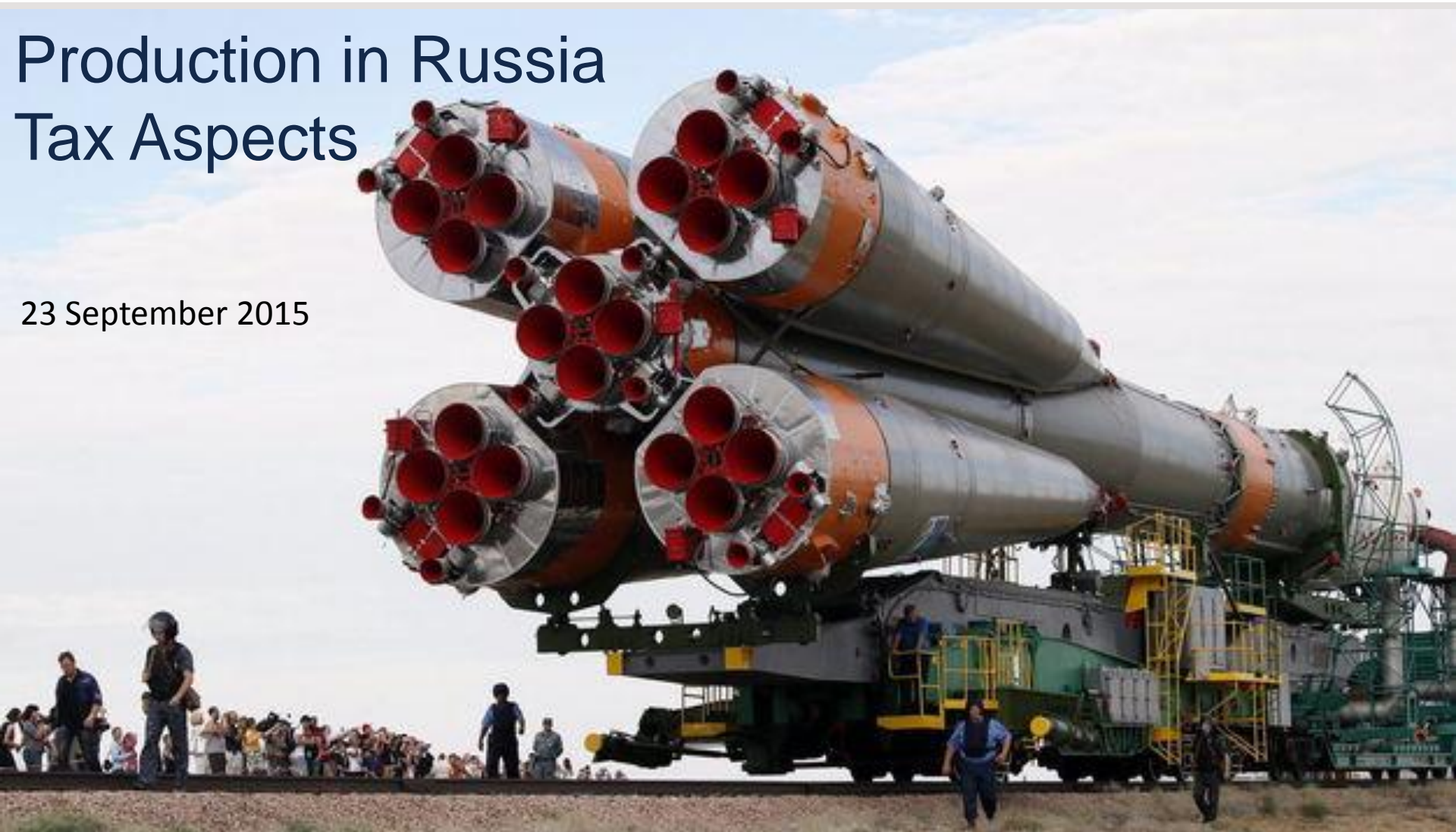


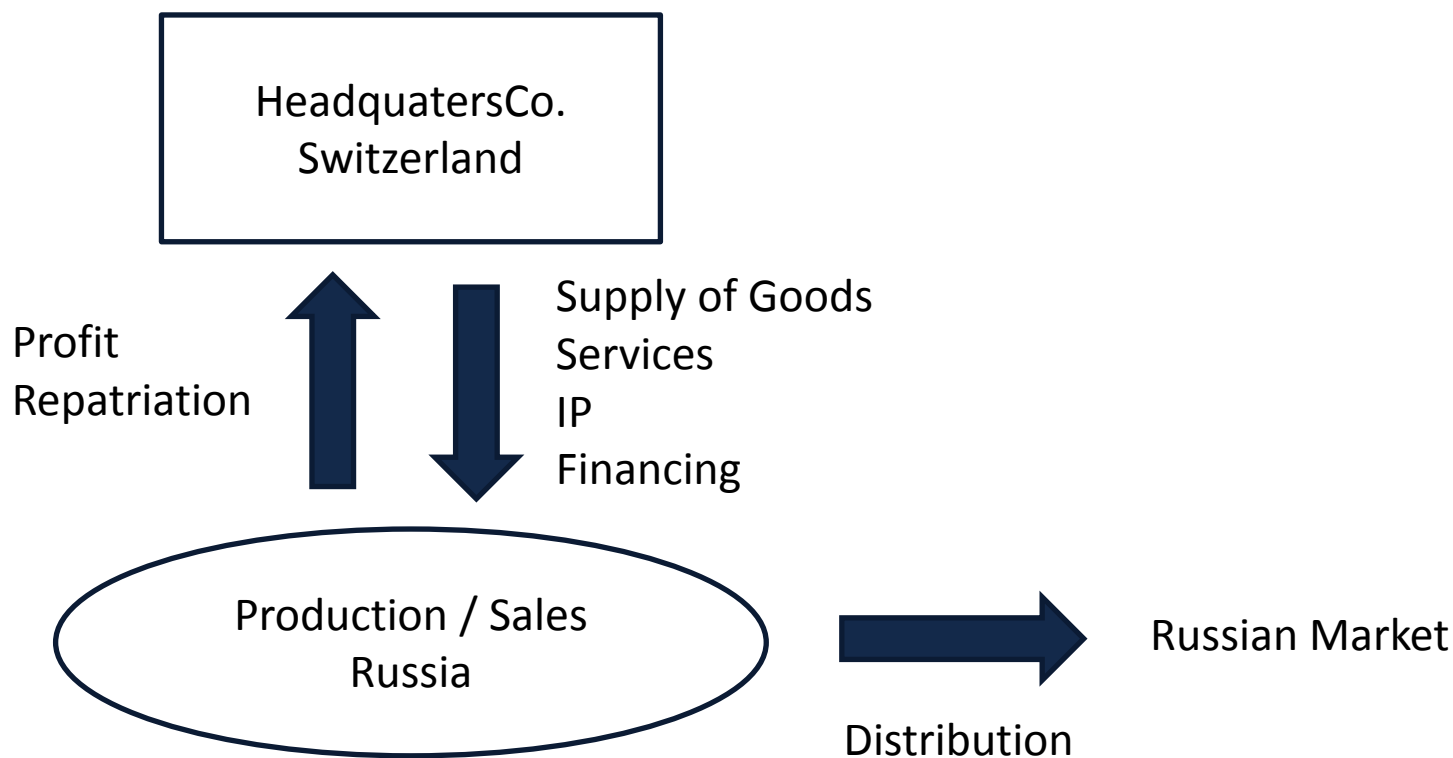
# Production in Russia Tax Aspects

23 September 2015



