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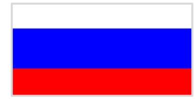

Russia

Russia taxes Russian residents on their worldwide income.

Current Trends

In 2015, a new de-offshorization law came into effect. The law introduces three new concepts to the Russian tax legislation, including (i) tax residency for legal entities, (ii) beneficial ownership and (iii) controlled foreign companies (CFCs).

Generally, CFCs are organizations and structures which are resident in foreign jurisdictions and are controlled by individuals or companies that are Russian tax residents.

Residents must report their ownership of CFCs. In addition, profits of CFCs may be taxable in Russia at the individual level. Profits from CFCs may be exempt from tax in Russia if they do not exceed a certain threshold (50 million Rubles in 2015, 30 million Rubles in 2016 and 10 million Rubles in 2017 and following years). There are additional rules for reporting ownership interests of more than 10% of an off-shore entity.

Provided certain conditions are met, Russian taxpayers can consider tax-free liquidation of foreign companies and structures under which they are able to receive property (except for cash) and non-property rights from a foreign company or structure free of tax. In addition, tax residents will be able to use the value of property / non-property rights received upon tax-free liquidation as a cost basis at the sale of property / non-property rights. The taxpayer may be eligible for the program provided the liquidation is closed until 1 January 2018 in the general case. Russia has had limited exchange of information with other countries in the past but is in the process of developing systems to do more in the future, including Russia's expected entry into a US FATCA agreement. Russia has joined the Standard for Automatic Exchange of Financial Account Information Common Reporting Standard, CRS. The first exchange is expected to begin in 2018 with respect to information regarding bank accounts in 2017.

Direct and Indirect Ownership of Investment Accounts

Both the US FATCA regime and the OECD CRS regime require reporting of accounts held directly by the individual taxpayer and indirectly, through personal investment companies, trusts or foundations. Russia also recently enacted provisions to tax income of controlled foreign corporations at the shareholder level, under certain circumstances.

Russian currency control residents (by default Russian citizens and foreign nationals holding permanent residency permits in Russia) must notify the Russian tax authorities regarding opening / closing / changing details of their foreign bank accounts. Starting in 2015, Russian currency control residents are also obliged to submit annual cash-flow reports to the Russian tax authorities.

Amnesty and Disclosure Regimes

- Law on the Voluntary Declaration of Property and Bank Accounts (Deposits) by Individuals came into effect in 2015 and the Voluntary Disclosure campaign ended on 30 June 2016.

Applicable Tax Transparency Regime		
US FATCA	✓	Russian financial institutions are required to comply with all applicable FATCA obligations, including reporting to the IRS
UK CDOT	n/a	
EUSD	n/a	
OECD CRS	✓	Russian has joined the Model Competent Authority Agreement to implement the provisions of Common Reporting Standard (CRS). The first automatic exchange of information by Russia should take place in 2018 for 2017 data
Tax Treaty Information Exchange	✓	Russia is engaged in the exchange of information with other countries upon request

Other Tax-Related Considerations		
Voluntary Disclosure Program?	No	Voluntary Disclosure Program is no longer available
Residents taxed on a worldwide basis?	Yes	Income of Controlled Foreign Corporations may also be taxed at shareholder level

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Note that all references to "resident," "residents" or "residence" is intended to be a reference to tax resident, tax residents or tax residence, under the applicable tax laws.