

THE OECD TAX-BENEFIT MODEL FOR RUSSIA

Description of policy rules for 2018



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Preface

The [OECD Tax-Benefit model \(TaxBEN\)](#) incorporates detailed policy rules for tax liabilities and benefit entitlements as they apply to individual families across OECD member countries. Its main use is to calculate the amount of taxes that people are liable to pay, and the government transfers they are likely to receive, in different family and labour-market situations. The model includes legal policy rules that are relevant for people of **working age** (from 18 years old until the statutory retirement age) and their dependent children. Income tax liabilities and benefit entitlements are calculated for a broad set of *stylised* families (“vignettes”, e.g. a married couple of 40 years old adults with two children aged 4 and 6 respectively). Model users are free to change many of these characteristics, including the age and number of children, activity status of adult members, hours of work, current and past earnings levels, unemployment duration, social contribution records, and housing-related costs. The OECD model has been updated annually since the early 2000s for most OECD and EU countries. Models for some other countries have been developed in the TaxBEN environment on an ad-hoc basis for selected years, e.g. for Russia.

TaxBEN’s policy scope includes the main taxes on employment income (earnings), social contributions paid by individuals and by employers, as well as the main cash and near-cash benefit programmes, including unemployment benefits, family benefits, guaranteed minimum-income benefits, cash housing benefits, and employment-conditional benefits. Disability benefits and support for non-parental childcare are included for a sub-set of countries and years. The most important policy areas that are outside the scope of the model include taxes on wealth (e.g. taxes on immovable and unmovable properties, including local taxes), indirect taxes (e.g. VAT), early-retirement benefits, sickness benefits and in-kind transfers (e.g. free school meals, subsidised transport and free health care).

This report describes the taxes and benefits that are included in the model and focuses on the rules that are relevant for family, individual and labour-market circumstances that are within its scope. The **Annex** provides information on other cash benefits and taxes on employment incomes that can be relevant for some members of the working-age population, but which are not included in the TaxBEN model.

Reading notes and further details on the scope and content of this report

- The **reference date** for policy rules described in this report is **January 1, 2018**.
- **Guidelines for completing and updating this report** are provided [here](#).
- Further information on the model, model results, and references to reports and analytical uses is available on the [project website](#). A [methodology](#) document provides a full description of the assumptions underlying the model as well as the model choices that users can make. The symbol  in the text provides a link to a glossary of technical terms.
- Section titles provide the names of taxes and benefits as they are known in the country: first, direct translation into English, then (in brackets) the name in the national language.
- In order to facilitate transparency between the policy descriptions and the associated code in the model, the variable names are indicated in the text in square brackets using the following format: **[variable name]**, for instance: **[AW]** for the average wage.

The OECD tax-benefit model for Russia: Policy rules in 2018

The Russian Federation (hereafter ‘Russia’) is a federation comprising 85 federal subjects (also referred to as regions in this report). They include 22 republics, 9 krais, 46 oblasts, three cities of federal importance, one autonomous oblast and four autonomous okrugs, all of which are equal subjects of Russia. Social insurance benefits (e.g. child care benefit) are regulated and financed at the federal level. Most of non-insurance-based benefits are regulated by regional authorities. They set the size and eligibility criteria within the limits established by the federal legislation. Some non-insurance-based benefits are regulated by federal authorities (e.g. unemployment benefit). The tax system is largely a unified national system.

This report includes the policy description of the federal tax-benefit system and the system of the three federal subjects of Russia: the city of Moscow, the Samara oblast, and the Kabarda-Balkar Republic (in this report also referred to as Moscow, Samara and Kabardino-Balkaria or KBR). The default region in the model is Moscow.

1. Reference wages and other reference amounts

The 2018 national average wage [**AW**] is RUB 43 431 per month (RUB 521 172 per year).¹ The average wages in the three regions considered in the report are:

Table 1. Average wage by region

Region	Average wage* (RUB per month)	As percentage of the national average wage (%)
Moscow	83 580	192
Samara	33 588	77
Kabardino-Balkaria	25 520	59

Note: *The average across 12 months (January to December 2018).

Source: OECD calculations based on monthly average wages by [Federal State Statistics Service of Russia](#). Accessed on 4 March 2020.

The national minimum wage [**MIN**] as of 1 January 2018 was RUB 9 484 per month; as of 1 May 2018, it was RUB 11 163. In the model, the annual minimum wage is computed by multiplying the minimum monthly wage (as of 1 January 2018) by 12, i.e. RUB 9 484 * 12 = RUB 113 808.

The regions can establish their own minimum wage, but it cannot be lower than the national minimum wage. The minimum wages (effective on 1 January 2018) in the three regions considered in the report are:

¹ This is average wage for the whole economy as estimated by the [Federal State Statistics Service of Russia](#). Unlike average wages estimated by the [Centre for Tax Policy and Administration](#) (CTPA) for OECD countries included in the OECD tax-benefit model, it covers all sectors of the economy and does not take into account hours of work. For more information on the CTPA methodology see the latest [Taxing Wages publication](#).

Table 2. Minimum wages by region

Region	Minimum wage (RUB per month)	As percentage of the national average wage (%)
Moscow	18 742	43
Samara	9 484 (same as national)	22
Kabardino-Balkaria	9 489	22

Another important reference indicator in Russia is the Minimum Subsistence Level (MSL). MSL is the minimum per capita monthly income that theoretically allows to meet the basic consumption needs: food requirements, basic non-food items, services and taxes. The federal government determines the National MSL on a quarterly basis for three categories of persons: (1) able-bodied persons of working age, (2) children and (3) pensioners, as well as the average MSL for all citizens. The regions establish their own MSL. Regional MSL are used as criteria of neediness. A family is considered to be low-income if its per-capita income is below the MSL of the region of residence. In the model, the MSL for the first quarter of 2018 is applied.

Table 3. Minimum Subsistence Levels by region (RUB per month)

Reference period	entire population (per capita)	able-bodied citizens	pensioners	children
National				
Q-III 2018	10,451	11,310	8,615	10,302
Q-II 2018	10,444	11,280	8,583	10,390
Q-I 2018	10,038	10,842	8,269	9,959
Moscow				
Q-III 2018	16,260	18,580	11,505	13,938
Q-II 2018	16,463	18,781	11,609	14,329
Q-I 2018	15,786	17,990	11,157	13,787
Samara				
Q-III 2018	10,219	11,218	8,080	10,129
Q-II 2018	10,144	11,111	8,005	10,181
Q-I 2018	9,672	10,607	7,642	9,640
Kabardino-Balkaria				
Q-III 2018	10,557	10,969	8,243	11,336
Q-II 2018	11,007	11,383	8,559	11,978
Q-I 2018	10,469	10,749	8,316	11,517

2. Unemployment benefits

The unemployment benefit is funded by the federal government. It is transmitted to regional governments as an earmarked transfer. Regional and local governments (e.g. Moscow) may top-up the federal unemployment benefit from their own funds, but it is not the usual practice. The unemployment benefit is described in Section 2.1.

After the eligibility to the unemployment benefit expires and if per capita family income is sufficiently low, an unemployed person can apply to unemployment assistance (see Section 2.2.). In some cases, unemployed persons can receive unemployment assistance from the regional governments. These provisions are outside the scope of the model and are described in the Annex.

In case of business closure or downsizing a dismissed person can receive severance pay or average salary compensation. Such benefits are not considered in the model. Stipends paid during vocational training are also outside the scope of the model. See Annex for description.

2.1. Unemployment benefit (Пособие по безработице)

Variable names: [UI_p; UI_s]

The benefit takes two forms:

- the first depends on contribution record and previous earnings (but effectively becomes a flat-rate benefit because of a low maximum limit);
- the second is a flat amount for first-time job seekers and those not meeting the contribution criteria.

The benefit is not means-tested and not taxable. 

2.1.1. Eligibility conditions

Age: Between 16 and 59 (men) or 16 and 54 (women).

