

Doing Business in Russia



Technologies
of Trust

2025



Our firm has been working successfully with foreign investors in Russia for more than 35 years, and it has amassed a wealth of experience and gained deep knowledge of the local market and business environment.

In this publication, we aim to offer a global audience a complete and structured account of these insights.

We hope that the results of our collective efforts will help you better understand the market and its particularities and the new vistas that open for those who are prepared to seize opportunities.

Igor Lotakov
Managing Partner
TeDo



**Over 35 years of
knowledge and expertise
that you can rely on**



TeDo focuses on supporting cross-border transactions, investment and trade as a strategic priority

Our firm has developed unique professional expertise in the more than 35 years it has worked with foreign investors. We have a profound understanding of all matters which pertain to entering or leaving the Russian market, including for businesses from China, Japan, South Korea, and other countries globally. These insights, together with our extensive knowledge of the law and strong links in the business community and government circles, help us find efficient solutions to all of our foreign clients' issues. In the last chapter of this brochure, we provide a broad description of the fields of expertise where our firm can help implement your plans, whether they involve go-to-market strategies, any type of investment in Russia or cross-border transactions.

Working with BRICS Plus investors

We have also been expanding our geographical reach by working closely with investors from the BRICS Plus countries. This is becoming increasingly important, as many countries of the 'Global South and East', including China, Türkiye, Vietnam, and the countries of Latin America, the Middle East, and Africa, are demonstrating interest in cooperating with Russia. We welcome foreign investors' interest in working with Russia and aim to support them in finding opportunities, understanding the specifics of business and taking concrete steps to enter the Russian market or expand their presence.

Natalia Vozianova
Partner, Asian Desk Leader
TeDo



Dear friends,

I am pleased to welcome members of the business community who are seeking to conduct business in our country and invest in Russia's economy!

Considering the long history of business in Russia and globally, the Moscow Chamber of Commerce and Industry (MCCI) first opened only 33 years ago. As young as we may seem, we have come a decent way protecting interests of 900 thousand small and medium business enterprises in Moscow.

By virtue of federal laws and municipal regulations of Moscow, MCCI holds such important powers as attesting force-majeure events, conducting expert checks of the country of origin of goods and issuing certificates of origin (as prescribed by orders of the Russian Government on certification of industrial products in the Russian Federation).

MCCI's key strength is that we are part of the Russian and global system of chambers of commerce and industry. We have a great opportunity to work with thousands of businesses, both in Russia and abroad.

In the recent two years, amidst all these sanction wars, entrepreneurs have been looking for every opportunity to remain in Russia and cooperate, no matter what. We invite you to engage in civilised partnership between business communities of all countries that has proven its worth through centuries.

Today, Russia and its capital open unique avenues for investment and business development. Russian market frees up new striking opportunities on the back of political and economic change. MCCI has a wealth of experience working with the business community. We are always delighted to strike new partnerships providing valuable assistance for the benefit of business, Moscow and Russia overall.



Vladimir Platonov
MCCI, President



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01 Russia overview

17 million km²
in area

8 federal
districts

16 cities with a population
of over one million



Introduction

At 17 million km² in land area, Russia is the largest country in the world.

The Russian Federation is currently composed of eight federal districts where plenipotentiary presidential envoys operate.

There are 16 cities with populations of over one million: Moscow, St Petersburg, Novosibirsk, Ekaterinburg, Kazan, Krasnoyarsk, Nizhny Novgorod, Chelyabinsk, Ufa, Samara, Rostov-on-Don, Krasnodar, Omsk, Voronezh, Perm, and Volgograd.

State structure

The Constitution, adopted in 1993, states that the Russian Federation is a democratic federal republic.

Russia has a president as head of state and a prime minister as head of government.

The legislative branch is the bicameral Federal Assembly, consisting of the State Duma (the lower house of parliament) and the Federation Council (the upper house). The State Duma drafts legislation and can amend the constitution. The Federation Council approves or rejects draft laws passed by the State Duma and appoints judges of the Supreme Court as well.

Executive power is exercised by the government, which is comprised of the prime minister, deputy prime ministers, and federal ministers.

The judicial branch encompasses several tiers of courts, with such highest judicial bodies as the Constitutional Court and Supreme Court, which is the highest judicial body for courts of general jurisdiction and arbitrazh courts.

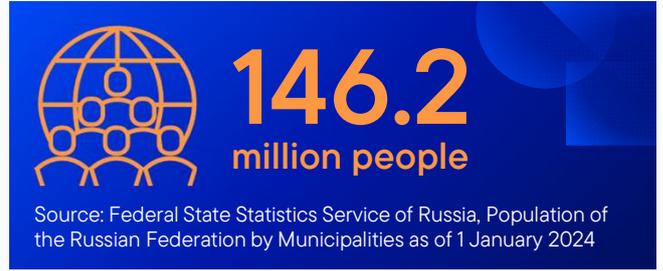
Russia's constituent entities (republics, territories, regions, federal cities, autonomous areas, autonomous regions) have their own legislative and executive bodies.

Population

Russia is the world's ninth most populous country with 146.2 million people as of 1 January 2024, 46% men and 54% women.

As of 2023, the economically active population of Russia totalled 76 million people. The unemployment rate in Russia was 4.0% in 2022 and 3.2% in 2023.

According to the data of the Federal State Statistics Service of Russia, 47.9% of the country's population were of working age as of 2023.



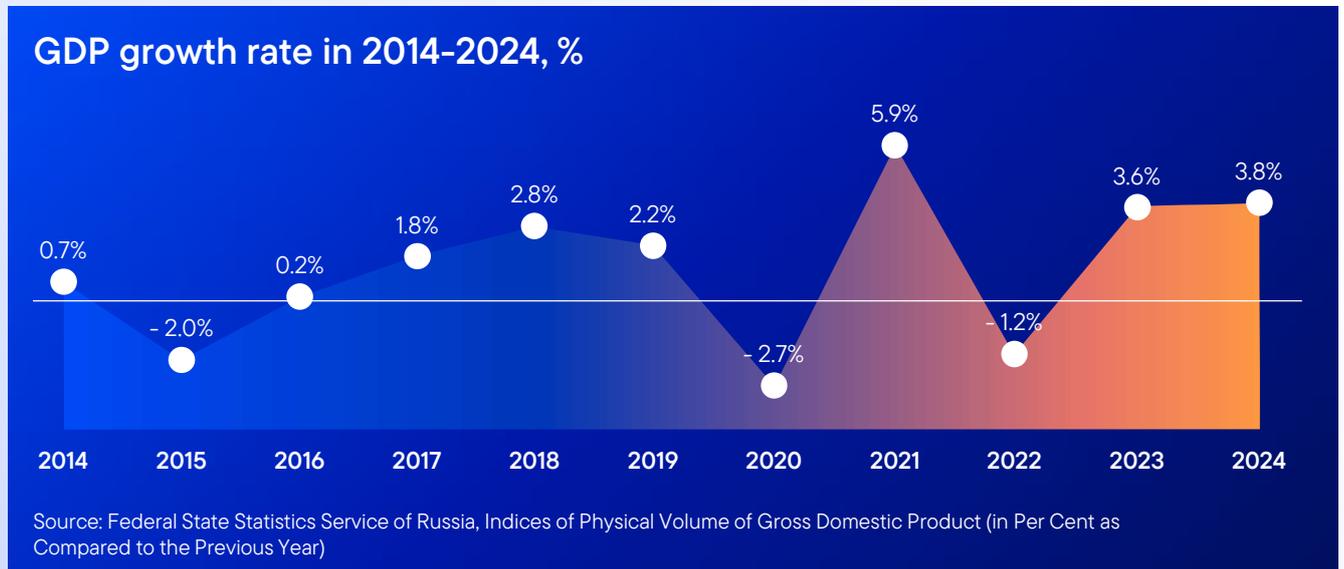
Economic development

Key indicators

Russia is among the largest economies of the world and ranks fourth in terms of purchasing power parity after China, the US, and India.

As of the end of the 2020 pandemic year, GDP had fallen by 2.7%. The economy recovered in 2021, growing at a pace of 5.9%. In 2022, GDP shrank down to 1.2%, while Russia's economy adapted to sanction pressures on the back of the monetary policy, regulatory changes, the government support, and the industrial players' active participation in the structural adjustment of the economy.

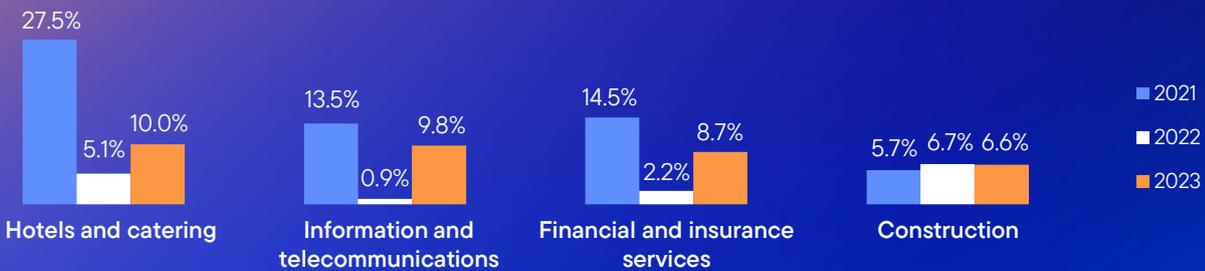
Despite that 2022 demonstrated immaterial and negative growth rates in manufacturing (-2%), mineral resources extraction (+0.8%), and wholesale and retail trade (-12.8%), these still played a key role contributing half of the value added to the country's GDP.



Key indicators

By the end of 2023, GDP increased up to 3.6% due to the growth of the physical volume of value added in information and telecommunications (+9.8%), financial and insurance services (+8.7%), hotel and catering business (+10%), manufacturing (+6.9%), wholesale and retail trade (+6.6%), and construction industry (+6.6%). By the end of 2024, The Ministry of Economic Development projects an increase in GDP by 3.8%.

GDP growth rates by sectors in 2021–2023, %



Source: Federal State Statistics Service of Russia, Indices of Physical Volume of Gross Added Value by Sectors of the Economy (in Per Cent as Compared to the Previous Year)

Following the recovery of economic activity, the 2023 inflation rate made 7.4%, which is 4.5% below the level recorded in 2022 (11.9%). In 2023, real disposable income (exclusive of taxes and adjusted for inflation) increased by 5.8%, outpacing the forecast of the Russian Ministry of Economic Development (+4.3%). This was driven by 7.8% growth of real base pay in the public and corporate sectors due to labour shortage and low unemployment of 3.2%, the lowest rate among the world's largest economies.

Foreign investment in Russia

In 2023, the flow of investments into Russia amounted to USD 8.4 billion, as compared to the outflow of USD 15.2 billion the previous year. The negative figure in 2022 occurred due to the repatriation of investments made by foreign companies.

The recovery of this metric was driven by projects implemented jointly with friendly countries as well as the Eurasian Economic Space states. The realignment of Russia's trade relations opens up opportunities to invest in production facilities with a potential of exports to the markets of Central Asia, China, Turkey, Iran, the Middle East, India, and other countries. Furthermore, as Western companies have been leaving Russia, vacant niches emerge in a number of sectors, such as electrical equipment production, manufacturing, consumer goods and food industries, pharmaceuticals, and retail.

Foreign direct investments in Russia in 2019–2023, USD million



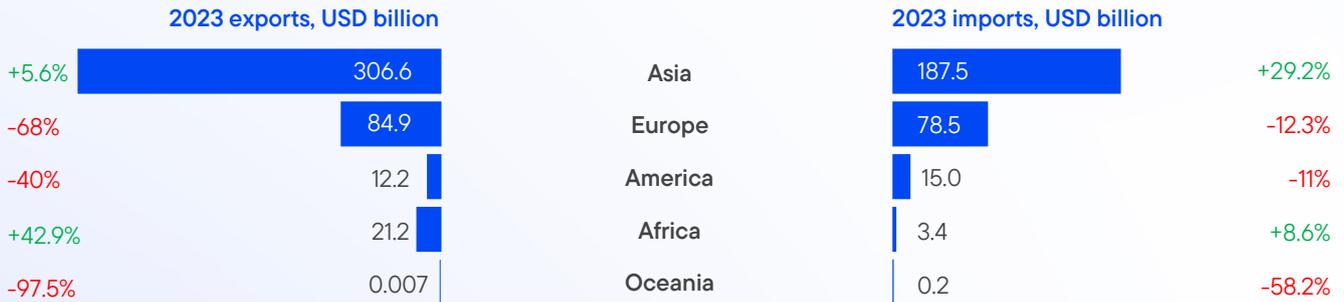
Source: UNCTAD. Global Foreign Investment, Capital Inflow and Outflow, Annual Volume

Foreign trade

In 2023, the export of goods from Russia dropped by 28.3% year-on-year to USD 425.1 billion. The fall occurred on the back of a decrease in exports to Europe by 68%, to America by 40.4%, and to Oceania by 97.5%. Exports to Asia and Africa increased by 5.6% and 42.9%, respectively. The Ministry of Economic Development projects that exports will come up to USD 427.6 billion by the end of 2024, reaching a growth rate of 12.0% by 2027 against 2023.

In 2023, the import of goods to Russia grew by 11.7% year-on-year reaching USD 285.1 billion. The growth resulted from the

boost of Asian commodity imports by 29.2% (according to the Chinese customs authorities, the greater part of this figure attributes to imports from China standing at USD 111 billion). Supplies from Europe fell by 12.3%, imports from America decreased by 11%, while commodity flow from Oceania reduced by 58.2%, alongside with imports from African countries growing by 8.6%. The Ministry of Economic Development projects that imports will increase to USD 294.9 billion by the end of 2024, reaching a growth rate of 25.3% by 2027 against 2023.



Source: Russian Federal Customs Services, Russia's Export and Import of Goods by Groups of Countries (USD billion)

As for the commodity structure of exports, only exports of food products and agricultural raw materials demonstrated growth in 2023, by 4.3%. According to the data provided by the Russian Ministry of Agriculture data, this boost resulted from the record-high grain export peaking at 66 million tonnes.

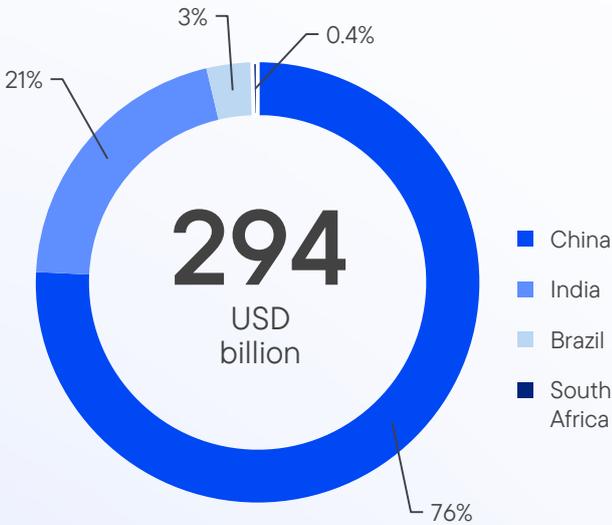
The decline in the exports of mineral products (-33.6%) and metals (-15.1%) – the most sought for export products – resulted from trade restrictions, weak demand, and falling global prices for many commodities.

Supplies of machinery, equipment, and vehicles dominated Russian imports in 2023, with the total volume increasing by 24.1% year-on-year. This was mainly due to the import of cars from China, which grew 2.5 times in 2023 as compared to 2022. Imports of textiles, textile products, and footwear to Russia increased by 21.4%, largely owing to business arrangements with Asian countries.



Source: Russian Federal Customs Services, Commodity Structure of Export and Import (USD billion)

Russia's trade turnover with BRICS in 2023



Source: General Administration of Customs of the People's Republic of China, Indian Statistical Service, Chamber of Commerce and Industry of Russia, TeDo analysis based on publicly available data in the Media: Kommersant, Vedomosti, RBC, TASS

In 2024, Egypt, Iran, the UAE, Saudi Arabia, and Ethiopia joined BRICS. Also, about 30 countries have publicly stated that they want to become full-fledged members of the association or obtain a partner state status. During Russia's BRICS chairmanship in 2024, more than 250 intergovernmental, social and cultural events took place in 13 Russian cities. The 2024 BRICS Summit in Kazan became a historic milestone for the association, both in terms of the number of participating countries and the magnitude of the decisions adopted. Thirteen countries became BRICS partner states, including: Türkiye, Kazakhstan, Uzbekistan, Algeria, Belarus, Bolivia, Cuba, Indonesia, Malaysia, Nigeria, Thailand, Uganda and Vietnam.

The all-round cooperation with other countries, including as part of international associations, gives a positive boost to foreign trade, helps to adapt quickly to external pressures and fosters social and economic development in Russia.

Russia's membership with international associations such as the G20, EAEU, SCO, and BRICS significantly contributes to organising efficient foreign trade. Close economic ties between countries bring benefits to all association members.

In the aggregate, the **BRICS** countries accounted for 35.7% of the global GDP in 2023. In 2023, Russia's foreign trade turnover with BRICS partners increased by 27.8% to a record high of USD 294 billion which is 2.4 times higher than in 2019–2020.

In 2023, China became Russia's key foreign trade partner. The turnover between the two countries hit a record high of USD 240.11 billion (+26.3% against 2022).

China is followed by India whose turnover with Russia increased by 31.8% year-on-year. Brazil-Russia trade turnover also grew by 8.1%, whereas Russia's turnover with South Africa decreased by 7.7%.

Egypt, Iran, the UAE, Saudi Arabia, and Ethiopia
joined BRICS in 2024

13 countries became BRICS partner countries:
Türkiye, Kazakhstan, Uzbekistan, Algeria, Belarus, Bolivia, Cuba, Indonesia, Malaysia, Nigeria, Thailand, Uganda, and Vietnam



02 Financial system

Bank of Russia: Central Bank of the Russian Federation



The mission of the Bank of Russia is to ensure financial and price stability and to contribute to the development of a competitive financial market.

Since 2013, the Bank of Russia has acted as a megaregulator: it performs functions of a central bank and a financial market regulator at the same time. As a megaregulator, the Bank of Russia creates conditions for the development of all sectors of the financial market and for the stability of the financial system as a whole.

The Bank of Russia has a special constitutional and legal status.

The Bank of Russia performs the following main functions:¹

- it elaborates and pursues the unified state monetary policy, solely issues cash money, and organises cash circulation;
- it conducts the regulation, control, and supervision of the activities of credit institutions, branches of foreign banks and banking groups as well as non-credit financial institutions;
- it is the lender of last resort for credit institutions and foreign banks carrying out activities in the Russian Federation through their branches and organises the system to refinance them;
- it sets the rules for conducting settlements and conducting banking operations in the Russian Federation and sets the procedure for conducting settlements with international organisations, foreign states, legal entities, and individuals;
- it organises and exercises the regulation and control of foreign exchange and also determines and publishes the official exchange rates of foreign currencies against the ruble.

Financial market

The Russian economy and financial market operate in the context of a wide range of challenges, above all the unprecedented sanctions pressure. Notwithstanding the sanction restrictions, the financial market has adapted to the new environment, retained its resilience, and continued to develop. According to the Bank of Russia, the assets of financial institutions increased by almost 21% in the 12 months preceding July 2024. This was due to the approaches chosen aimed at maintaining market principles and the openness of the Russian economy, which played a key role in ensuring the system's flexibility and adaptability in the changing environment.

In the first half of 2024, the United States introduced blocking sanctions against the Moscow Exchange, restricting on-exchange trading in foreign currencies. The configuration of the Russian currency market has therefore changed, and trading in US dollars and euros was fully moved to the over-the-counter market. The Bank of Russia resolved to set the exchange rates of the US dollar and euro against the ruble using data on over-the-counter transactions between banks.

The assets of financial institutions

by almost **21%** in the 12 months preceding July 2024

¹ Article 4 of Federal Law No. 86-FZ of 10 July 2002 'On the Central Bank of the Russian Federation (Bank of Russia)'

The development of international collaboration with friendly countries and the creation of a payment and settlement system along with a correspondent relations network are currently under way. The ruble and the national currencies of friendly countries are used in settlements more extensively. On the spot market of the Moscow Exchange, the currencies of ten friendly countries paired with the ruble are available for trading in a number of instruments which subsequently make it possible to use the foreign currency purchased in foreign economic activity. The use of digital rights and digital currencies in international settlements is currently being studied.

In recent years, financial technologies have become an integral part of all types of financial services available on the Russian market: lending, payments and remittances, savings, investment, insurance, etc. They are transforming their business models and enhancing their customer focus.

Thus, the implementation of infrastructure projects and the introduction of innovations on the financial market are under way to ensure the country's payment sovereignty.

In 2014, the Bank of Russia established the National Payment Card System (NSPK), which was used as a base to launch Mir payment cards and the Faster Payment System (SPB). Also, all domestic payments using cards of international payment systems issued by Russian banks are processed through the NSPK, despite the exit of the international payment systems from the Russian market.



The Faster Payment System (SBP)

enables individuals to instantly transfer money to one another using mobile phone numbers, pay for purchases, utility bills, and make a wide variety of other transfers.

According to Bank of Russia data, at the beginning of July 2024

219 credit institutions were connected to the SBP

Payment for goods and services through the SBP is one of the most intensively growing services of the system, enabling businesses to significantly reduce their expenses on the acceptance of non-cash payment.

Against the backdrop of the technological development in the economy, the platform business model is becoming increasingly popular: the market of platform services, including investment and financial platforms and information systems designed to issue digital financial assets (DFAs), is dynamically developing. In Q1 2024, the volume of transactions on financial platforms increased seven times year-on-year, while the number of clients increased 11 times.

