Consul Group

DIGEST

KEY CHANGES IN TAXATION FROM 2025



1. PIT.

Differentiated personal income tax (PIT) rates are introduced by amount and type of income:

13% – for income up to RUB 2.4 mn a year (under RUB 200 thousand a month);

15% – from RUB 2.4 mn to 5 mn a year;

18% – from RUB 5 mn to 20 mn a year;

20% – from RUB 20 mn to 50 mn a year;

22% – over RUB 50 mn a year.

The higher rates apply not to the entire income but only to the amount above the threshold.

This applies to most income of resident individuals (including the main tax base, i.e. income under employment and civil-law contracts) and to income of privileged categories of non-residents (EAEU citizens, foreigners working under a patent, etc.).

- For certain types of resident income two rates remain: 13% if income is up to RUB 2.4 mn; 15% if income is from RUB 2.4 mn to 5 mn.
- Thus, PIT on dividends is 13% up to RUB 2.4 mn; above that, 15% with no further progression.
- The PIT exemption on the sale of shares or business interests held continuously for over five years has been adjusted. If annual income from such transactions exceeds RUB 50 mn, tax is payable on a general basis even if the holding period exceeded five years (13% on RUB 2.4 mn plus 15% on the excess over RUB 2.4 mn);
- Tax on income from the sale of real estate will be 13% up to RUB 2.4 mn and 15% above that amount, with no further progression. The exemption for income from the sale of property after the minimum holding period (five years for real estate, three years for other property) remains;
- Russian regions may raise the 0.7 reduction coefficient used to determine taxable income from the sale of real estate up to 1;
- Tax conditions for transactions in digital financial assets are aligned with those for securities – PIT rates are capped at 15%;
- A single fixed PIT amount of RUB 25 mn is set for owners of 5 or more controlled foreign companies (CFCs).

2. Business splitting.

The term “business splitting” is enshrined in the Russian Tax Code. Splitting means dividing a single business activity among several formally independent persons controlled by the same persons, aimed solely or mainly at understating taxes through the use of special tax regimes beyond the limits on the exercise of rights set by Art. 54.1 of the RTC.

An amnesty (i.e. release from payment of assessed taxes, late-payment interest and penalties) is also provided for those willing to abandon the splitting scheme voluntarily.

Voluntary abandonment of the scheme means paying taxes in the amount determined by consolidating the income and other indicators of all participants in the scheme.

The amnesty also has a number of specific features. Some of them:

- The obligation to pay taxes, interest and penalties for the 2022–2024 tax periods in respect of business splitting ceases upon full or partial voluntary abandonment of splitting in 2025–2026;
- Termination of the tax obligation for the 2022–2024 tax periods does not apply to tax authority decisions that took effect before the law entered into force;
- From the date the law entered into force, the entry into force of decisions issued following tax audits for 2022–2024 that found business splitting is suspended;
- If a field tax audit for 2025 and 2026 finds no business splitting, the obligation to pay taxes, interest and penalties for 2022–2024 ceases from the date the decision on that audit takes effect;
- If no field tax audit for 2025 and 2026 is conducted, a tax authority decision for 2022–2024 that had not taken effect by the date the law entered into force takes effect on 1 January 2030. From that date, the obligation to pay taxes, interest and penalties assessed for the splitting scheme for 2022–2024 ceases;
- If the taxpayer partially abandoned the splitting scheme in 2025 and 2026, the obligation to pay taxes for 2022–2024 ceases to the corresponding extent;
- If the taxpayer abandoned business splitting for 2025 and 2026 only after a decision to conduct a field tax audit for 2025–2026 was issued, the obligation to pay taxes, interest and penalties for 2022 and 2023 ceases provided that splitting was voluntarily abandoned

for 2024 before the date the decision on the tax audit for 2025 and 2026 took effect;

- If, after liquidation, business splitting is found to continue in 2025 and/or 2026 through another group of persons controlled by the same persons as the liquidated taxpayer, the members of that group must pay the taxes, interest and penalties for 2022–2024 assessed against the taxpayer for the splitting scheme.

3. Corporate property tax.

For real estate taxed at cadastral value where the cadastral value of each property exceeds RUB 300 mn, tax rates are set by regional laws and may not exceed 2.5%.

