

Russia to relax currency legislation starting 1 January 2021

Russia · 09.11.2020

Available languages: [RU](#)

The partial cancellation of the foreign currency repatriation requirement established by Article 19 of the [Currency Control Law](#)* will reach its next stage on 1 January 2021. On that date, the share of rouble proceeds from commodity contracts, which Russian exporters are no longer required to credit to their Russian accounts, will increase to 30% (from the current 10%).

In addition, the list of exceptions to the repatriation requirement will be expanded to include offsetting for certain types of service agreements with non-residents.

What has changed: a new stage for cancellation of repatriation in relation to commodity contracts

Russian residents must currently ensure that funds due to them from non-residents under foreign trade contracts are credited to their bank accounts with Russian banks (under Article 19(1)(1) of the Currency Control Law). Amendments to the Currency Control Law brought about by [Federal Law No. 265-FZ dated 2 August 2019](#)* provide for the gradual abolition of this obligation for certain types of foreign commodity contracts subject to the following requirements:

- First, cancelling repatriation only applies to contracts settled in Russian roubles (when both the contract amount is denominated in and payments are made in roubles).
- Secondly, repatriation will only be gradually abolished for foreign trade export contracts relating to certain commodities, as listed by Article 2(4) of Law No. 265-FZ. These commodities include certain mineral products (e.g. ores and mineral fuels), organic chemicals, precious and non-precious metals, etc.
- Thirdly, a resident exporter is allowed not to repatriate currency based on a certain maximum percentage of the amount of the foreign trade contract. At present, exporters can leave abroad up to 10% of the proceeds under commodity contracts (except for certain types of goods). From 1 January 2021, this threshold will be raised to 30%, and in 2022 and 2023 to 50% and 70%, respectively. From 1 January 2024, exporters will not have to return to Russia up to 100% of the total amount of proceeds under foreign trade commodity contracts that meet the requirements for contracts specified in the bullet points above

What remains unchanged: repatriation in relation to other types of foreign trade contracts

Regarding foreign trade contracts on the performance of work, the provision of services, the transfer of non-commodity goods (with some exceptions) or intellectual property, a resident's obligation to repatriate Russian roubles was completely cancelled on 1 January 2020. At the same time, the requirement for the full repatriation of funds received in foreign currency continues to apply.

Moreover, the gradual abolition of the repatriation requirement does not mean that it is no longer required to return funds to Russia paid to non-residents for goods that are not imported to Russia, work that is not performed, services that are not provided, information and the results of intellectual activity that are not transferred.

In addition, residents will still be required to ensure that funds are repaid to their accounts for loans issued to non-residents, regardless of the loan currency.

Cancelling repatriation when offsetting under certain foreign trade contracts

Also from 1 January 2021, the requirement for Russian residents to repatriate proceeds (both in foreign currency and Russian roubles) to their Russian accounts will not apply when offsetting counterclaims for obligations from foreign trade contracts for providing certain services. The [list](#)* of these services is currently under discussion and will be subsequently approved by the Russian government. It is assumed that the list will include the following types of services:

- educational services under higher education programmes;
- publishing software, production of computer equipment and provision of services for the granting of relevant

licences; and

- data processing and information placement services.

Conclusion

There is clearly a steady trend towards relaxing foreign exchange regulation and liberalising foreign exchange control in Russia.

At present, the changes have already affected the repatriation of foreign exchange earnings under some foreign trade contracts. A bill to phase out repatriation for non-energy finished goods is also [under consideration*](#), and [discussion*](#) is under way to cancel repatriation when offsetting some refundable advance payments.

Thus, it is possible that further measures to relax currency regulation and soften currency control in relation to foreign trade contracts will also be adopted.

For more information on this eAlert, please contact CMS Russia experts [Konstantin Baranov](#), [Darya Lukyanova](#), [Elizaveta Volkodav](#) or your regular contact at CMS Russia.

**In Russian*

KEY CONTACTS



[Konstantin Baranov](#)

Partner | Head of Banking & Finance, Moscow



[Darya Lukyanova](#)

Associate | Banking & Finance, Moscow



[Elizaveta Volkodav](#)

Associate | Banking and Finance, Moscow