One of the main areas in the digitalisation of the financial market is a trend for the creation of new business models based on the exchange of data using open application programming interfaces (Open API). On the financial market, Open API will promote the automation of processes and the emergence of innovative services and significantly improve the accessibility and quality of financial products due to the mutual integration of financial, insurance, and other instruments.

Amending the legislation on cryptocurrency regulation and enabling the use of cryptocurrencies in cross-border settlements for foreign trade transactions with non-residents is another important area in the development of the Russian financial market. In September 2024, the Bank of Russia began building an experimental platform to use cryptocurrencies in international settlements.

Currency regulation and currency control

The effective currency legislation of the Russian Federation is aimed at ensuring the implementation of a unified state policy, the stability of the currency of the Russian Federation, and the stability of the country's domestic foreign exchange market as factors of the progressive development of the national economy and international economic cooperation. The Bank of Russia is a currency control body that monitors the foreign exchange transactions carried out by credit and non-credit financial institutions.

The Russian legislation on currency regulation prohibits foreign-currency transactions between residents (with some exceptions). Therefore, settlements between Russian residents are, as a rule, effected solely in Russian rubles.

Currency **transactions between residents and non-residents can generally be made without restrictions** (with some exceptions). **Non-residents may also remit foreign currencies and Russian currency among themselves** without exceptions.

Temporary anti-sanctions measures, including those in respect of currency regulation, are currently in effect to ensure financial stability. The main restrictions concern **cross-border remittances**: the Bank of Russia has introduced limits on foreign currency transfers outside of the Russian Federation.

Banks from unfriendly states **may remit money in rubles using correspondent accounts** opened with Russian credit institutions if payer's and payee's accounts are opened with foreign banks.

Additionally, the Bank of Russia retains some restrictions on foreign **cash withdrawals** and also **on the provision of financing** in respect of payment for equity stakes, contributions, and stock in the capital of non-resident legal entities and on the issuance of foreign currency loans to non-residents.

Banking sector

According to the Bank of Russia's data as of 1 August 2024,

318

operating banks

and

37

non-bank credit institutions

> **221** banks with universal licences, which are issued to banks whose equity exceeds **1 billion rubles**

> **97** — banks with basic licences, which are issued to banks whose equity ranges **from 300 million to 1 billion rubles**

The Russian banking system is characterised by high concentration and significant state participation. As of August 2024, the top five banks accounted for 65.9% of the total assets, the top ten banks accounted for 79.3%, and the top 20 banks accounted for 88.9%.²

The Bank of Russia has approved a list of systemically important credit institutions, the stability of the financial positions of which has an impact on the banking system. They account for about 80% of the total assets of the Russian banking sector. These credit institutions must comply with the mandatory liquidity coverage ratio and with additional requirements for capital adequacy in accordance with the provisions of the Bank of Russia based on the international standards established by the Basel Committee on Banking Supervision (Basel III).

The ratio of bank assets to GDP in Russia is approximately 90%. Over one half of credit institutions' assets is accounted for by loans, of which two-thirds are corporate loans and one-third is retail loans. Bank liabilities are dominated by the funds of clients, both businesses and individuals.

The banking sector successfully overcame the period of transformation in 2022 and has adapted to the new environment:*

> According to the 2023 year-end results, **profits increased by 37.7% against the pre-crisis 2021 results**

> **The banks' return on equity increased from 1.8% in 2022 to 25.9% in 2023**

*according to the Association of Banks of Russia

The trend remains unchanged. According to the Bank of Russia, **the bank loan portfolio demonstrated significant growth** over the 12 months preceding August 2024, **both in the corporate lending segment and the retail segment** (the corporate loan portfolio increased by 21.2%, mortgage loans increased by 29.2%, and consumer loans increased by 17.9%).

The Bank of Russia consistently takes macroprudential measures to limit macroeconomic risks on the consumer lending market. The application of the macroprudential limits is aimed at mitigating the systemic risks to consumer lending in the financial system and at containing the growth of overindebted households in the context of the economic restructuring.

The Financial Messaging System (SPFS), a Russian analogue to SWIFT, plays a key role as a reliable and safe channel for banks to exchange payment information.

The SPFS ensures seamless financial messaging, both within and outside the country. The SPFS has become the main channel for exchanging financial information in making domestic settlements for correspondent accounts.

Since September 2024, **foreign banks have been allowed to open branches in the Russian Federation**

These branches may open and maintain bank accounts for legal entities, conduct money transfers on behalf of legal entities, including correspondent banks, collect cash, promissory notes, and payment and settlement documents, and provide cash services to legal entities. They may also issue guarantees and sureties, lease out special rooms or safe-deposit boxes for the storage of documents and valuables, carry out leasing transactions, and provide consulting and information services.

As of 1 January 2024, out of 96 operating credit institutions with the participation of non-residents

51 credit institutions had charter capital in which non-residents' participatory interest exceeded 50%, including:

- > **44 credit institutions** (41 banks and 3 non-bank credit institutions) whose charter capital is 100% formed out of non-residents' funds;
- > **7 banks** in which non-residents have participatory interest of more than 50% but less than 100% of the charter capital.

² Bank of Russia: statistical indicators of the Russian banking sector.

Insurance



According to the results of 2023, the top five insurance companies account for about half of the total insurance premiums, at 49.1% (the top ten account for 71.1% and the top 20 account for 88.5%).³ By the amount of premiums collected, the five largest insurers are AO SOGAZ, OOO Sberbank Life Insurance, AO Alfa Insurance, OOO AO AlfaInsurance-Life, and SPAO Ingosstrakh.

In Q2 2024, the insurance market increased by 36.3% year-on-year. The growth of the life insurance market is mainly driven by savings life insurance (SLI) and investment life insurance (ILI), while voluntary medical insurance and CASCO insurance are the main growth drivers of the non-life insurance market. The total premiums on non-credit life insurance (ILI and SVI) doubled on a year-on-year basis in Q2 2024, and on CASCO insurance, they increased by 22.3%.⁴

The Bank of Russia established the Russian National Reinsurance Company (RNRC) in 2016. Currently, RNRC is virtually the sole reinsurer which ensures the stability of the whole market and is responsible for the reinsurance of all large risks.

The Bank of Russia consistently implements a risk-based approach to the regulation of the Russian insurance market, taking into account contemporary international practices, including Solvency II (the requirements for the valuation of assets and liabilities and the assessment of insurance risk and for corporate governance and information disclosure). As part of this process, new regulatory requirements for insurers' financial stability and solvency are implemented in phases.

From 1 January 2025, insurance companies, mutual insurance companies, and non-governmental pension funds will be required to adopt IFRS 17 Insurance Contracts, which establish principles for the recognition, measurement, presentation, and disclosure of insurance contracts issued. The application of IFRS 17 will provide consistent principles for all aspects of accounting of insurance contracts, eliminate the existing inconsistency, and enable investors, analysts, and other users of financial statements to transparently compare companies, contracts, and industries, including with foreign jurisdictions.

Also from 1 January 2025, insurance companies will be able to conduct activities as management companies for unit-linked life insurance.

Unit-linked life insurance is a new investment product for the Russian insurance market. It will help to raise long-term investments in the national economy.

One and the same contract will combine a client's standard life insurance and the management of the client's investment in units of a unit investment fund to gain investment income. The launch of a guarantee scheme in the life insurance market is planned to safeguard investments and increase trust in this instrument.



³ According to data from the AO Expert RA rating agency.

⁴ Bank of Russia: Overview of insurers' key performance indicators | Q2 2024 | Information and analytical material.

Collective investment and long-term savings market

The collective investment market includes non-governmental pension funds (NPFs), investment funds, their management companies, and specialised depositories.

According to the Bank of Russia, the portfolio of unit investment funds increased by 64% in the 12 months preceding July 2024. Closed-end funds for qualified investors, which focus on dealing with legal entities and large private investors, are the largest type of a unit investment fund by assets. The volume of individual assets in brokerage services and trusts increased by 16%, and the number of retail investors reached 43.5 million people, which accounts for more than half of the economically active population.⁵

Taking into account Russia's restricted access to the external capital market, internal sources, including people's savings, are playing a growing role in financing the development of the economy. A basic need for long-term savings is currently forming among the general public in Russia, and the financial market is creating opportunities for long-term savings and the transformation of them into investments, that is, for the transformation of accumulated savings into sources of debt and equity financing for businesses, thereby promoting economic development. To this end, the financial market offers a wide range of instruments that promote the flow of accumulated savings to investments.

The Bank of Russia, jointly with the Government of the Russian Federation, continues to implement measures aimed at increasing the attractiveness of long-term investments to a variety of investor groups, in particular by creating the conditions to develop appropriate instruments (deposits, long-term savings programmes, insurance products, etc.).

For the purpose of encouraging the inflow of private investors' long-term investment to the capital market, the line of long-term instruments for private investors has been expanded to include type III individual investment accounts (IIA) and a long-term savings programme to which a tax deduction is applied.

According to Bank of Russia data, **the portfolio of unit investment funds**

↑ by **64%**

in the 12 months preceding July 2024

The volume of individual assets

in brokerage services and trusts

↑ by **16%**

the number of retail investors

amounted to

43.5

million people

which accounts for more than half of the economically active population

The Long-Term Savings Programme (LSP) has been in effect since 1 January 2024. A long-term savings agreement is an agreement between a fund and a depositor under which the depositor makes savings contributions to the fund and the fund makes payments to the participant when grounds for such payments arise. The programme operators are non-governmental pension funds (NPF). For the purpose of encouraging participation, the LSP provides for government co-financing of contributions for a period of 10 years. The benefits of the Long-Term Savings Programme include the possibility of attracting people's funds for long period of time and covering wider population groups.

To ensure financial resilience, NPFs must comply with a number of ratios. Each NPF's equity (capital) must be equal to or greater than the established amount, and for the purpose of checking its resilience to external risks, each NPF should, at least quarterly, conduct stress testing in accordance with the scenarios and methodology established by the Bank of Russia.

⁵ Bank of Russia: Key directions for the development of the Russian financial market for 2025 and the period of 2026 and 2027.

Special characteristics of accounting

The Russian federal and industry accounting standards (**FSBU** and **IAS**), which strictly regulate technical accounting procedures and the rules for accounting and documenting operations, are mandatory in Russia. Non-credit financial institutions are subject to the Industry Accounting Standards which, to a large extent, conform with the International Financial Reporting Standards (IFRS).

Along with financial statements under the Russian standards, credit institutions, insurance companies, non-governmental pension funds, professional securities market participants, and other public-interest entities operating on the financial market are required to report in accordance with the IFRS.

The Russian accounting used by credit institutions is also based on the principles of the IFRS to a significant extent

Anti-money laundering legislation

Federal Law No. 115-FZ, 'On Combating the Legalisation of Illegally Gained Income (Money Laundering) and the Financing of Terrorism'

is in effect in the Russian Federation

The Know Your Customer (KYC) platform has been in operation since 1 July 2022 —

the system provides necessary information about the risk level of potential and existing clients' involvement in suspicious transactions. Banks can use platform information when implementing anti-legalisation control procedures.

According to Bank of Russia data, the platform currently has data on 7.5 million legal entities and sole proprietors.

In accordance with international treaties to which the Russian Federation is a party, the law applies to individuals and legal entities who carry out cash or other property transactions outside the Russian Federation.

Despite the fact that Russia's membership in the Financial Action Task Force (FATF) has been suspended since 2023, the country continues to be an active member of the FATF Global Network. It chairs the Eurasian Group on combating money laundering and the financing of terrorism (EAG) and actively interacts and develops cooperation with foreign countries on AML/CFT/CPF (combating proliferation financing).

03 Sanctions and currency

Currency law enacted

The Russian authorities have been consistently introducing legal measures since February 2022 to protect the country's financial market in the conditions of the sanctions imposed by foreign countries.

Thus, Russian Presidential decrees have established restrictions on different transactions involving persons from 'unfriendly' jurisdictions:

Currency transfers

Non-residents from 'unfriendly' jurisdictions are not allowed to transfer money out of Russia, while individuals who are Russian residents or residents of 'friendly' jurisdictions cannot make transfers exceeding USD 1 million per month. These restrictions are in effect from February 2022 through 31 March 2025.

Foreign company financing

The issuance of loans to foreign companies is subject to restrictions:

- foreign currency loans can be issued to either 'friendly' or 'unfriendly' persons or entities solely with the permission of the Government commission;
- Russian ruble loans without any restrictions can be issued solely to residents of 'friendly' jurisdictions, while the issuance of loans to residents of 'unfriendly' jurisdictions requires the permission of the Government commission.

Transactions with Russian assets

Certain decrees have extraterritorial effect and require preliminary approval by the Government commission if a person or entity from an 'unfriendly' foreign jurisdiction carries out a transaction resulting in a direct or indirect change in the ownership of shares or participation interests in a Russian company (even if Russian persons or entities take no part in these transactions).

Mandatory sales of currency revenues

The Presidential decree of 2023 established a special list of exporters obliged to meet an obligation to sell their currency earnings. The text of this Presidential decree has not been published, and the companies on the list are to receive corresponding notification of their inclusion on the list.

Meeting financial obligations toward 'unfriendly' persons or entities

To fulfil their obligations in relation to securities, derivative financial instruments, or loan agreements, residents are obliged to transfer the amounts due to special type 'C' bank accounts. This rule also applies to the payment of dividends, payments for the reduction of share capital, and liquidation payments. Additionally, restrictions apply to the fulfilment of obligations toward 'friendly' persons and entities and even to Russian residents if they acquired debts from residents of 'unfriendly' countries after 1 March 2022.

Transactions with securities and real estate

A special approval procedure involving a Government commission has been put in place for transactions that give right to the ownership of securities or real estate:

1. with residents of 'unfriendly' countries;
2. with entities controlled by residents of 'unfriendly' countries (irrespective of the country of incorporation); and
3. with residents of 'friendly' countries if the securities or real estate were acquired from a resident of an 'unfriendly' country after 22 February 2022.

Foreign shareholdings

Russian residents are restricted from making payments for shares, contributions or units in the property / charter / share capital / cooperative unit fund of non-residents (irrespective of whether it is deemed to be 'friendly' or 'unfriendly'). Payment for share capital in a foreign company of more than RUB 15 million or the equivalent in a foreign currency requires the approval of the Bank of Russia.

In addition to the special counter-sanction measures, the basic provisions of Russian currency law remain in effect.

Foreign trade contracts (proper execution/termination and registration) and repatriation requirements

When making payments under foreign trade contracts and loan agreements with non-residents, Russian residents are obliged to comply with the basic requirements of the currency legislation. Specifically, they must:

- register the contract with a Russian bank;
- submit statements and supporting documents in a timely manner;
- comply with the requirements for the proper fulfilment or termination of obligations toward non-residents under foreign trade contracts and loan agreements for which the repatriation requirements have been cancelled.

The proper fulfilment or termination of obligations includes:

- the receipt of amounts due from a non-resident under a foreign trade contract or loan agreement into the Russian or foreign accounts of a resident on the due date established by the contract for the payment;
- offset;
- assignment of debt to another party;
- novation (an agreement between the parties to substitute a new obligation in place of the original one), etc.

Foreign accounts of Russian residents

Russian residents should monitor the funds received into their foreign accounts due to the restrictions on the use of such accounts. Before funds are credited to a foreign account, every currency transaction should be reviewed for whether there is a basis for crediting in accordance with Federal Law No. 173-FZ. The list of permissible basis for crediting money to the foreign accounts of residents includes, inter alia, crediting of currency earnings from non-residents under foreign trade contracts for which the repatriation requirements have been cancelled.

Russian companies also should submit reports on their foreign accounts:

- > notification on the opening of an account/deposit outside Russia (notification must also be provided upon the closing of an account or a change in account details) – no later than within one month of account opening (closing) or changes in details
- > cash flow statements to Russian tax authorities – within 30 days of the end of the reporting quarter

Specifics of making payments in Russian currency / foreign currency, restrictions on circulation of US dollar and euro, digital ruble (CBDC) and digital currencies

Payments to or from foreign counterparties, especially in euro or US dollars, are difficult due to the increasingly strict requirements for banking compliance and sanctions. Given the above, Russian companies are looking at payments in the currencies of 'friendly' jurisdictions or alternative ways to settle their obligations.

There has been much attention toward payment frameworks using digital currencies. A central bank digital currency (CBDC) issued by a country's central bank offers faster and safer transactions, payment transparency, and reduced dependence on conventional financial systems.

On 1 September 2024

Legislative amendments governing payments in digital currency were enacted.

The Bank of Russia has introduced an experimental legal framework for payments in cryptocurrency that anyone involved in foreign economic activity can make use of.

Specifics of making payments for Russian securities and Eurobonds blocked on accounts with foreign depositories and replacement of Eurobonds with Russian bonds

Sanctions targeting the National Settlement Depository (NSD) have made it impossible to process payments for securities that were:

- issued by Russian entities
- moved to foreign securities custody and settlement infrastructure

To protect the interests of the ultimate beneficial owners of Russian securities and Eurobonds related to Russian companies, the Russian authorities have been making **efforts to make payments to the ultimate owners of securities which bypass foreign infrastructure**. However, there are legislative requirements for both the ultimate holders of securities and depository accounts in the custody chain which might be difficult to comply with in practice.

04 Forms of business organisation

Legislative regulation and significant amendments

Business activity in Russia is governed by a number of laws and regulations, including the following key statutes:

- the Civil Code of the Russian Federation,
- the Federal Law 'On Limited Liability Companies',
- the Federal Law 'On Joint-Stock Companies', etc.

Significant changes have recently been observed, aimed at digitalising business operations and promoting the competitiveness of Russian companies in the domestic and international markets.

At the same time, companies from unfriendly countries (those which have introduced sanctions against Russia) are subject to additional regulation. For the establishment of legal entities and other structures, such as branches and representative offices, it is necessary to seek permission from the Government Committee on Monitoring Foreign Investment. This novelty focuses on monitoring, security, and the protection of strategically important sectors of the economy from adverse influence.

Major forms of business organisation

The choice of form of business organisation depends on multiple factors, such as company size, the nature of its activity, tax preferences, and plans for attracting investment.

Limited liability company (LLC, or OOO in Russian)

This is **the most popular form of business organisation in Russia**. It is simple in terms of management and is subject to minimum capital requirements. The liability of each member of such a company is limited by their share in the charter capital, which makes this form especially attractive to small and medium businesses.

An OOO's charter capital determines the minimum amount of property for the company, thereby guaranteeing the interests of its creditors. The minimum charter capital for an OOO is **RUB 10,000**.

Joint-stock companies (JSC, or AO in Russian)

These are divided into **public (PJSC, or PAO in Russian) companies** and **non-public companies (AO)**. Public joint-stock companies may offer their shares on the securities market, which makes it possible to attract investment from the general public. Non-public joint-stock companies have a narrower range of shareholders, but their corporate governance must also comply with strict standards.

The charter capital of a joint stock company is comprised of the nominal value of the shares owned by its shareholders. For a public joint-stock company, the minimum charter capital is **RUB 100,000**, while for a non-public joint-stock company, it is **RUB 10,000**.

Partnerships

These may constitute **general partnerships** or **limited partnerships (partnership in commendam)**. A general partnership is similar to a US partnership, in which the partners have joint and several liability for all obligations of the partnership. A member of a general partnership may not be a general partner in any other partnership.

A limited partnership is more like a European *kommandit* partnership: it consists of both general partners and partners whose liability is limited to their contributions. A general partner in a limited partnership may not be a general partner in any other partnership, and their liability is the same as that for a partner in a general partnership, as described above.

Branches and representative offices

Branches and representative offices of foreign legal entities are **subsidiaries of the principal legal entity**. A branch performs the functions of the principal legal entity and may carry out all activities, including commercial activity. The scope of an accredited representative office's activities is legislatively limited to support functions: the representative office may represent and protect the interests of the company, but it may not conduct commercial activities.

Unlike a representative office, a branch may also have certain types of licences to carry out regulated activities. Currently, the state duty for the accreditation of a branch or a representative office is **RUB 120,000** (about USD 1,200). Additionally, the Russian Chamber of Trade and Commerce may charge a certain small fee for the review of documents which are required for the approval of the number of expatriate employees for accreditation purposes.

Corporate governance matters

Corporate governance in Russia involves the definition of the rights and responsibilities of shareholders and members, as well as the organisation of management bodies.

A shareholder's main rights include

- the right to participate in company management through shareholders' meetings,
- the right to receive dividends,
- the right to receive information about the company's activities,
- the right to dispose of the shares held.

The participants of an OOO have the right to take part in management through participants' meetings and may also influence the key decision-making.

The **general meeting** of shareholders is **the supreme management body of a company**. It must be held at least once per year. A **public joint-stock company** must have a **board of directors** that consists of at least five members, and the board of directors of a non-public joint-stock company must have at least three members. If a non-public joint-stock company has fewer than 50 shareholders, the general meeting of shareholders may perform the functions of the board of directors. **A company's executive body may be collegial** (management board or directorate) **and/or sole** (director or general director).

A joint-stock company may have several sole executive bodies, which may represent it jointly or individually (with a full or limited scope of powers). A joint-stock company's executive body manages the day-to-day operations of the company and reports to the board of directors and the general meeting of shareholders.

The management structure of an OOO is similar to that of a joint-stock company. OOOs are deemed to be non-public, and they therefore may be more flexible in respect of the organisation of their management structure, relations between members, and other aspects of their activities.

