

Russian Federation

Policy responses

Containment

- Border closure.
- Several regions with population over 12 million adopted lockdowns since 30 March.
- [16 April] Russian tech giant Yandex will start delivering coronavirus tests to the homes of Moscow residents aged 65 and older. The test delivery service will later be expanded to all age groups.¹
- [2 April] Extended a national no-work order till end of April.²
- [1 April] Developed a QR code system to allow residents to leave their homes as well as a smartphone app to monitor coronavirus patients' movement in self-isolation.³
- [16 March] Ban foreign nationals from entering the country, shut state schools and limited public gathering during 18 March and 1 May.⁴
- [23 April] Russia will temporarily suspend deportations of foreigners over the next two months due to the coronavirus outbreak.⁵
- [23 April] At least 21 Russian regions have requested digital travel passes a week after coronavirus-hit Moscow enacted its system to enforce lockdown measures and slow the deadly outbreak.⁶
- [28 April] Russian President Vladimir Putin has ruled to prolong non-working days introduced due to coronavirus till May 11 nationwide at a video conference on ways of resistance to the spread of the coronavirus in regions.⁷ Moscow's coronavirus lockdown has also been extended until May 11.⁸
- [29 April] Russia has extended its entry ban for foreigners, which was originally set to end May 1, Prime Minister Mikhail Mishustin said. The ban will be lifted when the coronavirus situation improves.⁹
- [9 May] Moscow's coronavirus lockdown has been extended until May 31, Mayor Sergei Sobyenin said. Starting May 12, Moscow residents will be required to wear face masks and gloves in all public places and transport, Sobyenin said.¹⁰ Companies involved in industry and construction would be allowed to return to work that day.¹¹
- [11 May] Russia's second-largest city, St. Petersburg, has extended its coronavirus lockdown until May 31 and will require its residents to wear

¹ Ditto.

² <https://www.npr.org/sections/coronavirus-live-updates/2020/04/02/825859574/putin-extends-no-work-order-for-russia-until-may-in-over-covid-19-pandemic>.

³ <https://www.themoscowtimes.com/2020/04/16/coronavirus-in-russia-the-latest-news-april-16-a69117>.

⁴ <https://www.reuters.com/article/us-health-coronavirus-moscow-events/russia-bans-entry-to-foreign-nationals-closes-schools-idUSKBN21329T>.

⁵ <https://www.themoscowtimes.com/2020/04/23/russia-suspends-deportations-during-coronavirus-pandemic-a70086>.

⁶ <https://www.themoscowtimes.com/2020/04/23/russia-to-adopt-moscows-digital-pass-system-for-coronavirus-lockdown-a70078>.

⁷ <http://en.kabar.kg/news/putin-prolongs-non-working-days-in-russia-till-may-11/>.

⁸ <https://www.themoscowtimes.com/2020/04/30/coronavirus-in-russia-the-latest-news-april-30-a69117>.

⁹ <https://www.themoscowtimes.com/2020/04/30/coronavirus-in-russia-the-latest-news-april-30-a69117>.

¹⁰ <https://www.themoscowtimes.com/2020/05/12/coronavirus-in-russia-the-latest-news-may-12-a69117>.

¹¹ <https://www.themoscowtimes.com/2020/05/12/coronavirus-in-russia-the-latest-news-may-12-a69117>.

