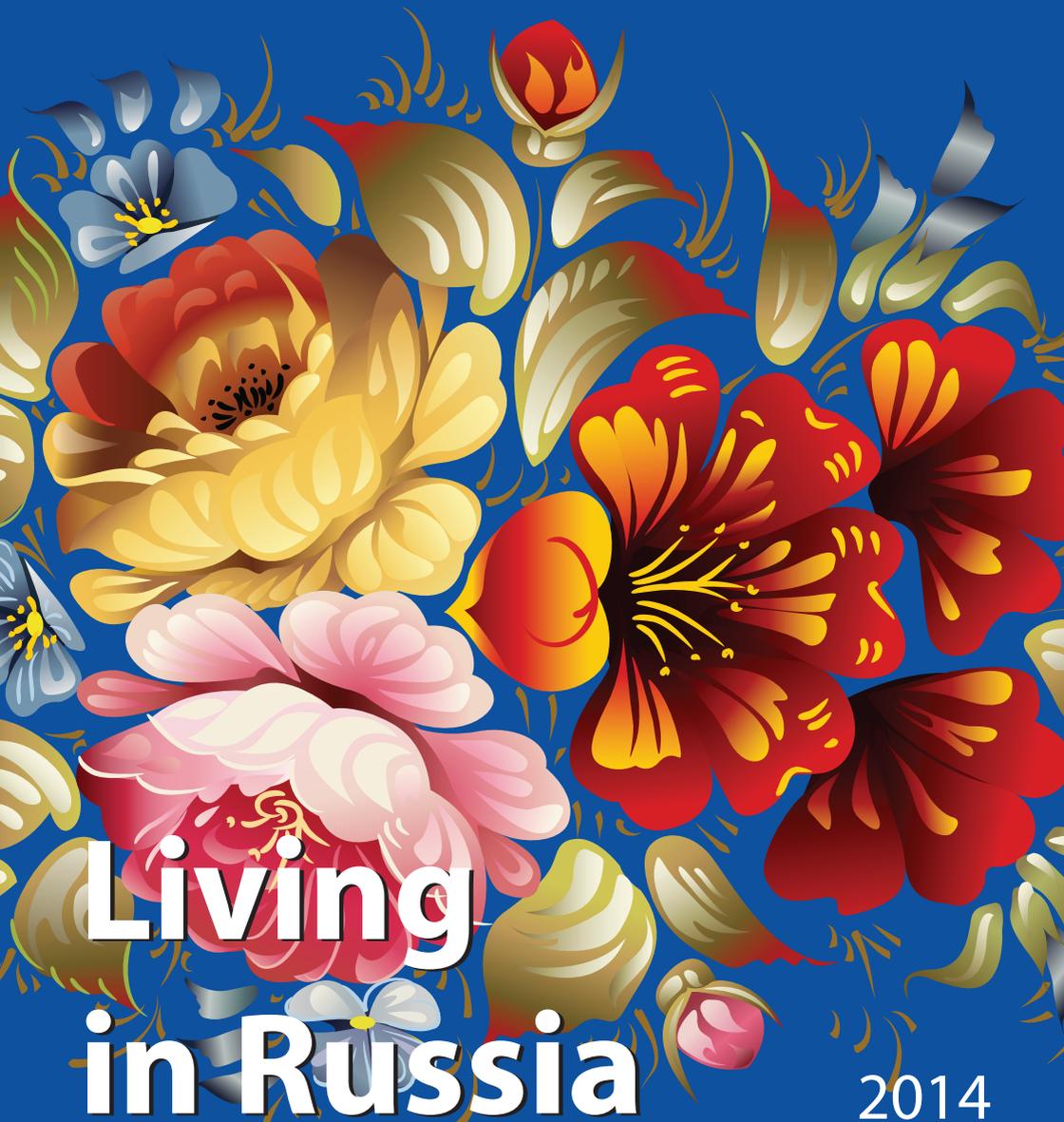




STEP BY STEP:



Living in Russia

2014

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Contact: Elena Khlebnikova, Training Manager

Tel.: +7 (495) 234 27 64, ext. 114

E-Mail: Elena.Khlebnikova@aebrus.ru



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Dear Reader,

It is a pleasure to introduce this useful companion to life and business in Russia.

The European Union and Russia have an economic interdependence and a common neighbourhood. Russia is an important economic and political player and we share a common continent and history. As the Head of the Delegation in Moscow I look forward to work closely with our Russian partners to advance and develop our relations.

There is a large and vital flow of people, goods, services and capital between the EU and Russia. These exchanges have grown significantly since the fall of the Soviet Union and have provided strong economic benefits for both sides. Over the past decade EU exports to Russia have grown five-fold, to about €101 billion in 2012. Over the same period, Russian exports to the EU have grown four-fold and reach now around €214 billion. After 2008 there was a strong rebound that has carried our trade to its highest level ever: in 2013 it was about 15% higher than before the global financial crisis in 2008.

For many years, cooperation between the EU Delegation in Moscow and the AEB has been very close, and frequent contacts take place on a wide range of issues. The AEB is actively engaged in many of the EU's regulatory dialogues with the Russian government to reduce all kinds of market access barriers for European companies. In the past, the AEB has supported European policymakers and the EU Delegation on issues of importance for EU businesses active in Russia, such as visas and work permits, customs issues, import duties, technical barriers to trade, intellectual property rights and energy-related questions.

Doing business in Russia is a challenge but with opportunities. The AEB is an excellent partner for issues of practical and commercial importance to European companies and expats living in this exciting city.

Together with the AEB, the EU Delegation in Moscow would like to welcome you to Russia.

H.E. Vygaudas Ušackas
Ambassador, Head of EU Delegation to Russia

**Dear Reader,**

Living in Russia may seem a daunting prospect at first, but this amazing country can offer expats a truly unique life experience.

Russia is a country that is making significant economic progress and this is reflected in the amount of western businesses that are establishing a presence here. Such developments have brought large numbers of expats into the country, many of whom base themselves in the busy cities of Moscow or St Petersburg.

We all heard know the old saying: "When in Rome do as the Romans do." That advice is equally appropriate when visiting Russia, so it is important to know a little about the do's and don'ts that Russians will expect of you. This publication describes some of them. It is written for expatriates in Russia and for people who would like to move to Russia.

In this issue you will find useful information on serviced accommodation in Moscow, advice for representative offices on paying tax, selection of staff and studying Russian in Moscow. It also covers the cultural and domestic sides of life: the basics of Russian food, dining and manners; the Moscow residential property rentals market, and much else besides.

Enjoy your reading!

Sincerely yours

Frank Schauff
Chief Executive Officer
The Association of European Businesses



Cultural Experience of Russia: Get to know the basics on food, dining, drinking and enjoying your time with Russian friends

Dining Etiquette

Although Russians are generally not superstitious, there is at least one superstition you should know about. When you arrive at a Russian's house for dinner, don't even think about offering your hand to them until you have completely crossed the threshold.

You should arrive on time, and bring a cake, and after entering completely you may offer to shake hands. You are then usually expected to remove your shoes. You will most likely be

treated as an honoured guest and you should return this favour by dressing nicely. If you are male you are expected to socialize with the other men, if you are female you should offer to help prepare the meal; the invitation will almost certainly be accepted. Men who offer to help in the kitchen are generally laughed at and if you make it into the kitchen you will most certainly be kicked out as if you are crossing a cultural barrier.

When the meal is served, standard manners indicate you should eat with the fork in the left hand

and the knife in the right. Keep your hands within sight but don't put your elbows on the table, and wait to be served. Russians tend to serve the oldest or most honoured person first, so wait until they determine your status.

To continue on the differing gender roles, women don't cut bread or pour drinks. The men must take on these roles, so if you see a woman's drink empty fill it up. If you are a woman, it won't be long before a fellow diner fills your glass. Before emptying your glass though, you have to start drinking and before you do that you should wait for a toast, which is typically first given by the host.

It is considered rude both to turn down food and to clean your plate. Try everything offered

to you and once you're finished eating, leave a little food on the plate to show that the amount served was more than enough; this is a great compliment to the host. The only exceptions to this are that you must finish your bread and your alcoholic drinks.

When dining in a restaurant, the host or inviter is expected to pay. If you are a guest, you are expected to offer to pay, but this offer will most likely be turned down.

Tippling is not common in Russia but there are exceptions at nice restaurants catering to foreigners, particularly in Moscow and St. Petersburg. Service in these locations is generally better than average and tips are expected at the level of about 10%.

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History & Influences

Russian food is based on the need to survive the cold, long winters. For this reason, Russian food is based on meats and fats, and heavy vegetables, like potatoes. Due to the short growing seasons there are few fruits and vegetables in the traditional diet, other than mushrooms.

As ingredients have become more abundant over time, cakes have become very popular and are regularly served. As a slowly expanding nation, however, there have been few outside influences on Russian cuisine, but in general there is a vast variety from region to region within Russia.

Staple Foods

Bread: the Russians love their breads, from standard white bread to pastries with fruit, nuts and chocolate. One or other of these is served with nearly every meal.

Regional Variations & Specialties

Russia's regional variations in ingredient availability means there are hundreds of dishes unique to particular regions, and with Russia's many minority populations and ethnic groups there are many different specialties. Each of these groups has traditional dishes, most of which haven't expanded in popularity beyond the local region's borders.

Here are a few of Russia's best-known dishes:

Beef Stroganov: beef cooked in a cream and mushroom-based sauce, sometimes served over noodles

Borsch: beet soup served in hundreds of versions based on the region and chef; typically served with sour cream

Pelmeni: bread-like dough stuffed with any number of ingredients, from fruits to meats

Pickled Herring: herring served cold, a common snack in Russia and some Scandinavian countries

Drinks

► All popular non-alcoholic drinks are available in Russia, including a great selection of juices. Mineral water, both still and carbonated is also popular.

► Russia is first and foremost known for vodka. However, in today's culture, beer has become very common except at celebrations, where vodka is still king—or perhaps 'tsar' is more appropriate.

► In general, tap water in Russia should not be consumed for safety reasons

Naming Conventions

Russian names comprise:

- ▶ First name, which is the person's given name.
- ▶ Middle name, which is a patronymic or a version of the father's first name formed by adding '- vich' or '-ovich' for a male and '-avna' or '- ovna' for a female. The son of Ivan would have a patronymic of Ivanovich while the daughter's patronymic would be Ivanovna.
- ▶ Last name, which is the family or surname.
- ▶ In formal situations, people use all three names. Friends and close acquaintances may refer to each other by their first name and patronymic. Close friends and family members call each other by their first name only.

Gift Giving Etiquette

Gift giving usually takes place only between family and close friends on birthdays or in celebrating the New Year or Orthodox Christmas.

- ▶ If you are invited to a Russian home for a meal, bring a small gift.
- ▶ Male guests are expected to bring flowers.
- ▶ Do not give yellow flowers. (They symbolise separation)
- ▶ Do not give a baby gift until after the baby is born. It is bad luck to do so sooner.
- ▶ Russians often protest when they are offered a gift. Reply that it is just a little something and offer the gift again and it will generally be accepted.



Some Good Russian Restaurants in Moscow:

- ▶ **Ermak** www.restoran-ermak.ru/about.html
- ▶ **Staraya Bashnya** www.oldtower.ru/
- ▶ **Chemodan** www.chemodan-msk.ru/
- ▶ **Café Pushkin** www.cafe-pushkin.ru/
- ▶ **Semy Pyatnits (Seven Fridays)** www.restorangroup.ru/rus/7fridays/index.htm
- ▶ **Oblomov** <http://oblomov-restaurant.ru/>
- ▶ **Expedia** <http://expedia.ru>

Alexander Sikorsky Alexander has over 12 year experience in relocation, having begun his career as a mover in London in 2000. He joined Interdean first as a member of the operations team and then progressed into general management and sales. He relocated with his family to Kiev, Ukraine, in 2006 and then Moscow, where he has been working as Sales Director of Interdean Relocation Services since January 2012. Apart from gaining experience in moving and relocation, he also acquired personal insight into expat way of life, understanding of every aspect of living abroad, and the process of integrating into a new cultural environment and overcoming cultural differences.



Learning Russian

Is Russian difficult? Some people, who never had the time to properly study it, naturally tend to think so. Many Russians are quick to support this view, although given the fact that they never had to learn it as a foreign language, what would they know? Statistically speaking, Russian is classified as a level 3 language in terms of learning difficulty for native English speakers (on a scale from 1 to 5). That makes it more difficult for them to learn than, say, Italian or Spanish, but substantially easier than Arabic, Japanese or Chinese. It's worth remembering that millions of people in the former Soviet Bloc could communicate in Russian. This included non-Slavic countries like Germany, Kazakhstan, Mongolia, and even Cuba. In addition, there are large numbers of minorities and immigrants in Russia who can do it (Tatars, Georgians, Armenians, Tajiks, and so on). You may think people are quick to learn English, but it's easy to forget they are exposed to it very often on TV and radio. Even being exposed to the kind of English heard in Schwarzenegger films helps. But how often did you hear Russian before you came here?

To make you more comfortable as a beginner, let us list some relatively easy things about the language:

Word order in Russian is not particularly important. In German, English, French, or Dutch, a mistake in word order is likely to raise an eyebrow at the very least.

The Russian language does not use articles. Ever tried to explain to a Russian student when the

words 'the' and 'a' should be used in English? It's really not that simple.

