

Taxation (RUS)

Sample Questions – September 2020

Get to know your exam

These graphical representations are intended to give an indication of past exam requirements and associated question content.

Please note that you will not be able to complete answers within these documents and in isolation they will not sufficiently prepare you for your exam.

We encourage you to visit the ACCA Practice Platform in order to attempt up to date practice exams within the computer-based exam environment.

Introduction screen

Taxation - Russia (TX - RUS) Sample Questions - September 2020



Introduction

This practice exam indicates how the live exam will be structured and assessed, and the likely style and range of questions that could be asked.

You should use the practice exam to become familiar with the question types and the features and functionality contained within the live exam.

The practice exam is reflective of the live exam experience but has some differences:

- The live exam will be timed, however there is no time limit in this exam.
- If you want to sit this exam in exam style conditions you should answer the questions presented within the time allowed for your live exam.
- Once you have started this exam you are able to leave at any time by closing the browser window. When you return, anything you have entered into the response options will be saved and you can continue sitting the exam.
- In the live exam your answers to the constructed response questions will be expert-marked. At the end of this exam, all objective test questions (OTs) be auto-marked however you should use the solution material provided to assess your performance in the constructed response questions.
- You will be able to access solution material at the end of this exam when using the Self-Marking resources which include a Marking Guide and/or Sample Answer for each question. If you wish to access these without completing the questions, click on [End Exam](#) on the Item Review Screen and navigate to the Marking tab on the Dashboard to Self-Mark.

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Instruction screens

Taxation - Russia (TX - RUS) Sample Questions - September 2020

Instructions (1 of 4)

The instructions displayed below are representative of those displayed in the live exam. Where there are differences between this exam and the live exam these are explained.

General Instructions

- In this exam, the instruction screens are not timed however in the live exam they will be available for a maximum of 10 minutes prior to the exam starting.
- In the live exam, the stated exam time will automatically start once the 10 minute period has passed (or earlier if you choose to start the exam within the 10 minute period).
- A copy of the instruction screens can be accessed at any time during the exam by selecting the Help button provided.

Answering and Navigating

- Please read each question carefully.
- The question number you are viewing is displayed in the top display bar. You can hide or restore this display by selecting 
- You can navigate between screens by selecting  or  , or by clicking on a question number from the Navigator or Item Review screens.
- A warning message will display to remind you that you cannot navigate away from a question if you have not viewed all of the question content. Ensure that you use all scrollbars and/or open any on-screen exhibits before navigating from each question.
- Some questions have the scenario and answer area divided by either a horizontal or vertical splitter bar. You can move this splitter bar to see more or less of the scenario or answer area.
- Please ensure you provide an answer for all elements of each question.
- You can revisit questions and change your answers at any time during the exam.

Flag for Review

- If you wish to revisit/review a question later in the exam, click  **Flag for Review**
- Click the button again if you no longer wish to revisit/review the question later in the exam.

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Instruction screens (continued)

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Instructions (2 of 4)

Help

- Click the **Help** button provided to access:
 - A copy of these exam instructions.
 - Help and guidance on constructed response questions. (in the constructed response section of the exam only).
 - Formulae sheets/tax tables if your exam requires these. Note that the name of the Help button will indicate if formulae sheets/tax tables are available i.e.  [Help](#),  [Help/Formulæ Sheet](#) or  [Help/Tax Tables](#)

Calculator

- You have the option to use the on-screen standard or scientific calculators by selecting  [Calculator](#)
- Note that in the live exam you are also permitted to use your own calculator providing it does not have the facility to store or display text.

Highlight and Strikethrough

- You can highlight key phrases or figures in the question scenario by selecting  [Highlight](#)
- You can strikethrough text in the question scenario by selecting  [Strikethrough](#)
- Highlighted and strikethrough text will be displayed on all questions relating to the scenario.

Workings/Scratch Pad

- You may use an on-screen Scratch Pad to make notes/workings by selecting  [Scratch Pad](#)
- The Scratch Pad retains all notes/workings entered for all questions and these are available for the duration of the exam. They will not be submitted for marking after your live exam.
- You will also be provided with paper for notes/workings for your live exam, should you prefer to use it. This will not be submitted for marking. It will be collected at the end of the exam and must not be removed from the exam room.
- Important:**
 - The notes/workings entered onto the Scratch Pad or your workings paper during the live exam will not be marked.
 - If you want the marker to see any notes/workings for questions in the constructed response section of the live exam you must show them within the answer areas.

