

News Flash

Changes in Russian Currency Legislation

Background

Significant changes in the Russian currency legislation took effect on 1 January 2018. The Federal Law No. 427-FZ, dubbed “On Amendments to the Federal Law On Currency Regulation and Currency Control” dated 28 December 2017, aims to address uncertainties over the definition of the concept of a currency resident and to simplify some requirements relating to accounts opening in a foreign state.

Key takeaway

In particular, the most significant changes include:

Amended definition of “currency resident”¹ :

- ▶ *Under the new law, all individuals who are Russian citizens would be considered to be Russian currency residents by default regardless of where they are living and for how long.*

Introduction of specific category of Russian currency residents living outside Russia with limited obligations on currency control:

- ▶ *Russian currency residents staying outside the Russian Federation for more than 183 days during the calendar year are exempted from the obligation to notify tax authorities on opening, closing or changing details on foreign accounts or deposits, as well as the obligation to submit statements on cash flow in relation to foreign accounts or deposits.*
- ▶ *Individuals falling within this category are allowed to carry out foreign exchange operations without restrictions related to their foreign accounts or deposits, including intra-operations.*
- ▶ *However, the special procedure for submitting notifications or statement is introduced for those Russian currency residents staying outside the Russian Federation who finally spent no more than 183 days during the calendar year and did not submit these documents in ordinary course.*
- ▶ *The above rules are applicable, but not limited to, to calendar year 2017.*

¹ Please note that it is essential to distinguish the definitions “currency resident” and “tax resident”.

Extended list of permitted cases of crediting liquid assets to foreign accounts of resident individuals:

- *Liquid assets received from non-residents may be credited to accounts of resident individuals having a bank located on member states of The Organisation for Economic Cooperation and Development (OECD) or Financial Action Task Force (FATF):*
 - *From the sale of vehicles that belonged to a resident individual outside the territory of the Russian Federation.*
 - *From sale of immovable property that belonged to a resident individual outside the territory of the Russian Federation provided that such immovable property is registered (located) in the territory of foreign state being member of the OECD or FATF and such foreign state joined the multilateral agreement of the competent authorities on automatic exchange of financial information dated 29 October 2014 or concluded any other international agreement with the Russian Federation providing for automatic exchange of financial information and therewith an account or deposit of individual resident is opened in a bank located in the territory of such foreign state.*

No more restrictions concerning currency transactions with liquid assets credited to foreign accounts:

- *Residents are entitled without any restrictions to carry out currency transactions using assets credited to foreign accounts or deposits. This doesn't include currency transactions prohibited between residents.*

Changes to the procedure of interaction with Russian banks:

- *The obligation of resident individuals to demonstrate to an authorised bank a notification of tax authorities on opening account or deposit with a note on acceptance of the said notification upon the first transfer of funds to its foreign accounts or deposits, was excluded.*
- *Authorised banks are entitled to additionally request documents confirming the fact of staying residents outside the territory of the Russian Federation, documents confirming the facts of entry into the Russian Federation and/or departure from the Russian Federation.*

Contacts

Andrey Zaytsev
Head of Private Banking

✉ A.Zaytsev@ewub.lu

☎ +352 253 153 356

Alexander Nazarov
Head of Transactional Banking

✉ A.Nazarov@ewub.lu

☎ +352 253 153 251

