

Applied Skills

# Taxation – Russia (TX – RUS)

Tuesday 4 June 2019



**Time allowed:** 3 hours 15 minutes

This question paper is divided into two sections:

Section A – ALL 15 questions are compulsory and **MUST** be attempted

Section B – ALL SIX questions are compulsory and **MUST** be attempted

Tax rates and allowances are printed on pages 2–4.

**Do NOT open this question paper until instructed by the supervisor.**

**Do NOT record any of your answers on the question paper.**

**This question paper must not be removed from the examination hall.**

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Think Ahead

**ACCA**

The Association of  
Chartered Certified  
Accountants

## SUPPLEMENTARY INSTRUCTIONS

1. Calculations and workings need only be made to the nearest RR
2. All apportionments should be made to the nearest month, unless the law requires otherwise
3. All workings should be shown in Section B

## TAX RATES AND ALLOWANCES

The following tax rates and allowances are to be used in answering all questions on this paper unless the question states otherwise.

### Children allowances

First and second child (up to 350,000 RR)	1,400 RR per child
Third child (up to 350,000 RR)	3,000 RR

### General limitation on 'property' allowance

Investments in residential property and land for tax purposes	2,000,000 RR (upper limit)
Interest on mortgage loan	3,000,000 RR (upper limit)

### Statutory exclusions from taxable income

Prizes and awards	4,000 RR (upper limit)
Gifts at work	4,000 RR (upper limit)
Support payments	4,000 RR (upper limit)

Maximum limit for social deductions listed below 120,000 RR

(medical, personal educational, non-state pension insurance, voluntary pension insurance, voluntary life insurance and additional insurance contributions for the accumulated part of labour pension – subject to certain conditions set out in the law)

Educational deduction for children 50,000 RR (upper limit)

Professional deduction – general	20%
– designer, photographer, architect	30%
– musician, sculptor	40%
– creator of literary works, including theatre, cinema, circus	20%

Charity deduction up to 25% of income

Gains on property sales:

– immovable residential property	1,000,000 RR (upper limit)
– immovable non-residential property	250,000 RR (upper limit)
– movable property	250,000 RR (upper limit)
Reduced coefficient applied to the cadastral value of real property	0.7

Investment deduction  $K_s \times 3,000,000$  RR (upper limit)

$$K_s = \sum_{i=3}^n V_i \times i \div \sum_{i=3}^n V_i, \text{ where}$$

$V_i$  – gain from sale (redemption) of all securities in the tax period with the ownership period of  $i$  years

$n$  – quantity in full years of ownership periods for securities subject to sale/redemption in the tax period as a result of which the taxpayer becomes eligible for this deduction

Statutory *per diem* rate for personal income tax:

– for domestic business trips	700 RR per day
– for foreign business trips	2,500 RR per day

## Exempt employer contribution limits for personal income tax and social insurance contributions

Additional insurance contributions for the accumulated portion of the pension	12,000 RR
Birth of a child	50,000 RR for each birth

## Threshold interest rates for personal income tax purposes

Rouble bank deposits, traded Russian bonds	CB refinancing rate* increased by 5%
Foreign currency bank deposits	9%
Rouble loans	2/3 of the CB refinancing rate*
Foreign currency loans	9%

## Threshold interest rates for profits tax purposes for controlled bank loans

Loan currency	Lower limit	Upper limit
RR	75% of CB key rate*	125% of CB key rate*
GBP	GBP LIBOR + 4%	GBP LIBOR + 7%
EUR	EURIBOR + 4%	EURIBOR + 7%
USD	USD LIBOR + 4%	USD LIBOR + 7%
CHF	CHF LIBOR + 2%	CHF LIBOR + 5%
Other currencies	USD LIBOR + 4%	USD LIBOR + 7%

\*Note: The CB refinancing rate is equal to CB key rate

## Thresholds and rates for insurance contributions for the year 2019

(Note: Several categories of insurance contributions subject to special incentives and reduced rates are not examined.)

	Remuneration per annum	Rate
Pension fund (PF):	Up to 1,021,000 RR	22%
	Over 1,021,000 RR	10%
Social insurance fund (SIF):	Up to 815,000 RR	2.9%
	Over 815,000 RR	0%
Federal fund of obligatory medical insurance (FFOMI):		5.1% (no upper threshold)

## Expenses for profits tax purposes

Voluntary medical insurance expenses (subject to conditions set out in the law) are limited to 6% of labour costs.