The Russian alphabet has 33 symbols and no variations. It is probably the easiest non-Latin alphabet to learn. Learning to read Arabic or Korean will take you much longer.

Russian is a largely phonetic language, meaning that the pronunciation of a word can be predicted from its spelling, and vice versa. This is not the case in English. Once you consider the difference in writing and pronunciation of words like 'comfortable', 'Leicester Square', and 'know-how', the relative straightforwardness of spelling in Russian will appear very welcome.



So, once you have learned the alphabet, you are immediately able to learn Russian words, simply by reading them: **restorán, ekonomícheskí, kófe, gaz, telefón, nómer, ófis, taksí, prodúkt, perestróyka...** There, you have just learnt 10 Russian words in 10 seconds!

Case study: Salary Survey & Market Overview

About the client company

A large international company operating in more than 120 countries, providing services in the field of management consulting, technology and outsourcing.

Problem description

- The Company recorded an increase in turnover of highly-qualified personnel
- Measures implemented to reduce the turnover of personnel did not yield significant results
- As a result, the Company lost a number of core employees, which negatively impacted their financial performance

Project execution

- Analyzed the Client Company's current employee compensation levels and benefits packages filled per position level
 - Researched the Client Company's competitive environment vis-à-vis compensation levels and benefits packages, including year-end bonuses
 - Presented a comparative analysis which enabled the Client to create competitive compensation packages for their employees
- The project was fully completed within the span of one week.

Practical results for the client

- Identified the primary cause of high personnel turnover
- Based on the carried out analyses, developed competitive compensation packages and implemented changes in the budget
- As a result, the turnover of personnel was significantly reduced

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Learning the alphabet was the easiest part though, next come the rules! You will need a slow and arduous introduction to grammar in order to get your head around Russian verb forms and cases. Expecting quick results can lead to a lot of people giving up too soon. Until you master some basic grammar and vocabulary, there may be moments of confusion and self-doubt. It takes several months rather than days or weeks. And then suddenly, to your great surprise, you will feel as though a huge leap forward has been made! So try not to be too much of a perfectionist early on. After all, reaching the fluency of a native Russian speaker is very difficult indeed.

Let's go through some randomly chosen words you should know. Some things cannot be fully explained by a dictionary.

Na zdoróvye (cheers, prosit, santé). This is mistake number one that foreigners in Russia make when proposing a toast. Only 'Russians' in Hollywood films say that. While it may be correct in

Polish ('na zdrowie'), it is NOT in Russian. You can drink za uspékh (to success), **za drúzhu** (to friendship), **za znakómstvo** (to our meeting), **za prekrásnykh dam** (to the beautiful ladies), or basically to anything which refers to what you were speaking about. Russians are good at making toasts that take a couple of minutes so don't try to compete. If you really want to mention health, say '**Búdem zdoróvy**' (let us be healthy). Also remember the expression **na pososhók**, which corresponds to 'one for the road'.

Brat (brother) or **sestrá** (sister) have a much wider meaning than their equivalent words in Western Europe. Russians often call their second or third cousin 'sister' or 'brother'. One can only speculate as to why this is the case, but one theory is that family ties are traditionally stronger in Russia, and individual family units are usually quite small.

Nash means 'ours'. In the Russian mindset, there is a strong sense of how differently things are done in Russia compared to the outside world. If

they call you *nash* (one of ours), you are pretty well integrated. In the same context, *evroremónt* (European style renovation) in your flat is considered to be a more serious job than a mere (Russian) *remont*.

Skvoznyák: draught. What some of us view as fresh air is viewed by many Russians as a potentially fatal attack on even the strongest person's health. You will hear the same remarks in your office about the **konditsionér** (air conditioning).

Davléniye (pressure), a strange headache a lot of people on this side of the planet suffer. It is sometimes brought about by 'magnetic storms'.

Korótkiy den is literally 'a short (working) day', say, until 3–4 pm. This can be every Friday for some, the day before one of the many public holidays for others, and the day of somebody's birthday for almost everybody.

Málenkaya pyátnitsa (little Friday) is actually Wednesday. In the evening, you are allowed to be in a little bit of a weekend mood.

A **dácha** is the name given to a house in the country, which Russians flee to as soon as real spring kicks in (May). Once there, they enjoy growing their own vegetables and herbs (like dill, **ukróp**), ending the day with a well-deserved **shashlým** – the very tasty Russian version of a barbecue. Don't look for spicy (**óstry**) sausages on the grill, as this kind of food is not very popu-

lar in Russia. Even the waiter in your local Indian restaurant will make a distinction between *ostrý* and 'foreigner spicy'. Many *dachas* have their own **bánya**, a distinctly Russian place to unwind. It is something between a Finnish sauna and a Turkish bath, but better than both.

Russians like diminutives. Once you become closer friends, no matter what age you are, Alexander becomes **Sásha**, Vladimir **Volódyá**, Maria **Másha**, and Evgeniya Zhenya. After a while they will probably change your own name to something funny and rather cute-sounding, usually ending in **-chik**.

In spite of the country's huge size, Russia has relatively few regional accents and dialects left, compared with Germanic languages, where changes can be detected every 15 miles or so. It seems Standard Russian has supplanted regional dialects. You should know, however, that they do have mat: foul language. While every language has it to some degree, the frequent use, content and creativity of the Russian version is unique. The editor kindly asked not to provide any examples here, but once you start living here, ask your best Russian friend for a brief introduction so that you at least have a clue what your taxi driver is yelling about after standing 2 hours in a traffic jam (**próbká**). Having said that, it's best to keep your knowledge of Russian obscenities to yourself; there is no point in risking potentially lasting diplomatic or physical damage.

Johan Verbeeck Johan first arrived to Russia in 1987 as a student. Returning frequently, he finally settled in Moscow in 2002. Johan combined his previous business experiences in various fields with his love for languages when he opened the Russian branch of ElaN Languages (Belgium) in 2008. Building a network of top translators and trainers in the language and communication field, he is regularly invited to organize cross cultural seminars



Where on earth do they speak Russian?

If you are feeling excited about learning how to speak and understand Russian, this article is for you!

The Russian language has for long been one of the most widely spoken languages, not only in Russia but throughout the world. According to recent research, more than 500 million people speak Russian, making it the world's third most commonly spoken language after Chinese (more than 1 billion speakers) and English (750 million). The majority of Russian speakers live in Russia, Ukraine, Kazakhstan and Belarus, with smaller numbers in former USSR republics and other countries around the world with large immigrant populations from the former Soviet Union.

All in all, Russian is more widely spoken than many other popular languages such as French, German or Japanese.

Many of those who study foreign languages wonder which is the most difficult one to learn. Linguists say that there is no precise answer to this question because everything depends on which language you already speak. Russian, which is generally considered to be one of the hardest to learn, is not difficult for Ukrainians or Czechs. However, Chinese, Korean or Japanese people may have trouble learning Russian.

Why shall I learn Russian?

Despite the fact that Moscow is a gigantic, multinational city, there are still many places where you will not find English-speaking people. The situation gets worse once you get out into the suburbs.

Knowing the language may help you understand the culture and its logic (though some people say we do not have any) and make more friends in Russia.

So if you are already in Moscow, and need to use Russian for your work, or if you would like to be able to easily communicate with people around you, or if you have some spare time and just want to have some fun – there are many options to start learning the language, as described below.

How shall I learn Russian?

1. Classes in a group. You may take a course in a specialized Russian learning school. Though there is a wide choice of different schools, after reviewing feedback, we came up with a ranking of those most recommended by expats and teachers:

► **Centre for International Education at Lomonosov Moscow State University (MSU)**

http://www.cie.ru/eng_index, location Prof-souznaya metro station (24/35 Krzhizhanovskogo St.), phone: +7 499 124 8488. This offers mostly long-term educational courses, Academic Semester: USD 2000 - 3500, Academic week (4 weeks minimum): USD 170 a week. 2 times per week mostly on weekdays.

Despite the fact that they do not have a fancy web site and a high level of customer service in reception, they are one of the oldest and strongest schools, with teachers who have special education and years of experience which, in combination, may deliver good results.

► **BKC International House** <http://www.bkc.ru>, location: Okhotny Ryad metro station, 3rd floor, entrance 8, 3-5, 1 Gazetnii pereulok, +7 495 730 0026. Different groups available – classes mainly during the week – 2 times per week, duration 2 hours 15 mins. Price approximately USD 250 per week.

Central location and probably the best level of education are provided in centrally located schools, by qualified and experienced teachers.

Russian Lab <http://www.russianlab.com>, location Kropotkinskaya metro station, 3 Bolshoi Afanasevsky pereulok, +7 495 223 2245. Different groups available – classes during the week (daytime/evening) and weekends – 2 times per week, duration 2 hours 15 mins. Price approximately USD150 per week.

► **Russ Languages** <http://www.russian-moscow.com>, Location – Arbat metro station, 6th floor, 11 ArbatSt., +7 495 691 5646, different groups available – classes during the week (daytime/ evening) and weekends – 2 times per week 2 hours 15 mins. Price starts from USD 65 per week.

► **RUDN** <http://www.rudn.ru>, Location – Belyaev metro station – 6 Miklukho-Maklaya St., no groups available at this moment, activities may begin from the next January.

These courses have one disadvantage which is the remote location. This is why the school,

which is one of the oldest in Moscow, providing a good level of education, is becoming less and less popular.

Advantages: socializing, structured and organized plans, homework which you most probably will complete due to the group work.

Disadvantages: requires time to get to classes, often you need to have a lot of time available during the day, as morning/afternoon classes are popular in many schools.

2. Individual classes. This option is available at any school, in this case you will need to attend at scheduled times for individual classes or you may find a teacher who will come to your office/home for at least 2 academic hours (45 minutes each). Prices vary from USD 30 up to USD 100, depending on qualification of the teacher and whether a class takes place at school or at your desired location.

You may find a teacher on the internet or check with a school for recommendations.

Advantages: flexible schedule, structured and organized plans, exercises and teaching approach modified according to your needs.

Disadvantages: less socializing, may be slightly boring, if you work in a group and you stop doing your homework and only work with your teacher, expensive.

Inna Soltyk is a Sale Representative in Move One. Move One is one of the leader in the field of international and domestic relocations in the Russia market, with 50 offices around the world. Inna started working in this Industry as account manager, acquired all the processes associated with the transport of personal belongings, after that worked as relocation manager and now she is on position of Sales Representative. Inna graduated Moscow State University of Management with specialization Management in Autotransport and her diploma was devoted to the description and development activities of relocation companies in Russia. Now Inna is focusing on business development of Move One activities in Russia for both directions as cargo and personal shipments and related services.



Serviced Accommodation in Moscow

Moscow is famous for its very expensive hotel room rates, but less well-known is the burgeoning sector in temporary serviced accommodation in the capital, and how much choice there really is. Serviced accommodation – serviced apartments, apart-hotels and hostels – is a popular choice for relocation companies, expats and visitors to Moscow and ticks all the boxes for price, location, comfort and choice.

The development of the serviced accommodation sector really started after 2000 and today there are a number of accommodation companies provide A-grade service and high quality accommodation in the capital.

Serviced accommodation in Moscow can be split into three pricing segments;

- ▶ **Apartment/hotels** (expensive)
- ▶ **Serviced Apartments** (mid-range)
- ▶ **Hostels** (economy level)

Aparthotels:

Whilst a standard option in many global cities, Moscow unfortunately only has a few proper aparthotels and these very much cater to the premium segment. Serviced accommodation here comprises 1 to 4-room apartments in a VIP-style environment. Benefits include 24-hour concierge service and a premium level of interior design and fit-out. The price may be beyond the budget of most expats and businessmen, but this is a niche market that provides a high level of service.

Apartment/hotels include Mamaison (www.mamaison.com) and Ukraine hotel (www.ukraine-hotel.ru).

There are several new aparthotel projects under construction at the moment that should come on-line 2015-2017.

Serviced Apartments:

Serviced Apartments are popular with assignees and their families, and the number of such apartments in Moscow is increasing rapidly. There are currently about 500 grade-A serviced apartments in Moscow. Serviced apartments have a number of advantages over hotels; each one has a fully-fitted kitchen, a must for families with small children who need to prepare food during the day; more living and storage space; free WiFi and satellite-tv and IT support for installation; wide choice of locations, with apartments throughout the capital and close to work, school and parks; and lower prices than hotels located in the city center.

One unique feature of Moscow serviced apartments is that they are usually individual properties located in normal residential buildings (in London and other major capitals one finds that the entire building is dedicated to serviced-apartments





in a custom-made environment). This provides you with a window onto the daily lives of Russians through interaction with the neighbours.

A standard serviced apartment is a 1- or 2-bedroom apartment, with good western-style renovation and fitted out with all mod-cons. Internet, satellite-TV and local phone calls are all free, and apartments should have a welcome pack (complimentary tea, coffee) and maps of Moscow. There are a number of western companies who provide this service and maintain a portfolio of properties for rent. Some companies also provide 24/7 help-line support. For large families or business groups there are also 4- and 5-room apartments, with baby cots and baby tables optional extras. Most of the apartments are located in central Moscow and close to the central business districts at Moscow City, Paveletskaya, Smolenskaya, Belorusskaya.

Serviced apartment providers include Four Squares (www.foursquares.com), Flat Link (www.flatlink.ru), Moscow Suites (www.moscow-suites.ru), Like Home (www.kakdoma.ru).

