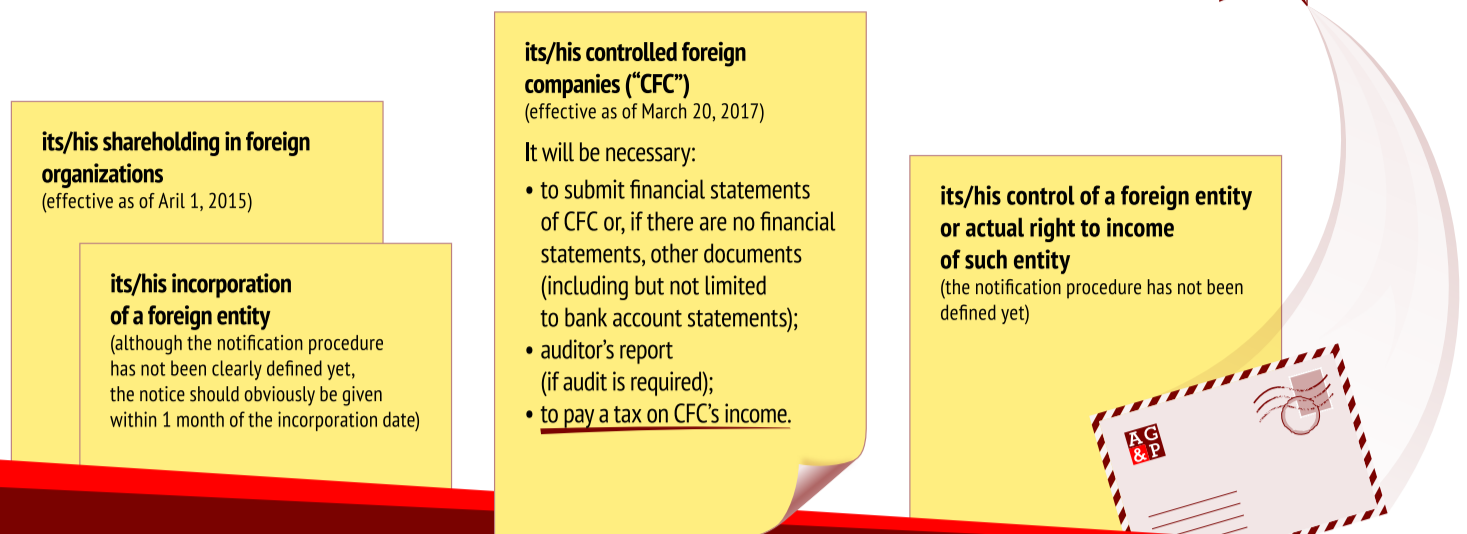


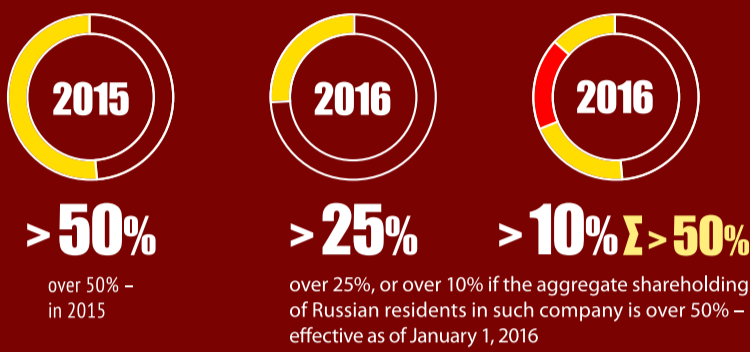
Controlled Foreign Companies: Criteria and Taxation

Each legal entity or individual must give tax authorities notice of:



