

RUSSIA

As per 1 January 2015

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EXPATRIATE AND EMPLOYER TAX COMPLIANCE AND ADVISORY

Tax rate	Flat tax rate: 13 % on world wide income. Flat tax rate for dividend income: 9%. Progressive tax rate other income: 15% – 35%. Non resident flat tax rate: 30 %. Highly Qualified Specialists (HQS) 13% on income paid by Russian employer
Tax period	Calendar year
Tax residency / Domicile according to domestic law	Present for 183 days or more in a calendar year in Russia.
Tax registration	Generally is not required. Tax registration is necessary for those expatriates who want to obtain the status of HQS.
Employment income definition	Remuneration in cash or in kind, including various types of taxable benefits (e.g., cost of living allowance, home leave allowance, housing, private usage of a company car, etc.).
Examples of tax exemption	Reimbursement of properly documented business expenses (including business trip expenses, per diems, etc.) is not taxable.
Specific expatriate concession	Foreign nationals can obtain the status of HQS and enjoy significant tax and immigration benefits. Remuneration paid to an HQS by a Russian employer is subject to 13% Individual Income Tax and not subject to obligatory Social Security Contributions. In order to qualify for HQS status, the remuneration paid to the employee by the Russian employer should be RUB 2M per year or more (ie approximately EURO 50,000 using the exchange rate as applicable as per 1 January 2014).
Income of board members	Treated as ordinary taxable income.
Tax returns	Local employment agreement: Individual Income is withheld by the Russian employer at the date of payment of income. Foreign employment agreement: anual Individual Income Tax return would need to be filed before the 30th of April of the following calendar year.
Tax payments	Before the 15 July of the year following calendar year.

TAX TREATIES

Employment income / income from board members	Double tax treaties (DTT) prevail over Russian legislation, however, application of their provisions is usually quite bureaucratic and time-consuming.
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INTERNATIONAL SOCIAL SECURITY

Cross border employments	Income for work performed in Russia is subject for obligatory Social Security Contributions with the obligation to pay on the employer. Therefor, Representative Offices and branches of foreign employers in Russia should pay obligatory Social Security Contributions also on income paid abroad. In absence of registered presence of foreign employer in Russia, there is limited clarity on the procedures to pay Russian Social Security Contributions.
Exception under Art 16 of Reg. 883/2004 and Art 17 of Reg. 1408/71	Not applicable

Social Security Cost as % from gross salary and absolute amounts

Russian obligatory Social Security Contributions consist of 3 elements: medical insurance contributions, social security insurance contributions and pension contributions. The rates of obligatory Social Security Contributions for foreign nationals are as follows: 22% on income up to RUB 624K + 10% on income in excess of RUB 624K (approximately EURO 15,600 using the exchange rate as per 1 January 2014). The remuneration paid to expatriates with the status of HQS is not subject to obligatory Social Security Contributions.

IMMIGRATION

Work permit

In general foreign citizens need a work permit to work in Russia, with the exception of some former Soviet Union states. The most preferable type is a work permit / visa is that of an HQS which is granted for a period of 3 years.

Visa

In general foreign citizens need a visa to enter Russia which should correspond to the purpose of their visit, with the exception of some former Soviet Union States. Types of visas: business visa, work visa, tourist visa, diplomatic visa. To receive business visa a letter an invitation from a Russian company is required.

Residency permits / registration certificate

Foreigners entering Russia need registration with the Immigration Authorities within 7 working days after arrival. For foreigners having HQS work permits and corresponding term is prolonged to 90 days.

Driving license

In general foreign nationals at renewal would need to obtain a driving license in the country where they are resident and can use their current EU driving license. Exception is if driving a vehicle is a job duty – in this case Russian driving license is required.

STOCK OPTION PLAN

There are no special provisions regarding taxation of Stock Option Plans in Russia. The tax treatment depends upon the conditions of the Stock Option Plan.



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