Hostels:

Ideal for students and budget travellers, there are a number of western-style hostels that have opened in central Moscow over the last seven years. They offer traditional dormitory-style accommodation (i.e. bunk-beds), as well as separate rooms for 2-4 people. Rates are relatively competitive. In line with the economy level status, "functionality" best describes the level of fixtures and fittings. Hostels may not be a long-term option for living in Moscow, but they are an economical solution for those on a tight budget – and a quick way to make friends with the other 50 guests in the place.

Hostels include Godzillas (www.godzillashostel.com), New Arbat (www.hostelnewarbat.ru), Oasis hostel (www.oasishostel.ru), Moscow Home hostel (www.moshostel.ru), Napoleon Hostel (www.napoleonhostel.com).

Future forecast:

Real estate experts expect the supply of appartments, serviced apartments and hostels to continue to increase in the capital, especially in the run-up to the 2018 FIFA World Cup, which will be held in Moscow and regional cities. New construction should come on line 2016-2018, leading hopefully to a dampening of price growth in this sector.



Michael Bartley Michael is Partner and Director in Four Squares. A British national with over 15 years' experience in Russia Ukraine and Kazakhstan, Michael has a wealth of knowledge in helping expatriates and their families move to Russia. He is married and has two young daughters. Four Squares is a leading provider in Russia of Serviced Apartments, House Rentals, Migration and Settling-in Services. Four Squares employs both Expats and Russian nationals, to ensure the ideal mix of professional experience, quality of service and local expertise.

International Education in Moscow



Moscow is a city undergoing rapid change and at the forefront of the change is the growth of international education in the city. International education is fairly new concept in Moscow having been developed since the breakdown of the Soviet Union less than 25 years ago. Now it is possible to find schools in Moscow delivering the International Baccalaureate, the UK National Curriculum, the Cambridge International Examinations (CIE) and CIE programmes of study.

Why do people choose Cambridge International Examinations (CIE) in a city of such international renown as Moscow?

The first international school in Moscow was registered with the University of Cambridge as a provider of the Cambridge International Education (CIE) programmes in 2009. Since that time the number of schools and other educational institutions offering CIE curriculum has been growing which is not surprising at all. At the end of 2013 Cambridge International Examinations was delighted to announce the 10,000th school into its global learning community. Today there are 10,000 schools offering Cambridge qualifications in the world. In 2013 27 new schools in India registered with Cambridge International Examinations. There are now 337 Cambridge schools in India with schools making over 59,000 entries for Cambridge qualifications in 2013, a rise of

30 per cent since 2012. In Russia the number of Cambridge international school is still less than average (less than 10 registered schools in comparison with 337 Cambridge schools in India) which we hope will change over time. The programmes of study offered by the Cambridge International Schools are the Cambridge international education programmes now being used in over 125 countries and have recently been used as the basis for the newly modified UK National Curriculum.

The programmes of CIE are started in the Early Years Foundation Stage (EYFS) with formal Cambridge Assessment commencing from the age of 7. Children following the programmes have Cambridge Checkpoint Assessments at the end of stage 2 (11 years of age) and stage 3 (14 years of age). These assessments are used as a guide for future study at IGCSE and A' level study.

The world's most popular international qualification

The Cambridge IGCSE – the International General Certificate of Secondary Education – is the world's most popular international academic qualification for 14-16 year olds, available in over 70 different subjects. Cambridge IGCSE leads directly to A Levels, the 'gold standard' pre-university qualification, recognised worldwide. Each year the students of Atlantic get the A Level grades they need to go to university, where they arrive well prepared for their degree course – some even earning advanced credit for their qualifications.

Two of the most important questions to ask of any qualification

Cambridge Students are studying for qualifications that are challenging and enjoyable – which give them excellent preparation for success in their next steps in education or work. The parents of children at Cambridge Interna-

tional Schools are sure that the children will achieve qualifications which have international value and are accepted by universities and employers as evidence of real ability in the subject studied.

Cambridge students are successful students

The students who want to be successful need not only knowledge and understanding, but also need to learn how to make the best of what they know – and how to keep on learning in today's fast-developing world. The Cambridge international qualifications give the students excellent preparation for their next steps in education, work and life.

Cambridge students enjoy learning

Students enjoy learning with Cambridge. The syllabuses – which describe what students learn to gain the qualification – are well structured, engaging and up to date, motivating students to learn and to apply their knowledge. The syllabuses are flexible. Students can pick the subjects that suit them. Teachers can adapt the content to their local context, making study more relevant and interesting.

List of international schools in Moscow

Anglo-American school of Moscow. Canadian, American and British curriculum, strict admission policy (priority is given to the children of diplomats from the American, Canadian and British Embassies). The school is located at north of Moscow, Leningradsky prospect area.

www.aas.ru

Atlantic International School. Cambridge International Education programmes of study, Cambridge Examinations. The school has three locations in Moscow: north-west, south-east and west of Moscow.

www.atlanticschool.ru

British International School. English National Curriculum, IB, Cambridge Examinations. Eight schools throughout Moscow.

www.bismoscow.com

English International School. English National Curriculum, Cambridge Examinations. Three schools throughout Moscow.

www.englishedmoscow.com

International School of Moscow. English National Curriculum. The school is located in North-West of Moscow, Krylatsky Hills area.

www.internationalschool.ru

Hinkson Christian Academy. A quality academic education integrating Biblical principles into each subject area.

www.hinkson.ru

National schools in Moscow

Lycee Francais

www.lfm.ru

Deutsche Schule

www.deutscheschulemoskau.de

Italian School

www.italianschool.ru



Finnish school

www.finnschoolmoscow.com

Swedish school

www.sveskolmoskva.com



Damien Butters, Head Teacher at the Atlantic International School, Skolkovo. Education

- University of Manchester, School of education
- University of Hull, Advanced post graduate diploma in Mathematical education
- Sheffield Hallam University, Applied Statistics

Work experience

- 11 – 16 mathematics teacher, state education, Manchester UK
- Further education, teacher of mathematics, Tameside College
- Hyde 6th Form College, teacher of mathematics
- International school of Moscow, primary and lower school teacher of mathematics
- Atlantic international School, Curriculum manager, head teacher, School director

Russian Lessons

The ladies in the audience usually sigh when I tell them about the courteousness with which Russian men treat women. If only their European menfolk would learn to open doors and help them into their coats...

The men also begin to dream when they hear that gender roles in Russia follow more traditional patterns. They already see themselves lounging on the couch while their wives attend to their every need.

When, while training Western managers, I explain that in Russia there is more of a directive and authoritative management style, as opposed to the more affiliative and participative European one, they often longingly express the wish that

they could be more directive and "Russian" in their own organization at home.

Often I notice that the people whom I train would like to have a little more of "Russianness" in their lives when they hear about the specifics of living and working in Russia. Faint smiles cross their faces when they hear about Russian hospitality or crisis management capacity.

We usually look at Russia as a country where everything is done differently, and we focus on how we have to deal with these differences—"how to overcome the barriers, how to deal with difficulties, what are the do's and don'ts, and so on". Russia's peculiarities in culture and business force us

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to step outside our comfort zone and to adapt if we want to be effective in this country. Most people naturally perceive this as something negative.

There are however many positive things that we can learn in Russia, and in this guide I will discuss some of the wealth of behavioural patterns and customs that Russia has to offer. It will give you an insight into what we can learn from Russians in areas such as loyalty, generosity, family, living in the moment and creativity.

Loyalty

Russia's most essential and undervalued natural resource is the unconditional loyalty that Russians have towards each other. It is the kind of loyalty that is void of any calculation. The kind of loyalty that is warm and inclusive. When Russians include someone new into their circle then it is with an enthusiasm and open-heartedness that, even after my twenty years in Russia, never ceases to surprise me. There is a famous line in Exupery's *The Little Prince* that says: "Tu deviens responsa-

ble pour toujours de ce que tu as apprivoisé", or in English: "You become responsible, forever, for what you have tamed."

In Europe, Exupery's wisdom is a higher goal to strive for but in Russia this line is something that people live and practice every day. When you are fortunate enough to become part of a Russian's inner circle you will experience what it means to be "tamed" by a Russian friend. He or she will definitely become responsible for you and act accordingly. If you have a cold or the flu your Russian friend will offer ten times to buy your food and medicine, and rub a potato on your chest. Actually, you are lucky when there are just ten offers because your Russian friend may also just appear at your doorstep unannounced.

You will be invited for all the family events of your Russian friend. Birthdays, New Year, Maslenitsa (Butter week – sort of a pancake carnival) and any other reason your Russian friend will find to throw a party. But also at the sad events in life you will be there, when there is illness or death. This loyalty also means that you have a responsibility towards your Russian friend. Russian friendships are much more time-consuming than European ones. In the eyes of Europeans, Russians can sometimes be overbearing and if you haven't paid attention to your Russian friend for a while you are bound to receive a phone call starting with the words: "Did I offend you in any way? Why don't you call me?"

When I visited my best and oldest Russian friend, Zhenya, after I hadn't seen him for a long time, the first thing he said to me was: "Rediska (radish – a tender way to call someone who behaved badly), where have you been?" But then without any rancour or resentment he embraced me and we talked in his kitchen about the ways of the world until the early hours of the morning, illustrating the other great Russian quality that goes hand-in-hand with loyalty, namely forgiveness. It was the last time we spoke. The next time I saw him was at his funeral.



Jeroen Ketting

is a publicist and entrepreneur who has been living in Russia for over twenty years.

He established the successful Moscow-based business consultancy www.thelighthousegroup.ru. Lighthouse offers strategic advice and business support to foreign companies and export promotion agencies active on the Russian market. Jeroen is a much demanded speaker and trainer on doing business, management and negotiations in the Russian environment. He is co-author of "In the mirror" – a book giving valuable insights into the Russian soul – and writes many articles on the social, economic and political developments in Russia.



10 steps on the path of HQS: how to handle them smoothly

A foreign citizen who wants to work/is working in Russia as a Highly Qualified Specialist (HQS) and his/her employer, need to consider a number of important issues. As the requirements of migration legislation and sanctions for violations become increasingly stringent, compliance with applicable procedures is essential.

1. Filing the necessary documents for the receipt of a work permit

Before hiring an HQS, the employer has to file a set of documents, including the application form, employment agreement, proof of the payment of state duty, etc., generally with one of its local divisions. If the HQS works in two or more regions,

the documents should be generally filed with the local division of the FMS in the region, where a legal address of an employer is registered.

The migration service issues a work permit within 14 banking days of the filing date. One of the key documents that should be filed is the employment agreement between the HQS and the company. This should comply with certain requirements:

- ▶ The agreement may be concluded either for a fixed term or for an indefinite period, but subject to a condition that it will not enter into force before the actual receipt of the work permit.
- ▶ An overall monthly salary of not less than 166,667 roubles, gross. Denomination (though not payment) of the salary amount in euros is not

desirable, but is possible, subject to the explicit condition that irrespective of the exchange rate the amount of the salary may not be less than 166,667 roubles, gross.

► Provision of voluntary medical insurance for the employee and his/her family members with a foreign citizenship (i.e. officially registered family members in terms of the Russian legislation) coming with him/her.

2. Receipt of a work visa

To obtain a multi-entry work visa for an HQS, the company files a set of documents for the work invitation with the migration service, along with the necessary documents for the work permit.

The company's authorized representative may receive a work invitation and send it to the employee for the purposes of filing documents for a visa. Visas are initially issued by Russian embassies, consulates or authorized visa centres in foreign countries for the term of the employment contract, though for no more than three years.

It is notable that the passport of the foreign citizen (the same passport as mentioned in the applica-

tion for the work permit) should contain a sufficient number of blank pages where the visa may be stamped, as entry to Russia based on a work visa is not possible if no blank space is available for customs stamps. If there is no blank space left, the visa should be transferred to a new passport.

3. Receipt of a work permit

An HQS should obtain a work permit in person from the offices of FMS on the basis of the passport used to provide data for filing purposes. Please note that a tax ID is assigned to the HQS together with the issue of the work permit.

4. Notification of the tax authorities on the hire of the HQS

After receipt of the work permit, the employer generally has 10 calendar days to notify the tax authority. The employer should use a recommended pro forma notification and may file it by post.

5. Migration registration

Registration with the migration authority at the place of stay is only required when the HQS and the members of his/her family stay in Russia for 90 calendar days consecutively. If this is the case, migration registration should take place within seven working days of the expiration of the 90-day term. Please note, however, that the migration registration data should be included in quarterly reporting (please refer to point 7 below).

If the HQS and the members of his/her family change the place of temporary stay where they are registered, and spend 30 consecutive calendar days at a new place of stay, they are obliged to go through the registration procedure at this new address within 7 working days of the expiry of the 30-day term.

Administrative liability for violation of the migration registration rules in Moscow and some other regions is very strict and involves administrative deportation of the HQS, the almost only mate-



rial defence possible being family connections (if any).

6. Voluntary medical insurance

There is no fixed minimum amount of medical insurance. Proof of the medical insurance of an HQS and the members of his/her family for the entire period of the employee's work is essential for the purposes of the potential future extension of his/her work permit. Medical insurance provided by a company other than the employer is in most cases permitted, as long as the relevant insurance policy explicitly states that the employee may receive the necessary medical assistance in Russia during the relevant period.

