



INFORMATION SHEET 2

Title:	Dual citizenship reporting requirement for Russian nationals		
Authored:	August 2014	Updated:	January 2015
Company:	Chelco VAT Ltd		
Reference:	Federal Law on Russian Federation Citizenship		

Introduction

Russian nationals holding dual citizenships or permanent residence permits in another country must report it to the Russian migration authorities within 60 days from the moment when they obtain such citizenship or permits, otherwise they risk paying heavy fines. Further, upon introduction of the new rule, Russian nationals had 60 days from 4 August 2014 to report on their already existed dual citizenships and permanent residence permits.

It is important to emphasize that the law does not make dual citizenship illegal; it is merely a reporting requirement.

Legal Requirements


Federal Law No. 142-FZ on Amendment of Articles 6 and 30 of the Federal Law on Russian Federation Citizenship and Individual Regulations of the Russian Federation, which took effect on 4 August 2014, makes it a criminal offence for Russian nationals to conceal dual citizenship or long-term residence abroad.

Russian nationals, regardless of whether they currently live in Russia or elsewhere, are required to notify the Russian Federal Migration Service (FMS) of any citizenship or permanent residence permit they hold in another country.

Exempted from the requirement are persons who can demonstrate that they officially and permanently reside outside of Russia by means of a deregistration stamp in their Russian passport and an official document that confirms their permanent address abroad.

Law No. 142-FZ, however, lacked clarity in a situation where Russian nationals actually live outside of Russia but retain their Russian registration. It was not clear whether they should come to Russia within the established term specially to fulfill their reporting requirements or they may wait until their next planned visit and report to the Russian migration authorities upon entry into Russia.

The matter was recently clarified by Federal Law No. 507-FZ dated 31 December 2014. The law provided that a Russian citizen who missed 60 days notification term due to the fact that



he or she was actually outside of Russia during this period, shall report on his or her dual citizenship or permanent residence permit to the FMS within 30 days upon entry into Russia.

Deadlines and Penalties

Failure to submit a notification within the established terms is punishable by a fine of up to RUB200,000, or up to one year's salary or other income, or by compulsory community service of up to 400 hours. Additional fines of between RUB500 and RUB1,000 may be imposed for minor administrative violations.

The reporting obligation will not take effect for residents of Crimea until 1 January 2016.

Notification Procedures

Within Russia, notification forms and copies of the supporting documents, such as a Russian passport, a foreign passport or a permanent residence permit, can be filed personally or by representative under the power of attorney at an office of the FMS or sent via a Russian Post Office. Notifications cannot be posted directly to the FMS from outside Russia. It has been reported that local Russian embassies or consulates cannot accept notifications.


Notification for people under the age of 18 years must be made by a parent or legal representative.

Purpose of the Law


Even though it has been suggested that the law may have been enacted to tackle tax avoidance, there is no direct link between the law, reporting requirements provided by the law and taxation of the respective individuals. Moreover, it is not clear whether Russian migration authorities are planning of providing the received information to the Russian tax authorities.

Generally, Russian tax residency is defined based on physical presence of a person in Russia (for at least 183 days during calendar year) and not on citizenship. Thus, Russian tax authorities are not really interested in knowing the citizenship but rather they are interested in knowing physical presence of a person in or outside of Russia. Generally, it is possible to spend less than 183 days during calendar year in Russia even without dual citizenship or permanent residence permit in other countries.

Every draft law introduced to the State Duma is supported by an Explanatory Note which provides for the background, brief content of the draft and purpose of the draft law to be adopted. The Explanatory Note on Law No. 142-FZ on dual citizenship reporting does not mention taxation. It rather states - although indirectly - that a person with dual citizenship could act contrary to the interests of the Russian Federation and thus it is assumed that the Russian Federation should simply be aware of such citizens.



Therefore, at this stage, based on the current legislation in force, the reporting requirement prescribed by the legislation is not expected to affect the tax status of the affected individuals in Russia.



NOTE

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