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Instruction screens (continued)

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Instructions (3 of 4)

Copy and Paste

- You can copy and paste from the Scratch Pad or question scenario into your answers in the constructed response section of the exam by using the Ctrl-C (Copy) and Ctrl-V (Paste) shortcuts. **Note:** When pasting into a spreadsheet in the live exam you must double-click the cell or paste directly into the formula bar. In this exam you can also paste into the spreadsheet by selecting the cell.

Symbol

- You can add a selection of currency symbols to your answers in the constructed response section of the exam by selecting  **Symbol** on the top toolbar.

Navigator Screen

- The Navigator screen can be accessed at any time during the exam by selecting  **Navigator**
- This screen allows you to jump to any question number in the exam.
- It also allows you to see the status of questions and whether they have been viewed, are complete or incomplete, or have been flagged for review.

Close All

- You can close each window (eg. Calculator or Scratch Pad) individually or you can close multiple windows by selecting  **Close All** on the top toolbar.

Reviewing the Exam

- You can review your exam once you have attempted any, or all, of the questions.
- To do this:
 - Navigate to the **last question** in the exam.
 - Click **Next→**
- This takes you to the Item Review screen.

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Instruction screens (continued)

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Instructions (4 of 4)

Item Review Screen

- This screen gives you an opportunity to see the flag and completion status of all questions before you exit the exam.
- You can select individual questions you wish to revisit, or quickly access groups of questions from the Item Review screen.
- During the item review period Navigator is not available however you can navigate to questions by selecting **Next →**, **← Previous** or **Review Screen**
- When reviewing questions you can change your answer and click **Review Screen** to view any updated status on the Item Review screen.

Ending the Exam

- Once you have completed your item review and wish to finally end the exam click **End Exam**
- Once you end the exam, you cannot revisit any questions.

Select **Next** to move to the Exam Summary screen.

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Exam summary screen

Taxation - Russia (TX - RUS) Sample Questions - September 2020

Time allowed: This sample exam is not timed.

This exam is divided into two sections:

Section A

- 15 objective test (OT) questions, each worth 2 marks.
- 30 marks in total.

Section B

- Six constructed response questions that may contain a scenario which relates to one or more requirement(s).
- Each constructed response question is worth 10 or 15 marks in total.
- 70 marks in total.

All questions are compulsory.

Select **Next** to start your exam.

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Sample exam questions

Section A – summary screen

Taxation - Russia (TX - RUS) Sample Questions - September 2020

Flag for Review

Section A

This section of the exam contains **15 objective test (OT) questions**.
Each question is worth **2 marks** and is compulsory.
This exam section is worth **30 marks** in total.

Important:

1. Calculations and workings need only be made to the nearest whole unit of currency, unless instructed otherwise.
2. All apportionments should be made to the nearest month, unless the law requires otherwise.

Select **Next** to continue.

 Navigator

Section A - questions

Taxation - Russia (TX - RUS) Sample Questions - September 2020

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Close All Flag for Review

Symbol Highlight Strikethrough Calculator Scratch Pad

In which of the cases below will a tax agent be exempt from tax responsibility?

- (1) Tax return (calculation) has been submitted on time to the tax authority
- (2) Tax agent paid to the budget only, the latest interest charges unpaid before the date when the tax authority becomes aware of the underpayment or tax audit has been assigned for the related tax
- (3) Tax return (calculation) does not contain any incomplete data or mistake leading to an underpayment of tax due

- 1 and 2 only
- 2 and 3 only
- 1 and 3 only
- 1, 2 and 3

Which of the statements below is/are true for the recognition of expenses for profits tax purposes, on repair works of damaged fixed assets by its own work force, under the general tax system?