4. Personal property tax.

For real estate included in the List determined under Art. 378.2(7) of the RTC where the cadastral value of each property exceeds RUB 300 mn, tax rates are set by regional laws and may not exceed 2.5%.

5. Land tax.

For land plots with a cadastral value above RUB 300 mn, a 1.5% rate applies regardless of the plot's permitted use.

6. Profit tax.

- The general profit tax rate rises to 25%;
- A reduced profit tax rate of 5% is provided for IT companies until 2030;
- IT companies may apply the benefits after a reorganisation by spin-off;
- To stimulate capital investment by large businesses, a federal investment tax deduction is introduced, reducing the profit tax payable to the federal budget. The eligible taxpayer categories, the categories of fixed and intangible assets it applies to, and the procedure and conditions for applying it are set by the Russian Government.

7. STS.

- From 1 January 2025, the income threshold under the simplified taxation system (STS) rises to RUB 450 mn a year and the residual value of fixed assets to RUB 200 mn. Both thresholds will be indexed annually by the deflator coefficient;
- An organisation may switch to the STS if its total income for profit tax purposes for nine months did not exceed RUB 337.5 mn;
- Organisations and sole proprietors that lost the right to the STS in 2024 by exceeding the income limit may return to the STS from 1 January 2025, provided their total income for the nine months of 2024 does not exceed RUB 337.5 mn;
- The "transitional" STS rates (8% for the "income" base and 20% for the "income minus expenses" base) are abolished; the base rates of 6% and 15% apply uniformly to all STS payers;
- Sole proprietors and organisations on the STS will now be VAT payers if their annual income exceeds RUB 60 mn. Thus, STS taxpayers will not pay VAT if their income for the previous tax period did not exceed RUB 60 mn. This VAT exemption applies automatically, with no need to notify the tax authority;
- STS taxpayers may apply reduced VAT rates: 5% if income does not exceed RUB 250 mn, or 7% if income does not exceed RUB 450 mn;
- VAT charged to STS organisations and sole proprietors that was not previously expensed is deductible;
- When a taxpayer switches to the STS with the VAT exemption, VAT previously deducted must be restored in the period preceding the switch;
- When a taxpayer switches to the STS with the 5% or 7% rate, VAT previously deducted must be restored.

8. A new Chapter 33.1 on tourist tax is added to the RTC.

From 2025, the resort fee is replaced by a tourist tax.

This is a local tax; municipalities decide whether to introduce it and set the rates. The rate will rise gradually: from 1% of the cost of accommodation in 2025, adding one percentage point a year, to 5% from 2029.

The tax is paid at the location of the hotel.

Tourist tax payers are organisations and individuals providing temporary accommodation in accommodation facilities included in the register of classified accommodation facilities under the Law on the Fundamentals of Tourism Activity.

The fundamental difference from the resort fee is that the fee was charged to tourists, while the tourist tax is paid by hotels.

The tax base is the cost of the accommodation service provided, net of the tourist tax and VAT.

The tax base excludes accommodation of certain persons (e.g. special military operation participants).

A minimum tourist tax is also set, calculated as: RUB 100 × number of nights at the accommodation facility.

The tax period is a quarter.

The tourist tax is calculated at the moment of full settlement with the person purchasing the service.

The tax is paid at the location of the accommodation facility by the 28th of the month following the tax period.

Taxpayers file a tax return for the tax period by the 25th of the following month.

9. State duty for registration of property rights.

State duty for registering rights to high-value property is increased, with a shift to duty based on the transaction price.

Examples:

- for individuals, for real estate with a cadastral value above RUB 20 mn – 0.02% of the cadastral value determined for the property as at the date of application for the legally significant action, but not less than 0.02% of the transaction price and not more than RUB 500 thousand.

- for organisations, for real estate with a cadastral value above RUB 20 mn – 0.2% of the cadastral value determined for the property as at the date of application for the legally significant action, but not less than 0.2% of the transaction price and not more than RUB 1 mn.

The CONSUL GROUP tax practice team has deep knowledge and extensive experience in advising clients on taxation, supporting them during field and desk tax audits, and in court disputes with the tax authorities.

We would be glad to provide comprehensive support in these areas.