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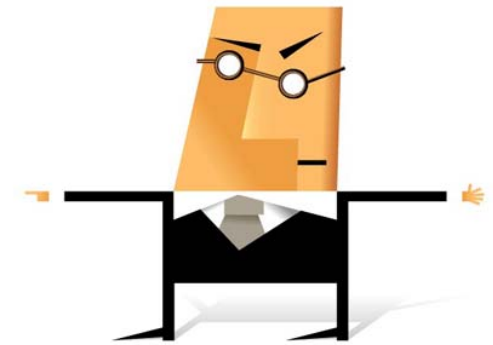

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Холдинги: изменения в налоговом законодательстве - 2008



*Сергей Савсерис
«Пепеляев, Гольцблат и партнеры»*

НАЛОГ НА ПРИБЫЛЬ с дивидендов

Закреплена формула, используемая при исчислении налога с дивидендов:

$$H = K \times C_n \times (d - D),$$

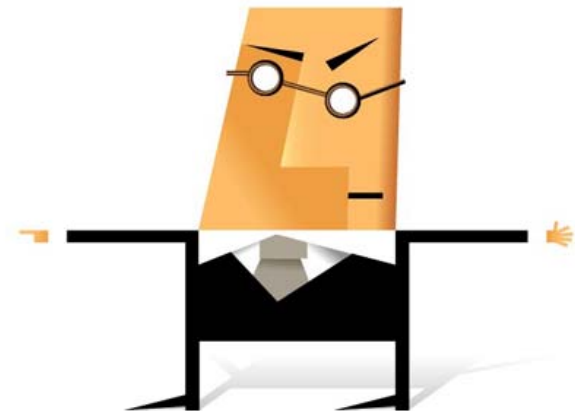
где:

- H - сумма налога, подлежащего удержанию;
- K - отношение суммы дивидендов, подлежащих распределению в пользу налогоплательщика - получателя дивидендов, к общей сумме дивидендов, подлежащих распределению налоговым агентом;
- C_n - соответствующая налоговая ставка (0 или 9 процентов) пункта 3 статьи 284 или пунктом 4 статьи 224 настоящего Кодекса;
- d - общая сумма дивидендов, подлежащая распределению налоговым агентом в пользу всех налогоплательщиков - получателей дивидендов;
- D - общая сумма дивидендов, **полученных** самим налоговым агентом в текущем отчетном (налоговом) периоде и предыдущем отчетном (налоговом) периоде (за исключением дивидендов, облагаемых по нулевой ставке), к моменту распределения дивидендов в пользу налогоплательщиков - получателей дивидендов, при условии, если данные суммы дивидендов ранее не учитывались при определении налоговой базы, определяемой в отношении доходов, полученных налоговым агентом в виде дивидендов.

НАЛОГ НА ПРИБЫЛЬ с дивидендов. Ставки.

Налоговые ставки (п. 3 ст. 284 НК РФ):

- 0 процентов (новая налоговая ставка)
- 9 процентов (изменены случаи применения)
- 15 процентов (изменены случаи применения)



НАЛОГ НА ПРИБЫЛЬ нулевая ставка с дивидендов

Ставка 0 процентов
(получатель - дивидендов российская организация)

Условия

- **365 дней** непрерывного владения *на праве собственности* не менее чем **50-процентным вкладом** (долей) в уставном капитале (*аналогичное правило по депозитарным распискам на не менее 50% общей суммы дивидендов*)

Определяется на дату решения о выплате дивидендов.

- стоимость приобретения этих вкладов (долей, расписок) превышает 500 млн. руб.

Подтверждение нулевой ставки

В налоговый орган представляются:

- 1) подтверждение **дат приобретения** (получения) права собственности на вклад (долю) или на депозитарные расписки (*договоры купли-продажи, мены, решения о размещении, передаточные акты, уставы, решения и иные документы о реорганизации, планы приватизации и т.п.*);
- 2) подтверждение **стоимости приобретения** (получения) прав (*выписки из реестра акционеров (участников), выписки по счету «депо» и т.п.*)

Если документы на **иностранном языке**, то они должны быть переведены и легализованы.

9 %

дивиденды от
российских и
иностранных
организаций
российским
организациям

15 %

дивиденды от
российских
организаций
иностранным
организациям

НАЛОГ НА ПРИБЫЛЬ: НДС по вкладу в УК

С 2006 года при передаче имущества в качестве вклада в уставный капитал НДС восстанавливался у передающей стороны.

С той же даты восстановленный НДС принимался к вычету у принимающей стороны.

С 01.01.2008 подп. 3.1 п. 1 ст. 251 НК РФ конкретизирует, что полученное принимающей стороной **право на вычет не включается в доход.**



Планируемые изменения в НК, касающиеся холдингов

➤ Изменения правил трансфертного ценообразования.

а) Определение более широкого круга взаимозависимых лиц.

б) Установление закрытого перечня контролируемых сделок (будут введены новые категории контролируемых сделок – сделки с оффшорными компаниями)

в) Введение специального декларирования о контролируемых сделках и требований к перечню документов налогоплательщика, обосновывающих применяемые им трансфертные цены в сделках с взаимозависимыми лицами

г) Введение института предварительных соглашений о ценообразовании.

д) Введение новых требований к методам оценки диапазона рыночных цен, а также принципам их применения (введение нормативно-методических документов, имеющих разъяснительный характер).

Срок вступления в силу – 01.01.2008 – 01.01.2010

Планируемые изменения в НК, касающиеся холдингов

- Введение понятия налоговой консолидации. Предлагается признавать иностранные контролируемые компании (например, оффшорные компании) налогоплательщиками в Российской Федерации.

Срок вступления в силу – 1.01.2009 г.

- Понятие налоговый резидент России. Определение на основании критерия контроля и управления. Иностранные компании – налоговые резиденты России будут облагаться налогом в РФ

Срок вступления в силу – 1.01.2009 г.

- Консолидированная налоговая отчетность. По мнению МинФина позволит снять проблему трансфертных цен внутри страны

Срок вступления в силу – 1.01.2009 г.

О компании

- Российская юридическая компания
- Полный спектр правовых услуг
- Более 200 юристов
- Офисы в Москве и Санкт-Петербурге



МОСКВА

Краснопресненская наб.12, ЦМТ-II



САНКТ-ПЕТЕРБУРГ

Шпалерная ул., 54

Бизнес-центр «Золотая Шпалерная»

Контактная информация

123610 **МОСКВА**

Краснопресненская наб., 12

ЦМТ-II, подъезд 7

Тел.: +7 (495) 967 0007

Факс: +7 (495) 967 0008

e-mail info@pgplaw.ru

191015 **САНКТ-ПЕТЕРБУРГ**

ул. Шпалерная, 54

Бизнес-центр «Золотая Шпалерная»

Тел.: +7 (812) 333 0717

Факс: +7 (812) 333 0716

e-mail: spb@pgplaw.ru

www.pgplaw.ru



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Commentaries on Federal Law No. 195-FZ of 19 July 2007 on creating favourable tax conditions for financing innovation

*Egor Lysenko, leading attorney
05 December 2007*

On Amendment of Certain Legislative Acts of the Russian Federation with Respect to Creating Favourable Tax Conditions for Financing Innovation