Contribution/employment history: For the first ‘contributory’ version of the benefit, it is required that the person has worked full-time at least 26 weeks during the last 12 months.

Behavioural requirements and related eligibility conditions:  Entitled to the unemployment benefit are all able-bodied citizens who are jobless, have no labor income, who are registered as job seekers at State Employment Agency, who are seeking a job and are prepared to start working immediately. The beneficiary has to confirm the unemployment status every 2-3 months (every 2 weeks in Moscow). The frequency of such updates can be different in different regions and even at different state employment agencies. The beneficiary cannot decline the work offered more than once. The state employment agency offers the jobs that it finds suitable for the job seeker. If the job seeker declines two work offers, he or she loses the right to the unemployment benefit. TaxBEN assumes that the required behavioural conditions are satisfied when simulating unemployment benefits.

The benefit takes two different forms depending on the type of the beneficiary:

- **Type 1:** Persons dismissed for any reason (except for those dismissed for poor work discipline) during the 12 months before the beginning of the unemployment, who during that period had worked full time for at least 26 weeks;
- **Type 2:** All other categories, including:
 - first time job seekers with no previous employment record;
 - those seeking to renew their labor activity after a long (over 12 months) break in employment record;
 - former self-employed/farmers (*not covered by the model*);

- those who were dismissed for violations of work discipline or other infringements (*not covered by the model*);
- those who were dismissed during the 12 months prior to the start of the unemployment period and worked for less than 26 weeks during that period;
- those who were mandated to attend vocational training courses by the decision of an employment agency but were expelled for poor discipline (*not covered by the model*).

In the model, the two types of beneficiaries are distinguished based on employment record.

2.1.2. Benefit amount

The benefit amount depends on the type of beneficiary (see Table 4). The amount is subject to minimum and maximum. In 2018, the minimum amount is RUB 850 per month, and maximum is RUB 4 900 per month. The minimum and maximum amounts are multiplied by the northern conditions coefficient², if such a coefficient was applicable in the jurisdiction where the dismissed person worked. In the regions covered in the model such coefficient is not applied.

Table 4. Amount of unemployment benefit

Categories of citizens eligible to unemployment benefit	Amount of the unemployment benefit			
Type 1	During the first (12 months) period of unemployment:			During the second (12 months) period of unemployment: minimum unemployment benefit
	in the first 3 months:	In the next 4 months:	thereafter:	
	75%	60%	45%	
	of the applicant's average monthly wage calculated over the last 3 months at the last place of work, but not exceeding the maximum amount of the unemployment benefit and not less than the minimum amount of the unemployment benefit			
Type 2	In the first (6 month) period of benefit			In the second (6 months) period of benefit:
	minimum unemployment benefit			minimum unemployment benefit

Moscow

The Moscow City authorities increase the federally established minimum and maximum amounts of the unemployment benefit by RUB 850 per month. They also add RUB 1 190 per month to unemployment benefit “for transport fares”, but the spending of this addition is not controlled. Thus, the maximum and the minimum amounts of the unemployment benefit in Moscow are RUB 6 940 and RUB 2 890 per month, respectively.

² According to Rosstat, the total number of workers of organizations (without self-employed and small businesses) in northern territories (or equivalent) in Russia in 2016 was 3 218.1 thousand. As of January 2017, the total employment in Russia was 71 838 thousand. Therefore, some 4.5% of the total number of workers in Russia work in northern (or equivalent) jurisdictions. The average northern conditions coefficient (also called *raion coefficient*) across all northern and equivalent jurisdictions (unweighted) in 2017 was 1.4, with the range between 1.1 and 3.0 for different jurisdictions and different kind of workers.

2.1.3. *Benefit duration*

In 2018 the benefit duration is:

- For **Type 1** beneficiaries: 12 months (1st period) plus another 12 months of reduced benefit (2nd period). All in all, not more than 12 months during an 18 months period. This means that a long-term unemployed will have wait 6 months before the 2nd period of unemployment benefit receipt can start.
- For **Type 2** beneficiaries: 12 months consisting of two 6 months periods.

If a suitable job was not found during the first period of unemployment, the job seeker can be referred to vocational training courses. Refusal to attend such courses by those who are in their second unemployment period does not terminate the unemployment benefit by itself, but terminates it if the job-seeker is offered a public works³ employment (whether or not he or she accepts the offer). The model does not cover public works employment.

The waiting period is 10 days upon submittal of all the required documents. The decision to recognize the applicant as unemployed is granted on the 11th day after the application, if the employment office had failed to find a suitable job for the applicant, but the start of the unemployment period is recognized as the date of the application. Therefore, the unemployment benefit, if granted, covers the waiting period.

If the application is submitted during the period covered by the severance payment and the compensation payments paid by the employer, the unemployment benefit begins upon the expiration of the period covered by the employer's benefits. The employer's benefits and the unemployment benefit cannot overlap.

The duration of the unemployment benefit can be extended for persons who have worked for the required number of years to be eligible to a social security (old-age) pension, but have not reached the age or retirement (this is not covered in the model). For women (men) who have 20 (25) years of work required for eligibility to an old-age pension but have not yet reached the age of retirement - 55 (60) years - the duration of unemployment benefit increases by 2 weeks for every year of work over and above the qualifying period required for a full old-age pension, but for no more than 12 additional months. All in all, the maximum duration of unemployment benefit payment cannot exceed 24 months within 36 calendar months.

Early pension is payable to unemployed workers between ages 58 and 59 (men) or ages 53 and 54 (women). If the unemployed beneficiary of early pensions finds a job, the early pension terminates. If he or she loses the job, the early pension is renewed. Early pensions are not covered in the model.

2.1.4. *Means test*

The benefit is not means-tested.

³ Public works are organized to provide temporary employment for the unemployed job seekers and to perform some socially useful tasks. Participation in public works is voluntary. For previously employed persons participation in public works means additional income, because it does not stop the unemployment allowance (not so for first time job seekers). The pay for public works cannot be lower than the minimum wage. Participation in public works is included in employment record.

2.1.5. Tax treatment

The benefit is not taxable.

2.1.6. Interactions with other components of the tax-benefit system

Unemployment benefit is regarded as a source of income for the purposes of state social assistance and other means-tested benefits.

Unemployment benefit can be combined with other benefits, except for the severance and compensation payment by the employer. Beneficiaries of old age and disability pension are not eligible to the unemployment benefit, even though they can register as job-seekers.

2.1.7. Combining benefit receipt and employment/starting a new job

Employment terminates eligibility to the unemployment benefit.

The only exception is public works (*not covered by the model*). Earnings from participation in public works are regarded as a means of additional support to unemployment benefit recipients if they were previously employed, but for first-time job seekers without professional qualification and for some other categories of job seekers earnings from public works cannot be combined with the unemployment benefit.

2.2. Unemployment assistance (*Материальная помощь безработным гражданам*)

Variable names: [UA_p; UA_s]

This is an unemployment assistance benefit. It is non-contributory, means-tested and not taxable.  It is an individual benefit, although the means-testing involves per-capita household income.

2.2.1. Eligibility conditions

Unemployment assistance can be granted to unemployed persons who find themselves in a difficult financial situation, i.e. persons who experience difficulties in finding a job and have a low level of total household income per household member (see Section 2.2.4. for the description of means test).

Unemployment assistance can be granted to any unemployed who agrees to comply with the standard requirements (periodic re-registration, attendance of vocational training courses, etc.) and meets all the criteria. Beneficiaries of unemployment assistance should be prepared to take up any work that the employment agency offers (finds suitable for that person). This includes both full-time and temporary work. If no suitable job that meets the qualification of the job seeker can be found, the employment agency can refer the job-seeker to vocational training courses. The model assumes that the applicant fulfills all necessary criteria.