	<p>face masks and gloves in public starting May 12.¹²</p> <p>Reopening</p> <ul style="list-style-type: none"> • [19 May] Government offices in Moscow will reopen next week.¹³ [28 May] Moscow Mayor Sergei Sobyanin has ordered to lift some of Moscow's coronavirus restrictions starting June 1. All non-food shops and some service sector businesses will be able to re-open, he said. The city will also test lifting restrictions on walks outside using a schedule system for apartment buildings and all parks except for Zaryadye Park will re-open.¹⁴ • [4 June] Russia plans to start clinical testing of a coronavirus vaccine on paid volunteers from the general public from w/c 8 June.¹⁵ • [8 June] Russia's tourism sector is ready to begin gradually re-opening. Russia plans to resume international air travel on July 15.¹⁶ • [23 June] Moscow's indoor dining, fitness clubs, swimming pools and public sports and recreation facilities will reopen after being closed for months due to the coronavirus.¹⁷ • [29 June] Russia's movie theaters will reopen on 15 July.¹⁸ • [22 October] Russia has adopted a three-stage reopening plan across regions, with criteria such as infection rates, the availability of hospital beds, and testing capacity. Five regions were in the first stage of reopening, 43 in the second, and 37 in the third. All industrial enterprises and construction sites resumed operation. • Mass vaccination started on 18 January 2021, with 4 million people (2.7% of the population) vaccinated as of 26 February.
Fiscal	<p>The total cost of the fiscal package is currently estimated at 3.4 percent of GDP. Key measures include:</p> <ul style="list-style-type: none"> • <i>Healthcare</i>: increased compensation for frontline medical staff as well as health and safety inspectors; zero import duties for pharmaceuticals and medical supplies and equipment • <i>Employment</i>: individuals under quarantine to receive sick leave benefits and sick leave pay to equal at least the minimum wage until the end of 2020; for those who lost a job after March 1, 2020, including for sole proprietors, the standard unemployment benefit to equal the minimum wage for five months; the minimum unemployment benefit to be tripled until end-August; and eligibility to be extended by 3 months; • <i>maternity and child benefits</i>: all children up to 3 years of age in families eligible for maternity capital to receive an additional lumpsum benefit for 3 months, starting in April, and all families with children to get an additional lumpsum benefit for each child for 3 months if parents lose

¹² <https://www.themoscowtimes.com/2020/05/13/coronavirus-in-russia-the-latest-news-may-13-a69117>.

¹³ <https://www.themoscowtimes.com/2020/05/30/coronavirus-in-russia-the-latest-news-may-30-a69117>.

¹⁴ <https://www.themoscowtimes.com/2020/05/28/coronavirus-in-russia-the-latest-news-may-28-a69117>.

¹⁵ <https://www.themoscowtimes.com/2020/06/04/russia-to-start-testing-coronavirus-vaccine-on-paid-participants-head-of-study-a70468>.

¹⁶ <https://www.themoscowtimes.com/2020/06/11/coronavirus-in-russia-the-latest-news-june-11-a69117>.

¹⁷ <https://www.themoscowtimes.com/2020/06/23/coronavirus-in-russia-the-latest-news-june-23-a69117>.

¹⁸ <https://www.themoscowtimes.com/2020/06/29/coronavirus-in-russia-the-latest-news-june-29-a69117>.

	<p>jobs; all children 3-15 years of age eligible for a one-time lumpsum benefit; all children under 16 years of age eligible for another one-time lumpsum benefit; all families with children to get an additional lumpsum benefit for each child for up to 5 months if a parent loses job (for up to 3 months for parents who lost their jobs before March 1)</p> <ul style="list-style-type: none"> • <i>Affected businesses</i>: subsidies to airlines, airports, automakers, and others. • <i>SMEs</i>: interest rate subsidies for SMEs and systemically important enterprises; deferrals on social contributions for SMEs in affected sectors for 6 months; social contributions by SMEs on wages in excess of the minimum wage permanently reduced from 30 to 15 percent; social contributions and CIT permanently reduced for IT firms; deferrals on rent payments to all levels of government until the end of the year plus zero rent to the federal government for three months for SMEs in affected sectors; budget grants for SMEs in affected industries to cover salaries at the rate of one minimum salary per employee for two months plus zero-interest loans for all enterprises in affected industries to pay minimum wages for 6 months; guaranteed loans to SMEs and affected industries. • <i>Tax cuts/exemption</i>: tax deferrals for most affected companies on most taxes; a tax holiday on all taxes (excluding VAT) and social contributions for Q2 for SMEs, sole proprietors, and NGOs providing social services; registered self-employed will be refunded their taxes for 2019 and get a partial refund on their 2020 taxes; zero import duties for pharmaceuticals and medical supplies and equipment. <p>[June 2] Russia plans to launch a 5 trillion ruble (\$73 billion) recovery plan in July to offset economic damage from the coronavirus pandemic. The program of increased spending will last until the end of 2021 with the aim of bringing Russia's unemployment rate back below 5%, getting the economy growing at 2.5% a year, and holding the poverty rate below the 2019 level of 12.3% of the Russian population.</p> <p>The extra cash will be spent on support for:</p> <ol style="list-style-type: none"> (1) small and medium-sized businesses through tax holidays and government backed cheap loans, as well as (2) already-announced higher social payments for families, and (3) for medical staff working with coronavirus patients. <p>In total, the package could be worth around 7.3 trillion rubles (\$106 billion) once spending on longer-term infrastructure projects — which does not count against the government's regular annual budget — is included. That would be equivalent to around 7% of Russia's GDP.</p> <p>It is unclear how much of the new headline figure will come from extra</p>
--	---

