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# GAIN Report

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## Russian Federation

**Post:** Moscow ATO

### Russian Alcohol Market Regulation 2016 Update

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Market Development Reports

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**Report Highlights:**

The Russian Ministry of Finance was given the responsibility to formulate and implement State policy and legal regulations in the sphere of production and circulation of ethyl alcohol, alcohol and alcohol-containing products as of May 9, 2016. Previously, such duties fell under the Federal Service for Regulation of the Alcohol Market and the Federal Customs Service. The goal of such transformational change is to increase the effectiveness of administration and tax collection.

## **General Information:**

On May 9, 2016, Russian President Vladimir Putin signed Decree #216 amending Order #1883 of December 31, 2008 on “Formation the Federal Service for Regulation of the Alcohol Market” (the original Russian text of the Order and the Decree can be found on the official website at

<http://document.kremlin.ru/doc.asp?ID=50076&PSC=1&PT=1&Page=1>; <http://kremlin.ru/acts/bank/40405>).

According to the Decree, the Federal Service for Regulation of the Alcohol Market (known as Rosalcoholregulirovaniye or FSRAM), will no longer formulate and implement State policies and legal regulations in the sphere of production and circulation of ethyl alcohol, alcohol and alcohol-containing products. Such duties have been passed over to the Ministry of Finance who will also supervise the activities of FSRAM.

FSRAM has regulated and controlled the following:

- Licensing of alcohol manufacturing and wholesale distribution
- Everything related to Federal Special Stamps (not to be confused with Excise Stamps which stick on imported alcohol and are sold by the Federal Customs Service (FCS) of the Russian Federation).
- Mandatory information on alcohol turnover to the United Federal Automated Information System (UFAIS), including "modernization of software"
- Minimum prices for alcohol
- Mandatory notification

### Mandatory Information on Alcohol Turnover to UFAIS

According to amendments to Federal Law # 171 on “State Regulation of Production and Turnover of Alcoholic Beverages”, distributors/wholesalers must provide information on alcohol turnover to UFAIS as of January 1, 2016. Retailers in urban Russia will be connected to UFAIS starting July 1, 2016 and then retailers in rural areas on July 1, 2017. UFAIS is used for State control over production and distribution of alcohol beverages in order to combat the sale and presence of illegal and fraudulent products. The requirement to record information in UFAIS applies to companies dealing with procurement, storage, supplies and retail trade in wines, spirits, and alcohol-containing products.

### Mandatory Notification

According to Russian government resolution # 474 of June 5, 2013 on “Submission of Notifications on the Beginning of Turnover (Sale) of Alcoholic Beverages in the Territory of the Russian Federation,” the FSRAM has maintained additional procedures establishing a notification requirement for both existing and new-to-market alcoholic beverages to be sold in the Russian market. Mandatory notification requirements took effect on October 1, 2013. For more details, please see GAIN report [RSATO 1308 Russia Announces New Resolution on Alcoholic Beverages](#)

Federation Council Speaker Valentina Matviyenko criticized the Head of Federal Service on Alcohol Market Regulation Igor Chuyan at a Federation Council Session held in November 2015. In 2014, alcohol excise taxes brought 299 billion rubles to the Russian government coffers. The share of legally produced, imported and sold alcohol in Russia was estimated at only 40 percent in 2015, same as in 2014. As a result the federal budget lost roughly 270 billion rubles in 2014 and 2015 and Federation Council members asked Prime Minister Dimitriy Medvedev to investigate FSRAM.

On January 15, 2016, Russian President Vladimir Putin signed Decree #12 “Questions of the Ministry of Finance of the Russian Federation” (the original Russian text of the Order can be found on the official website at <http://kremlin.ru/acts/news/51175>). According to the Decree, supervision of FCS and the FSRAM were transferred to the Ministry of Finance. Previously, FCS and FSRAM reported directly to the Russian Government. The goal of such transformational change is to increase the effectiveness of administration and tax collection. Revenues from alcohol excise taxes will increase by 10 percent in 2016, according to Minister of Finance Anton Siluanov.