Note: Assume that the company does not create any provision for repair costs

- (1) Cost of materials used in repair works should be included in current expenses on the date of payment to supplier, irrespective of their transfer to the production
- (2) Payroll costs of employees engaged in repair services, with the exclusion of related insurance contributions, should be included in current expenses at the last date of the month
- (3) Accrued depreciation of fixed assets which are engaged in carrying out the repair works, should be included in current expenses at the last date of the respective month

- 1 only
- 2 only
- 3 only
- 1, 2 and 3

Which of the following statements is/are correct in the case of unpaid or incomplete tax payments, as a result of applying a pricing methodology that is not in compliance with the transfer pricing rules?

- (1) The taxpayer is liable for a 40% penalty, taking into account the minimum required threshold of 40.000 RUR
- (2) The taxpayer may be exempt from a 40% penalty provided that they submitted transfer pricing documentation, based on the Tax Code rules, to the regional tax authority
- (3) The taxpayer may be exempt from a 40% penalty provided that they submitted transfer pricing documentation, based on rules concluded in an advanced pricing agreement, to the federal tax authority

- 1 only
- 2 only
- 1, 2 and 3
- 3 only

Section A – questions (continued)

On 21 February 2020 OOO Grillyage (Grillyage) made an export shipment of confectionery products to China. Input value added tax (VAT), on purchases relating to this export, has been recovered in Quarter 1 (Q1) 2020.

In September 2020, Grillyage collected and submitted documents confirming this export.

Which one of the following actions is correct in terms of VAT accrual and recovery for the above export during the year 2020 for Q1 and Q3 respectively?

- Grillyage should claw-back input VAT and accrue output export sales VAT in the amended VAT return for Q1
- Grillyage should accrue output export sales VAT in the amended Q1 VAT return and recover it in Q3 VAT from unconfirmed export
- Grillyage should claw-back input VAT and accrue output export sales VAT in Q1 amended tax return but recover input VAT in Q3 tax return
- Grillyage should accrue output export sales VAT and recover input VAT in Q3 tax return

In 2020, Diana, a professional designer, created a website design based on a license agreement with the company Digit. Her gross remuneration was 160,000 RR for the work done. Her actual expenses incurred were valued at 35,000 RR but she lost these documents during the year.

She is not registered as an individual entrepreneur.

What is the amount of insurance contributions (IC) accrued by Digit, under the above license agreement, for the year 2020?

- 33,875 RR
- 37,500 RR
- 30,352 RR
- 33,600 RR

In Quarter 2 (Q2) 2020, OOO Energy started building construction using its own workforce. OOO Energy is a value added tax (VAT) taxpayer. This building will be used only for VATable activities. Construction expenses incurred in Q2 were as follows (VAT inclusive where applicable)

	RR
Materials purchased	18,240,000
Own workers wages	7,000,000
Services from third parties	4,584,000

What is the output VAT amount for the above transactions in Q2 2020?

- 5,624,000 RR
- 4,860,000 RR
- 5,204,000 RR
- 4,970,667 RR

Section A – questions (continued)

During the year 2020, in addition to his monthly salary of 65,000 RR, Anton received the following benefits from his employer, OOO Start, under a labour agreement:

- Sick leave reimbursement in compliance with the legislation of 14,000 RR
- Material aid of 8,000 RR

What is the amount of insurance contributions (IC) payable by OOO Start for the year 2020?

- 239,400 RR
- 236,400 RR
- 240,600 RR
- 235,200 RR

The cadastral value of a building which is used as a shopping centre and acquired by a Russian taxpayer (which implies ordinary tax system), as of 1 January 2020, is 17,100,000 RR. Property tax prepayments during the year amounted to 205,000 RR.

The average accounting value of the building as at 31 December 2020 is 15,900,000 RR.

The average tax value of the building as at 31 December 2020 is 14,800,000 RR.

What is the amount of additional payment due to budget for the year 2020 in respect of annual property tax?

- 68,600 RR
- 144,800 RR
- 120,600 RR
- 49,400 RR

On 16 February 2020, OOO Panda provided one of its employees with an interest free loan of 5,000 USD for his personal needs. The employee refunded the principal amount to the company's account on 31 March 2020.

USD/RR exchange rates:

16 February	70
28 February	67
01 March	68
31 March	69

What is the amount of personal income tax (PIT) due in respect of this transaction in RR?