	<p>government spending.¹⁹</p> <p>[23 June] Russia will hike taxes for the country's top earners from 2021. Russians earning more than 5 million rubles (\$73,000) a year will pay 15% tax on all income above that level.²⁰</p> <p>[September] The government has increased the cost of the National Economic Recovery Plan to 6.4 trillion ruble.</p> <p>[December] An additional lump-sum benefit for all kids under 8 years of age was announced.</p> <p>In 2021, enterprises in selected affected industries (e.g. restaurants and hotels) will get subsidized loans to pay minimum wages for 12 months, under condition of preserved employment.</p> <p>The maximum unemployment benefit, which was increased in March 2020 to the minimum wage, will remain at the same level in 2021.</p> <p>While the total cost of the 2020 fiscal package is estimated at about 3.5% of GDP, the package for 2021 is at around 1.5% of GDP.</p>
Monetary	<ul style="list-style-type: none"> • [24 April] The Russian Central Bank cut interest rates to 5.5% from 6% Friday afternoon, warning Russia would face a deep recession this year and that further rate cuts were to come.²¹ <p>The CBR has temporarily introduced a long-term refinancing instrument (one month and one-year repos).</p> <ul style="list-style-type: none"> • [19 June] The Russian Central Bank cut a full percentage point off Russia's key rate to bring it down to 4.5%. Amid the biggest shock to the economy in a generation, inflation has fallen to 3.1%, the Bank estimated — below its official 4% target — and is expected to stay low for at least the rest of the year.²² • [24 July] The Central Bank cut the key rate by 25 bp to 4.25% per annum.²³ • [10 August] The CBR extended some regulatory forbearance beyond 30 September (through 31 December) and encouraged banks to further support affected borrowers. The CBR also reduced risk buffers for unsecured loans to be issued since 1 September 2020, canceled risk buffers for consumer loans issued by 31 August 2019, and lifted its cap

¹⁹ <https://www.themoscowtimes.com/2020/06/02/russia-prices-economic-recovery-plan-at-70bln-a70456>.

²⁰ <https://www.themoscowtimes.com/2020/06/23/russia-will-raise-taxes-on-top-earners-putin-announces-a70675>.

²¹ The ruble strengthened immediately on the decision and then eased back slightly to stand up 0.3% for the day at 74.6 against the U.S. dollar.

<https://www.themoscowtimes.com/2020/04/24/russia-coronavirus-ruble-stock-market-reaction-live-updates-a69640>.

²² <https://www.themoscowtimes.com/2020/06/19/russia-slashes-interest-rates-record-low-45-coronavirus-a70627>.

²³ https://www.cbr.ru/eng/press/pr/?file=24072020_133000Key_eng.htm.

