Suggested solution

Section A

1 A

Item 1 of Article 5 of RTC provides for 2 limitations on the earliest day of the new tax Law to be effective when new tax is intoduced or amendment that brings additional burden on taxpayer: 1. not earlier than one month after its official publication; AND 2. Not earlier than the beginning of a tax period in an income tax year. But these limitations do not apply to provisions that **improve** taxpayer positions, so retroactive effect for such provisions is allowed as per the given scenario.

2 C and D

According to the Tax Code Article 54.1:
If tax authorities prove that the main purpose of the deal was non-payment or incomplete payment of tax it is enough for tax base and tax adjustment.
Same relates to evidence that obligations under the deal were fulfilled by a party which was not specified in the agreement.

3 853,659 RR

853,659 RR (500,000 RR/0.82 + 200,000 RR / 0.82)

Payments for compensation of unused vacations are not exempt; bonus and compensation payments in 2026 are stated in net amounts, so should be grossed up for 18% rate for this band of income.

4 A and C

Tax on capital gains on personal property is subject to self-assessment and remittance by taxpayer, interest on foreign bank accounts is subject to self-assessment and remittance by taxpayers himself. Tax on foreign sourced income is taxed via self-assessment.

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5 B

120,000 RR (100,000 RR + 20,000 RR)

Fitness club membership (20,000 RR) qualifies for deduction, own education (100,000 RR) is deductible, sister's education by correspondence is not deductible (only deductible for full time attendance), medical treatment for sister is not deductible (unlike for a child)

6 A and B

Severance pay in case of termination of employment agreement is exempt from IC is true as severance pay per legislation is exempt.

Performance bonuses accrued to employees are subject to IC on accrual basis is true as performance bonuses are subject to IC when they are accrued.

7 86,390 RR

86,390 RR (57,390 RR + ((4,000,000 RR – 20%) - 300,000 RR) x 1%)
An individual entrepreneur pays the fixed amount of insurance contributions (IC) plus 1% of the difference between gross income and 300,000 RR. The professional deduction (at 20%) is used for both income tax and IC calculations.

8 D

The true statement is D If a receivable is sold after its due date, the loss will be recognised as the difference between the amount received and the receivable's initial value

9 B

950,000 RR
OOO Lenta books the greater of the two amounts (net book value and fair market value) in its tax accounting. No write-off is possible on fixed assets received free of charge.

10 A and C

Local transportation expenses to the place of negotiations and cost of meals are classified as tax deductible business entertainment

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11 B

(200,000,000 RR x 20/120 x 1/10) = 3,333,333 RR
According to Tax Code article 171.1 annual claw-back of VAT on buildings is 1/10 of the total VAT amount recovered.

12 B

A 5% limit is based on costs, not on sales (Tax Code article 170 item 4, subitem 7). All value added tax (VAT which cannot be recovered) is added to materials cost.

13 C

(120,000,000 RR x 20/120 x 90% + 5,200,000 RR x 20/120 x 80% + 8,200,000 RR x 20/120) = 18,000,000 RR + 693,333 RR + 1,366,667 RR = 20,060,000 RR

A contribution to charter capital is a value added tax (VAT) exempt operation, thus no input VAT can be recovered on the materials contributed.
An adjustment is required for input VAT on business entertainment expenses.
VAT on advertising expenses is always fully recoverable and does not have to be adjusted.

14 B

The seller must issue a regular VAT invoice for the whole amount of sale in the sales period, despite that advance VAT invoice was already issued.

The seller must credit VAT invoice on advance payment issued in the Q1 and adjust Q2.

15 61,000,000 RR

(500,000,000 RR x 2.2% + 2,500,000,000 RR x 2% = 11,000,000 RR + 50,000,000 RR) = 61,000,000 RR

Office buildings are taxed on cadastral value (article 378.2 of RTC). Average annual NBV in financial accounting is taken for immovable property with no cadastral value as tax accounting data is used for profits tax purposes only.