Granting depends on the discretion of the employment agency and the availability of federal funds. Unemployment assistance can be granted only in case there is no lack of resources transferred from the federal budget to fund the unemployment benefits and early pensions for the older unemployed. Since the granting of the benefit depends on the availability of spare funds earmarked for unemployment support, the law establishes the

categories of beneficiaries who have priority rights to unemployment assistance. All other things being equal, priority groups are: young persons, older workers, persons with limited physical capacities, persons released from penitentiary institutions, former military servicemen and internally displaced persons, single parents and parents with many children. In the model, we assume that the funds are available.

2.2.2. *Benefit amount*

Unemployment assistance can be granted in two ways:

- The monthly unemployment assistance benefits cannot be less than RUB 100 and cannot exceed the amount of the minimum unemployment benefit multiplied by the northern coefficient, if applicable (in case of Moscow, the minimum benefit is without the top-up).
- The one-time unemployment assistance cannot be less than RUB 200 and cannot exceed the maximum amount of the unemployment benefit.

In the model, we assume a monthly unemployment assistance equal to the minimum unemployment benefit (i.e. the upper bound).

2.2.3. *Benefit duration*

The benefit can be payable either monthly or as a one-time payment. The employment agency can determine the duration, periodicity and amount of unemployment assistance according to the following rules:

- For persons who have exceeded the maximum duration of the unemployment benefit: the unemployment assistance benefit, if granted, can be either monthly (duration not exceeding 6 months) or one-time;
- For persons attending vocational training courses (*not covered in the model*): the unemployment assistance, if granted, can be either a one-time payment or monthly payments during the entire training period, but not exceeding 12 months.

In the model, we assume 6 months duration.

2.2.4. *Means test*

The benefit is means-tested. The per capita income of the household should be below the minimum subsistence level established in the region. The procedure for the means test is determined by regional administrations, but the regions usually apply the national guidelines. Usually the procedure is the same as for social assistance to low income families.

2.2.5. *Tax treatment*

It is not taxable.

2.2.6. *Interactions with other components of the tax-benefit system*

Unemployment assistance can overlap with other benefits if household per capita income is low. It cannot overlap with unemployment benefit or stipend to the unemployed referred to vocational training. It can overlap with State Social Assistance (SSA). SSA is not included into the income of a household for the purpose of a means test. Unemployment

assistance is included in the household income for the purposes of determining eligibility to SSA.

2.2.7. *Combining benefit receipt and employment/starting a new job*

Cannot be combined with employment/new job.

3. Social assistance and housing benefits

Citizens are eligible to State Social Assistance (SSA) if per capita household income is below the officially established minimum subsistence level (MSL) in the region of residence. The federal law establishes the SSA to low-income families, but regions determine the regional features, which include the amount of benefit, eligibility conditions, duration of benefit and other parameters. Therefore, there is a lot of regional variation.

Certain categories of citizens are eligible to SSA without means-testing, e.g. persons with disabilities, victims of Chernobyl accident, veterans of military operations, family members of perished Great Patriotic War veterans. These beneficiaries are established by the federal legislation. The federal laws also establish eligibility rules, the amount of benefit and the duration of benefit. These categories of recipients are not considered in the model.

The federal law does not specify the formula for determining the amount of the SSA for low-income families. Usually the amount of the benefit covers the income gap determined by comparing the total family income (average monthly income over the 3 months preceding the application) with total for the minimum subsistence incomes (monthly MSL of all family members: able-bodied persons, children and pensioners). The benefit is often limited from above by the maximum amount. Usually the amount of the benefit is within RUB 1 000 – 10 000 per family, and payable once a year.

Typically, the SSA to low-income families is a one-time payment, which can be renewed if the difficult situation persists. It does not impose any employment requirements. However, if SSA to low-income families is provided in the form of a Social Contract⁴, this does impose employment requirements, and the benefit, even if it is a one-time payment, covers the period of the social contract, which is usually 3-12 months. Usually regions impose a limitation on the number of times a family can participate in a social contract (no more than 2 times in a lifetime). Social contract is not considered in the model.

When determining the per capita income of a family (or of a single person in a single member household) for the purposes of establishing eligibility to SSA to low-income families all sources of monetary and in-kind income are taken into account. The exceptions are: other SSA benefits, alimonies paid, and lump-sum insurance benefits paid in

⁴ In Russia, a social contract is a formal agreement between the social protection authority and the low-income family stating the obligations that the family must fulfill in return for the social assistance. The obligations usually concern active job-seeking efforts, attendance of vocational training, and registration of a small business or work on the family plot. The assistance under a social contract is usually provided in the form of a one-time cash grant earmarked for the purchase of goods (equipment or livestock) to make the family self-sustainable. The amount of the grant varies between RUB 10 000 and 150 000 depending on the region, the family situation and the contents of the contract. The starting capital granted to a family under a social contract can be combined with other social benefits, including the means tested ones, because the lump-sum benefit provided under a social contract is not included in the family income for means-testing purposes.

compensation of damages to health or property of the household members. Mothers Capital and housing benefit are also not included in the means test in the considered regions (however, practices in other regions may differ, as the federal law does not provide clear guidelines regarding these benefits). The federal rules do not provide for any property filters, therefore most of the regions do not impose any property or capital filters in their means-testing procedures.

3.1. State social assistance in Moscow (*Государственная социальная помощь в г. Москве*)

Variable name: **[SA]**

This is a non-contributory benefit, means-tested and not taxable.

In Moscow, the SSA to needy families can be granted only as a one-time emergency relief. There is a possibility to conclude a Social Contract.

3.1.1. Eligibility conditions

Eligible persons are: non-working pensioners (*not covered by the model*), people with disability (*not covered by the model*), and families with underage children (below 18 years old) facing emergency circumstances who urgently need social support and whose per capita income does not exceed 1.5 MSL effective in the City of Moscow as of the date of the application.

3.1.2. Benefit amount

The benefit amount is determined depending on the applicant's situation. In the first half of 2015, the average amount of the (one-time) benefit was RUB 8 000 per family. As there is no precise information on the rules defining the benefit amount, we use this estimate as an approximation in the model. The estimate is updated from 2015 to 2018 using CPI (1.272)⁵. It is assumed that the benefit is received only once and supports a family for 12 months.

Applicants in need of durable goods, clothing or food receive targeted means for the purchase. The money is transferred to their "social card" (the card issued by the City of Moscow) and can be spent in selected stores for the purchase of specific items only (food, durables, and clothes). The beneficiaries can top up the amount on the card to buy the specified goods of their choice. Money for the purchase of food is transmitted to the social card in the amount of RUB 2 000 (in 2018). The food benefit can be recurrent, but the applicants need to re-apply every month. This benefit is included in the average estimate above, and thus is not simulated in the model separately.

Those who conclude a Social Contract, can count on getting several income support benefits a year and a one-time payment of up to RUB 30 000 (depending on the terms of the contract). In addition, assistance will be provided with finding a job and/or training/retraining. This situation is not considered in the model.

⁵ Authors' estimates based on price indexes by [Federal State Statistics Service of Russia](#)

3.1.3. *Benefit duration*

This is a one-time benefit. However, the food benefit can be renewed every month.

3.1.4. *Means test*

Per capita income of the applicant and his family must not exceed 1.5 MSL.

3.1.5. *Tax treatment*

The benefit is not taxable.

3.1.6. *Interaction with other components of the tax-benefit system*

Can be combined with other benefits, as long as total per capita family income remains below the poverty threshold.

3.1.7. *Combining benefit receipt and employment/starting a new job*

To be eligible, old-age pensioners must be non-working. Persons with disability and members of households with children can work.

3.2. *State social assistance in Samara (Государственная социальная помощь в Самарской области)*

Variable name: [\[SA\]](#)

This is a non-contributory benefit, means-tested and not taxable.

3.2.1. *Eligibility conditions*

Eligible families are:

- Families with school children (aged under 18);
- Families with college/university students (aged under 23), provided that at least one of the parents is not working because of disability or both parents are non-working pensioners (*not covered by the model*);
- Families with non-working pensioners or persons with disabilities (*not covered by the model*);
- Pensioners and persons with disabilities who live alone (*not covered by the model*).