	<p>on banks' fees for online retailers implemented during the lockdown.</p> <ul style="list-style-type: none"> • For the whole 2020, interest rate cut amounted to 200 bps. • Guided by the fiscal rule, the purchases of foreign exchange reserves by the CBR resumed in mid-January 2021, as oil and gas revenue of the federal budget exceeded the baseline level in December 2020. • 19-Mar-21 increase policy rate by 25 bp to 4.5%
Financial/Foreign Exchange	<p>Foreign exchange:</p> <ul style="list-style-type: none"> • Selling FX reserves from the National Welfare Fund in the wake of fall in oil prices below the reference price under the fiscal rule and the ongoing purchase of Sberbank by the government. It also increased the limit on its FX swap operations. <p>Financial</p> <p>The CBR has temporarily introduced a long-term refinancing instrument (one month and one-year repos).</p> <p><i>Banking sector:</i></p> <ul style="list-style-type: none"> • Banks have been allowed to value securities at their price from March 1. • The Deposit Insurance Fund contribution will be reduced from 0.15 percent to 0.1 percent through end-2020. • CBR approved measures to ease liquidity regulations for systemically important credit institutions. • Parliament approved a law that guarantees the possibility for affected citizens and SMEs to receive deferrals of loan payments for up to six months. • <i>Sectoral:</i> <ul style="list-style-type: none"> ○ Temporary regulatory easing for banks help the transport and tourism sectors ○ Favorable treatment for FX loans issued to pharmaceutical and medical supplies companies • <i>SME:</i> <ul style="list-style-type: none"> ○ CB introduced a new RUB 500bn facility for SME lending and reduced the interest rate on the existing RUB 175bn facility. [27 April] The interest rate on CBR loans aimed at supporting lending to SMEs, including for urgent needs to support and maintain employment was reduced from 4.0 to 3.5 percent. [June 22] The interest rate on CBR loans aimed at supporting lending to SMEs, to support and maintain employment, will be reduced from 3.5 to 2.5 percent. ○ Banks are allowed not to worsen the credit classification of SMEs, thus avoiding additional loan loss reserves. ○ SMEs receive deferrals of loan payments for up to six months. Banks are allowed not to classify such loans as restructured for loss provisioning purposes until September 30, 2020. ○ [July 24] Effective on 27 July 2020, the interest rate on Bank of Russia loans granted to assist lending to small and medium-sized enterprises (SMEs) and lending for urgent needs to support and

	<p>maintain employment decreased from 2.50% to 2.25% per annum.²⁴</p> <ul style="list-style-type: none"> ○ CBR advised banks to continue restructuring loans to affected retail borrowers and SMEs until 1 April 2021. Full provisioning of restructured retail loans is postponed until 1 July 2021. ● <i>Households</i>: CB reduced risk weights on mortgages and allowing restructuring of bank loans for those with confirmed coronavirus infections, so long as banks' regulatory requirements are not impacted. <p>Other support measures to the financial sector included measures to ensure the availability of services of non-bank financial institutions and to promote remote customer services. Also, measures have been taken in the field of AML/CFT and currency control.</p> <p>[10 August] The CBR extended some regulatory forbearance beyond September 30, through December 31, 2020 and encouraged banks to further support affected borrowers. Additionally, the CBR reduced risk buffers for unsecured loans to be issued since September 1, 2020, and cancels risk buffers for consumer loans issued by August 31, 2019. The CBR lifted its cap on banks' fees for online retailers implemented during the lockdown.</p> <p>To further support lending, new credit risk assessment methods and lower risk weights in mortgage lending are introduced. Such regulatory changes would free about 300 billion ruble (0.3% of GDP) of banking sector capital.</p>
Trade measures ²⁵	<p>Restrictive: N/A</p> <p>Liberalizing:</p> <ul style="list-style-type: none"> ● Certain imported medical supply products are exempted from VAT, due to the COVID-19 pandemic.
SME measures ²⁶ (last update 22 January 2021)	<p>Tax exemption:</p> <ul style="list-style-type: none"> ● The government exempted all taxes (except a VAT) for all SMEs in affected sectors for six months. <p>Tax reduction:</p> <ul style="list-style-type: none"> ● The government permanently reduced social contributions from 30 to 15 per cent for SMEs that surpass the minimum wage. ● Tax deduction of one minimum wage in respect of insurance premiums is provided to individual entrepreneurs working in the most affected sectors. <p>Tax refund:</p> <ul style="list-style-type: none"> ● Registered self-employed get a refund on their taxes for 2019 and a partial refund on their 2020 taxes. <p>Deferral of tax payment:</p> <ul style="list-style-type: none"> ● The government granted SMEs (i) a grace period of three months in paying social contributions and (ii) tax deferrals on most taxes.