- 1,285 RR
- 1,270 RR
- 472 RR
- 1,411 RR

Section A – questions (continued)

In January 2019, OOO Les acquired an industrial building for the initial value of 14,400,000 RR (value added tax (VAT) included). The building was put into use in February 2019. The economic useful life of the building is 20 years. Up to 31 December 2019 this building had been used for VATable activities. Effective from 1 January 2020, this building changed its status and was used for VAT exempt activities.

What is the amount of VAT subject to claw-back in the Quarter 1 2020 VAT return?

- 240,000 RR
- 126,316 RR
- 288,000 RR
- 0 RR

Anna is an individual entrepreneur. Throughout the year 2020 her business income received was 1,100,000 RR. Actual expenses incurred were 400,000 RR and she kept all supporting documents. She incurred business losses in the previous year of 100,000 RR.

What will be the annual tax liability for Anna shown on her income tax return for 2020?

- 91,000 RR
- 78,000 RR
- 114,400 RR
- 101,400 RR

During an analysis of outstanding debts receivable in Quarter 2 (Q2) 2020, OOO Planet sold the following debts from Alfa and Betta and made a debt forgiveness in respect of Gamma. The amounts shown include value added tax (VAT) at the standard rate.

Name of debtor	Receivable amount RR	Proceeds from sale of debts RR	Forgiveness of debts
Alfa	4,080,000	3,672,000	
Betta	12,360,000	16,920,000	
Gamma	8,652,000		10% of debt

What is the VAT liability due to the budget as a result of the above transactions for Q2 2020?

- 836,200 RR
- 760,000 RR
- 1,003,440 RR
- 692,000 RR

Section A – questions (continued)

OOO More incurred the following advertising expenses in Quarter 1 (Q1) 2020 (value added tax (VAT) inclusive):

- Placement on the internet costing 1,344,000 RR
- Participation in exhibitions costing 2,016,000 RR
- Acquisition of advertising prizes for the winners in advertising lotteries for 1,411,200 RR

Q1 revenue including VAT at the standard rate was 25,200,000 RR.

What is the deductible expenses amount for profits tax purposes for Q1 2020?

- 3,976,000 RR
- 3,052,000 RR
- 3,010,000 RR
- 3,612,000 RR

Pavel made the following purchases during the year 2020. All the expenses are supported by the appropriate documents:

	RR
Medicines for himself based on doctor's receipts	20,000
Annual voluntary insurance contributions for his brother	35,000
Medical treatment for his mother in a licensed hospital	80,000
Semi-annual insurance for himself	25,000

What is the total amount of social deductions which could be claimed by Pavel for the year 2020 in respect of the above expenses?

- 160,000 RR
- 125,000 RR
- 100,000 RR
- 115,000 RR

In March 2020, OOO Air purchased equipment with the value of 1,250,000 RR (excluding value added tax (VAT)). In the same month, the equipment was transferred under a financial lease agreement to OOO Vector. The lease agreement's duration is five years and the useful life of the equipment transferred is seven years. The equipment has been booked on the balance sheet of OOO Vector and was put into use in March 2020. Linear depreciation and 30% immediate write-off has been applied by OOO Vector.

What is the amount of deductible depreciation for the year 2020 for OOO Vector?

- 133,929 RR
- 187,500 RR
- 0 RR
- 93,750 RR

Section B – summary screen

Taxation - Russia (TX - RUS) Sample Questions - September 2020

Flag for Review

Section B

This section of the exam contains **six constructed response questions**.

Each question may contain a scenario which relates to one or more requirement(s) which may be split over multiple question screens.

Each question is worth **10 or 15 marks** and is compulsory.

This exam section is worth **70 marks** in total.

Important

1. Calculations and workings need only be made to the nearest whole unit of currency unless instructed otherwise.
2. All apportionments should be made to the nearest month, unless the law requires otherwise.
3. In your live exam you must:
 - Enter your answer for each question in the response area provided for that question. Any answers entered into a response area provided for a different question will not be marked.
 - Show all notes/workings that you want the marker to see within the response area provided for the question. Remember, any notes/workings made on the Scratch Pad or on your workings paper will not be marked.

Select **Next** to continue.

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Section B – questions

Scenario 1

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This scenario relates to one requirement.