# Production in Russia – Tax Aspects

## Starting Point



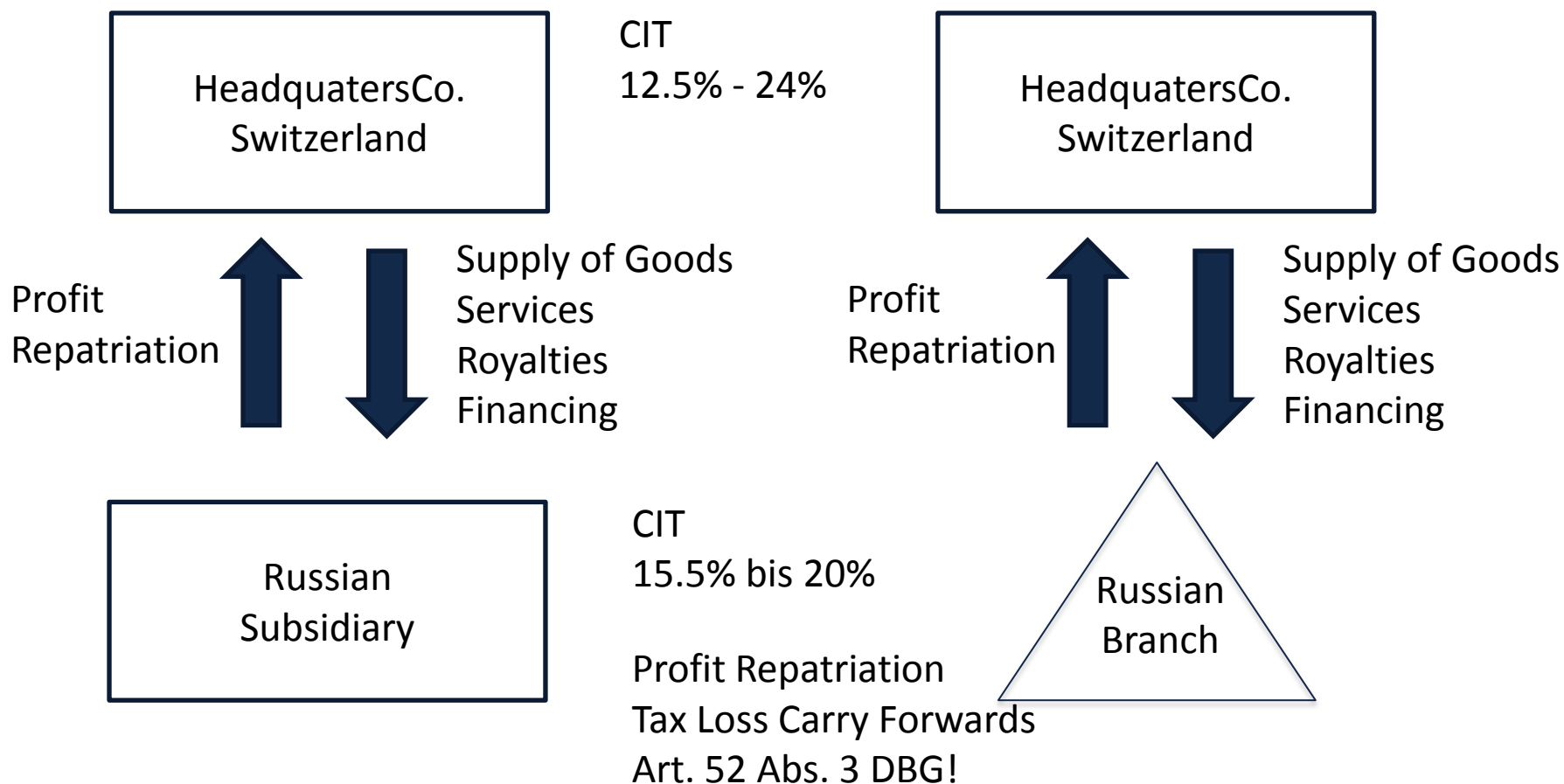
## Production in Russia – Tax Aspects

### Main Questions