In addition, the legislation requires that companies comply with corporate governance standards, such as the maintenance of minutes of meetings, the provision of access to information, and the observance of the principles of transparency. This ensures the protection of shareholders' and members' rights and also increases trust in business.

As part of governance arrangements, Russian legal entities are also required to establish internal control systems that include internal audit and compliance procedures. This ensures more effective and transparent management by reducing risks and increasing partner and investor trust.

Redomiciliation of foreign companies to special administrative regions

The redomiciliation of foreign companies to special administrative regions (SAR) of Russia enables them to move their legal addresses to Russian territories which have special business environments. This may be beneficial to companies which seek to minimise their tax burden or improve the conditions for doing business.

The redomiciliation procedure includes the registration of the company in one of the Russian SARs (the island of Russky, Primorsky Krai or the island of Oktyabrsky, Kaliningrad Region) in the form of an international company (IC). Within one year from the date of state registration, the IC or an IC Group member must invest RUB 50 million, and within two years from

the date of state registration, it must fulfil its obligation to ensure its removal from the register of legal entities in the foreign jurisdiction.



Companies registered in SARs are eligible for a number of benefits and preferences, including tax incentives and simplified administrative procedures

05 Accounting, reporting and audit requirements

Accounting and reporting

The requirements for accounting and preparation, presentation, and disclosure of statutory financial statements as well as consolidated financial statements are included in Federal Law No. 402-FZ 'On Accounting' and Federal Law No. 208-FZ 'On Consolidated Financial Statements'.

In accordance with the legislation, normative documents in the development of the provisions of these laws are authorised for issue by the Russian Ministry of Finance and by the Central Bank of the Russian Federation (Bank of Russia). Organisations are required to prepare their statutory financial statements in accordance with the reporting rules established in the Russian Federation and might also have an obligation to issue consolidated financial statements in accordance with the **IFRS® Accounting Standards**. The Federal Accounting Standards (**FSBU**) are developed by the Russian Ministry of Finance based on the IFRS® Accounting Standards but might differ in some respects, such as in the use of a functional currency. In addition, the FSBU do not include a concept of consolidation.

Journal entries are recorded in accordance with the Charts of Accounts approved by the Russian Ministry of Finance and by the Bank of Russia. The Russian ruble is used for accounting and is also the reporting currency of financial statements.

The reporting period for companies is generally the calendar year, i.e., from 1 January to 31 December of the respective year.

Organisations, including branches, representative offices and other components of organisations registered under foreign law, are required to keep accounting records as well as financial statements and auditor's reports for a minimum of 5 (five) years, and they must place the databases used to collect, record, systematise, accumulate, store, rectify or extract accounting information and documents (copies of documents) within Russia's territory.

The annual statutory financial statements of a commercial organisation include:

- > the balance sheet
- > the income statement
- > the statement of changes in equity
- > the statement of cash flows
- > notes to the balance sheet and the income statement that include a summary of significant accounting policies and other explanatory information

All organisations are required to submit to the tax authorities one copy of prepared annual statutory financial statements to be included in the Russian Public Repository of Statutory Financial Statements (**GIRBO**). It is required to file the copy of the statutory financial statements in the form of an electronic document no later than within 3 (three) months after the end of the reporting period.

In some cases, Russian law requires an organisation to prepare interim statutory financial statements or interim consolidated financial statements. In addition, interim reports might be issued subject to a corresponding resolution by the owners.

Audit

The key audit regulations are included in

Federal Law No. 307-FZ 'On Auditing'
(Law No. 307-FZ),

which requires that audits be performed in accordance with the International Standards on Auditing (ISA)

Mandatory audit

Mandatory audit is conducted in the cases established by the federal laws of the Russian Federation, as well as in relation to the reporting of:

- listed entities;
- joint-stock companies whose stocks are held by the Russian national government, regional governments, or local governments;
- credit organisations;
- insurance companies and mutual insurance companies;
- professional securities market participants;
- organisations that have the organisational and legal form of a charitable foundation if the receipt of property, including cash, for the year immediately preceding the reporting year exceeds **RUB 3 (three) million**;
- organisations whose business income calculated as required by Russian laws on taxes and levies for the previous year exceeds **RUB 800 (eight hundred) million** or whose year-end balance sheet assets in the previous year exceed **RUB 400 (four hundred) million**.

In addition to the above provisions for mandatory audit, if an organisation prepares annual consolidated financial statements in accordance with Federal Law No. 208-FZ, then its statements are subject to mandatory audit.

Audit not required

Audit of the financial statements of representative offices and branches of foreign entities operating in Russia is not mandated by law.

Voluntary audit

An independent audit might be **initiated by an organisation itself** (a voluntary audit).

Law No. 307-FZ requires that audit services to public interest entities (PIEs), including financial market PIEs (FM PIEs), the list of which is specified in Article 5.1 of Law No. 307-FZ, are provided only by audit organisations included in the register of the Federal Treasury (in respect to PIEs) and in the register of Bank of Russia (in respect to FM PIEs).

The above requirement applies to audit services starting from the 2024 financial statements and from 1 January 2024 to audit related services.

Auditor's Report

The auditor's report on statutory financial statements

which are subject to mandatory audit **must be submitted by the organisation to GIRBO** in electronic form

EITHER together with the statutory financial statements or no later than

3 months after the end of the reporting period

OR separately within

10 business days after the receipt of the auditor's report, but in any case no later than by 31 December of the year following the reporting period

If an organisation prepares annual or interim consolidated financial statements in accordance with Federal Law No. 208-FZ, then the auditor's report on the consolidated financial statements or another document prepared based on the results of the audit of the interim consolidated financial statements in accordance with auditing standards is submitted and disclosed together with the said consolidated financial statements. The consolidated financial statements of an organisation containing information constituting state secrets and (or) information determined by the Government of the Russian Federation shall be disclosed in the part that does not contain the specified information.

Capital markets

Russian companies are generally permitted to issue shares and bonds and offer them for sale in public placements, and the number of IPOs on the local capital market has grown significantly in the last two years.

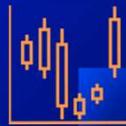
The reporting requirements for public companies include both financial statements prepared in accordance with FSBU and consolidated financial statements prepared in accordance with IFRS® Accounting Standards required to be audited.

The requirements are included in detail in the [MOEX IPO Guide](#).

Main stock exchanges

> Moscow Exchange (MOEX)

> SPB Exchange (SPB)



The MOEX is the leading exchange

06 Taxation

Russian tax system

The Russian tax system is based on the Tax Code of the Russian Federation.

The Russian tax system has changed significantly in recent years. The most dramatic amendments happened in 2023–2024 and are either effective from 2024 or will be effective from 2025.

The main changes are:

- for the 'active' income of individuals, a progressive tax scale with **a top rate of 22%** has been introduced;
- for businesses, the tax rate on general profits will increase **from 20% to 25% as of 2025**;
- the general withholding tax rate will also increase **from 20% to 25% as of 2025**;
- **intragroup services** became subject to Russian withholding tax as **of 2024**;
- **the provisions** of double tax treaties with 'unfriendly' countries have been **suspended (effective from 8 August 2023)**;
- customs duties have been imposed on a vast range of exported goods (till the end of 2024);
- significant amendments to the transfer pricing rules make non-compliance more costly.

Corporate income tax

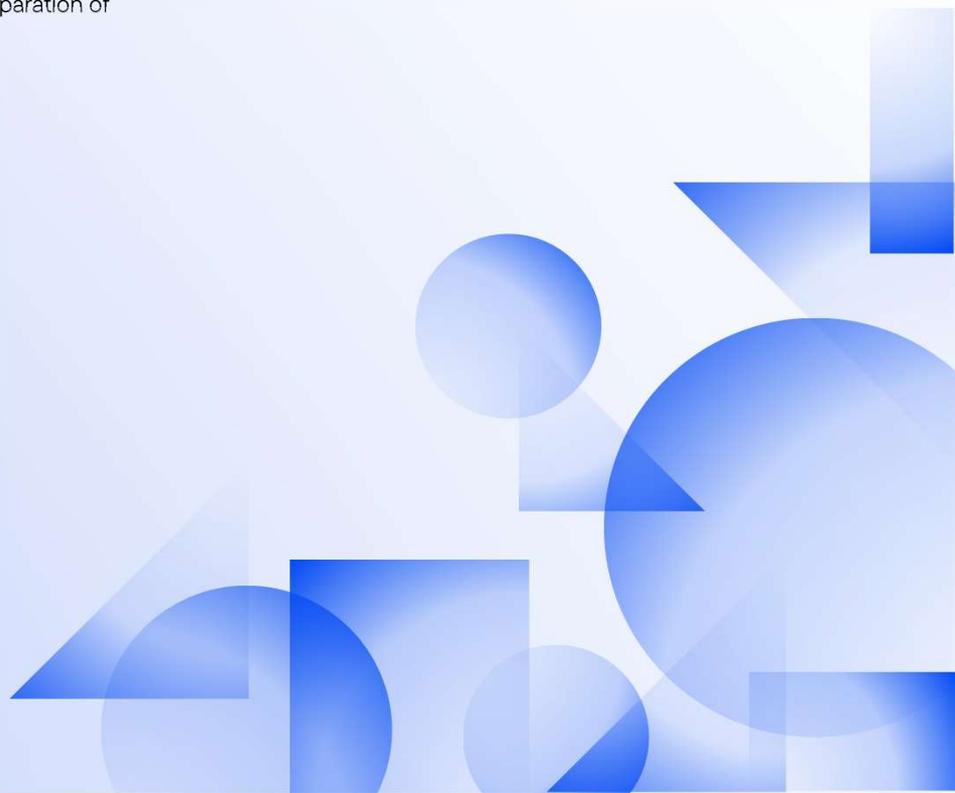
Tax residency

Foreign legal entities managed from Russia can be recognised as Russian tax residents.

The tax residency rules set basic criteria (the executive body and senior officials manage the company mainly from Russia) and additional criteria (day-to-day management of personnel, accounting maintenance, etc.) for determining the place of management. Moreover, the rules specify those situations that do not lead to residency status (such as the preparation of consolidated financial statements from Russia).

When assessing the risk that a company will be deemed a Russian tax resident, it is advisable to evaluate all relevant facts and circumstances.

Russian tax residency means that the **worldwide income of the entity is taxable in Russia**.



Permanent establishment

A 'permanent establishment' is broadly defined in the Tax Code of the Russian Federation as 'a branch, division, office, bureau, agency, or any other place through which a foreign legal entity regularly carries out its business activities in Russia'.

There is a list of preparatory and auxiliary activities **not leading to the creation of a permanent establishment**. For example, this list includes the storage and exhibition of goods, market analysis, and advertising.

There is a concept of a 'dependent agent' in Russia, meaning that if a person or entity has the power to negotiate and determine the terms and conditions of commercial contracts on behalf a foreign legal entity, a permanent establishment may be created by these actions.

Foreign legal entities pay tax on the profits attributable to a permanent establishment. The profits of a foreign legal entity's permanent establishment are calculated primarily on the same basis as for Russian legal entities, including the composition of tax-deductible expenses. Although the Tax Code of the Russian Federation does not specifically mention the deductibility of expenses incurred outside of Russia by a

foreign corporate head office with respect to its permanent establishment in Russia (including a reasonable allocation of administration costs), most double tax treaties provide for the option.

If a foreign legal entity carries out preparatory and (or) auxiliary activities in the interests of third parties leading to the creation of a permanent establishment, and no remuneration is provided for such activities, the tax base is determined as 20% of the expenses of this permanent establishment related to such activities.

When determining the taxable income of a permanent establishment in Russia, its functions, assets, and economic and commercial risks should be taken into account. This provision does not include any guidance on the specific transfer pricing methods that taxpayers should use.

It is highly recommended to develop a **detailed income and expense allocation policy** for the determination of the taxable profit of a Russian permanent establishment.

The profit of a permanent establishment is subject to taxation at the standard 25% profit tax rate.

Controlled foreign companies

The Russian tax code includes the concept of a 'controlled foreign company'.

Under the Russian rules for controlled foreign companies, the retained earnings of a controlled foreign company that is controlled by a Russian tax resident are taxable in Russia on an annual basis:

- at the 25% corporate income tax rate if it is controlled by a Russian tax resident legal entity; or
- at the 13%–22% tax rate if the controlling person is an individual Russian tax resident.

An entity is deemed to be a controlled foreign company if it meets the following criteria:

- it is not considered to be a Russian resident for tax purposes;
- it is controlled by a Russian tax resident (control is determined based on ownership share and other metrics as outlined below).

The controlling person (entity) of a foreign company is defined as:

- a person (entity) whose direct and/or indirect participating interest in the foreign company (for individuals, jointly with their spouse and minor children) is more than 25%; or
- a person (entity) who directly or indirectly owns more than 10% of the foreign company if Russian tax residents (for individuals, jointly with their spouses and minor children) hold a direct or indirect interest(s) in the foreign company in excess of 50% (for individuals, jointly with their spouses and minor children).

The definition of 'control' is rather broad and thus could be construed to mean that control exists even when the percentage of ownership (interest) is less than the thresholds noted above. For example, control may exist based on a management agreement or other means of control. In addition, control may be established directly or indirectly. The existence of control should be determined on a case-by-case basis.

Generally, the profit of a controlled foreign company can be determined in one of two ways:

- according to the financial statements (which should be audited in certain cases);
- according to the rules of Chapter 25 'Corporate income tax' of the Tax Code of the Russian Federation.

There is a list of exemptions in which the profits of controlled foreign companies are not taxable.

Tax rate

Russian tax residents pay tax on their worldwide income (credit relief is available for foreign tax paid, up to the amount of Russian tax liability that would have been due on the same amount under Russian rules).

The **standard** corporate profit tax **rate is 25%**.

Taxable profit

The tax accounting period in Russia is the **calendar year**. The taxable base is calculated on an accrual basis (only small-scale taxpayers are allowed to use a cash basis).

Taxable income is calculated following the rules and principles established in the Russian tax code. Taxpayers must maintain tax accounting registers. Statutory accounts may be used for computing tax items for which the accounting methods are the same. In practice, most taxpayers use statutory accounts as a basis and apply adjustments to arrive at their taxable income.

Taxable profit is calculated as **taxable income minus taxable expenses that are deductible for tax purposes**.

Expenses are deducted on an accrual basis. The main criterion for the deductibility of expenses is to ensure that an expense is **properly documented, aimed at generating income, and not specified in the Russian tax code as non-deductible** for tax purposes. Proper documentary support is crucially important in Russia.

Carry-forward of losses

Generally, the amount of recognised loss carried forward from prior periods cannot exceed 50% of the current year's tax base for corporate income tax purposes. For taxpayers applying the profits tax rate below 25%, special rules may be applicable.

Taxation of dividend income

Dividends earned by Russian legal entities from Russian or foreign legal entities are taxed in Russia at a flat rate of 13%.

Dividends from 'strategic investments' are taxed at a zero rate. An investment is considered strategic when:

- the owner (recipient of dividends) owns at least 50% of the capital of the payer of the dividends; and
- the shares/participatory interest have been owned for at least 365 calendar days at the date when the dividends are declared.

Dividends from companies domiciled in offshore zones with preferential tax regimes are not eligible for this tax exemption. The Ministry of Finance maintains a list of offshore zones.

There are special rates for certain types of taxpayers supported by the government:

- 0% for medical, educational, or agriculture activities;
- 5% for IT till 2030;
- Reduced rates under various special regimes for investors.

As for income-generating activity, different interpretations are possible in practice, and the tax authorities often challenge them.

The concept of the cost sharing of expenses is not applied in Russia. For tax deductibility purposes, arrangements should be formalised as services provided for the direct benefit of a Russian taxpayer. If the tax authorities believe that expenses incurred under intragroup arrangements do not relate to the taxpayer's activity, they may treat them as dividends for tax purposes, meaning that such expenses are not tax deductible and are subject to withholding tax as dividends.

Some expenses are deductible within the limits set by the Russian tax code, such as some types of advertising expenses, entertainment expenses, and interest.

The carry-back of losses is not allowed. Losses from the sale of fixed assets are recognised evenly throughout the remaining useful life of the assets.

Withholding tax on dividends from abroad in the source country may be credited against Russian tax according to Double Tax Treaties terms.



Starting 2025, the general tax rate increased from **20% to 25%**

Taxation of capital gains

Capital gains are subject to the same profit tax rate of 25%.

Participation exemption for capital gains from the sale of shares (interests in charter capital) is available after five years of ownership.

The exemption does not apply with respect to property-rich entities (those whose assets consist more than 50% of

immovable property located in Russia), with some exceptions, or to foreign entities located in 'blacklisted' offshore zones with preferential tax regimes and/or not exchanging information about financial transactions (in accordance with the Ministry of Finance's 'blacklist').

Withholding tax

The Russian-sourced income of a foreign legal entity not related to its activity in Russia is subject to Russian withholding tax (withheld at the source). The Russian tax code includes a list of types of Russian-sourced income which mainly includes passive income (dividends, interest income, royalties, etc.). Until recently, the only type of services specifically included in the list was international transportation. **Starting from 2024, all intragroup services** are also included in the list and are therefore **subject to Russian withholding tax**.

The standard rate is 25%. There are special rates for certain types of income:

- 15% for dividends and intragroup services;
- 10% for international transportation.

There is no self-assessment mechanism for foreign legal entities to pay Russian withholding tax. The tax must be withheld by a tax agent (Russian entity, permanent establishment of a foreign legal entity or individual entrepreneur) and paid to the Russian budget. All risks related to the non-withholding of the tax, the improper calculation of the tax base or the application of the incorrect rate are born by the tax agent.

It is important that withholding tax must be paid to the budget not only when income is paid in cash to a foreign legal entity: settlements in kind, offsets, and other means of settlements also lead to the obligation to pay withholding tax.

Double tax treaties

Withholding tax rates may be reduced under the provisions of relevant double tax treaties and may be applied based on confirmation of tax residency, which must be provided by the foreign company to the Russian tax agent prior to the payment date (no advance permission from the Russian tax authorities is required), and also as long as the general conditions are fulfilled (proof of beneficial ownership, etc.).

In accordance with the concept of 'beneficial ownership', the application of reduced withholding tax rates depends on whether the recipient of the funds is the beneficial owner of the income. Russian tax legislation and the clarifications of the Russian Ministry of Finance contain rather broad criteria for what constitutes beneficial ownership:

- the recipient of the income has the right to use and (or) dispose of the income independently;
- the recipient of the income performs business activities and assumes risk with respect to the income.

The recipient of the income must not be considered the beneficial owner if:

- it has contractual and legal obligations to third parties residing/registered in countries with no double tax treaty protection which constrain the recipient's right to use the income;
- the further transfer of the income to such third parties is predetermined;
- there are savings on withholding tax upon the further distribution of the income to such third parties.

The Russian tax authorities apply rather sophisticated methods and efficiently obtain the necessary information regarding the foreign recipients of Russian-sourced income, including by exchanging information with the tax authorities of other countries (if such exchange has not been suspended).

Russian legislation recognises the look-through approach, meaning the application of the double tax treaty with the country in which the beneficial owner of Russian-sourced income is located, rather than with the direct recipient of the funds.

A landmark event occurred in August 2023: **Russia suspended certain provisions of all double tax treaties with 'unfriendly' countries**.⁶ Provisions stipulating preferential tax rates and exemptions have been suspended, including dividends, interest, royalties, international freight, etc. At the same time, provisions on the elimination of double taxation, mutual agreement procedures, and the exchange of information have been retained (in practice, the latter does not occur with unfriendly countries).

With this, special provisions were introduced to the Russian tax code allowing the continuation of the application of reduced rates / exemptions when certain types of income (e.g., interest to banks, international freight, or aircraft leases) are paid to taxpayers from unfriendly countries till the end of 2025 if

certain conditions are met. This exception is valid only with respect to payments made to non-related parties.

There is an obvious trend towards the revision of double tax treaties with friendly countries. A new double tax treaty has been signed with Oman, the double tax treaty with Malaysia has been revised, and a double tax treaty with the UAE is also signed but not ratified yet. The majority of the new double tax treaties apply a 10-10-10 formula (withholding tax rates for dividends, interest and royalties).

Below is a summary of the general withholding tax rates stipulated by the double tax treaties between Russia and the extended list of BRICS countries:

	Dividends	Interest	Royalties	Other income
Brazil	10% / 15%	15%	15%	may be taxed at source
India	10%	10%	10%	exempt
China	5% / 10%	exempt	6%	exempt
South Africa	10% / 15%	10%	exempt	exempt
Egypt	10%	15%	15%	may be taxed at source
Iran	5% / 10%	7.5%	5%	exempt
UAE⁷	10%	10%	10%	may be taxed at source
Ethiopia	No double tax treaty in effect			

Pillars

Pillar 1 is not currently in force in Russia, and there are no signs that it will enter force in the nearest future.

Pillar 2 is also not currently in force. There are discussions in the government as to whether it is worth introducing.

⁶ The list of foreign states and territories committing unfriendly actions towards Russia, Russian companies, and Russian citizens is approved by the government and includes all EU countries, the USA, the UK, Australia, Japan, New Zealand, Singapore, Switzerland, Ukraine, Canada, Korea, and some others.

⁷ The tax treaty is not ratified. According to expectations, all procedures will conclude in 2025, and the tax treaty will come into force starting 2026.

Value added tax (VAT)

Taxable person

Taxable persons ('taxpayers') for VAT purposes are Russian legal entities, branches of non-Russian legal entities, and individual entrepreneurs.

