Original (Eng)
28.07.2017	The Russian State Statistics Service	Current information on natural movement of population for January-June 2017	Original (Rus)
28.07.2017	The Russian State Statistics Service	Russia in figures 2017. Statistical bulletin	Original (Rus, rar)



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