



DO NOT PLAY BLINDLY

Starting 2015 the Russian tax legislation was enriched with such concepts as “beneficial owner of income”, “controlled foreign company” and “controlling person”. Besides the “tax residency” rules were included into the Tax Code of the Russian Federation as well as widened the cases of taxation of indirect sale of Russian based real estate.

Currently it becomes more important for the Russian tax residents that are using foreign entities for their business and private wealth holding structures to perform an effective and timely management of their foreign legal entities and structures with no separate legal identities.

1

CONTROLLED FOREIGN COMPANIES (CFC)

- PREPARATION AND REPORTING UNDER CFC RULES
- ELABORATION OF THE METHODOLOGY FOR CALCULATION OF PARTICIPATION IN CFC PROFIT
- DEFINITION OF THE PERIMETER OF FOREIGN SUBSIDIARIES QUALIFIED AS CFC
- EXEMPTIONS FEASIBILITY ASSESSMENT APPLICABLE TO CFC PROFIT AND PREPARATION OF DOCUMENTS CONFIRMING SUCH EXEMPTION
- ANALYSIS OF CFC FINANCIAL STATEMENTS FROM THE PERSPECTIVE OF THEIR CORRECTNESS AND EFFECTIVENESS
- EFFECTIVE MANAGEMENT OF THE ADDITIONAL TAX BURDEN ARISING UNDER APPLICATION OF CFC RULES
- CALCULATION OF CFC PROFIT AND ITS CORRECT INCLUSION INTO THE TAX BASE OF THE CONTROLLING PERSON
- EFFECTIVE CFC ORIENTED STRUCTURING FOR FOREIGN PRIVATE ASSET AND WEALTH HOLDING

2

BENEFICIAL OWNERSHIP RULES

- HEALTH-CHECK OF THE CURRENT STRUCTURE OF PAYMENTS AND FURTHER DISTRIBUTION OF RUSSIAN SOURCED INCOME (DIVIDENDS, INTEREST, ROYALTY AND CAPITAL GAINS)
- ANALYSIS OF FUNCTIONS, DECISIONS AND RISKS BORNE AT THE LEVEL OF THE FOREIGN ENTITIES
- QUALIFICATION AND QUANTIFICATION OF POTENTIAL TAX RISKS TRIGGERED BY APPLICATION OF THE BENEFICIAL OWNERSHIP RULES
- RECOMMENDATIONS ON EFFECTIVE INCOME DISTRIBUTION STRUCTURING INCLUDING PREPARATION OF NECESSARY DOCUMENTARY SUPPORT
- ELABORATION OF DIFFERENT DEFENSE STRATEGIES IN CASE OF A CHALLENGE BY THE TAX AUTHORITIES OF THE BENEFICIAL OWNERSHIP STATUS OF THE FOREIGN RECIPIENT OF INCOME

3

TAXATION OF INDIRECT SALE OF REAL ESTATE

- HEALTH-CHECK OF THE CURRENTLY EXISTING RUSSIAN REAL ESTATE HOLDING STRUCTURES
- ASSESSMENT OF POTENTIAL TAX CONSEQUENCES ARISING FROM AN INDIRECT SALE OF RUSSIAN REAL ESTATE PROPERTY
- RECOMMENDATION ON EFFECTIVE STRUCTURING FOR BOTH HOLDING AND FUTURE SALE OF THE REAL ESTATE PROPERTY
- RECOMMENDATIONS ON NEGOTIATIONS OF TAX INDEMNITIES/WARRANTIES UNDER DEALS WITH INDIRECT SALE/ACQUISITION OF REAL ESTATE PROPERTY
- PREPARATION OF THE NOTIFICATION DISCLOSING THE ULTIMATE BENEFICIARIES IN CASE OF IMMEDIATE HOLDING OF THE RUSSIAN REAL ESTATE PROPERTY BY A FOREIGN ENTITY

4

TAX RESIDENCY

- COLLECTION OF INFORMATION AND HEALTH-CHECK OF THE CURRENT MANAGEMENT STRUCTURE OF THE FOREIGN ENTITIES
- ASSESSMENT OF THE LEVEL OF SUBSTANCE OF FOREIGN ENTITIES IN THE JURISDICTION OF THEIR INCORPORATION
- RECOMMENDATIONS ON BOOST OF SUBSTANCE IN THE FOREIGN JURISDICTIONS INCLUDING ESTABLISHMENT OF AN INTRAGROUP MANAGEMENT STRUCTURE
- ARRANGEMENT OF AN EFFECTIVE STRUCTURE FOR COOPERATION BETWEEN THE FOREIGN AND RUSSIAN MANAGEMENT TEAMS INCLUDING THE STRATEGIC DECISION MAKING PROCESS PERFORMED BY THE GROUP BOARD OF DIRECTORS/INVESTMENT COMMITTEE

