

# Taxation in Russia - an overview

November 2009

## Key facts

### Main tax rates

- Corporate tax rate: 20 percent
- VAT standard rate: 18 percent
- Personal income tax standard rate for residents: 13 percent

### Population/GDP

Population: 142 million

GDP: US\$1.757 trillion (2008 est.)

### Currency:

Russian Ruble, abbreviated here to RUB

### Membership of economic groups

Member of G8, Asia-Pacific Economic Cooperation (APEC), Shanghai Cooperation Organisation (SCO) and CIS

### Major Industries

Natural resources production, industrial production, construction, agriculture, transport and retail trade

### Website of tax/finance authority

[www.nalog.ru](http://www.nalog.ru) – Federal Tax Service

[www.minfin.ru/en](http://www.minfin.ru/en) – Ministry of Finance



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## Introduction

The Russian tax system includes federal, regional and local taxes. While federal taxes are payable in all Russian regions, regional and local taxes are applicable to companies registered or doing business in the relevant region and municipality.

The Russian tax system has undergone significant revision since 1999 when the Tax Code Part I was enacted. This law combines provisions relating to general tax principles, rights and obligations of taxpayers and tax authorities, and tax administration. Later, since after 2001, the regulations on all taxes were revised and incorporated in the Tax Code Part II.

Through this reform the tax administration became more transparent and predictable, and the number of taxes and the overall tax burden was reduced significantly. The current income tax rates are particularly low, even in the international context, being 20 percent for companies and 13 percent for Russian tax resident individuals.

Still, many aspects of the Russian tax system are subject to significant uncertainty. Further, the substantive provisions of Russian tax law and the interpretation and application of those provisions by the Russian tax authorities may be subject to more rapid and unpredictable change (possibly with retroactive effect) and inconsistency than in jurisdictions with more developed tax systems. In particular, the interpretation and application of such provisions will in practice rest substantially with local tax inspectorates. Interpretation by different tax inspectorates may be inconsistent or contradictory and may result in the imposition of conditions, requirements or restrictions not stated in the law. Similarly, court rulings on tax or related matters by different courts relating to the same or similar circumstances may be inconsistent or contradictory.

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### Recent developments

Over the past few years, the Tax Code was adopted to streamline tax administration and reduce tax burdens.

Important revisions to corporate income tax (in Russian terminology "profit tax") include reduction of the tax rate from 24 percent to 20 percent, introduction of thin capitalisation rules and participation exemption rules for dividends, softening of depreciation rules, and extending deductions (including for interest expense) to make them adequate in the current financial crisis.

In the area of VAT, positive changes include exemption for transactions with IP rights (except for trademarks) and certain types of R&D, extension of the tax period from a month to a quarter and the permission of offset for input VAT included in advance payments.

Russian tax practice has been known for, in some cases, a contradictory and inadequately aggressive approach by tax authorities and inconsistent application of good-faith taxpayer criteria. The tax environment has improved remarkably since the Supreme Commercial Court confirmed taxpayers' rights to optimise their tax burden and suggested the concept of a "justified tax benefit".

### Corporate taxes

#### General outline

Income of Russian companies is taxed with a corporate income tax. Collections from this tax are allocated between federal and regional budgets.

Russian companies complying with certain requirements may opt for special tax regimes by paying the following taxes (instead of corporate income tax, VAT, unified social tax and property tax):

- (i) **unified tax under a simplified taxation system**—applicable to small companies held by more than 75 percent by individuals; or
- (ii) **unified agricultural tax**—applicable to agricultural producers.

Companies engaged in the use of subsoil are, in addition to corporate income tax, subject to (i) a **natural resources production tax** (assessed on the value or quantity of natural resources produced), (ii) **governmental charges for the use of the subsoil**, and (iii) **export customs duty**. (For a discussion of additional taxes applicable to hydrocarbon producers please refer to the Section *Hydrocarbon-related taxes*)

#### Corporate tax rates

As of 2009, the corporate income tax rate is 20 percent. The tax is split into (i) a 2 percent tax payable to the federal budget and (ii) a 18 percent tax payable to the regional budget.

Regional legislative bodies are permitted to decrease, for certain categories of taxpayers, the rate payable to regional budgets to 13.5 percent. Thus, the overall tax rate can be decreased from 20 percent to 15.5 percent.

