

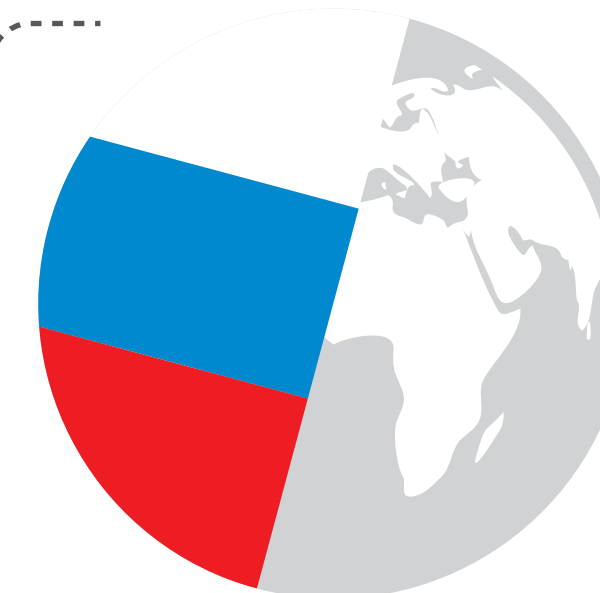
# CONTROLLED FOREIGN COMPANIES ACT (anti-offshore law)

Federal Act 376 "On amendments to Part One and Two of the Tax Code of the Russian Federation (taxation of controlled foreign company profits and foreign company income)" was signed by the President of Russia on 24.11.2014, due for enactment **01.01.2015**

The Act amends the Tax Code of the Russian Federation to include:

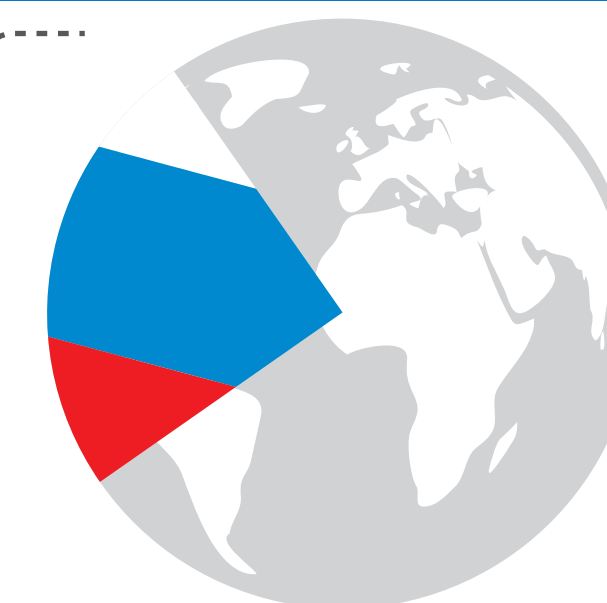
- Mandatory reporting of foreign company ownership for taxpayers
- The concept of 'controlled foreign company' (CFC)
- Tax rules for CFC owners and liability for non-payment

## Controlled Foreign Companies:



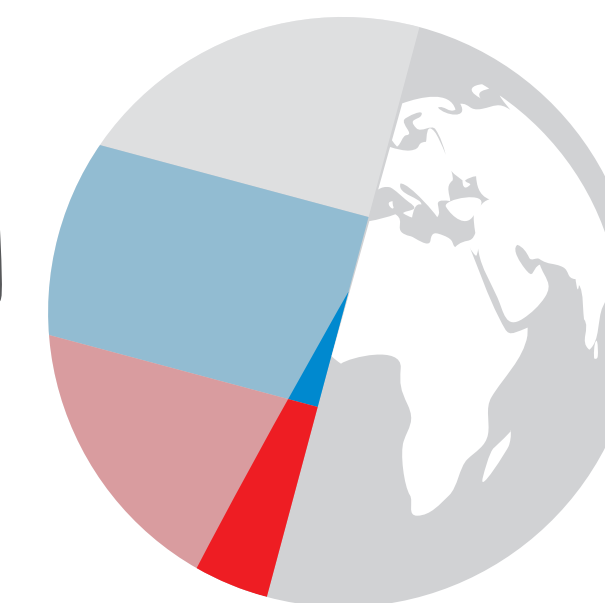
over 50% of the company owned by Russian entity

Since 2015



over 25% of the company owned by Russian entity

Since 2016



Russian residents co-owning over 50% of CFC are subject to an individual **10% ownership limit**

## TAXES

Minimal non-distributed CFC profit to be declared:

2015 г. RUB 50 mln | 2016 г. RUB 30 mln | 2017 г. RUB 10 mln

## LIABILITY

Controller's liability for non-payment or partial non-payment of the tax resulting from omission of the CFC profit from its tax base:  
a 20% fine off the unpaid tax amount, RUB 100k minimum

Controller's liability for failure to present CFC data:  
RUB 100k fine for each CFC

Controller's liability for non-disclosure of controller status or submission of misleading data:  
RUB 100k fine for each CFC

CRIMINAL PENALTY FOR TAX EVASION ALSO APPLIES