

COUNTRY PROFILE



Russia

Tax overview

Corporate Income Tax	20%
Personal Income Tax	13-15%, progr.
Gift Tax (direct line)	None
Inheritance Tax (direct line)	None
Wealth Tax	None

Legal System

The Russian legal system is based on civil law.

Corporate Income Tax

Corporations incorporated in Russia, and foreign corporations with an effective place of management in Russia, are subject to tax on worldwide income at a rate of 20%.

Personal Income Taxation (PIT)

Russian resident individuals are taxed on their worldwide income at progressive rates 13% or 15%. There is no tax on gifts between close relatives. There is no separate inheritance tax or wealth tax.

Anti-Avoidance Rules

Russia has multiple anti-avoidance rules, including Transfer Pricing rules, Thin Capitalization rules, and Controlled Foreign Corporation rules.

Controlled Foreign Corporations (CFCs)

A CFC is a foreign corporation, trust, foundation, partnership, etc., with one or more Controlling Persons that are Russian tax residents with an equity interest (or control) of 25% or more (10% or more if more than 50% is held by Russian residents). The CFC rules result in the imputation of undistributed profits to the Controlling Persons, pro rata, at their respective tax rate.

Controlling Persons can avoid income imputation if the CFC is resident in a jurisdiction with a DTT that exchanges of information, and the effective tax rate is 75% or more of the Russian rate or the

passive income of the CFC does not exceed 20%. Special 5 million Ruble lump-sum arrangement, if elected, exempts from CFC reporting and reporting.

Foreign Trusts

Russian has not ratified the Hague Convention on Trusts, but recognizes foreign trusts under conflicts principles. Russian CFC rules apply to foreign trusts. Settlers of foreign trusts are presumed Controlling Persons under the CFC rules, and taxed on undistributed income at their applicable rates. However, if the trust is irrevocable, the settlor is excluded from benefit, has no powers to direct income distributions, does not exercise control over the trust, CFC rules will not apply. Other persons exercising control, including, Protectors and beneficiaries, may be deemed Controlling Persons.

Double Tax Treaties (DTTs)

Russia has a wide network of DTTs.

Foreign Investment Protection

Russia has agreements with a number of countries which provide for international arbitration in the event of nationalization or expropriation, including Luxembourg, Netherlands, Switzerland, and UK

OECD Multilateral Convention

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Common Reporting Standard (CRS)

Russia has adopted CRs for the automatic exchange of account information, and is a party to the Multilateral Competent Authority Agreement.

FATCA

Kazakhstan has signed FATCA Model 1 Intergovernmental Agreement (IGA) with the United States for the automatic exchange of account information.

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