Flower Ltd, a UK company, is asking for your advice in terms of financing its 80% owned Russian affiliate, OOO Hosta. 20% of OOO Hosta is owned by the Russian company OOO Lily. OOO Hosta is a Russian tax resident and needs to finance a project costing 7,000,000 RR. Financing will be provided using one of the following two options:

Option 1
Flower Ltd will lend 7,000,000 RR at an annual interest rate of 10%. In this option, the net assets of OOO Hosta at the end of Quarter 2 2020 (Q2) will be equal to 3,000,000 RR

Option 2
Flower Ltd will lend 5,000,000 RR at an annual interest rate of 4%. An additional 2,000,000 RR will be provided by OOO Lily at an annual interest rate of 5%. In this option, the net assets of OOO Hosta at the end of Q2 will be equal to 1,000,000 RR

Whichever option applies:

- The loan(s) will be provided on 7 May 2020;
- Interest is to be accrued on a quarterly basis.

[Help/Tax Tables](#)

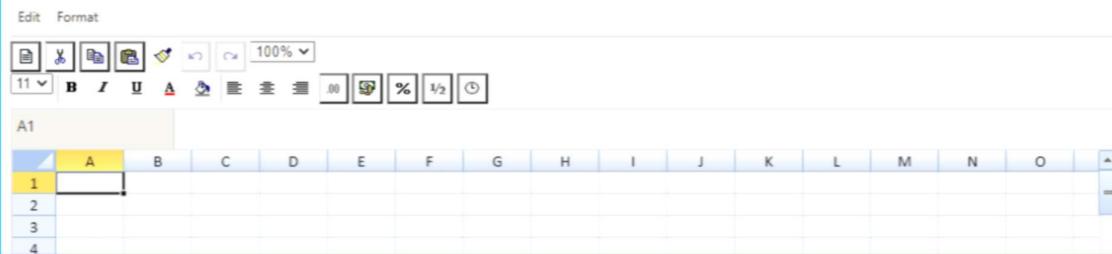
Section B – questions (continued)

Scenario 1: requirements

For each option, identify the controlled/uncontrolled loan (loans), calculate the total deductible interest for profits tax purposes, imputed dividends and withholding tax on imputed dividends (if any), for OOO Hosta for Quarter 2 2020.

(10 marks)

Edit Format



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Section B – questions (continued)

Scenario 2

Taxation - Russia (TX - RUS) Sample Questions - September 2020

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This scenario relates to requirement (a) only.

In 2020, Karina worked for OOO Ptchela (Ptchela) as a trainer under a civil law agreement and received the following from Ptchela:

	RR
Remuneration for her training classes conducted in different cities	500,000
Reimbursement of her air tickets confirmed by documents and incurred in favour of Ptchela	80,000
Reimbursement of a taxi to and from the airport and venue for class bookings	15,000

Karina is not registered as an individual entrepreneur.

This scenario relates to requirement (b) only.

Alexander works for OOO Research as an investigator. During the year 2020, his monthly gross salary was 97,000 RR. In addition to his salary, he received the following benefits from his employer:

	RR
Support payment on the birth of his son (within one year after birth)	54,000
Reimbursement of his relocation expenses to Samara, Russia, in compliance with the state limits	250,000
Annual voluntary medical insurance	20,000
Annual voluntary medical insurance for his son	12,000
Professional training on digital investigations	25,000
Compensation of unused vacation	105,000
Professional swimming classes reimbursement	7,000

 Help/Tax Tables

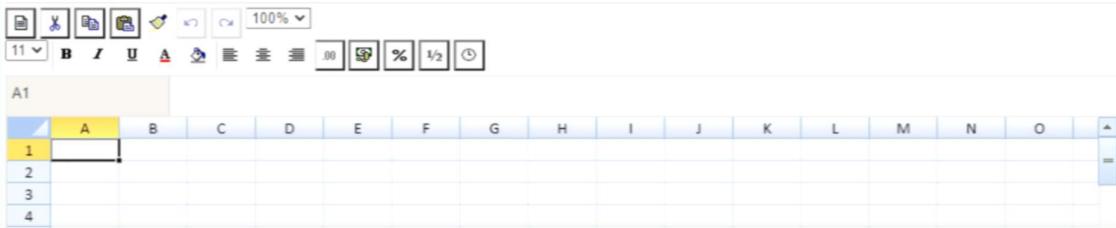
Section B – questions (continued)

Requirements for Scenario 2

(a) Calculate the amount of insurance contributions (IC) to be paid by OOO Ptchela in respect of Karina for the year 2020. Identify exemptions (if any).