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Section B

Question 16

(a) OOO Complect

Federal capital investment deduction	**RR**
Qualified total amount for investment deduction (both fixed and intangible assets are qualified for deduction)	62,500,000
Qualified maximum amount available for investment deduction (Federal capital investment deduction is limited by 50% of the total capital investments)	31,250,000

Corporate tax, payable to the federal budget	**RR**
Total CT liability (before federal capital investment deduction) to the federal budget: (320,000,000 RR x 8%)	25,600,000
Less: minimum CT paid to federal budget (minimum CT to federal budget is 3% of taxable profits before tax)	(9,600,000)

Maximum allowed federal investment tax deduction 16,000,000 RR

Federal capital investment deduction for carry-forward 15,250,000 RR

(Total available deduction less deduction allowed and used = 31,250,000 RR – 16,000,000 RR)

(b) OOO Prosto

Withholding tax on dividends to foreign shareholder LLC Tertia	**RR**
Available for all shareholders before tax	250,000,000
Tertia's share 20%	50,000,000
Withholding tax on dividends to Tertia (15% x 50,000,000) RR	7,500,000

Withholding tax on dividends to OOO Prima

Rate of CT 0%

Justification of 0% CT rate on dividends:

1. Ownership term exceeds 365 days (1 year)
2. Ownership share not less than 50%

No CT arises.

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Withholding tax on dividends to OOO Secunda	
Actual total gross dividends for distribution	250,000,000 RR
Less: foreign shareholder's share (20%)	(50,000,000) RR
Total actual gross dividends for distribution to Russian companies	**200,000,000 RR**
Less dividends received by OOO Prosto itself (i.e. dividend deduction)	(80,000,000) RR
Equals: taxable gross dividends for Russian shareholders	**120,000,000 RR**
Share of OOO Secunda in the actual taxable dividends for Russian shareholders – 30/(50 + 30)	37.5%
Taxable dividends for OOO Secunda	45,000,000 RR
Tax rate	13%
Tax	5,850,000 RR

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Question 17

Insurance contributions paid on Ostap's income and benefits

Item No	Description	Impact on IC base (0) – no impact RR	Tutorial notes
1	Gross salary	8,400,000	*IC contributions on salary are calculated on accruals basis*
2	Performance bonus	0	*Bonus was subject to IC in 2025 when it was accrued*
3	Sports club membership	62,000	*The benefit is taxable in full amount*
4	Non-state medical insurance for Ostap	0	*Exemption applies as the term of agreement is 1 year*
5	Non-state medical insurance for Ostap's wife	64,000	*Exemption on medical insurance for IC does not apply to close relatives*
6	Compensation for unused vacation	350,000	*This income is taxed similar to salary income*
7	Per-diem allowance for business travel	62,500	*100,000 RR - 25 days x 700 RR – 8 days x 2,500 RR = 62,500 RR Only per diem within state statutory limits is exempt for IC*
8	Support payment	40,000	*4,000 RR is exempt from IC*
9	Son's medical treatment	150,000	*Not in the list of exempt items for IC (Article 422 of RTC)*
10.1	Payment for his own medicines	15,000	*Not in the list of exempt items for IC (Article 422 of RTC)*
10.2	Payment for son's medicines	30,000	*Not in the list of exempt items for IC (Article 422 of RTC)*
11.1	Interest paid by R&K on Ostap's loan	0	*Not in the list of exempt items for IC (Article 422 of RTC)*
11.2	Loan principal paid by R&K	2,500,000	*Not in the list of exempt items for IC (Article 422 of RTC)*
12	Calls from corporate phone	0	*This is not reimbursement of her personal expenses as the phone is corporate*
Total base for IC		**11,673,500**	
IC (2,759,000 RR x 30%) + (11,673,500 RR – 2,759,000 RR) x 15.1% = 827,700 RR +1,346,000 RR = **2,173,790 RR**			

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Question 18

Anton

Item	Taxable amount RR	Calculation/comment
State pension	0	Exempt from IT
Gross salary	1,500,000	
Smartphone as a birthday gift	46,000	(50,000 RR – 4,000 RR)
Support payment	6,000	(10,000 RR – 4,000 RR)
Compensation for his prescribed medicines	11,000	(15,000 RR – 4,000 RR)
Car from Zavylon	1,200,000	No exemption as 4,000 RR exemption is already taken on the smartphone
Total income taxed at 13%/15% rate	**2,763,000**	
Tax accrued	366,450	312,000 RR + (363,000 RR x 15%)
Tax withheld at work	203,190	(1,500,000 RR + 46,000 RR + 6,000 RR + 11,000 RR) x 13%
Tax withheld on car	0	OOO Zavylon cannot withhold IT on income in kid as no cash income is accrued
Tax withheld on supermarket prize	0	No withholding performed by employer
Tax liability at 13%/15%	163,260	