Controlled Foreign Company means

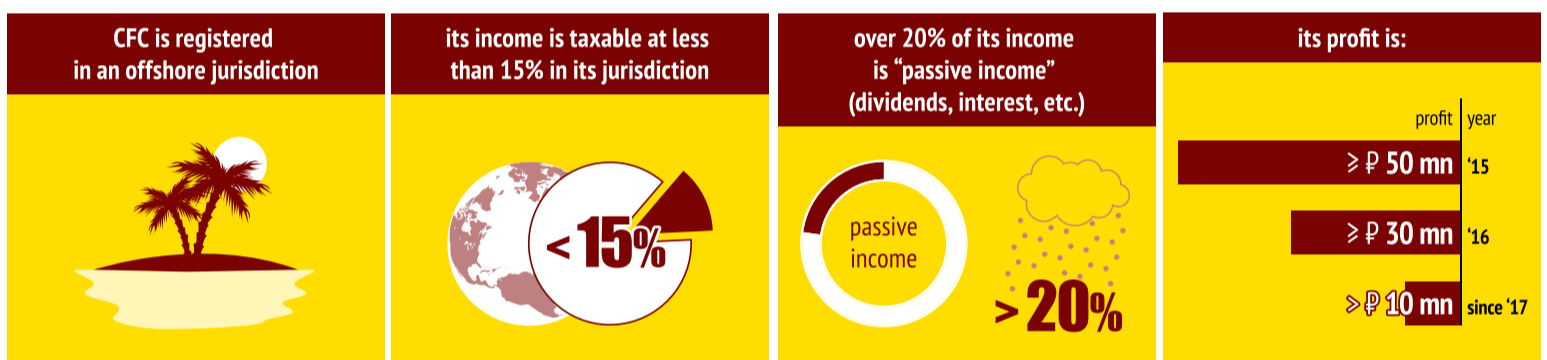
a company being non-resident in Russia (a foreign entity) in which a Russian resident **OWNS**:



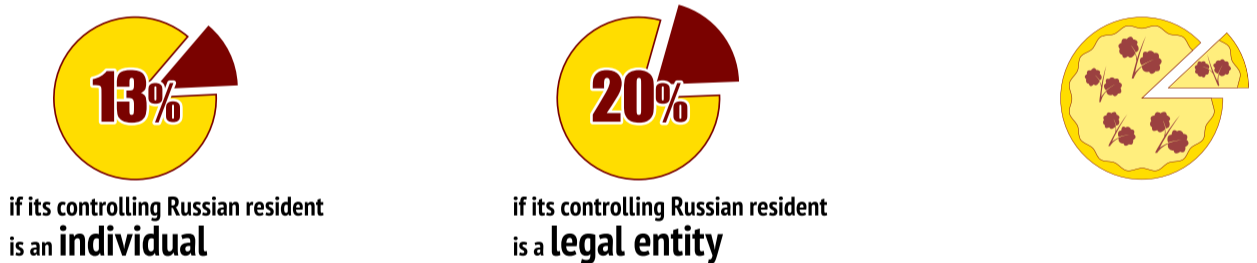
a company being non-resident in Russia (a foreign entity) which is **controlled**, as defined by the Russian Tax Code, by a Russian tax resident.



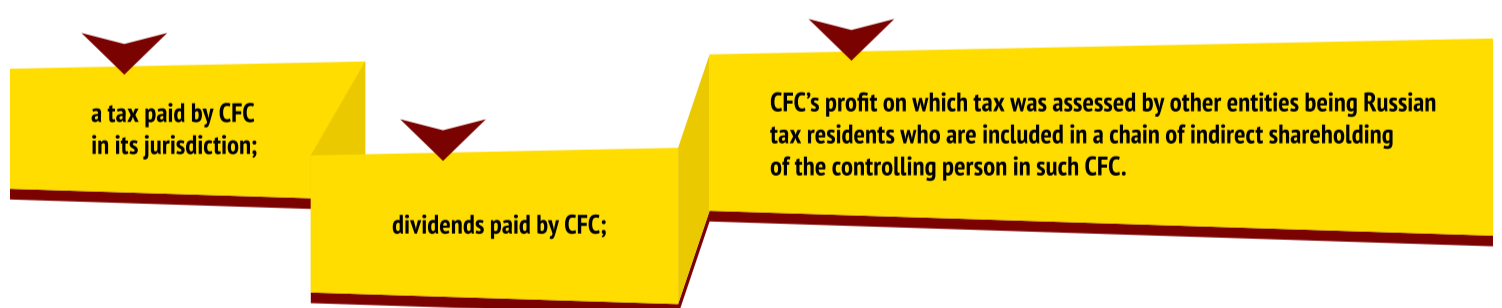
CFC's profit will have to be included in tax base of its controlling Russian resident if:



Tax on CFC's profit will be payable at:



Taxable profit of the controlling person will be reduced by:



With regard to profits received by CFC prior to 2015, the controlling person is not required to file tax returns or pay profit tax /individual income tax

Tax Liability

If the controlling person has not paid profit tax/individual income tax due to a failure to include CFC's profit in the controlling person's tax base, such violation will be punishable by a fine of

20% of the unpaid tax amount

but not less than **₹ 100 000**

This liability is applicable – in case a decision is made to impose tax liability - for tax periods starting from 2018

Failure to disclose shareholding in foreign entities to tax authorities will be punishable by a fine of

₹ 50 000

for each foreign entity

If the controlling person fails to file CFC's financial statements and auditor's report with the tax authorities, it/he will have to pay a fine of

₹ 100 000