(2 marks)

Edit Format



(b) Calculate the amount of insurance contributions (IC) to be paid by OOO Research for Alexander for the year 2020.

(8 marks)

(10 marks)

Edit Format



Section B – questions (continued)

Scenario 3

Taxation - Russia (TX - RUS) Sample Questions - September 2020

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This scenario relates to requirement (a) only.

Dmitriy is registered as an individual entrepreneur in 2020. He has a value added tax (VAT) exemption. His gross income from business activities in 2020 was 610,000 RR. His business expenses, confirmed by supporting documents, were 100,000 RR (VAT inclusive). In addition, the insurance contributions paid by Dmitriy were 97,000 RR.

This scenario relates to requirement (b) only.

On 31 January 2020, Ivan acquired 4,000 quoted shares in a Russian company, for 1,000,000 RR. On 13 January 2020, Ivan received an annual loan of 900,000 RR from his employer, with an annual interest rate of 7%, to acquire the above shares on the stock exchange. Interest is payable on a quarterly basis on the third day following the end of each relevant quarter (for instance, interest for Q1 2020 was payable on 3 April 2020)

On 1 July 2020, Ivan sold all of his acquired shares on the Russian stock exchange for 1,000 RR per share, via a broker. The broker's fee was 40,000 RR. The broker is not acting as a tax agent for this transaction.

 Help/Tax Tables

Section B – questions (continued)

Requirements for Scenario 3

(a) Calculate the personal income tax (PIT) for Dmitriy for the year 2020 from this activity, in the two ways permitted under the law, and state the most tax efficient way.

(3 marks)

Edit Format

(b)(i) Calculate the personal income tax (PIT) for Ivan, based on the sale of these shares for the year 2020.

(6 marks)

(ii) If Ivan wishes to sell these shares (issued by a Russian Company) in the most tax efficient way for PIT purposes, on what date would you advise him to make the sale and why?

Note: Calculations are not required for part (ii).

(1 mark)

(10 marks)

Edit Format

Section B – questions (continued)

Scenario 4

Taxation - Russia (TX - RUS) Sample Questions - September 2020

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This scenario relates to requirement (a) only.

Starting from January 2020, OOO Leto (Leto) is acting on its own behalf as a purchasing agent of the principal, OOO Fermer, by distributing ice-cream. OOO Fermer transferred a relevant amount to Leto's bank account for financing the agent's future purchases, in Quarter 1 (Q1) 2020.

Based on the agent's report, issued on 30 June 2020, for Q2 2020, Leto purchased goods for 16,524,000 RR, value added tax (VAT) inclusive, received 100% relevant VAT invoices from suppliers and reissued 100% VAT invoices to the principal. Leto's agent fee is stipulated in the agreement as 1% from the amount of quarterly purchases made. On 3 July, Leto issued a VAT invoice for its agent's fee to the principal. The principal received this agent invoice on 20 July 2020.

This scenario relates to requirement (b) only.

On 17 January 2020, OOO Med (Med) purchased goods valued at 5,520,000 RR (VAT inclusive) from OOO Perga (Perga). All VAT invoices for these purchases have been issued, in time, from Perga, but Med only received VAT invoices for 95% of the purchased value. Invoices for the residual 5% were received after 26 April 2020.

In May 2020, due to a quality issue, Med returned goods purchased for 552,000 RR (VAT inclusive) to Perga, based on the current purchase/sale agreement between the two companies. This return is confirmed by an amended VAT invoice issued by Perga and agreed between both parties. The amended VAT invoice was received by Med on 15 May 2020.

This scenario relates to requirement (c) only.

The following information is available for OOO Tango (Tango) for Quarter 2 (Q2) 2020:

	Revenue/Income (excluding VAT)	Direct expenses (excluding VAT)
	RR	RR
Taxable activities	12,000,000	6,300,000
Interest received on a loan issued by Tango	120,000	0

Input VAT on general and administrative expenses for the quarter was 500,000 RR. According to the company's policy, the share of general and administrative expenses related to exempt activities, should be based on the proportion of direct expenses on exempt activities to the total value of direct expenses.

