

Legislative Tracking



If you would like advice with regard to any of these issues, please do not hesitate to contact the Tax and Legal Department of Deloitte CIS at +7 (495) 787 06 00 (Moscow) or + 7 (812) 703 71 06 (St. Petersburg).

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9 December 2015

Official Website of the Russian Government

<http://government.ru/activities/20947/>

Requirements on developers of shared construction may be tightened

The Russian Legislative Drafting Commission has approved a draft federal law that amends the federal law on the shared construction of apartment buildings and other types of real estate. Changes suggested by the draft law include:

- setting requirements for the minimal equity capital for developers (should equal at least 5% of the value of the projected construction area multiplied by the average price of a square meter in the relevant location according to statistical data or by applying a calculation method approved by an authorized body);
- the creation of a unified register of developers;
- extending the powers of regulatory authorities over the proper use of funds by developers, and their compliance with construction schedules;
- specifying the list of purposes for which participants' investments may be used. The list may include reimbursement of costs related to the construction of social infrastructure within the scope of residential building construction, provided this social infrastructure is then freely transferred into state ownership;
- regulation of the mechanism for placing participants' funds in escrow accounts of banks that are providing targeted loans to the developers.

The draft law includes a phase-in process for implementing the new provisions.

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