There is **no separate VAT registration** in Russia (with the exception of special VAT registration for foreign suppliers of electronic services). There is a general tax registration for all taxes, including VAT. Some taxpayers (inter alia those who apply special tax regimes) may enjoy an exemption from VAT obligations, although there are turnover thresholds for such exemptions.

VAT rates

VAT is applied to the value of goods, work, services or property rights supplied on the territory of Russia. The VAT rates are as follows:

- Standard rate – **20%**;
- Reduced rate – **10%** (applicable to certain basic food products, children's clothing, medicines and medical products, printed publications, certain limited passenger transportation services, etc.);
- Special reduced rates – **5% or 7%**, available for taxpayers applying the simplified tax regime, depending on turnover;
- Zero rate – **0%** (applicable to exports of goods out of Russia, international transportation of goods, international passenger transportation, and certain other specific services), subject to confirmation with certain established documents.

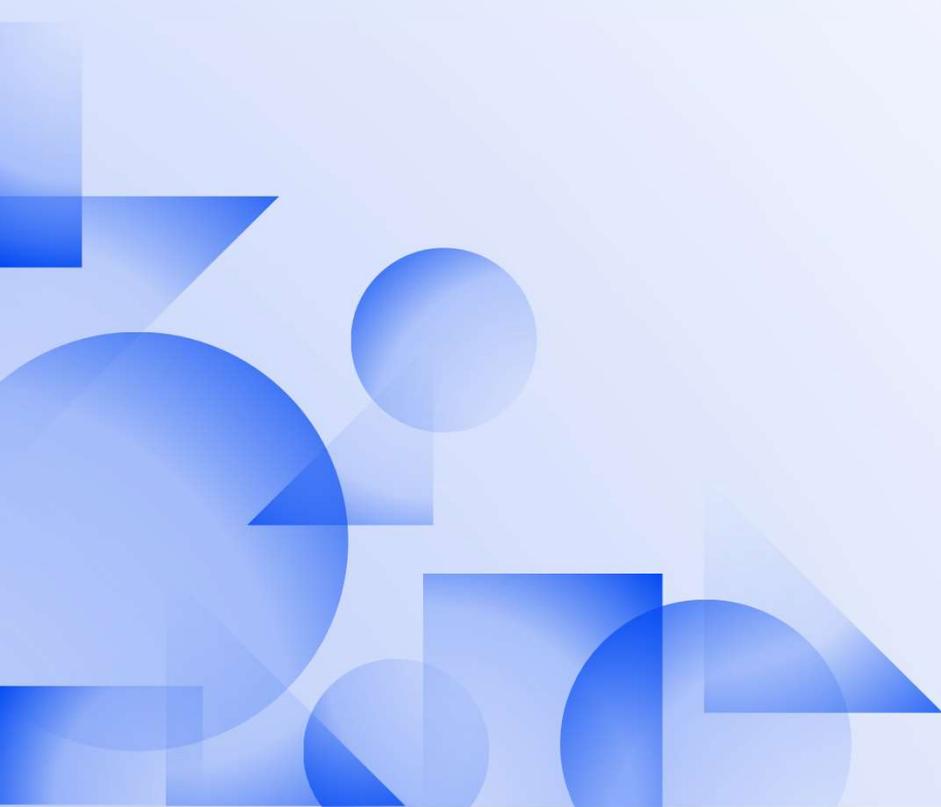
Russia has a '**classical**' **input-output VAT system**: a VAT taxpayer accounts for the 'output' VAT on the full sales price of VATable transactions and is entitled to recover the 'input' VAT incurred on purchases related to VATable supplies.

Exempt transactions

There is an extensive list of transactions which are **VAT-exempt with no right to recover associated input VAT**.

VAT-exempt transactions, among other things, include:

- sales of certain essential medical equipment and medical products;
- educational services;
- banking and insurance services as well as the services of professional companies on financial markets (brokers, depositaries, etc.);
- certain financial transactions such as the sale of securities, derivatives, or the provision of loans;
- passenger transportation and certain other socially important services.



Import of goods

The import of goods into Russia is subject to VAT payable to the customs authorities. Such VAT can generally be recovered by the importer (subject to certain conditions). The VAT rates for imports are generally the same as the rates for local supplies.

Cross-border supply of services

VAT is applied to works and services if they are regarded as supplied on the territory of Russia. The place of supply of services depends on the nature of such services, e.g.:

- construction, installation, maintenance, and other similar services directly related to movable or immovable property are deemed to be supplied where such property is located;
- consulting, marketing, accounting, legal, and some other listed services are deemed to be supplied at the buyer's place of activity;
- there are special place of supply rules for transportation services, depending on the points of supply and on the taxpayer's status;
- other services (for which no specific rules are established) are deemed to be supplied at the provider of services place of activity.

A reverse-charge mechanism applies if a Russian buyer purchases VATable works or services from a non-Russian seller. In such case, the Russian buyer must report the reverse-charge VAT and pay such VAT to the budget in its capacity as a tax agent. Reverse-charge VAT is recoverable for the Russian buyer under the general input VAT recovery rules.

Electronically supplied services

Certain services supplied via the Internet are treated as electronically supplied services (e.g., provision of access to software, hosting, advertising services on the Internet, etc.). Such services are subject to Russian VAT if supplied to Russian customers.

Foreign companies which sell electronically supplied services to Russian non-business customers (i.e., B2C supplies) are required to obtain **special VAT registration** in Russia and pay the applicable VAT to the Russian budget. Simplified VAT reporting is applied in this case.

Input VAT recovery

Input VAT charged to taxpayers upon the purchase of goods, works, services, and property rights is recoverable by taxpayers subject to the following requirements:

- respective goods, works, services, and property rights are purchased for the purpose of conducting VATable transactions;
- VAT invoices are received from the suppliers (or customs declarations are issued in respect of import VAT);
- goods, works, services, and property rights purchased are booked into accounts.

Input VAT on purchases made for the performance of VAT exempt transactions is non-recoverable. Separate accounting of the input VAT related to VATable and to VAT-exempt transactions is required.

VAT invoicing

Taxpayers must issue **VAT invoices in a prescribed format** in respect of supply transactions which fall within the scope of Russian VAT. VAT invoices issued are recorded in sales books. VAT invoices received from suppliers are recorded in purchase books. Sales books and purchase books are the basis for the preparation of VAT returns.

VAT refunds

In the event that input VAT exceeds output VAT, the difference can be refunded from the budget. VAT refunds are rather common in Russia, but they are associated with tax audits in which a number of questions and requests for documents are addressed by the tax authorities.

VAT refunds can be obtained:

- under the **'regular'** refund procedure – within 2.5–3.5 months upon the submission of a VAT return (provided the tax authorities do not challenge VAT recovery);
- under the **'fast'** refund procedure – within 1–2 weeks upon the submission of a VAT return (subject to certain requirements and associated with some risks and costs if VAT recovery is further challenged by the tax authorities).

Personal income tax and other taxes payable by individuals

Personal income tax

Taxpayers and scope of taxation

Individuals are liable to pay personal income tax in Russia. The major factor influencing an individual's taxation in Russia is their Russian tax residency status. Tax residency status affects not only the tax rate applicable to income, but also the scope of taxation. Russian tax residents are taxed in Russia on their worldwide income, whereas Russian tax non-residents are taxed on their income from Russian sources.

Tax residency

The final tax residency status of an individual is determined based on the number of days the individual spends in Russia in a given calendar year.

If an individual spends in Russia

183
or more days

during a calendar year, they are considered a **Russian tax resident** for the calendar year

less than
183
days

during a calendar year, they are considered a **Russian tax non-resident** for the calendar year

Income subject to personal income tax

Almost all types of income are taxable under the Russian tax legislation. This includes, for example:

- employment income (base salary, bonuses, housing, allowances, home-leave trips, long-term incentive income, employer contributions to foreign pension plans, material benefits, Russian taxes funded by other parties, other benefits, etc.);
- private income (interest, dividends, gross rental income, income received from the sale of property, income received from transactions with securities, undistributed profit of controlled foreign companies / structures, etc.).

Russian-source income includes any income received for performance of duties in Russia (irrespective of a country of an actual payroll location) and income received from investments in Russia. If remuneration relating to work duties in Russia is paid by a foreign company outside of Russia, such income is generally considered Russian-sourced income and is taxable in Russia. There are no de minimis rules in Russia, and remuneration for even one working day in Russia is taxable in Russia. Starting from 2024 and 2025, the remuneration of remote workers and contractors correspondingly paid by Russian employers is considered income from a Russian source.

Tax rates

In 2024, tax residents were taxed at the 13% tax rate on major types of income up to RUB 5 million, including employment income. The 15% tax rate was applied to major types of income exceeding RUB 5 million, including employment income. The 35% tax rate was applied to imputed income associated with below-market interest loans (material benefit).

Tax non-residents were taxed at the 30% tax rate on major types of income, including employment income paid for work in Russia and other types of Russian-source income, with the exception to the remuneration of foreign citizens employed in

Russia under the highly qualified specialist regime and the remuneration of remote workers paid by Russian employers. The 15% tax rate was applied to dividends from Russian companies, to income above RUB 5 million received in the capacity of a highly qualified specialist, and to the remuneration of remote workers paid by Russian employers.

In 2025, there are two main tax scales implemented for the income of Russian tax residents. The tax rates for tax non-residents will remain basically the same (30% for most types of Russian-source income).

Basic tax scale*

Annual taxable income in RUB***	Tax rate
<= 2 400 000	13%
> 2 400 000 - <= 5 000 000	15%
> 5 000 000 - <= 20 000 000	18%
> 20 000 000 - <= 50 000 000	20%
> 50 000 000	22%

* The basic scale is applicable to all types of employment-related income, including income received by highly qualified specialists irrespective of their tax status.

** The special scale is applicable to certain types of income including dividends, income from transactions with securities and derivatives.

*** The Central Bank of Russia USD/RUB exchange rate as of 1 January 2025 was 101.6797

Special tax scale**

Annual taxable income in RUB	Tax rate
<= 2 400 000	13%
> 2 400 000	15%

Double tax treaty agreements and foreign tax credits

Russian tax residents who receive non-Russian-source income are entitled to make a foreign tax credit claim if allowed by the corresponding double tax treaty.

Filing requirements / payment of tax

Generally, individuals are required to file Russian personal income tax returns to report any income from which Russian tax is not withheld at the source by a tax agent in Russia.

The deadline for submission of Russian personal income tax returns is

30 April of the year following the reporting year, with no extensions available



Personal income tax payments are due no later than

15 July of the year following the reporting year

Generally, the Russian tax authorities do not accept tax payments made from abroad or in foreign currencies.

Social security

Employees are not payers of social security taxes on any employment income received. It is solely an obligation of employers.

Other taxes

Individuals are payers of several taxes other than personal income tax in Russia, including:



transport tax



land tax



property tax

These taxes are payable based on property owned in Russia. The tax implications for property taxes do not depend on the tax status or citizenship of a particular individual in Russia.

Other taxes

Social security

Social security or obligatory insurance contributions are due on the remuneration accrued by employers in favour of employees and contractors. The obligatory insurance contribution rates combine insurance premiums for compulsory pension insurance, compulsory medical insurance, and insurance for temporary disability and in connection with maternity leave.

The obligatory insurance contribution rates are:

30%

applied **to the established** unified limit value of the basis for calculating insurance premiums

15.1%

applied **over the established** unified limit value

The unified limit value of the basis for calculating insurance premiums is subject to annual indexation

in 2024 it amounted to

2,225 thousand rubles

in 2025 it amounts to

2,759 thousand rubles

The remuneration of foreign nationals engaged under Russian employment or civil law contracts in the capacity of highly qualified specialists is not subject to obligatory insurance contributions.

Companies are also obliged to pay insurance contributions for obligatory social insurance against accidents at work (obligatory accident insurance contributions). The rate varies between 0.2% and 8.5% of the wage fund depending on the level of professional risk.

Property tax

Property tax is paid with respect to **immovable property** only. Thus, equipment and machinery are not taxed. For these purposes, the tax authorities often challenge the non-taxable status of complex equipment and constructions, claiming that they should be treated as immovable property. This happens in part because the definition of 'immovable property' is vaguely worded and may be interpreted ambiguously.

In most cases, the average book value (calculated according to Russian accounting rules) of fixed assets is taxed. The tax rate for such properties may not exceed **2.2%**.

Certain real estate properties are taxed based on their cadastral value (which is close to their market value). These include shopping malls, business centres, and the immovable property of foreign entities with no permanent establishments

Transport tax

Transport tax is imposed on certain types of land, water, and air transport registered in Russia. Fixed rates apply (per unit of horsepower, gross tonnage or unit of transport), which may differ based on engine capacity or type of transport.

Stamp duties

Stamp duties are paid for the actions of governmental bodies, e.g., for the registration of property rights, the consideration of petitions by the courts, etc.

in Russia or which are not related to their operations through a permanent establishment in Russia. The tax rate for such properties may not exceed **2%**.

Starting from 2025, the maximum property tax rate chargeable on the cadastral value will increase to **2.5%** (with specific rates to be set by the region) for **expensive properties** worth more than RUB 300 million.

There are special rates and incentives for some types of properties. The actual tax rates (not exceeding the limits set by the Russian tax code) and local incentives are set by the regional governments.

The actual rates in Russia's regions may be subject to a maximum ten-fold increase or reduction by the regional governments.



Transfer pricing

Russian transfer pricing legislation is essentially based on the principles of the Organisation for Economic Co-operation and Development (OECD), with certain important nuances.

Russia recognises:

- the arm's-length principle
- the five transfer pricing methods
- the use of the interquartile range
- the concept of the DEMPE functions for analysing transactions involving intangibles

In line with the OECD rules, Russia requires larger multinational enterprises to file three-tier transfer pricing documentation.

As for **the local nuances of transfer pricing**, we can mention the following:

- Parties are considered related when there is control of over 25%, as opposed to 50% as in some other countries, which means that more transactions fall under transfer pricing control.
- Russia also **applies transfer pricing rules to certain unrelated party transactions**, including exports of commodities (crude oil and refined products, ferrous and non-ferrous metals, mineral fertilisers, precious metals, and gemstones) and any transactions with tax residents of 'blacklisted' jurisdictions.
- Domestic transactions are basically not controlled unless there is potential for the erosion of the domestic tax base (such as when a party applies the reduced corporate tax rate or enjoys a preferential tax regime).
- Russian rules **favour the use of local comparable information**, but foreign comparables have historically been acceptable in certain situations (e.g., when a non-Russian entity is the tested party). Russian users (including the Russian tax authorities) currently have **limited access to foreign databases**, so it is quite possible that the Russian tax authority will eventually insist on the use of benchmarking studies based on local comparables.

- **Transfer pricing audits are carried out only by a dedicated task force** as opposed to 'general' tax inspectors. The result is that there are **fewer transfer pricing audits** than general tax audits, but they are well-targeted, thoroughly conducted, and produce very sizeable tax assessments.
- Russia allows advance pricing agreements, and the tax authorities are known to be reasonably open and cooperative. There are no official statistics on the time required to sign an advance pricing agreement, but available evidence suggest that it takes 12+ months. Bilateral and multilateral advance pricing agreements are also possible, while their timing is harder to predict. As such, advance pricing agreements, and especially bilateral / multilateral advance pricing agreements, are best suited for larger, complex, and lasting transactions. To further encourage demand for advance pricing agreements, Russia has reduced the applicable stamp duty from 2024.

From 2024, Russia has tightened the transfer pricing rules, which, combined with the increase in the corporate tax rate from 2025, makes non-compliance more costly:

- First, there has been an increase in the penalties for the non-submission or late submission of various forms and reports (see the table below).
- Second, Russia has introduced a secondary transfer pricing adjustment so that transfer pricing adjustments in cross-border transactions will now not only be viewed as incremental taxable income for the Russian taxpayer, but also as a dividend paid to the foreign counterpart subject to withholding tax.
- Third, the tax authorities will make transfer pricing assessments with reference to the median value of the arm's-length range, while previously, the law required the use of the lower or the upper end of the range, whichever produced a smaller assessment.

In the **most unfortunate case**, when a taxpayer records cross-border revenue below (or cross-border expenses above) the arm's-length amount, the gap between the actually recorded amount and the arm's-length amount will be subject to a corporate income tax (20%, or 25% from 2025), a withholding tax under the secondary adjustment rule (15% unless a tax treaty applies), a fine (equal to the amount of withholding tax), and a potential fine for the failure to meet the tax agent's obligations (3%), **thus producing an incremental assessment of 50% or more of the gap amount**.

 Report	 Deadline	 Format and content	 Penalties
Notification on controlled transactions	<ul style="list-style-type: none"> • 20 May following the end of the calendar year • Must be filed by taxpayer 	<p>Statutory approved format exists.</p> <p>Includes detailed transaction data, IDs of counterparties and contracts, volumes, prices, delivery terms, etc.</p> <p>Disclosure of the whole value chain is required for commodity export transactions</p>	<p>100 thousand rubles</p> <p>RUB 5 thousand before 2024</p>
Notification on membership in a multi-national enterprise	<ul style="list-style-type: none"> • 8 months following the end of the multi-national enterprise's financial year • Must be filed by taxpayer 	<p>Statutory approved format exists.</p> <p>Includes information about the multi-national enterprise's ultimate parent entity or surrogate parent (in the context of country-by-country reporting).</p> <p>In the case of multiple Russian subsidiaries of a multi-national enterprise group, a designated subsidiary may file a combined notification</p>	<p>500 thousand rubles</p> <p>RUB 50 thousand before 2024</p>
Local file / Transfer pricing report	<ul style="list-style-type: none"> • Filed upon request by the tax authority • Request may come not before 1 June following the calendar year-end • Taxpayer has up to 30 business days to respond • Exporters of commodities must file alongside notification on controlled transactions 	<p>No statutory approved format exists.</p> <p>In addition to OECD-aligned content (such as company and market overview, description of transaction(s), functional analysis, selection of transfer pricing method, and economic analysis), Russian taxpayers are required to provide factual information on the foreign counterparty (including financial statements, headcount, tangible and intangible assets, etc.).</p>	<p>1 million rubles</p> <p>(penalties may compound depending on the circumstances)</p> <p>RUB 100 thousand before 2024</p>
Country-by-country reporting	<ul style="list-style-type: none"> • A Russian subsidiary of a multi-national enterprise is relieved from submission if the multi-national enterprise's ultimate / surrogate parent files in a country which has activated automatic exchange with Russia • Otherwise, the local subsidiary files country-by-country reporting upon request by the tax authority • Request may come no earlier than 12 months following the multi-national enterprise's financial year-end • Russian entity (or Local subsidiary) has at least three months to respond • Filed upon request by the tax authority 	<p>Statutory approved format exists and is basically OECD-aligned</p>	<p>1 million rubles</p> <p>RUB 100 thousand before 2024</p>
Master file	<ul style="list-style-type: none"> • The request may come no earlier than 12 months and no later than 36 months following the multi-national enterprise's financial year-end • Local subsidiary has up to 3 months to respond 	<p>No statutory approved format exists.</p> <p>The expected content is basically OECD-aligned and includes a description of the multi-national enterprise, its key markets, products and competition, important drivers of business profit, a description of value chains, etc.</p>	<p>1 million rubles</p> <p>RUB 100 thousand before 2024</p>

Tax incentives for investments

There are special regimes involving various incentives, including tax incentives, for certain categories of taxpayers:

- There are special areas in some regions where investors can get tax incentives (reduced profit tax and property tax rates or an exemption for a certain period). There are several types of areas for investors from various industries, such as production, tourism, transport and logistics, IT, and science. Each of them has its own details and peculiarities. To receive state support, investors must enter into an agreement with the government and undertake certain commitments, e.g. sum of investments, new jobs, etc.
- There are special instruments supporting large investors: special investment contracts and investment protection and promotion agreements. They entail not only tax benefits but also other kinds of state support and preferences. Entering into these arrangements is not straightforward and requires certain efforts.
- There are special profit tax rates for certain industries:
 - Agriculture, medicine, education – 0% profit tax rate;
 - IT – 0% in 2024 (5% from 2025 to 2030).

Tax administration

Russian legal entities and foreign companies operating in Russia obtain a **single tax identification number** at the moment of tax registration which is applicable to all of their tax obligations. The exception is foreign providers of B2C digital services selling services to Russian customers, which are registered only for VAT purposes.

Once a legal entity / branch / representative office is registered with the Russian tax authorities, it should comply with the statutory deadlines for filing reporting, even if it does not yet conduct any activity and has no employees.

Tax reporting

Starting from 2023, all tax returns must be filed by the 25th of the month following the end of the reporting period. However, there are exceptions for some reporting.

Possible means of filing tax returns:

- hard copy:
 - visiting the tax authorities or
 - mailing via Russian Post
- electronically via telecommunication channels (special electronic system for interaction with the tax authorities) using an electronic signature of the authorized official.

Some types of tax returns may be filed only in an electronic form (e.g., VAT returns).

The majority of taxpayers file their reporting electronically, which is the most convenient way to communicate with the tax authorities.

Taxation period

The fiscal period starts on

1 January
it is set separately for each tax



Tax reporting deadline

25th day of the month
following the end of the fiscal period

Taxpayers cannot postpone the deadline for filing tax returns. The tax authorities impose **penalties for the late submission of tax returns and have the right to freeze taxpayers' bank accounts** until tax returns are filed.

Taxpayers who have no cash movements or taxable objects can file unified simplified returns, which replace profit tax and VAT returns.

Branches and representative offices of foreign companies registered in Russia do not file statutory financial statements but must file annual activity reports.