Voluntary life insurance expenses (subject to conditions set out in the law) are limited to 12% of labour costs.

Voluntary personal insurance against accidents at work resulting in death or permanent physical disability is limited to 15,000 RR per each insured employee per annum.

Certain advertising expenses are limited to 1% of sales revenue.

Reimbursement of interest on employees' mortgage loans is limited to 3% of labour costs.

Entertainment expenses (subject to conditions set out in the law) are limited to 4% of labour costs.

## Special depreciation ratios

Non-current assets received under financial leasing	3 (upper limit)
Historic costs of non-current assets	100,000 RR (minimum)
R&D cost deduction coefficient	1.5

## Allowances for receivables

General limitation	10% of sales
Aged 0 to 44 days	0% of receivables
Aged 45 to 90 days	50% of receivables
Aged more than 90 days	100% of receivables

**Investment deduction limits:**

Federal budget income tax limit	– 10% of expenses for the acquisition and modernisation of fixed assets
Regional budget income tax limit	– 90% of expenses for the acquisition and modernisation of fixed assets
	– Maximum deduction: Tax due under standard rate – tax due at 5% rate

**Value added tax (VAT)**

Standard rate	20%
Reduced rate	10%
Exports	0%

Limit for VAT – exempt promo prizes – 100 RR (upper limit)

**General profits tax rate** 20%

Including: – federal part	3%
– regional part	17%

Tax on dividends for residents 13%

Tax on dividends for foreign companies 15%

**Property tax rate**

General rate	2.2%
Office premises and shopping centres	1.3%

**Personal income tax rates**

Basic rate 13%

Higher rate 35%

Tax on dividends for residents 13%

**Central Bank refinancing and key rates (notional)**

1 January to 30 April 2019 15%

1 May to 30 September 2019 7%

1 October to 31 December 2019 5%

**Number of calendar days in calendar months (assumed for all years)**

January	31
February	28
March	31
April	30
May	31
June	30
July	31
August	31
September	30
October	31
November	30
December	31

**Section A – ALL 15 questions are compulsory and MUST be attempted**

Please use the grid provided on page two of the Candidate Answer Booklet to record your answers to each multiple choice question. Do not write out the answers to the MCQs on the lined pages of the answer booklet.  
Each question is worth 2 marks.

- 1 Marina, a designer, concluded an agreement with OOO Cafelook (Cafelook) to provide five pieces of art for their new café for a total fee of 250,000 RR (gross). Marina's actual total expenses were 50,000 RR (gross) but she has lost all of the supporting documents. She made a written request to Cafelook for the deduction application in respect of the pieces of art. She is not registered as an individual entrepreneur.

**What is the amount of insurance contributions (IC) payable by OOO Cafelook in respect of Marina?**

- A 67,750 RR
- B 47,425 RR
- C 75,000 RR
- D 60,000 RR

- 2 **Which of the following documents should be included in the country data in respect of a Russian taxpayer which is a member of a multinational group?**

- (1) Global documentation for the multinational group
- (2) Country by country reporting (CbCR)
- (3) National documentation of the member of the multinational group

- A 1 and 2 only
- B 3 only
- C 2 and 3 only
- D 1, 2 and 3

- 3 **The 0% value added tax (VAT) rate is applicable in which of the following circumstances?**

- (1) Re-export of goods which were initially placed under customs procedure of processing in the Russian territory
- (2) Re-export of works (services) on goods processing, placed under customs regime of processing in the Russian territory
- (3) Providing services on VAT compensation (tax free service) to physical persons from the Eurasian Economic Union

- A 1, 2 and 3
- B 1 and 2 only
- C 2 only
- D 1 and 3 only

- 4 At 31 March 2019, OOO Baikal (Baikal) has the below debts receivable and payable in respect of the same customer:

Debts receivable RR	Debts payable RR	Outstanding days
155,000	40,000	93
70,000		45
20,000		43

OOO Baikal created a provision for bad debts at the end of 2018.

**What is OOO Baikal's bad debts provision which should have been created at the end of quarter 1 (Q1) 2019?**

- A 150,000 RR
- B 170,000 RR
- C 200,000 RR
- D 190,000 RR

- 5 000 Flox (Flox) made commercial shipments of goods and also shipments of goods in kind of donations to the same state legal entity. The commercial shipments are subject to value added tax (VAT) at the standard rate whereas the donations are exempt from VAT.

