

## Russia updates tax registration rules for foreign entities

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Russian Ministry of Finance Order No. 239n of 28 December 2018 "On Special Considerations Relating to the Registration of Foreign Organizations with Tax Authorities" will enter into force on 15 March 2019. The current rules, approved by Order No. 117n of 30 September 2010, will terminate.

#### **What has changed?**

- ▶ There are separate registration procedures for foreign entities operating through accredited branches or representative offices and those operating through subdivisions that are not accredited branches or representative offices.
- ▶ A section has been added on the tax registration of foreign companies that provide services in electronic form, and exceptions are made to the requirements regarding documents needed for the tax registration of such companies. In particular, translations of documents into Russian do not have to be certified and documents issued or certified by competent authorities of foreign states do not have to be legalized or bear an apostille if they are submitted to the tax authority via the official Internet site of the Federal Tax Service.
- ▶ There are provisions regarding the registration of foreign entities as tax residents of Russia.
- ▶ A section has been added on the tax registration of foreign religious organizations.

- ▶ Rules are prescribed for deregistration of a company in the event that its branch or representative office ceases to be accredited.

### Important information for all existing branches and representative offices

Effective from 1 January 2019, Moscow Interdistrict Tax Inspectorate No. 47 has set up “automatic” deregistration for foreign companies that have not submitted documents needed to obtain indefinite accreditation.

There have already been a number of cases of companies being deregistered as a result of failing to obtain indefinite accreditation.

### Next steps

Accordingly, companies should:

- ▶ Check that they possess indefinite accreditation documents obtained from Inspectorate No. 47
- ▶ Take steps if they do not possess such documents to obtain them in order to avoid being automatically deregistered

Taxpayers also should work with their local tax professional to address:

- ▶ Obtaining indefinite accreditation
- ▶ Tax registration of a foreign company on any of the grounds covered in the Order
- ▶ Deregistration of a foreign company
- ▶ Advice on registering a presence in Russia (branch/representative office)
- ▶ Preparation and submission of tax returns
- ▶ Reconciliations with tax authorities
- ▶ Obtaining certificates of non-indebtedness
- ▶ Assistance in preparing replies to demands from a tax authority
- ▶ Assistance during the course of tax audits conducted by tax authorities
- ▶ Communication with tax authorities on these and other tax matters

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For additional information with respect to this Alert, please contact the following:

#### Ernst & Young, Moscow

- ▶ Yulia Timonina [yulia.timonina@ru.ey.com](mailto:yulia.timonina@ru.ey.com)
- ▶ Elena Serkova [elena.serkova@ru.ey.com](mailto:elena.serkova@ru.ey.com)
- ▶ Larissa Gorbunova [larissa.gorbunova@ru.ey.com](mailto:larissa.gorbunova@ru.ey.com)

#### Ernst & Young LLP, Russian Tax Desk, New York

- ▶ Kirill Lukyanets [kirill.v.lukyanets1@ey.com](mailto:kirill.v.lukyanets1@ey.com)

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EYG no. 000652-19Gbl

1508-1600216 NY  
ED None

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