The key reporting deadlines are:

Name of report	Taxation period	Frequency of filing	Deadline
Corporate reporting obligations			
Profit tax return	year	quarterly	25 April, 25 July, 25 October, and 25 March of the following year
VAT return	quarter	quarterly	25 April, 25 July, 25 October, and 25 January of the following year
Withholding tax return	year	quarterly	25 April, 25 July, 25 October, and 25 March of the following year
Property tax return	year	annually	25 February of the following year
Unified simplified return (if no cash movements or taxable objects)	year	quarterly	20 April, 20 July, 20 October, and 20 January of the following year
Annual activity report (only for branches and representative offices)	year	annually	25 March of the following year
Transfer pricing notification (if any controlled transactions)	year	annually	20 May of the following year
Country-by-country notification (for members of multi-national enterprises)	year	annually	8 months following the end of the group's financial year
Notification of calculated amounts of taxes, advance payments of taxes, fees, and insurance contributions	-	twice monthly	5th of each month 25th of each month
Statutory financial statements, including <ul style="list-style-type: none"> • Balance sheet • Statement of financial position • Statement of changes in equity • Cash flow statement • Notes to financial statements 	-	annually	no later than 3 months after the end of the reporting period
Statistical reporting obligations			
The exact types and number of statistical reports to be filed is determined on a case-by-case basis in accordance with the official data published by the statistics authorities and the Central Bank of the Russian Federation for each company			
Statistical reporting	-	Monthly/quarterly/annually	Set differently for each particular statistical reporting form
Payroll reporting obligations			
Report on personal income tax (6-NDFL), including reporting forms on personal income and personal income tax in the annual report	year	quarterly	25 April, 25 July, 25 October, and 25 February of the following year
Report on insurance contributions	year	quarterly	25 April, 25 July, 25 October, and 25 January of the following year
Report on accident insurance contributions	year	quarterly	25 April, 25 July, 25 October, and 25 January of the following year
Report on employees' employment period	-	annually	25 January of the following year
Personalised information about individuals	-	monthly	25th of each month
Application for confirmation of main type of economic activity	-	annually	15 April
Information on labour (other) activities	-	when an event occurs	25th of the month following the month in which the event occurs
Information about insured person	-	moment of employment	Hiring / dismissal / change of personal data - within 3 working days following the day of hiring / dismissal / submission of application to change personal data

Payment of tax



Tax payments are denominated in Russian rubles and may be made by the taxpayer or by a third party.

Taxpayers pay all of their tax obligations (including insurance contributions, penalties, and late payment interest, but excluding some specific taxes) in accordance with the requirements set for **Unified Tax Accounts (UTA)**.

Tax payments are made in the form of a **unified tax payment and using the unified payment details**, after which the funds are transferred to the UTA of the taxpayer. The tax authorities then allocate the funds among particular taxes to cover the taxpayer's obligations.

The UTA may have a positive, negative, or zero balance. A positive balance may be returned to the taxpayer's bank account, offset against further tax obligations, or used to offset the tax obligations of a third party.

Taxpayers can check and reconcile the tax balances in their UTAs through the Online Taxpayer Office developed by the Federal Tax Service.

Tax Monitoring Regime

Introduced in Russia in 2016, the Tax Monitoring Regime is a new format of control based on a risk-oriented approach to tax audit and real-time access to taxpayer information systems. In the course of tax monitoring, an organisation is required to disclose tax reporting figures down to the level of primary accounting documents, as well as information on the internal tax control framework implemented by the organisation.

The regime offers a number of benefits to the participating taxpayers, including a significantly shorter tax audit period (down from 5 years to 21 months), the opportunity to request a binding tax ruling on a specific contemplated or completed transaction, transparent interaction with the tax authorities and good standing with the tax authorities as a responsible taxpayer.

Participation in this regime is voluntary. As of 2025, 744 of Russia's largest taxpayers have adopted this mode of interaction with the tax authorities. To join the regime, companies must meet specific financial criteria set by the tax authorities: they must have **annual revenue and assets** of at least **RUB 800 million** and must pay no less than **RUB 80 million in taxes** each year. Certain companies are exempt from these threshold requirements, including entities participating in investment protection and promotion agreements (IPPA), members of industrial clusters, businesses located in special economic zones, and those operating in the Free Port of Vladivostok or the Arctic Zone. In addition, the financial criteria do not apply to organisations in corporate groups if they collectively pay at least RUB 1 billion in taxes and have combined income and assets of RUB 10 billion annually.



Participation in the Tax Monitoring Regime is mandatory for certain state-owned companies and IPPA participants that entered into agreements after 28 June 2022.

To enter the Tax Monitoring Regime, a company must submit an application along with the required documentation (including information on the internal controls) to the tax authorities **no later than 1 September of the year** preceding the transition.

Tax disputes and litigation

Tax dispute resolution at the pre-trial (administrative) stage

Tax disputes occur quite frequently in Russia. Most foreign corporate taxpayers active in Russia go through a tax audit at least once while doing business in the country. At present, the approach of soft tax control has become a more effective method of tax collection. Before starting an official field tax audit, the tax authorities conduct a broad range of tax control measures (pre-control or pre-audit) to identify whether there are true tax risks and sufficient grounds to initiate a tax audit or whether the taxpayer can manage such risks and adjust its tax obligations voluntarily without a formal tax audit.

For these reasons, the total number of field tax audits has been reduced in recent years, while non-audit voluntary tax collections have increased. Despite this, field tax audits continue to be one of the key legal tax control mechanisms for tax collection. In practice, a field tax audit may take 1–1.5 years and include the review of the three years preceding the initiation period.

If a taxpayer seeks to resolve a tax dispute in court, **before taking legal action, they must first contest the results of the tax audit with a higher-level tax office.**

Tax disputes have increasingly been resolved at the pre-trial (tax audit or higher tax office) stage.

Tax dispute resolution in court

Taxpayers can file claims against the tax authorities through the state arbitrazh courts (i.e., courts which review and resolve economic disputes mainly among legal entities / entrepreneurs or between legal entities / entrepreneurs and state authorities). **Claims may be filed within three months** after a contested tax decision takes effect (provided that the taxpayer has already gone through the mandatory pre-trial stage). Courts of the first instance (first level) initially review tax disputes. The decision of a first instance court can be contested at appellate courts (second level) and cassation courts (third level).



It usually takes from nine to twelve months on average for litigation to pass through all three levels (depending on the judge and the complexity of the tax case).

Further, the resolution of a cassation court can be appealed against by a 'second' cassation appeal filed with the Supreme Court of the Russian Federation. However, only a significant breach of substantive and procedural law by lower courts may serve a basis for the supreme court to invalidate judicial acts. In practice, very few tax cases are considered by the supreme court.

In recent years, tax litigation has become less effective in comparison to the pre-trial stage. **According to statistics, the courts support the taxpayer in only 5–10% of cases on average.** Therefore, a well-grounded legal and technical tax position might not be a guarantee of successful tax litigation.

Tax liability

Late payment interest and fines may be applied in cases of the underpayment of taxes. Late payment interest is calculated using the key rate of the Russian central bank based on the number of days tax payment is delayed and the amount of tax underpayment.

The fine usually amounts to 20% of the tax underpayment amount

in the case of fraudulent underpayment of taxes, the penalty may be increased up **to 40%**

The fine may also be decreased by decision of the tax authorities if they find that mitigating circumstances should apply.

However, in contrast to late payment interest, fines must not be applied in cases of voluntary tax payment (self-assessment) made before tax underpayment is officially identified during a tax audit.

If tax underpayment exceeds RUB 18.75 million for 3 financial years and is not settled in due time, the taxpayer's management responsible for tax obligations may be brought to criminal liability (including imprisonment) for tax evasion. However, criminal liability is not imposed in cases of the first instance of tax crime and full payment of the assessed tax amount (including late payment interest and fines) by the taxpayer.

07 State support measures

The state support measures

that are currently in effect for Russian and foreign companies can be divided into:

- Measures under state contracts (Capital Investment Protection and Promotion Agreements (IPPA) or Special Investment Contracts (SPIC))
- Measures under Regional Investment Projects (RP)
- Measures available for residents of territories of special (preferential) treatment (industrial parks, Special Economic Zones (SEZ), Advanced Development Zones (ADZ), and Advanced Social and Economic Development Zones (ASEDZ))
- Subsidy payments from the budget
- Industry Development Fund programmes

The key measures of state support generally focus on:

- Promoting new production facilities in the Russian Federation and
- Supporting producers that export products manufactured in Russia.

Below, we describe the key instruments generally available to foreign investors.

Capital Investment Protection and Promotion Agreements (IPPA)

Capital Investment Protection and Promotion Agreements (IPPA) guarantee that the conditions currently applicable to an investment project will not change in the future. IPPAs provide reimbursement of the costs incurred in creating or modernising infrastructure for the purposes of investment projects and also help to compensate loan interest expenditures.

An IPPA is concluded between (i) an organisation that is implementing a project (OIP), (ii) a constituent entity of the Russian Federation, and (iii) (if the project meets the requirements of a federal project) the Russian Federation (represented by the Ministry of Economic Development of the Russian Federation).

Also, with the agreement of the head of the respective municipal authority, the municipality in which the project is being implemented may be a party to an IPPA.

The OIP must be a Russian legal entity.

Under the IPPA, the OIP must:

- Implement the investment project in accordance with the terms of the IPPA, including the making of capital investments;
- Adopt a tax monitoring framework within three years from the date when the IPPA is signed.

Parties to the agreement:



Under the IPPA, each public entity (the municipality, the constituent entity of the Russian Federation or the Russian Federation itself) must, among other things:

- Ensure that the OIP is not subject to acts (resolutions) of the relevant public authorities (the '**stabilisation clause**'). For example, a taxpayer that is a party to an IPPA signed with the participation of the Russian Federation shall not be subject to the provisions of subsequent legislative instruments for taxes or levies that amend the procedure for determining the tax base, tax rates, tax exemptions, or the procedure for assessing and/or paying corporate property tax and transport tax. Also, the taxpayer shall not be affected by changes in taxable activities or assets, the procedure for estimating the tax base, tax period, tax rates, amendments to terms, the assessment and/or payment of corporate income tax, VAT refund, or newly introduced taxes and levies.
- **Pay compensation** for supporting or related infrastructure.

An OIP that has entered into an IPPA may obtain compensation for the following expenditures:

- Construction (reconstruction) and/or modernisation of supporting facilities and/or related infrastructure, including the reconstruction of state (municipal) property or the property of regulated organisations (including the cost of connection to engineering or transport networks);
- Payment of interest on loans and coupon income on bonded loans raised for the above purposes.

Supporting facilities and related infrastructure include transport, energy, utility, social and digital infrastructure facilities regulated by a respective order of the Russian Ministry of Economic Development.

These are classified according to the practical purpose of the specific facility:

- Supporting infrastructure facilities are used exclusively for the purposes of implementing an investment project;
- Related infrastructure facilities are used both for the purposes of implementing an investment project and for other purposes.

Investment costs incurred on supporting facilities and related infrastructure are compensated as follows:

- Subsidies from federal, regional or local budgets;
- Tax deductions (if the Russian Federation is also a party to the IPPA, in addition to a Russian constituent entity). This instrument will become available after amendments are made to Russian Government Regulation No. 1599 of 3 October 2020.

The maximum **amount of reimbursable investment costs** in respect of supporting facilities and related infrastructure facilities is (i) **100%** of actually incurred costs for related infrastructure facilities and (ii) **50%** of actually incurred costs for supporting infrastructure facilities. In any case, this compensation must not exceed the amount of mandatory payments calculated by the OIP as payable to the budget in connection with the implementation of the investment project.

An IPPA may be signed for an investment project that meets the following requirements:

- The investment project will result in the creation (construction) and/or reconstruction and/or modernisation of immovable property and/or a complex of movable and immovable property assets connected with one another ('IPPA facilities');
 - The investment project will result in the operation of IPPA facilities;
 - Investment activities under the investment project are carried out in accordance with project documentation that has been approved following a review by state experts;
 - The investment project is conducted from scratch;
 - The investment project is implemented in a sphere which is not listed as an area that is not acceptable for IPPAs.
- As a general rule, IPPAs may be concluded for the purposes of investments project in any field. However, Federal Law No. 69-FZ establishes a number of areas in which investment projects that otherwise 'qualify' for IPPAs cannot be implemented. These include, in particular, the production of crude oil and natural gas as well as associated petroleum gas;
- The investment project has the required amount of capital investment.

IPPAs can be signed:

At the federal level

from **750** million rubles

At the regional level

from **200** million rubles

An IPPA can be initiated by a public party (a public project initiative) or by a private party (a private project initiative).

As of the date of this guide, all current IPPAs have been contracted under private project initiatives.

Special Investment Contract (SPIC)

The Special Investment Contract (SPIC) mechanism **grants state support measures** to industrial investment projects. These measures primarily include **tax incentives** and the non-application of new legislative norms that disadvantage the investor.

SPIC is an agreement between an investor and the state under which the investor undertakes to realise an investment project and the state undertakes to ensure the stability of the investor's activities and provide support measures.

SPIC may be concluded in the forms of:

➤ **SPIC 1.0**, for investment projects aimed at creating, modernising, and/or developing the manufacture of industrial products

➤ **SPIC 2.0**, for investment projects for the introduction, development, and implementation of modern technology included in the officially approved list for the purpose of developing the mass production of industrial products based on such technology

SPIC 1.0 can be signed with the Russian Federation or a constituent entity of the Russian Federation, or with the Russian Federation and a constituent entity of the Russian Federation simultaneously (the support measures depend on who concludes the SPIC on the public side). A municipality may also be the public side of SPIC 1.0.

SPIC 2.0 is signed simultaneously with the Russian Federation, a constituent entity of the Russian Federation, and a municipality.

To sign **SPIC 1.0**, the investment volume must be at least **RUB 750 million**. **There is no** minimum investment requirement for **SPIC 2.0**.

Regional Investment Project (RP)

A Regional Investment Project (RP) is an investment project for promoting the production of goods within a certain region of the Russian Federation. Such projects are implemented to commence the production of new goods or significantly boost the production volume of existing goods. RPs cannot be implemented for the extraction and/or refining of oil or natural gas or the production of excisable goods. The parties to an RP are usually allowed to participate in only one RP and only in one specific region of the Russian Federation.

The participants in an RP may apply special profit tax exemptions, such as zero rate of taxes payable to the federal budget as well as a reduced tax rate payable to the budget of the constituent entity of the Russian Federation.

The participants in an RP may apply beneficial income tax rates and, in some cases, enjoy a special reduction of the mineral extraction tax. However, in order to qualify for these benefits, both the RP itself and its participant in it must meet certain requirements established by the Tax Code of the Russian Federation. The authorities of constituent entities of the Russian Federation may also introduce additional benefits for participants in RPs in terms of corporate property tax and transport tax, while local authorities may offer land tax exemptions.

RPs can be split into two groups:

- RPs for the regions of the Far East and some regions of Siberia, and
- RPs for the other regions of the Russian Federation.

RPs in the Far East and some regions of Siberia have more options for exemptions and incentives than RPs in other regions.

Only Russian organisations can participate in RPs.

The capital investments must amount to

50
million rubles if the investments are to be made within a period **not exceeding three years from the date when the entity is included in the register of participants in the RP**

500
million rubles if the investments are made within a period **not exceeding five years from the date when the entity is included in the register of participants in the RP**

Special (preferential) treatment zones

The Russian Federation has created special (preferential) treatment zones to create favourable conditions for investment and accelerated social and economic development.

Advanced Development Zones (ADZ)

An Advanced Development Zone (ADZ) is a part of the territory of a Russian constituent entity in which a special legal regime for entrepreneurial activity has been established.

If a company becomes a resident of an ADZ, it is entitled to apply **tax exemptions** for income tax, land tax, and property tax. Reduced rates on insurance contributions and customs duties also apply. Residents may apply a free customs zone procedure that provides exemption from customs duties for importers of goods. The resident also receives a land plot from the management company of the ADZ for the implementation of its project.

ADZs are created by resolutions of the Russian Government. As of the date of this guide, 92 ADZs have been established in Russia. The ADZs are mainly located in the Far East and in single-industry towns.

To become a resident of an ADZ, a company that meets the established requirements must submit an application to the ADZ management company.



The key requirements for investment projects are:

- The investor must not carry out banking, insurance, or clearing activities, oil / gas / gas condensate production, or timber harvesting and sale, and it must not be a non-state pension fund or other professional participant in the securities market;
- The investor must be registered where the ADZ is located.

Special Economic Zones (SEZ)

A Special Economic Zone (SEZ) is a part of a territory with a special legal regime for entrepreneurial activity which provides a number of tax benefits and administrative preferences for investors. In total, more than 50 SEZs have been created in Russia. They operate mainly in the central part of Russia and are not common in the Far East.



Key requirements for an investment project

- The following activities are not allowed within SEZs:
 - Development of natural resources;
 - Production and processing of excisable goods (except for the production of cars and motorcycles and the production and processing of ethane, liquefied hydrocarbon gases, and liquid steel).
- The investor must not exceed a certain threshold for income they receive from other activities in the SEZ (10% of total income).
- The investor should be registered where the SEZ is located.

Benefits and preferential treatment for residents of Special Economic Zones

- Tax incentives: income tax, VAT, property tax, transport tax, and land tax.
- Other benefits: off-tender land plot lease, beneficial land lease rate, customs procedure of a free customs zone may be applied that provides exemption from customs duties for importers of goods.

Advanced Social and Economic Development Zones (ASEDZ)

An Advanced Social and Economic Development Zone (ASEDZ) is a territory of a constituent entity of the Russian Federation in which a special legal regime for entrepreneurial activity is established. The purpose of ASEDZs is to stimulate economic development in specific areas.



More than 100 ASEDZs have been created in Russia. Russian organisations and sole proprietors that have no branches or representative offices outside these territories may become residents of an ASEDZ. Residents of ASEDZ undertake to make a certain amount of investments based on agreements between them and the management companies of the territories.

Industrial parks

An industrial park is an area intended for the creation of a real estate complex made up of land plots that include production, administrative, and warehouse buildings and structures equipped with energy carriers. Industrial parks have engineering and transport infrastructure to create an attractive production environment.

ASEDZ residents:

- Are entitled to **tax incentives** (reduced income tax rates for activities carried out in the ASEDZ);
- May pay **insurance premiums at reduced rates** for a certain period;
- Enjoy mineral extraction tax exemptions as well as additional regional preferences;
- May apply a **free customs zone procedure** that provides exemption from customs duties for importers of goods.

The beneficial tax regime granted to an investor cannot become less favourable during the period of activity in the ASEDZ.

Residents of industrial parks may include industry-specific players or legal entities or sole proprietors engaged in manufacturing operations as well as operating in fields such as science, IT, communications, technical testing, research, analysis or technology chain certification in manufacturing.

Residents of industrial parks benefit from tax incentives, beneficial property rental rates, etc.

Free port of Vladivostok (FPV)

The free port of Vladivostok

is a part of Primorsky Territory (a region of the Russian Federation) that applies state support measures for entrepreneurship activities in accordance with Russian laws.



The free port of Vladivostok is comprised of municipal units (including territories and water areas of seaports located in these municipalities):

- Petropavlovsk-Kamchatsky Urban District, Kamchatka Territory;
- Vanino Municipal District and Sovetsko-Gavansky Municipal District, Khabarovsk Territory;
- Korsakovsky Urban District and Ulegorsk Urban District, Sakhalin Region;
- Pevek Urban District, Chukotka Autonomous District.

The free port of Vladivostok does not include any SEZ or ADZ territories.

The FPV was established for a period of **70 years**. This term may be extended.

Any entrepreneurial activity not prohibited by the legislation of the Russian Federation is allowed in the free port of Vladivostok, except for the types of economic activity included in the 'Oil and Natural Gas Extraction' category of the All-Russian Classifier of Economic Activities (OK 029-2014) and the production of excisable goods (with some exceptions).

A sole proprietor or legal entity that is a commercial enterprise and is officially registered in the free port of Vladivostok in accordance with Russian laws may become a resident of the free port of Vladivostok.

FPV investors have access to **federal tax exemptions**, **insurance premium exemptions**, and administrative preferences. The FPV applies a **free customs zone procedure** providing an exemption from customs duties to importers of goods.

The key criteria and conditions for becoming a resident are:

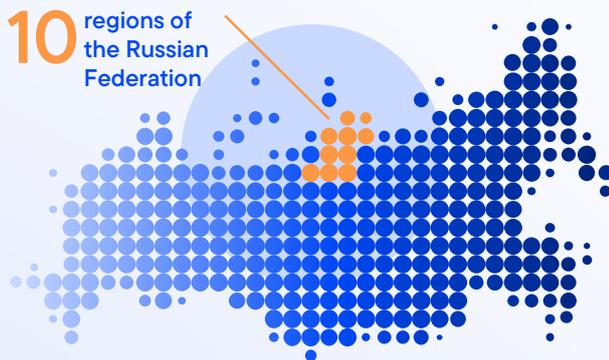
- Implementing a new investment project from scratch or new types of activities in the FPV
- Making a capital investment of at least RUB 500,000 within a period not exceeding three years from the date when the sole proprietor or legal entity is included in the register of residents of the FPV

Arctic Zone

The Arctic Zone of the Russian Federation

comprises land territories and adjacent internal sea waters of the Russian Federation and the territorial sea of the Russian Federation, areas of the continental shelf of the Russian Federation, as well as lands and islands that may be discovered in the future which do not constitute territories of foreign states and which lie in the Arctic Ocean, where measures of state support for entrepreneurial activity have been established.

