

EXPATRIATES

Russia

Tax facts for international assignees



INCOME TAX: WHO IS LIABLE

Individual's tax residence status is based on 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.

Individuals in Russia file separate returns.

In most cases, individual income tax is withheld at source, at the time of payment. However, in the following situations, income tax is calculated by way of self-assessment:

- Income from which no tax has been withheld either exceptionally or because the payer does not qualify as a withholding agent;
- Income of individual entrepreneurs, private notaries and other persons engaged in a private practice;
- Income from sale of property; and
- Foreign-sourced income.

A taxpayer may file an annual tax return if he claims deductions and allowances not taken into consideration in course of the computation of the tax base at source. Where actual expenses or other deductions are claimed, documentary proof must be provided.

The tax return is generally due on 30 April following the taxable period (which is a calendar year). Deadline for paying outstanding tax under the tax return is 15 July of the following year.

BREAKING RESIDENCY - EXIT PROCEDURES

Residency is determined based on physical presence test. There are no specific exit requirements in Russia.

However, Russian nationals are required to notify the tax authorities of opening (closing) of accounts (deposits) with banks located outside Russia and to amend the details of those accounts (deposits) within one month from the date of opening (closing) or changing the details by sending the specific notification to the relevant tax inspectorate.

In addition, Russian nationals are obliged to submit annual reports about flow of funds on accounts (deposits) with banks located outside Russia. The reports must be filed no later than 1 June of the following year.

Russian nationals spending outside Russia more than 183 days during a calendar year are exempt from the above mentioned obligations to file notifications and reports.

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%, where the term “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.

Tax deductions and exemptions

Non-residents are not allowed to claim any tax deductions (including deductions established for sale of property as well as for purchase of property).

However, it is possible for non-residents to apply tax exemption in respect of immovable property owned at least for 3 or 5 years (depending on particular circumstances of acquisition) and in respect of other property owned at least for 3 years.

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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