

 **RUSSIA**

Russia - Civil law (Roman)

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## Incorporating a company in Russia

# Russia taxes

If you want to set up a company in Russia, this article will educate you on the tax laws for a LLC (or OOO), which is the most common company structure in Russia.

Russia taxes resident entities on their worldwide income. The prevailing tax rate for offshore income, from our research, but seek professional advice, is 20%. The country may have exemptions to remit certain income earned abroad made internationally. Taxes are reasonable in Russia because the rate which LLC (or OOO) will pay tax is 20%. Reduced rates may apply for certain qualified investments. Russia ranks 70th overall in terms of corp. taxation rate internationally.

The valued added tax rate in Russia is 18.00%, that ranks Russia as 63rd when compared to VAT globally. In terms of other taxation, an employer may contribute a maximum of 38.5% to the equivalent of a social security fund and an employee will not be required to contribute. The overall complexity of the tax system is high. This is measured by average time to comply with a country's labor tax requirements is as it is 168hours. Contributing to this is the number of yearly labor tax payments, which is 23 in RU.

Thin cap standards are in effect. This refers to any sort of laws on given company with respect to debt-to-asset ratios. Dividends from resident companies and foreign entities are taxable income, and taxed at a flat rate of 13%. However, an exemption may apply, if the Russian beneficiary holds at least 50% of participation of paying company for at least 365 days in a calendar year, and the paying company is not resident in a black-list jurisdiction. Dividends are payments of company profits, established by the board of directors, to a class of its shareholders. Dividends can be issued as shares of stock, cash payments, or other property.

Capital Gains are subject to CIT at a rate of 20%. However, an exemption may apply for those from the sales of shares held for at least 5 years of unlisted Russian companies and high-technology listed companies. A capital gains tax is levied on the profits that a corporation or natural person realizes when he or she sells a capital asset for a price that is higher than the purchase price.

The interest withholding tax rate is estimated at 20%. This should be interpreted that the tax authorities expects relevant legal entities to withhold 20% of interests paid offshore. The dividends withholding tax rate is 15%. This means that the taxman expects LLC (or OOO)'s to pay tax on 15% of dividends remitted abroad. The royalties withholding tax rate 20%. This should be interpreted that the taxman expects legal entities to withhold 20% of royalties remitted abroad. Withholding tax rates may be reduced under a tax treaty.

There is no known tax on wealth in Russia. There are no known inheritance and transfer taxes. There is a real property tax. There are commonly used credits for innovation spend that include tax relief in RU.

The above is not tax or legal advice for your particular facts and circumstances. We can refer you to a lawyer in Russia who can give you the proper advice and help you need. Want to work together? Click the free consultation button above.

The vat rate in Russia is 18% which ranks 116 in the world.

- ✗ Patent box
- ✓ RND credit
- ✗ Wealth tax
- ✗ Estate tax
- ✗ Transfer taxes
- ✗ Asset taxes
- ✗ Capital duties

- 89 Tax treaties
- 20% Offshore Tax
- 20% Corp rate
- Loss carryback years
- 53 Corporate time
- 18% VAT rate

# Russia Legalese

When looking for a jurisdiction in which to incorporate, the first thing to look at is the legal code. The body of law in Russia is civil law (roman) law. You will want to get some local advice as to how to best structure a company in Russia. Electronic signatures are permitted.

The abbreviation RU is for Russia and the most common company type structure in Russia is a LLC (or OOO).

The amount you'll have to wait is about 18 Days to incorporate a LLC (or OOO) in RU. The types of currencies you can use to setup your legal entity is frequently RUB legal currency.

Yes, one is allowed to re-domicile a LLC (or OOO) from RU. You are usually allowed to change the jurisdiction of the company, pending certain procedures.

There must be at least 1 shareholder. This makes it possible for you to own a LLC (or OOO) in RU by yourself. Corporate Shareholders are encouraged, which means you can have a corporate shareholder. Foreign ownership is allowed, up to 100% of the total equity of the company.

A legal entity is only required to have one director. Additionally, corporate directors are permitted. Directors should not have an expectation of privacy, as they are not kept private in Russia. There is a requirement to have annual meetings of shareholders.

A registered agent is normally required, which means the company will have to pay a fee on a yearly basis, for an office which can receive litigation or other legal process on behalf of the company. Moreover, a corporate secretary is not a requirement.

There is a requirement to file accounts to relevant authorities. However, there is oftentimes a requirement to have these accounts audited.

Overall we think Russia is a ok option and have given it a score of 63 as an IO score, using the Incorporations.IO proprietary formula.

- ✗ **Directors not disclosed in a public registry**
- ✗ **Shareholders not disclosed in a public registry**
- ✓ **Redomiciliation permitted**
- ✓ **Registered office required**
- ✓ **Corporate director permitted**
- ✗ **Local Secretary not required**
- ✓ **Local Director not required**
- ✓ **Electronic signature**

- 1 **Shareholders required**
- 1 **Directors required**
- 18 Days **to form**



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## Country Info



🚩 National Flag of

**Русская Федерация**  
**(rus)**

💰 Currency

**RUB**

☎ Area Code

**+7**

🏙 Capital

**Moscow**

📍 Region

**Eastern Europe**

🗣 Native Languages

**Russian**