Taxable income is calculated using the accrual methods. Corporate income tax is an annual tax, but is reported quarterly or monthly, and paid in monthly instalments.

The Tax Code provides for a few tax exemptions, including for share premiums and property gratuitously received from a shareholder with a shareholding greater than 50%.

Expenses are deductible if they are economically justified and properly documented; certain business expenses are subject to limitations and other guidelines (including those discussed below).

Fixed assets can be depreciated, over their statutory useful life, on a straight-line (mandatory for buildings and intangible assets with a statutory useful life of over 20 years) or a double-rate declining balance method. For newly acquired or modernized fixed assets a one-off depreciation premium is allowed in the amount of up to 10% generally and 30% for fixed assets with a statutory useful life from 3 to 20 years (the premium reduces the basis for regular depreciation).

R&D expenses are deductible evenly for one year following their completion. Expenses for specific R&D works as per the list approved by the Russian Government (this list includes R&D related to 32 different technologies such as nano, nuclear, data encryption, energy-saving technologies) are deductible in the amount increased by a multiplier of 1.5.

For interest to be deductible, the interest rate must comply with (or not vary by more than 20 percent from) the average interest rate for comparable loans, or not exceed (i) for a foreign currency loan - 15 percent, or (ii) for a RUB loan - the Russian Central Bank refinancing rate (currently 13 percent) multiplied by 1.1. As an interim measure from September 1, 2008 to December 31, 2009, the deductible threshold for interest was increased for foreign currency loans to 22 percent and for RUB loans to 1.5 times the Russian Central Bank refinancing rate.

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Deductions for up to 10 percent of annual taxable income from sale of goods or services are allowed for contributions to bad debt provisions in the following amounts:

- 50 percent of debt overdue for more than 45 days; and
- 100 percent of debt overdue for more than 90 days.

As a rule for accounting and tax purposes, receivables/liabilities payable in foreign currency are re-evaluated monthly and on their repayment date. Re-evaluation profits and losses (including those that are unrealized) are included in taxable income.

Taxes (including non-offsetable VAT but excluding income tax) are deductible.

Dividends received by a Russian company are subject to tax at a rate of 9 percent generally, or 0 percent if the relevant shareholding:

- is at least 50 percent;
- has been held for at least 365 calendar days when the decision on distribution is taken;
- has an acquisition cost of more than RUB 500 million; and
- for a foreign shareholding, is held in a company other than that established in a country included on the list of countries with a preferential tax treatment (offshore countries), approved by the Ministry of Finance, e.g., various "tax havens" and Cyprus.

If dividends are received from foreign sources, tax is payable by the receiving company; limited foreign tax credit can be applied if a double tax treaty provides so.

If dividends are received from a Russian company, the distributing company is obliged to withhold the tax (if applicable); the tax is assessed on the pro rata difference between (x) the total amount of dividends to all shareholders and (y) the amount of dividends that the distributing company received from its shareholdings and that were subject to a 9 percent tax.

### Capital gains taxes

There is no specific concept of capital gains tax, and capital gains and losses are included in the taxable income of a company, with the following exceptions.

Capital gains and losses from transactions with (a) listed and (b) non-listed securities and derivatives (other than hedging derivative instruments) are treated for tax purposes separately from each other and separately from income/losses from the

company's other operations. However, losses from the company's main activity reduce taxable capital gains from transactions with securities.

### Position of losses

Losses that resulted from deductible expenses can be carried forward for ten years, with the following exceptions:

- losses from disposal of tangible and intangible assets can be carried forward in even instalments over the remaining useful life of disposed assets; and
- losses from transactions with (a) securities and (b) non-listed derivatives can be carried forward only with respect to profits resulting from transactions with (a) securities and (b) non-listed derivatives, respectively (losses from transactions with listed derivatives are included in taxable base and carried forward under general rules).

Upon a corporate reorganization, losses can be carried forward by the succeeding company.

No carry-back of losses is possible.

### Group treatment

There is no concept of fiscal consolidation.

### Withholding taxes

Table 1 shows various withholding income tax rates under Russian double tax treaties.

### Position of resident companies

Russian tax laws do not define the term "tax resident" for companies, but effectively distinguish the scope of tax obligations depending on the place of incorporation.

