

## TRANSPORT TAX FOR LEGAL ENTITIES: MAIN CHANGES IN 2021

05.10.2021

### Dear Clients and Partners,

We remind you that starting from January 1, 2021 important changes concerning the transport tax came into force.

For your convenience, we have made an overview of the main changes and recommendations on their application.

From January 1, 2021 the **obligation of organizations to provide tax returns on transport tax** for 2020 and subsequent tax periods (clause 17 of Article 1 of the Federal Law № 63-FZ of 15.04.2019, Federal Tax Service Order of 04.09.2019 Nr. MMV-7-21/440) **was canceled**.

Also, from this date **uniform deadlines** and advance payments for payment of transport tax were introduced for all organizations:

- the tax is to be paid no later than March 1 of the year following the expired calendar year;
- advance payments, if they are introduced by the law of the Federal subject of the Russia, are to be paid not later than the last day of the month following the expired quarter.

Starting from 2021 **organizations must** calculate and pay transport tax **on their own** (clause 1, Article 362 of the Tax Code of the Russian Federation).

**The total amount of tax** is calculated for each transport vehicle as the multiplication of tax base and tax rate with the multiplying coefficient (clause 2, Article 362 of the Tax Code of the Russian Federation).

The rates are set by the Federal subjects of Russia within the limits specified in the Article 361 of the Tax Code of the Russian Federation.

Organizations that have the right to **transport tax benefits** must send to the tax authority an application for a tax benefit (Article 361.1 of the Tax Code of the Russian Federation). At the same time organizations are also entitled to submit documents confirming the right to this benefit with the application.

The form of an application for a tax benefit is prescribed by Order No. MMB-7-21/377@ of the Federal Tax Service dd. July 25, 2019.

From 2022, taxpayers will submit to the tax authority an application for a tax benefit in the form as amended by Order of the Federal Tax Service of Russia No. ED-7-21/574@ of 18.06.2021.

The Tax Code does not set a deadline for filing an application.

An application for tax benefit shall be considered by the tax authority within 30 days from the date of its receipt. This period can be extended in case of necessity for the tax authority to request information confirming the taxpayer's right to tax benefit from other authorities and persons who have such information. In this case, the taxpayer shall be notified of the extension of the deadline for review of the application.

After considering of the application, the tax authority shall send to the taxpayer:

- notification on granting tax benefit;
- notification of refusal with the explanation of the grounds for refusal.

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In order to ensure the full payment of tax, from 2021 the tax authorities will send taxpayers **messages about the amount of tax calculated by the tax authorities** (paragraph 4 of Article 363, paragraph 5 of Article 363 of the Tax Code).

The **tax will be calculated** basing on the information available at the tax authority:

- from the authorities that register vehicles - the Traffic Police;
- according to the information about the declared tax benefits received from the owners of vehicles.

**Deadlines for mailing tax notices:**

- Six months from the date the tax payment deadline expired (e.g., the notification for 2020 must be received by the taxpayer no later than September 1, 2021);
- Two months from the date of receipt of information on the recalculation of the tax;
- One month from the date of receipt of information from the Unified State Register of Legal Entities (EGRUL) that the company is being liquidated.

Tax notification is sent to the taxpayer via telecommunications, personal account on the website of the tax office, or by regular post (if it is impossible to notify by other means).

**However! Please note** that the above-mentioned notification is informative in nature and is sent to the taxpayer after the expiration of the tax period and the deadline for tax payment, and, consequently, **does not cancel the obligation of the taxpayer to calculate and pay the tax on his own** in the accordance with the law requirements.

**Shall the tax amount independently calculated and paid by the taxpayer not match the data specified in the tax notification, within ten working days from the date of receipt of the message** about the calculated tax amount the organization (tax payer) can send to the tax inspection its explanations and documents confirming: the correctness of the calculation, completeness and timeliness of the tax payment, the validity of the use of lower tax rates, tax benefits or the existence of the grounds for tax exemption (paragraph 6 of Article 363 of the Tax Code).

**The term for considering the application** is one calendar month. Shall the term take longer, the tax authorities are obliged to notify the taxpayer.

According to the results of consideration the taxpayer will receive:

- A message on recalculation of the amount to be paid, considering the explanations, evidence and arguments provided;
- A demand for additional payment if the taxpayer's explanations are not accepted by the Federal Tax Service.

Also, starting from 2021 **taxpayers are obliged** to send a report on the owned transport vehicles which are considered to be objects of taxation. This obligation applies in case of non-receipt of a message about the amount of transportation tax calculated by the tax authorities concerning objects of taxation for the whole period of their ownership (Letter of the Federal Tax Service of Russia of 29.10.2020 N BS-4-21/17770@).

A report must be sent to the tax authority by the 31 December of the year following the expired tax period with the attachment of documents confirming the state registration of vehicles.

Wrongful **non-submission** (untimely submission) of the report leads to the **fine at the rate of 20%** of the unpaid tax amount of the vehicle, the report about was not

submitted (untimely submitted) (clause 3 of article 129.1 of the Tax Code of the Russian Federation).

The standards for filling in the report on the owned transport vehicles have been determined by the Order of the Federal Tax Service No. ED-7-21/124@ dated 25.02.20.

Sending the above-mentioned report is not required if organization sends an application for a tax exemption in relation to the relevant object of taxation.

If you have any questions, we will be happy to offer you additional information on this topic.

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