

LT in Focus

Analyzing important legislative amendments

Tax and Legal



[Online advertising expenses: new tax-deduction rules](#)

Key considerations

[Advertising compliance with industry regulations](#)

[Supporting documents](#)

[Business purpose](#)

[Contracts with advertising distributors and operators of advertising platforms](#)

[Engaging agencies](#)

[Monitoring of legislation and practice](#)

Practical Guide to Tax-Deducting Online Advertising Expenses

[Federal Law](#) of 29 November 2024 changed how businesses approach tax deductions of online advertising expenses.

Tax amendments taking effect as of 1 January 2025 set out conditions under which such expenses will not be allowed.

[Federal Law](#) of 7 April 2025 with effect as of 1 September 2025 prohibits advertising on “banned” social media platforms.

In our publication, we explore how businesses can navigate the tax and legal complexity associated with the recent amendments.

Online advertising expenses: new tax-deduction rules

The amendments to Clause 44, Article 270 of the Russian Tax Code **prohibits** tax-deducting online advertising expenses if at least one of the breaches below has occurred:

- advertising was not reported to Roskomnadzor, i.e. was not labelled;
- advertising is placed on a platform restricted under the laws of Russia;
- advertising is placed on a platform owned by a foreign person failing to comply with the requirements, bans and restrictions established by Federal Law No. 236-FZ of 1 July 2021 ("Law No. 236-FZ") and other regulations.

Article 5 of Law No. 236-FZ mandates that foreign persons operating online platforms in Russia must:

- ✓ ensure that a platform has an electronic feedback form for individual or corporate users;
- ✓ open a personal account on Roskomnadzor's official website; and
- ✓ establish a duly operating branch, representative office or a legal entity in Russia.

The Russian Ministry of Finance released [clarifications](#) in which, referencing Roskomnadzor's comments, attempted to explain the application of provisions of Clause 44, Article 270 of the Russian Tax Code.

Below are the key takeaways from the Russian Ministry of Finance and Roskomnadzor clarifications and our comments based on our understanding of the matters that reckon with the most common questions from businesses and legislative uncertainty.

Key comments of the Russian Ministry of Finance and Roskomnadzor

BST comments

Any online advertising aimed at attracting attention of Russian audience must be labeled and reported to Roskomnadzor.

Online advertising that does not target the Russian audience is not subject to registration, recording and processing by Roskomnadzor; therefore, such advertising is not accounted for the purposes of Clause 44, Article 270 of the Russian Tax Code.

We understand that if advertising does not target the Russian audience (for example, a company has a branch in Kazakhstan and, therefore, needs to purchase online advertising services to promote its goods, works and services on the Kazakhstani market, which is evidenced, for example, by an appropriate marketing strategy, and at the same time the Kazakhstani market is the key source of revenue for the company), it does not have to be labeled and is not subject to Clause 44, Article 270 of the Russian Tax Code.

The ban to advertise on a platform owned by a foreign entity established by Clause 3, Article 9 of Law No. 236-FZ and imposed by Roskomnadzor does not necessarily evidence non-compliance of such foreign person with the requirements, bans and restrictions set by this law. Article 5 of Law No. 236-FZ establishes conditions for foreign entities to operate online platforms in Russia which includes fulfillment of three above-mentioned prerequisites.

Information on compliance with these prerequisites is included in the publicly accessible list of foreign entities on Roskomnadzor's website.

We understand that for a foreign entity to be deemed compliant with the requirements, bans and restrictions stipulated by Law No. 236-FZ, three prerequisites stipulated by this law must be met.

Thus, even if a foreign entity is not included in the list of foreign entities that are not allowed to advertise (which is currently empty), this does not mean that this foreign entity has met the three prerequisites provided for by Law No. 236-FZ and will not be subject to the provisions of Clause 44, Article 270 of the Russian Tax Code.

A foreign entity included in the Roskomnadzor's list that meets the prerequisites set out in Article 5 of Law No. 236-FZ will be deemed to have complied with the requirements, bans and restrictions set by this law.

Thus, information about foreign entity's compliance with the prerequisites set by Article 5 of Law No. 236-FZ can be obtained by the advertiser independently at any time from the publicly accessible list of such foreign entities

In this connection, we recommend monitoring the information on foreign entity's compliance with the statutory requirements, bans and restrictions and including relevant assurances from contractors in online advertising services agreements.

