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Digest Russia

April 2025

Corporate law. 1st Quarter 2025

Русская версия

In this newsletter, we have prepared a brief overview of the most important draft laws and the most interesting court decisions in the field of Russian corporate law in the first quarter of 2025.

Draft laws

1) Board of Directors: planned amendments to the laws on joint stock companies and limited liability companies would establish in which cases a member is considered to have left the Board of Directors. The laws do not currently specify these cases; there are only certain indications in case law.

Document: draft Federal Law No. 724347-8 "On Amending the Federal Law 'On Joint Stock Companies' and Article 32 of the Federal Law 'On Limited Liability Companies'".

2) Acquisition of a participation interest by a limited liability company: a participant may demand payment of its participation interest at the market value rather than the fair value. The claim must be sent to the company. The market value will be determined by an appraiser, who can be hired by either the company or the departing participant.

Document: draft Federal Law No. 876952-8 "On Amending the Federal Law 'On Limited Liability Companies'".

3) Information on the address of a company: the Tax Service will no longer review information on a company's address when documents are submitted to enter it in the Unified State Register of Legal Entities. This applies to situations where at least five legal entities are already registered in a single place. In the opinion of the FTS, this innovation will ease the burden on companies in business centres.

Document: Order No. ED-7-14/1119@ of the Federal Tax Service of Russia dated 10 December 2024.

4) Start Business Online: the trial period for the Start Business Online service has been extended to 1 March 2026. This service makes it possible to do the following, entirely online:

- register an individual entrepreneur or a limited liability company in which the same individual is the sole founder and chief executive officer;

- register and issue a qualified electronic signature for this individual entrepreneur or limited liability company;

- open a bank account for such an individual entrepreneur or limited liability company with one of the banks participating in the trial.

Document: Russian Government Resolution No. 248 dated 1 March 2025.

5) Remote attendance at a meeting of shareholders: in 2025 joint stock companies with more than one million shareholders will be entitled to hold their annual general meetings of shareholders using remote participation, without specifying the place of its conduct and the ability to be present in this place, even if their charters lack the relevant provisions.

Document: Federal Law No. 35-FZ dated 20 March 2025 "On Amending Certain Legislative Acts of the Russian Federation".

Case law

1) Corporate liquidation: an order to proceed to distribute discovered property does not entail the restoration of an administratively liquidated legal entity in the Unified Register of Legal Entities, and is not accompanied by any other actions other than the distribution of the discovered property of such organisation. The bankruptcy administrator is not authorised to file claims in favour of the given entity under this procedure.

Document: Ruling No. 301-ES17-18621 of the Supreme Court of Russia dated 20 December 2017 in case No. A38-7498/2016.

2) Major transactions: the formal lack of consent of participants to the performance of a transaction does not constitute unconditional grounds to invalidate a major transaction, if it was concluded by the director (representative) under circumstances where it would appear to a bona fide counterparty that the transaction was being carried out with the *de facto* approval or knowledge of the controlling participants of the company and/or the beneficiary owner.

Document: Ruling No. 305-ES24-16398 of the Judicial Panel for Economic Disputes of the Supreme Court of Russia dated 9 January 2025 in case No. A40-06386/2023.

3) Evasion of Russian counter-sanctions: as applies to Russian Presidential Decree No. 322 dated 27 May 2022 "On the Temporary Procedure for the Performance of Obligations to Certain Rights Holders" the Russian Supreme Court ruled that the actual existence of obligations under a transaction does not exclude the right of the court to deny claims based on a transaction, if the goal of performing the transaction was to evade prohibitions and restrictions established by legislation against the legalisation (laundering) of criminal income and the financing of terrorism; legislation on banks and banking; currency legislation, etc.

Document: Ruling No. 307-ES24-18161 of the Judicial Panel for Economic Disputes of the Supreme Court of Russia dated 3 February 2025 in case No. A56-2577/2023.

4) Dividends: the lack of information on a person in a company's shareholder register does not by itself constitute unconditional grounds for denying the exercise of the right to receive dividends. The relevant amount of dividends may be recovered in favour of a shareholder who has restored corporate control, including cases where the joint stock company acted in bad faith in making a payment to the wrong person, while knowing that the claimant had lost its corporate rights against its will.

Document: Ruling No. 307-ES24-17957 of the Judicial Panel for Economic Disputes of the Supreme Court of Russia dated 11 February 2025 in case No. A21-6785/2023.

5) Taxation of the benefits of a withdrawing participant: if a limited liability company employing the simplified tax system transfers (alienates) property in payment of the fair value of a participation interest to a participant that is leaving the company, then this entails the need for the taxation of the economic benefits of this taxpayer in the form of the fair (market) value of the participation interest, duly determined at the time of its transfer to the taxpayer.

Document: Ruling No. 2-P of the Constitutional Court of Russia dated 21 January 2025 "On a Review of the Constitutionality of Article 39(3)(5), Article 41(1), Article 248(1–2), Article 249(1–2), and Article 346.15(1) of the Tax Code of the Russian Federation in Connection with a Query of the Supreme Court of the Russian Federation".

6) Suits of participants on behalf of a corporation: Article 65.2(1) of the Russian Civil Code does not explicitly indicate a claim to recover property from another party's unlawful possession. At the same time, this claim (Article 301 of the Russian Civil Code) may also serve as a means to protect the integrity of a corporation's assets, ensuring the restoration of the rights and lawful interests of its participants in cases where property was unlawfully alienated. On this basis, provided there is the corresponding interest participants in a corporation (participants, members, shareholders, and so on) do not as a general rule lose the right to file a vindicatory action on behalf of the corporation.

Document: Ruling No. 303-ES22-15014 of the Judicial Panel for Economic Disputes of the Supreme Court of Russia dated 14 February 2025 in case No. A24-5930/2020.

7) Sale of property under conditions of corporate conflict: Based on the provisions of Article 53(3)(1) and 53(3)(3) of the Russian Civil Code, as a general rule it is the participants, which entrusted management of the company's affairs to a person of their choosing, and not any other participants in civil transactions, who bear the risks of the performance by this chosen person of transactions that do not comply with the interests of the company's participants.

This means that property may be declared to have been lost to the possession of a legal entity against its will not due to disagreements between the participants (shareholders) but in a situation where a corporate conflict provoked the unlawful actions of third parties.

Document: Ruling No. 303-ES22-15014 of the Judicial Panel for Economic Disputes of the Supreme Court of Russia dated 14 February 2025 in case No. A24-5930/2020.

8) Remuneration of members of the Board of Directors: the inappropriate performance by a member of the Board of Directors of the management duties assigned by the charter to the competence of the

Board of Directors constitutes grounds for the commensurate reduction in remuneration, the size of which is determined by decision of the general meeting of shareholders. Such persons are presumed to have discharged their duties reasonably and in good faith unless otherwise is proven.

Document: Ruling No. 310-ES24-18854 of the Judicial Panel for Economic Disputes of the Supreme Court of Russia dated 11 February 2025 in case No. A23-11248/2022.

Kind regards,

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Imprint

This publication is issued by Beiten Burkhardt Rechtsanwaltsgesellschaft mbH
Ganghoferstrasse 33, 80339 Munich, Germany
Registered under HR B 155350 at the Regional Court Munich / VAT Reg. No.: DE811218811
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