



## Tax Alert: President Putin signs deoffshorisation law

Dear Clients, Associates and Friends

As expected, earlier this week, Russian President Vladimir Putin approved and signed the infamous deoffshorisation law, which will now enter into force on 1 January 2015.

At the same time, President Putin signed off on another related law, which among other issues, increases the standard tax rate on dividends for Russian tax resident individuals and Russian tax resident legal entities from 9% to 13%.

The deoffshorisation law went through and received the approval of the State Duma, the Federation Council and the President in the time span of less than two weeks.

It has been reported that after the law enters into force, the Ministry of Finance may suggest in the spring of 2015 certain amendments to the deoffshorisation rules which maybe to the benefit of taxpayers. That remains to be seen.

The deoffshorisation law aims at deoffshorising the Russian economy by way of the following three main measures: (a) the beneficial owner of income concept, (b) controlled foreign company (CFC) rules and (c) Russian tax residency rules for legal entities.

In anticipation of the enforcement of the law, we again strongly encourage all those affected to contact us so we may review your current legal structures and determine its potential effects.

For previous updates and more information on the law, you may visit the [Tax Updates](#) section in the E-Library category of our website ([www.tsielepis.com.cy](http://www.tsielepis.com.cy)).

Kind regards,

**Alexis Tsielepis**, BSc, FCA  
Director, Head of Taxation