

2 June 2014



On 5 May 2014 the President of the Russian Federation signed Federal Law No. 116-FZ "On amending certain legislative acts of the Russian Federation" (hereinafter "the Law"), which will come into effect on 1 January 2015 with the exception of certain Articles.

The Law concerns changes to the procedure of granting accreditation to branches and representative offices of foreign legal entities.

The Law introduces amendments to Federal Law No. 17 "On banks and banking activity", Law No.5340-1 "On Chambers of Commerce and Industry in the Russian Federation", Federal Law No. 114-FZ "On the procedure for entering and exiting the Russian Federation", Federal Law No. 160-FZ "On foreign investment in the Russian Federation", Federal Law No. 115-FZ "On counteracting the legalisation (laundering) of illegal fees and the financing of terrorism", Federal Law No. 56-FZ "On the Central Bank of the Russian Federation" and Federal Law No. 115-FZ "On the legal position of foreign citizens in the Russian Federation".

Accreditation of branches and representative offices of foreign companies.

According to the Law, the functions related to the accreditation of branches and representative offices of foreign legal entities are transferred to an

authorised body of executive power (hereinafter – "the authorised body"), which should be determined by the Government of the Russian Federation.

Based on the fact that, according to the Law, the authorised body sends information on the registration or deregistration of branches or representative offices of foreign organisations electronically to State non-budgetary funds (similar to the procedure with legal entities), we assume that the Federal Tax Service of the Russian Federation will be the authorised body.

Exceptions are made for branches and representative offices of foreign legal entities that operate in the sphere of civil aviation and for representative offices of foreign banks. Their accreditation is granted by the Federal Air Transport Agency and the Central Bank of the Russian Federation, respectively.

As well as the accreditation of representative offices of foreign banks, the RF Central Bank also grants accreditation to foreign citizens who work at the representative offices of foreign banks (personal accreditation) and renders assistance in formulating documents for entry to and exit from the Russian Federation.

The Chamber of Commerce and Industry of the Russian Federation will conduct the personal accreditation of foreign employees of branches and representative offices of foreign legal entities (except

for branches and representative offices of foreign legal entities that operate in the sphere of civil aviation and representative offices of foreign banks).

We would like to draw your attention to the fact that a deadline has been set for a foreign legal entity to submit its application for accreditation, together with the relevant documents. Legal entities have a maximum of twelve months from the date on which the decision was taken to establish a branch or representative office in the Russian Federation.

Moreover, the Law provides for a period of 25 working days from the date on which all documentation is submitted, within which time the authorised body should consider the application for accreditation of the branch/representative.

The accreditation of a branch/representative of a foreign legal entity may be terminated at the request of that legal entity. Accreditation may be terminated at the initiative of the authorised body in the event that, in the preceding twelve-month period:

- the branch/representative office did not provide the authorised body with reporting documentation in accordance with the Russian tax and duties legislation
- it is not possible to reach the branch/representative office at the address indicated in the registry
- the branch/representative office has not conducted any transactions on a single account opened with a bank or other credit organisation licensed by the RF Central Bank.

One of the most important new additions introduced by the Law is the chance to receive free access to the soon-to-be-established registry of accredited branches/representative offices on the official website of the authorised body.

The Law also establishes deadlines for the branch/representative office to send information to

the authorised body, depending on its current accreditation status.

Branches/representative offices of foreign legal entities whose accreditation expires:

- during the period 1–31 January 2015 (e.g. 15 January 2015) may submit information during 1–28 February 2015
- during the period 1 February – 31 March 2015 (e.g. 25 March 2015) should submit information by 1 April 2015
- on or after 1 April 2015 (e.g. 15 April 2015) should submit information during the thirty-day period leading up to the expiry date of the current accreditation.

Changes to migration legislation

According to the Law, in addition to branches, representative offices now have the right to hire highly-qualified specialists (HQS), starting from 1 January 2015.

We will keep you informed regarding the practice of enforcing the Law.

Contacts

If you have any questions with regard to the information provided in this review, please feel free to contact our Tax & Legal specialists:

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