Companies that are incorporated in Russia are subject to Russian corporate income tax on their worldwide income. Limited credit is available for foreign income tax (and for foreign dividends if it is provided under an applicable treaty).

### Position of non-resident companies

Foreign companies are subject to Russian corporate income tax only in respect of:

- income that is derived through, or allocated to, Russian permanent establishment; and
- passive income from Russian sources.

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A foreign company has a permanent establishment in Russia when it carries out business activities, beyond preparatory or auxiliary functions, on a regular basis, through:

- a fixed place of business (such as a branch, representative office, or division); or
- a dependent agent.

Permanent establishments are subject to corporate income tax, essentially under the same principles as Russian companies.

### Dividends, interest and royalties

Income derived by a foreign company from Russian sources other than through its permanent establishment is generally subject to withholding income tax at a rate of 20 percent.

Such tax is to be withheld by a Russia-based payer of income (either a Russian company or a permanent establishment of a foreign company).

Withholding income tax can be reduced or eliminated by an applicable double tax treaty. Treaty relief can be obtained either in advance of payment of income (this is the recommended option) or by applying for a tax refund. Advance tax relief can be made available by submitting, to the income payer, a translated and duly legalized (apostilled) tax residence certificate issued by the competent tax authority in the income recipient's jurisdiction.

### Dividends

Dividends distributed by a Russian company to a foreign company are subject to a 15 percent withholding income tax, subject to treaty relief. Usually, Russian treaties reduce this tax to 5 or 10 percent for dividends from substantial shareholdings.

### Interest

Subject to treaty relief, interest on loans or other debt instruments is subject to tax at a rate of 20 percent generally and 15 percent for interest on state and municipal bonds.

### Royalties

Royalty income derived by a foreign company is subject to a 20 percent withholding income tax, subject to treaty relief.

### Capital gains

Russian withholding income tax applies to income derived by a foreign company from the sale of shares in a Russian company only if the company's assets consist of more than 50 percent of immovable property located in Russia, unless such shares are

listed on, and are sold through, a foreign stock exchange. In this case, withholding income tax applies, subject to treaty relief, at a rate of 20 percent on sale proceeds or, if the acquisition costs are proven by documents, sale profit.

## Indirect taxes

### VAT/GST: main and reduced rates, exemptions

The standard VAT rate is 18 percent. A reduced rate of 10 percent applies to certain types of food-stuffs, children's goods and medical goods. Zero percent VAT applies to export of goods from Russia.

Offset is allowed for input VAT incurred for goods and services purchased for use in activities that are subject to VAT (including export), subject to certain conditions and documentary requirements.

VAT exemptions are established for certain types of transactions and activities (including assignment and licensing of IP rights (excluding trademarks), sale of land plots, sale of shares, banking and insurance activities, etc.). The VAT exemption implies that input VAT offset is lost.

Furthermore, VAT exemption is provided for import of technological equipment (and their accessories and spare parts) that are intended for in-kind contributions to the charter capital of a Russian company. The Russian Government is expected to adopt a list of technological equipment whose equivalents are not produced in Russia. Once adopted, the VAT exemption will apply only to the importation of equipment included on that list, regardless of the importation purpose.

### Other indirect taxes

Russia applies excise tax on alcohol and alcohol products, tobacco and cigarettes, cars and petrol. In 2011, the excise tax rates will be changed such that high quality gasoline and diesel fuel will be subject to lower rates.

## Personal taxes

### Domicile and residency requirements

An individual is deemed a tax resident of Russia if he/she stays in Russia for at least 183 calendar days within 12 consecutive months. This rule in practice means that an individual should stay in Russia for at least 183 calendar days in a calendar year in order to be recognized as tax resident.

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Russian tax resident individuals are subject to Russian tax on their worldwide income, and individuals who are Russian tax non-residents are subject to Russian tax on their income from Russian sources.

### Main rates and bands

Taxable income includes income in monetary form or in-kind, benefits in whatever form (e.g., housing allowances or accommodation provided by an employer, personal use of business cars), material gains (i.e., savings) from purchase at undervalue of shares from any seller and goods from affiliated parties, savings on interest expense below established thresholds and interest income exceeding established thresholds.