Comes into effect on 1 January 2008 *

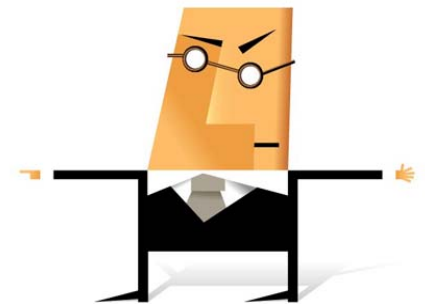


Advantages for investors

Corporate profit tax

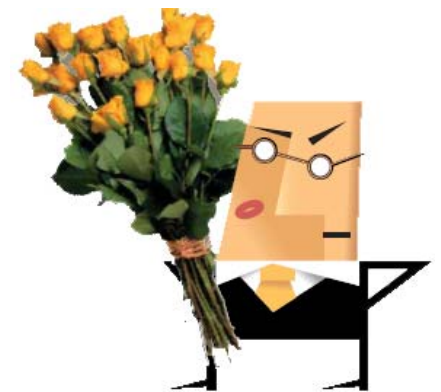
According to clause 1, article 262 of the Tax Code of the Russian Federation, the following are included in R&D costs:

- Expenditure on creating new or improving existing output (goods, work, services), especially on invention,
- Expenditure on forming the Russian Fund for Technological Development*, as well as other branch and inter-branch funds for financing R&D, registered in the manner envisaged by Federal Law of 23 August 1996 No. 127-FZ “On Science and State Scientific and Technical Policy”.



Federal Law No.195-FZ of 19 July 2007 raised the percentage of expenditures contributed to forming funds for financing R&D (par. 1, clause 3, article 262 of the Tax Code of the RF).

Such expenditures are now limited to 1.5% (and not 0.5%, as previously) of the taxpayer's incomes (gross proceeds).



Commentaries. See.:

- Federal Law No. 127-FZ of 23 August 1996 “On Science and State Scientific and Technical Policy” (clause 8, article 15);
- The procedure for forming and using extra-budgetary funds of federal executive authorities and commercial organisations for the purpose of scientific research and experimental development, approved by Resolution of the Government of the RF dated 13 October 1999 No. 1156 (clauses 1 and 6);
- Order of Rosnauka of 21 December 2005 No. 196 “On organisation of the work of the Federal Agency for science and innovation on maintaining a register of branch and inter-branch funds for financing R&D work”;
- Conclusion of the Committee for economic policy, business and tourism of the Federal Assembly of the RF dated 05 March 2007 No. 3.8-13/272

Advantages for scientific developers

Value Added Tax

R&D* carried out by organisations and relating to the following are exempt from taxation (subclause 16.1, clause 3, article 149 of the Tax Code of the RF):

- creation of new products and technologies;
- improvement of produced output and technologies.

At the same time, however, R&D must include the following types of activity:

- development of the structure of an engineering facility or technical system;
- development of new technologies*;
- creation of industrial prototypes* of machinery, equipment and materials bearing fundamental specifics characteristic of innovations and not intended for sale to third parties;
- testing of industrial prototypes of machinery, equipment and materials for the period of time necessary for obtaining data, gathering experience and reflecting them in the technical documentation.

Commentaries. R&D is now exempt from the tax (subclause 16, clause 3, article 149 of the Tax Code of the RF) if financed:

- by budgetary funds;
- by the Russian Fund for Fundamental Research or the Russian Fund for Technological Development;
- by extra-budgetary funds of ministries, departments and associations if set up for these purposes in accordance with the legislation of the RF;
- by educational institutions and scientific organisations on the basis of commercial agreements.

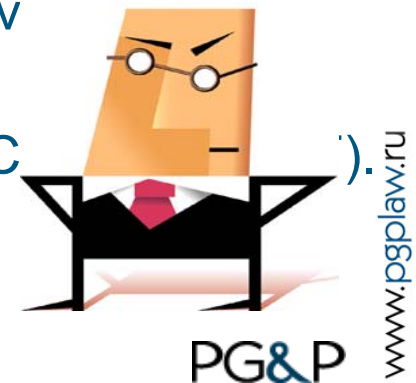


Sale of the following is tax exempt (subclause 26, clause 2, article 149 of the Tax Code of the RF):

- exclusive rights to results of intellectual activities;
- rights to use the results of intellectual activities on the basis of a licensing agreement.

Results of intellectual activity include:

- inventions, utility models, industrial prototypes (chapter 72 of the Civil Code of the RF);
- computer software and databases (chapter 70 of the Civil Code of the RF);
- topologies of integral microcircuits (chapter 74 of the Civil Code of the RF);
- production secrets (know-how) (chapter 75 of the Civil Code of the RF).



Advantages for developers

Corporate profit tax

Target financing not counted as income now additionally (paragraph 12, subclause 14, clause 1, article 251 of the Tax Code of the RF) includes monies received from funds for support of scientific and (or) scientific and technical activities that are:

- registered in the manner envisaged by Federal Law No. 127-FZ of 23 August 1996 “On Science and State Scientific and technical Policy”;
- on the list approved by the government of the Russian Federation.

Previously only monies received from the following were counted:

- Russian Fund for Fundamental Research;
- Russian Fund for Technological Development;
- Russian Humanitarian Scientific Foundation;
- Fund for promoting development of small forms of enterprise in the scientific and technical sphere;
- Federal Fund for Production Innovation.

Commentaries. See:

- subclause 1.1, clause 2, article 251 of the Tax Code of the RF
target financing received for creating the funds themselves shall not be considered as income;
- version of clause 1, article 262 of the Tax Code of the RF in effect until 1 January 2004
Expenditure on R&D shall be recognised as including <...> as well as outlays on forming the Russian Fund for Technical Development and other branch and inter-branch R&D financing funds according to the list approved by the Government of the RF in accordance with the Federal Law “On Science and State Scientific and Technical Policy”
- Ruling of the Constitutional Court of the RF of 09 April 2002 No. 68-O
The gap in the legislative regulation remaining as a result of inaction on the part of state legislative (representative) authorities and local representative authorities over a long period of time that would have sufficed to eliminate it cannot serve as an insuperable barrier to resolving disputable issues, if exercise of civil rights and legitimate interests deriving from the Constitution of the Russian Federation depends on this.
- Judicial practice of the federal arbitration courts

In relation to depreciated fixed assets used only for scientific and technical purposes, the special $k_{\text{deprec.}} \leq 3$ (paragraph 4, clause 7, article 259 of the Tax Code of the RF) can be applied.

Scientific and technical activities – activities orientated on obtaining and applying new knowledge for resolving technological, engineering, economic, social, humanitarian and other problems and providing for the functioning of science, technology and production as a unified system (article 2 of Federal Law of 23 August 1996 No. 127-FZ “On Science and State Scientific and Technical Policy”).



Advantages for developers Simplified Taxation System

Costs under the Simplified Taxation System have been supplemented (subclauses 2.1-2.3, clause 1, article 346.16) by expenditures:

- on acquiring exclusive rights to the results of intellectual activities (see VAT);
- on acquiring rights to the results of intellectual activities (see VAT) on the basis of a licensing agreement;
- on patenting and (or) payment for legal services in obtaining legal protection for results of intellectual activities, including means of individualisation;
- On R&D, recognised as such in accordance with clause 1, article 262 of the Tax Code of the RF.