7. Quarterly reporting of salary payment

The employer is required to inform FMS or the relevant FMS division of the amounts of salary actually paid by the employer to an HQS. The reports should be filed on the last working day of the month following the relevant quarter, at the latest.

8. Compliance of the HQS with Russian laws

If an HQS is fined (including for minor violations of parking rules or exceeding speed limits) two or more times in three years, this could serve as a ground for blocking his/her entrance into Russia for three years. Statistics on violations are allegedly monitored automatically. As a result, it is essential that an HQS, who may act as an individual and/or as an executive officer, avoid administrative liability, during his/her stay in Russia.

9. Renewal of the work permit and work visa

The procedure for renewing a work permit is very similar to Step 1. A document specifying the amount of salary paid to an HQS and copies of the voluntary medical insurance contract(s) or policy(ies) for the entire period of the employee's work should also be filed. A work visa may also be extended without requiring an HQS to leave Russia. In case of the renewal procedure, the company does not have to dismiss the employee and report the dismissal.

10. Termination of employment

In the case of termination of the employment agreement with an HQS, the company is required to report it to FMS or the relevant FMS division within one month following the quarter when dismissal took place.

Violation of most rules outlined above could result in significant administrative fines (up to 1 million roubles for the company) and a ban on the company from hiring highly qualified specialists based on the simplified procedure summarized in this article for up to three years (though in practice a two years ban applies). In the worst-case scenario, the company could receive an instruction stipulating that it must suspend its commercial activities for up to 90 days.



Andrey Slepov

Andrey Slepov is a Senior Associate and a Head of the Employment and Migration Law Practice Group at BEITEN BURKHARDT's Moscow office. He graduated from the Faculty of Law at Moscow State Institute of International Relations in 2008 with Master of Law degree.

Andrey's core activities include consulting on labor and migration law, and also different aspects of legislation on information secrecy regimes (including the protection of personal data, trade secrets, inside information, bank secrets).

Mr. Slepov has authored numerous publications and lectures regularly at conferences in Russia and abroad and is fluent in Russian, English and German.

Russian Lessons: Generosity

by Jeroen Ketting



Question: "How do you recognize a Dutch fishing vessel returning to port?" **Answer:** "There are no seagulls flying behind it."

This is a Dutch joke referring to the famous Dutch stinginess. Dutch fishermen throw nothing overboard, not even fish waste. Having lived the first half of my life in the country that gave birth to this joke, and to the expression "going Dutch", it was quite a culture shock for me when I first encountered Russian generosity. As Garfield, the famous cartoon cat, once said: "There is so much month left after the end of my money!" I usually say in Russia: "There is so much generosity left after the end of my appetite."

What I love about Russians is that they have only a faint sense of limits or proportions. When I first came to Russia I often made the mistake of eating well of what I thought was the main

course but which afterwards turned out only to have been the starter. Even when visiting my Russian friends who have little money, I never cease to be surprised by the welcome they prepare. Obviously they serve Sovetskoye Shampanskoye instead of Moët & Chandon and boiled and filtered tap water instead of San Pellegrino, but you would never suspect that they had counted out their last roubles to be able to host you. And very often a toast (not the roasted bread but the little table speeches that accompany every glass raised) with Sovetskoye Shampanskoye leaves more of an impression than one accompanied by Moët & Chandon.

If a Russian has something to give to a friend he will give it, even when it means he won't have anything himself afterwards. And he will never ask for a receipt. If you have a Russian friend you will never be without lodging because they are always happy to let you stay in their houses or apartments, no matter how small their home may be. Even after twenty years, I am still learning what it means to give without restraint, without calculation and without expecting any return. It is one of the great lessons I am still learning in Russia.

I spent last New Year's Eve with some Portuguese friends at the beach bar of my good friend Pedro close to Lisbon. And there I understood that I made what would have been a beginner's mistake in Russia. I brought three litres of Beluga vodka with me from Moscow with the idea that my Portuguese friends would take the bottles home to enjoy them there. When a minute later I saw the three litres of vodka opened on the table I understood that sometimes in Europe you can find a little bit of Russia too, and that the party would last until the morning.



Income tax for expats in Russia – things to consider and how to avoid pitfalls

Russia has an attractive general tax rate of 13% for personal income tax (PIT). For dividend payments, the rate is even lower, only 9%. But for expats, there are some pitfalls in the Russian tax laws that might lead to a high administrative burden, much higher tax rates, double taxation or cases in which salary payments are subject to PIT but are not deductible for profit tax purposes by the employer.

Individuals who are tax resident in Russia enjoy a general PIT rate of 13%. It does not matter if such individuals are Russian citizens or foreigners. The important thing is that they spend at least 183 days during any calendar year in Russia (including departure and arrival days). The same PIT rate applies to foreigners who hold “highly qualified specialist” (HQS) work permits for their

Russian employment. Their time in Russia is not controlled as their Russian salary is always subject to a 13% PIT rate.

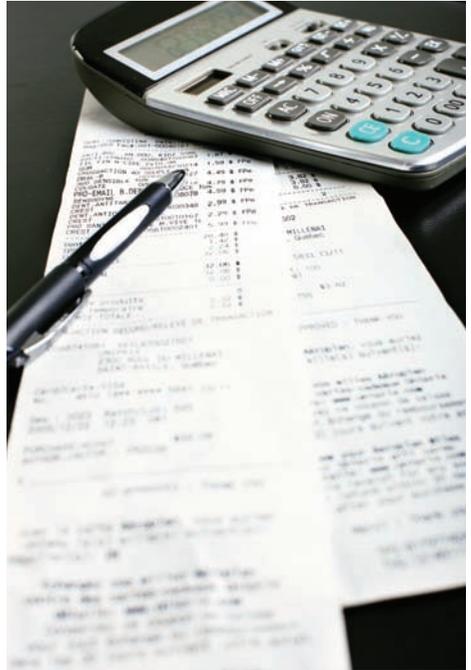
In certain cases, a PIT rate of 35% applies, e.g. in case of winning prizes and on interest on bank deposits. But with regard to bank deposits, it is worth mentioning that interest on rouble deposits up to 13.25%, and 9% for foreign currency, is completely tax-free in Russia. So the 35% PIT rate applies only to interest above these quite high tax-free rates.

A much more unfavourable PIT rate applies to individuals who are not tax residents in Russia. If an expat spends less than 183 days during the calendar year in Russia, his Russian salary is subject to a 30% PIT rate. In some cases, double taxation treaties might save money. Most double

taxation treaties have a rule that salary is not subject to Russian PIT if (a) the employee stays not more than 183 days in Russia, (b) the salary is actually paid by an employer who is not resident in Russia (i.e. a foreign company) and (c) the salary costs are not transferred to a Russian entity. So in the end, such rules almost only apply in cases where foreigners travel on business trips to Russia. If an expat starts in the second half of a calendar year working in Russia for a Russian company that pays his salary (or for a branch of a foreign company in Russia to which his salary costs are transferred), this expat will need to pay 30% PIT for the rest of that calendar year. The only way of avoiding this tax rate is by using an HQS work permit.

Many expats want to get at least a part of their salary paid at home so that one part is paid by the Russian company and another part is paid by the foreign company (e.g. the head office). Although this is quite understandable as expats often have some expenses at home to cover, this can lead to problems and potentially high costs for the employer. If the expat is a tax resident in Russia, all of his worldwide income is subject to Russian PIT. So while the Russian employer will act as a tax agent and withhold the PIT on the salary paid out in Russia, PIT is not withheld on the salary paid out abroad. Thus the expat will need to file a Russian tax return by April 30th of the following year and declare his income abroad. Although the Russian tax return is not as complicated as a tax return in some western countries, most expats will need assistance preparing it.

Much more problematic is when the head office wants to transfer the salary costs to the Russian entity. The wish to transfer such costs is in general understandable as such costs are not related to the head office activity and thus are often not deductible for profit tax purposes, resulting in lost tax savings of 15-30% of the salary paid by the head office (depending on the profit tax rate



in its jurisdiction). But unfortunately, Russian tax law does not accept a transfer of costs between two legal entities. The Russian company can only pay, for example, for services rendered. But if the head office thinks about preparing a service agreement on providing personnel to the Russian subsidiary and charging the subsidiary for this service, the Russian tax authorities will probably reject such a scheme, arguing that the expat is already employed and paid by the Russian entity, so there is no economic reason for the additional service payments. If the Russian entity still pays for such "services", the costs will not be deductible for profit tax purpose in Russia. So such split salary structures might lead to a higher administrative burden due to the PIT declaration in Russia and non-deductibility of part of the salary costs for profit tax purposes.

Another problematic area is the compensation that is often paid to expats. While compensation

for the maintenance of two households (one in the home country of the expat and one in Russia) is, within certain limits, not subject to PIT in some western countries, such exceptions do not exist in Russia. Almost any kind of compensation or additional payment (for renting a flat in Moscow, flights home, hardship compensation, etc.) is subject to Russian PIT. Furthermore, if a Russian employer provides the employee with a flat or provides compensation for rent, this is regarded as a benefit-in-kind. And according to the Russian labour code, benefits-in-kind shall not exceed 20% of the overall salary and the employer expenses for such benefit-in-kind above the 20% limit are not deductible for profit tax purposes. So, exhaustive expat packages might turn out to be quite expensive for employers. It might be a better idea just to stipulate an adequate salary for the expat and let the expat decide how he spends it.

Although Russia has an extensive network of double taxation treaties that are intended to avoid duplication, at least temporary double taxation can not always be avoided. If an expat is a Russian tax resident, he has to declare his worldwide income. This includes, among other things, salary payments received abroad. As a general rule, the country in which an individual performs the work is entitled to PIT on the salary for such work. So, if for example an expat

works in Germany in January and February 2012, moves to Moscow in March and works there until December 2012 for a Russian employer, he will be considered a Russian tax resident and will have to declare the German salary in Russia by April 30th 2013. According to the double tax treaty, he can deduct the PIT already paid in Germany. But in practice, the tax authorities require that he provides proof of payment of German PIT. To prove such payment, a statement from the foreign employer stating that PIT was withheld and correctly paid to the foreign tax authority is unfortunately not sufficient for the Russian tax authorities. The Russian tax authorities require a statement from the German tax authorities stating the amount of PIT. Such statement is available, but in most cases not before April 30th of the following year. Thus in such cases, the expat will receive a salary in Germany with the deducted German PIT, then pay Russian PIT on the German income and only after he receives a statement from the German tax authorities, can he try to get a refund of overpaid Russian PIT.

So although the Russian personal income tax might be quite attractive with its low tax rates, some pitfalls loom. To avoid them, it is recommended that the terms of employment of expats are carefully thought out and tax consultants are brought in at an early stage.

Helge Masannek is the Director of the Tax and Legal Departments in the Moscow office of RUSSIA CONSULTING.

Mr. Masannek is a German qualified lawyer (Rechtsanwalt) with several years experience in advising western companies in their activities in Russia and CIS with particular emphasis on tax law and market entry issues. Before joining RUSSIA CONSULTING Helge worked in Germany for a law firm focusing on companies from Eastern Europe entering the German market and in Moscow for a German-based law firm advising clients in all aspects of Russian commercial law.

Mr. Masannek regularly holds seminars on tax and customs issues in Germany. He is fluent in English and Russian.



To pay or not to pay:

when do representative offices need to pay tax?



To answer this question, first we need to determine the status of the foreign representative office under Russian law, namely whether or not it is a permanent establishment. According to the Russian Tax Code a permanent establishment of a foreign organization is a branch, representation, division, bureau, office, agency or any other autonomous subdivision or other place of business of that organization through which the organization regularly does business in the Russian Federation. If a representative office meets these conditions, it becomes liable to pay Russian corporate income tax. The rate of income tax is 20% of the permanent establishment's profit. Profit is calculated as the total income received by the representative office as a result of its business within the Rus-

sian Federation minus the total expenses incurred by the representative office.

It is worth remembering, however, that Russia has entered into double tax treaties with other countries. With respect to income tax, such treaties do not allow the same expenses or income to be taken into account in both countries. If a representative office derives income in the Russian Federation, the foreign organization may pay income tax in its country of origin at the rates applicable there. However, in such an instance it would be obliged to provide the Russian tax authorities with confirmation that such tax has been paid.

In addition, double tax treaties allow expenses incurred by the head office of a foreign company to be "transferred" to its permanent establish-

ment in the Russian Federation if such expenses are directly connected with it, even if they were paid by the head office, not the establishment itself. For example:

Example 1. A French organization has a representative office in Moscow. The representative office has entered into a contract with a Russian organization to provide legal consultancy services. As part of the contract, employees of the head office were sent over from France for several days. All expenses were paid from the current account of the head office in France. Under the Russian-French double tax treaty, all of these business travel expenses can be taken into account when calculating income tax for the permanent establishment in Moscow, thus reducing income tax (Article 7.3 of the Convention of the Government of the RF and the Government of the French Republic dated November 26, 1996 "On the Avoidance of Double Taxation and the Prevention of Fiscal Evasion and Infringement of Tax Legislation with Respect to Taxes on Income and Capital").