The Arctic Zone includes (fully or partially) the territories of



Any entrepreneurial activity not prohibited by the legislation of the Russian Federation is allowed in the territory of the Arctic Zone, except for types of entrepreneurial activity that residents of the Arctic Zone are not allowed to carry out in accordance with a resolution of the Government of the Russian Federation (if any).

A resident of the Arctic Zone constitutes a sole proprietor or legal entity that is a commercial enterprise and is officially registered in the Arctic Zone of the Russian Federation in accordance with Russian laws.

Residents of the Arctic Zone enjoy **tax incentives, insurance premium incentives**, administrative preferences, and other support measures, including **subsidies to reimburse the interest paid on loans** raised to carry out operations under investment agreements as well as compensation of the expenditures to pay coupon income on bonds issued as part of the implementation of investment projects under the agreement.

Residents of the Arctic Zone may apply a free customs zone procedure that provides exemption from customs duties for importers of goods.

The key criteria and conditions for becoming a resident are:

- Implementing a new investment project from scratch or carrying out new types of activity in the Arctic Zone
- Carrying out the officially declared entrepreneurial activity in the territory of one or more municipalities that are part of the land territory of the Arctic Zone, provided that the sole proprietor or legal entity has obtained official state registration in one of such municipalities
- The total amount of capital investments made and planned is not less than RUB 1 million

Access to state and municipal procurement

In accordance with the current legislation of the Russian Federation, foreign companies (except for foreign companies registered in offshore zones or in territories with beneficial taxation regimes) may participate in state and municipal procurement programmes.

At the same time, the participation of foreign companies in state and municipal procurement may be limited in certain cases, such as to protect the country's defence capability or the interests of the Russian domestic market.

The localisation of the manufacture of products in Russia helps to achieve:

- Access to state procurement programmes in accordance with Federal Law No. 44 of 5 April 2013 'On the Contract Framework in Procurement of Goods, Work and Services for State and Municipal Needs'
- Priority role in procurement made by state companies in accordance with Federal Law No. 223 of 18 July 2011 'On Procurement of Goods, Work and Services by Certain Types of Legal Entities'

08 Trade and customs

Russia, Armenia, Belarus, Kazakhstan, and Kyrgyzstan make up the Eurasian Economic Union (EAEU), which is a unified customs territory.

Goods originating in the EAEU states or which are released for free circulation can be freely moved throughout the EAEU with no customs clearance. **There are unified customs rules and unified import duty rates in respect of foreign goods imported into the EAEU member states.**

Foreign goods brought into Russia are subject to customs clearance, i.e., **customs declarations must be filed and customs payments must be made** following the applicable customs procedure. Customs declarations are completed in Russian and filed with the customs authority electronically. **Customs clearance** generally occurs at a customs warehouse (temporary storage warehouse) and **takes one day to complete**. In some cases, the customs clearance process might be longer and takes up to 10 days.

The responsibility to complete customs formalities **rests primarily with Russian companies that are party to foreign trade contracts**. However, foreign companies are entitled to declare goods to customs provided that they have the right to dispose of such goods in Russia. **An importer might hire a certified customs representative (a customs broker)** to declare goods to customs and complete other customs operations on behalf of the importer. However, the responsibility to comply with customs law still rests with the importer.

As a rule, **imported goods are subject to customs payments**, including

- import duties,
- value added tax (VAT),
- excise tax (only for excisable goods), and
- customs processing fees.

Customs duty rates generally vary from 0% to 20% of the customs value of the goods, depending on the type of goods imported. Customs duty rates for certain goods are established at a flat rate and depend on the weight, amount, or volume of the goods.

The EAEU has concluded free trade agreements with the CIS countries, Serbia, Vietnam and Iran. These agreements provide for exemptions to customs duties or reduced rates upon the importation of goods originating in these countries. Also, certain goods from developing and least developed countries are eligible for customs preferences.

Certain categories of goods are subject to excise taxes (such as alcoholic beverages, including beer, cigarettes, passenger vehicles, petrol, diesel fuel, etc.). Excise taxes are generally established at a flat rate and calculated based on the volume, weight, or other characteristics of the goods.

The import VAT rate for most goods is **20%** of their customs value inclusive of customs duties and excise taxes (where applicable). **Certain goods are VATable at a reduced rate of 10%** (such as food, children's goods, and certain medicines) **or are VAT exempt** upon their importation into Russia.

It is necessary to collect or prepare certain documents and to comply with a number of requirements for the customs clearance of goods. **Certain goods are subject to licensing or conformity assessment upon importation into the territory of EAEU. Special requirements** (such as consumer labelling or *DataMatrix* coding) might be applicable to some goods.

Companies involved in investment projects in priority sectors in Russia might be eligible for **customs benefits** as pertaining to high-tech equipment or for raw materials and supplies that are not produced in the EAEU. Furthermore, customs benefits in the form of import duty and VAT exemptions are granted to residents of special economic zones (**SEZ**), priority development areas (**PDA**), **the Arctic Zone**, and other special territories to which preferential customs and tax treatment applies.

Customs duty rates
vary from

0-20%
of the customs value



The import VAT rate
for most goods is

20%
of their customs value



09 Labour law

Payroll calculation and HR records

Payroll calculation and HR record-keeping are two important components of doing business. Each requires special attention and advanced, effective solutions that help streamline related processes.

Payroll calculation is not just about paying salaries but also about submitting information to the Social Fund of Russia to enable the calculation and payment of allowances, taxes, and contributions to the funds, as well as the collection of debts and alimony.

Furthermore, it is important to note that the existing legislation requires that salaries be paid at least two times per month. Employee pay may not be less than the statutory minimum wage (see Article 133 of the Russian Labour Code). The salaries in monetary form must be paid in Russian currency, i.e., in rubles (see Article 131 of the Russian Labour Code), with the exception of a number of circumstances established by the legislation on currency regulation and currency controls.

When an organisation is registered, it must file reports even if it is not yet active and has no employees. These are known as 'zero' reports.

If an organisation has employees, it files the standard package:

- Calculation of Insurance Contributions;
- Personalised Information About Individuals;
- Notification of Assessed Amounts of Taxes, Advance Tax Payments and Insurance Contributions;
- Form 6-PIT (Personal Income Tax) with the schedule to the annual form filled in;
- Subsection 1.1 of Section 1 of the Unified Data Form (EFS-1) (Employment (Other) Record);
- Information About an Insured Person Upon the Conclusion and Termination of Agreements with Employees;
- Subsection 1.2 of Section 1 of the Unified Data Form (EFS-1) (length of insurance);
- Section 2 of the Unified Data Form (EFS-1) (Information About Assessed Insurance Contributions for Mandatory Social Insurance Against Work-Related Accidents and Occupational Diseases);
- Application and Main Type of Activity Statement, statistical reports.

If an organisation has no employees, it must file with the competent supervisory authorities:

- Calculation of insurance contributions,
- Form EFS-1 (Section 2),
- Reports for the statistical authorities.

Although the submission of copies of form 6-NDFL including zeroes is not necessary, it is recommended that such reports be filed to avoid further disputes with the tax authority. A similar approach is recommended for the Personalised Information About Individuals form.



Additionally, Russian law requires that organisations, irrespective of type of ownership (apart from individual entrepreneurs), **maintain the military records of employees** and be registered with the military registration and enlistment offices. The maintenance of military records includes the registration of the organisation with a military registration and enlistment office and the timely submission of periodic and annual reports.



Russian labour law obliges employers to ensure the occupational safety and working conditions of employees in organisations, including **the special assessment of working conditions**. This assessment is mandatory for all employers. Employers have one year to complete the procedure after the creation of new jobs.



In addition, employers are legally obliged to report to the Employment Centre any circumstances or events that may impact the situation in the Russian labour market. The decision to submit reports to **the Employment Centre** as well as the timing and scope of such reports are defined based on the type of event and in some cases taking into consideration the organisational and legal structure of the organisation and its headcount.

10 Migration law

Legal regulation under Russian migration law

Russian labour law applies to both labour relations involving foreign nationals and stateless persons and to Russian legal entities founded by such persons or with their involvement, as well as to branches and representative offices of foreign legal entities acting as employers.

Russia's entry and exit rules and the requirements for the employment of foreign workers and their stay in Russia can be found in Russian migration law.

The requirements of migration law applicable to foreign workers and employers are set forth in federal laws, including laws that regulate

- the legal status of foreign nationals in Russia,
- the procedure for entry to and exit from Russia, and
- the registration of foreign nationals and stateless persons for migration purposes in Russia,

as well as in by-laws, codes (Code of Administrative Offences of the Russian Federation, Criminal Code of the Russian Federation, Labour Code of the Russian Federation), regulations of the Russian Ministry of Internal Affairs, and intergovernmental treaties.

Rules for entry of foreign nationals to Russia and their stay in Russia

Generally, foreign nationals may enter Russia provided that they have a valid Russian visa. Foreign nationals with Russian residence permits and nationals of countries that have corresponding international treaties with Russia (such as Armenia, Azerbaijan, Belarus, Kazakhstan, Kyrgyzstan, Uzbekistan, and others) are eligible for visa-free entry to Russia for limited periods of stay.

When crossing the Russian border, foreign nationals must report the purpose of their entry (such as work, business, study, tourism or private visits).

The purpose of entry must match the actual activity of the foreign national in Russia

The 'work' purpose of entry means that the foreign national is allowed to work in Russia based on an employment agreement or a civil law contract and receive a salary or compensation. Other purposes of entry do not allow foreign nationals to work and receive salaries in Russia (except for certain categories of foreign nationals, such as those who have Russian temporary residence permits or who study full-time at Russian universities).

Foreign nationals temporarily staying in Russia must register for migration purposes at their actual lodging places. Foreign nationals with residence permits or temporary residence permits must register at the places of their residence/stay.

>90
calendar days

the period for which a foreign national may register for migration purposes based on a valid Russian employment contract

Where there are grounds for a longer stay, the foreign national can register for migration purposes for a period exceeding 90 days, such as over the effective term of their employment contract or the term of validity of their work visa, patent, etc. The exit of a foreign national from Russia revokes their migration registration automatically. Thus, the migration registration procedure must be completed for every new entry to Russia within the relevant period prescribed by law. The period allowed for the completion of the migration registration procedure applicable to most foreign nationals is seven working days after the date of entry to Russia. However, the law or an international treaty might establish a different period for nationals of certain countries or for those who have been assigned a special status in Russia.

A foreign national who violates the rules for entry, stay, and work in Russia may face fines and administrative expulsion. A foreign national who has been recurrently (two times or more) held administratively liable may be banned from entering Russia.

Employers may also face administrative and criminal liability for violations of the rules for the employment of foreign manpower, failure to comply with the conditions of stay of foreigners invited to Russia, or regulatory non-compliance.

Obligations of employers and foreign workers

Russian migration law imposes certain obligations on:

Employers

- Employers are required to notify the migration authorities of the conclusion and termination of labour contracts with foreign workers (for all labour contracts and civil law contracts concluded with foreign workers)

Foreign workers

- Foreign workers are required to complete mandatory procedures (medical examination, photographing and fingerprinting) strictly at authorised medical establishments and over periods prescribed for each category
- Foreign workers must complete migration registration at their places of stay (the obligation rests with the employer/worker/landlord of the corresponding lodging depending on who actually accommodates the foreign worker)

Categories of foreign workers

The rules for the employment of foreign workers vary depending on the category the foreign worker belongs to. The main categories of foreign workers are:

1

Eurasian Economic Union (EEU) member states: nationals of Armenia, Belarus, Kazakhstan, and Kyrgyzstan

Together with Russia, these countries make up the EEU, an international union that promotes regional economic integration. Workers in this category are eligible for visa-free entry to Russia and may work without work permits or patents

2

Foreign nationals with Russian residence permits or temporary residence permits

are allowed to work by virtue of their status without the need to apply for work permits or patents

3

Students of Russian universities

are allowed to work by virtue of their status as full-time students in Russia

4

Persons who enter Russia on a visa-free basis (except for Highly Qualified Specialists and nationals of the EEU member states)

are allowed to work based on patents

5

Persons who enter Russia on a visa basis (except for Highly Qualified Specialists and foreign students)

are allowed to work based on foreign national work permits, and their employers must apply for permits to employ foreign manpower

6

Highly Qualified Specialists (HQS)

who are defined as foreign workers who have employment records and educational backgrounds in a specific area and whose quarterly earnings amount to at least RUB 750,000, may work based on HQS work permits

Highly Qualified Foreign Specialists (preferences and obligations)

Foreign workers who have HQS status are eligible for certain migration preferences:

- Employment based on an HQS work permit with a validity period of up to three years
- Highly Qualified Specialists from countries with visa-based entry and their family members are eligible for multi-entry work visas to enter Russia over the period of their HQS work permits
- Highly Qualified Specialists and their accompanying family members may stay in Russia without the need to complete migration registration within 90 days from the date of each entry to Russia
- Highly Qualified Specialists and their accompanying family members must undergo an obligatory medical examination once every three years
- Highly Qualified Specialists may take business trips (travel for business) within Russia over a period of up to 30 calendar days
- Highly Qualified Specialists may stay in Russia after the termination of their employment contracts for the period prescribed by law
- Highly Qualified Specialists may work in several regions of Russia provided they have HQS work permits that are valid for several regions
- Highly Qualified Specialists and their accompanying family members are eligible for permanent residence permits in Russia

However, in addition to the general obligations described above, migration law imposes certain other obligations on foreign HQS and their employers:

HQS employers shall:

- pay salaries to HQS in the amount of at least RUB 750,000 per quarter,
- file quarterly notifications of salary payment to HQS with the migration authorities,
- provide voluntary medical insurance to HQS and their accompanying family members who enter Russia with them.

Foreign HQS shall:

- obtain HQS work permits within 30 calendar days of the date the migration authority makes the decision on their issuance,
- undergo regular medical examinations at authorised medical facilities,
- not leave Russia for more than six months.

Russian migration law dynamically evolves in response to the current situation in the country, the requirements of Russia's internal market, and global economic and political trends.

11 Licensing, certification and product labelling

Licensing and SRO membership

Russian law allows certain types of commercial activity to be conducted in Russia only with licences or other special permits.

Licensed activity

Licensed activities include



Telecommunications services



Manufacture and sale of pharmaceuticals



Education



Passenger and freight carriage



Others (more than 50 types of activity in total)

To obtain a licence, the applicant (a legal entity or an individual entrepreneur) must assure that they meet the licensing requirements for the anticipated type of activity, file a licence application with the responsible government authority, and pay a state fee. Licences are generally perpetual and allow their holders to undertake licensed activities on a certain territory (at a certain address) in Russia.

Membership in a self-regulatory organization (SRO)

In order to undertake activities such as



Design and construction



Auditing



Valuation



External administration, etc.

a company must be a member of a self-regulating organisation (SRO) in the corresponding industry.

Authorisation from the SRO for these types of work replaces licensing that was previously required in these industries.

Unlicensed activity

To engage in certain non-licensed activities, applicants are required to file a notice of commencement with the responsible government authority. The list of types of work and services that constitute types of business activity for which a notice of commencement must be filed includes more than 60 items (for example, hotel operations, the maintenance and repair of transport vehicles, machinery and equipment, etc.).

It should also be noted that non-licensed activities might be regulated or restricted by other regulations, such as fire safety law, health and safety regulations, and other requirements.

This is why, **before starting any business**, companies **must seek consultation from a lawyer** to clarify whether there are any licensing or other requirements or restrictions applicable to the company's planned activities

If the company carries out any activities in Russia without the relevant licences, permits or SRO authorisations, it might result in the shutdown of the business, and both the company itself and its officers might face administrative or criminal penalties.

Product conformity

The legislation of Russia and **the EAEU allows products to be placed on the market** only provided **that their safety and quality are confirmed** as per established procedure in accordance with the legislative requirements

Different types of products require different confirmations of conformity, such as:

- State registration of products that confirms their conformity with Russian / EAEU technical regulations (for example, biologically active supplements, disinfectants, household chemicals, perfumes and cosmetics, etc.). This registration is within the competence of the Federal Service for the Oversight of Consumer Protection and Welfare (Rospotrebnadzor), which issues certificates of state registration which are usually perpetual.
- Certain products, such as medical devices, pharmaceuticals, etc., require special registration with the government authority that regulates their placement on the market (such as the Federal Service for Surveillance in Healthcare (Roszdravnadzor), the Ministry of Health, etc.) and issues special registration certificates for defined periods or perpetually.

- Certification or declaration of products that confirms their conformity with the requirements of the applicable Russian / EAEU technical regulations or Russian national standards (GOSTs). This procedure might be mandatory (if explicitly required by the respective regulation) or voluntary (if the manufacturer wishes to confirm the high quality and safety of its products at its discretion).

The certification and declaration of products are within the competence of certification agencies that issue certificates of conformity or declarations of conformity for product series or single products with limited useful lives (up to three years).

Product labelling and tracing

Russia has put a national track and trace system into place. It is known as 'Chestny Znak' and ensures mandatory product labelling.

Chestny Znak labelling makes it possible to trace and verify every single product and find out its specific origin and follow it through the different stages of its life cycle

The labelling requirement applies to companies and individual entrepreneurs that produce, import, or market (including wholesale and retail sales) goods from a list approved by the Russian government.

Currently, **24 product categories require mandatory labelling** (including beer and low alcohol beverages, tobacco, drugs, tyres and casings, and more).

Another **15 product groups** (including radio electronics, children's toys, printed products, etc.) **are included in pilot labelling projects**. A transition to the mandatory category will take place after the pilots have been successfully completed.

It is an obligation for the manufacturer or importer to attach the required labels to the product upon its importation into Russia. Unlabelled goods are deemed to be counterfeit.

Each market participant must then read the labelling code using a special scanner that transmits its details to the labelling system to ensure the traceability of the product all the way to the end customer.

Consumer rights protection

Russian consumer rights protection law governs the relations between consumers (physical persons who buy goods or services for private, family, household or other needs not associated with business activity) and manufacturers, suppliers, importers, and sellers when they sell goods (perform work or provide services).

The scope of measures designed to protect consumer rights includes **the consumer's right to buy goods (work or services)** of satisfactory quality that are safe for the life, health, and property of the consumer and the environment, the right to receive reliable information about goods (work or services) and their manufacturers (providers or sellers), and the right to **the government and public protection of consumer interests** if the goods, works, or services purchased are of unsatisfactory quality.

Russian law entitles the consumer to demand that deficiencies in goods, works or services be corrected and to request compensation for their losses and any psychological harm caused. Such claims may be brought against the manufacturer, seller/provider, importer or authorised organisation / authorised individual entrepreneur. Depending on the circumstances, the type of product, the warranty period, and the service life, at the consumer's discretion, the correction of deficiencies might include the replacement of an item of unsatisfactory quality with the same item of satisfactory quality, the gratis correction of deficiencies (warranty repair and after-sales services) and commensurate reduction of the purchase price, etc.

If certain types of relations involving consumers are regulated by special Russian laws that contain civil law provisions (such as a joint construction agreement, an insurance contract, including both life and property insurance, a bank deposit contract, a contract for carriage or an energy supply agreement), the consumer rights protection legislation applies to the relations arising out of such contracts to the extent not regulated by the special laws.

Regulation in the digital sector (marketplaces)

The Russian legal framework does not currently include any separate law that regulates the operations of marketplaces. Marketplaces are to a varying degree regulated by the general provisions of consumer rights protection law (which includes a definition of 'the owner of an aggregator of information about goods (services) and rules for the liability of product aggregators to buyers'), competition law (which imposes anti-monopoly restrictions on marketplaces), and trading law (which applies to marketplaces' own sales of goods).

In addition, a number of decrees of the Government of the Russian Federation are in force which determine the procedure for the remote sales of goods.

The **Russian government and the competent authorities** (including the Federal Antimonopoly Service) **have already begun joint work** on a dedicated law **that will regulate the relations between marketplaces, buyers, and pickup points**. This law may be expected to be passed in the future.

12 Insolvency

General

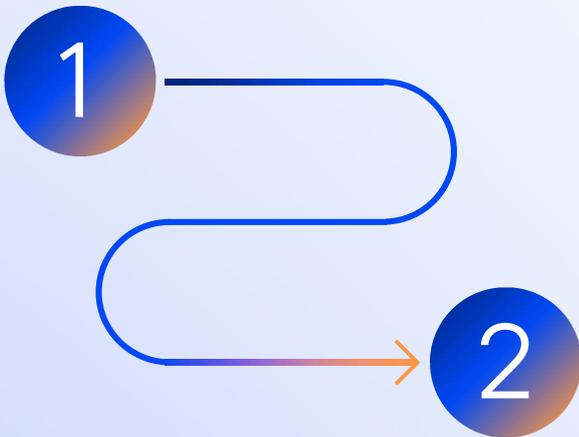
Bankruptcy (insolvency) is the court-recognised inability of a company (debtor) to meet its obligations toward its creditors in full (including to pay taxes or other mandatory charges).

Russian law generally favours creditors. This is because bankruptcy procedures take considerable time to complete, the amount of debt repaid to creditors is low (only 9.1% in the first half of 2024), and the lawmakers focus on improving the efficiency of bankruptcy.

The bankruptcy of a company might include stages such as

Supervision

Analysing the debtor's financial position and holding the first meeting of its creditors (the procedure is not applied in case of the bankruptcy of a liquidated debtor that is absent)



Liquidation

Selling all the debtor's property (the proceeds are distributed to satisfy the claims of creditors in a certain order, and once the settlements have been completed, the debtor is liquidated)

The supervision procedure is usually initiated first (note that it is not applied in certain cases, such as the bankruptcy of a liquidated debtor that is absent).