Other

Also exempt from taxation (subclause 26, clause 3, article 149 of the Tax Code of the RF) are operations relating to:

- assignment (acquisition) of creditors' rights (claims) under obligations deriving from agreements on extension of loans in cash and (or) from credit agreements;
- Fulfilment by a borrower of its obligations towards a new creditor under the initial agreement on which an assignment agreement is based.

Commentaries. See article 155 of the Tax Code of the RF



About the company

- Russian law firm
- Over 150 attorneys
- Offices in Moscow and St. Petersburg
- Full range of legal services



MOSCOW

12, Krasnopresnenskaya Nab.,
WTC-II



ST. PETERSBURG

54, Shpalernaya St.,
Golden Shpalernaya Business Centre

Contact information

12, Krasnopresnenskaya Nab.,
WTC-II, Entrance 7,
MOSCOW, 123610
Tel.: +7 (495) 967 0007
Fax: +7 (495) 967 0008
e-mail info@pgplaw.ru

54, Shpalernaya St.,
Golden Shpalernaya Business Centre,
ST. PETERSBURG, 191015
Tel.: +7 (812) 333 0717
Fax: +7 (812) 333 0716
e-mail: spb@pgplaw.ru

www.pgplaw.ru



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HOLDING CONCEPTS IN THE NETHERLANDS

Oleg Ezhov
Senior lawyer

HOLDING AND CORPORATE GOVERNANCE

Association of European Businesses in Russian Federation

3 December 2007, Moscow

DUTCH HOLDING COMPANY

Incorporation and regulation
characteristics

Advantages of application in the
business structure of a Russian
company

PRIVATE LIMITED LIABILITY COMPANY (B.V.)

Main features

- ✓ founding documents – articles and memorandum of association;
- ✓ minimum subscribed and paid-up share capital on formation – **EUR 18.000**
- ✓ minimum authorized share capital – **EUR 90 000**
- ✓ no bearer shares
- ✓ no share warrants are issued
- ✓ payment on the shares in cash or in kind
- ✓ share transfer – **notarial deed, blocking clause**
- ✓ nominee shareholders and directors
- ✓ minimum one incorporator/shareholder and director
(**natural or legal entity, incl. foreign resident**)

INCORPORATION PROCEDURE

- ➡ name clearance procedure
- ➡ notarial deed of incorporation
- ➡ declaration of no objection by the Ministry of Justice
- ➡ registration in the Register of the Chamber of Commerce
(available to third parties)

MANAGEMENT BODIES OF THE COMPANY

- General meeting of the shareholders – minimum once a year in the Netherlands at the place of incorporation/administration or elsewhere; decision-making procedure – absolute majority by votes cast
- one-man or collegial management board (Raad van Bestuur)
- supervisory body is available (Raad van Commissarissen)

LIABILITY

- ◆ Persons acting on behalf of the company in formation (BV in oprichting) are principally liable, incl. liability out of deals executed in such company's name.
- ◆ Shareholder bears the risk of loss within the limits of his share
- ◆ Management bodies are liable for abuse of powers, violation of the requirement to act fairly and reasonably
- ◆ Company can be liquidated in court in case of violation of legal requirements on payment of dividends, minimum amount of the charter capital or if the company does not carry on any actual business

ACCOUNTING

***Annual balance sheet, profit and loss accounts,
annual statement must be filed with the
Chamber of Commerce
(available to third parties)***

independent auditing is required

ACCOUNTING

Exemptions

Fourth Council Directive on the annual accounts of certain types of companies 78/660/EEC:

- ↗ balance sheet total not more than EUR 3,65 mln;
- ↗ average number of employees during the financial year less than 50;
- ↗ net turnover not more than EUR 7,3 mln;

Seventh Council Directive on consolidated accounts 83/349/EEC:

- ↗ balance sheet total not more than 14,6 EUR mln;
- ↗ average number of employees during the financial year less than 250;
- ↗ net turnover not more than 29,2 EUR mln

No profit is secured basing on the results of the financial year

SUBSTANCE OF THE COMPANY

- ⊕ location in the Netherlands;
- ⊕ director-resident;
- ⊕ company carries actual business;
- ⊕ payment of official duties and taxes;
- ⊕ filing of statements;
- ⊕ holding of general meetings of shareholders;
- ⊕ companies can use fiduciary and management services, provided by official trust offices (“trustkantoren”).

***DRAFT LAW ON INTRODUCTION OF AMENDMENTS
INTO THE PROVISIONS OF THE DUTCH CIVIL
CODE ON B.V.***

- removal of minimum capital amount requirement
- right of every shareholder to appoint his own managing director
- abolishment of blocking clause (right of pre-emption)

FOREIGN LANGUAGE

It is possible to use foreign languages in the official work flow of the company:

annual balance sheet, profit and loss accounts, annual (consolidated) statement can be drawn up and filed with the Chamber of Commerce in English

SHAREHOLDER'S DISPUTES SETTLEMENT PROCEDURES – DISCRETIONARY PROVISIONS OF LEGISLATION

1. forced sale of the share by the shareholder inflicting damage to the company;
2. forced transfer of the voting right by the beneficiary, inflicting damage to the company, to the nominee shareholder;
3. right of a shareholder to demand from another shareholder, violating his rights, to purchase share of the former;
4. right to demand conducting of inspection of the company's business during any period.

RECOGNITION AND ENFORCEMENT OF DECISIONS OF DUTCH COURTS IN THE RUSSIAN FEDERATION

- ✚ no bilateral agreement on recognition and enforcement of national court decisions;

- ✚ Russian Federation is not a State Party to the Lugano Convention on jurisdiction and enforcement of judgments in civil and commercial matters;

- ✚ **article 241 of the Russian Arbitration Procedure Code** – international agreement is the ground for recognition and enforcement of foreign court decisions, including international commercial arbitration tribunal awards;

RECOGNITION AND ENFORCEMENT OF DECISIONS OF DUTCH COURTS IN THE RUSSIAN FEDERATION

⊕ **part 4 art. 239 & art. 244 of the APC** – grounds for refusal to recognize and enforce foreign court decisions;

⊕ **art. 248 of the APC** – exclusive jurisdiction of the Russian arbitration courts;

⊕ New York Convention on the recognition and enforcement of foreign arbitral awards;

⊕ it is recommended to include arbitration clause, submitting disputes to an international commercial arbitration tribunal, into the shareholders' agreement

TAX ADVANTAGES OF APPLICATION OF THE DUTCH HOLDING COMPANY

- “participation exemption” principle for the purpose of corporate profit tax calculation;
 - Double taxation avoidance agreement between Russia and the Netherlands of September 02, 1998;
- Council Directive 90/435/EEC on the common system of taxation applicable in the case of parent companies and subsidiaries of different Member States, amended by Directive 2003/123/EC;

TAX ADVANTAGES OF APPLICATION OF THE DUTCH HOLDING COMPANY

- Council Directive 2003/49/EC on the common system of taxation applicable to interest and royalty payments made between associated companies of different Member States;
 - amendments in the Dutch tax legislation – Wet werken aan winst;
- application of the Netherlands Antilles Private Company (NA B.V.) – optimization of tax on dividends

CONCLUSIONS

Advantages of the Netherlands as a place of incorporation of a holding company:

- ❖ broad discretionary regulation of B.V.
- ❖ wide range of tax advantages – exemption of dividends, received by holding company, from corporate profit tax, exemption of dividends, received from a subsidiary located in another Member State, from withholding tax
- ❖ large number of double taxation agreements
- ❖ amendments in the corporate and tax legislation aimed at lessening tax burden on the companies and making incorporation and management more flexible and easier
- ❖ preferential tax treatment within the Kingdom of the Netherlands
- ❖ sparing requirements to the “substance” of the company

Thank you!
Any questions?