An organization does not have the status of a permanent establishment if its business is solely of a preparatory or ancillary nature. This is deemed to include:

- ▶ the use of facilities for the purposes of storage, display and/or delivery of goods or merchandise belonging to the foreign organization, prior to their delivery;
- ▶ the maintenance of a stock of goods or merchandise belonging to the foreign organization solely for the purposes of storage, display and/or delivery, prior to such delivery;
- ▶ the maintenance of a fixed place of business for this foreign organization to purchase goods or merchandise;
- ▶ the maintenance of a fixed place of business for the collection, processing and/or distribution of information, accounting, marketing, advertising or market research with respect to the products (work, services) provided by the foreign

organization, unless such activity constitutes the principal (usual) business of the organization;

- ▶ the maintenance of a fixed place of business for the purpose of merely signing contracts on the organization's behalf, if the signing is in accordance with detailed written instructions from the foreign organization.

If a representative office is not a permanent establishment, it does not pay income tax in the Russian Federation and all expenses relating to the maintenance of such an office are "transferred" to the head organization. However, the lack of permanent status does not exempt a representative office from other taxes payable in Russia:

- ▶ land tax (if the representative office has land plots on its balance sheet);
- ▶ property tax (if the representative office has immovable property on its balance sheet);
- ▶ personal income tax and contributions to the Pension Fund and Social Insurance Fund deducted from employees' salaries;
- ▶ transport tax (if the representative office has vehicles on its balance sheet).

For example:

Example 2. A Finnish company has a representative office in St Petersburg. Two people are employed at the representative office to research the Russian market and conduct negotiations with potential clients of the head office. The employees frequently need to attend various meetings hosted by potential clients. The head office has therefore decided to purchase a car for the needs of the representative office. The costs of maintaining the office are met by the head office. Since the representative office's business is solely preparatory and ancillary, it does not have the characteristics of a permanent establishment and therefore does not pay income tax. However, it does withhold personal income tax from its employees' salaries and credits insurance contributions to the funds. It also pays transport tax, since it has a car on its books.



Even if a representative office's business is of a preparatory or ancillary character, it may still be considered a permanent establishment if it acts in favour of third parties. In this case the representative office receives no income, but will still pay income tax, which in this case is calculated as 20% of all expenses borne by the representative office in connection with such activity. For example:

Example 3. A German company has a representative office in Russia. Its work includes advertising products which are manufactured by the head organization at leased factories. However, in addition to advertising these products, the representative office distributes information on the factory's capacity and equipment, even though the factory does not

belong to the German company. In this instance, such ancillary business in the interests of third parties will give rise to a permanent establishment and income tax will be payable at a rate of 20% of the expenditure associated with such activity.

So, there are three possible alternatives:

- ▶ preparatory and ancillary business. This does not give rise to a permanent establishment. Income tax is not payable.
- ▶ income-generating business. Gives rise to a permanent establishment. Income tax is payable at a rate of 20% of profits.
- ▶ preparatory and ancillary business in favour of third parties. Gives rise to a permanent establishment. Income tax is payable at a rate of 20% of the expenses associated with such business.

Where elements of these alternatives are combined, the representative office must keep separate accounts of income and expenditure for each one. The criteria by which items of income or expenditure are to be attributed to particular activities must be worked out by the head organization itself, since Russian law stipulates the independent and economically rational allocation of income and expenditure in these areas.

In any case, it is important to remember that by deriving income in the Russian Federation, a permanent establishment becomes liable for Russian taxes as if it were a resident in the Russian Federation with respect to the business generating the income. In particular, in addition to all the taxes mentioned above, the permanent establishment is liable to pay VAT on revenues generated within the Russian Federation.

Sergey Shabotinsky, Senior Accountant, Intercomp

Sergey graduated from the State University of Economics and Finance in Saint Petersburg majoring in Accounting, Analysis and Audit.

He has been a senior accountant at Intercomp since 2012, responsible for accounting and consulting services for foreign representative offices and branches in Russia.



Russian Lessons: Family Matters

by Jeroen Ketting



Russians can recognize a foreigner in Russia a mile off, but equally Europeans who have spent some time in Russia can usually recognize a Russian as well. One of the telltale signs, originating from the nature of the Russian family, is if you see an adult woman in high heels with her mother and sometimes a child travelling together, there is a high likelihood that they will be Russian. And if you still doubt it, then just look to see if the mother seems to have been made from a slightly more voluminous DNA strain than the daughter. If so, you can be sure they are Russian.

I know of no other nation where it is so common for mother and daughter to travel together and to share large parts of their lives. I start this section on family with mothers and daughters on purpose as they form the backbone of the Russian family unit. I never cease to be amazed by the strength of Russian family ties. Usually three generations, and sometimes four, lead intricately connected lives but also aunts, uncles, cousins, nephews and nieces are an inherent part of the Russian family. Grandparents play a big part in raising their grandchildren, and children support their elderly parents.

Family in Russia is the most important social circle that people live in but it is also the most essential social security that a Russian can have. In a country where the pension, health and social insurance systems leave much to be desired, family is the foundation of your well-being. It doesn't mean that Russian families know no difficulties. And maybe that is for the better. It was not for nothing that Lev Tolstoy wrote in *Anna Karenina* that, "All happy families are alike; each unhappy family is unhappy in its own way." But I have seen great examples in Russia of strength and wisdom on the part of people dealing with difficulties inside the family and bearing the cross that your family sometimes is. To walk away from your family is not an option in Russia. When I think of the Russian family, a Spanish proverb comes to mind: "An ounce of blood is worth more than a pound of friendship". This certainly holds true in Russia. The Russian family continues to be a source of inspiration for me when dealing with my own family back in Holland, which is like most families—as the popular saying goes: "like fudge... mostly sweet with a few nuts".



The selection process – foreign assignments vs hiring locally (recruitment and HR tips, plus peculiarities of local employees)

Regardless of whether your company's operation is looking to recruit its first person to run your business in Russia or you have had an office since the early 1990s and are in expansion mode, you will nonetheless need to decide on whom to hire. There are no hard or fast rules about whether an expatriate or a local is a better bet – it depends very much on your current situation, future plans and who your target customers are.

SMEs usually begin by visiting a trade fair and appointing a distributor, but as the volume of business grows they realize that they need someone on the ground, as one or even two visits a month simply isn't sufficient for following up on the new leads, especially when outside of Moscow. Invariably they appoint a local national who speaks the language, is familiar with the territory and has some industry contacts. Such operations tend to remain small, occasionally not even progressing from a single sales repre-

sentative working from home, or based at the office of a local partner.

An expatriate is usually viewed as a trusted pair of hands who is familiar with the internal functions of the firm (often having worked there for many years) and can help to instill the corporate culture to newly-hired local staff, particularly in a larger operation. The benefit is that this person is deemed as highly trustworthy and won't have his own agenda. The downside is that this person almost always arrives with little or no prior knowledge of the country and might face the "this won't work in Russia – Russia's different" approach.

If you are planning on relocating an expatriate employee from within your organization to Russia/CIS to set up either a new office or a particular line of business, there are a number of issues that you will need to take into account before departure:

1) if the particular employee is a stranger to the CIS region, many employers wisely recommend an initial visit, known as a "look-see" trip. Even if this person has been travelling regularly to the region, there is a world of difference between spending a few nights a month in a top-end hotel and being ferried around by the company driver to actually living in Moscow in an apartment, buying food in a supermarket, riding on the metro and having to handle other day-to-day issues that may arise – from the landlord showing up unannounced to waking up in the winter to find your car blocked in by a snowdrift;

2) just because one of your existing employees studied Russian history at University or has Czech grandparents, it does NOT automatically make them a perfect fit for the role! One of the many reasons why expatriates take up assignments in Russia is the low level of income tax; it's a flat 13% regardless of how much you earn, which if you are a high earner can mean a lot of extra cash in your pocket every month, especially if you're used to giving away half of your income to the taxman back home. Then, if your accommodation is paid for by your employer, Russia can be an excellent place to save.

Some tips and advice when hiring local employees:

1) Be clear about who you want to hire, when and why – and avoid changing the job description mid-search.



2) Be ready to make a quick decision – if you think you’ve found the right candidate, make an offer! If not, don’t be surprised if a week later your star candidate has already started another job with a rival firm. Notice periods in Russia are typically two weeks, so ensure that everything is ready for your new person to start. If you need to send a new employee on a training course abroad, a visa will almost certainly be required and this can take several weeks, so prepare for this in advance.



Luc Jones

Partner, Antal Russia Recruitment Company
Born in Huntingdon, UK in 1973, to a British father and a French-Canadian mother. His first trip to Russia was while still at high school.

University Degree in Economics & Russian from the University of Portsmouth, UK (1991-1995)

Joined Antal in 1998 in Warsaw, to run the IT/Telecoms team in Poland and the Baltic States.

Relocated to Moscow in early 2002 to grow the Technology practice throughout Russia and key CIS countries, notably Kazakhstan, Uzbekistan and Ukraine.

Exceptional market knowledge both in Moscow and in the regions (& CIS) within the hi-tech sector.

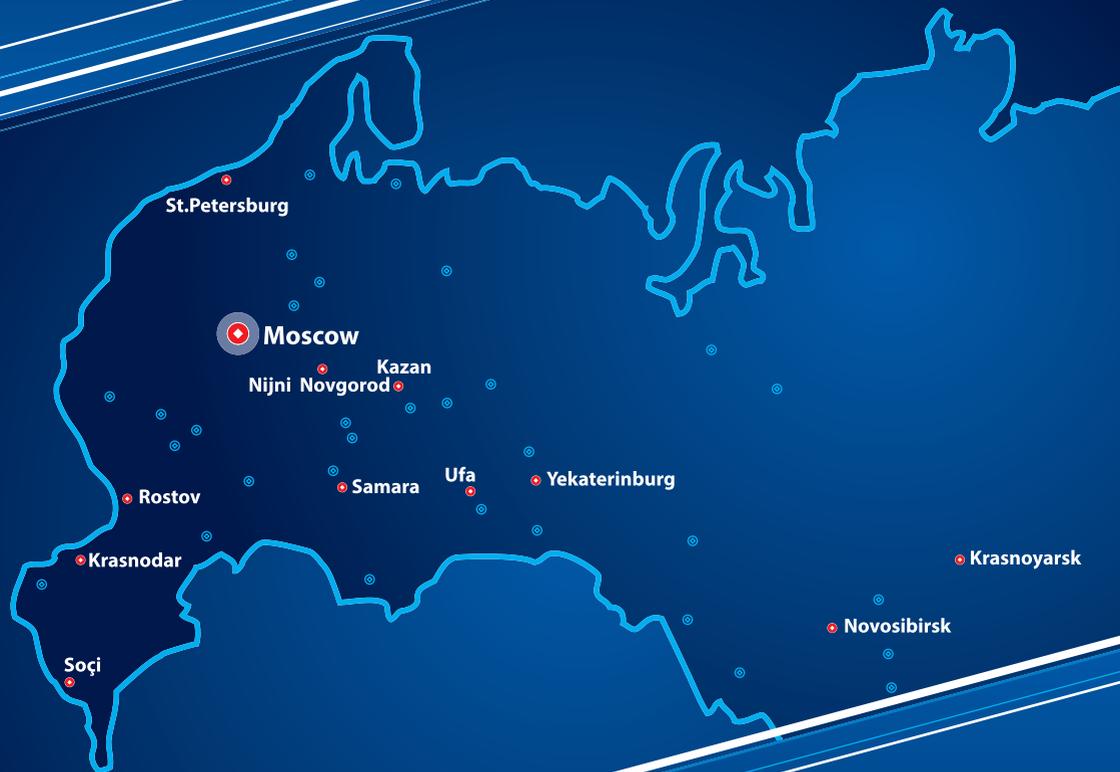
Native English speaker, completely fluent in Russian with an excellent level of (Quebec) French, Polish & good Spanish.

3) Just because someone calls themselves a “manager” doesn’t mean that they actually manage any people – job titles can be misleading and inflated compared to what you are used to in your home country. Local professionals expect to be promoted more quickly than in the West, so when during an interview a candidate asks what the career path is, what they really mean is how long will it take for me to get promoted!

4) Unemployment in Moscow is very low, and there is a shortage of English-speaking, customer-facing, presentable, pro-active people on the market. Don’t assume that you can just fly in and cherry-pick the best people for your organisation.

5) Be flexible and be prepared to go outside of your bands for a strong person. Valuable candidates generally expect a minimum of a 20% uplift when changing jobs – it’s also the norm to discuss their salary with friends, family and colleagues so people know if they are underpaid or not. Just because someone isn’t working at the moment doesn’t mean that they were fired, made redundant or are just plain lazy. Telephone interviews are rare – this might be the biggest country in the world but people still prefer to meet face-to-face. Obviously if a line manager is based abroad then there may be no option but whereas no-one ever fully does themselves justice over the phone, this is particularly the case with Russians.

6) However, wherever possible avoid the need to fly a candidate abroad for interviews as this will severely delay the process, and for the same reason try not to have too many people based remotely involved in the decision-making process. Candidates in Russia/CIS often quote their monthly salaries in local currency (unless otherwise indicated) and may give you the “net” amount, which means after income tax has been deducted. If in any doubts, double-check as it’ll save you a lot of hassle down the line during the offer process.



**Wide range of banking services
for individuals and legal entities in Russia:
Deposits and current accounts
in Russian rubles and foreign currencies,
Money transfers, Plastic cards and Internet bank.**

Moscow residential property rentals market:

Living in Moscow can be fabulous, interesting and unforgettable: a city of contrasts and fascinating history offers its inhabitants and guests a variety of adventures.

