



On 21 July 2014 the President of the Russian Federation signed the federal law dated 21 July 2014 No 218-Φ3 'On the amendment of certain legal acts of the Russian Federation' which enters into force on 2 August 2014 (except for certain provisions).

Several federal laws are amended including Federal law № 173-Φ3 dated 10 December 2003 'On currency regulation and currency control' (hereinafter – the law on currency control).

### Operations with the accounts of residents of the RF opened with the banks situated outside of the territory of the RF.

Long anticipated amendments which increase the number of situations in which it is possible to credit cash to the accounts of residents (individuals and legal entities) held outside the territory of the RF have been incorporated into the Law on currency control. The following can now be credited to such accounts:

- interest payments on amounts currently held in such accounts (deposits);
- cash in an amount which constitutes the minimum deposit for opening an account (deposit) in line with the usual practice of the bank;
- cash deposited into account (deposit);

- proceeds of currency conversion operations which were performed using the existing amounts held in such accounts (deposits).

Additionally cash from the following sources can be credited by non-residents to the accounts of individual residents opened outside the territory of the RF:

- salary and other payments connected to performance of labour duties outside of the territory of the RF under a labour contract made with a non-resident, including payment and (or) compensation for costs connected to the business trips of the resident;
- cash paid following decisions of the courts of foreign countries, excluding international commercial arbitration;
- pensions, scholarships, alimony and other payments of a social nature;
- insurance payments made by non-resident insurers;
- cash for repayments of cash which had been paid earlier by an individual resident including repayment of cash transferred by mistake, repayment of amounts which had been paid earlier by an individual resident to non-resident for earlier purchased goods or services from such non-resident.

Should residents open accounts with banks situated on the territory of member states of the OECD (Organization for Economic Cooperation and Development) or FATF (Financial Action Task Force on Money Laundering), then the following payments received from non-residents can be credited to these bank accounts (in addition to cash for the repayments of loans granted for periods of up to two years, as was previously permitted):

- income derived from a lease (or sub-lease) of real estate or other property which is owned by an individual resident and situated outside the RF territory and leased or subleased to non-residents;
- grants;
- accumulated coupon interest income, payment of which is stipulated in the terms of issue of external securities, belonging to an individual-resident, other income derived from external securities (dividends, payments under bonds, bills of exchange, payments for a decrease in the share capital of the issuer of the external security).

### **Changes to the scope of the Law on currency control regulation**

Please note that now, should residents carry out operations with the currency of the RF and internal securities, outside of the territory of the RF, the rules of the Law on currency control must be complied with (this was not the case previously).

Non-residents in their turn who perform currency operations with foreign currency and external securities on territory of the RF must now also comply with the rules of the Law on currency control.

### **Provision of cash flow reports by individual residents.**

From 1 January 2015 an individual residents must provide cash flow reports for their accounts (deposits) held with banks situated outside the territory of the RF and provide banking documentation to confirm these transfers. Previously, this was a requirement only for legal entities and sole proprietors.

Please note that the abovementioned requirements do not cover any accounts (deposits) held by residents (individuals and legal entities) opened with foreign branches of authorised banks.

We hope that you will find the information provided in this issue useful and interesting. Our specialists are ready to answer any questions connected to the topics discussed.

# 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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