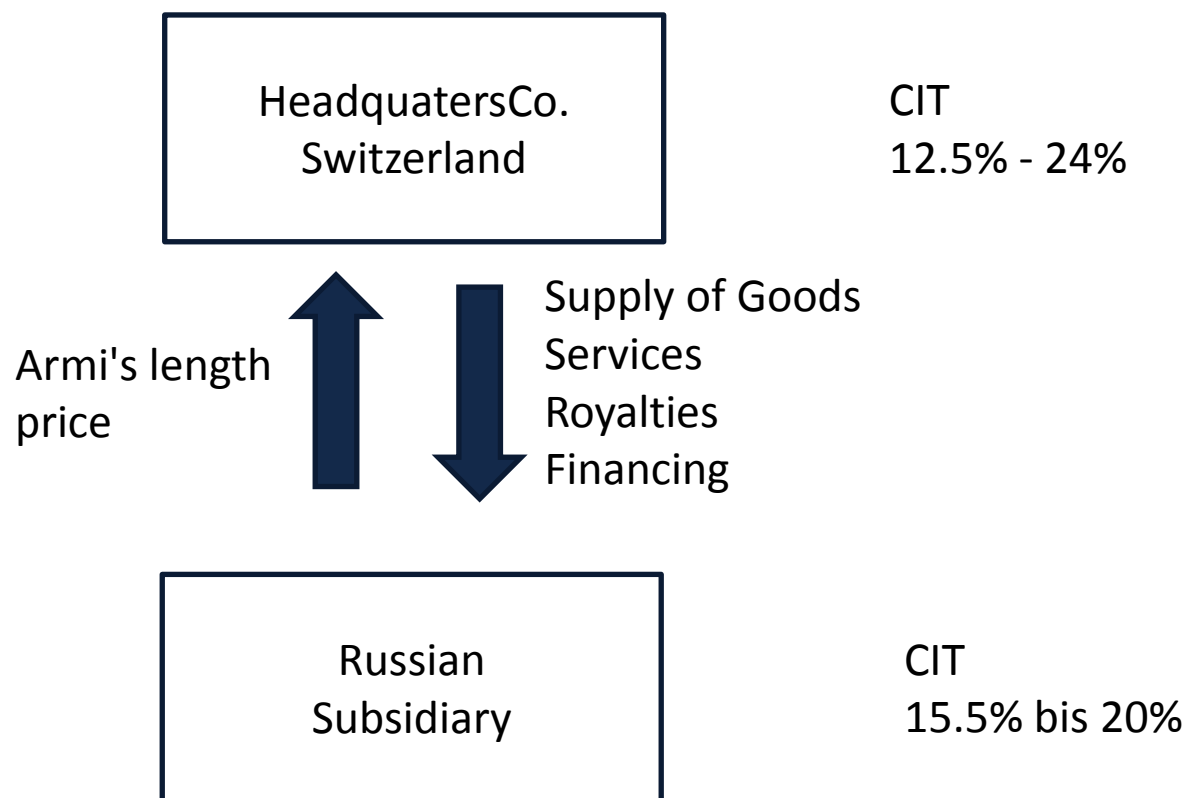
- Legal Structure
  - Separate Legal Entity vs. Russian Branch
- Adequate Transfer Pricing
  - Intragroup Supply of Goods
  - Management and Service Fees
  - Royalties
  - Intragroup Interest Rates
- Profit Repatriation / Interest / Royalties
- Use of Tax Loss Carry Forwards

