

**By the Judgement of 14 February 2024 No.6-II, Constitutional Court of the Russian Federation assessed constitutionality of Article 221 (item 1) and Article 227 (sub-tem 1 of item 1) of the Tax Code of the Russian Federation.**

These legal provisions were examined in so far as they serve to determine whether an individual who is not registered as a individual entrepreneur and whose activity is recognised by the tax authority as entrepreneurial can receive professional tax deductions.

The challenged legal provisions were found to be inconsistent with the Constitution of the Russian Federation to the extent that in the system of current legal regulation they do not provide an unequivocal solution to the issue in question due to their uncertainty, which gives rise to the possibility of different interpretations.

Until the necessary legislative changes are made, the following procedure is envisaged for the implementation of this Judgement:

Individuals who are not registered as individual entrepreneurs and whose activities are recognised as entrepreneurial by the tax authority are not entitled to professional tax deductions in accordance with Article 221 (item 1 and 4) of the Tax Code of the Russian Federation;

If the amendments introduced by the federal legislator are aimed at granting professional tax deductions to all (or some) categories of persons who are not registered as individual entrepreneurs, but whose activities are recognised as entrepreneurial by the tax authority, and if the federal legislator does not introduce the necessary amendments to the legislation before 1 January 2025, the persons concerned shall be entitled to professional tax deductions in the amount of documented expenses and 20 percent of income if they cannot document the expenses, in accordance with Article 221 of the Tax Code, such persons shall be entitled to deduct from their income the amount of their documented expenses and 20 per cent of their income if they are unable to document their expenses; in this case, the right of the persons concerned shall be effective from the date of the official publication of the Tax Code.

Enforcement decisions in the cases of the applicants will be subject to review in due course if the changes made by the federal legislator in accordance with this Judgement would imply their entitlement to professional tax deductions, and if the federal legislator does not make the necessary legislative changes until 1 January 2025.