The supervision procedure aims to analyse the debtor's financial position. This is when the first meeting of its creditors is held to make a decision on whether it is possible to restore the debtor's solvency and whether to launch sanation procedures (financial rehabilitation or external administration) or to make a decision on whether to proceed to liquidation to satisfy the creditors' claims out of the debtor's property.

The financial rehabilitation and external administration procedures are not widely used in Russia.

Rehabilitation procedures were used in only 0.7% of cases of bankruptcy in the first half of 2024.

Bankruptcy usually results in the **liquidation** of the debtor. This is when all the debtor's property is sold and the proceeds are distributed to satisfy the claims of its creditors in a certain order. Once the settlements have been completed, the debtor is liquidated.

Additionally, the debtor and its creditors may reach an amicable arrangement at any stage of bankruptcy proceedings. The bankruptcy procedures are terminated if an amicable arrangement has been concluded.

A key party to a bankruptcy case is a bankruptcy trustee appointed by court. The bankruptcy trustee has special rights allowing it to engage with government, tax, and other authorities as well as request any information (including that related to commercial or bank secrets) to achieve the purpose of a certain bankruptcy procedure.

The tax authority also plays an active role in bankruptcy proceedings.

At the end of 2021, it became possible for the 'controlling parties' of the debtor (members/shareholders, ultimate beneficiaries of the debtor, and other parties able to direct the debtor's actions) to be involved in bankruptcy proceedings.

Grounds for initiating bankruptcy

The right of a creditor to submit a bankruptcy petition to the arbitration court arises upon the date when a court ruling on the collection of the debt from the debtor enters into force (there are exceptions for certain creditors).

To initiate a bankruptcy case, the creditor must meet several conditions:

- the creditor's claim against the company must be at least **RUB 2 million** (if the petition is filed after 29 May 2024; previously, RUB 300,000 would have sufficed);
- the debtor must be non-compliant with its obligations for a period of at least **three months**;
- **no less than 15 days and no more than 30 days** before going to court, the creditor must publish in the Unified State Register of Legal Entities a notice of intent to initiate the bankruptcy of the debtor (this requirement does not apply to the tax authorities).

Notably, being the first to file a bankruptcy petition gives the creditor a considerable advantage, as it will be able to influence the choice of bankruptcy trustee. However, if the debtor's monetary funds are not sufficient to finance the bankruptcy proceedings, these expenses might be passed on to the creditor as the initiator of the case.

Effective remedies available to creditors

The law provides creditors (and bankruptcy trustees) with different means to make bankruptcy proceedings more efficient.

They may **challenge** the debtor's **transactions** on special grounds and according to a special procedure (where such transactions were effected to prejudice the creditors' property rights, in cases of non-equitable setting-off, and where the sequence for the repayment of creditors' claims is violated).

Another effective remedy available to creditors is to **bring the debtor's controlling parties to subsidiary liability** for the debtor's obligations and to collect from them the losses caused to the company before it went bankrupt.

If transactions are challenged and the controlling parties are held liable, this helps to recover the property and increases the debtor's bankruptcy estate for the satisfaction of the creditors' claims.

In the first half of 2024

in **44%** of cases

debtors' transactions were declared invalid

in **47%** of cases

the controlling party was brought to subsidiary liability for the money owed by the debtor

Bankruptcy of foreign companies

Insolvency (bankruptcy) of foreign companies is becoming increasingly common in Russia, although the current legislation does not provide for the possibility.

In February 2024, the Supreme Court of the Russian Federation upheld the approach to the bankruptcy of foreign companies: there are two types of bankruptcy proceedings depending on where the company's centre of main (economic) interest is located, in Russia or abroad. These are **'main' proceedings and 'secondary' (local) proceedings**.

Thus, main proceedings on the bankruptcy of a foreign company may be initiated in Russia if the company is registered in a foreign jurisdiction only formally and its centre of main economic interest is located in Russia.

Local bankruptcy applies to the bankruptcy of a foreign company situated in Russia (when the company's centre of main interest is located in a foreign jurisdiction).

13 Intellectual property

Intellectual property that is protected in Russia

Assets that are recognised to be intellectual property and are protected by law in Russia include:



works of science,
literature and art*



inventions



company names



computer programs



utility models



trademarks



databases



industrial designs



geographical indications



performances (such as
music, dance or
dramatic performance)



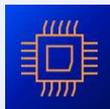
results of selective
breeding (i.e., plant
varieties and animal
breeds)



designations of origin



phonograms



integrated circuit layout
designs



trade names



over-the-air, radio or TV
broadcasting **



trade secrets (know-
how)

This list of types of intellectual property is closed, i.e., no other items are recognised as intellectual property.

* Such as books, articles, pictures, comics, films, scripts, sculptures, poems, music, photos, designs, original fonts, websites and geographical maps.

** Broadcasting by over-the-air or cable broadcasting organisations.

Trademarks

Russia has a national trademark registration system. Trademark rights are recognised and protected in Russia from the date of their registration.

Trademark registration is valid for

10 years from the date the application for trademark registration is filed and can be renewed an unlimited number of times

Both filed trademark application and trademark itself may be assigned to other parties.

In addition to Russian trademarks, Russia recognises and protects the rights to international trademarks registered for Russia with the World Intellectual Property Organization, and Eurasian trademarks.

The registration of European trademarks, US trademarks, or trademarks of other jurisdictions has no legal force in Russia

To be protected in Russia, foreign designations must be registered as Russian, international, or Eurasian trademarks.

As a general rule, the right to use a trademark in Russia is granted under a licence agreement. Such agreements must be registered with the Russian Federal Service for Intellectual Property (Rospatent). However in practice, the trademark owner often **grants the right to use the trademark by incorporating the conditions for its use in another agreement or by issuing a trademark authorisation letter.**

The use of a trademark in the manufacture of goods, the provision of services, in advertising, or for the importation to Russia and sale of a product distinguished by the trademark generally requires the consent of the trademark owner.

The **consent** of the trademark owner is **not required for the sale** of a trademarked product in Russia **if the product was earlier released to the market in the Eurasian Economic Union** (i.e., in Armenia, Belarus, Kazakhstan, Kyrgyzstan, or Russia) **by the trademark owner or with their consent.**

The trademark owner's consent is not needed either for the importation and sale in Russia of trademarked goods that have been released by the trademark owner or with their consent to the market outside Russia if such goods are included on the list of goods for parallel imports to Russia based on the regulation of the Russian Government.

The infringement of trademark rights entails civil, administrative, and criminal liability.

However, **if a trademark owner does not use it in Russia for three consecutive years**, any **interested party may demand that the trademark be transferred to them** from the owner and, if denied, claim the termination of the registration of the trademark due to its non-use in court.

Patents

Russia has a national patent issuance system. In Russia, patents can be issued for inventions, utility models, and industrial designs.

A Russian patent for an invention is valid for 20 years after the patent application is filed, while the validity periods for utility models and for industrial designs are ten and five years, respectively. Industrial design patents can be repeatedly renewed for five-year periods for up to 25 years.

Patent validity periods*

<p style="margin: 0;">Patent for an invention</p> <p style="font-size: 2em; font-weight: bold; margin: 0;">20^{years}</p>	<p style="margin: 0;">Patent for a utility model</p> <p style="font-size: 2em; font-weight: bold; margin: 0;">10^{years}</p>
<p style="margin: 0;">Industrial design patent</p> <p style="font-size: 2em; font-weight: bold; margin: 0;">5^{years}</p> <p style="margin: 0;">can be repeatedly renewed for five-year periods for up to 25 years</p>	

* from the date the patent application is filed

The patent owner is required to pay maintenance fees to keep the patent in force over its validity term. Failure to pay the required fees results in the expiration of the patent.

Both filed patent applications and patents themselves may be assigned to other parties.

Russia recognises Eurasian patents for inventions and industrial designs in addition to national patents.

European patents, US patents, and the patents of other jurisdictions **have no force in Russia**

Russian or Eurasian patents for foreign inventions, utility models, and industrial designs **are required for protection in Russia.**

As a general rule, the right to use a patent is granted under a licence agreement. Such agreements must be registered with the Russian Federal Service for Intellectual Property. In practice, the right to use a patent may be granted by incorporating the conditions for its use in another agreement or by issuing a patent authorisation letter.

The importation to Russia, manufacture, application, sale, and storage of patented products generally requires the consent of the patent owner.

The patent owner's consent is not required for the sale of a patented product in Russia if the product in question was earlier released to the Russian market by the patent owner or with their consent.

The patent owner's consent is not needed to import, sell, use or store patented products in Russia if they were released by the trademark owner or with their consent to the market outside Russia, if such goods are included on the list of goods for parallel imports to Russia based on the regulation of the Russian Government.

If the patent owner does not use, or underuses, any invention, industrial design, or utility model over a period of several years, any party may claim a licence for the use of the patent and, if refused by the patent owner, claim a licence in court.

If required for national defence and security or the protection of human life and public health, **the Russian Government may resolve to use a patent, utility model, or industrial design without the patent owner's consent.** In this case, the patent owner is eligible for compensation for the use of the patent.

The infringement of patent rights entails civil, administrative, and criminal liability.

Software and databases

Computer software is protected by copyright in Russia. It is not only a computer programme that is protected but also preparatory design work leading to the development of a programme and related audiovisual effects. The owner of computer software holds the copyright for a computer programme until 70 years after the death of the creator of the programme.

Databases are protected by copyright if they are original intellectual creations.

Both Russian and foreign computer software and databases are copyright protected.

Russia also protects the rights of database creators if making the database requires a substantial financial, material, resource or other investment. The rights of foreign creators of databases are protected on a reciprocal basis, i.e., only if the home country of the database creator ensures the legal protection of Russian databases. The rights vested in database creators remain in effect for 15 years.

Computer software and databases may be assigned to other parties.

Computer software development, database creation, and transactions with them do not require registration. However, computer programmes and databases may be voluntarily registered with the Russian Federal Service for Intellectual Property. If a computer programme meets certain criteria, it may qualify for inclusion in a special register of Russian computer software, making its Russian owner eligible for tax benefits and government tenders.



Copyright validity periods

The copyright for computer programmes	The rights of database creators
The entire life of the author plus 70 years after the death of the author of the programme	15 years

Computer software cannot be patented. However, **programming algorithms and interface designs can be patented.**

As a general rule, the right to use a computer programme or database is granted under a licence agreement. In practice, the right to use may be also granted by incorporating the conditions for use in another agreement or by issuing an authorisation letter.

Know-how

Russia protects know-how as intellectual property.

Both Russian and foreign know-how is protected.

To be protected, know-how must represent production, technical, economic, organisational, or other information about the results of intellectual activity in the field of science and technology or about professional business practices that has real or potential commercial value due to being **unknown to third parties.**

Third parties must not have free access to such information on legal grounds and the holder of such information must take reasonable measures to protect its confidentiality.



Know-how does not require registration

Rights to know-how are valid as long as its confidentiality is maintained

Know-how might be assigned to other parties. The right to use know-how may be granted to another party under a licence agreement.

Copyright and other related rights

Russia ensures copyright protection for Russian and foreign scientific, literary and artistic work, computer software, and databases, as well as Russian and foreign related rights to databases, performances, phonograms, and over-the-air or cable radio and TV broadcasting (broadcasting by over-the-air or cable broadcasting organisations).

Copyright protects both the work on the whole and its separate parts, its title, and its characters.

Russia neither treats as objects of copyright **nor protects by copyright such items as ideas**, concepts, principles, methods, processes, systems, techniques, **solutions to technical, organisational, or other tasks**, discoveries, facts, programming languages, geological information about subsoils, **daily news announcements**, **television programme** listings and **formats**, or transport timetables.

Copyright and related rights do not require registration to be used and protected.

Copyright and related rights may be assigned to other parties.

As a general rule, the right to use an object of copyright and related rights is granted under a licence agreement. However in practice, the right to use may be also granted by incorporating the conditions for use in another agreement or by issuing an authorisation letter.

Creators establish collective management organisations to manage certain copyrights and related rights in Russia. In this case, agreements for the use of copyrights and related rights might be concluded with such organisations rather than with the creators themselves.

The production in Russia or the importation to Russia of equipment and media that can be used to record audio and visual works for personal purposes are subject to a special royalty that stands at 1% of their value.

In some cases, the restricted use of objects of copyright and related rights is allowed in Russia without the consent of the owner and without the payment of royalties. This is the case, for example, when they are used for informational, scientific, educational, or cultural purposes.

Copyright protection lasts

for the entire life of the author

plus **70** years after
the author's death

The rights to performances last for the life
of the performer but **not less than 50 years**

The rights to audio records and radio or TV
broadcasts last for **50 years**

The rights of database creators last for **15 years**

Websites and domain names

Websites are protected by copyright in Russia. Websites are treated as compiled works. Website **may be assigned to other parties**. Russian law obliges website owners to comply with the legislative requirements for intellectual property, personal data, and the dissemination of information.

Domain names are not treated as intellectual property. However, **domain names can be transacted with**, and the rights to domain names are legally protected by courts. As a general rule, the owner of a trademark might request the owner of a domain that duplicates the trademark to stop using the domain and to transfer the domain to the trademark owner.

Intellectual property created by employees

Employers own the intellectual property created by their employees in the course of their employment if employees are expected to create it as **part of their job duties**.

Employees have the right to be rewarded for such intellectual property, with such reward paid by the employer **in addition to their salary**.

If an employer fails to take certain actions in relation to the intellectual property created by an employee within the period prescribed by law (for example, fails to start using it, to file a patent application, or to inform the employee of a decision to keep the intellectual property secret), **the rights to the intellectual property pass to the employee**.

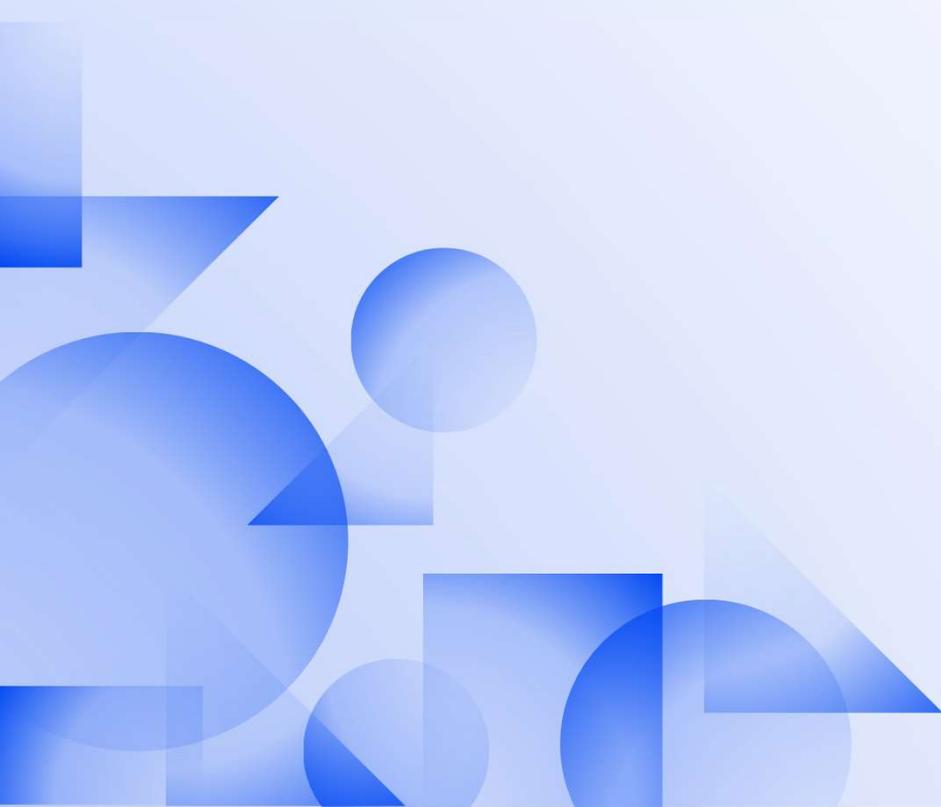
In this case, the employer may use the intellectual property created by the employee based on a non-exclusive licence and **pay the corresponding licence fees to the employee**. The employee is entitled to dispose of such intellectual property at their discretion.

The rules in the paragraph above do not apply to know-how.

Intellectual property protection

As a rule, intellectual property owners are expected **to protect their rights on their own**. However, the infringement of intellectual property rights that might harm the public interest might be subject to administrative or criminal prosecution.

Intellectual property disputes are referred to specialised administrative authorities and courts.



14 Real estate and construction

The Russian commercial real estate market is one of the most active markets in Eastern Europe. Despite some turbulence in the recent five years, the investment segment has retained its momentum. Thus, the total amount of investment in 2023 (and expected in 2024) exceeds RUB 600 billion. The upward trend in investment is accounted for by the vast amounts of ruble liquidity in the economy coupled with the comfortable conditions in the commercial property markets, as vacancies and rates in certain segments demonstrate trends that underline their resilience to current events.

Moscow, which accounts for around 75–90% of all investment transactions, has traditionally been the most popular market. Saint Petersburg is also a popular market among investors. Other regions account for approximately 5–7% of deal activity, and these transactions are mostly one-off. The recent trend of moving the headquarters of large companies to the regions might propel investment activity in large regional cities.



Investors have traditionally favoured the office segment. Their interest has been especially notable in recent years due to the heavy shortage of quality office assets that has been felt since 2018–2019. The office segment accounted for more than 35% of all deals in the first half of 2024. Capitalisation rates for the office segment stand at 10–11% for prime assets.

The warehouse segment is in second place by investment activity. Given the extremely low vacancy levels, the long-term structure and stability of rental agreements, this segment attracts high demand, including from Russian banks. Banks bundle warehouse assets into closed-end investment funds (a local alternative to REITs) and then sell units in these funds to private investors. In addition, the segment has been demonstrating significant growth in rental rates, with an increase of approximately 70% year-on-year in 2024. Capitalisation rates in the warehouse segment stand at 10–12% for prime assets.

Top-3 segments in term of investment volumes in 2024



Office segment

35%

Total deals
1st half of 2024

10-11%

Capitalisation rates
for prime-class assets



Warehouse segment

70%

Rent increase
in 2024

10-12%

Capitalisation rates
for prime-class assets



Retail segment

11-12.5%

Capitalisation rates
for prime-class assets

The retail segment, which has experienced certain difficulties due to the turbulence of recent years and the exit of some western tenants, ranks third by amount of investment. However, quality retail assets generate stable rental flows, demonstrating an upward trend. Therefore, this segment is also expected to gain momentum in the near future, considering the low overall level of market saturation with good-quality shopping malls, which is far below even Eastern European markets. Capitalisation rates for the retail segment stand at 11–12.5% for prime assets.

On the whole, the Russian commercial property market is one of the most appealing among the developing economies, which is confirmed by big deals involving leading Russian players.

At this stage, the market is primarily occupied by local players, with the majority being large banks, investment funds, and private equity houses with vast experience in real estate investment.

Current trends

The main trend in the Russian commercial property market is its ongoing **consolidation driven by local players**. Before 2022, the largest global players in the real estate sector invested heavily in the Russian market, which confirmed high quality of assets and the prospects for the development of the market. At that time, the majority of landmark assets were concentrated in the portfolios of foreign companies.

After 2022, many western investors rushed to sell their assets due to the sanctions risks, making room for local players, who managed to almost fully consolidate the market in their hands. **The concentration of assets with local players will make it possible to streamline the sale of such assets going forward** once the investment period is over, including to foreign investors.

Popular segments among investors

Historically, all **commercial real estate** market segments have been in high demand, and each had high-profile deals. The warehouse and office segments are currently driving much of the deal activity.

The warehouse segment is gaining popularity due to the high demand from tenants, which translates into increasing rental rates and impacts the level of vacancy that has not been higher than 1.5–2% for a long time.

Low vacancy levels and increased demand are also seen in the **office segment**.

The market is currently experiencing a severe shortage of quality offices, which is why first-rate office spaces sell successfully even at the construction stage.

Legal regulation of real estate deals in Russia

Transactions with real estate properties (buildings, facilities, and land plots) in Russia are regulated by civil law. Private ownership is protected by law in accordance with the Russian Constitution.

Commercial lease of buildings, facilities, and land plots is the second most popular type of transactions with real estate.

Investors planning construction need to formalize rights to a plot of land according to an established procedure. Land plots for construction can be acquired both from private entities and from government authorities.

Transactions with public or municipal property (including land) are strictly regulated and in most cases require public auctions. Non-compliance with the established procedure poses the risk that the right of ownership will be declared null and void.

Public land plots may be transferred to private ownership only for the operation of existing facilities. In case of greenfield projects (building from scratch), public land may be allotted only through auctions and only under lease.

The following types of deals to purchase real estate are most popular:

- > transactions involving the purchase units or shares of real estate owners
- > transactions involving the purchase of real estate properties

Transactions with real estate currently in development

Assets in today's commercial property market may be acquired even before the property is built. These transactions are structured as the purchase and sale or lease of assets under construction using **the built-to-suit (BTS) and built-to-lease (BTL)** models. The market and legal practice in relation to such transactions are well established. The vast majority of new properties in the warehouse segment is contracted.

These transactions, first of all, aim to build properties that meet specific buyer requirements. Thus, the developer in such a transaction will consult with the buyer on the design documentation for the property or even develop it according to the buyer's specifications. Once the construction has been completed, the seller puts the property into operation and transfers it to the buyer.

Types of real estate transactions and state registration of title

Transactions that establish, limit or terminate ownership rights or other property rights are executed in writing.