Generally, there are a few clear rules for choosing where to live in Moscow;

The city center: this is an apartments' only option. It allows one to be close to the museums, theatres, bars, restaurants, shops and central infrastructure. And for most expats it means a shorter commute to work.

The suburbs: this is an option for those who choose to live in a residential compound. Usually this is an option for families with children as most international schools are located outside the center of the city. It is important here to remember that the residential compounds are stand-alone complexes, not an integrated part of the suburban neighbourhood.

The middle-ground: this option is for those who choose to live further from the center of the city but still live in an apartment.

The city center:

Forty percent of all expats in Moscow live within the Garden Ring. A 39km long circular ring road around the Kremlin. In and around the Garden Ring are the most popular residential neighbourhoods.

1. Ostozhenka / Kropotkinskaya:

The area has a rich historical background and many exceptional sights. Located in the center of Moscow, it is bordered by the Moscow river, Cathedral of Christ the Savior, the Kremlin, Pushkin Museum and Old Arbat. Over the many centuries of its existence, it has earned a reputation for being the most expensive, prestigious and fashionable area of the city. Moscow's guests are attracted by its proximity to the historic walls of the Kremlin and the domes of the Cathedral of Christ the Savior. The Ostozhenka area is a favourite amongst Moscow's moneyed elite; it offers a lot of hi-tech contemporary buildings, with unique architectural style and developed infrastructure. It is known as the "Golden Mile". The area closer to the Old Arbat has a more refined, peaceful image. Many embassies are located here, and the side streets hide many residential treasures.

2. Patriarshy Prudi (Patriarshy ponds):

The cultural and aristocratic center of Moscow is situated around the Patriarshy pond. Currently, there is only one pond, which is surrounded by a garden. In the 17th century, it was a whole district called the Goat Marsh and it was part of the Patriarch suburb. Here, somewhere in the



vicinity, was the Patriarch Zhitnii yard. By order of the Patriarch, the Ponds were dug to “supply” fish for the patriarchal table. Nowadays, the best locations in this area are with a view over the pond. During the warm summer days, the park is filled with people promenading, children playing games and young people sitting and talking on the benches, while in the winter, the pond turns into an ice skating ring. This area hosts the best restaurants, main theaters and nightlife. This area is also legendary from the literary point of view: a lot of Russian writers (and their protagonists) lived here. This area is very popular amongst expats and prices reflect this.

3. New Arbat & Old Arbat:

A wonderful area situated around one of the most ancient streets of Moscow. From the late 18th and 19th centuries, this area was dominated by the homes and estates of nobles; in the second half of the 19th century, this was the place where one would find the majority of Moscow’s intelligentsia. The Arbat Street is one of the oldest streets of the capital. For Muscovites, it’s not just a street, but a special “piece” of the capital, a kind of “Moscow within Moscow”, with its own history, identity and traditions. The street’s image is created by its

residents. It was always “a closed world”, full of exceptional people: the aristocracy and intellectuals. The list of famous arbat people “arbatovsi”, works written, masterpieces created and scientific discoveries made in this place could serve as information for an encyclopedia. This is also the reason why many memorial museums and commemorative plates are placed here. Arbat has always been one of the most beautiful streets of the city. Gradually, century after century, the street emerged with its own unique architectural style. It boasts original ancient mansions with moldings, balconies and caryatids, small cozy lanes, laced lamps, stone paved roads. During the Soviet government, the Old Arbat changed irreversibly: in the early 1960s, it became the laid back street of the new modern avenue – the New Arbat. This led to the destruction of many 18th and 19th century monuments; nevertheless, the Arbat has not lost its charm. Walking along the streets and lanes here, you can touch the history of Russia; it is almost every house on Arbat – even the small and seemingly insignificant, when examined will reveal the names and events that are impossible to forget. In 1986, Arbat became a pedestrian street. Nowadays, it remains one of the most prestigious areas of Moscow and from



a cultural point of view, an absolutely fascinating place.

4. Tverskaya:

This is Moscow's aorta and was the most luxurious area during the Russian Empire epoch. Tverskaya Street has long been considered a benchmark for luxury and prestige. In the 15th century, it was a trade road from the Kremlin to Tver, which was one of the most important and influential cities at that time. Many innovations in Moscow started from the Tverskaya Street, though not all of them were beneficial to the ancient capital and its culture. It was completely reconstructed in the 1930s. In 1932, the street was named after Maxim Gorky, a proletarian writer. This was a present from the Stalin government, made during the writer's lifetime. Soon, the Tverskaya street met a tragic fate; it was the first street reconstructed according to the master plan for the socialist reconstruction of Moscow. Subsequently, it lost not only its original name, but its personality. This was the result of L. Kaganovich's (a powerful "architect of socialism") vision. Once again known as Tverskaya street, time has hardly changed

its usual trends. The modern Tverskaya remains the most important commercial, business and cultural street of the capital, with the most expensive and luxurious hotels being located here: the Ritz-Carlton, the Marriott, the Hyatt etc. Tverskaya is a mix of residential and commercial buildings.

5. Frunzenskaya / Hamovniki:

This area is very popular among business people and expatriates and is viewed as one of the most ecologically green areas in central Moscow. The area was originally famous for the suburban estates, parks, ponds and buildings belonging to such eminent families as Dolgoruky Volkonskiy, Galitzin, Trubetskoy, Obolensky, Kropotkin, to mention but a few. The erection of modern plots on the Frunzenskaya Embankment and Komsomolsky prospect began only after the revolution in the late 1920s. First, there were a few 4 and 5 storey houses for the silk factory workers. Subsequently, the area began to develop rapidly – the scope of work had tremendous character. The Frunzenskaya Embankment was erected in granite and combined piers for river trams. Stalin style architecture is now very prominent here. Those living close to the Frunzenskaya embankment are within walking distance (via a pedestrian bridge) to the world famous Park Gorkovo.

6. Zamoskvorechye:

This is one of the biggest parts of old Moscow. Situated on the south bank of the Moscow river opposite the Kremlin, this area is composed of different types of buildings, both old and modern. There are also a lot of museums and churches in the area. Until the end of the 19th century, the residential development of Zarechye evolved largely from smaller urban mansions with gardens and orchards. This created a spacious urban landscape with silhouettes of churches and bell towers. Thanks to the flat topography and low building height, the Kremlin hill is clearly visible from many buildings. This

area also housed many warehouses where the cities fruit and vegetables were stored. A canal was built running through the neighbourhood to provide water for the fire-brigade in case of fire. After 1917, Zamoskvorechie was very densely populated. All the old mansions and apartment houses were turned into communal apartments. Nationalised by the Soviet power, Zamoskvorechie was the glory of the industrial district. Recently the area has undergone extensive restoration and reconstruction work, with the aim of preserving and restoring this district's architecture.

7. Chistye Prudi (Chistye ponds):

This is Moscow's historical center, full of parks and beautiful corners. It is very calm and full of old mansions. Subsequently, it has a very special architectural style. With a heterogeneous social background and a large number of theatres, this is one of the most prestigious and popular districts, ideal for people interested in cultural life. When the White city wall was built across the Moscow river, a pond was formed. Initially, it served as a garbage disposal site for waste from the butcher

shops located on the nearby Myasnitskaya street. Sweeping changes begun in 1703, when Alexander Menshikov acquired a big manor on Myasnitskaya street. The prince did not want to live in a less than ideal place; therefore, he ordered that the ponds be cleaned and named "Pure" ("Chistye" in Russian). Thanks to Menshikov, this area has of one of the most well-known historical buildings – the church of Archangel Gabriel. In 1960, the banks of the pond were lined with stone to prevent erosion. Social status wise, this area is a pocket of contradiction with a few recently built elite houses among private historical residences that were preserved as monuments of architecture. Currently, development is being geared towards the reconstruction and restoration of private residences. This area is popular with the French community as the French school Lycee Francais is located here.

8. Sretenka / Tsvetnoi Boulevard:

Historically, this was both a residential and commercial area, with craftsmen living and working here. Nowadays, there are a lot of reconstructed old buildings in that part of Moscow. So, if you are interested in living in the "old city", you should choose the Sretenka area. In the 17th century, Sretenka was made up of traders' stands and craftsmen's workshops. The length of the entire modern Sretenka is only 800 meters, but it is literally divided by lanes: on the left hand side of the street there are seven, and on right – nine. There are also lanes that do not lead directly to Sretenka, but are in immediate proximity.

The area of Sretenka is characterised by a big number of reconstructed buildings, with historical facades that are typical of old Moscow. The paradox of the area is that there is a considerable number of dilapidated buildings often adjoining modern and reconstructed structures. The area's buildings are concentrated along the streets Sretenka, Trubnaya and Tsvetnoi Boulevard, where coffee houses, restaurants and shops are located.



9. Krasnaya Presnya / Barrikadnaya:

In the 17th and 18th centuries the area developed as a craftsmen's and trade center. Presnya became a large arts and craft shopping centre for the city. In more modern times it is a very popular location, where federal and city structures are located: the Government of the Russian Federation, World Trade Centre, Moscow Zoo, Cinema House and Expocentre. The construction of the financial district "Moscow City" will increase development and activity in this area. This area is not on the elite areas list despite the fact that one of the very first and well-known elite houses in Moscow – Agalarov House – was erected here. On the other hand, the proximity to Moscow City and Kutuzovsky prospect makes it attractive to many people.

10. Taganskaya:

The district "Taganka" is located between the rivers: Moscow and Yauza. The street Taganskaya itself dates back to the 14th century. It was a part of the road to Kolomna, Ryazan and other cities. After a fire in 1812, many large and beautiful stone houses were built along the street. Some of these houses were converted to factories by their owners. In 1867, over 60% of the houses located 35 yards from the main street belonged to merchants, some of whom were at the time already bestowed the title of honorary citizen. Taganka acquired industrial features; the first decade of the 20th century finally turned Taganka into one of the largest industrial areas of Moscow. Although, by that time, the inhabit-

ants there were no longer merchants, but working class people. After the revolution, the area was called "the Proletarian" up until 1936, when it was renamed "Taganskaya". This area is less popular amongst expatriates, maybe because of its image as an industrial area.

Outside the city centre:

Out -of-town settlements / compounds:

The most famous settlements are Rosinka, Parkovsky Hills and the Serebreny Bor residential complexes, but there are many more options to choose from. Most are located on the western side of Moscow which is closer to the international schools. These compounds are usually managed by a property management company, who provide security, maintenance and cleaning services as part of the rental contract. The compounds also benefit from high quality infrastructure on your doorstep – swimming pools, health clubs, shops, social clubs and common play areas. The advantage of a suburban family life in a western compound does need to be offset though against the daily commute to work which can also have an impact on the quality of family life.

Where to live and how much does it cost:

Moscow is a very expensive city and the high cost of renting a property here has a direct influence on the where expatriates live. The pricing table below can be used as a general guide to understanding the cost of renting in different parts of the city.

Irina Yulmetyeva Irina is Head of Four Squares Relocation Services. Irina has helped hundreds of expatriates and their families to settle in Moscow and other cities in Russia, and has become a close friend to many of them. Four Squares is one of the leading providers in Russia, offering in-house house rentals, serviced apartments, settling-in services and immigration services. Four Squares employs a team of expatriates and Russian nationals, to ensure the ideal mix of professionalism, quality of service and local expertise.



Pricing table: Moscow residential rentals market, \$USD, Q4 2013

	De-Luxe				Business				Economy			
	2-room	3-room	4-room	5-room	2-room	3-room	4-room	5-room	2-room	3-room	4-room	5-room
Ostozhenka-Kropotkinskaya	5250	9200	12100	14500	4120	5220	10120	11500	2400	3300	5800	7500
Patriarshy Prudi	6000	9500	14300	16700	4150	6300	8140	10800	3000	4500	5200	9300
New Arbat & Old Arbat	5350	9800	13550	14400	3980	6000	8250	9400	2850	4200	5000	9000
Tverskaya	7200	11000	15200	18500	5200	7400	10430	12500	3000	4500	7600	9500
Frunzenskaya / Hamovniki	4900	8500	9500	12300	3880	6200	8300	9200	2350	4100	4800	8850
Zamoskvorechye	5000	8750	9750	13200	3760	6000	8250	9300	2850	4200	5100	9300
Chistye Prudy	6580	8100	10500	13500	3380	5900	8100	9030	2550	4050	4660	8450
Sretenka / Tsvetnoi Boulevard	5500	9000	12200	13500	2700	5400	7900	9230	2150	3900	4360	8150
Krasnaya Presnya / Barrikadnaya	4800	8250	11500	12500	2900	4900	7100	8030	2050	3720	3800	7900
Taganskaya	4900	9300	11300	13800	2700	4500	6600	7630	2350	3320	3600	6700
Settlements / Compounds	-	-	13200	15300	-	-	11000	12250	-	-	6000	7000
Rosinka	8000-16000											
Pokrovsky Hills	13500-17500											

*2-room property means 1 bedroom

Travelling with pets:

Regulations, requirements and tips from pet lovers.



Pets are members of the family, aren't they? How we can move somewhere without them? For a long vacation or for relocation to another city or country, we want them to join us. One way or another, we need them close to us because they are an important part of our life. Once you decide to take your pets with you, you want to make their journey as comfortable as possible, because it's going to be a stressful experience for them.

In this article we are going to share with you our experience and knowledge about pet transport, not from a moving company's perspectives but from the perspective of pet lovers.

