

Position of Russian Federal Tax Authorities in respect of currency control regulation

August 29, 2017

Dear Ladies and Gentlemen,

This is to inform you that Federal Tax Authority of the Russian Federation published the Letter no. 3-H-3-17/5523@ dated July 16, 2017, in respect of the position regarding legitimacy of transactions of Russian residents on their foreign bank accounts which were not declared to the local tax authorities (the “**Letter**”).

According to the Letter and expressed opinion of the state body, all the transactions on the foreign bank account of the Russian currency resident may be treated as illegal in case if the resident has not declared this account to local tax authorities or/and did not submit the annual report on the transfer of funds via this account.

It should be noted that nowadays the Russian tax authorities show more active position as the currency control regulator.

In this respect, please pay attention of your Russian-based clients on their obligations before local tax authorities in order to avoid further fines on their foreign bank accounts which may comprise up to 100% of the amount of illegal transaction.

Hope that the information provided herein would be useful for you. If any of your colleagues would also like to receive our newsletters, please let us know by sending us his/her email address in response to this message. If you would like to learn more about our Private Clients and Tax practice, please let us know about it in reply to this email. We will be glad to provide you with our materials.

If you have any questions, please, do not hesitate to contact the Senior Partner of ALRUD Law Firm **Maxim Alekseyev** at MAlekseyev@alrud.com.

Kind regards,

ALRUD Law Firm

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