The per capita income of the family must be below the effective MSL.

Families who have non-working members of working age who are not officially registered as unemployed are ineligible unless the non-working person of working age:

- looks after a person with disabilities or a person in need of permanent care;
- looks after a child under 3;
- is a day-time student;
- is unable to work because of health condition;
- is a pensioner.

In the model, it is assumed that non-working members are registered as unemployed.

3.2.2. *Benefit amount*

State Social Assistance in Samara Oblast can come in three forms:

- (1) a monthly money benefit,
- (2) a part money - part in-kind benefit of the same amount as the monthly money benefit (50% money + 50% in-kind), and
- (3) social assistance under social contract, which includes a monthly benefit and a one-time benefit for the purchase of production factors (for instance, live stock).

In case (1) and (2), the benefit amount is RUB 500 per month per family member (or an equivalent benefit in-kind).

In case (3), the monthly benefit under the social contract is equal to the income gap with the regional MSL as the poverty threshold. The one-time benefit for the purchase of production factors or for overcoming the emergency that the family faces is in the range of RUB 10 000 – 50 000.

The model considers situation (1).

3.2.3. *Benefit duration*

Monthly assistance (without social contract) can be received as long as the eligibility conditions hold. The beneficiaries have to confirm eligibility every 6 months. In the model, it is assumed that beneficiaries confirm their eligibility, and if conditions persist, the duration is unlimited.

The duration of the social contract can be 3-12 months depending on the family situation and on the rehabilitation measures included in the contract. Families that have already implemented a social contract can reapply for another one not sooner than 3 years after receiving the benefits under the previous one.

3.2.4. *Means test*

Per capita income of the applicant and his family must not exceed MSL.

3.2.5. *Tax treatment*

The benefit is not taxable.

3.2.6. *Interaction with other components of the tax-benefit system*

Can be combined with other benefits, as long as family income remains low. Not included in the means-test for the housing subsidy or the child benefit.

3.2.7. *Combining benefit receipt and employment/starting a new job*

Can be combined with employment and starting a new job.

3.3. *State social assistance in Kabardino-Balkaria (Государственная социальная помощь в Кабардино-Балкарской Республике)*

Variable name: [\[SA\]](#)

This is a non-contributory benefit, means-tested and not taxable.

In KBR, the SSA to low income families can be either

- (1) lump-sum income-support benefit: can be granted only once a year, or
- (2) take a form of a social contract: granted no more than twice in a lifetime, payable as a lump-sum that covers the duration of the social contract (usually 3-12 months).

The first option is assumed in the model (in order to have consistency across regions).

3.3.1. Eligibility conditions

When a low-income family applies for SSA to low-income families, the social worker checks if the family's per capita income is below the threshold and whether the family has any working age able-bodied members not registered as unemployed. If there are such members, the application is turned down. If there are no family members who are able to work, the family is eligible for a lump-sum income support grant. If there are members who are registered as unemployed, the family is eligible for a social contract. A social contract usually provides for active search for a job with the assistance of the employment center vocational training or re-training, participation in public works, part-time employment, or self-employment.

The per capita family income of the applicant must be below the MSL of the family assessed using the effective MLS for the demographic groups present in the family. The low income can be due to low pay received by working family members or their inability to get a paid job, but it must not be caused by actions of inaction of the family members themselves (not though their own fault). Social contract requires the availability of at least one unemployed family member of working age who can start work immediately.

3.3.2. Benefit amount

An income-support grant (a lump-sum payment) cannot exceed the difference between the family's MSL and the average family income (monthly) over the last 3 months. It cannot not be less than RUB 2 000 or more than RUB 10 000 per family.⁶ In the model, it is assumed that the benefit is received only once and supports a family for 12 months.

As part of the social contract, the benefit amount determined on a monthly basis cannot exceed the difference between the family's MSL and the average family income (monthly) over the last 3 months. Also, it cannot be less than RUB 6 000 or more than the average per capita MSL effective on the date of the application. Therefore, the per family monthly amount is within the range of RUB 6 000 – 10 000. The total benefit amount is calculated by multiplying the monthly amount of the benefit by the duration of the social contract in months. The duration of social contract is normally 3 - 12 months depending on the content of the social contract (and the program of social adaptation that is part the social contract)..

3.3.3. Benefit duration

One-time payment. In case of social contract, the one-time payment covers a period of social contract, usually 3-12 months. In Force major cases (illness, natural calamities) the duration of the social contract can be extended by 6 months.

⁶ If the calculated benefits is positive but below the minimum amount, it is increased up to this level.

3.3.4. Means test

Per capita income of the applicant and his family must not exceed MSL.

3.3.5. Tax treatment

The benefit is not taxable.

3.3.6. Interaction with other components of the tax-benefit system

Social contract cannot be granted to families that have benefited from social support to start a small business or to create additional new jobs within the last 5 years. Social support to start a small business is provided in the form of training, legal advice or cash to partly cover the business registration expenses. The grant for creating additional jobs is a local form of assistance to the unemployed which was used in 2011-2012, but was discontinued since then.

3.3.7. Combining benefit receipt and employment/starting a new job

The SSA can be combined with employment. The SSA under social contract can be combined with employment but cannot be combined with self-employment of family members, unless self-employment is part of the social contract provisions.

3.4. Housing subsidies (*Жилищные субсидии*)

Variable name: **[HB]**

This is a non-contributory benefit; it is means-tested and not taxable.

3.4.1. Eligibility conditions

Housing Subsidies are granted to families whose expenditures on housing rent and utilities assessed using the normative area of living space per person and regional standards for the rent and communal services costs, exceed a certain share of total household income. For low income families this share is reduced by multiplying it by an adjustment coefficient that is equal to the per capita household income divided by the Minimum Subsistence Level. The share that the housing and utilities cost must not exceed, the norms of living space per person and the standard prices for rent and utilities are determined by regional governments. The share of housing and utility costs in family income normally must not exceed 22% (the limit is different in different regions):

- Moscow: 10%
- Samara: 22%
- Kabardino-Balkaria: 15% (12% for retired persons living alone and retired couples – *not considered in the model*)

In Moscow, to be eligible for housing subsidy the total household income cannot exceed the following thresholds:

Table 5. Maximum income limits for housing subsidy in Moscow

for tenants with no other entitlements* (effective from 1 June 2017 to 31 May 2018)

Number of family members	Income limits (RUB per month per family)
1	39 824.7
2	61 765.8
3	86 143.8
4	114 858.4
5	143 573.0
6	172 287.0

Note: * Other entitlements include subsidised tariffs, subsidized housing rent and utility discounts, free services, etc. Recipients with such entitlements are not considered in the model.

3.4.2. Benefit amount

The amount of the benefit is determined differently for two kinds of households: (1) the low-income households with per capita income below the regional MSL and (2) families with income above the regional MSL threshold. For (1) an adjustment coefficient equal to the ratio of the per capita family income to regional MSL is introduced ($Income_{PC}/MSL$). The formula is the following:

$H\&U\ subsidy = Rent * n - Share_{max}/100 * Income_{total} * Income_{PC}/MSL$, where

$H\&U\ subsidy$ is the subsidy amount (RUB per month);

$Rent$ - the standard per capita cost of housing and utility services in the region which differs by the type of housing (single or multi-family, construction materials, urban or rural, etc.);

n – number of family members in the applicant’s family;

$Share_{max}$ - the maximum share of housing and communal costs in total family income established in the region;

$Income_{total}$ – the family’s total income (RUB per month, before Personal Income Tax and Contributions to Social Funds);

$Income_{PC}$ - is income per capita (RUB per month);

MSL – the applicant’s family per capita minimum subsistence level based on family composition (number of pensioners, number of children, number of able-bodied working age persons).

Therefore, the subsidy covers the difference between the standard pay depending on the number of family members and the 22% (normally) of the applicant’s family income.

The subsidy cannot exceed the actual amount of housing and utilities costs paid.