 Help/Tax Tables

Section B – questions (continued)

Requirements for Scenario 4

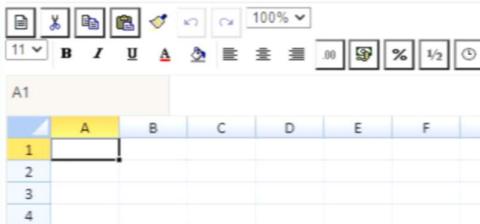
(a)(i) Calculate the amount of VAT due to/from budget, disclosing output VAT and/or input VAT for Quarter 2 2020, for both OOO Leto and OOO Fermer, based on these transactions.

(2 marks)

(ii) Clearly state where (in which book) the principal should register VAT invoices received from the agent in this scenario. In respect of OOO Leto, stipulate the payment schedule for VAT due to the budget for Quarter 2 2020.

(2 marks)

Edit Format



	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O
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(b) Calculate the amount of VAT liability for each party, OOO Med and OOO Perga, for both Quarter 1 and Quarter 2 2020.

(4 marks)

Edit Format



	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O
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(c) In relation to the VAT on the general and administrative expenses ONLY, clearly state and explain the amount of VAT subject to recovery for OOO Tango for Quarter 2 2020.

(2 marks)

(10 marks)



Section B – questions (continued)

Scenario 5

Taxation - Russia (TX - RUS) Sample Questions - September 2020

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This scenario relates to three requirements.

Valeriya works as a talent manager for the company Compas, in Moscow. Her monthly gross salary is 70,000 RR. She is married to Igor and they have three children; a daughter of 5 years, a daughter of 10 years and a son who is 17 years old.

On 12 March 2020, Compas sent Valeriya on a business trip to Tallin, Estonia. She returned to Moscow on 16 March 2020. Based on her expense report upon her return, she received reimbursement for her accommodation for the value of 27,000 RR and 14,000 RR per diems.

In February 2020, Valeriya inherited a plot of land and a 50% share in an old house in Moscow, from her mother. In respect of the plot of land, the cadastral value was 2,600,000 RR. The cadastral value for 100% of the old house was 3,200,000 RR as at 1 February 2020.

Having discussed the family's future plans, in August 2020, Valeriya sold the inherited plot of land for the value of 3,600,000 RR. Due to the current condition of the old house, its market value was 1,600,000 RR and Valeriya managed to sell her 50% share in this house for its market value only.

In September 2020, Valeriya and Igor invested 7,000,000 RR in the acquisition of a plot of land in another district of the Moscow region, with the aim of future construction. 5,600,000 RR was paid by Valeriya and the residual amount paid by Igor. The couple made this acquisition under joint equal ownership.

Valeriya requested a mortgage loan of 1,000,000 RR from her employer Compas and received this sum on 5 September 2020, with an interest rate of 4% per annum, for a period of five years. Interest is payable monthly, on the fifth day following the preceding month (e.g. interest for September will be paid on 5 October 2020).

The document confirming Valeriya's entitlement to property allowance regarding the land was received from the tax inspection in September 2020. Valeriya submitted it to Compas by the end of September 2020. Valeriya has never used the property allowance in the past.

In addition, throughout the year 2020, Valeriya made the following disbursements:

- Annual payment for Chinese language courses for her son in the Moscow University, for 54,000 RR
- Contribution of 100,000 RR to a children's non-commercial charity fund

 Help/Tax Tables

Section B – questions (continued)

Requirements for Scenario 5

(a) Calculate Valeriya's personal income tax (PIT) liability for 2020, to be withheld by her employer, Compas, assuming that she claims all possible allowances and deductions at source. Any exempt income should be indicated by using zero (0).

(6 marks)

Edit Format

(b) Calculate Valeriya's final settlement of personal income tax (PIT) on submission of her annual income tax return for the year 2020.

(7 marks)

Edit Format

(c) Based on the scenario, advise Valeriya in which tax year it would be more tax efficient to sell the inherited property and explain how your advice would differ if the property had been purchased and not inherited.