When Flox purchased the goods, he did not know what proportion would be for commercial shipment and what proportion would be donated.

**Which of the criterion/criteria below must Flox meet in order to recover input VAT for the full amount on the purchase of the above goods subject to further VAT exemption as donations?**

- A 5% rule
- B Separate accounting
- C 5% rule and separate accounting
- D Input VAT cannot be recovered in full

**6 Which of the following statements about desk tax audits are true?**

- (1) The time limit for carrying out a desk tax audit of a VAT tax return is two months following the day the return is submitted
- (2) The time limit for carrying out a desk tax audit of a VAT tax return can be extended by up to one month in certain circumstances provided that the tax authorities set out the signs of possible violations from the taxpayer's side
- (3) The time limit for carrying out a desk tax audit other than of a VAT tax return is one month following the day the return is submitted

- A 1, 2 and 3
- B 1 and 2 only
- C 2 and 3 only
- D 1 only

**7 Which of the following statements is true in respect of personal income tax (PIT) on dividends received by a physical person?**

- A PIT should be paid by a Russian tax resident (physical person) in respect of dividends received from a foreign company
- B PIT should be paid by a Russian tax resident (physical person) himself/herself in respect of dividends received from a Russian company
- C The PIT rate is not dependent on the dividend recipient's tax residence status
- D In the case of dividends paid to physical persons, property deductions can be applied to dividend income

**8 Which of the following conditions must be met simultaneously in order for an expense to qualify for a corporate profits tax deduction under the concept of unjustified tax benefit?**

- (1) The main purpose of performing a transaction is not the minimisation of the tax payment
- (2) The initial documents are signed by the authorised persons from the counteragent's side
- (3) The obligation arising in the course of the transaction has been executed by the party to whom the obligation is transferred under either the law or the agreement

- A 1, 2 and 3
- B 1 and 2 only
- C 2 and 3 only
- D 1 and 3 only

**9 Which of the following types of remuneration and payments will be exempt from insurance contributions (IC)?**

- (1) An amount of sublease received by a landlord
- (2) A gift made to an employee based on a written granting gift agreement with their employer
- (3) A payment received by an individual for the transfer of intellectual property rights

- A** 1, 2 and 3
- B** 1 and 2 only
- C** 2 only
- D** 1 and 3 only

**10** In May 2019, OOO Matreshka finished construction of a warehouse for its own needs. The company intended to use the warehouse for activities which are subject to value added tax (VAT) and the costs of construction are deductible for corporate profits tax purposes.

None of OOO Matreshka's employees have monthly wages exceeding 55,000 RR (gross). The following information is available for quarter two (Q2) 2019:

	RR (inclusive of VAT where applicable)
Materials	30,000,000
Wages (net of insurance contributions)	13,275,000

**What is OOO Matreshka's self-supplied output VAT for quarter two (Q2) 2019?**

- A** 8,451,500 RR
- B** 7,042,917 RR
- C** 9,451,500 RR
- D** 7,876,250 RR

**11 Which of the following entities are treated as taxpayers for property tax purposes?**

- (1) Russian legal entities
- (2) Foreign legal entities, having permanent establishments in Russia
- (3) Foreign legal entities, without permanent establishments in Russia but having immovable assets in Russian territory

- A** 1, 2 and 3
- B** 1 and 2 only
- C** 2 and 3 only
- D** 1 and 3 only

- 12 OOO Innovation engages in research and development (R&D) activities which are included in the Russian Federation government special R&D list. The following actual R&D costs after completed investigations have been included in OOO Innovation's financial accounts for quarter one (Q1) 2019:

	RR (exclusive of VAT where applicable)
Employee salaries	500,000
Insurance contributions (IC) relating to employees	70,000
Expenses related to acquisition of exclusive rights for R&D inventions under licence agreements	2,500,000

**What is the amount of R&D expenses which OOO Innovation can deduct in respect of quarter one (Q1) for corporate profits tax purposes?**

- A 3,070,000 RR
  - B 4,320,000 RR
  - C 3,355,000 RR
  - D 4,605,000 RR
- 13 Alina is a Russian tax resident. She inherited a one-room apartment from her grandmother in March 2016. The market value of the apartment on the date on which ownership was transferred was 6,000,000 RR. In May 2019, Alina sold the apartment for 7,500,000 RR.