²⁴ www.cbr.ru/eng/press/pr/?file=27072020_102801ENG_DKP2020-07-27T10_27_20.htm.

²⁵ <https://www.macmap.org/covid19>

²⁶ <https://tass.com/economy/1140765>

	<ul style="list-style-type: none"> For SMEs operating in areas most affected by the crisis, (i) a six-month delay for the payment of income tax for 2019, (ii) a six-month delay for the payment of taxes (excluding VAT, taxes paid as tax agents) for the first quarter of 2020 and (iii) a four-month delay for the second quarter and first half of 2020 are offered.²⁷ For SMEs operating in areas most affected by the crisis, (i) a six-month delay for social insurance contributions for the March-May period 2020 and (ii) a four-month delay for social insurance contributions for June-July period 2020 are arranged.²⁸ For SMEs operating in areas most affected by the crisis, a delay for the advance payment of transportation tax, property tax, land tax for the first quarter of 2020 (no later than 30 October 2020) and second quarter of 2020 (no later than 30 December 2020) is established.²⁹ <p>Other fiscal support:</p> <ul style="list-style-type: none"> The government (i) suspended on-site inspection by tax authorities and (ii) granted SMEs a grace period of three months in paying rents. Subsidies received by SMEs located in the most affected areas will not be included in the tax base of the profit tax.³⁰ The prohibition on deducting VAT on goods and fixed assets acquired using subsidies does not apply to subsidies received by SME located in the most affected areas.³¹ <p>Deferral of loan repayment:</p> <ul style="list-style-type: none"> On March 17, the government announced a postponement of interest payment on loans by SMEs under the package to support economy. Parliament approved a law that guarantees the possibility for affected SMEs to receive deferrals of loan payments for up to six months. <p>Employment support:</p> <ul style="list-style-type: none"> Social contributions by SMEs on wages in excess of the minimum wage are permanently reduced starting from April 1.³² The government has created in March 2020 an anti-crisis fund of RUB 300 billion to support Russian economy, including freelancers and self-employed.³³ In April 2020, the Central Bank of the Russian Federation introduced RUB 500 billion for zero-interest loans used to support SMEs in providing employee salaries and wages. The government offered (i) budget grants for SMEs in affected industries to cover salaries at the rate of one minimum salary per employee for two months and (ii) subsidized and forgivable loans for all enterprises in affected industries to pay minimum wages for six months. From July 27, the interest rate on CBR loans aimed at supporting lending
--	--

²⁷ <https://home.kpmg/xx/en/home/insights/2020/04/russia-tax-developments-in-response-to-covid-19.html>

²⁸ Ibid.

²⁹ Ibid.

³⁰ Ibid.

³¹ Ibid.

³² <https://home.kpmg/xx/en/home/insights/2020/04/russia-tax-developments-in-response-to-covid-19.html>

³³ <https://www.themoscowtimes.com/2020/03/16/russia-to-launch-4bln-fund-in-attempt-to-shield-economy-from-coronavirus-shock-a69633>

