

ClientInsight

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Russian Legislation Update

Civil Law

Loan Agreements

On 19 October 2011 the President signed Federal Law No. 284-FZ amending Articles 809 and 810 of the Civil Code.

According to the Civil Code, a borrower may repay an interest bearing loan early only with the lender's consent.

The amendments now introduce an exemption from this rule and allow individuals obtaining loans for non-business purposes to repay their loans early subject to at least 30-day prior notice to the lender (a loan agreement may provide for a shorter term of notice). In this case interest is to be paid for the period until repayment.

The amendments apply to previously made loan agreements.

The Law entered into force on 1 November 2011.

Publication of Laws

On 21 October 2011 the President signed Federal Law No. 289-FZ amending the Federal Law "On the Procedure for the Publication and Entry into Force of Federal Constitutional Laws, Federal Laws and Acts of the Federal Assembly."

In Russia all federal laws generally enter into force 10 days after their official publication unless otherwise provided for under the law itself. Official publication previously meant the first publication of the law in either Rossiyskaya Gazeta, Parlamentskaya Gazeta or Sobraniye Zakonodatelstva Rossiyskoi Federatsii.

The amendments supplement this list of sources of official publication with an official web portal for legal information, www.pravo.gov.ru. Other legal acts approved by federal, regional, and municipal authorities may also be published there.

The Law will enter into force on 10 November 2011.

Oil Export Duty

On 25 October 2011 the Government adopted Resolution No. 862 approving new rates of export customs duty on crude oil and crude-oil products exported beyond the borders of the Russian Federation to countries outside the Customs Union.

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The Resolution reduces the rate of customs duty payable on crude oil and crude-oil products extracted from bituminous formations (TN VED 2709 00) exported outside the member countries of the Customs Union (i.e., Russia, Belarus, Kazakhstan). The new rate is set at USD 393 per ton (the previous rate was USD 411,4).

The new rate applies as of 1 November 2011.

First Reading

Real Estate

On 20 October 2011 the State Duma adopted in the first reading Draft Law No. 304493-5 amending certain legislative acts related to the procedure of land withdrawal for state or municipal needs.

The Draft Law, in particular, introduces amendments to the Civil and Land Codes of the Russian Federation.

The Draft Law clarifies the procedure on land withdrawal for state or municipal needs and provides that withdrawal shall only be conducted through buyout from the landowner and alienation of rights from other users. As a general rule, the redemption price covers the market price of the land plot and other real property located thereon and the losses caused to the landowner or other users (with few exceptions).

Further it introduces compulsory provisions for an agreement on land withdrawal for state or municipal needs. In particular, the agreement is to be made between the landowner (user), the organization conducting the withdrawal and the authority that approved the resolution on land withdrawal. The agreement is to establish subsidiary liability of the state or municipality for payment of the redemption price and the losses caused by the withdrawal. This agreement is not subject to state registration.

On 20 October 2011 the State Duma adopted in the first reading Draft Law No. 598619-5 amending the Town Planning Code and certain other legislative acts of the Russian Federation.

Now construction of capital development units may be conducted according to design documentation prepared and approved by member states of the EU and other foreign states included in the list approved by the Government. The design documentation is to be translated into Russian and meet certain requirements established under the Draft Law. The amendments also introduce a list of documents to be prepared for construction in accordance with foreign design documentation and conditions for its state expert examination.

Intellectual Property

On 20 October 2011 the State Duma adopted in the first reading Draft Law No. 446365-5 and Draft Law No. 446381-5 related to the establishment of a Court for Intellectual Rights.

The Draft Laws, in particular, introduce amendments to the Federal Constitutional Laws "On the Judicial System of the Russian Federation" and "On Commercial Courts in the Russian Federation" and to the Commercial Court Procedural Code of the Russian Federation.

The purpose of the amendments is to improve the system for the protection of intellectual property rights in Russia by establishing a special commercial court – the Court for Intellectual Rights.

According to the proposed amendments the Court is formed to try disputes involving intellectual property rights, including disputes regarding legal acts regulating protection of intellectual property rights adopted by Rospatent and other federal executive authorities.

The amendments also aim to introduce a category of specially qualified counselors who will examine specific matters arising when hearing the case.

According to the amendments the Court for Intellectual Rights is to be formed no later than 1 January 2012.

Environment

On 7 October 2011 the State Duma adopted in the first reading Draft Law No. 584587-5 in relation to a new normative standards system for environmental use.

The Draft Law aims to introduce a fundamentally new system for setting normative standards for environmental use and approaches in order to economically stimulate companies to take measures to limit environmental pollution, including the use of the best available technologies.

In particular, the amendments seek to classify facilities depending on the degree of their adverse environmental impact. Companies operating facilities with insignificant and medium environmental impact will be required only to declare their actual or planned level of emission (discharge). Companies operating environmentally hazardous facilities will be required to obtain integrated environmental permits. Now, all such companies apply for separate environmental permits depending on their type of activities.

Under the current law, companies are to make payments for any adverse environmental impact caused by their activities. The amendments consider a possible reduction of such payments by subtracting the actual expenses made by the polluter for limiting environmental pollution. In addition, the amendments consider tax incentives and subsidies for companies integrating the best available technologies. Concurrently, the amendments propose to significantly strengthen economic penalties for companies conducting activities exceeding the maximum permissible environmental impact.

Provisions of the Draft Laws will apply if adopted by the State Duma in three readings, approved by the Federation Council, signed by the President, and officially published.