# Production in Russia – Tax Aspects

## Legal Structure / Separate Legal Entity vs. Branch



## Production in Russia – Tax Aspects Adequate Transfer Pricing (1/2)

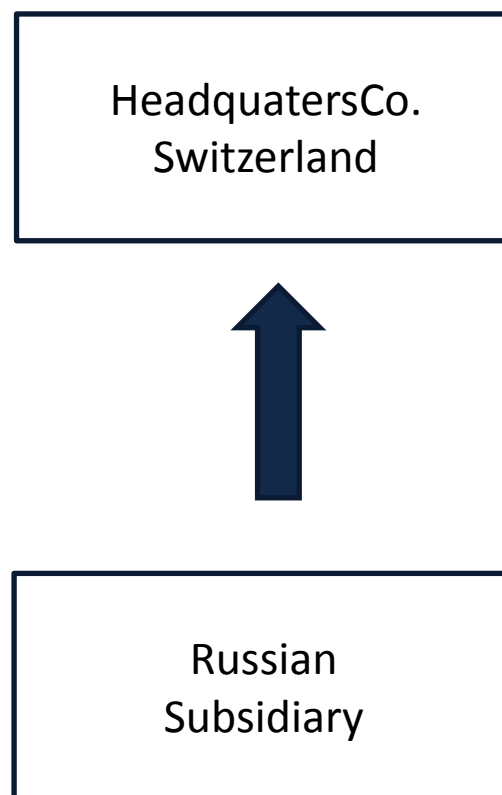


## Production in Russia – Tax Aspects Adequate Transfer Pricing (2/2)

- Application of OECD Guidelines?
  - Policies and Documentation to be tailored for Russian purposes as Russia is not an OECD member state
- Available Methods?
  - Comparable uncontrolled price (use of non-Russian comparable restricted), Resale-minus, Cost-plus, Comparable profitability, Profit-split
- Documentation Requirements (until 20 May of following year)
- Supply of Goods: Resale-minus
- Services: Cost-plus
- Royalties: Valuation Report
- Financing/Thin Cap Rules:
  - 3 to 1 debt to equity ratio (fixed exchange rate as of July 1, 2014)
  - 15% Ruble loans/CHF Libor + 5%
- Treaty protection/Corresponding Adjustments/APAs/MAPs:

## Production in Russia – Tax Aspects Profit Repatriation / Interest / Royalties

- Dividends?
  - Source Taxes in Russia: 15%
  - Treaty Relief: 5% / 0%
- Interest Payments?
  - Source Taxes in Russia: up to 20%
  - Treaty Relief: 0%
- Royalties
  - Source Taxes in Russia: 20%
  - Treaty Relief: 0%





David Hürlimann  
Rechtsanwalt, dipl. Steuerexperte

CMS von Erlach Poncelet AG  
Dreikönigstrasse 7 | PO Box 2991 | 8022 Zurich | Switzerland  
[www.cms-vep.com](http://www.cms-vep.com)

**T** +41 44 285 11 11  
**F** +41 44 285 11 22  
**E** [david.huerlimann@cms-vep.com](mailto:david.huerlimann@cms-vep.com)

Thank you for your attention!  
Questions?





CMS Legal Services EEIG (CMS EEIG) is a European Economic Interest Grouping that coordinates an organisation of independent law firms. CMS EEIG provides no client services. Such services are solely provided by CMS EEIG's member firms in their respective jurisdictions. CMS EEIG and each of its member firms are separate and legally distinct entities, and no such entity has any authority to bind any other. CMS EEIG and each member firm are liable only for their own acts or omissions and not those of each other. The brand name "CMS" and the term "firm" are used to refer to some or all of the member firms or their offices.

**CMS locations:**

Aberdeen, Algiers, Amsterdam, Antwerp, Barcelona, Beijing, Belgrade, Berlin, Bratislava, Bristol, Brussels, Bucharest, Budapest, Casablanca, Cologne, Dubai, Duesseldorf, Edinburgh, Frankfurt, Geneva, Glasgow, Hamburg, Istanbul, Kyiv, Leipzig, Lisbon, Ljubljana, London, Luxembourg, Lyon, Madrid, Mexico City, Milan, Moscow, Munich, Muscat, Paris, Podgorica, Prague, Rio de Janeiro, Rome, Sarajevo, Seville, Shanghai, Sofia, Strasbourg, Stuttgart, Tirana, Utrecht, Vienna, Warsaw, Zagreb and Zurich.

**[www.cmslegal.com](http://www.cmslegal.com)**