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TAX MONITORING: PROCEDURE AND CONDITIONS FOR SWITCHING TO IT

Dear colleagues,

In 2025, tax monitoring continues to gain popularity: approximately 740 companies from more than 20 industries already use tax monitoring, another 143 companies plan to join the project and a total of more than 13,000 companies comply with the program criteria¹.

Recently, we have noticed growing interest to this topic in the business community and in this review we have compiled answers to the most frequently asked questions about the procedure and conditions for applying the tax monitoring regime.

Tax monitoring is a special form of tax control, a method of extended information exchange, whereby an organization provides the tax authority with real time access to its accounting and tax records.

What are the advantages of tax monitoring?

- ✓ this type of tax control allows you to forget about traditional audits by the Federal Tax Service.
- ✓ no penalties or fines if you follow the reasoned opinion.
- ✓ you can find out about existing errors and discrepancies identified by the Federal Tax Service in real time.

Methods of information exchange:

- ✓ providing access to the organization's information systems;
- ✓ by telecommunication channels through an electronic document management operator (until 01.01.2026, the Article 6 of the Federal Law No. 389-FZ of 31.07.2023);
- ✓ providing access to an analytical datamart.

An organization is eligible to apply tax monitoring if it complies with all of the following criteria ([clause 3 of the Article 105.26 of the Tax Code](#)):

- ✓ the total amount of taxes for the previous year was at least RUB 80 million (VAT, excise taxes, personal income tax, income tax, mineral extraction tax, insurance contributions are added up, except for VAT and excise taxes, which are paid when goods are moved across the customs border of the EAEU);
- ✓ income according to accounting (financial statements) for the previous year is at least RUB 800 million;
- ✓ the book value of assets as of 31 December of the previous year is at least RUB 800 million.

Important: compliance with one or two conditions does not entitle a business entity to apply tax monitoring. **All three conditions are to be fulfilled.**

There are **exceptions** to every rule, so compliance with the above conditions is not required for organizations specified in the clause 3.1 of the Article 105.26 of the Tax Code of the Russian Federation:

- ✓ residents of advanced development territories (ADTs),
- ✓ participants in industrial clusters,
- ✓ residents of special economic zones,
- ✓ former members of consolidated groups of taxpayers,
- ✓ state and municipal institutions, lottery operators.

¹ According to the portal <https://налоговыймониторинг.пф/>

It is also important to note that on April 29, 2025 the Ministry of Finance published draft amendments to the Tax Code (02/04/01-25/00154001), which include measures to improve tax monitoring.

The Ministry of Finance experts have proposed to weaken the requirements: in order to switch to tax monitoring, it will be necessary to comply with at least one of the criteria, for example, in terms of asset value, income or the amount of taxes paid.

The switch to tax monitoring is voluntary. If your company complies with all of the above criteria, in order to participate you are to submit an application **not later than September 1 of the year** ([clause 1 of the Article 105.27 of the Tax Code of the Russian Federation](#)) preceding the year of introduction of monitoring, including:

- ✓ regulations for information exchange ([Appendix No. 7, the Order of the Federal Tax Service of Russia dated 11 May 2021 No. ED-7-23/476](#)),
- ✓ information of the related parties — organizations and individuals who directly or indirectly participate in the organization and whose share of participation exceeds 25%,
- ✓ tax accounting policy for the current year,
- ✓ documents regulating the organization's internal control system (ICS) ([Appendix No. 13, the Order of the Federal Tax Service of Russia dated 11 May 2021 No. ED-7-23/476](#)).

Until November 1 inspectors review the materials received and decide whether to perform tax monitoring or to refuse it, indicating the reasons for the refusal. Possible reasons for refusal are specified in the clause 5 of the Article 105.27 of the Tax Code of the Russian Federation, in particular:

- ✓ non-provision of documents or submission of incomplete documents by the organization;
- ✓ non-compliance by the organization with the monetary criteria ([the Article 105.26 of the Tax Code of the Russian Federation](#));
- ✓ non-compliance of the information exchange regulations with the established form and requirements ([Appendix No. 7, Order of the Federal Tax Service of Russia dated 11 May 2021 No. ED-7-23/476](#));
- ✓ non-compliance of the internal control system used by the organization with the established requirements for the internal control system ([Appendix No. 13, Order of the Federal Tax Service of Russia dated 11 May 2021 No. ED-7-23/476](#)).

In conclusion we should note, that in tax monitoring interaction takes place in real time and remotely instead of traditional audits. The company itself provides the tax authority with access to its accounting data.

This simplifies interaction with the Federal Tax Service, minimizes the risks of fines, penalties and additional charges. In addition, the company receives public recognition as a conscientious taxpayer and access to qualified support in complex tax issues. At the same time the company is obliged to be fully prepared to perform its activities openly and transparently and to comply with all reasonable opinions of the inspectors.

In the following reviews we plan to focus in more detail on various aspects of tax monitoring.

We will be glad to answer any questions you may have.

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