

Real Estate sector – hot topics

A series of key Tax & Legal issues may be of a particular interest to companies in the Real Estate sector. We are willing to meet with you to discuss these issues in more detail and propose possible solutions and/or risk mitigation measures.

Ownership of real estate assets or project companies via investment funds

Application of regional incentives to commercial real estate construction investment projects

Structuring development projects for non-developers

Sale of residential real estate rights by a foreign company via a Russian agent

Challenging the cadastral value of non-residential real estate for property tax purposes

Issues associated with the application of assurance and guarantee tools to Real Estate acquisition transaction (directly or by means of acquiring legal entities that own real estate) under Russian law

Optimisation of cash flow between single group developers, carrying out business under Federal Law No. 214-FZ

Use of corporate agreements as a new instrument to safeguard the interests of investors and other participants in investment projects

Issues associated with commercial real estate leasing under Supreme Arbitration Court Plenum Resolution No. 13 of 2013 (lease of incomplete real estate, part of an asset, etc.)

Opportunities

Project exit via the sale of real estate or a company that owns real estate, considering

the concept of indirect sale of shares in Russian real estate-rich companies

Risks

Application of legislative changes due to the deoffshorisation of the Russian economy to group structures that include foreign companies (CFC, tax residency, beneficial ownership)

Methodology for separate accounting of target financing funds

Separate VAT accounting methodology for non-VATable activities (sale of residential property)

Distinctive features of legal due diligence of land or other real estate assets in the course of investment projects within the Industrial sector

Methodology for recognising income from joint construction and general contractor agreements

Issues regarding asset-by-asset cost allocation

Preparation for planned amendments to land legislation, e.g. limitation of the possibility to obtain state and municipal land plots without a formal bid process

Agreement structures between developers, investors and co-investors

Issues related to accounting of capital investments to inseparable improvements (fixtures)

Issues associated with the application of transfer pricing rules to transactions between Russian and foreign participants in development projects

Accounting for encumbrances associated with asset construction

Financing of construction activity, risk of application of thin capitalisation rules to deductibility of interest expenses

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