

# More foreign organisations must disclose information on participants to Russian tax authorities

Russia · 21.10.2021

Available languages: [RU](#)

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A new [Federal Law](#)\* (the “Law”) has changed the grounds for disclosure by amending the obligation for foreign organisations to disclose information on participants. Previously, this obligation was imposed only on foreign organisations that owned immovable property in Russia.

Now foreign companies and structures lacking the legal status of a legal person such as foundations, partnerships, associations, trusts, as well as other forms of collective investment or trust management (“**Foreign Structures**”) are required to disclose information on their participants (for Foreign Structures – information on their founders, beneficiaries and managers) by virtue of being registered for tax purposes in Russia whatever the grounds for registration are.

## What has changed?

Prior to the amendments, foreign companies reported on their participants (Foreign Structures – on their founders, beneficiaries and managers) only if they owned immovable property subject to corporate property tax (subject to the provisions of Article 374 of the Russian Tax Code).

According to the Law, this obligation applies to all foreign companies and Foreign Structures that are registered with Russian tax authorities on any grounds (e.g. in connection with the opening of an account with a local bank because they have a vehicle or a separate subdivision in Russia), except for foreign organisations registered with the Russian tax authorities only in connection with the provision of e-services.

Under the new rules, notification includes information about direct participants (irrespective of their participation interest) as well as indirect participants (individuals and private companies) provided that their participation interest exceeds 5%.

## How to comply?

The respective notification must be submitted annually to the tax authority at the place of tax registration of the foreign company or Foreign Structure. If a foreign company or Foreign Structure have multiple grounds for registration, the notification is submitted to the tax authority at the place of registration at the choice of the foreign company or Foreign Structure. The new wording of Article 23(3.2) of the Russian Tax Code does not specify the obligation of a foreign organisation or Foreign Structure to inform the tax authority at the place of the other registration on the choice of the place where the notification will be filed. In addition, the Law does not provide for an obligation to submit information on changes in the participants (or founders, beneficiaries, managers).

Notifications must be filed by 28 March of the year following the reporting year (under the previous obligation, notifications were submitted together with corporate property tax returns, i.e. the deadline was 30 March of the year following the reporting year). Since the relevant provisions of the Law came into force on 21 May 2021, information for 2021 must be reported by 28 March 2022 (inclusive).

The notification form to the tax authorities has not yet been approved, but should be adopted soon.

## Liability

Foreign companies and Foreign Structures risk being fined RUB 50,000 (EUR 606) if they fail to file or are late in filing the relevant notification.

## Comments

The Law applies to numerous foreign companies and Foreign Structures operating in Russia. As a result, this category of taxpayers should determine whether the Law obliges them to disclose information on their participants (or founders, beneficiaries, managers).

Companies or Foreign Structures facing the disclosure obligation for the first time are advised to establish their corporate ownership structure in advance and ensure that the data is reported to the tax authorities in a timely manner. Taxpayers who have already faced such an obligation need to take into account the deadline and frequency of disclosure, as well as update their ownership structure information.

For further information, please email the authors or your usual contact at CMS Russia.

*\* In Russian*

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