In-kind income and material gains from purchase at undervalue are determined using market prices of the relevant goods or shares.

No tax applies to compensatory payments that are expressly provided for under Russian law and fall within certain thresholds, such as state disability allowances, severance payments, business trip allowances etc.

Taxable income may be reduced by a number of allowances, including: (i) (minor) standard allowances; (ii) social allowances for expenses for education, charity, medical treatment, and pension insurance; and (iii) property allowances for income from sale of property and for expenses for purchase of residential premises. Property allowances effectively make income from sale of property (other than securities and shares/participations) that has been held for at least three years tax-exempt.

Income (other than dividends) is subject to the following flat rates:

- for Russian tax resident individuals:
  - 13 percent generally; and
  - 35 percent for income from winnings, savings on interest expense and excessive interest income;
- for non-resident individuals:
  - 30 percent generally.

Russian companies and representative offices of foreign companies are deemed as tax agents and obliged to withhold individual income tax from any payments to individuals, unless the Tax Code directly provides that an individual must report and pay tax by him/herself.

### Dividends and capital gains from disposal of shares

Dividends received by Russian tax resident individuals are subject to income tax at a rate of 9 percent. If dividends are received from a foreign company resident in a country which has a double tax treaty with Russia, a limited foreign tax credit is available. If dividends are received from a Russian company, the tax base of the 9 percent tax can be reduced by the amount of dividends that were received by the distributing company and were subjected to the 9 percent Russian corporate income tax.

Dividends received by non-resident individuals are subject to Russian tax at a rate of 15 percent, subject to treaty relief.

Capital gains from disposal of shares are subject to income tax at regular rates (13 percent for residents and 30 percent for non-residents).

### Social security/national insurance payments

In respect of employment expenses, Russian companies and representative offices / branches of foreign companies are subject to the following taxes and obligatory payments:

- **State Pension Fund contributions:** These are payable solely by the employer and in respect of employees who are Russian citizens. These contributions are assessed at a regressive rate schedule ranging from 14 percent to the fixed amount of RUB 56,800, on each employee's annual gross payroll.
- **Unified social tax:** This is paid solely by the employer and with respect to all Russia-based employees (including non-Russian citizens). This tax is assessed at a regressive rate schedule ranging from 26 percent to 2 percent, on each employee's gross payroll. The unified social tax includes contributions to the State Medical Insurance Fund and the State Social Insurance Fund; the State Pension Fund contributions are credited against the unified social tax liability.
- **Obligatory accident insurance contributions:** Employers are liable for obligatory contributions to the Social Security Fund for insurance of work-related injuries and diseases at flat rates varying from 0.2 percent to 8.5 percent, depending on the principal type of their activity. These contributions are assessed on a gross payroll. These contributions are paid solely by the employer and in respect of all Russia-based employees.

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### Transfer pricing and anti-avoidance rules

#### Transfer pricing rules (documentation requirements, APAs, etc.)

The current transfer pricing rules were introduced with adoption of the Tax Code Part I in 1999.

These rules are based on the presumption that the contractual price (other than for securities) is regarded as the fair market price, unless proven otherwise.

The tax authorities are permitted to examine the contractual price in transactions:

- between related parties (20 percent ownership is one of the indicators),
- exchange (barter) transactions,
- cross-border transactions, and
- other transactions where the price deviates by more than 20 percent from the price applied by the taxpayer for identical goods within a short period of time.

If the contractual price deviates by more than 20 percent from the fair market price, the tax authority may adjust the tax base accordingly, and consequently, assess additional profit tax and VAT together with late-payment interest and fines.

The fair market price is to be determined by the following three methods (which are applied sequentially): (i) comparable uncontrolled price method, (ii) resale price method, and (iii) cost-plus method. When proving the fair market price, it should be confirmed by official information on prices and exchange quotations. No documentation requirements are established for tax payers. No advance pricing agreements are currently possible.

Over recent years, the Ministry of Finance has made several attempts to revise and tighten the transfer pricing rules. None of these attempts have materialized in a law so far.

#### Anti-avoidance provisions

There are no general anti-avoidance rules in Russia.