For long-term contracts, advertising expenses incurred by an advertiser before the date on which Roskomnadzor restricts access to an online platform of a foreign entity that has previously met the prerequisites provided for in Article 5 of Federal Law 236-FZ will be tax-deductible.

We understand that the expenses incurred by the advertiser under long-term contracts signed before the platform was restricted by Roskomnadzor can be deducted for tax purposes if the foreign entity has previously discharged the obligations set by Law No. 236-FZ. In this regard, we recommend additionally analyzing risks if the requirements of Article 5 of Law No. 236-FZ have not been complied with.



On 1 September 2025, [amendments](#) to federal laws *On Advertising* and *On Countering Extremist Activity* come into force. *The amendments ban advertising on:*

- platforms owned by a foreign or international organization whose activities were declared undesirable in Russia;
- online platforms of a public or religious association or other organization in respect of which a court has issued a legally enforceable decision on liquidation or prohibition of activity on the grounds provided for by the Federal Laws *On Countering Extremist Activity* and *On Countering Terrorism*;
- other online platforms access to which is restricted in accordance with the Russian legislation on information, information technologies and information protection.

Therefore, effective 1 September 2025, advertising on social media platforms, such as, for instance, Instagram and Facebook, will not only be non-tax deductible, but banned in general. Non-compliance will ensue penalties both for the advertiser and advertising distributor (up to RUB 2,500 for individuals; up to RUB 20,000 for officers; and up to RUB 500,000 for legal entities).

* Instagram and Facebook are owned by Meta, a company recognized as an extremist organization and banned in Russia.

Key considerations

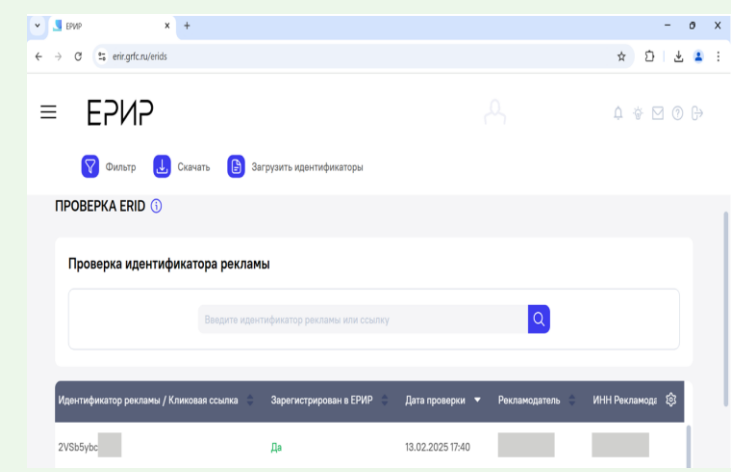
Advertising compliance with industry regulations

BST team recommends reviewing if ads placed online meet the definition of advertising and, where so, if they comply with advertising legislation requirements. Online ads meeting the legal definition of advertising must be labeled.

Labeling is required regardless of the type (hidden,

contextual, targeted, etc.) and the format (video, audio, text, etc.) of ads.

Compliance with the requirements of the Russian Tax Code and industry regulations with a view to tax-deducting online advertising expenses can be validated on the following websites:




Идентификатор рекламы / Кликаемая ссылка: 2V5b5ybc

Зарегистрирован в ЕРИР: Да

Дата проверки: 13.02.2025 17:40

Рекламодатель: [redacted]

ИНН Рекламодателя: [redacted]




ФЕДЕРАЛЬНАЯ СЛУЖБА ПО НАДЗОРУ В СФЕРЕ СВЯЗИ, ИНФОРМАЦИОННЫХ ТЕХНОЛОГИЙ И МАССОВЫХ КОММУНИКАЦИЙ

УНИВЕРСАЛЬНЫЙ СЕРВИС
проверки ограничения доступа к сайтам и (или) страницам сайтов сети «Интернет»

РЕЗУЛЬТАТ ПОИСКА
Искомый адрес: instagram.com

Обращаем Ваше внимание, что наличие сайта сети "Интернет" в Реестре вовсе не означает полное ограничение доступа к нему, так как доступ может ограничиваться к отдельной странице сайта в сети "Интернет". Способ блокировки отражается в графе "Ограничение доступа".