**What is the amount of personal income tax (PIT) payable by Alina in respect of the sale of the apartment in May 2019?**

- A 195,000 RR
  - B 845,000 RR
  - C 975,000 RR
  - D 0 RR
- 14 OOO Master has outstanding receivables of 4,400,000 RR from OOO Moroz (an independent party). This amount relates to goods which were shipped on 15 March 2019. Based on the sale agreement between OOO Master and OOO Moroz, the payment deadline is 30 June 2019
- On 15 May 2019, OOO Master sold the receivables for 3,960,000 RR.

**What is the amount of loss deductible for corporate profits tax purposes for OOO Master for the year 2019, ignoring VAT?**

- A 43,668 RR
  - B 440,000 RR
  - C 57,908 RR
  - D 48,521 RR
- 15 Arthur sold his garage in June 2019 for 700,000 RR. He had acquired the garage in June 2017 for 600,000 RR and kept all supporting documents. The cadastral value of the garage on 1 January 2019 was 1,100,000 RR.

**What is the amount of personal income tax (PIT) payable by Arthur as a result of the sale of the garage in June 2019?**

- A 13,000 RR
- B 22,100 RR
- C 65,000 RR
- D 0 RR

(30 marks)



**Section B – ALL SIX questions are compulsory and MUST be attempted**

Please write your answers to all parts of these questions on the lined pages within the Candidate Answer Booklet.

**1 (a)** OOO Enterprise (Enterprise) is a joint venture (JV) between two shareholders:

- OOO Idea is a 100% Russian owned company and owns 20% of the Enterprise shares.
- OOO Biotechnology is 100% owned by a French company, Sante S.A., and owns 80% of the Enterprise shares.

Ownership of the JV commenced on 1 January 2016.

The decision to pay the maximum possible interim dividends out of after-tax quarter one (Q1) 2019 profits was made on 5 May 2019, and it was decided the payment should be based on Q1 2019 reporting. The dividends were paid to shareholders on 20 May 2019.

The available results for the year 2019 are as follows:

Taxable base for Q1 2019 – 25,000,000 RR

Share capital – 20,000,000 RR

Net assets value as at 1 April 2019 – 100,000,000 RR

Losses brought forward from previous years are as follows:

	RR
2015	1,700,000
2014	4,900,000
2013	7,500,000

**Required:**

- (i) Calculate the net amount of interim dividends payable to OOO Idea and OOO Biotechnology for quarter one (Q1) 2019 from the joint venture (JV), taking into account withholding tax (if any) and state the deadline by when tax withholding should be made. (7 marks)
  - (ii) Assuming Sante S.A., the French parent company of OOO Biotechnology, provides an intercompany loan to OOO Biotechnology in roubles for the period from 15 May 2019 to 31 August 2019, calculate the maximum deductible interest for Russian corporate profits tax purposes in respect of the loan. (1 mark)
- (b) (i) State the main parties to be included in the participation notification for the multinational group of companies. (1 mark)
- (ii) State the deadline for the required submission of the participation notification. (1 mark)

**(10 marks)**

- 2 (a) Anna works for OOO Flight (Flight) under a civil law agreement. She is not registered as an individual entrepreneur. The following information is available in respect of Anna's income from, and expenses reimbursed by, Flight for the year 2019:

	RR
Remuneration	1,104,000
<b>Reimbursed expenses:</b>	
Hotel costs	100,000
Train tickets	50,000

All of Anna's expenses are confirmed by proper documents and were incurred by her in favour of completing projects for Flight.

**Required:**

**Calculate the annual amount of insurance contributions (IC) payable by OOO Flight in respect of Anna for the year 2019 with the split by relevant fund.**

**Note:** Clearly identify and explain any items in the question which are not taxable or tax exempt. (3 marks)

- (b) Andrey works for OOO Ozero (Ozero) as a public relations manager. His gross monthly salary is 90,000 RR. Andrey received the following benefits from his employer in the year 2019:

	RR
Annual voluntary medical insurance for Andrey	27,000
Compensation for interest paid on his mortgage loan (treated as deductible for corporate profits tax purposes)	18,000
Additional insurance contributions paid for the accumulated pension portion	36,000
Compensation for his unused vacation	192,000
Professional training costs relating to his employment	34,000
<i>Per diems</i> reimbursement for 30 days of business trips	15,000
Support payment on the birth of his son (within one year of birth)	51,000

**Required:**

**Calculate the amount of insurance contributions (IC) to be paid by OOO Ozero in respect of Andrey for the year 2019.**

**Note:** List all the items referred to in the question, indicating by the use of zero (0) any which are not taxable or are tax exempt. (7 marks)

**(10 marks)**

**3** Alexandra's gross monthly salary under a labour agreement is 105,000 RR.

On 5 February 2019, Alexandra invested 520,000 RR in five-year Russian corporate bonds which are traded on the Russian stock exchange, based on a stock brokerage agreement with broker K. These bonds were issued in February 2018 at the same nominal value. On 30 December 2019, Alexandra received annual bonds interest income at the rate of 10.5%.