	<p>to SMEs, to support and maintain employment, will be reduced from 2.5 to 2.25 percent.</p> <p>Loan support:</p> <ul style="list-style-type: none"> • On March 17, the government expanded its program of soft credits to SMEs and allowed debt restructuring on existing credits. The program involves 99 banks that issue loans to entrepreneurs at a reduced rate of up to 8.5 per cent. • In April 2020, the Central Bank of the Russian Federation introduced RUB 500 billion for SME loans and lowered interest rates on existing RUB 175 billion loans. The newly introduced loan has a zero-interest rate and is used to support SMEs in providing employee salaries and wages. • The government can provide loan guarantees for SMEs. • The government allowed banks not to reduce the credit classification of SMEs, thereby avoiding an increase in loan loss reserves and valuing securities at their prices from March 2020. • The government offered subsidized and forgivable loans for all enterprises in affected industries to pay minimum wages for six months. • The CBR has introduced on July 24 a new RUB 500 billion facility for SME lending. • From July 27, the interest rate on CBR loans aimed at supporting lending to SMEs, to support and maintain employment, will be reduced from 2.5 to 2.25 per cent. • On August 10, the CBR extended some regulatory forbearance beyond September 30, through December 31, 2020 and encouraged banks to further support affected borrowers. Additionally, the CBR reduced risk buffers for unsecured loans to be issued since September 1, 2020. <p>Other financial support:³⁴</p> <ul style="list-style-type: none"> • From March 1, and for a six-month period, the government grants a moratorium on SME payments of mandatory insurance premiums.³⁵ • From April 1, insurance fees for all SMEs have been reduced from 30 per cent to 15 per cent.³⁶ • SMEs get deferrals on rent payments for three months. • SMEs get a subsidy of RUB 12 130 per employee. • In Moscow, partial compensation is granted to SMEs (i) for expenses related to new equipment purchase and (ii) for the promotion of their commodities and services online (compensation is capped to RUB 700,000 until December 31, 2020).³⁷ • Companies and individual entrepreneurs in hard-hit industries benefit from a six-month moratorium on initiating bankruptcy proceedings.³⁸ • Lease payments under real estate lease agreements are deferred until 1
--	---

³⁴ <http://www.oecd.org/coronavirus/policy-responses/coronavirus-covid-19-sme-policy-responses-04440101/#section-d1e15955>

³⁵ <http://government.ru/news/39161/>

³⁶ Ibid.

³⁷ <https://home.kpmg/xx/en/home/insights/2020/04/russia-government-and-institution-measures-in-response-to-covid.html>

³⁸ Ibid.

	<p>October 2020 for companies and individual entrepreneurs in hard-hit industries. The lessee is entitled to a decrease in lease payments for the quarantine period if the lessee could not use the premises due to quarantine measures.³⁹</p>
Other policy measures	<p>Medial services:</p> <ul style="list-style-type: none"> • [21 April] Ordered additional patient beds delivered to regional hospitals.⁴⁰ <p>[23 April] Russia’s Supreme Court has ruled it illegal to discuss “fake news” about the deadly coronavirus pandemic in public in addition to publishing it.⁴¹</p> <p>Oil:</p> <ul style="list-style-type: none"> • [28 April] Russia will cut its May oil output by 19% to 8.5 million barrels per day (bpd) from its February-March level of 10.4 bpd, said Lukoil’s head of investor relations, Reuters reports.⁴² <p>Health:</p> <p>[29 April] Moscow will start constructing temporary hospitals that will hold a total of 10,000 beds for coronavirus patients.⁴³</p> <p>International cooperation:</p> <ul style="list-style-type: none"> • [5 May] Russia has sent medical research supplies and two mobile laboratories to the Democratic Republic of the Congo to help the African country fight the coronavirus, Interfax reported.⁴⁴ <p>Migrants:</p> <ul style="list-style-type: none"> • [16 June] Russian Federation has extended the period in which foreign nationals whose Russian visas expired after March 15 can stay in the country. Foreigners already in Russia will now have their visas automatically extended through Sept. 15.⁴⁵

Source: IMF, Policy Responses to COVID-19, if not specified.

³⁹ Ibid.

⁴⁰ <https://www.npr.org/sections/coronavirus-live-updates/2020/04/20/838398945/slowing-its-spread-russia-s-putin-conveys-cautious-covid-19-optimism>.

⁴¹ <https://www.themoscowtimes.com/2020/04/23/russia-bans-discussions-of-fake-coronavirus-news-a70083>.

⁴² <https://www.news.az/articles/economy/148014>.

⁴³ <https://www.themoscowtimes.com/2020/04/29/coronavirus-in-russia-the-latest-news-april-29-a69117>.

⁴⁴ <https://www.themoscowtimes.com/2020/05/12/coronavirus-in-russia-the-latest-news-may-12-a69117>.

⁴⁵ <https://www.themoscowtimes.com/2020/06/16/coronavirus-in-russia-the-latest-news-june-16-a69117>.