Income taxed at 35%

Taxable winning in-kind (vacuum cleaner) 12,500 RR – 4,000 RR = 8,500 RR

This represents a payment net of 35% tax so the gross amount is 8,500 RR/0.65 = 13,007 RR

Tax on this is at 35% = 13,007 RR x 0.35 = 4,577 RR which was withheld

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Question 19

OOO Sunseedoil

(a) Value added tax (VAT) liability/refund for Quarters 1 – 3

Quarter 1	**RR**
Output VAT on 50% prepayment (export advances are not subject to VAT)	0
Input VAT on purchased raw materials (input VAT on raw materials used for production is recovered under general rules, as export relates to the produced goods out of these raw materials)	(2,600,000)
Total liability/refund	**(2,600,000)**
Quarter 2	
Export confirmation date is 30 June 2026 (last day of quarter in which export confirmation package was presented)	
Output VAT on shipment	0
Input VAT	(0)
Total liability/refund	**(0)**
Quarter 3	
VAT on final payment	0

(b)

Export will be considered as unconfirmed on the 181-st day starting (and including) the shipment day.

21 + 31 + 30 + 31 + 31 + 30 + 7 = 181-st day = 7 October 2025

The VAT declaration for the fourth quarter must include unconfirmed export.

Output VAT on unconfirmed export:

2,500,000 RR x 29.2 x 20%	14,600,000 RR
Additional VAT payable	14,600,000 RR

(c)

VAT on unconfirmed export should had been paid in 3 installments by 28 January 2027, 28 Feb 2027, and 28 March 2027.

Starting dates for late interest calculation will be 29 January 2027, 1 March 2027, and 29 March 2027. Late interest will be assessed on each instalment and interest will stop on the date of payment (including this date).

Penalty will be calculated at 1/300 CB refinancing rate for the first 30 days.Starting 31st day the penalty will be calculated at the increased 1/150 CB refinancing rate.

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Question 20

Petr's income tax liability for the year 2026

	RR
Employment income (65,000,000 – 8,000,000) *(salary is taxed on a cash basis)*	57,000,000
Child deduction (January income exceeds 450,000 RR)	0
Compensation for injury	0
Housing incentive (working 1)	(5,149,315)
Social deductions (working 2)	(4,180,000)
Total income	**47,670,685**
Income tax (3,402,000 RR + 20% * (47,670,685 RR – 20,000,000 RR))	8,936,137
Tax base subject to 13% and 15% rates only	
Taxable gain on apartment sale (working 3)	2,560,000
Taxable gain on land sale (working 3)	0
Taxable gain on car sale (working 3)	0
Total gains on property sale	**2,560,000**
Income tax 312,000 RR + 160,000 RR *15%	336,000

Working 1 - Housing incentive

Maximum limit (no adjustment for 50% of ownership)	2,000,000 RR
Interest paid on bank loan as a part of housing incentive	
Interest starts on 13 March. Last day in 2025 will be 12 December (the date of last payment). 365 – 31(January) – 28 (February) – 12 (March) – 19 (December)	275 days
22,000,000 RR * 275/365 * 19%	3,149,315 RR

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Working 2 - Social deductions

	RR
Charity donation in-kind	0
Cash donation (limit 25% of gross taxable income is not applicable)	4,000,000
Education deduction for son: Maximum amount of deduction - (110,000) RR His wife's share – 80,000 RR Deduction amount	30,000
Other social deductions: His mother's non-state medical insurance - (110,000) RR Father's pension insurance – (60,000) RR Total available before limit – (170,000) RR Limited to	150,000
Total (4,000,000 RR + 30,000 RR + 150,000 RR)	**4,180,000**

Working - 3 Property sales

	RR
Apartment sale *The sale is taxable as this is not a single residence of a taxpayer and 5 year holding period rule applies*. Revenue calculation: Amount for tax purposes (greater of 9,800,000 RR and 70% of 10,000,000 RR (cadastral value)) Adjustment for ownership share (80%) Cost 6,600,000 RR * 80% Gain	9,800,000 7,840,000 (5,280,000) **2,560,000**
Land sale Taxable income (*since land was inherited from close relative and ownership term was greater than 3 years*).	0
Car sale Revenue (*more than 3 years in ownership* deduction) Gain	2,500,000 (2,500,000) **0**