Recent Russian tax practice has been impacted by the concept of a "good-faith taxpayer" as suggested by tax authorities and courts. This practice was revised and formalised by the Plenum of the Supreme Commercial Court in its Resolution No. 53, dated October 12, 2006. The Supreme Commercial Court introduced the concept of a "justified tax benefit" by combining elements of the "substance-over-form" and "business purpose" doctrines.

The Supreme Commercial Court presumed that the taxpayer acts in good faith and has the right to optimise its tax burden. At the same time, it explained that:

- a "tax benefit" in the form of reduction of the tax base, application of a tax offset, tax incentive or lower tax rate or exercise of tax refund (offset) is unjustified if:
- the taxpayer's main purpose is to gain income solely or primarily through a tax benefit, and the transaction lacks "reasonable economic/commercial or other grounds (business purpose)" (in other words, tax benefit may not be the sole or primary business purpose); or
- the transaction is treated for tax purposes as "not in accordance with its real economic substance";
- if a "tax benefit" is considered to be unjustified, the tax treatment of the transaction should follow its real economic substance.

#### Thin capitalisation/other interest deductibility rules

Thin capitalization rules provide for a debt-to-equity ratio of 3:1 generally and 12.5:1 for banks and leasing companies.

Thin capitalization rules apply to "controlled" debt, including:

- debt to a foreign shareholder owning directly or indirectly more than 20 percent of the borrower's charter capital;
- debt to a Russian company which is, in accordance with Russian legislation, affiliated with a foreign shareholder mentioned in (i); and
- debt to any party where its repayment is secured in the form of a guarantee, surety or otherwise, by a foreign shareholder mentioned in (i) or a Russian company mentioned in (ii).

Interest on the excessive portion of a controlled debt (i.e., the excessive interest) is re-characterized as a dividend and, as such, is not deductible for the borrower's corporate tax purposes and, when paid to the lender, is subject to 15 percent dividend withholding tax applicable to the controlling foreign shareholder.

#### Controlled Foreign Company (CFC) rules

Russian tax laws do not contain controlled foreign company rules.

However, the Russian Ministry of Finance raised the necessity to extend the tax residency criteria for legal entities beyond the place of registration (currently the only criteria) to include, among others, the place of management and tax residency of controlling shareholders.

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### Tax treaties

Russia now has more than 70 effective double tax treaties, including treaties with most EU and OECD countries and major emerging markets. Most of these treaties follow the OECD Model Convention.

According to official statistics, Russia's main foreign direct investors include Cyprus, the Netherlands, Germany, the BVI, the UK, the USA, France and Luxembourg. Russian treaties with Cyprus, Germany and the Netherlands are quite similar; these treaties provide for a reduced 5 percent withholding income tax on dividends for substantial shareholding and for tax exemption for interest, royalty and capital gains. Unlike these treaties, the Russian treaties with the USA, the UK and France do not grant the tax exemption for capital gains from disposal of shares linked to immovable property.

Russian treaties with Belgium, Canada, France, Germany, Mexico, the Netherlands, New Zealand and the USA are unique in the sense that protocols to these treaties contain special rules permitting Russian subsidiaries and permanent establishments of investors from these countries to fully deduct interest expense, arguably, notwithstanding Russian thin capitalisation rules (though the practice of Russian tax authorities and courts regarding such protocols' application is unsettled).

### Miscellaneous taxes

#### Taxes on payroll

There is no general payroll tax in Russia.

#### Taxes on capital

There is no capital tax in Russia and no tax or stamp duty on transfer of securities and shares. However, the registration of a share issuance is subject to stamp duty at a rate of 0.2 percent of the nominal value of issued shares, but not more than RUB 100,000.

There is no tax on transfer of real estate. The registration of rights to, mortgages over and transactions with, real estate is subject to stamp duty in fixed amounts set forth by the Tax Code (varying between RUB 2,000 and RUB 7,500).

#### Taxes on property

##### Land tax

Owners of land are subject to a land tax assessed on the cadastre value of the land plot, at rates established by the municipal authorities, but not exceeding 1.5 percent (0.3 percent for agricultural land or land under residential housing).

### Property tax

The property tax is payable for fixed assets (except for land) reflected on the taxpayer's balance sheet (whilst generally fixed assets are recorded on the owner's balance sheet, for financial leases the lessor and lessee may decide which of them shall record leased property). This tax is assessed on the average annual book (depreciated) value at rates established by regional legislative bodies, but not exceeding 2.2 percent.