Ограничение доступа
доступ ограничивается к сайту



РКН | ДЕЯТЕЛЬНОСТЬ ИНОСТРАННЫХ ЛИЦ В СЕТИ ИНТЕРНЕТ НА ТЕРРИТОРИИ РОССИЙСКОЙ ФЕДЕРАЦИИ

Перечень иностранных лиц, осуществляющих деятельность в сети "Интернет" на территории Российской Федерации

Параметры поиска

Меры понуждения

Сведения об иностранном лице	Информация об информационном(ых) ресурсе(их)	Дата включения в перечень
Google LLC	google.ru; google.com; www.google.com; www.google.ru; play.google.com; youtube.com; www.youtube.com; music.youtube.com; chat.google.com; mail.google.com; accounts.google.com; gmail.com; mail.google.com; accounts.google.com	11/22/2021
Apple Distribution International Ltd.	icloud.com; www.icloud.com; apps.apple.com; music.apple.com	11/22/2021
Twitter, Inc.	twitter.com; www.twitter.com	11/22/2021
TikTok Pte. Ltd.	tiktok.com; www.tiktok.com	11/22/2021
Telegram Messenger, Inc.	telegram.org; www.telegram.org; t.me; telegram.me; www.telegram.me	11/22/2021
Zoom Communications, Inc.	zoom.us; www.zoom.us; explore.zoom.us	11/22/2021
Likeme Pte. Ltd.	likee.video; www.likee.video; mobile.likee.video; likee.video; s.likee.video; mobile.likee.video; likee.com	11/22/2021

- [Erir.grfc.ru](https://erir.grfc.ru) for advertising labeling by Roskomnadzor

- [Blocklist.rkn.gov.ru](https://blocklist.rkn.gov.ru) for banned online platforms

- 236-Fz.rkn.gov.ru/agents/list for Roskomnadzor's list of non-compliant foreign entities (by clicking on a particular entity).

We advise monitoring the lists maintained by Roskomnadzor for possible updates.

Below is an example of how validation works for ads on Google LLC platforms.

The screenshots below show the results of validating Google's compliance with the three obligations under Law No. 236-FZ and enforcement actions imposed against this foreign entity.

Google LLC

Основная информация

Наименование организации: Google LLC

ИНН: EIN: 77-0493581

Страна регистрации: Соединенные Штаты (США)

Адрес местонахождения: 1600 Amphitheatre Parkway, Mountain View, CA 94043, USA

Статус: Владелец информационного ресурса

Информация об информационном(ых) ресурсе(ах): google.ru; google.com; www.google.com; www.google.ru; play.google.com; youtube.com; www.youtube.com; music.youtube.com; chat.google.com; mail.google.com; accounts.google.com; gmail.com; mail.google.com; accounts.google.com

Дата включения в Перечень: 11/22/2021

Сведения об исполнении обязанностей

Вид обязанности	Статус исполнения
Разместить на информационном(ых) ресурсе(ах) электронную форму	Не исполнено
Создать филиал, или открыть представительство, или учредить российское юридическое лицо	Не исполнено
Зарегистрировать личный кабинет на официальном сайте Роскомнадзора	Исполнено

Принятые меры понуждения

Вид меры понуждения	Информационный ресурс, в отношении которого принята мера	Дата принятия меры	Дата окончания применения меры
Информирование пользователей информационного ресурса иностранного лица о нарушении иностранным лицом, осуществляющим деятельность в сети «Интернет» на территории Российской Федерации, законодательства Российской Федерации	Google Поиск; Google Play; YouTube; YouTube Music; Google Chat; Gmail	4/7/2022	
Запрет на распространение рекламы иностранного лица, осуществляющего деятельность в сети «Интернет» на территории Российской Федерации, и (или) его информационного ресурса в качестве объекта рекламирования	Google Поиск; Google Play; YouTube; YouTube Music; Google Chat; Gmail	4/7/2022	

Based on the foregoing, we understand that the clarifications of the Russian Ministry of Finance, if construed directly in conjunction with the provisions of the Russian Tax Code, imply that expenses to advertise on foreign platforms that have not complied with the requirements stipulated by Law No. 236-FZ may be disallowed.