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Question 21

OOO Plumbon - Corporate tax calculation

	RR
Domestic sales net of VAT 849,600,000 RR *100/120	708,000,000
Export sales	74,000,000
Direct expenses	
Cost of goods sold (working 1)	(369,457,500)
Transportation expenses (working 2)	(39,840,559)
Indirect expenses	
Salaries of trade personnel	(75,000,000)
Salaries of admnistrative personnel	(19,000,000)
(For a trading company all expenses other than cost of goods sold and transportation costs will be indirect and subject to immediate deduction after they are recognised.)	
Performance bonuses (How much is paid is irrelevant for recognition purposes)	(16,000,000)
Free meals	(1,500,000)
Corporate gifts	0
Fitness club membership	0
(Tax Code specifically prohibits the deduction of these expenses)	
Voluntary medical insurance of employees	(4,800,000)
(limit of (75,000,000 RR + 19,000,000 RR +16,000,000 RR +1,500,000 RR) x 6% = 6,690,000 RR is cap)	
Voluntary medical insurance of employees' relatives	0
Life-insurance of employees	(2,320,000)
(limit of (75,000,000 RR +19,000,000 RR +16,000,000 RR +1,500,000 RR) x 12% = 13,380,000 RR is not applicable in this case)	
Voluntary insurance from accidents at work (225 x 15,000 RR (limit per 1 employee) = 3,375,000 RR is capped at 3,750,000 RR)	(3,375,000)
Depreciation (working 3)	(150,506,123)
Bad debt expense (working 4)	(49,234,750)
Total taxable base	**50,966,068**
Corporate tax at 25%	12,741,517

Working 1 - Cost of goods sold

	RR
Total goods available for sale (35,757,500 RR + (456,000,000 RR/1.2))	415,757,500
Less: closing stock of unsold goods	(46,300,000)
Equals: cost of goods sold	**369,457,500**

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Working 2 - Transportation expenses

	RR
Total transportation expenses (4,500,000 RR + (48,400,000 RR/1.2))	44,833,333
Deductible transportation expenses (Cost of goods sold/Total cost of goods): 44,833,333 RR x 369,457,500 RR/415,757,500 RR	39,840,559

Working 3 - Depreciation

	RR
NBV as at 1 January 2026	225,000,000
Net book value as at 31 December 2026 225,000,000 RR x $(1 – 0.088)^{12}$	74,493,877
Depreciation - 225,000,000 RR - 74,493,877 RR	**150,506,123**

Working 4 - Bad debt expense

	RR
Bad debts overdue for more than 90 days (100%)	41,130,000
Bad debts overdue from 45 to 90 days (50%)	35,706,250
Bad debts overdue less than 45 days	0
Total	**76,836,250**
Limited by 10% of sales: 782,000,000 RR x 10% = 78,200,000	
The opening balance on bad debt provision account	50,087,500
Less bad debts write-offs during the year	(22,486,000)
Equals balance after write-offs	**27,601,500**
Required balance as at 31 December	76,836,250
Bad debt expense (76,836,250 RR - 27,601,500 RR)	**(49,234,750)**

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Mark scheme

Section A

Questions 1 – 15 (all questions worth two marks)

Maximum 30 marks

Section B

Question 16

a	CT payable by OOO Complect for 2026	
	- Qualified total amount	0.5
	- Qualified maximum amount	1
	- Total CT liability	0.5
	- Minimum to federal budget	1
	- Maximum allowed federal investment tax deduction	0.5
	- Federal capital investment deduction for carry-forward	0.5
Maximum 4 marks		
b	Withholding tax on the dividends payable by OOO Prosto:	
	- LLC Tertia's share	0.5
	- Withholding tax rate	0.5
	- OOO Prima dividend rate	0.5
	- Ownership over one year	0.5
	- Share not less than 50%	1
	- Dividends to OOO Secunda	1
	- Dividends received by OOO Prosto	1
	- Share for Russian shareholders	0.5
	- Tax rate	0.5
Maximum 6 marks		
Total 10 marks		