Property tax applies equally to Russian companies and permanent establishments of foreign companies. Foreign companies without a permanent establishment pay this tax only on immovable property located in Russia and on the inventory (non-depreciated) value of such property.

### Transportation tax

Persons in whose name means of transport are registered are subject to a transportation tax at tax rates varying depending on the type of transport.

### Other taxes

#### Hydrocarbon-related taxes

Russian producers of oil and gas are, in addition to corporate income tax and excise tax, subject to the following taxes (these taxes are allowed as deductions in calculating taxable income for corporate income tax):

- **Governmental charges for the use of subsoil:** These include:
  - (i) one-time payments that are due upon the occurrence of events specified in the subsoil license;
  - (ii) payments for the right to use information received in the course of geological surveys;
  - (iii) fees for participating in a tender or auction and for issuing the subsoil license; and
  - (iv) regular payments for the right (a) to explore and appraise oil fields, (b) to prospect for natural resources and (c) to construct and use underground facilities.
- **Natural resources production tax for crude oil:** From 2002, this tax has been assessed on the extracted quantity of crude oil at a fixed rate that has been linked to the average world prices for Urals blend oil (the "Index Price") and the RUB/US\$ exchange rate during a relevant tax period. The rate formula is structured such that it equalled zero when the Index Price was US\$9 per barrel or lower; as of 2009, this non-taxable Index Price is US\$15 per barrel. The effective tax rate per barrel was between US\$9 and US\$18 in 2007, and between US\$6.5 and US\$26.5 in 2008. The rate formula results in a lower effective rate for more than 80% depleted oil fields. Zero rate applies to a certain number of first tons of crude oil produced in certain hard-to-reach areas.

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- Natural resources production tax for gas:** For separated gas condensate, this tax is assessed at a rate of 17.5 percent on the value of the extracted quantity. For natural fuel gas, this tax is assessed at a rate of RUB 147 per 1,000 cubic meters of gas extracted, but associated gas produced through oil wells is subject to tax at a zero rate.
- Special export customs duty for crude oil:** Beginning in 1999, the Russian Government re-introduced export customs duty on crude oil. Currently, the export duty rates are set by the Government, subject to a monthly change (before 2009, bi-monthly change), based on the Index Price during the preceding month. The export customs duty is assessed at the following graduated rate schedule depending on the Index Price per ton:

Export customs duty rate per ton	If, and to the extent, the Index price is
0 percent	below US\$109.90 (which equals the Index Price per barrel of US\$15)
35 percent	over US\$109.90
45 percent	over US\$146
65 percent	Over US\$182.50

- Special export customs duty for oil products:** As of April 1, 2009, the following export customs duties apply to oil products:

Type of oil product	Export customs duty	
	(US\$/ metric ton)	(US\$/ barrel)
Light distillates; middle distillates; gas oils	86.4	12
Liquid fuel; oils; worked-out oil products	46.5	6
Propane, butane, ethylene, propylene, butylene and butadiene; other liquefied gases	0	0
Oil vaseline; mineral waxes and similar products, except for raw and others	46.5	6
Oil coke, oil bitumen and other remains of oil refining derived from bituminous grounds, except for calcified oil coke	46.5	6
Benzole; toluene; xyloles	86.4	12

- Special export customs duty for gas:** As of 2007, the export customs duty at a rate of 5 percent applies to gas.

As of 2004, collections from natural resources production tax and export customs duties on oil resulting from the excess of the Index Price over a benchmark price (initially established at US\$20 per barrel and raised to US\$27 per barrel as of 2006) were accumulated in the Stabilization Fund. In 2008, the Stabilization Fund was replaced with two funds, both part of the federal budget – the Reserve Fund and the National Wealth Fund. The revenue of the federal budget from export customs duties on gas, oil and oil products and natural resources production tax on hydrocarbon production is now allocated between the federal budget, the Reserve Fund and the National Wealth Fund.