Every year regional authorities publish detailed tables, determining the standard region-specific housing and utilities costs for residences of different types. The federal standards of housing and utility costs across different regions (that are also established every year) are used only for determining the size of federal transfers to regions for the compensation of housing costs to some of the federal privileged categories (merit based beneficiaries like war veterans – *not considered in the model*). These standards are applied to the entire floor

space (disregarding the social norms). They do not differ by housing type or family size and are not used for determining the housing subsidy for the needy. They also tend to be higher than what the needy families pay in terms of housing and utilities costs.

Since regional rules for determining standard housing and utility costs are quite complex, in the model, we approximate such norms using the average housing and utility benefit by household type.

Moscow

Standard housing and utilities bill in Moscow (effective from July 1 2017 until July 1 2018):

- For a person living alone: RUB 3 774.55 – 4 470.85 per month
- Per person in a family of 2: RUB 2 999.72 – 3 442.82 per month
- Per person in a family of 3 or more: RUB 2 812.73 – 3 192.53 per month.

The middle point of the range is used in the model.

Samara

In Samara Oblast the standard monthly housing and utilities bill of a family depends on the type of housing (private 1 family homes - multi-family houses with modern amenities) and family size (as of 1 July 2017):

- For a person living alone: RUB 2 288 – 3 452 per month
- Per person in a family of 2: RUB 1 625 – 2 618 per month
- Per person in a family of 3 or more: RUB 1 440 – 2 384 per month.

The middle point of the range is used in the model. The values are updated from 2017 to 2018 using CPI (1.02932).⁷

Kabardino-Balkaria

Standard housing and utilities costs are different for different types of housing, different localities, different household sizes and time of year (heating-on – heating-off seasons, first half of the year, second half of the year). The unweighted average figures across all localities, types of housing and heating seasons are used in the model.

⁷ Authors' estimates based on price indexes by [Federal State Statistics Service of Russia](#)

Table 6. Standard housing and utilities costs in KBR

unweighted average (RUB per person per month)

Number of household members	1 January – 30 June 2017	1 July- 31 December 2017	2017 unweighted average
1	1 394.58	1 443.24	1 418.91
2	957.29	990.25	973.77
3	866.16	895.79	880.98
4	761.90	790.65	776.28
5	668.31	690.78	679.55
6+	607.56	627.82	617.69

In the first half of 2018, Housing and Utility tariffs in KBR did not increase.

3.4.3. *Benefit duration*

The benefit is granted for 6 months. To renew it, the beneficiary has to re-apply. In the model, it is assumed that the beneficiaries re-apply and can receive the benefit for unlimited duration if the conditions persist.

3.4.4. *Means test*

The list of income sources that must be taken into account when conducting the means test for the purposes of the housing and utilities subsidy is generally the same as the one for the State Social Assistance, but with a few exceptions. For instance, if a sponsor who is not a family member is paying for the education of a child, the grant is included into the family's income (such a provision is absent in the federal guidelines for the means test under State Social Assistance). State Social Assistance benefits are not included into the means test for housing and utilities subsidy. No property filters are applied.

3.4.5. *Tax treatment*

The benefit is not taxable.

3.4.6. *Interaction with other components of the tax-benefit system*

Can be combined with other benefits provided that family income remains below the poverty threshold. The housing and utilities subsidy is not included into the family income under the State Social Assistance means-test.

3.4.7. *Combining benefit receipt and employment/starting a new job*

Benefit receipt does not depend on employment status of family members.

4. Family benefits

Family benefit include child allowance for low income families granted to children from birth to the age of 18 years if in full-time education (see Section 4.1.), pregnancy and birth

allowance (*not covered in the model*), child care allowance (*partially covered, see Section 4.2.*).

From 1 January 2018, two new family benefits have been introduced: the child care allowance for the first child in the family and the child care allowance for the second child in the family. Both benefits are means-tested and are paid until the child is 18 months old. The benefits are outside the scope of the model.

There are also a number of one-time benefits: for early registration of pregnancy (*not covered in the model*), child birth allowance (*not covered in the model*), and mother's capital granted at the birth of the second child (*included in the model with some assumptions, see Section 4.3.*).

Regions can complement these federally established benefits with their own benefits. In most cases regional benefits are aimed at special groups.

One of the special groups often used in both federal as well as regional legislation is single mother. A single mother is usually defined as a mother whose children were born out of wedlock and in whose birth certificate the name of the father is missing (or if the name of the father is indicated, it was provided by the mother and not confirmed by the father himself). In this case, the mother receives a special certificate that establishes her status as a single mother. This definition is not in line with the standard definition used for other countries in the OECD tax-benefit model (i.e. the second parent is not missing, however the alimony are not forthcoming). Despite this difference in definitions, the model for Russia includes special benefits for lone mothers. The difference should be kept in mind when the results for Russia are compared to other countries in the OECD tax-benefit model.

Another point to note is that adults' gender is not explicitly specified in the model. Thus, where gender matters, it is assumed that a single parent is a mother. In couples, it is assumed that the second adult is a mother.

4.1. *Child benefit (Ежемесячное детское пособие)*

Variable name: `[FB_main]`

This is a non-contributory benefit, means-tested and not taxable.

By federal law all regions are mandated to have a child allowance (child benefit), but the responsibility of determining the eligibility criteria and the amount of the child benefit is delegated to the regions. In most of the regions the child benefit is payable to low income families with underage children starting from birth to 18 years, if the child is in full-time general education (*this is assumed in the model*), 16 years otherwise.

Benefits are paid to the carer, usually to mother. There is no equivalence scale – each child is granted the full amount of allowance. In some regions the amount of the allowance depends on the age of the child. Different children in the same family can receive different child allowances. For instance, if a single mother marries and her husband does not adopt her child or children, these children would continue to receive the child allowance for single mothers and the children born in the marriage would receive the base allowance, provided that the family income is below the poverty threshold. If a woman is divorced, she is not considered to be a single mother, because the father is alive and is mandated by law to pay alimony. Some regions have a special child benefit payable to children whose fathers do not pay alimony (have no income or are missing).

4.1.1. Eligibility conditions

Eligibility conditions are established by the regions. In most regions:

- per capita family income must be below the regional MSL
- children must be in the age of 0 – 18 years (if in full-time education), 16 years otherwise.

4.1.2. Benefit amount

Moscow

Benefit amounts are:

- RUB 10 000 per month for each child aged 0-36 months (excluding); RUB 15 000 per month for single mothers;
- RUB 4 000 per months for each child aged 36 months – 18 years, RUB 6 000 per month for single mothers.

Samara

Benefit amounts (RUB per child per month) are:

- 200 – basic amount
- 300 – for children in big families (with 3 or more children)
- 400 – for children of single mothers
- 500 – for children of single mothers, if the single mother has 3 or more children

For families that are beneficiaries of the State Social Assistance (SSA) to low income families and have per capita family income below 50% of the effective regional MLS⁸, the child benefit amount (RUB per child per month) is:

- 280 – basic amount
- 380 – for children in families with many (three or more) children
- 560 – for children of single mothers
- 600 – for children of single mothers, if the single mother has 3 or more children

Kabardino-Balkaria

Benefit amounts (RUB per child per month) are:

- 110.29 – base amount
- 220.58 – amount payable to single mothers (*this amount is used in the model to maintain comparability across regions*)
- 165.44 – amount payable to children whose parents evade paying alimony (*not used in the model*)
- 165.44 – amount payable to children whose fathers are in compulsory military service (conscription age in Russia is 18-27; military service is compulsory only for men) – *not covered by the model*

⁸ The eligibility in the model is assigned based on family income and MLS. The actual receipt of SSA is not taken into account, as it is assumed that a family first applies to family benefits, and only then to social assistance. Family benefits are included in the means test for SSA.

4.1.3. *Benefit duration*

As long as eligibility conditions hold. The applicant must confirm the low income annually, in some regions – every 6 months.