First of all we are talking about Russia, so if you have decided to bring or take your pets

with you, you need to be aware of certain steps which will ensure that your pets travel safely and comfortably:

► Be prepared for the method of transport:

Let your travel agent or airline know that you are travelling with pets when you start booking your ticket. The reason for that is that each airline has different limits for the weight of pets travelling in the cabin. For example, on Lufthansa and Aeroflot flights the weight of your pet including container should not exceed 8.0 kgs, for Alitalia the limit is 10.0 kg, for SwissAi the limit is 7.0 kgs, while for Air France it is 5.0 kgs.

If the weight of your pet including container exceeds the limits, your pet will still travel on the same plane as you but in the baggage hold.

► Be prepared for the costs of transport:

The weight of the container with your pet in it is not included in the free weight allowances, so if you are travelling without any luggage but with your pet, you will still have to pay for its travel.

Costs differ from one airline to another, however the average is between Euro 70-400. The charge depends on the size and weight of your pet, including the weight of the container, and airlines' tariffs for transport of live animals.

► Be prepared with the documents:

Documents, required for import into Russia:

► Your pet's international passport or international veterinary certificate, issued by its country of origin. This certificate confirms that your pet is clinically healthy and has been vaccinated against rabies.

► Vaccination against rabies should be done no earlier than 30 days before the flight and no later than 12 months before the flight.

Documents, required for export from Russia:

► Veterinary certificate, issued by the Government veterinary control point not earlier than 3 days in advance of travelling (form #1). This certificate will be exchanged into an international veterinary certificate during customs formalities at the airport.

► In some cases you are required to get a permit from the Russian Cynological Association for the export of your pet, which confirms that it doesn't create any special national pedigree value for Russia.

► Your pet should have ID – a microchip or a tattoo.

► If you are going to sell your pet (Oh, Jesus!), it should have a special certificate, which confirms that your pet was clinically checked and was healthy within 24 hours prior the flight.

If your pet is going to travel from Russia into such countries as UK, Ireland, Malta or Sweden, you should also be aware that your pet will need to pass a blood test and stay for 6 months in a quarantine zone in the country of destination.

► Be prepared with the right container:



Transporting your pets can be a worrying experience. You must have a correctly-sized container or an airline may refuse to carry your pet. The following requirements must be met:

► The container must be large enough for the pet to stand up, turn around and lie down in a natural manner.

► The container must be strong enough to protect your pet during transport, be secure enough to contain it and have sufficient ventilation on all four sides, to ensure the air quality in the container will not deteriorate.

► The door must be secured in such a manner that it will not open accidentally, and that your pet cannot open it during handling and transport.

► Your pet's nose and paws should not be able to fit through any ventilation openings or the door mesh.

► The container must have a water pot and a food container accessible from the outside.

Good to know:

► Each Moscow international airport has a veterinary control point where veterinarian will check



your pets' documents and certificates, and will undertake a veterinary survey of your pet. If the documents meet the required standards and your pet is healthy, a domestic veterinary certificate will be exchanged for an international veterinary certificate with stamp "vypusk rezreshen", which means "approved for export".

► It's very important to remember that a maximum of two pets can travel with a single passenger. Therefore, if you have more than two, you need to ask somebody from your family to travel with you. Alternatively, ask a professional Pet Travel Agent to arrange unaccompanied pet travel.

► It's very important to ask for assistance from a professional Pet Travel Agent when you ship your pet(s) unaccompanied. Not only can they take care of bookings, documentation, veterinary requirements and travel containers, they can also arrange for your pets to be collected from your home, and delivered to your destination as well.

► In our experience, most pets travel very well by air, however airports are naturally noisy and

filled with unusual smells, such as aircraft fumes. We strongly advise starting to give your pets anti-stress pills or drops at least 3 days in advance of travelling. Ask your veterinarian for recommendations.

► Guide Dogs or Assistance Dogs travel only in the aircraft cabin. Learn more about special regulations and requirements for travelling with Guide/ Assistance dogs not only at your country of origin but also refer to the government website of the country to which you are travelling for any additional entry requirements or documentation that may need completing.

► Transport of birds, fish and other animals is handled in full compliance with the IATA Live Animal Regulations (LAR) and the Convention on International Trade in Endangered Species (CITES) – visit www.iata.org/animals

I wish you and your pets safe and comfortable travel!



Victoria Chub

Managing Director, IWM

Victoria Chub started to work in International Moving Industry in 1996.

During 15 years of work for the Industry, she carried different projects, such as bookings of international moves of diplomatic goods, logistics project in Jebel Ali Free Zone (UAE), co-ordination of all bookings and moves of personal effects of US Embassy Military Section going to ex Yugoslavia region from different countries, building agents network within Russian regions and creating strong business relations with leading international moving Companies worldwide.

Moving valuable objects, artwork, souvenirs and gifts: regulations and requirements.



Exhibitions and international transport of works of art

One of the tendencies of modern cultural cooperation is the expansion of fine art exhibition exchanges between museums and galleries of different countries all over the world. Russia, as an active participant in the global economy, is also involved in the international movement of art and cultural objects. Russia has always been known for its culture, with a large number of famous museums, galleries, theatres and collections of

national and foreign works of art. About 150-170 Russian exhibitions take place in 30-50 countries every year.

Cultural valuables are not just objects to be exhibited, they can also be the subjects of international trade. The main commercial firms that sell cultural valuables and antiques include auction houses in cities such as London, Paris, New York, Moscow, Sidney, Geneva etc. You can get an idea of the scale of the auction house trade if Sotheby's alone offers 180,000 pieces of art every year. Private galleries, antique salons and



auctions came to Russia due to development of national economy and people's interest in culture. Most of them are located in Moscow and Saint Petersburg.

Owners of works of arts, artists, sculptures or antique collectors also sometimes move their objects in and out of Russia, and the quantity of such artwork being exported and imported is increasing.

Moving valuable objects, artwork, souvenirs and gifts obtained in Russia

The basic legislative act of the Russian Federation in the sphere of fine arts moving currently in force is the law On the Export and Import of Cultural Valuables, №4804-1 of April 15th 1993.

You might think this applies only to government institutions, museums and galleries, but private persons may also face problems when transporting items to and from the country. In Russia, you can find many interesting souvenirs, and

foreigners often buy these and other gifts for their relatives and acquaintances abroad. As a rule, these are paintings, drawings, sculptures, icons, weapons, fabrics, coins, stamps, medals, furniture, books, musical instruments, articles of traditional national craft or other objects reminiscent of the time spent in Russia. And if you do not want your impression of Russia marred by difficulties with the customs authorities when leaving the country with expensive and unique gifts and souvenirs, you should bear the following information in mind:

Types of valuable objects

According to the Russian Federation Law № 4804, On the Export and Import of Cultural Valuables, "cultural valuables" include the following items:

- ▶ Historical valuables associated with, but not limited to, historical events in the life of the nation, societal and state development, the history of science and technology, and the life and activities of outstanding personalities (state, politics and public figures, thinkers, scholars, literary or artistic figures);
- ▶ Items and their fragments obtained from archaeological excavations;
- ▶ Valuable artworks including hand paintings and drawings, original works of sculpture, original artistic compositions and designs, cult items with an artistic finish (icons etc.), engravings, prints, lithographs, works of decorative and applied art, and works of traditional folk art;
- ▶ Elements or fragments of architectural, historical or art monuments, and works of monument art;
- ▶ Antique folios and publications of historical, artistic, scientific or literary interest;
- ▶ Rare manuscripts and document relics;
- ▶ Archives (including photography, phonographs, cinematography and video);
- ▶ Unique or rare musical instruments;
- ▶ Postage stamps or other philatelic materials;
- ▶ Antique coins, orders, medals, stamps and other numismatic items;



- ▶ Rare flora/fauna collections and specimens, items presenting interest for such science branches as mineralogy, anatomy and palaeontology;
- ▶ Other movable items, including copies representing historical, artistic, scientific or other cultural value, historical and cultural monuments preserved by the state.

Cultural valuables can be divided into two categories:

1. Those that may not be taken out of Russia. These include:

- ▶ Movable items of historical, artistic, scientific or other cultural value and qualified according to the applicable law as high-value items of cultural heritage of the Russian Federation nations, irrespective of the time of their creation;
- ▶ Movable items, irrespective of the time of creation, protected by the State and included in Protection Lists and Registers according to the procedure established under the law of the Russian Federation;

- ▶ Cultural valuables in continuous storage at national and municipal museums, archives, libraries, and other cultural repositories in the Russian Federation. Subject to the decision of the competent federal authorities, this rule may also be applied to other museums, archives and libraries;
- ▶ Cultural valuables created over 100 years ago, unless otherwise stipulated by law.

2. Other items which may be exported from Russia after receiving special permission.

An official certificate

Before being taken out of Russia (temporarily or otherwise), all objects that may fall into any of the above categories should undergo a professional examination and receive an expert report, which permits or prohibits their transportation from Russia. The Federal Service for Preservation of Cultural Valuables (Rosokhrankultura), the government body that controls the movement of

cultural valuables to and from Russia, will provide an expert report.

The standard package of documents required for a permit to export (temporarily or otherwise) valuable objects, gifts or souvenirs obtained in Russia consists of:

- ▶ a written request from the owner;
- ▶ a list of items for export;
- ▶ three colour photographs of each item;
- ▶ a document confirming ownership (if available);
- ▶ documents confirming the individual cost of the items (if available);
- ▶ the owner's identification document (ID).

On basis of its expertise, Rosokhrankultura issues the following document for objects which may be exported:

- ▶ A certificate for cultural valuables;
- ▶ A reference for objects of cultural purpose which confirms that the items are not cultural valuables and can be removed from Russia. Objects created less than 50 years ago, life objects and souvenirs, irrespective of the time of their creation, can be recognized as objects of cultural purpose and removed without any difficulties.

According to the Russian Federation Tax Code, a person who has a certificate for cultural valuables export must pay an export duty of 10% of the value of the objects being taken abroad, if they were created over 50 years ago, and 5% for objects created less than 50 years ago. If the owner has a temporary export certificate, the export duty is 0.01 % of the insured value of the temporarily exported objects. The creators of such objects are exempt from any duties, while state and municipal museums, archives, libraries and warehouses with cultural valuables are exempt from the temporary export duty. If an author leaves Russia, temporarily or for good, he or she has the right to take any number of his or her works. The rules for transporting cultural valuables apply to diplomats as well: personal luggage and diplomatic cargoes may also be checked by customs.

Temporary export

Cultural valuables can be moved to another country temporarily for:

- ▶ an exhibition;
- ▶ restoration works;
- ▶ theatrical, artistic or research purposes;
- ▶ a concert;
- ▶ private use.

The temporary export of cultural valuables means an obligation to return the works of art within the stipulated time. As was mentioned earlier, in order to organise temporary relocation, both private persons and legal entities should receive permission from Rosokhrankultura. They should also provide the following documents:

- ▶ an agreement with the receiving party on the purposes and terms of the temporary export;
- ▶ documented, confirmed guarantees from the receiving party on the safety and return of the cultural values;
- ▶ consent of the executive authorities to export these items.

The legal entity should complete customs formalities at, and dispatch its cultural valuables from, the special exhibition terminals in Moscow. Currently, there are only two companies recognised as customs brokers dealing with exhibition cargoes in Moscow.

According to internal changes at international airports of Moscow from November 2013 related to export customs clearance of paintings and art works shipment's consignee must be present at the airport customs during inspection and formalities related to these culture items.

Export of paintings and art works in surface shipments still can be done without owner's present.



Import of cultural valuables

A physical person is exempted to import duty and taxes, if the cultural valuables are declared and registered as goods for personal use.

All paintings and art work which are not recognised as a cultural valuables, must be obliged to import taxes and duties, which is EUR 4 per kg or 30% from the value.

If a legal entity or a private entrepreneur imports a cultural valuable, they must pay value added tax (VAT) at 18% of the items' value if they are to be used commercially. But private entrepreneurs as well as private persons are exempted from duties if they complete a declaration form and receive special registration. Registering cultural valuables gives one the opportunity to leave Russia with previously imported cultural valuables created over 100 years ago.

Cultural valuables brought in temporarily for purposes such as exhibitions, should be registered

and removed within the stipulated time. All these valuables are under the control and security of the Russian Federation.

Before export or import of works of art one should consult in advance with fine art movement experts about the documents needed and customs procedures.

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Fine art moving

Despite the large number of museums, galleries, private art dealers and auction houses in Russia, moving works of art is a rather new aspect of the

moving business in our country. Currently, there are only a few companies on the market that offer professional transport of fragile and expensive items.

A company that works in this sphere should be very experienced; it should specialise in the packing, shipping and storage of fine art; it should also have trained professional staff, and be equipped with special packing materials and crating. The company must also be aware of the national and international customs regulations and be able to prepare all fine art either for shipping domestically or overseas, or for storage in a warehouse. As a rule, all such companies offer a full package for moving fine art, including:

- ▶ the use of professional packing materials;
- ▶ assistance in the completion of all import and export customs formalities;
- ▶ a report given by a cultural items expert;



Maria Tarabanova

Maria Tarabanova is a Business Development Manager for IWM, a worldwide moving and relocation company.

Maria joined IWM in 2009. Currently, she is responsible for business development of moving services as well as direction of fine arts and antique shipping.