CONTACT INFO

***Verkhnyaya Krasnoselskaya str., 11A, building 1,
Moscow, Russia 107140***

+7 (495) 740 03 73

www.levantlegal.com

Oleg Ezhov
Senior lawyer



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C/M/S/ Bureau Francis Lefebvre



MAIN HOLDING CONCEPTS IN EU COUNTRIES

Why setting up a holding company?

- Control over the subsidiaries
- Harmonization of the group's policy
- Pooling of shareholdings
- Simplified group structure
- Optimization of taxation

Types of holding companies

Criteria:

Activities:

- “Pure” holding companies
 - Intended to exclusively manage equity interests
- “Mixed” holding companies
 - Intended both to manage equity interests and business operations

Position in the group:

- “Main” holding companies
 - Intended to pool shareholdings in the operational companies directly or indirectly
- “Intermediary holding companies”
 - Intended to be “roll over” level between an operational company and the “main” holding company

Criteria relating to the choice of jurisdiction

- Holding company must be set up:
 - in a stable political jurisdiction
 - with flexible and secure legal system
 - in a tax friendly environment

- Many EU countries meet the above requirements

Holding tax regime – Main features

■ Fluidity of financial flows

- *Dividends, interest and royalties, capital gains*

resulting from :

- ✓ Application of EU Directives and international tax treaties
- ✓ Low corporate tax rate
- ✓ Participation-exemption regime

■ Other tax advantages:

- possibility to obtain a tax ruling,
- intra-group financial assistance (interest-free loans, subsidies, etc.),
- no thin capitalization rules, etc.

Dividends – System of taxation

- ▶ Dividends usually constitute the holding company's main source of income

- ▶ Stages of taxation of dividends:
 - Upon payment by the distributing company
 - Upon receipt by the holding company

Payment of dividends by the distributing company - Parent-Subsidiary Directive (90/435/EEC)

▀ No withholding tax in the distributing state:

— Requirements:

- both distributing and parent companies are established in EU
- parent company holds at least 15% of the distributing company (10% as from 1 January 2009)

Payment of dividends by the distributing company - Parent-Subsidiary Directive (90/435/EEC)

- ▶ Austria
 - 25% participation
 - 1 year holding period
- ▶ Belgium
 - 15% participation
 - 1 year holding period
- ▶ France
 - 5% participation

Dividends collected by the holding company (participation-exemption)

- Usually applicable subject to certain requirements :
 - Participation threshold (or amount of investment in the subsidiary's share capital)
 - Minimum holding period
- Types of participation-exemption:
 - Full
 - 100% of dividends received is exonerated
 - Partial
 - Part of dividends received (share of the costs and expenses) is subject to Corporate tax

Dividends collected by the holding company (participation-exemption)

Full

- Austria:
 - 10% participation
 - 1 year holding period
- Cyprus:
 - 1% participation
 - subsidiary's tax burden is not lower than in Cyprus
 - subsidiary's activities do not result from investment income

Partial (95% of dividends received are tax exempt)

- Belgium:
 - 10% participation (or amount of investment 1,2 M EUR)
 - 1 year period
 - subsidiary taxable at the ordinary Corporate tax rate
- France:
 - 5% participation
 - 2 years holding period

Redistribution of dividends by the holding company

- Elements to be considered are the same as for payment by the distributing company
- Possibility to set off withholding tax on incoming dividends against withholding tax on outgoing dividends (Netherlands, France)

Interest and Royalties Directive (2003-49-EC)

■ No withholding tax

– Requirements:

- distributing company is at least 25% held by the receiving company; or
- both distributing and receiving company are at least 25% held by a third company

Capital gains - Principles

- Tax exempt in most EU countries

- Exemption is granted subject to certain requirements:
 - Participation threshold
 - Amount of investment in the subsidiary's capital
 - Minimum holding period

Capital gains – Examples

▶ Austria:

- 10% participation
- 1 year holding period

▶ Belgium:

- Subsidiary is subject to normal tax regime

▶ Cyprus:

- no condition

▶ France (95% tax exemption):

- 5% participation
- 2 years holding period

Other tax advantages

- Deduction of acquisition expenses
- Deduction of provisions for depreciation
- Possibility to obtain a tax ruling
- Intra-group financial assistance (cancellation of debt, interest-free loans, subsidies, etc.)

Anti-abuse measures

- Thin capitalization rules
- Controlled Foreigned Companies rules
 - Impact of Cadbury Schweppes case (ECJ 12 September 2006) – CFC can apply to wholly artificial structures only
- Place of effective management
 - Not a mere “mailing box”
 - Location of management bodies:
 - Location of board meetings
 - Location of General meetings of shareholders
 - Residency status of the Directors, etc.
- Fight against treaty shopping
 - Tax treaty tax benefits are granted to effective beneficiaries only

Charles-Henri Roy

CMS Bureau Francis Lefebvre

Korobeynikov per.1, bldg 1A,

119034 Moscow, Russia

Tel: +7 495 739 33 44

Fax: +7 495 739 33 55



**ASSOCIATION OF EUROPEAN
BUSINESSES
IN THE RUSSIAN FEDERATION**

**The Voice of European Business
in Russia**



**GOOD CORPORATE GOVERNANCE FOR RUSSIAN HOLDING
COMPANIES IS A KEY ELEMENT FOR IPO PREPARATION:
NATIONAL STANDARDS AND INTERNATIONAL BEST PRACTICE**