The notarisation of real estate transactions is not necessary, with a few exceptions (such as the sale of an interest in joint ownership). However, the parties may still opt for the voluntary notarisation of their agreement to mitigate the risks and simplify the formalities. Moreover, this is convenient from the practical point of view, as the notary can be commissioned to submit the documents for the state registration of the title and the agreement (if applicable).

The establishment, limitation or termination of ownership should be registered in the Unified State Register of Real Estate.

In certain instances, as prescribed by law, transactions also should be registered. These include:

- lease agreements for buildings, facilities or land plots concluded for a period of at least one year;
- shared construction agreements for apartment blocks and other real estate properties.

The above-mentioned transactions that require state registration are deemed to be concluded from the date of their registration.

In Russia, state registration is performed in accordance with the title record system established for each real estate property. The respective records are made in the Unified State Register of Real Estate, which contains information about previous and current titles to immovable property, information about the property, and about the holders of rights. In case of the notarisation of transactions, notaries are authorised to submit transaction documents for registration as applications filed by notaries are processed faster.

As the state registration of titles to immovable property is public, the registration authority is obliged to provide information about any registered property if requested by an interested party. **Thus, non-owners may receive an extract from the Unified State Register of Real Estate containing the following details:**

- the main characteristics of the property (area, intended purpose, etc.);
- the rights and encumbrances in relation to the property;
- the owners of the property (except for physical persons, whose personal information is not provided in the extract).

Registered title to immovable property can be challenged only in court.

Restrictions for foreign players

Historically, there were few restrictions on real estate transactions involving foreign companies in Russia.

The restrictions mainly included a ban on the transfer of ownership to foreign parties for land plots that are:

- located in border territories,⁸
- within the boundaries of sea ports,⁹
- designated for agriculture.¹⁰

Foreign persons and legal entities may lease such land plots, including for the placement of real estate properties on them.

In 2022, after the beginning of the special military operation, the Russian government introduced restrictions on transactions with real estate properties involving foreign counterparties from 'unfriendly' countries. These restrictions primarily include the requirement to apply to the regulator for the approval of transactions to purchase or sell property. The list of countries and territories that are unfriendly to Russia is approved by the Russian government.¹¹ This list, which has since been expanded, includes the EU member states, as well as Australia, Canada, Iceland, Japan, New Zealand, Norway, Ukraine, the United Kingdom, the United States, and certain other countries and territories. It should be noted that China (with the exception of Taiwan), Thailand, Türkiye, the UAE, etc., are not on this list.

Legal support for construction projects in Russia

Russian law defines a developer as a physical person or legal entity that has title to a land plot (ownership, lease or easement) and undertakes construction on this plot. Ownership and lease are the most common titles to land.

Before starting construction, the developer is required to complete engineering surveys and develop design documentation as well as obtain the requisite permits and approvals as prescribed by law, including a construction permit.

Construction compliance

The list of key approvals and permits

- Positive opinion based on a design documentation expert check
- Construction permit
- Conclusion on whether the completed project conforms to the design specifications
- Commissioning permit

Statutory construction supervision over the project building period

Subject matter of statutory construction supervision:

- checking whether the completed work conforms to the design documentation or data model
- checking approvals, permits and licences
- checking SRO membership
- checking requirements for the construction control

⁸ Article 15.3 of the Russian Land Code sets forth that foreign nationals, stateless persons, and foreign legal entities shall not have title to land plots located in the border areas included in the list established by the President of the Russian Federation in accordance with the federal legislation on the state border of the Russian Federation.

⁹ In accordance with Article 28 of Federal Law No. 261-FZ of 08 November 2007 'On Sea Ports in the Russian Federation and on Amending Certain Legislative Acts of the Russian Federation', land plots within the boundaries of sea ports cannot be owned by foreign nationals, stateless persons or foreign organisations.

¹⁰ In accordance with Article 3 of Federal Law No. 101-FZ of 24 July 2022 'On the Turnover of Agricultural Land', foreign nationals, foreign legal entities, stateless persons, and legal entities in which foreign nationals, foreign legal entities or stateless persons control more than 50 percent of the share capital are allowed to hold agricultural land plots only under lease.

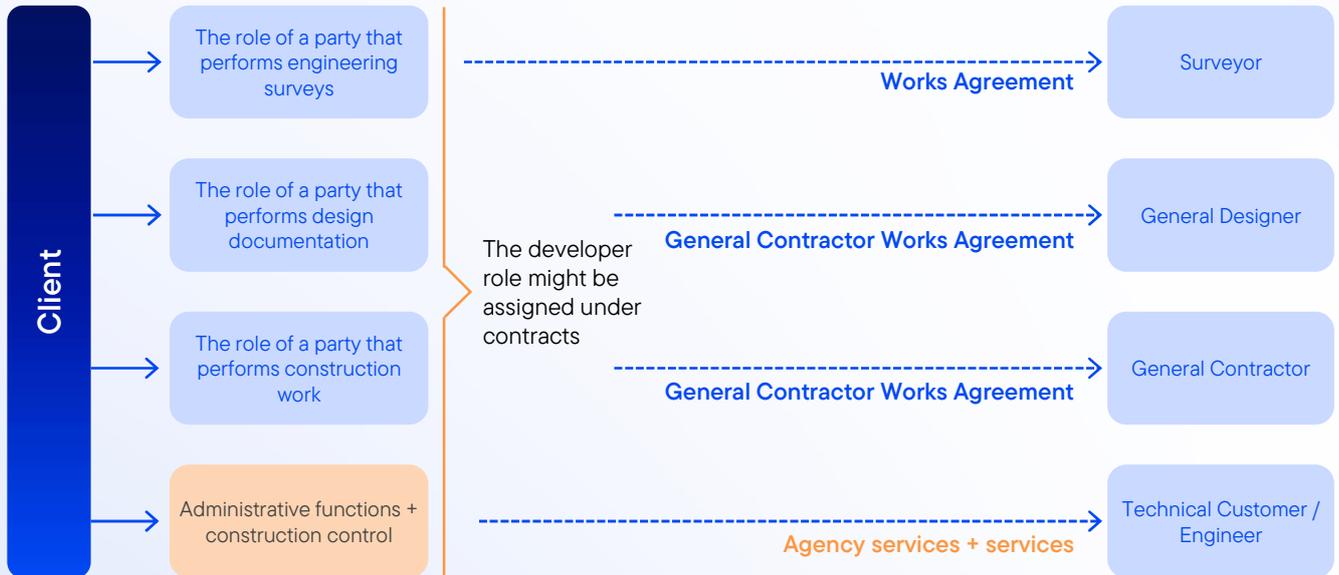
¹¹ Resolution of the Government of the Russian Federation No. 430 of 05 March 2022 'On Approving a List of Foreign Countries and Territories That Commit Unfriendly Actions Against the Russian Federation, Russian Legal Entities, and Individuals'.

Foreign parties may act as developers with no restrictions (except for the legislative restrictions on the ownership of land by foreign persons in Russia).

The main parties to the construction process are the developer, general designer, general contractor, and technical customer / engineer. The main type of agreement used in construction is a works agreement (except for agreements with the technical customer / engineer that are concluded as agency agreements).

Key parties to a capital construction project

Legal nature of contracts in construction



It should be noted that a developer that implements a project without hiring a general contractor is required to join a self-regulating organisation (SRO).



Self-regulation in construction

Starting 2009, the statutory licensing of construction activities in Russia has been replaced with professional self-regulation of construction market participants.

There are three types of self-regulating organisations (SRO) depending on the type of work:

-  Surveyor self-regulating organisations
-  Designer self-regulating organisations
-  Builder self-regulating organisations

Foreign companies are allowed to join SROs, provided they have local registration (a branch or representative office) and comply with the requirements of the SRO. Until recently, the market of foreign contractors included contractors from Türkiye and the EU, but more and more contractors from China are now entering the market.

A contractor concluding an agreement with a developer may conduct engineering surveys, prepare design documentation, and undertake construction under a construction contract, provided that the contractor is a member of an SRO.

Contract strategies

Russia has been gradually moving to a practice of early planning of construction projects and pre-development of contracting strategies.

A 'contract strategy', in a broad sense, means an approach to the formalisation of contract relations that defines the order in which such relations arise, how roles, risks, and responsibilities are distributed among all project stakeholders, and how they engage with each other. It also provides understanding of how the entire scope of the project is distributed between contracts.

To come up with an effective contracting strategy, cross-functional collaboration (between project managers and financial, legal, and IT specialists) is necessary for a complete picture of **three key risks in construction projects:**

-  budget overruns
-  missed deadlines
-  unsatisfactory work quality and an unproductive projects

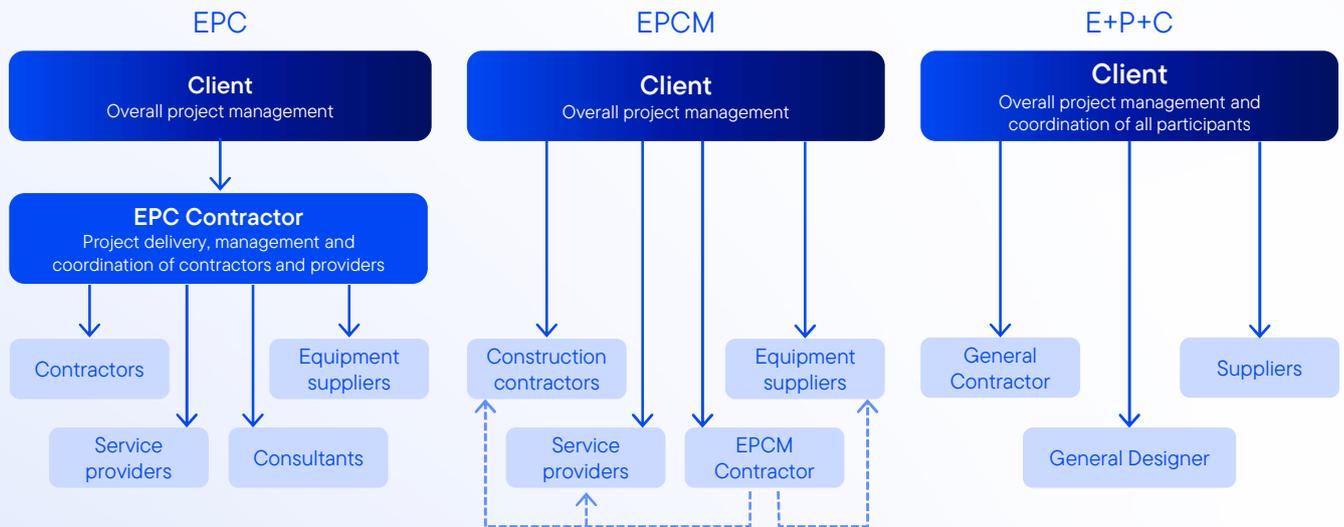
Contract structuring is an integral part of any contracting strategy but cannot completely replace it

Contract models

Engineering, procurement, and construction (EPC) and truncated multiple lot (Multilot) models are among the most commonly used contract models in Russia.

The decision about which contract model to use is made at the stage of designing the contract strategy that defines the project stakeholders and approach to risk sharing between them.

Contract models



Historically, EPC has been a preferred contract option for banks, as it allows for the consolidation of risks and responsibilities focused on a single party. Once an EPC contract is concluded, the contractor becomes responsible for the delivery of the project in accordance with the terms and conditions established in the contract. The contractor may, acting at its own risk, engage subcontractors and suppliers of materials and equipment to complete different parts of the project.

It often happens that the client assumes responsibility for the design or equipment supply and opts for a truncated contract model. This choice might be dictated by the market, namely in the absence of EPC contractors in the market for certain industries.

For example, foreign contractors are often willing to undertake engineering and procurement but not construction and assembly. In such situations, truncated types of contracts are used, such as engineering and construction (EC), engineering and procurement (EP), or engineering, procurement, and construction supervision (EPCS).

On the other side of the spectrum is the Multilot construction model, which **poses increased risks for the client**. These include the risks associated with the project costs (such as when improper performance by one contractor makes it more expensive for other contractors to do their work), project timing risks (as some contractors may depend on the work performed by other contractors) or project quality risks (there may be uncertainty as to who is to blame for defects, especially when a defect occurs where responsibilities of several contractors overlap).

Applicable law and international contract forms

Construction contracts usually contain very detailed data and require high attention to detail. This is because construction is a protracted process that is made up of procedures that have various legal implications, such as inspections and acceptance of works, project milestone completion, inspections and amendments of design documentation, etc.

In Russia, construction contracts are usually governed by Russian law. However, the application of foreign law is not prohibited when there is a foreign element in the transaction (such as when a foreign legal entity is a party to the contract). Russian imperative statutory provisions and standards still apply if non-Russian law has been chosen to govern the project. These include national construction standards, taxation and accounting regulations, and others.



International contract forms (FIDIC etc.) have been used in the Russian market since the beginning of 2000s.

The FIDIC framework has become a common market practice and is often integrated into contracts under Russian law.

However, the application of a contract form that is originally based on English law (such as FIDIC) in a contract governed by Russian law requires extensive adaptation, as certain provisions and concepts found in international contract forms differ from Russian civil and urban planning legislation.

15 IT infrastructure and business applications

Import substitution and sanctions risks in IT

Multinational companies often globalise their processes for the design, deployment, and support of IT infrastructure. Infrastructure solutions are based on hardware and software whose producers have left the Russian market, and hardware and software maintenance services are contracted to companies from other countries which are 'unfriendly' towards Russia. Even subsidiaries of Russian groups located abroad may be forced to comply with the sanctions restrictions targeting their parent entities. This triggers a multitude of risks for the development and operation of IT infrastructure. The most significant risks include sudden outages, the non-extension of limited-term activation keys, and the lack of maintenance parts or additional licences.

Some risks, if materialised, may lead to the complete suspension of business and require special mitigation measures, while for other risks, it is sometimes reasonable to outsource the riskiest areas to other companies where they are less likely to materialise or may have less impact. The materialisation of certain risks gives rise to other risks. For example, a lack of updates for security software may trigger penetration and data leak exposures.

These risks also affect key ERP and CRM business systems, such as Oracle eBS, SAP, MS Dynamics, Sales Force, etc. Considering the dependence of businesses on these systems, the most feasible strategy to address the risks is to prevent them. This is why the import substitution of these systems is important.

Four main challenges for import-substitution of ERP systems at Russian companies

Electronic data interchange (EDI)

Russia has actively pursued the digitalisation of business. Many companies have implemented the automatic exchange of information with the Russian Federal Tax Service (FTS), and electronic document flows between legal entities are often mandatory for traders in traceable or labelled goods.

Electronic document flows are based on domestic Russian cryptographic solutions and are therefore very difficult or impossible to integrate with global systems. When opening a company in Russia, it is not an option simply to copy the approaches that are common in business. It is necessary to deploy local IT products, establish integration solutions, and pay much attention to methodology.



Preparation of financial statements

Many multinational companies use a **'fast close'** approach, in which monthly financial reports for top management are issued 5–8 days after the end of the month. Russia has a different practice, and foreign businesses must be mindful of certain nuances.



Firstly, businesses may face sanctions risks when attempting to use Western ERPs such as SAP or Oracle in Russia.

To minimise these risks, it is advisable to adopt local ERP solutions, of which 1C is Russia's most popular. The data can then be transmitted to a global IT solution.

Accounting standards also differ. Despite the greater convergence between the Russian Accounting Standards (RAS) and the IFRS with each year, their reporting deadlines and estimation approaches still differ. These differences must be addressed methodologically as part of the implementation project to ensure that the global headquarters receives the correct figures.

Storage of accounting information

Another reason why companies implement Russian accounting IT solutions is that companies working in Russia must **keep** their accounting documents and databases **in Russia** as of 1 January 2024.

Another issue is the time it takes to collect documents. For example, companies selling goods on a Russian marketplace using a fulfilment by operator (FBO) arrangement must bear in mind that marketplaces do not provide the source documents necessary for RAS revenue accounting as quickly as is required for the 'fast close' approach. Suppliers also often delay source documents for the services provided. In such cases, businesses must make sure that they properly account for revenues / costs / gross profits as well as corresponding expenditures in the closing schedule while observing the Russian legislation on bookkeeping and tax accounting.

The implementation of IT solutions is not merely about convenience and functionality. First and foremost, it is necessary to **make sure that the information sent from Russian subsidiaries is credible to the head office**. This may be achieved by engaging IT experts for a strict review of the methodology of the solution together with accounting, tax, and HR professionals.

This requirement was established by Federal Accounting Standard (FAS) 27/2021 'Documents and Document Flow in Accounting'. The FAS does not prohibit the storage of information abroad, but copies must also be kept on Russian servers.

Collection of personal information of employees and clients

There is a similar legal requirement for the **personal information** of clients and the employees of Russian offices: they must be initially collected **within the territory of Russia**. A similar approach is applied in this: a multinational company collects data from a Russian IT system and, having obtained the consent of its employees and clients, may then copy it to a global solution such as Workday, SAP SF, or Avatur.

Thus, in the development of IT infrastructure for Russian offices, it is necessary focus on:

- > sanctions risks
- > differences in accounting methodology
- > regulatory requirements for the collection, processing, and storage of information

16 About TeDo

Technologies of Trust is a Russian company that was a member of the PwC global network of audit and consulting firms until 2022.

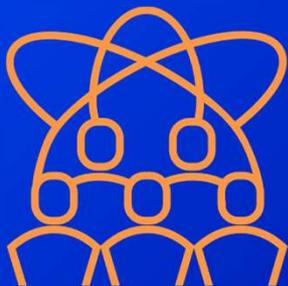
Having retained a team of high-class professionals after the withdrawal from the network, our company remains a leader in the Russian market for audit and consulting services.

Our client portfolio has always included a wide range of clients, both in terms of industry and in terms of geography. Foreign companies entering the Russian market prefer to choose a firm they have worked with in other countries to ensure that their needs are met.

For the same reason, we have not only retained foreign clients who have chosen to stay in the Russian market but also continue to increase this segment of our clientele.

Thanks to dramatic growth in the flow of clients from Asian countries in recent years, our company has significantly intensified its work with the Asian markets. Technologies of Trust supports foreign economic activities and promotes cross-border projects and partnerships.

It is especially important for foreign companies to get assistance in developing strategies for entering the Russian market and related support in ensuring subsequent compliance with Russian laws, in establishing business relationships, and in completing successful transactions with Russian partners. Our foreign clients receive high-quality services and valuable insights regarding the market, business environment, and cultural characteristics of work in Russia.



3,000
professionals

including

1,000 auditors

>580 consultants in strategy and operations, and technology

>300 tax and legal consultants

>255 specialists in corporate governance and deals

10 offices in 9 cities throughout Russia

- 1 Moscow since 1989
- 2 St Petersburg since 1993
- 3 Kazan since 2007
- 4 Ekaterinburg since 2008
- 5 Novosibirsk since 2011
- 6 Krasnodar since 2011
- 7 Voronezh since 2012
- 8 Rostov-on-Don since 2014
- 9 Nizhniy Novgorod since 2018



Proven process and expertise as factors of success

Technologies of Trust

The company's name reflects its strategy and mission

Trust is the basis of our relationships with clients, and all our services are associated with it. Our experience and high-quality services help clients build trust and strengthen confidence in their businesses

The number of our clients exceeds

3,000

including:



10 of the 10
largest oil and gas companies



9 of the 10
largest metals and mining companies



9 of the 10
largest wholesale and retail companies



7 of the 10
largest power industry companies



9 of the 10
largest financial companies and banks



6 of the 10
largest transport and logistics companies



Among our clients are 50+ top companies in Russia by revenue

Our company provides the following services:

Audit and Assurance

Deals

Tax

Technology

Legal

Strategy and Operations

Technologies of Trust takes active part in business, cultural, and educational projects in Russia:

Since 2010, TeDo has served as a Knowledge Partner of the Saint Petersburg International Economic Forum (SPIEF). We help develop the forum’s agenda and prepare panel sessions for the business programme.

TeDo is a member of the Board of Trustees of the world-renowned Mariinsky Theatre, led by maestro Valery Gergiev. Since 2011, we have been a sponsor of the Moscow Easter Festival and the Stars of White Nights International Music Festival organised by Valery Gergiev.

TeDo provided project management services to the Organising Committee of the XXII Olympic Winter Games and XI Paralympic Winter Games 2014 in Sochi.

Since 2016, TeDo has been a founder of Business Book of the Year in Russia, a unique national award that promotes the development of business literature. The winners of the competition are considered the best books in their respective categories.

Healthy Sense (Zdravomyslie) is a prestigious medical literature award jointly organised by TeDo, the Russian Ministry of Health, the Russian Ministry of Science and Higher Education, and Doktor TV network.

TeDo regularly conducts a large-scale survey of CEOs of Russian companies on the situation in the economy and the country’s prospects for development. Traditionally, we present the survey results at meetings of our Intellectual Club.

TeDo also sits on the Advisory Board of Saint Petersburg State University’s Graduate School of Management, which is ranked as the No.1 business school in Russia.

In addition to the Graduate School of Management, TeDo is a member of the Advisory Board of Letovo School, an innovative school for gifted children from all over Russia.



Technologies
of Trust

We would be happy to answer your questions and provide additional information.

Our experts are ready to discuss the implementation of your plans in Russia.

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“Technologies of Trust” (www.tedo.ru) provides industry-focused audit and business consulting services. 3,000 professionals working in “Technologies of Trust” offices in Moscow, St Petersburg, Ekaterinburg, Kazan, Novosibirsk, Rostov-on-Don, Krasnodar, Voronezh and Nizhniy Novgorod help clients to build and strengthen trust in business relying on our experience and quality of our services.

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