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Question 17

a	Insurance contributions paid on Ostap's income and benefits:	
	- Salary	1
	- Performance bonus	0.5
	- Sports club membership	0.5
	- Non-state medical insurance - own	0.5
	- Non-state medical insurance - wife	0.5
	- Compensation for unused vacation	0.5
	- Per-diem travel allowance	1.5
	- Support payment	1
	- Son's medical treatment	0.5
	- Payment of medicines - own	0.5
	- Payment of medicines – son's	0.5
	- Interest paid by employer	0.5
	- Principal paid by employer	0.5
	- Calls from corporate phone	0.5
	- Contributions at 30%	0.5
	- Contributions at 15.1%	0.5
Total 10 marks		

Question 18

a	Anton's tax liability for 2026:	
	- State pension	0.5
	- Gross salary	0.5
	- Smartphone birthday gift	1
	- Support payment	1
	- Compensation for medicines	1
	- Car from Zavylon	0.5
	- Income to be taxed at 13% and 15%	1
	- Tax withheld at work	0.5
	- Tax withheld on car	0.5
	- Tax withheld on supermarket prize	0.5
	- Tax at 35%	0.5
	- Vacuum cleaner	1
	- Gross up	1
	- Tax withheld	0.5
Total 10 marks		

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Question 19

a	Value added tax (VAT) for quarters 1 to 3:	
	- Output VAT on prepayment	0.5
	- Input VAT on raw materials	1
	- Export confirmation	1
	- Output VAT on shipment	0.5
	- Input VAT	0.5
	- VAT on final payment	0.5
Maximum 4 marks		
b	Unconfirmed export:	
	- 181st day	1
	- Fourth quarter including unconfirmed export	1
	- Output VAT	1
Maximum 3 marks		
c	Late payment interest:	
	- Starting dates	1
	- Ending on date of payment	1
	- 1/300 and then 1/150 CB refinancing rate	1
Maximum 3 marks		
Total 10 marks		

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Question 20

a	Petr's income tax liability for 2026:	
	- Employment income	1
	- Child deduction	0.5
	- Compensation for injury	1
	- Housing incentive (working 1 – see below)	
	- Social deductions (working 2 – see below)	
	- Income tax	1.5
	- Gains on property sales (working 3 – see below)	
	- Tax on gains on property sales	1
	(Working 1 – housing incentive)	
	- Maximum amount	0.5
	- Number of days	1
	- At 19% per year	0.5
	(Working 2 – social deductions)	
	- Charity donation in kind	0.5
	- Cash donation	0.5
	- Limit	0.5
	- Education deduction maximum	0.5
	- Education deduction wife's share	0.5
	- Mother's non-state medical insurance	0.5
	- Father's pension insurance	0.5
	- Limit	0.5
	(Working 3 – property sales)	
	- Apartment taxable amount	1
	- Adjustment for ownership share of apartment	0.5
	- Cost of apartment	0.5
	- Land sale taxable income	1
	- Car sale revenue	0.5
	- Car sale deduction	0.5
Total 15 marks		

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Question 21

a	OOO Plumbon – corporate tax calculation:	
	- Domestic sales	0.5
	- Export sales	0.5
	- Cost of goods sold (working 1 – see below)	
	- Transportation expenses (working 2 – see below)	
	- Trade salaries	0.5
	- Admin salaries	0.5
	- Performance bonuses	0.5
	- Free meals	0.5
	- Corporate gifts	0.5
	- Fitness club membership	0.5
	- Medical insurance – employees	1.5
	- Medical insurance – employees' relatives	0.5
	- Life insurance for employees	1
	- Insurance for accidents at work	1
	- Depreciation (working 3 – see below)	
	- Bad debt expense (working 4 – see below)	
	- Corporate tax	0.5
	(Working 1 – cost of goods)	
	- Goods available	0.5
	- Closing stock	0.5
	(Working 2 – transportation expenses)	
	- Total cost	0.5
	- Deductible expenses	1
	(Working 3 – depreciation)	
	- Net book value end of year	1
	- Depreciation for year	0.5
	(Working 4 – bad debt expense)	
	- Overdue >90, 45 – 90, <45 days	1
	- Applicable limit	0.5
	- Balance after write-off	0.5
	- Required balance	0.5
Total 15 marks		

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