Natalia Kosheleva

nkosheleva@deloitte.ru

Senior manager

Tax & Legal Department

3 December 2007



Considerations

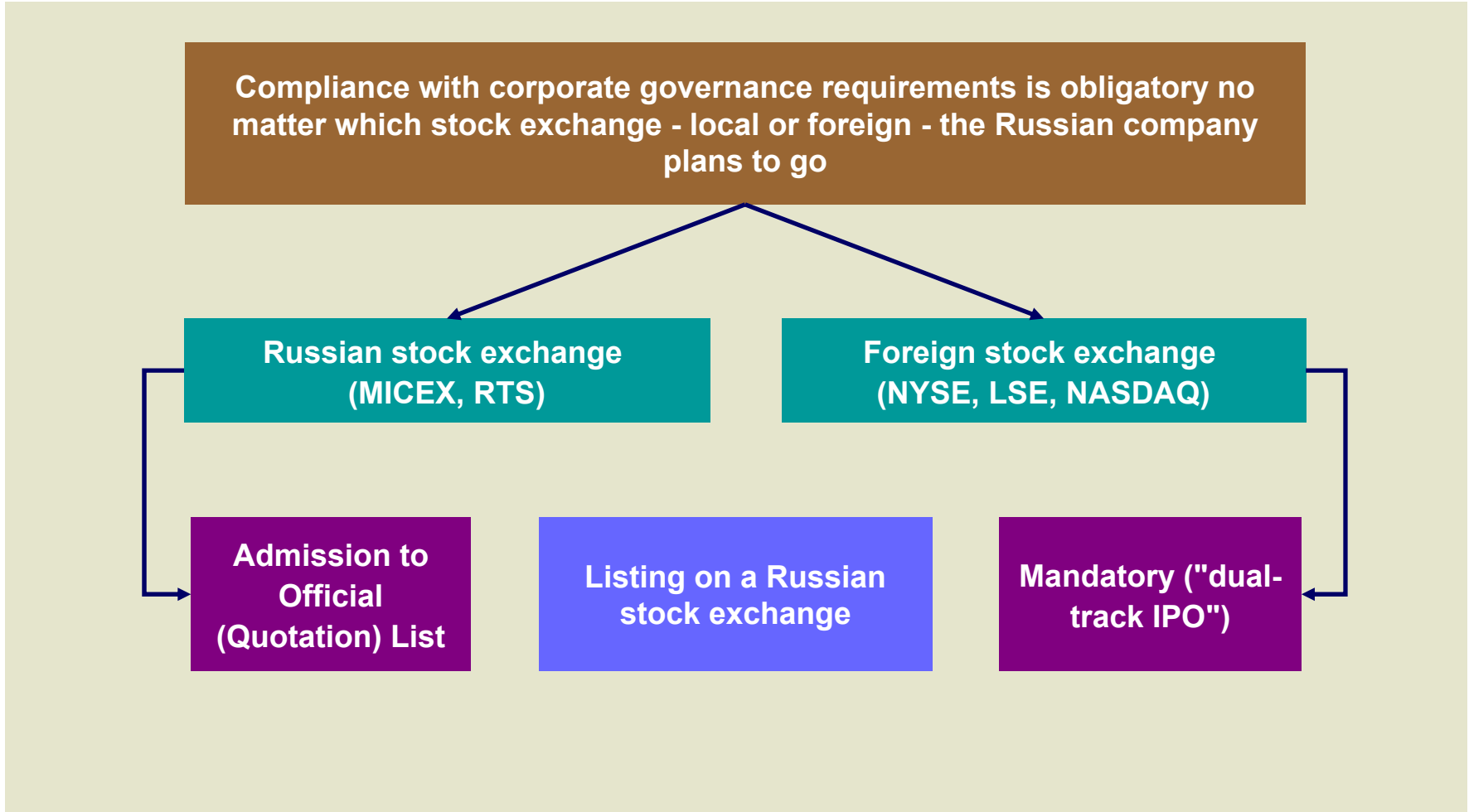
Part I:	Corporate governance – key element for successful IPO on domestic and foreign stock exchanges
Part II	Corporate governance framework and principles applicable to holdings
Part III	Deloitte's corporate governance services: step-by-step towards effective corporate governance Build-up stages

Part I

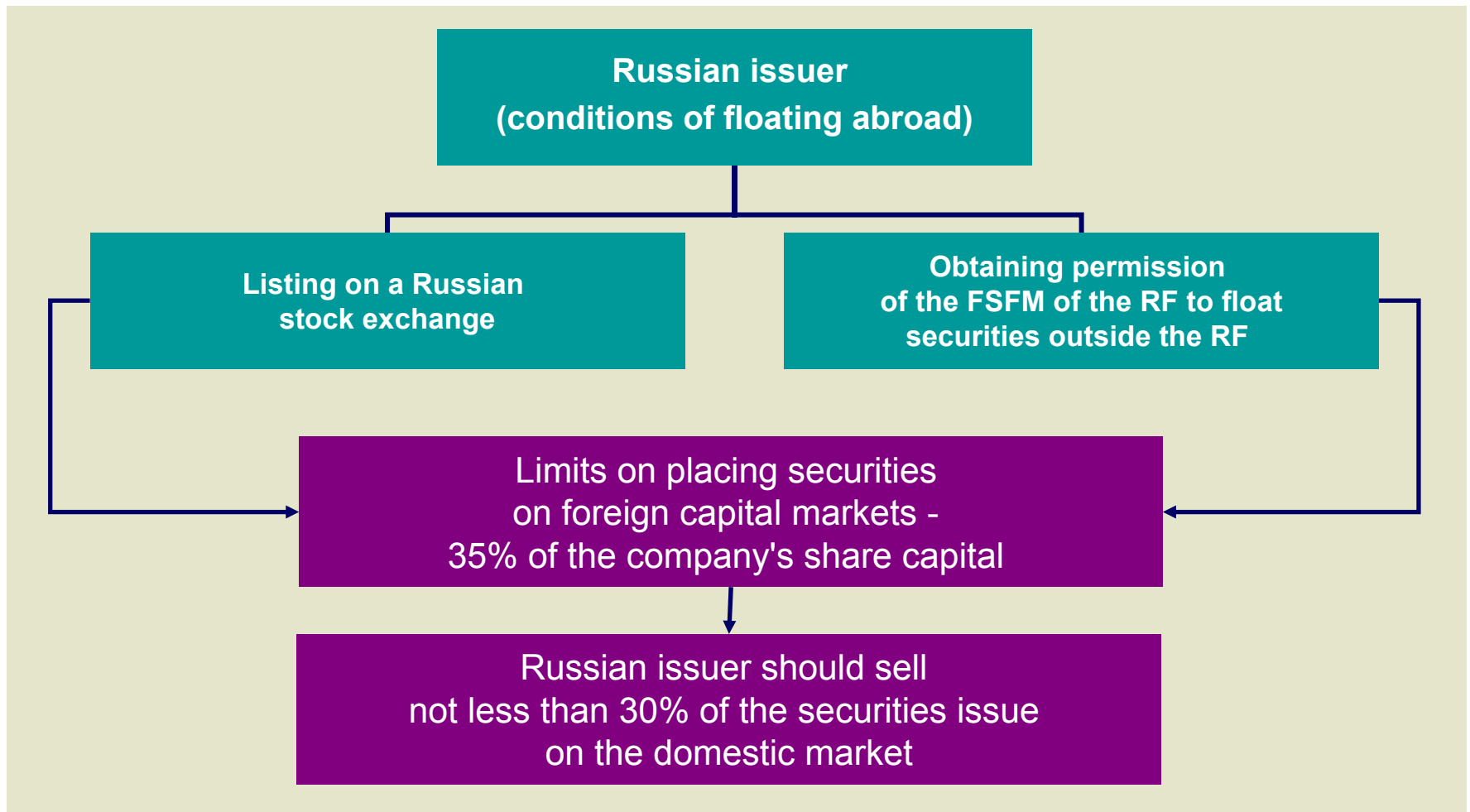
Corporate governance – key element for successful IPO on domestic and foreign stock exchanges



Corporate governance and listing on a Russian stock exchange and abroad



Requirements for Russian company to go to foreign stock exchanges



Improving Corporate Governance, Legislative Mechanisms

- **USA** - The 2002 Sarbanes-Oxley Act
- **UK** - The Combined Code
- **OECD** - The Corporate Governance Principles
- **Russia** - The Code of Corporate Conduct



Corporate Governance system advantages

- Acceleration of the decision-making processes
- Optimized internal processes and cost reductions for the company
- Legal compliance
- Attraction of external investments
- Increase in the market value of the business
- Retention of the company's integrity
- Building a transparent governance structure
- Protection of the company from hostile takeover

"Corporate Governance is an important factor in investment decisions: "Over 80% of investors say they would be prepared to pay more for the shares of well-governed companies than those of poorly governed companies".

