



ProsperoScope

Prospects, comments, solutions

Exercising control for CFC purposes

The issue of control criteria remains high on today's CFC-related agenda. The Russian Ministry of Finance has recently offered clarifications of such criterion as the veto power.

According to the Ministry, **any** details of a business relationship that affect or may affect decisions, related to the distribution of after-tax profits, shall be taken into consideration when determining the fact of "exercising control" or "exerting a controlling influence on the company's decision-making". In particular, the ability to affect the above-mentioned decisions may come down **to the right to block such decisions, irrespective of the size of a shareholding.**

Based on these clarifications it is possible to conclude that trust protectors, who at their majority have the veto power only, may (subject to the conditions below) be recognized as the trusts' controlling persons.

A person, who is not a settlor of a non-legal entity (e.g., a trust), can be recognized as such entity's controlling person if such person 1) exercises control over such entity, **AND** 2) meets at least one of the criteria below:

- Is a beneficial owner of income (in full or in part), generated by the entity
- Is entitled to dispose of such entity's property
- Is entitled to claim proceeds from such entity's liquidation/contract termination

1 August 2017

In this issue:

[Russian Ministry of Finance clarifies concept of control for CFC purposes](#)

[Contacts](#)

Contacts

We hope you will find this information useful and interesting. Please do not hesitate to contact us if you have any questions.

**Gennady
Kamysnikov**
Managing Partner
Government
Relations
+7 (495) 7870600

 [Send E-mail](#)

**Grigory
Pavlotsky**
Managing Partner
Tax & Legal,
Deloitte CIS
+7 (495) 7870600

 [Send E-mail](#)

Elena Solovyova
Partner
International Tax
+7 (495) 7870600

 [Send E-mail](#)

Svetlana Meyer
Partner
Private Client
Services
+7 (495) 7870600

 [Send E-mail](#)

**Pavel
Balashov**
Partner
Business Process
Solutions
+7 (495) 7870600

 [Send E-mail](#)

**Yulia
Krylova**
Director
International Tax

+7 (495) 7870600

 [Send E-mail](#)

**Svetlana
Borisova**
Director
Business Process
Solutions
+7 (495) 7870600

 [Send E-mail](#)

**Leonid
Pechernikov**
Senior Manager
Private Client
Services
+7 (495) 7870600

 [Send E-mail](#)

**Anna
Samokhina**
Manager
Private Client Services
+7 (495) 7870600

 [Send E-mail](#)



deloitte.ru

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee ("DTTL"), its network of member firms, and their related entities. DTTL and each of its member firms are legally separate and independent entities. DTTL (also referred to as "Deloitte Global") does not provide services to clients. Please visit www.deloitte.com/about for a more detailed description of DTTL and its member firms.

Deloitte provides audit, consulting, financial advisory, risk management, tax, and other services to public and private clients spanning multiple industries. Deloitte is an international network serving about 400 of Fortune 500 companies. With a globally connected network of member firms in more than 150 countries and territories, Deloitte brings world-class capabilities and high-quality service to clients, delivering the insights they need to address their most complex business challenges. Deloitte's more than 244,000 professionals are committed to becoming the standard of excellence. To learn more about Deloitte, please visit our page on [Facebook](#) or [Twitter](#).

This communication contains general information only. None of Deloitte Touche Tohmatsu Limited, its member firms, or its and their affiliates (the "Deloitte Network"), are, by means of this publication, rendering any professional advice or services. Before taking any decision or action that may impact your situation or financial position, please make sure to consult a professional advisor. No entity in the Deloitte Network shall be responsible for any loss whatsoever sustained by any person who relies on this publication.

5 Lesnaya Street
Moscow, 125047, Russia

© 2017 Deloitte Consulting LLC. All rights reserved.