

## Disclosure of information on beneficiaries by 28 March 2022



This newsletter is addressed to foreign companies which operate on the Russian market and have a Russian tax number (INN – taxpayer identification number).

### **Obligation to disclose information**

In 2022 foreign companies in Russia registered with the Russian tax authorities are required to notify the tax inspectorate at their place of registration of the following [\[1\]](#):

- information on their direct participants, as well as
- information on indirect participants if their participation interests exceed 5%.

This disclosure notice on participants as of 31 December 2021 must be submitted not later than 28 March 2022. Subsequently the notice must be submitted annually not later than 28 March on participants as of 31 December of the previous year. There is no need to submit information on any changes to the company's participants which occurred during the previous year. [2]

This rule applies both to standard legal entities and also to unincorporated foreign structures. This includes, for example, foreign partnerships, partnerships or other associations.

If the foreign entity is *only* registered for tax purposes in Russia in connection with the provision of e-Services, in this case there is no need to disclose the information.

### **Direct and indirect participants (beneficiaries)**

The new norm raises a number of issues related to its interpretation.

In the opinion of the Ministry of Finance and the Federal Tax Service, information must be disclosed on all the direct participants of a foreign company.

Information on indirect participants must be disclosed "to the level"

- of the individual if their indirect participation interest exceeds 5%, and
- of the public company if its indirect participation interest exceeds 5%.

Information "higher than the level" of a public company is not disclosed. This also follows from analysis of the form used to disclose the information.

### **Form of the disclosure notice**

The Federal Tax Service has approved the form of the disclosure notice. [3]  
The notice is filed electronically via the channels used to communicate with the tax authority.

The notice must be filed with the tax authority at the place of registration of the foreign entity, in other words, with the tax inspectorate of the representative office, branch, construction site, other division of the foreign company in Russia, at the location of immovable property or

a bank account. If the foreign entity is registered with several tax inspectorates, then the notice is filed with one of them at its discretion.

The notice is signed by the director or representative of the foreign entity. If the power of attorney of the director or the representative office, branch, construction site, other division in Russia includes the power to file information with the tax authority (this is normally the case), then he/she signs the notice with an electronic signature and does not need additional powers to do so.

The information may also be filed by a third party based on a power of attorney issued specifically for this purpose.

### **What does this innovation mean for foreign companies?**

As the timeframe for the filing of the information expires in several weeks, information must start to be collected on the participants of the foreign entity (direct and indirect) immediately. A fine has been established for the failure to disclose or late disclosure of information on beneficiaries – RUB 50,000 (approximately EUR 600). [\[4\]](#)

### **How can ADVANT Beiten help?**

We will clarify to you and designated persons located outside Russia the specific information and specific companies in a group that must be disclosed to the tax authority. Should you so require, we would be ready to help you fill in the form of the disclosure notice.

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[\[1\]](#) Clause 3.2 of Article 23 of the Tax Code of the Russian Federation in the version of Federal Law No. 100-FZ dated 20 April 2021.

[\[2\]](#) See Letter No. ShYu-4-13/13705@ of the Federal Tax Service of Russia dated 28 September 2021.

[\[3\]](#) Order No. ED-7-13/1046@ of the Federal Tax Service of Russia dated 1 December 2021

[\[4\]](#) Clause 2.1 of Article 129.1 of the Tax Code of the Russian Federation.

Kind regards

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