McKinsey & Co., Investor Opinion Study, June 2000

Russian stock exchange corporate governance requirements: Legal regulation

Corporate Governance Requirements

MANDATORY

(Regulation on organization of trading in the securities market)

- Independent directors;
- A collective executive body (applicable not to all lists)
- An Audit Committee, HR Committee and Remuneration Committee ("A"-List)
- Disclosures on securities holdings
- Existence of a Disclosure Provision

BEST CORPORATE GOVERNANCE PRACTICE

(The Code of Corporate Conduct)

- A Strategy Planning Committee, Corporate Conflicts Resolution Committee, Risk Management Committee, Ethics Committee, etc.
- Disclosures on remuneration of top managers
- Protection of information constituting a commercial or official secret, etc.
- A corporate secretary, etc.

Main requirements on corporate governance for Russian listing - 1

Requirements	A-List 1st Level	A-List 2nd Level	B-List	V-List	E-List
Board of Directors	+	+	+	+	+
Board of Directors - Independent Directors	Min 3	Min 3	Min 1	Min 1	Min 1
Audit Committee headed by an Independent Director	+	+	+	+	Not obligatory
Human Resources and Remuneration Committee headed by an Independent Director	+	+	Not obligatory	Not obligatory	Not obligatory
Collective Executive Body	+	+	Not obligatory	Not obligatory	Not obligatory

Main requirements on corporate governance for Russian listing - 2

Requirements	A-List 1st Level	A-List 2nd Level	B-List	V-List	E-List
The responsibility of the members of the company's Board of Directors and executive bodies to disclose information on securities holdings, sale and (or) purchase of the issuer's securities	+	+	+	+	+
A 30-day notice of an annual general shareholders' meeting shall be sent to the MIN shareholders (as stipulated in the Articles of Association)	+	+	+	+	+
Documents regulating the internal controls over finance and business operations of the issuer (approved by the Board of Directors)	+	+	+	+	Not obligatory

Main requirements on corporate governance for Russian listing - 3

Requirements	A-List 1st Level	A-List 2nd Level	B-List	V-List	E-List
Documents on the rules and approaches of disclosing information about the issuer (approved by the Board of Directors)	+	+	Not obligatory	Not obligatory	Not obligatory
Documents on the use of information about the issuer's operations, the company's securities and transactions with them, which are not publicly available and which, if disclosed, could have a material impact on the market value of the issuer's securities (approved by the Board of Directors)	+	+	+	+	+

Comparison of Corporate Governance Requirements

London Stock Exchange	New York Stock Exchange
<ul style="list-style-type: none"> • Combined Code - non-binding guidelines for foreign companies • At least half of the BoD members should be independent • BoD's committees - Audit Committee, HR & Remuneration Committee should be made up of independent directors • No requirements as to the certification of a CEO • No requirements as to the acceptance of the Code of Corporate Conduct or Code of Ethics for a CEO and management 	<ul style="list-style-type: none"> • Most of the provisions of the Sarbanes-Oxley Act are mandatory for foreign companies • The majority of the BoD should be represented by independent directors. The independent directors are required to hold regular meetings without the management • BoD committees - Audit Committee, Remuneration Committee and Corporate Governance Committee should be made up of independent directors • Disclosure on the availability of a finance expert within the Audit Committee • Annual requirements to the certification of a CEO • It is required to accept and disclose the contents of the Code of Corporate Conduct

London Stock Exchange (Corporate Governance) □

Benefits	Compliance with the Combined Code is not obligatory. It is sufficient to comply with national corporate governance standards
Responsibilities and liability of directors	<ul style="list-style-type: none">• Joint and several liability of directors for compliance with listing rules• Disclosures on changes in the share capital structure• Requirements to publish interim and annual accounts• Notification of any replacement of the depository issuing GDRs• Payment of annual listing fees• Other responsibilities

Part II

Corporate governance framework and principles applicable to holdings

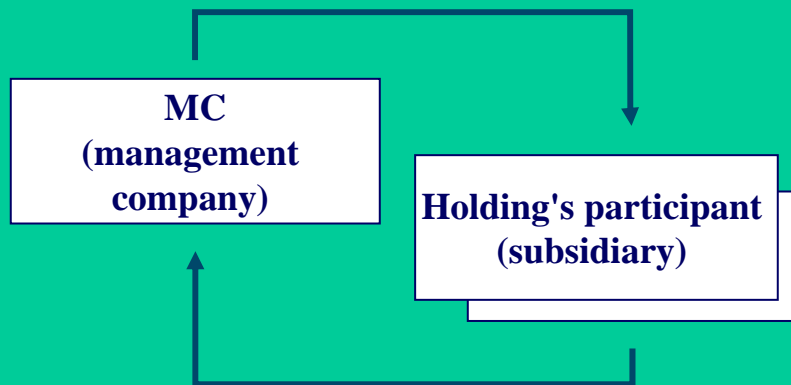


Legal basis of the dependency relationship between the Management Company (MC) and participants of the holding

Prevailing ownership interest of the MC in the share capital of the holding's participant (Option 1)

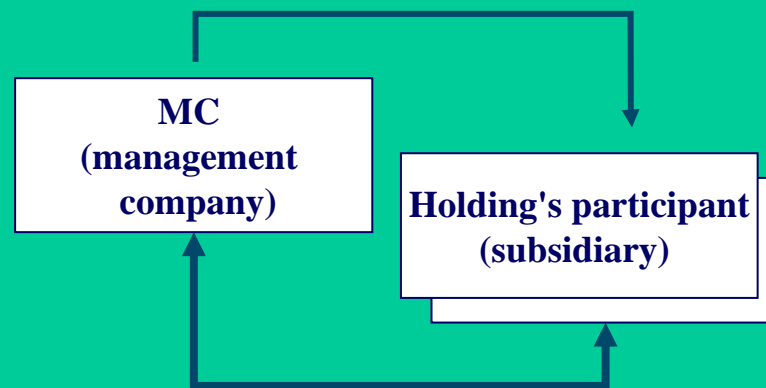
Agreement between the MC and the holding's participant (Option 2)

Possibility to direct decisions made by a holding's participant



Shares (ownership interest)