Maria has an International Master Degree in International Relations and European Studies, speaks fluent English and intermediate French and successfully addresses intercultural differences issues in working with international clients and partners.

- ▶ permission from the Ministry of Culture;
- ▶ storage;
- ▶ transport under special conditions;
- ▶ delivery;
- ▶ installation;
- ▶ removal of debris;
- ▶ insurance.

They usually have a large number of reliable agents around the world who specialise in handling and shipping works of art, artefacts and antiquities for museums, galleries and dealers, corporate and private collectors and the main auction houses.

Professional movers pay a great deal of attention to packing materials. They have special papers, bubble-wrap, cartons, foam rubber, polyfoam, special tapes etc. The packing materials used, and the mode of transport, depend on the art object. In most cases, a wooden crate is needed for paintings or statues. Professional moving companies have their own workshops for these. In transit, valuables are occasionally damaged at an airport or sea port. The crate should offer maximum protection. The method of packing should correspond to the international rules for removal of works of art.

In the process of moving fine art, even minor details are important. To organise safe transport, a moving company should take into account all the peculiarities and dimensions of the cargo, its resistance to vibration, conditions at the loading and destination addresses, presence of a cargo lift or stairs, and the dimensions of the exhibition hall or apartment. To ensure a stress-free moving process, one should inform one's moving company about the specifics of the dispatch, and start completing the paperwork in advance.

The transport of works of art is a very specific and risky activity, due to the high value of the cargo and its fragility. It is important to find a trustworthy partner who is able to take care of your valuable cargo so you can be sure your values are in safe hands.

Russian Lessons: Living in the Moment

by Jeroen Ketting

"What day is it?" "It's today," squeaked Piglet. "My favorite day," said Pooh.

What many foreigners do not know is that the Soviet Union produced its own Winnie the Pooh (винни пух) in the 1960s. It was based on the original by A. A. Milne and is still one of the most popular cartoons in Russia today. But somehow Russians seem to have incorporated more of Pooh's wisdom in their daily lives than many Europeans. In Europe people practice Yoga and follow Buddhist practices to learn to live in the moment as a source of happiness. For Russians, living in the moment is not something they need to strive for, as they do that automatically.

I remember well when, 27 years old, I wanted to discuss pension planning with a Russian friend of mine, he burst out laughing. "When, God willing, you live to a pension age then that is the moment when you start thinking about your pension," was his reply.

With the years I have learned to look at life the Russian way. Live life to the fullest, enjoy spending your money when you have it, don't worry about the future, don't be afraid to take a risk and don't dwell on the past. There is only so much a Russian feels he can do to control the future and he has a strong faith in fate. Russians often say, "Whatever happens (good and bad), happens for the best." This expresses the Russian nature of "being" and "acceptance"; whereas the European nature is more one of "doing" and "imposing our will upon the world".

I always used to get annoyed when Russians used this expression because I felt they should have

made more effort in making the thing happen exactly as they wanted and planned instead of just accepting the way how things turned out to be. Now, two decades later, I catch myself using the same expression and I have to admit that it is quite liberating at times to just "be" instead of "do" and accept the good and the bad that life brings you.

Maybe it is no coincidence that, thanks to its proximity to Asia, Russia was the earliest European country to have been exposed to Buddhist civilization, in the seventeenth century. But maybe Russians didn't need Buddhism to understand the Buddhist wisdom that says: "The secret of health for both mind and body is not to mourn for the past, not to worry about the future, not to anticipate troubles, but to live in the present moment wisely and earnestly."

Whatever may be the origin of the Russian capacity to live in the now, I feel privileged that Russians taught me this wisdom early on because it saved me a trip to Tibet.



Living in Russia: Novosibirsk



Novosibirsk is the third largest city by population, and the twelfth by area, in Russia. It is located in the south-eastern part of the west Siberian plain, 3200 kilometres east of Moscow. It is the administrative centre of the Siberian Federal District and the Novosibirsk region. The city was founded in 1893, and received city status in 1903. The population in 2013 was 1,520,000.

In the book of Guinness Book of World Records Novosibirsk is mentioned as the fastest-growing city in the world, having reached a population of a million in less than 70 years. New York took 250 years, and Moscow 700.

Geography and climate:

The Novosibirsk Region the geographical centre of Russia. It is bordered on the south-west by Kazakhstan, to the west by Omsk, in the north by Tomsk, in the east by the Kemerovo region, and in the south by the Altai territory. Within it are about 3,000 lakes, many wetland areas (17% of the total area). The region has significant reserves of underground fresh and saline waters, as well as the Novosibirsk reservoir on the Ob River (people call it the Ob Sea), not far from the city. The dam was built in 1957-1959. Its area is 1082 km², volume 8.8 km³, length 200 km, maximum width 22 km, and maximum depth 25 m.

The climate is continental. Average January temperatures range from -16°C to -20°C and in July from $+18^{\circ}\text{C}$ to $+20^{\circ}\text{C}$. Forest covers 26% of the total area. Among the most common species are fir, spruce, pine, and cedar mixed with birch, plus aspen and larch occasionally. In the region there are about 400 species of plants used in folk and official medicines and in the food industry.

Caution! Tick-borne encephalitis! Rarely found even in the European part of Russia, tick-borne encephalitis is quite common in Siberia. Ticks are small insects which can fix themselves to your skin. If bitten, you should get to a hospital within three days, since the infection may become incurable and the outcome can occasionally be lethal.

The following precautions should be taken:

- ▶ Avoid bushy areas during the period from spring to August.
- ▶ If you cannot, then search yourself for ticks
- ▶ If you find a stuck tick, go straight to a hospital.

Nevertheless, it is not as dangerous as it may seem, since it's next to impossible to be bitten in the city area, and a timely visit to a hospital will spare you any negative outcome.

Economy and Transport:

Novosibirsk is the largest business and industrial centre of the Asian part of Russia. The industrial complex comprises more than 300 large and medium-sized industrial enterprises. The leading industries are energy, gas, water, metallurgy, metalworking and mechanical engineering.

On the territory of Novosibirsk are such unique enterprises as JSC Novosibirsk Aircraft Production Association Named for V.P. Chkalov (a branch of JSC Sukhoi), Sibselmash, Elsib (Chemical Concentrates Plant), steel plants and many others producing for export.

The city is headquarters for a number of large Russian and international companies, among them:

- ▶ Siberia – Russia's third largest airline
- ▶ DoubleGIS – a developer of electronic reference books with an interactive map of the city
- ▶ Katren – one of the largest distributors of pharmaceutical products in Russia
- ▶ Caterpillar
- ▶ Doubletree by Hilton
- ▶ DPD
- ▶ Home Credit Bank
- ▶ Coca-Cola.

Novosibirsk is Russia's second-largest transport hub. The Trans-Siberian railway and the federal highways' railway station, Novosibirsk Main, is one of the largest in the country, and an architectural landmark.

Novosibirsk airport, the largest in Siberia, has about 500 flights per week, including 50 international ones. Called Tolmachevo, the airport has platinum certification from IATA, attesting to 100% implementation of a bar-coded boarding pass system (BCBP). Tolmachevo was the fourth airport in Russia, after Domodedovo, Sheremetyevo and Pulkovo in Moscow, to have fully implemented BCBP technology.

The Novosibirsk metro has 12 stations served by two lines and extends to 14 kilometres through the centre of the city. The bridge over the Ob, necessary for the passage of trains on the Novosibirsk subway, is the longest metro bridge in the world, at 2.1 kilometres.

Novosibirsk has both publicly-run and commercially-run buses. These are supplemented by minibuses, or "marshrutki". They are somewhat more expensive than the buses but quicker and not bound by precise schedules. There is also a choice of taxi firms.



Science and Education:

The Novosibirsk Akademgorodok (Novosibirsk Scientific Centre, Siberian Branch of the Russian Academy of Sciences) is world-famous, with dozens of research institutes. Some distance from Novosibirsk, in Koltsovo, is the State Research Centre for Virology and Biotechnology, called Vector. Krasnoobsk is headquarters of the Siberian Branch of the Russian Academy of Agricultural Sciences. Overall, in Novosibirsk, there are 32 higher education institutions.

Culture and Sports:

One of the cultural features of Novosibirsk are its theatres, among which the most famous is the Theatre of Opera and Ballet. The Bolshoi Theatre of Siberia, located in the main square of the city, is the largest such building in Russia.

Novosibirsk has the largest library in Russia beyond the Urals: the State Public Scientific and Technical Library of the Siberian Branch of the Russian Academy of Sciences.

On the famous Red Avenue, one of the longest straight streets in the world, is the Chapel of St. Nicholas. The foundation stone was laid on 21 February 1913 to commemorate the 300th anniversary of the Romanov dynasty. The chapel is one of the symbols of the city, and was declared the geographic centre of the Russian Empire.

Popular sports in Novosibirsk include hockey, with the club Siberia competing in the KHL championship, and volleyball, at which the club Lokomotiv has twice won the Cup of Russia.

There are more than 30 major stadiums, 19 swimming pools, a biathlon complex, a snowboard park, a race-track and a motor-drome. There are also many children's sports schools.

Novosibirsk has trained many outstanding athletes, including:

- ▶ Sergei Bulygin – Olympic biathlon champion, four-time world champion
- ▶ Alexander Karelin – a fighter classical (Greco-Roman) style, three-time Olympic champion
- ▶ Stanislav Pozdnyakov – 4-time Olympic champion,

10-time world champion, 13-time European champion, five-time winner of the Fencing World Cup

► Andrey Perlov – Olympic champion in 50 km race walking, the world record holder at the distance of 30 km, the former world record holder at distances of 20 and 50 km

► Sergei Tarasov – Olympic biathlon champion, two-time world champion.

Trade:

Novosibirsk is the fourth-largest retail centre in Russia. There are more than 100 major shopping centres, among them:

► Aura, the largest shopping centre in the Urals, with a total area of more than 150,000m² and a total investment exceeding 150 million euros. It was built by the Turkish company, Renaissance Development. Anchor tenants were the hypermarket, Okay, and the consumer electronics store, MediaMarkt



Vera Manevich

Vera Manevich, Head of office in Novosibirsk, Coleman Services.

Higher technical education (Novosibirsk State Technical University, Information Security Specialist)

In the field of HR for 11 years, started with the sales manager in a local service agency, then was head of development of "Business Connection" and opened a branch office in Moscow.

Prior to joining Coleman Services I was an independent recruitment consultant.

She likes basketball and traveling.



► Mega, with a total area of 130,000m², had as anchor tenants IKEA and hypermarkets Auchan and Leroy Merlin

► Royal Park, a shopping and entertainment centre.

The city has numerous food stores, as well as major shopping centres specialized in the sale of non-food goods (furniture, clothing, building materials, etc.).

In Novosibirsk there are unique opportunities for new industries: free plots of land and facilities for connection to the heat and electricity supplies.

Novosibirsk is located in the centre of the rail, air, road and river routes connecting Europe with Asia, as well as the European part of Russia with the Far East. It is the largest city in the eastern part of the country, its transit and logistics centre and the hub of its business and consumer activity.

And for sure, **bears do not roam the streets of Novosibirsk!**

Russian Lessons: Creativity

by Jeroen Ketting

While writing this article, my eye fell upon an announcement of a Sotheby's auction of a Kandinsky painting worth about £6 million. The description explained how Kandinsky came to be the first painter to create abstract art, in the early twentieth century. When arriving at his studio one day in the twilight, he was struck by the impression a certain enigmatic painting gave him in which "he could see nothing but shapes and colours and the content of which was incomprehensible to him." After a moment, he realised that he had failed to recognize one of his own paintings that stood on its side against the wall. After that he decided that "subject matter was detrimental to his paintings" and abstract art was born—Russian creativity at its best.

From Russian creativity follows another great Russian quality: resourcefulness. When, in the mid-nineties, I was driving through the Sayan Mountains, my trip was threatened by a leaking radiator in the car. I had already started to plan for disaster and a long, involuntary stay in the mountains when my driver got out of the car, took out a cigarette and, to my surprise, sprinkled the tobacco in the radiator. Now I know that tobacco leaves seek out the holes where the radiator fluid is seeping out and expand due to the moisture and effectively plug the holes. I never cease to be amazed by the creativity and resourcefulness I see around me in Russia. Whereas in the West we do our best to think "out of the box", in Russia there seems to be no "box" at all.

This Russian resourcefulness is also a result of historical necessity through centuries of hardship. Throughout their history, Russians have had to make do with scarce resources. Especially during Soviet times there was a need to repair everything again and again because of the lack

of new goods to replace broken ones. Somehow it seems that, whereas Europeans focus on doing everything possible to avoid a problem arising in the first place, Russians mainly focus on dealing with a problem once it has already arisen. The combination of European planning and Russian resourcefulness has served me well many a time. Now I know that the hollowed out end of a cucumber can serve as a vodka glass when ordinary glasses are lacking. And this knowledge can help you as much in Portugal as it does in Russia.

One of the reasons why I love living in Russia is that it allows me to take the best of European and Russian cultures and characteristics. Russia has redefined my understanding of friendship and hospitality, has taught me to value family, has helped me squeeze more life out of each day and has shown me that there is no problem that cannot be solved. As in life, there is a shadow side to Russia as well and there is a lot that Russia can learn from Europe. For me it has always been this contrast that kept me drawn to Russia. I hope it will do the same for you.



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