In addition, Alexandra opened an investment individual account with broker C in September 2019 in which Alexandra deposited the sum of 250,000 RR.

In October 2019, on the occasion of her birthday, Alexandra received a bracelet as a gift from her husband which cost 45,000 RR.

**Required:**

**(a) Calculate Alexandra's final personal income tax (PIT) liability based on her annual personal income tax return for the year 2019, assuming that broker K does not withhold any PIT in relation to Alexandra's bond income.**

Note: List all the items referred to in the question, indicating by the use of zero (0) any which are not taxable or are tax exempt. (6 marks)

**(b) State the two documents which Alexandra should submit to the tax authorities to confirm her eligibility for the investment deduction in relation to her individual investment account with broker C (apart from her annual personal income tax return).** (1 mark)

**(c) State the main criteria which must be met in order for Alexandra to avoid any personal income tax (PIT) on a gain arising as a result of selling the Russian corporate bonds.** (3 marks)

**(10 marks)**

- 4 On 6 April 2019, OOO Diploma (Diploma) acquired products from a domestic supplier for 1,227,200 RR (inclusive of value added tax (VAT)). On 12 May 2019, Diploma incurred some packaging service expenses of 85,904 RR (inclusive of VAT) related to the products acquired. All purchases are confirmed by proper VAT invoices in quarter two (Q2) 2019. No other expenses relating to export have been incurred. Diploma waived the application of the 0% VAT rate on export operations from the beginning of Q2 2019.

On 7 June 2019, Diploma exported these goods to France for the sales price of 19,321 EUR (inclusive of VAT). Payment from the French customer was received on 30 June 2019. All of Diploma's products and services are subject to VAT at the standard rate. Goods subject to export are not treated as raw materials products.

**EUR/RR exchange rates:**

6 April 2019	71.0
30 April 2019	70.5
12 May 2019	69.5
31 May 2019	70.0
7 June 2019	70.0
30 June 2019	73.0
8 October 2019	74.0
31 October 2019	75.0
22 December 2019	75.5
31 December 2019	76.0

**Required:**

**(a) In respect of OOO Diploma:**

- (i) Calculate the value added tax (VAT) liability for quarter 2 (Q2) 2019, disclosing both output and input VAT. State the deadline to submit a notice for the non-application of the 0% VAT rate to the tax authorities. (3 marks)
- (ii) List the general VAT recovery conditions for goods, works and services. State the maximum period for the VAT recovery claim. (2 marks)

**(b) Assuming OOO Diploma did not waive the application of the 0% VAT rate on its exports:**

- (i) Calculate the VAT liability in Q2 and other relevant quarters of 2019, taking into account all documents confirming the export have been submitted to the tax authorities on 8 October 2019. (3 marks)
- (ii) Calculate the VAT liability for quarter 4 (Q4) 2019 ONLY, taking into account the documents confirming export have been submitted to the tax authorities on 22 December 2019. (2 marks)

**(10 marks)**

- 5 George works as a financial manager for the production company OOO Dream (Dream). He is married to Ekaterina and the couple has a seven-year-old daughter and 19-year-old son. George's monthly gross salary is 190,000 RR.

Ekaterina works as a public relations manager for OOO Help (Help). Her gross income for the year 2019 is 3,500,000 RR, of which she received 400,000 RR in January.

The following information is available in respect of the year 2019:

- (1) In May 2019, George and Ekaterina purchased a new apartment for the whole family for 18,000,000 RR with joint equal ownership.

In order to finance this acquisition, George and Ekaterina sold their old apartment in April 2019, which they had acquired jointly in equal shares for a total of 7,000,000 RR in March 2014. George and Ekaterina's shares in the property were sold under two separate independent sales agreements. George and Ekaterina each sold their share in the old apartment for 4,500,000 RR.