Possibility to direct decisions made by a holding's participant



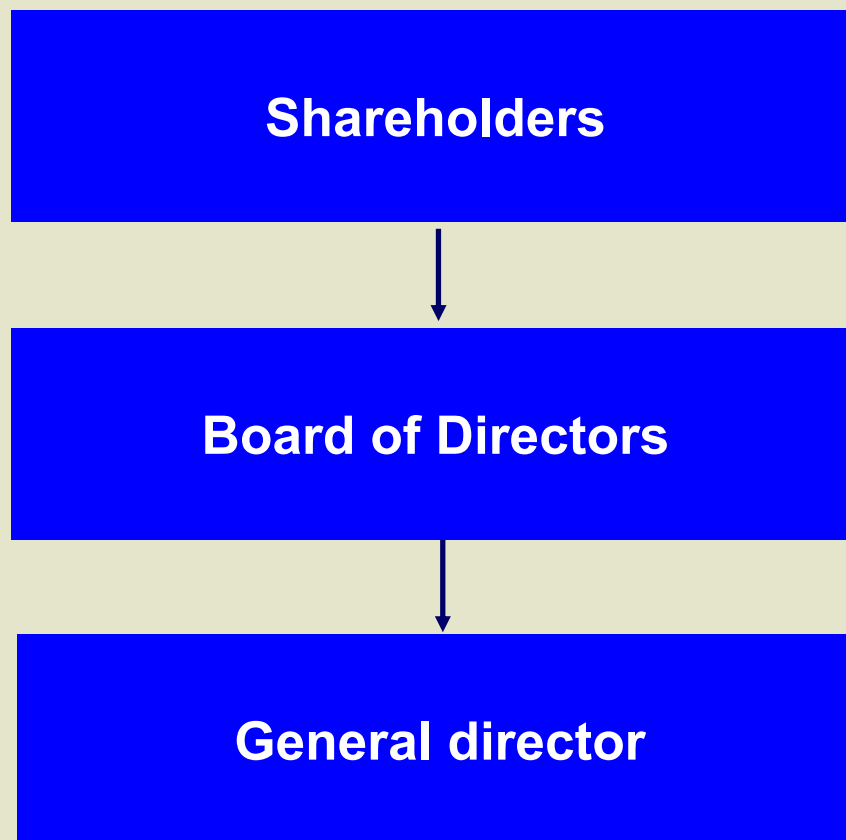
Subsidiary Agreement

Models of governing business entities - participants of the holding

1st model	2nd model	3rd model	4th model
General meeting	General meeting	General meeting	General meeting
Board of Directors (Supervisory Board)	Board of Directors (Supervisory Board)		
Collective executive body (Management Board, Directorate)		Collective executive body (Management Board, Directorate)	
Sole executive body (CEO) [1]	Sole executive body (CEO)	Sole executive body (CEO)	Sole executive body (CEO)

^[1] Law on Joint-Stock Companies (para.3 cl.1 art.69) and Law on Limited Liability Companies (subcl.4 cl.2 art.33) allows to delegate powers of a sole executive body of a company to a commercial organization (management company) or an individual entrepreneur (manager) under the agreement.

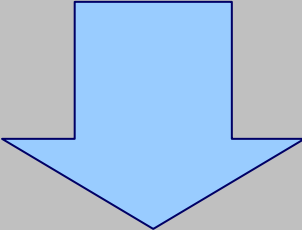
Optimal structure of management bodies at the level of the holding's Management Company



Optimal structure of management bodies at the level of the holding's participants (Subsidiary)

Option 1.

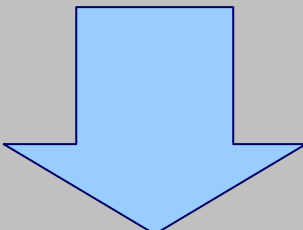
**General meeting of participants
(shareholders)**



CEO

Option 2.

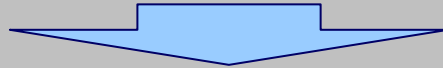
**General meeting of participants
(shareholders)**



**Delegation of powers of
the sole executive body
to the MC under the agreement**

Mechanism for implementing strategic decisions of the MC by the holding's participants

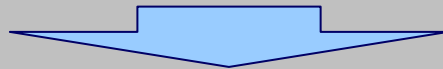
The management body of the MC makes a decision



The decision is communicated to the representatives of the governed company (subsidiary) at the general shareholder meeting, or to the CEO



Representatives of the MC initiate the process of adopting the required decision



Acting strictly within its competence the management body of the holding's participant adopts a legitimate decision

Part III

Deloitte's corporate governance services: step-by-step towards effective corporate governance

Build-up stages

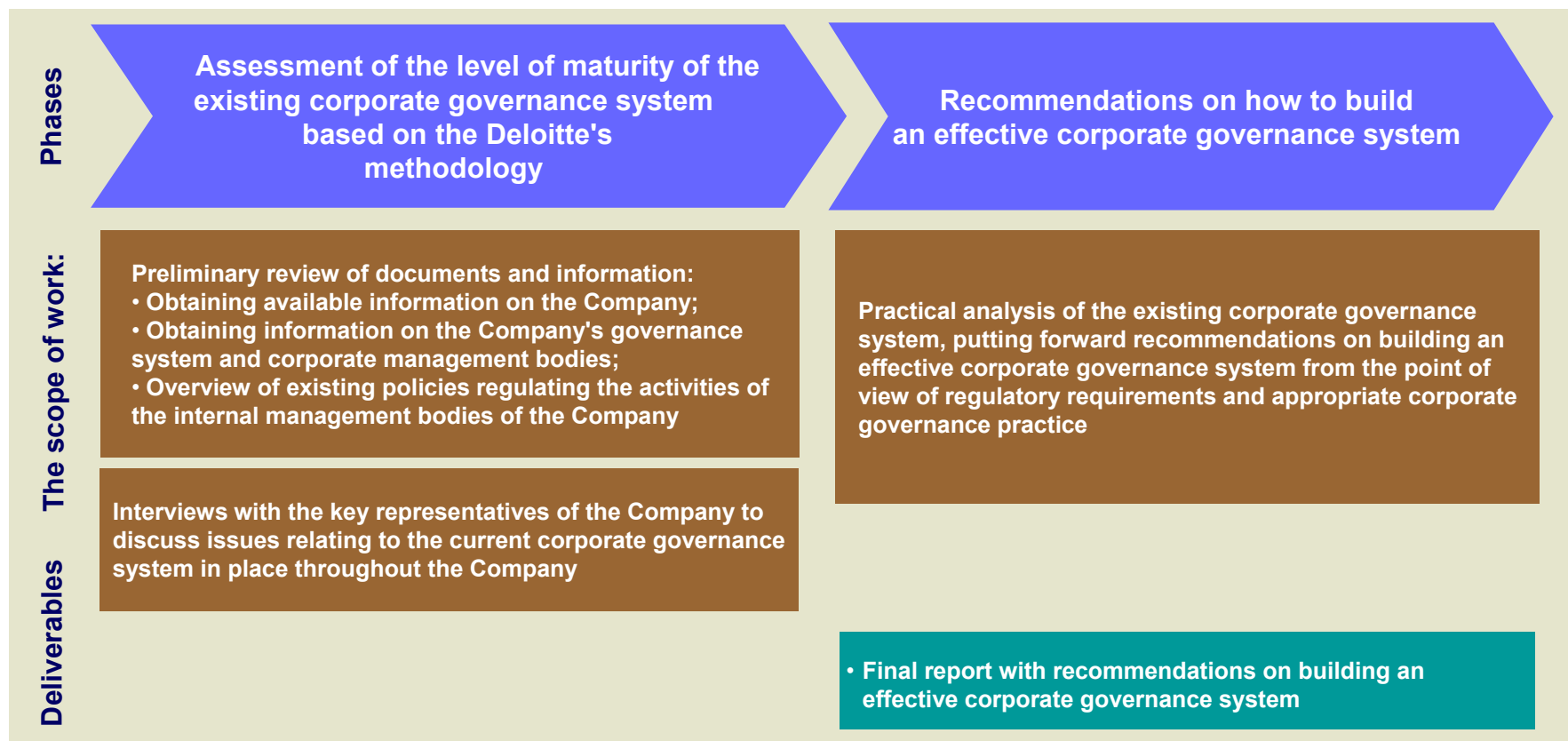


Deloitte's approach: stages of building an effective corporate governance framework

