

Legal insight

Currency regulations: Swiss focus

December 9, 2019

Dear Ladies and Gentlemen,

Further to our [Newsletter](#) related to the recent changes in the Russian currency regulations, we are sending you additional comments, which may help Swiss banks and bankers, who work with Russian clients.

Taking into consideration the legislative amendments¹, we understand that the use of accounts opened with the banks located in Switzerland will be more convenient for the Russian currency residents (the "**Residents**").

The Residents will be permitted to credit monetary funds from non-residents to their Swiss accounts (duly reported to the Russian tax authorities) without any limitations in case Switzerland will continue automatic exchange of financial information with Russia under CRS².

These changes open wide range of investment opportunities for the clients of the Swiss banks.

In particular, the Residents obtain legislative permission to credit on their Swiss accounts, inter alia, the monetary funds from the following transactions:

- Derivative / futures transactions,
- Proceeds from sale / redemption of the securities,
- Income from equity funds, ETFs, alternative investments, structured products,
- Money market / collective investment funds,
- Fiduciary deposits,
- Discretionary mandates,
- And others, in case funds are received from non-resident.

The legislative provisions do not establish any limitations on the amounts of the transactions, their types (generated income or refund of previously invested funds) as well as it does not specify any categories of non-residents.

Thus, holders of the Swiss accounts may arrange well-managed and profitable portfolios meeting any investment strategy.

On the opposite, the Residents holding the accounts with the banks located in OECD/FATF countries not exchanging information under CRS are now significantly limited in their right to credit monetary funds on the accounts in such jurisdictions.

As we already [mentioned](#), the limitations are applicable to the accounts opened with the banks located, for example, in the United Kingdom.

From now on, the Residents are permitted to credit to such bank accounts monetary funds from the narrow list, including only ordinary non-investment transactions such as:

- Interest on the account balance,
- Minimum deposit required for opening a bank account,
- Cash contributions to the account, made by the account holder,
- Social payments (pensions, scholarships, alimony, etc.) received from non-residents,
- Funds received from currency exchange transactions made with the moneys available in the account,
- Some other payments.

¹ Federal Law no. 265-FZ "On Amendments to the Federal Law "On Currency Regulations and Currency Control" dated 02.08.2019 and Federal Law No. 398-FZ "On amendments to the Federal Law "On currency regulations and currency control" and to the Federal Law "On amendments to the Federal Law "On currency regulation and currency control" related to liberalization of restrictions applied to residents performing currency

transactions, using accounts (deposits) opened with banks located outside the territory of the Russian Federation, and repatriation of monetary funds" dated 02.12.2019

² The relevant list of the exchanging countries will be published on the official website of the Federal Tax Service

In fact, this means that holding an account in the jurisdiction not exchanging the information with Russia may be only reasonable in some cases not connected with investment activities and income generation.

The recent amendments may require rearranging management of some accounts or relocating investment portfolios.

We will be happy to provide professional advice on tax and currency control matters to you and your clients.

We hope that the information provided herein will 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 **Tax Practice**, please let us know in reply to this email. We will be glad to provide you with our materials.

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If you have any questions, please, do not hesitate to contact Senior Partner of ALRUD Law Firm



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