



# **Mobilization:**

## **what to do in accounting and reporting**

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## To-do if the military commissariat sends a military summons for employees

### **1. Determine which employees should be notified of the summons:**

- The summons contains the name of the employees;
- The summons contains only the ranks and ages of the employees to be summoned to the military commissariat;

### **2. Hand out the summons to the staff under the written confirmation:**

- At least three days before an employee is due to report to the military commissariat;
- An internal report should be drafted in case an employee refuses to sign a notice about the summons / to receive the summons;
- Violation of this procedure is punishable by a fine under Article 21.2 of the Code of Administrative Offences (from RUB 1,000 / USD 15.00 to RUB 3,000 / USD 50.00);

### **3. Hand over to the military commissariat the cut-off parts of the summons and list of employees who are to be summoned**

## Cost record and payments for the summoned employees (1)

Update of the records by the military office: actions of the employer

**1. Release the employee from work;**

**2. Keep the job, position and average earnings for the period of summoning;**

- Draw up an internal order for releasing the employee from work;
- The time sheet is to be coded as «Г" or "23";

**3. If the employee is summoned to another location:**

- pay a per diem;
- reimburse the travel and accommodation expenses.

To reimburse the costs, send an application and a copy of supporting documents to the military commissariat.



# Cost record and payments for the summoned employees (2)

## Update of the records by the military office: accounting records

### 1. Personal income tax and social security contributions

- The average income for the period of checking the military registration documents is subject to personal income tax and social security contributions (Clause 1 of Article 210, Clause 1 of Article 420 of the Russian Tax Code);
- Compensation of confirmed expenses on rent and travel is not subject to personal income tax and social security contributions (Clause 1 of Article 217, Subclause 2 of Article 422 of Russian Tax Code, subsection 2 of Article 20.2 of the Law as of 24.07.1998 No. 125-Φ3);
- Per diems are not subject to personal income tax up to the limit of RUB 700.00 / USD 12.00 per day (Clause 1 of Article 217, Clause 2 of Article 422 of the Russian Tax Code);

### 2. Tax accounting of expenses

- Expenses for payment of average earnings and business trip costs and social security contributions are included in expenses when calculating the profit tax (Clause 6 of Article 255, Subclause 12 Clause 1 of Article 264 Russian Tax Code);
- Compensation of these costs, after receiving funds from the budget, accounted in non-operating income (letter of the Ministry of Finance of 11.11.2011 № 03-03-06/2/170).

## Cost record and payments for the summoned employees (3)

### Mobilization: actions of the employer

#### **1. Suspend the employment contract of a mobilized employee**

- Retain the employee's job;
- Temporary employees may be hired under fixed-term employment contracts (Article 351.7 of the Labor Code, Government Decision No. 1677 of 22.09.2022);

#### **2. Drawing up of a suspension notice**

- Receive an application from the employee together with a copy of a summons or notification of contract of employment for military service (Article 351.7 of the Labor Code)
- Draw up an order on suspension of the employment contract;
- Continue to keep a time sheet for the employee.

# Cost record and payments for the summoned employees (4)

## Mobilization: accounting records

### 1. Due payments

- Pay the employee due salary as well as other payments set out in the employment contract;
- Upon the employee's request, pay monetary compensation for unused holiday time in excess of 28 days;

### 2. Reporting

- In RSV, 4-FSS, SZV-M forms: report the employee as an insured person;
- In the SZV-TD form: reflect the information on the suspension / renewal of the employment contract (the new codes of events "Suspension" and "Renewal");
- The mobilization period will need to be reflected in the SZV-STAZH form with a separate code "MILITARY".

## Cost record and payments for the summoned employees (5)

### Financial support and cost reimbursement for mobilized employees

#### **1. Financial support**

- may be granted in any amount;
- amounts exceeding RUB 4,000 a year (USD 65.00) are subject to personal income tax and social security contributions;

#### **2. Reimbursement of expenses on clothing and equipment**

- Subject to personal income tax and insurance contributions.



## Cost record and payments for the summoned employees (6)

### Mobilization of the general manager

If the general manager is summoned to the military office for the update of the records, it is not mobilization. Any other reasons for the summoning could mean mobilization.

In the case of mobilization of the director general, there are two possible courses of action:

- Drawing up a notarial power of attorney for the conduct of affairs;
- Appointment of the new general director.



## After the mobilization: end of military service

### **1. Renewal of the labor contract**

- The labor contract shall be renewed on the day the employee comes back to work;
- The employee must give the employer at least a three working days' notice (Article 351.7 of the Russian Labor Code);
- If the employee does not report for work within three months after completion of military service, the employer is entitled to terminate the employment relationship;

### **2. Vacation after completion of military service**

- The employee is entitled to paid annual leave within six months of renewal of the employment contract at his own discretion.

# Mobilization of vehicles (1)

## Processing

### **1. What vehicles are subject to mobilization**

- Not only cars, but also rail, sea, inland waterway, air, pipeline transport, as well as special vessels, tractors, road construction, lifting and transport vehicles, etc., may be subject to mobilization. (Annex No. 1 to Ministry of Defense Order No. 151 of 14.03.2014);

### **2. Documentation**

- The military commissariat sends a mobilization order and a consolidated order to the organization, indicating the lists of vehicles, pick-up points and deadlines for delivery;
- An agreement is signed between the organization and the military commissariat on the execution of the mobilization order.

# Mobilization of vehicles (2)

## Accounting and tax records

### **1. Accounting**

- Vehicles which have been transferred for a free use during mobilization remain on the balance of the organization;
- Depreciation of the donated assets is accrued according to the general procedure and is included in other expenses;

### **2. VAT**

- Donation of fixed assets to the municipal department of the military commissariat is not subject to VAT (Subclause 5, Clause 2 of Article 146 of the Russian Tax Code);

### **3. Corporate profit tax**

- Depreciation continues to be accrued and included in other expenses (Clause 4, Article 256 of the Tax Code, Subclause 17, Clause 1, Article 265 of the Russian Tax Code).



## Contact details



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