

Reminder: time to think about your SME status

05.06.2023

Dear colleagues,

we would like to remind you that in order to keep SME status companies with foreign participation should apply the list of required documents for entry into the register.

As for now, SME status is still available for those companies in which foreign participation exceeds 49%.

At the same time the necessary condition for entry is **the compliance of both the foreign parent company and the Russian subsidiary with the criteria of small and medium-sized businesses** set in the Russian Federation (in terms of headcount and income not exceeding the threshold for medium-sized businesses) - according to the Federal Law of 24.07.2007 [N 209-FZ](#):

- o the size of the average number of employees for the previous calendar year does not exceed 250 people (the maximum threshold for medium-sized enterprises);
- o [The amount of income](#) from business activities in the previous calendar year does not exceed 2 billion roubles (maximum threshold for medium-sized enterprises).

For companies with foreign participation the data for inclusion in the register must be input by the **authorized auditing organization** in the period from [July 1st to July 5th, 2023](#).

Expert comment from Olga Grigorieva, CEO of the audit company Sternhoff Audit:

*"The authority to confirm information for the SME registry and to submit it to the tax authority is the function of **auditing organizations** (part 6.2 of Article 4.1 of the Federal Law "On the Development of Small and Medium Entrepreneurship in the Russian Federation").*

That's why the support from the auditors should be obtained. The auditors will conduct the necessary auditing procedures, check the data of the subsidiary and the parent company, and, in case the criteria are met, the auditing company will submit information to the register.

We submit the information monthly from the 1st to the 5th calendar day of the month. IMPORTANT NOTICE - the status previously obtained must be confirmed annually!"

Organizations which [fail to provide](#) information to the tax authority or which no longer meet the SME criteria will be removed from the [register](#) annually on **July, 10th**.

As a reminder, if SME status has not previously been obtained or has been lost, an application for status can be submitted [any month](#).

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The SME registry will be updated on the 10th day of each month (in the period from July 10th to December 10th - on the basis of reporting for the previous calendar year; in the period from January 10th to June 10th - on the basis of reporting for the calendar year before).

It is important to remember that regardless of the month in which the company was entered in the register, its status must be confirmed in the period from **01st to 05th of July** of the following year.

Should all the criteria for SME status be met, it is worth to think on the preferences available to SMEs:

- Reduction of the amount of insurance and social contributions to be paid from the payroll (from 30% to 15% in the part exceeding the minimum wage level);
- [Support measures](#) from the federal authorities, such as a simplified procedure for filing certain forms of tax and statistical reporting, preferential lending for SMEs, reducing the supervisory burden (for example, a moratorium on non-tax audits until 31.12.2023, etc.);
- Support measures from regional authorities (there is a need to check at the place of company registration).

What should be done now:

- ✓ Submit a request to the auditing organization for a list of required documents;
- ✓ Request necessary documents from the foreign parent company to confirm that the criteria are met;
- ✓ Prepare data from the side of russian company.

If you need assistance in preparing of the necessary document package, we will be glad to provide you our support on the issue.

Please do not hesitate to contact us for any questions!

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