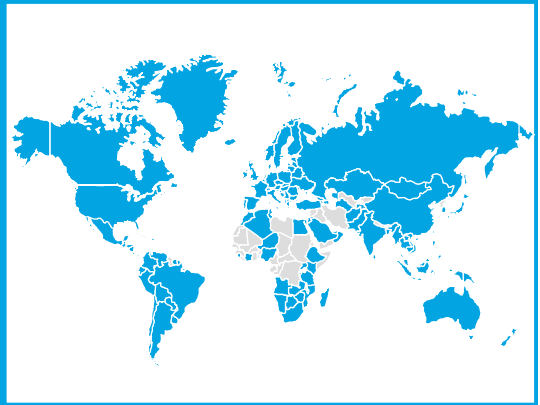


INPATRIATES

Russia

Tax facts for international assignees



INCOME TAX: WHO IS LIABLE/RESIDENCY

An individual's tax residence status is based on a physical presence test only. Individuals are considered tax residents if they physically spend at least 183 days in Russia during a period of 12 consecutive months. Otherwise, individuals are treated as tax non-residents. The final residence status of an individual is determined at year-end, i.e. the individuals are considered Russian tax residents in case they spend in Russia 183 days or more during a calendar year.

A Russian personal income tax return must be filed only if an individual received income subject to taxation in Russia which was not subject to Russian tax withholding at source. Otherwise, a tax return in Russia is not required.

The tax return filing deadline is April 30th of the following year. The deadline for paying outstanding tax under the tax return is July 15th of the following year.

Individuals in Russia are filed on separate filing status basis.

REGISTRATION/FORMALITIES

In some cases inpatriates coming to Russia might be required to be registered with the Russian tax authorities. The above is usually done through their local (Russian) employer. In particular, if an international assignee is a highly qualified specialist, he is required to register with the Russian tax office within 30 days after transferring on Russian payroll (e.g. after concluding Russian employment contract).

If during the calendar year, an inpatriate terminates his/her activity generating income taxable in Russia and intends to leave Russia, the individual must submit a tax return showing income actually received within the current period. The tax return must be submitted at least one month prior to departure; any residual income tax must be paid within 15 days of filing the tax return.

There is no tax de-registration requirement in Russia.

INCOME TAX RATES

Tax residents are taxable on their world-wide income at the general flat rate of 13%. Tax non-residents are taxable on their Russian sourced income only at the general flat rate of 30%. "Russian sourced income" includes in particular remuneration for performance of employment activities in Russia even if paid from abroad.

Other rates apply to specific non-employment income.

Regime for Highly Skilled Specialists

There is a specific tax regime in Russia which applies to foreign nationals working in Russia and registered as highly skilled specialists (HSS). Under the above regime, remuneration payable to HSS under a Russian employment contract is subject to the flat rate of 13% irrespective of their actual stay in Russia in the given year (i.e. HSS are taxable at 13% rate irrespective of their tax residence status in Russia).

At the same time, certain payments made to HSS may still be subject to taxation based on their tax residence status in Russia. The above rule may, for instance, apply to housing allowance, children's education allowance, and business trips.

SOCIAL SECURITY CONTRIBUTIONS

Social security contributions are payable in Russia by employers only; employees are not obliged to pay anything.

For further information and to register for future updates contact expat@bdo.global

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