

Dentons wins tender to develop digital economy tax legislation

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Moscow, St. Petersburg —Dentons' Russia Tax and Customs practice won a tender of the Skolkovo Foundation for Development of the Center for Elaboration and Commercialization of New Technologies to develop legislation in the following areas:

- R&D and Patent Box incentive
- New rules for individual tax residency
- Personal income tax deduction for business angels
- Deduction of “input” VAT for export of digital and IT services and sale of IP rights

This project aims to create incentives for digital economy entities and to make the Russian tax system more competitive.

In 2017 the Government of Russia approved a program to implement the Digital Economy project. The Analytical Center for the Government of the Russian Federation autonomous nonprofit organization was officially assigned the functions of project management office to implement the program, and the specially created Digital Economy Autonomous Nonprofit Organization was assigned the authority to create working groups and competency centers and to liaise with business.

Today two Dentons partners head a working group to implement the Digital Economy of the Russian Federation state program at the competency center: Vasili Markov heads the Special Legal Regimes working group and Victor Naumov heads the Cyber-Physical Systems working group and is also on the main Digital Economy ANO Statutory Regulation working group. Dentons' lawyers have participated in crafting the Tax Strategy to 2020 relating to tax incentives in the tax policy expert group at the Center for Strategic Developments, lead the Russian Government expert group on developing innovation tax incentives and have developed sets of business tax incentive measures for the governments of a number of CIS countries.

Vasili Markov, partner in Dentons' Russia Tax and Customs practice: “First of all, we thank the Skolkovo Foundation for choosing our team for these projects that are important for the Russian tax system. In our work we rely on accumulated tax expertise in high-tech and consider the opinion of a wide range of experts from our working group: representatives of the business community, expert and scientific associations, as well as the ministries and agencies involved. Our interdisciplinary and legislative capabilities in the leading areas of the digital economy—the Internet of Things, robotics and artificial intelligence, and driverless cars—allow us to take a broader view of how to provide digital entrepreneurs with tax incentives. In developing incentive mechanisms we take into account global best practices and competition among countries to attract tax payments in the global digitization of the economy.”

Dentons' Tax and Customs practice, which is rated one of the leading practices in Russia (Band 1 by Chambers

Europe 2018), has 34 specialists.

The practice has all the resources necessary to provide you with the full spectrum of tax and legal services, including international tax advice, domestic tax and deoffshorization advice; advising on tax incentives and other forms of state support; contract tax review; tax restructurings; tax due diligence/ self-checks; tax M&A support; tax dispute resolution; domestic accounting advice; tax legislative work; transfer pricing; individual tax planning and compliance; tax risk management; real estate tax; and supporting intangible asset transactions. The team also provides all types of customs law services, including customs compliance health checks; supply chain structuring and goods import modeling with the subsequent implementation of the developed supply structures; ensuring the declaration process complies with general customs law requirements; advising on the determination of customs value; advising on the classification of imported goods, etc.

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