- (2) To finance the acquisition of the new apartment, George asked his employer, Dream, to provide him with a mortgage loan. He received the loan principal amount of 7,000,000 RR on 25 April 2019. The interest rate on this loan is 4% per annum and interest is payable quarterly on the fifth day of the month following the preceding quarter (i.e. interest for quarter 2 is payable on 5 July). The loan agreement contains a provision for a possible change in the interest rate. The principal amount is to be repaid with effect from January 2020.
- (3) George has already utilised his housing allowance in the past, but he has never requested a mortgage loan. He received confirmation from the tax authorities in October 2019 of his entitlement to the interest deduction. In November 2019, George submitted all supporting documents confirming his entitlement to interest deduction to his employer.
- (4) In August 2019, George paid 60,000 RR for his daughter's daily study at a licensed Russian ballet school. He had not submitted all the documents confirming this expense to his employer by the end of 2019.
- (5) On 25 November 2019, George won a six-month membership at a sports gym as a result of an advertising campaign by the sports club Vertolet. The market value of this membership was 20,000 RR.

**Required:**

- (a) Calculate George's personal income tax (PIT) withheld at source by OOO Dream for the year 2019.**

Note: You should assume unless otherwise stated, that George asked for all possible maximum deductions to be given at source. (7 marks)

- (b) Calculate George's final settlement of PIT (additional payment or refund) on submission of his PIT annual return for the year 2019.**

Note: Any exempt income should be indicated by the use of zero (0). (5 marks)

- (c) Calculate Ekaterina's final settlement of PIT on submission of her PIT annual return for the year 2019.**

Note: You should assume Ekaterina has never used her housing allowance. (3 marks)

**(15 marks)**

- 6 000 Ambassador (Ambassador) is a trading company engaged in the sale of sporting goods overseas as well as in the Russian market. Ambassador always applies the accruals method for both corporate profits tax and value added tax (VAT) purposes and uses a quarterly profits tax reporting period.

Ambassador's tax policy for the year 2019 requires an immediate 30% write-off of the cost of its tangible non-current assets. In its tax and financial accounts, Ambassador applies a linear depreciation method to its tangible non-current assets.

The following data is available for the year 2019. All amounts include VAT where applicable. All the goods sold by Ambassador in the Russian market are subject to VAT at the standard rate.

#### Sales, cash collections and prepayments for the year 2019

Domestic sales of goods	663,484,500 RR
Confirmed export sales of goods	27,319,950 RR

Prepayment balances from Russian customers:

	<b>RR</b>
1 January 2019	39,028,500
31 December 2019	19,514,250

#### Merchandise inventory

The balance of inventory on 1 January 2019 was 39,028,500 RR.

During the year 2019, Ambassador purchased 420,000,000 RR of inventory. 10% of Ambassador's inventory, including the opening balance and the amounts purchased during 2019, was still in the warehouse at the end of 2019.

Separate expenses of 42,000,000 RR relating to the transportation of purchased inventory were incurred during the year 2019.

The balance of transportation expenses brought forward on 1 January 2019 was 3,902,850 RR.

#### Wages and salaries for the year 2019

Annual salaries of 516,000 RR were paid to each of the 250 employees directly engaged in Ambassador's trading activities and annual salaries of 204,000 RR were paid to each of the 50 administrative employees.

In addition, the following types of insurances have been provided and paid for by Ambassador for all its employees in the year 2019:

- annual voluntary medical insurance for a total premium of 9,000,000 RR; and
- life insurance, with an agreement term of seven years, for a total premium of 17,000,000 RR.

#### Fixed assets as at 1 January 2019 (4th group of fixed assets)

Type	Initial cost	Useful depreciation life	Date put into use
Exhibition equipment	18,000,000 RR	5 years 1 month	15 January 2019

**Required:**

**(a) Calculate the taxable base and corporate profits tax liability of OOO Ambassador for the year 2019.**

Notes:

1. List all the items referred to in the question, indicating by the use of zero (0) any which are not taxable or are tax exempt.
2. Ignore social contributions and property tax. (9 marks)

**(b) Assuming OOO Ambassador is eligible for the application of investment deduction, calculate the total amounts of investment deduction and total corporate profits tax, and split into federal and regional parts, related to corporate profits tax and investment deduction respectively.**

Note: The maximum amount of deduction for the regional part of corporate profits tax should be calculated at the 5% rate. (6 marks)

**(15 marks)**

**End of Question Paper**