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**Table 1**

Country	Dividends		Interest <sup>i</sup> (%)	Royalties <sup>ii</sup> (%)
	Individuals, Companies (%)	Qualifying companies <sup>iii</sup> (%)		
Albania	10	None	10	10
Algeria	15	5	15/0	15
Argentina	15	10	15/0	15
Armenia	10	5	0	0
Australia	15	5	10	10
Austria	15	5	0	0
Azerbaijan	10	10	10/0	10
Belarus	15	15	10/0	10
Belgium	10	10	10/0	0
Botswana <sup>iv</sup>	10	5	10/0	10
Brazil <sup>iv</sup>	15	10	15/0	15
Bulgaria	15	15	15/0	15
Canada	15	10	10/0	10/0
Chile <sup>v</sup>	10	5	15	10/5
China	10	10	10/0	10
Croatia	10	5	10	10
Cuba <sup>iv</sup>	15	5	10/0	5/0
Cyprus	10	5	0	0
Czech Republic	10	10	0	10
Denmark	10	10	0	0
Egypt	10	10	15/0	15
Ethiopia <sup>v</sup>	5	5	5/0	15
Finland	12	5	0	0
France	15	5/10	0	0
Germany	15	5	0	0
Georgia <sup>iv</sup>	10	10	10/0	5
Greece	10	5	7	7
Hungary	10	10	0	0
India	10	10	10/0	10
Indonesia	15	15	15/0	15
Iran	10	5	7.5/0	5
Ireland	10	10	0	0
Iceland	15	5	0	0
Israel	10	10	10/0	10
Italy	10	5	10	0
Japan	15	15	10/0	10

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Country	Dividends		Interest <sup>i</sup> (%)	Royalties <sup>ii</sup> (%)
	Individuals, Companies (%)	Qualifying companies <sup>iii</sup> (%)		
Kazakhstan	10	10	10/0	10
North Korea	10	10	0	0
Korea	10	5	0	5
Kuwait	5	0	0	10
Kyrgyzstan	10	10	10/0	10
Laos <sup>iv</sup>	10	10	10/0	0
Lebanon	10	10	5/0	5
Lithuania	10	5	10/0	10/5
Luxembourg	15	10	0	0
Macedonia	10	10	10	10
Malaysia	0/15	0/15	15/0	10/15
Mali	15	10	15/0	0.
Malta	10	5	0	0
Mexico	10	10	10/0	10
Moldova	10	10	0	10
Mongolia	10	10	10/0	20
Morocco	10	5	10	10
Namibia	10	5	10/0	5
Netherlands	15	5	0	0.
New Zealand	15	15	10	10
Norway	10	10	10/0	0
Oman <sup>iv</sup>	10	5/0	0	5/0
Philippines	15	15	15/0	15
Poland	10	10	10/0	10
Portugal	15	10	10/0	10
Qatar	5	5	5/0	0
Romania	15	15	15/0	10
Saudi Arabia <sup>iv</sup>	5	0	5/0	10
Serbia/Chernogoria	15	5	10	10
Singapore	10	5	7.5/0	7.5
Slovakia	10	10	0	10
Slovenia	10	10	10	10
South Africa	15	10	10/0	0
Spain	15	5/10	5/0	5
Sri-Lanka	15	10	10/0	10
Sweden	15	5	0	0

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Country	Dividends		Interest <sup>i</sup> (%)	Royalties <sup>ii</sup> (%)
	Individuals, Companies (%)	Qualifying companies <sup>iii</sup> (%)		
Switzerland	15	5	10/0	0
Syria	15	None	10/0	4.5/13.5/18
Tadzhikistan	10	5	10/0	0
Thailand	15	15	20/0	15
Turkey	10	10	10/0	10
Turkmenistan	10	10	5	5
UK	10	10	0	0
Ukraine	15	5	10/0	10
USA	10	5	0	0
Uzbekistan	10	10	10/0	0
Venezuela <sup>iv</sup>	n/a	n/a	n/a	n/a
Vietnam	15	10	10	15

i The reduced treaty rates often apply if interest is paid to or is secured by a Government or a Central Bank of the respective country.

ii The reduced treaty rates often apply if royalties are paid in connection with copyright or other similar payments for literary, dramatic, musical or other artistic work or if royalties are paid for the use of industrial, commercial or scientific equipment.

iii The reduced treaty rates often apply if the non-resident company owns directly at least 25% of the capital of the dividend paying company and/or if the beneficial owner has directly invested in the capital of such company no less than US\$ 100,000.

iv Not effective.

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