Note: Calculations are not required.

(2 marks)

(15 marks)

Section B – questions (continued)

Scenario 6

Taxation - Russia (TX - RUS) Sample Questions - September 2020

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This scenario relates to one requirement.

OOO Pastila (Pastila) is a Russian company engaged in manufacturing and selling of different types of confectionery, by using traditional methods. In compliance with its tax policy, Pastila applies the accruals method for both value added tax (VAT) and corporate profits tax. In addition, Pastila uses the non-linear depreciation method and its tax policy stipulates its right to an immediate 30% write-off on the initial cost of any tangible non-current asset. The following data relates to the year 2020. All amounts stated are inclusive of VAT at the standard rate where applicable.

Sales, prepayments and direct expenses for the year 2020

	RR
Domestic sales	852,000,000
Exported sales (confirmed)	248,500,000
Prepayments received from domestic customers	69,030,000
Direct expenses incurred:	
Raw materials and ingredients	319,500,000
Wages for 200 employees	84,000,000

Inventory

Only 70% of the products manufactured in the year were sold before 31 December 2020, the remaining 30% were held in the year-end inventory.

The opening inventory of finished products as at 1 January 2020 was 0 RR.

The value of work in progress on both 1 January and 31 December 2020 was also 0 RR.

Investment into a new production line

Acquisition date	Initial value (RR)	Tax depreciation rate per month	Month put into use
3 February 2020	1,440,000,000	1.3%	February 2020

Indirect expenses for the year 2020 (according to company policy, all insurance expenses are included in indirect expenses)

- Five administrative employees with a gross salary of 16,500 RR per person per month;
- Annual voluntary medical insurance, provided to all employees, for a total value of 3,900,000 RR;
- Insurance against accidents at work, provided to all employees, for a total value of 3,400,000 RR;
- Reimbursement of 2,000,000 RR to employees as interest on mortgage loans provided to them.

Non-sales expenses

A bad debts provision was not created in the year 2019, but one is proposed for the year 2020 in respect of the following outstanding debts (VAT inclusive), as at 31 December 2020:

	Amount (RR)	Days overdue
Debtor A	17,040,000	40
Debtor B	59,640,000	55
Debtor C	42,600,000	100

Additional information

Dividend income of 7,000,000 RR was received from a Russian company, OOO Kalach. OOO Kalach has been 70% owned by Pastila since January 2016.

② [Help/Tax Tables](#)

Section B – questions (continued)

Requirements for Scenario 6

Calculate the taxable profit and corporate profits tax liability of OOO Pastila for the year 2020. Show separately all elements of income and expenses, clearly identifying by the use of zero (0), any non-deductible, non-taxable or exempt items. You should provide a brief reason for any items you treat as exempt.

Notes:

1. Ignore insurance contributions.
2. Ignore property tax.

(15 marks)

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Example view of full CBE constructed response workspace

Taxation - Russia (TX - RUS) Sample Questions - September 2020

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This scenario relates to one requirement.

Flower Ltd, a UK company, is asking for your advice in terms of financing its 80% owned Russian affiliate, OOO Hosta. 20% of OOO Hosta is owned by the Russian company OOO Lily. OOO Hosta is a Russian tax resident and needs to finance a project costing 7,000,000 RR. Financing will be provided using one of the following two options:

Option 1
Flower Ltd will lend 7,000,000 RR at an annual interest rate of 10%. In this option, the net assets of OOO Hosta at the end of Quarter 2 2020 (Q2) will be equal to 3,000,000 RR

Option 2
Flower Ltd will lend 5,000,000 RR at an annual interest rate of 4%. An additional 2,000,000 RR will be provided by OOO Lily at an annual interest rate of 5%. In this option, the net assets of OOO Hosta at the end of Q2 will be equal to 1,000,000 RR

Whichever option applies:

- The loan(s) will be provided on 7 May 2020;
- Interest is to be accrued on a quarterly basis.

For each option, identify the controlled/uncontrolled loan (loans), calculate the total deductible interest for profits tax purposes, imputed dividends and withholding tax on imputed dividends (if any), for OOO Hosta for Quarter 2 2020.

(10 marks)

100%

A1

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