In this connection, if ad placements on “banned” and “permitted” platforms are purchased under a single

contract we recommend that expenses for each type of placement be clearly differentiated for each platform in contracts, service acceptance reports and other supporting documents to mitigate possible risks.

In the absence of such breakdown, if expenses of online advertising placed in breach of legal requirements are disallowed, there's a risk of disallowance of the entire amount of expenses under the contract.

Supporting documents

To mitigate the risk of disallowance of online advertising expenses over insufficient evidence or lack of business purpose (Clause 1, Article 252 of the Russian Tax Code), BST team recommends having in place a full package of supporting documents for each placement.

A recommended list of such supporting documents includes:

- contracts; appendices to them; additional ad placement agreements with advertising distributors, operators of advertising systems, intermediaries, or agents;
- source documents, such as acts of acceptance, VAT-invoices, universal transfer documents;
- payment documents evidencing payment and thus mitigating the risk that the services will be treated as nominal (Article 54.1 of the Russian Tax Code);
- documents confirming that the services were effectively provided. They include the media plan; statistical reports of advertising platforms; advertisement statistics screenshots; screenshots from ad accounts; placed ads screenshots; CEO's order on social media campaigns appointing a responsible employee, etc. Attention should be paid to the document dates (which should correlate with the period of service provision) and advertised product (which should correspond to that in the contract);
- labeling confirmation; if labeling is not visible in the ad screenshot, several screenshots should be made that consistently track activities from ad placement to ERID code assignment.

Business purpose

If ads are placed in a closed community (channel, platform) or for some reason are not visible to certain users (for example, those having an ad-free subscription), or target foreign audience, documents should be prepared justifying placement of ads on such platform, such as reports on increased sales of the

advertised product or service or reports confirming the increase in the number of new users, etc.

Contracts with advertising distributors and operators of advertising platforms

BST team advises revising contracts with advertising distributors and operators of advertising platforms to formalize allocation of responsibilities in terms of compliance with legislation on advertising labeling and advertising fees. You can read more about advertising fees in our [publication](#).

We also recommend including in the contract the contractor's guarantees of compliance with the

requirements of legislation on labeling, advertising fees and non-placement of ads on banned resources starting from 1 September 2025; and assurances of compensation for damages which may be caused due to contractor's failure to deliver or have third parties deliver on the obligations to label and report ads to the Register of Online Advertising or other breaches of advertising legislation.

Engaging agencies

When engaging an agency or other intermediaries, due attention should be given to the functions of the agent/intermediary formalized in the contract and to whether such functions correspond to those actually performed.

The agent's functions should not appear fictitious - this

will reduce the risk of disallowance of agency expenses on account of misrepresentation of operations (Clause 1, Article 54.1 of the Russian Tax Code).

Our comments regarding the agent/intermediary's guarantees of compliance with the requirements of advertising legislation also apply.

Monitoring of legislation and practice

In the absence of detailed clarifications, law enforcement and judicial practice regarding ad placements on banned social media platforms and tax-

deductibility of online advertising expenses, BST team recommends keeping abreast of regulatory shifts and new precedents as they arise.

Advertising issues are not always easy to unravel.

Contact BST if you need help navigating the perplexities of advertising legislation.

Our team is always happy to assist you.

In particular, we can:

- examine expenditure for meeting the definition of advertising and compliance with advertising legislation;*
- analyze whether online advertising services are likely to be treated as non-advertising (e.g., consulting services);*
- assess whether materials and information can be treated as “banned” advertising;*
- analyze the existing or draft new contracts with advertising distributors, advertising system operators, intermediaries and agents to ensure that they properly allocate responsibilities between the parties in the advertising chain and protect your company from risks to the maximum extent possible;*
- verify that supporting documents are complete and accurate and assist with drafting such documents;*
- redesign document management processes in relation to online ad placement expenses with a view to mitigating tax risks;*
- develop defense to increase the chances of tax-deducting expenses in view of recent tax amendments;*
- to run a workshop for all company stakeholders on how to work with online advertising contractors and build internal processes in line with the new advertising regulations and Tax Code requirements.*

Sincerely,

BST team

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