

Newsletter

Currency regulations: new amendments

August 7, 2019

Dear Ladies and Gentlemen,

On 2 August 2019, the President of the Russian Federation has signed Federal Law no. 265-FZ "On Amendments to the Federal Law "On Currency Regulations and Currency Control" (further the "**Law**"), which introduces amendments for individuals and legal entities.

The basic changes related to the individuals – currency residents are covered below.

The Law includes a number of positive amendments, among which are the following:

- possibility to receive monetary funds from non-residents without any restrictions on foreign bank accounts of currency residents, provided that the bank is located in the territory of a foreign country that is a member of OECD or FATF, and if there is automatic exchange of information with this country under CRS or another international agreement signed with Russia;
- possibility to credit incomes from disposal of precious metals directly on foreign bank accounts in case it is established by foreign country law;
- possibility to receive on foreign bank accounts return of monetary funds earlier transferred to trustees – nonresidents into the trust management if such bank accounts are opened in the banks of a foreign country that is a member of OECD or FATF;
- cancellation of the requirement to submit the annual reports for the accounts opened in the banks (other financial market organizations) if:
 - the account is opened with a bank (other financial market organization) which is located in the foreign country that is a member of OECD or FATF and there is automatic exchange of information under

CRS or another international agreement between this country and Russia, AND

– in case:

- (i) the amount of incoming or outgoing funds does not exceed 600 000 Russian roubles; or
- (ii) the balance as of the end of the reporting period is not over 600 000 Russian roubles, provided there were no incoming transactions during the reporting period.

There are also new reporting obligations for the currency residents.

In particular, the Law expands the obligation to report on foreign accounts opened in '*other financial market organizations*' located outside Russia.

Based on the Law, this definition includes organizations of financial market, which under their personal law have the right to provide services connected with receiving monetary funds and other financial assets from currency residents for holding, management, investment and (or) making other transactions for the benefit of a currency resident or directly (indirectly) at the resident's expense.

The Central Bank of Russia will establish the cases in which monetary funds may be credited or debited from the accounts opened in such financial market organizations.

The above-mentioned amendments will come into force as of January 01, 2020. Though the Law significantly expands the possibility to use foreign bank accounts, in particular, for investment activities, the currency control regulations become more complicated and still require careful planning and assessment of the

proposed transactions from the perspective of their legality.

The changes prescribed by the Law raise the new issues to be considered:

- accounts opened in any foreign financial market organizations should be reviewed from the perspective of the new reporting obligations;
- upon publication by the Russian Central Bank of the special regulations related to use of accounts opened in the other foreign financial market organizations, the currency residents should assess compliance of the transactions which are planned to be performed through such accounts;

- foreign accounts' movements and balances should be examined in order to define whether to include such accounts into the annual report;
- currency residents should regularly monitor the list of countries, which perform automatic exchange of information under CRS or other multinational agreements concluded with Russia, in order to check the compliance of the proposed transactions with the currency law.

ALRUD law firm has extensive experience in provision of tax and currency control advice and comprehensive support to clients in tax and currency issues. ALRUD lawyers will be glad to answer any additional questions on new provisions of tax and currency control legislation.

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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