



ProsperoScope Prospects, comments, solutions

Second round of voluntary declaration of personal assets and bank accounts is likely to be extended until March 2020

Speaking at a business forum in Moscow on 6 February, President Vladimir Putin announced plans to extend the capital amnesty guarantees for individuals that will repatriate their capital to Russia and also register their business in Russia's special administrative districts.

The President also proposed extending the tax breaks, in particular, for personal tax on retained earnings of controlled foreign companies (CFCs) – for individuals taking up Russian tax residency in 2019.

To remind, by force of Federal Law No. 140-FZ (as amended on 19 December 2018), individual taxpayers were given another chance to disclose their assets and foreign bank accounts without facing certain tax or currency control-related penalties.

The second voluntary disclosure round started on 1 March 2018 and will wrap up on 28 February 2019.

The President's extension proposal may apply to fewer taxpayer categories.

The extension proposed by the President will be preconditioned upon:

1. repatriation of capital to Russia and incorporation of business in special administrative districts in Oktyabrsky and Russky Islands
2. taking up Russian tax residency in 2019 (for PIT relief on undistributed CFCs profits).

A bill that will elaborate on those high-level proposals is expected shortly.

Special administrative districts (SAD) offering preferential business regimes are established on Russky Island in Primorye and Oktyabrsky Island in Kaliningrad Region.

A foreign entity registered in SAD may be granted the status of a multinational company, if it:

- qualifies as a for-profit corporation
- has multiple operations, including in Russia
- invests in Russia at least RUB 50 million within six months following its registration
- is incorporated in a FATF/MONEYVAL member state.

Subject to certain conditions, companies will be offered tax preferences.

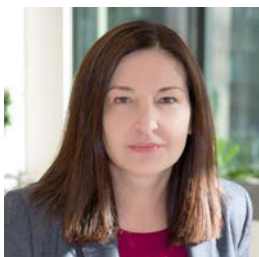
For more details about SAD, please refer to LT in Focus of [29 August 2018](#) (in Russian).

Contacts

We hope that you have found this issue of ProsperoScope to be both informative and useful. Please feel free to contact us should you have any questions.



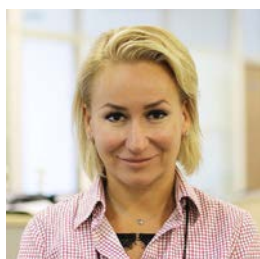
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