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For Immediate Dissemination

To: All Partners of the Russian Pharmalicensing Group PLC (RPG) Company.

Informative Letter on VAT Assessed on Medical Devices Imported and Sold on the Territory of Russia Issued by the Department of Tax, Customs and Tariff Policy of the Russian Ministry of Finance

Referring to the assessment of a VAT on medical devices products imported and sold on the territory of the Russian Federation, the Department of Tax, Customs and Tariff Policy of the Russian Ministry of Finance promulgates the following in its official statement of January 20, 2012, N 03-07-07/08:

Pursuant to item 4 point 2 article 164 of the Russian Tax Code (hereafter - Tax Code), a VAT rate of 10 per cent is assessed on medicinal products which product codes are determined by the Russian Government in accordance with the All-Russian Classification of Products, as well as the foreign trade Commodity Code Listing.

By the Enactment of 15.09.2008 N 688, the Russian Government approved code listings of health care goods, including medical devices, in accordance with All-Russian Classification of Products, subject to a 10% VAT assessed when sold, and code listings of health care goods, including medical devices, in accordance with the Customs Union Commodity Classification of Foreign Economic Activity, subject to a 10% VAT when imported into the Russian Federation.

In view of the aforesaid, and taking into consideration that according to item 5 of article 164 of the Tax Code, the import of goods into the Russian Federation and their sales in Russia are subject to a uniform rate of VAT, and in case medicinal products are subject to a 18% VAT rate based on the above-said code listing of medical devices, pursuant to the All-Russian Classification of Products, the medicinal products are to be taxed at a rate of 18% when sold on the territory of the Russian Federation, as well.

The present statement does not contain legal norms or general rules specifying normative directives, and is not a normative legal act. According to the Letter of the Russian Ministry of Finance of 07.08.2007 N 03-02-07/2-138, the present letter is intended to provide information and explanation on issues of the enforcement of Russian law on taxes and levies, and does not preclude from observing the provisions of law on taxes and levies dissenting from the representation set forth in the present letter.

About Russian Pharmalicensing Group PLC.

Russian Pharmalicensing Group (RPG) specializes in licensing, business development and the registration of pharmaceutical and VMPs including pharmacovigilance, biotech, APIs, medical devices, food supplements and life science with high regional prevalence in Russia, Ukraine and ex-USSR countries. RPG is headquartered in Moscow, Russia. Registered in Russia No: 5117746056194.

For further information, please contact:

Vladimir Krasnikov, Director General

Tel.: +7 495 22 333 44 | Email: regulatoryaffairs@pharmalicensing.ru or Vladimir.krasnikov@pharmalicensing.ru