4.1.4. *Means test*

Most of the regions follow the federal rules for determining the amount of the family income for the State Social Assistance benefit. This includes all sources of income with the exception of State Social Assistance and one-time benefits payable under social insurance programs. No property filters are applied in most of the regions.

Moscow

From 1 January 2017, the City of Moscow has introduced property filters as part of the means test applicable for all targeted benefits, including the child benefit. The property filters include:

- >2 residential properties or 2 residential properties whose total area per family member exceeds 18 sq. meters;
- summer house whose living space exceeds 30 sq. meters per family member;
- >2 stand-alone one car garages (> 2 parking places in a covered parking facility);
- >2 land plots or 2 land plots whose total area exceeds 0.2 hectare;
- >2 cars or 2 car at least one of which is less than 3 years old; disregarded are family vans granted to families with many children by social protection authorities;
- >RUB 1 000 000 in bank deposits.

The model assumes that property conditions are satisfied.

The income sources taken into account for the purposes of the means test include all the usual sources of money income including the State Social Assistance for federal categories of beneficiaries plus some in-kind benefits (*not covered by the model*).

4.1.5. *Tax treatment*

The benefit is not taxable.

4.1.6. *Interaction with other components of the tax-benefit system*

Can be combined with other benefits as long as per capita family income is below the poverty threshold. The Child Benefit is included into the family income for the purposes of the SSA means test and the housing and utilities benefit means test.

4.1.7. *Combining benefit receipt and employment/starting a new job*

Can be combined with employment as long as per capita family income remains below the poverty threshold.

4.2. *Compensation to mothers on child care leave from 18 months to 3 years*

(*Ежемесячные компенсационные выплаты матерям, находящимся в отпуске по уходу за ребенком*)

Variable name: **[FB_cca]**

This is a non-contributory benefit, not means-tested and not taxable.

This compensation is paid to mothers on childcare leave. In Russia, working mothers can remain on childcare leave until the child reaches the age of 3. The earnings-related (contributory) childcare allowance is payable until the child is 18 months. 18 months is also the earliest age when a child can be admitted to most of the preschool day-care centers. Most mothers go back to work when their child reaches the age of 18 months. Those who choose to remain on leave until the child is 3 years old receive a mandatory flat-rate compensation per month from the employer. The model includes only this part of the benefit paid from 18 months to 3 years.

4.2.1. *Eligibility conditions*

To be eligible to the child care compensation, the mother has to have been officially employed prior to maternity leave and the subsequent childcare leave. Length of work does not matter.

4.2.2. *Benefit amount*

The childcare allowance for children up to 18 months old depends on previous average salary of the mother, and thus it is not within the scope of the model. The model includes only a flat benefit, which is paid for children from 18 months to 3 years old. In 2018, this benefit is RUB 50 per month per mother.

Kabardino-Balkaria

In KBR, the federal compensation for working mothers on childcare leave until the child is 3 years old is complemented by the regional one: RUB 362.81 per month per child.

4.2.3. *Benefit duration*

As long as eligibility conditions hold.

4.2.4. *Means test*

Not means tested.

4.2.5. *Tax treatment*

Non-taxable.

4.2.6. *Interaction with other components of the tax-benefit system*

Persons who are eligible both to the childcare allowance and the unemployment allowance must choose between the two.

4.2.7. *Combining benefit receipt and employment/starting a new job*

Mothers who take up part-time work or who continue to work from home or continue their education during their childcare leave are still eligible for the childcare allowance.

4.3. *Mother's Capital* (*Материнский капитал*)

Variable name: [\[FB_мс\]](#)

This is a non-contributory benefit, not means-tested and not taxable.

Mother's Capital (federal benefit) is granted to mothers upon the birth of their second child. It can be spent only as a supplement to the old age pension of the mother, for improving the family's housing conditions, on education of children, and on rehabilitation and/or social adaptation of children with disabilities. The overwhelming majority of beneficiaries use it for housing improvements – new construction, capital repairs, purchase of new housing through mortgage plans. Normally, the access to Mother's Capital is granted only after the second child reaches the age of 3, but it can be used to purchase new housing, to pay the interest on mortgage or for rehabilitation purposes immediately after the birth of the second child.

In addition to the federal Mother's Capital, Samara Oblast provides a regional grant of the same name to mothers who gave birth to the third child. In KBR, the regional Mother's Capital is payable upon the birth of the fifth child (*not covered by the model*).

In order to include Mother's Capital in the OECD tax-benefit model and to make it comparable to family benefits in other countries (which are usually paid monthly during an extended time period), the benefit is converted to monthly payments. It is assumed that the benefit is paid in monthly instalments from the birth of the child and up to the child is 18 years old. As this benefit does not interact with other tax-benefit instruments, the inclusion of this benefit affects only income adequacy indicators. Thus, it is reasonable to smoothen benefit receipt over a period of time (rather than simulate a one-time payment).

4.3.1. Eligibility conditions

For the federal benefit - birth of a second child. In Samara, birth of the third child.

4.3.2. Benefit amount

Since 1 January 2017 the Mother's Capital is RUB 453 026. From 2018 some families will be able to receive monthly cash benefits at the expense of their Mother's Capital. One of such uses is Second Child Allowance (*not covered by the model*).

On three occasions (in 2009, 2010, and in 2011) the Government of Russia has allowed the holders of Mother's Capital to use limited amounts (RUB 12 000 on each occasion) for current consumption as a one-time measure.

Samara

In Samara, RUB 100 000 payable once in a lifetime.

4.3.3. Benefit duration

A one-time payment, payable once in a lifetime. In the model, it is assumed that the benefit is paid out in monthly instalments from birth of the child till 18 years old.

4.3.4. Means test

Not means tested.

4.3.5. Tax treatment

Non-taxable.

4.3.6. *Interaction with other components of the tax-benefit system*

Mother's Capital is not included into the family income for the purposes of means-testing.

4.3.7. *Combining benefit receipt and employment/starting a new job*

Can be combined with employment.

4.4. *Compensations to families in Moscow (Компенсационные выплаты семьям с детьми в Москве)*

There are a number of compensations paid to families in the city of Moscow for different purposes. These are non-contributory benefits, not means-tested (with exceptions) and not taxable. Compensations for families with more than 4 children are not covered in the model.

4.4.1. *Eligibility conditions*

Depend on child ages and family composition, and in some cases on family income.

In most cases (unless stated otherwise), children are defined as below 16 or below 18 if in full-time education (*the latter is assumed in the model*).

4.4.2. *Benefit amount*

Compensation for Inflation to Single Mothers and Families with Many Children

Variable name: **[comp1]**

The benefit amounts are (RUB per month per child)

- Single mothers with per capita family income above the MSL – 300
- Single mothers with per-capita family income below 1 MLS – 750
- Families with 3-4 children - 600
- Families with 5 or more children – 750 (*not covered in the model*).

Single mother with 3+ children can choose the highest benefit amount that applies to her situation. The benefit amount is then multiplied by the number of children.

Compensation for the Growth of Prices on Foodstuffs to Single Mothers and Families with many Children

Variable name: **[comp2]**

Single mothers with children under 3 years old receive RUB 675 per child per month. Not means-tested.

Compensation for rent and utilities to families with many children

Variable name: **[comp3]**

Families with 3 or more children receive (RUB per month per family):

- 1 044 for families with 3-4 children
- 2 088 for families with 5 or more children (*not covered in the model*)

The benefit is paid from the birth of the third child until the youngest child is 16 (18 if in full-time education).

Compensation for the telephone bill to families with many children

Variable name: [\[comp4\]](#)

Families with 3 or more children receive RUB 230 per month per family until the youngest child is 16 or 18 if in full-time education.

Compensation for the purchase of school uniform to families with many children

Variable name: [\[comp5\]](#)

Families with 3 or more children under 18 years of age with at least one attending a general education school receive RUB 10 000 per child attending school (once a year). In the model, we assume that a child attends general school from 7 years old to up to 18.

4.4.3. *Benefit duration*

As long as conditions hold.

4.4.4. *Means test*

Not means-tested (except for compensation for Inflation to Single Mothers).

