



Amnesty of Capitals campaign extended to July 2016

Daniil Ruderman

Tax Consultant and Representative, Moscow
and

Alexis Tsielepis

Director, Head of Taxation

23 December 2015 - The Amnesty of Capitals campaign, which refers to the voluntary declaration of assets and bank account information by Russian individuals, is set to be extended to 1 July 2016.

In his annual speech to the Russian Parliament on 3 December 2015, Russian President, Vladimir Putin, announced the need to amend and extend the Amnesty of Capitals campaign, noting that as of today the campaign rules are too complicated and unclear and the whole tool is not too popular within the business community.

Following the President's speech, on 14 December 2015, the Russian Government introduced to the State Duma the draft law extending the term of the campaign until 1 July 2016 thus extending the deadline for submitting the declarations by six months. It is expected that this draft law would be adopted and signed by the President by the end of the year.

That said, the substantive amendments to the campaign rules require some more time to develop and therefore it is likely that the relevant legislation will be introduced and adopted in early 2016. Although the specific list of amendments is currently unclear, it is anticipated that these amendments would be applicant-friendly. Industry experts also expect the extension of the guarantees provided to those individuals (and their companies) who decide to file the declaration.

Further amendments to Russian CFC/deoffshorisation legislation

Meanwhile, a draft law with a new set of amendments to the Russian CFC/Deoffshorisation legislation was introduced to the State Duma on 14 December 2015. The draft law is extensive and there are a number of substantive amendments that require proper consideration.

On 22 December 2015, the draft law passed the first reading in the State Duma. Further work on the draft is planned for 2016.

Expect a detailed analysis of the new draft law soon.



Further debates on Russian tax residency rules for individuals

In Tax Alert 14, we commented on two letters issued by the Russian Federal Tax Service in 2015 in which it basically argued that the Russian tax residency rules for individuals are not limited to the "183 days per year" test established by the Tax Code. The Federal Tax Services stated that an individual may be considered as a Russian tax resident if the respective individual's permanent place of living is in Russia or his or her centre of vital interests is in Russia (even in case when this individual spent less than 183 days in Russia during the calendar year).

That said, the Russian Ministry of Finance has disagreed with the position of the Federal Tax Service and commented with a direct reference to one of the mentioned letters that the Federal Tax Service's analysis is not in compliance with the Russian legislation in force (Ministry of Finance's Letter No. 03-04-05/45277 dated 5 August 2015).

Nevertheless, recently, on 29 October 2015 the Federal Tax Service issued new letter No. OA-3-17/4072@ in which they again argued that the individual's permanent place of living and his or her centre of vital interests in Russia should be analyzed for the purposes of Russian tax residency rules (even if this individual spent less than 183 days in Russia during the calendar year).

As always, we will keep you posted on this and other developments in Russia.