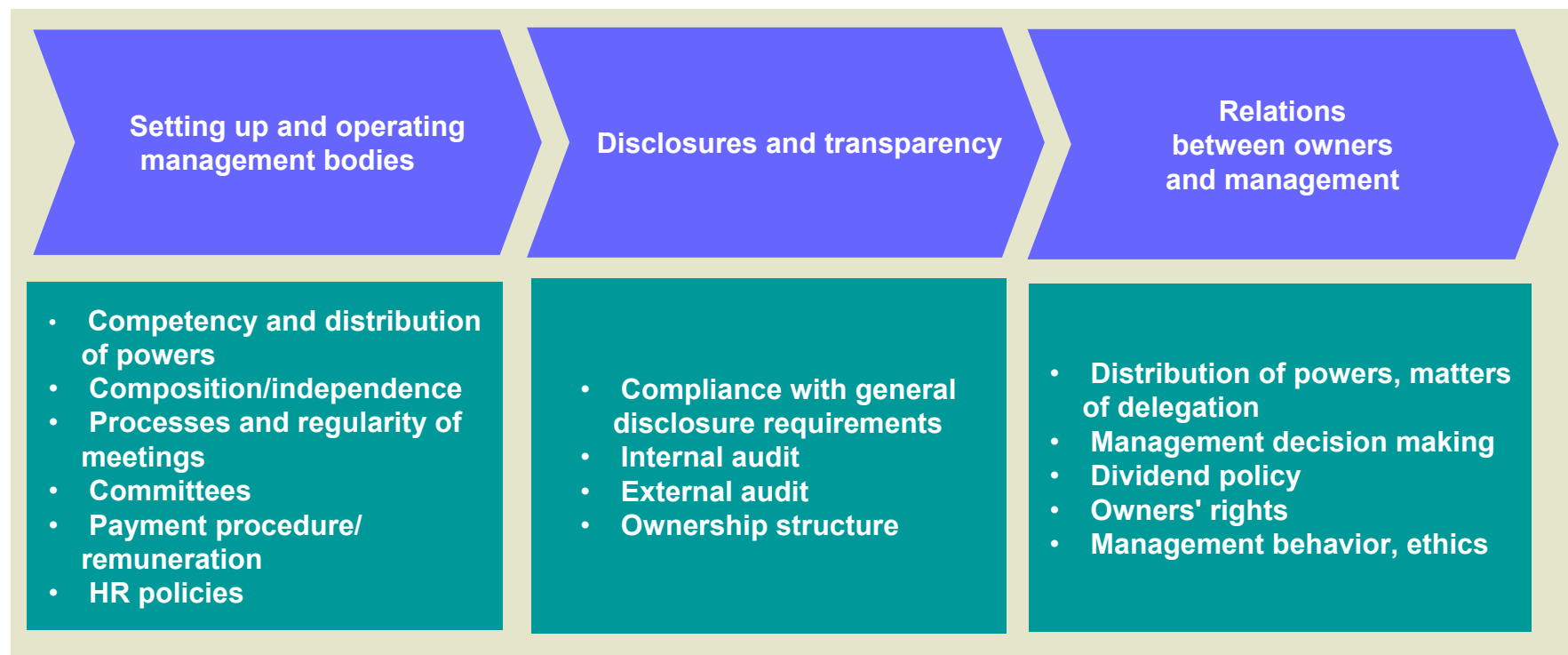
Step 1: Review the existing CG system

Step 2: Recommendations on how to build an effective CG system

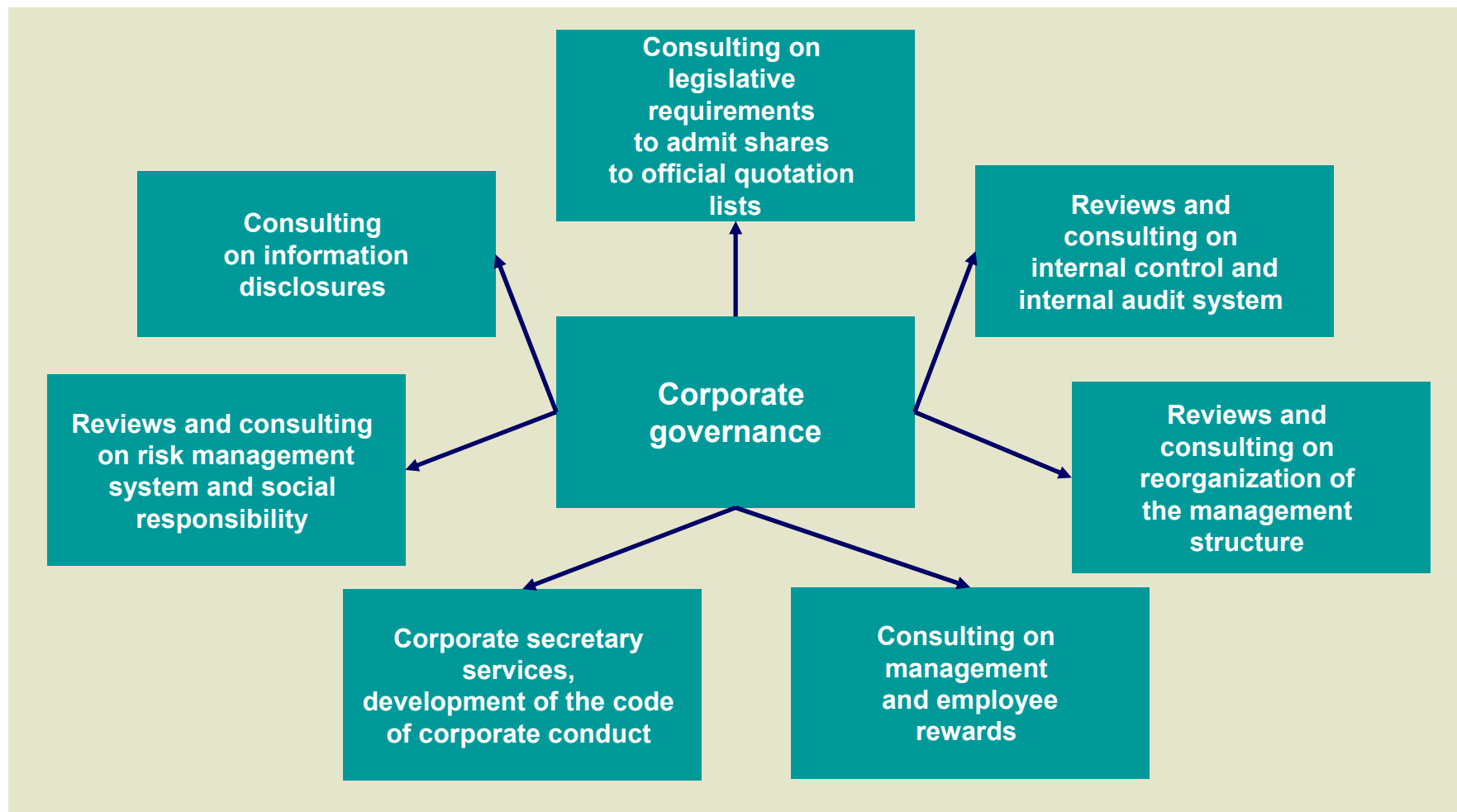
Step 3: Implementation of the effective CG system



Things we look at: assessing the level of maturity of the corporate governance system and evaluating the internal control framework



Things we do: Deloitte's corporate governance service offering



Deloitte.