4.4.5. *Tax treatment*

Non-taxable.

4.4.6. *Interaction with other components of the tax-benefit system*

Can be combined with other benefits. It is included in the family income for the purposes of establishing eligibility for the State Social Assistance.

4.4.7. *Combining benefit receipt and employment/starting a new job*

Can be combined with employment

4.5. *Allowance to Families Upon the Birth of the Third or subsequent Child in Samara (Ежемесячные выплаты на третьего ребенка и последующих детей в Самарской области)*

Variable name: [\[FB_ch3\]](#)

The Samara Oblast is a member of the federal program of monthly benefits to families after the birth of the third child (and subsequent children). This family benefit was established by a federal act, but the parameters of the benefit are determined by local legislation. In Samara Oblast, and also in the majority of other regions covered by the program, the neediness criteria is per capita family income below the average per capita income in the region, rather than the usual 1 regional MSL per capita.

Unlike the federal grant (which is paid upon birth), this regional benefit is included in the model since it is paid up to the age of 3.

This is a non-contributory benefit, means-tested and not taxable.

4.5.1. Eligibility conditions

The third (fourth, etc.) child must have been born after 31 December 2012. The per capita family income must be below RUB 26 906 per month, which in 2018 was the regional per capita income for the purposes of establishing eligibility to Third Child Allowance.

4.5.2. Benefit amount

One regional MSL of a child per family a month.

4.5.3. Benefit duration

From the birth of the child until the child is 3 years old.

4.5.4. Means test

In 2018 for the purposes of establishing eligibility to this benefit, the average per capita income in the region was set at RUB 26 906 RUB per month. The means test has to be updated annually

4.5.5. Tax treatment

Non-taxable.

4.5.6. Interaction with other components of the tax-benefit system

Can be combined with other benefits. It is included in the family income for the purposes of establishing eligibility for the State Social Assistance.

4.5.7. Combining benefit receipt and employment/starting a new job

Can be combined with employment.

4.6. Nutrition Benefit for School Children in Samara (*Пособие на питание школьника в Самарской области*)

Variable name: **[FB_sc]**

This is a non-contributory benefit, means-tested and not taxable.

4.6.1. Eligibility conditions

To be eligible the family has to have the per capita income below the regional MLS and children attending school. In the model, we assume that a child attends general school from 7 years old up to 18.

4.6.2. Benefit amount

The amount of the benefit is RUB 350 per child attending school per month.

4.6.3. *Benefit duration*

Payable monthly, from the date of the application or 1 September (whichever comes last) until the end of the school year (31 May), i.e. maximum 9 months per year. The application has to be renewed each year.

4.6.4. *Means test*

To be eligible the family has to have the per capita income below the regional MLS.

4.6.5. *Tax treatment*

Non-taxable.

4.6.6. *Interaction with other components of the tax-benefit system*

Can be combined with other benefits. It is included in the family income for the purposes of establishing eligibility for the State Social Assistance.

4.6.7. *Combining benefit receipt and employment/starting a new job*

Can be combined with employment.

4.7. *Annual Beginning of School Year Allowance in Samara (Ежегодное единовременное пособие на школьника к началу учебного года в Самарской области)*

Variable name: **[FB_sc]**

This is a non-contributory benefit, means-tested and not taxable.

4.7.1. *Eligibility conditions*

To be eligible the family has to have the per capita income below the regional MLS (except lone mothers with 3+ children). The family should have children attending school. In the model, we assume that a child attends general school from 7 years old to up to 18.

4.7.2. *Benefit amount*

The amount of the allowance is RUB 200 per child attending school. For single mothers with 3 or more children the amount of this allowance is RUB 1000 RUB per child attending school and the allowance is not means tested.

4.7.3. *Benefit duration*

Payable once a year, and has to be renewed every year.

4.7.4. *Means test*

To be eligible the family has to have the per capita income below the regional MLS (except lone mothers with 3+ children).

4.7.5. *Tax treatment*

Non-taxable.

4.7.6. *Interaction with other components of the tax-benefit system*

Can be combined with other benefits. It is included in the family income for the purposes of establishing eligibility for the State Social Assistance.

4.7.7. *Combining benefit receipt and employment/starting a new job*

Can be combined with employment.

4.8. *Easter Allowance in Samara (Пособие в часть празднования Пасхи в Самарской области)*

Variable name: **[FB_ea]**

This is a non-contributory benefit, means-tested and not taxable.

4.8.1. *Eligibility conditions*

Payable to families with 4 and more children and to single mothers with two or more children. Children are aged 0-18 years (or up to 23 years, if in full-time education).

4.8.2. *Benefit amount*

The amount of the benefit is 1500 RUB per family.

4.8.3. *Benefit duration*

Payable once a year at Easter time.

4.8.4. *Means test*

Not means-tested.

4.8.5. *Tax treatment*

Non-taxable.

4.8.6. *Interaction with other components of the tax-benefit system*

Can be combined with other benefits. It is included in the family income for the purposes of establishing eligibility for the State Social Assistance.

4.8.7. *Combining benefit receipt and employment/starting a new job*

Can be combined with employment.

5. Net costs of Early Childhood Education and Care

The Russian Federation Constitution guarantees access to free-of-charge pre-school education to all children. In reality, many children do not attend pre-school education institutions because of shortages of places. According to a study conducted in 2017 by the Russian Presidential Academy of National Economy and Public Administration, only 64.6% of children of pre-school age in Russia attended pre-school education institutions. This percentage has been growing since 1998 when it was 53.9%. The reason for non-attendance is shortage of places.

5.1. Gross childcare fees

Variable name: `[RUcc_cost]`

The average cost of day-care for pre-school children in 2017 in Russia was RUB 1 000 - 3 000 per month. The pre-school pricing policy is the responsibility of regional/local governments, therefore the costs differ by region, locality or even day-care institution. By federal law, the price that parents pay covers no more than 20% of the full cost of day-care (education not included). The education and personal development services are funded by the state, tariff paid by parents partially covers only such expenses as meals, hygiene, etc.

Moscow

The range of kindergarten fees in 2018 in Moscow (according to unofficial sources) was RUB 1 500 – 3 000 per month per child. Each institution determines the tariff individually. In the model, the middle of this range is used, i.e. RUB 2 000 per month.

Samara

In 2018, the monthly tariff for the services of childcare centers throughout the Samara Oblast are determined by multiplying RUB 150 per day by the number of working days in the month. The fee consists of RUB 134 for nutrition plus RUB16 for other expenses. In the model, we assume 20 working days per month.

Kabardino-Balkaria

In 2018, the base fee for attending a pre-school day care institution in KBR is RUB 1 100 per child a month.

5.1.2. Discounts for part-time usage

In general, there are no such discounts (e.g. in Moscow & KBR).

Samara

If the parent notifies the childcare center at least 1 day in advance that the child will not attend the childcare center on the following day, the fee for food on the day of non-attendance will not be charged. However, the fee for other costs will be charged for each working day irrespective of the child's attendance.

5.2. Fee discounts and free provision

From 1 January 2018, regional authorities have been granted the right to introduce neediness criteria for establishing the eligibility of parents to partial compensation of the parent's fee for children attending municipal kindergartens. Many, but not all, regions have introduced such criteria in 2018.⁹

The amount of discount, if granted, is the same as in the federal regulations:

- not less than 20% for the first child
- not less than 50% for the second child
- not less than 70 % for the third and any subsequent child

Moscow

All parents whose children attend pre-school institutions (*assume from 18 months and up to 7 years, excluding*) are eligible for fee discounts.

The amount of the reimbursement (compensation for parents' fee) depends upon the number of children in full-time education (not necessarily in day care; the child can be up to 23 years old if in full-time college or university education):

- for a single child the compensation is 20% (parents pay 80%);
- for families with 2 children the compensation for the second child is 50% (parents pay 50%);
- for families with 3 or more children the compensation for the third and subsequent children is 70% (parents pay 30%).

