



## **Amnesty of Capitals Law significantly amended**

The Amnesty of Capitals Law (the full name of which is "On Voluntary Declaration of Assets and Bank Accounts (Deposits) by Individuals and on Introduction of Changes to Certain Legislative Acts of the Russian Federation") has been adopted by the State Duma in three readings. It is now waiting for the approval of the Council of Federation and further approval and signing by Russian President, Vladimir Putin.

As compared to the initial draft, as presented in previous Tax Alerts, the final draft of the Amnesty of Capitals Law was amended significantly. Many introduced changes appear to be technical, however, there are some substantive amendments to the draft as well. These substantive changes, in particular, include the following:

- The final draft does not provide for the obligation to transfer property from the nominal holder to the actual owner as one of the conditions for the release from criminal, administrative and (or) tax liabilities. The article covering the procedure for the transfer of property from the nominal holder to the actual owner was excluded from the draft as well. At the same time, such a transfer is still possible and, according to the draft, shall not lead to taxation in Russia;
- The final draft introduced the definition of the agreement for the nominal possession of property which agreement between the nominal holder and the actual owner shall be attached to the declaration (if the actual owner declares the relevant property);
- The final draft lists specific crimes from which the applicant may be released upon filing the declaration. It should be noted that the list of such crimes is not all-inclusive. For instance, fraud and some other crimes are absent in this list. Thus, the applicant would not, in any case, be able to escape from criminal liability in relation to such crimes (if his/her guilt is proven). This is the issue (not all-inclusive list of crimes) for which the final draft of the Amnesty of Capitals Law is criticized;
- As opposed to the initial draft which provided for the release from criminal, administrative and (or) tax liabilities for the offences committed before January 1, 2014, the final draft provides this release for the offences committed before January 1, 2015;
- The final draft provides for the form of declaration to be filed and instruction on how to fill-in the form.

Further, another draft of the law introducing changes to the Tax Code to make it in compliance with the Amnesty of Capitals Law was also adopted by the State Duma in three readings and is now also waiting for the approval of the Council of Federation and further



approval and signing by President Putin. This draft law, in particular, provides for a tax relief for the applicant in relation to the declared items.

Besides tax issues relating to the Amnesty of Capitals Law this draft law provides for the long awaited and important changes (including taxpayer friendly amendments) to deoffshorisation rules which entered into force on January 1, 2015. These changes are substantive and we are planning to explore them in detail and inform you on our findings in a separate material.

Finally, the Russian Ministry of Finance and the Federal Tax Service issued joint Order No. MMV-7-14/177@ dated 24 April 24 2015 (registered by the Ministry of Justice on 13 May 2015), which establishes the form for notifications in relation to participation in non-Russian companies and non-Russian structures (such as trusts, funds etc.). As mentioned in previous Tax Alerts, for the first time, this form needs to be submitted to the tax authorities no later than 15 June 2015.

Please do not hesitate to contact us should you require any further clarifications.

Kind regards,

**Daniil Ruderman**

Tax Consultant and Representative, Moscow

*and*

**Alexis Tsielepis**

Director, Head of Taxation