
RUSSIA PRACTICE

Risks from incorrect company address information

Recently tax authorities registering legal entities have been implementing a fully-fledged campaign to check the reliability of the addresses of companies indicated in the Unified State Register of Legal Entities (USRLE). In this campaign they targeted not only legal entities that are not located at their registration addresses but also legal entities whose address is not indicated in full in the USRLE.

For example, in the opinion of the tax authority, a legal entity must indicate its address precisely, including floor and office, except for instances when the company occupies a whole building.

If the tax authority establishes that a company's address is inaccurate, it records in the USRLE that the information is inaccurate. As a result the company faces the following difficulties:

- Further to the decision of the tax authority, the company may be liquidated if the record on inaccurate information remains in the USRLE for more than six months. However, this is an extreme measure and it is highly unlikely that it would be applied to operating companies;
- Difficulties may occur with business partners if they continue to interact with the company. They face the risk of being classified as bad faith parties from a tax perspective. Accordingly in certain instances they may decide against any further cooperation with companies that have a record in the USRLE to the effect that their information is inaccurate;
- The general director or shareholder of the legal entity that has such a record will not be able to head or become shareholder of another legal entity until the situation with the existing record on the inaccurate information has been settled;
- In addition, until the inaccurate information has been corrected, the legal entity will not be able to enter any other records in the USRLE, for example, register a new charter or enter any changes to the charter.

In view of the above, without waiting for a notice that the address of your company is inaccurate, we recommend that you independently verify records in the USRLE as soon as possible, and where necessary, introduce amendments (inter alia, the necessary amendments to the charter of the legal entity).

It goes without saying that we would be delighted to provide you with all the necessary support that you may require in this respect.

[You will find further interesting topics and information about our experience on our website.](#)

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