Samara

If a family has 3 or more underage children (below 18 years old or below 23 if in full-time education) and family's per capita income does not exceed the regional MSL, a family is eligible for discounts. The tariff is 50% of the full amount if eligibility conditions are met.

Kabardino-Balkaria

Only children from families with 3+ children whose per capita income is less than the regional MSL are entitled to fee discounts. The discounted fee is 50% of the base fee.

5.3. Child-care benefits for formal centre-based care

None.

5.4. Child care allowance for children not using child care centers

Some regional governments offer a compensation to parents whose children could not be admitted to pre-school day-care because of shortage of places, but the number of such

⁹ Regions that have introduced the neediness criterion with respect to kindergarten discounts in 2018 include the following: Leningrad Oblast, Kabarda-Balkar Republic, Zabaikal Krai, Irkutsk Oblast, Kirov Oblast, Krasnoyarsk Krai, Perm Krai, Republic of Dagestan, Mari El Republic, Republic of Khakassia, Samara Oblast, Saratov Oblast, Komi Republic. Neither Moscow, nor St.-Petersburg introduced the neediness criteria with respect to kindergarten discounts.

regions is limited (some 12 out of 85 regions), including Perm Krai, Samara Oblast, Lipetsk Oblast, Yaroslavl Oblast, Yamalo-Nentsk Autonomous Oblast. The amount of the compensation differs by region and/or municipality. In the model, it is assumed that public childcare is available.

Moscow and Kabardino-Balkaria do not provide compensation to families whose children do not attend pre-school centres for lack of places.

Samara

In 2018, the monthly allowance for children aged 18 months – 3 years who are not attending child care centers because of lack of places are (RUB per month per child):

- 1 000 – for the first child
- 1 500 – for the second child
- 2 000 – for the third and subsequent children

To be eligible, the family must be low-income (per capita family income not exceeding 1 MSL).

5.5. Tax concessions for childcare expenditures

None.

6. In-work benefits

Variable name: **[IW]**

There are no employment-conditional benefits in Russia.

7. Social security contributions and payroll taxes

7.1. National Insurance Contributions (*Отчисления в Фонд социального страхования*)

Variable name: **[SSCR_p; SSCR_s]**

Contributions to Social Security Funds in Russia payable by employers and charged on payroll, as of 1 January 2018

Table 7. Social Security Contributions (2018)

Fund type	Amounts paid out to the worker (RUB, year-to-date)	Rate (%)
Pensions Fund (mandatory retirement insurance)	do not exceed 1 021 000	22.00
	exceed 1 021 000	10.00
Fund of Social Insurance (temporary sick leaves and maternity)	do not exceed 815 000	2.90
	exceed 815 000	0.00
Fund of Medical Insurance	-	5.10

Contributions to the Pension Funds are payable at two different rates: 22% for wages below the limit and 10% above it (i.e. the lower rate is applied to the part of the wage above the

threshold). In case of the Fund of Social Insurance, contributions are not paid on the part of wages that exceeds the limit.

8. Taxes

8.1. *Income tax (Налог на доходы физических лиц)*

Variable name: `[IT_p; IT_s]`

8.1.1. *Tax allowances*

Child deductions

The personal income of a physical person is reduced, if the person has underage children (under 18 years or 24 if in full time education, including post-graduate university program). In 2018, the standard child deductions are as follows (RUB per child per month):

- First child – 1 400
- Second child – 1 400
- Third and each subsequent child – 3 000

The child deduction is applicable only to incomes that are below the RUB 350 000 year-to-date (i.e. deductions stop in the month when income surpasses the threshold).

Deductions are applied to each parent.

The standard deduction for the third child and subsequent children is applied even if the first two children are no longer eligible to the deduction.

Single mothers are eligible for child deductions of a double amount. However, if the couple is divorced and the father does not pay alimonies, the mother is not considered to be a single parent. The mother is considered to be a single parent only if the father is unknown, deceased or missing. The deduction for single mothers is included in the model, despite the definition of a lone parent in Russia differs from the definition use in other countries in the OECD tax-benefit model (See the beginning of Section 4. for more details).

8.1.2. *Tax base*

All earnings are taxable, however small. Social benefits and compensations (with the exception of contributory sick leave benefits) are not included in the tax base. The tax base includes all earnings, interest and dividend payments, lottery winnings and revenues from property sales. There are a number of deductions from the tax base: child deductions, medical costs deduction, education deductions, and a few others. Only child deductions are included in the model.

8.1.3. *Income tax schedule*

Flat rate of 13% for all wages, dividends, and revenues from property sales. Interest income and lottery winnings are taxed at 35%.

8.1.4. *Tax credits*

None.

Annex: Other benefits and direct taxes

This section provides a brief description of other cash benefits and taxes on employment incomes in Estonia that are relevant for some members of the population below the statutory retirement age, but which are not included in the OECD tax-benefit model.

Severance pay / average salary compensation (Выходное пособие при увольнении)

Severance pay and/or average salary compensation is paid to the dismissed workers for a certain period of time (maximum 2 months) after the dismissal by their employer, if the dismissal was involuntary on the part of the worker and was due to closure or downsizing of a business. Compensation from the former employer is not considered to be labor income for the purposes of registering the applicant as unemployed with the state unemployment agency, but the entitlement to the unemployment benefit starts only when the period covered by these payments is exhausted, i.e. after 2-3 months after the dismissal due to business closure or downsizing.

The severance pay is a lump sum payable in full on the day of labour contract termination. Its amount is equal to the average monthly wage (one month). Compensations are payable while the dismissed worker is looking for a new job, but the period during which the employer is obliged to pay compensations usually does not exceed 2 months. The amount of the monthly compensation is equal to the average monthly wage. Both the severance payment and the compensations are funded by the employer.

Stipend for unemployed who participate in vocational training (Стипендия гражданам, направленным органами службы занятости для прохождения профессионального обучения)

If a person on unemployment benefit is referred to a vocational training center, he or she will receive a stipend that replaces the unemployment benefit for the duration of the training (usually 6 months or less). The amount of the stipend is the same as the amount of the unemployment benefit at the start of the training program, and does not change during the training, even if the duration of unemployment period crosses the border between the first unemployment period and the second, or extends beyond the second unemployment period.

Unemployment assistance in Moscow (Материальная помощь безработным гражданам в Москве)

The unemployed who are no longer eligible for the unemployment benefit because their first and second periods of unemployment benefit have expired, can receive additional cash assistance from the City of Moscow in case of temporary inability to work (sickness). The proof of temporary inability to work is a medical sick-leave certificate issued by an authorized health care institution in Moscow, which should be presented to the employment agency.

The total amount is determined by multiplying the number of sick days by the daily rate of the minimum monthly amount of unemployment benefit (without the City of Moscow top-up): RUB 850 per month divided by 30 days times the number of sick days. The medical certificate determines the duration of the benefit.

The benefit is not means-tested and not taxable. It is included in the means test for State Social Assistance. The benefit cannot be combined with employment.

Unemployment assistance in Samara (*Материальная помощь безработным гражданам в Самарской области*)

Samara Oblast pays additional unemployment assistance to the unemployed who take part in public works. The pay for public works cannot be less than the minimum wage. In addition to the pay by the employer the participants of public works receive up to RUB 1 700 per month from the employment agency. The maximum duration of the benefit is 2 months.

It is not means-tested and not taxable. It can be combined with other benefits, but it is included in family income for the purpose of means testing. The benefit cannot be combined with employment.

Unemployment assistance in Kabardino-Balkaria (*Материальная помощь безработным гражданам в Кабардино-Балкарской Республике*)

The Kabarda-Balkar Republic (KBR) offers a registration grant to the unemployed who want to start their own small business or become individual entrepreneurs (self-employed). The registration of a small business or an individual entrepreneur and the preparation of the required documents require expenses, and the KBR administration offers a grant to support these expenses. In 2017, the amount of the registration grant was RUB 850. This is a one-time grant, not taxable, not means-tested.