Korpus Prava

#2 / Spring-Summer, 2019

Analytics

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Amnesty 3.0: The Last Chance

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Dear readers,

We are glad to welcome you in the pages of our spring edition of "Korpus Prava.Analytics".

The latest issue includes articles on various topics, including urgent matters of calculating CFC profits, definition of the international commercial arbitration and its essence; it also covers complex matters of tax and accounting legislation.

The practice in the field of controlled foreign companies in Russia has just emerged; therefore, the law on CFC is constantly amended and improved. Answers to the most frequently asked questions of taxpayers — controlled entities upon calculating the profit of a foreign company may be found in the article by the Director of IFRS Practice Julia Vints.

The article written by our lawyer Roman Moskovskikh covers expansion of powers granted to notaries, as well as peculiarities of notarial support for real estate transactions both in Russia and abroad.

Moreover, the latest issue will tell you about the most popular method of resolving cross-border commercial disputes — International Commercial Arbitration (ICA). You will learn about its existing types and most renowned institutions.

In June 2015, EU Directive 2015/849 "On the Prevention of the Use of the Financial System for the Purposes of Money Laundering or Terrorist Financing" became effective. This Directive focuses on a risk evaluation approach as part of AML/CTF system of the European Union. This approach is described in more details in the article by the Chief Compliance Officer Irina Otrokhova.

We hope that materials in this issue will be useful to you and your business. We look forward to your recommendations and questions, and we will do our best to cover them in our next edition or news article on our website or Facebook page.

Enjoy reading!

Artem Paleev
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Founder and Publisher

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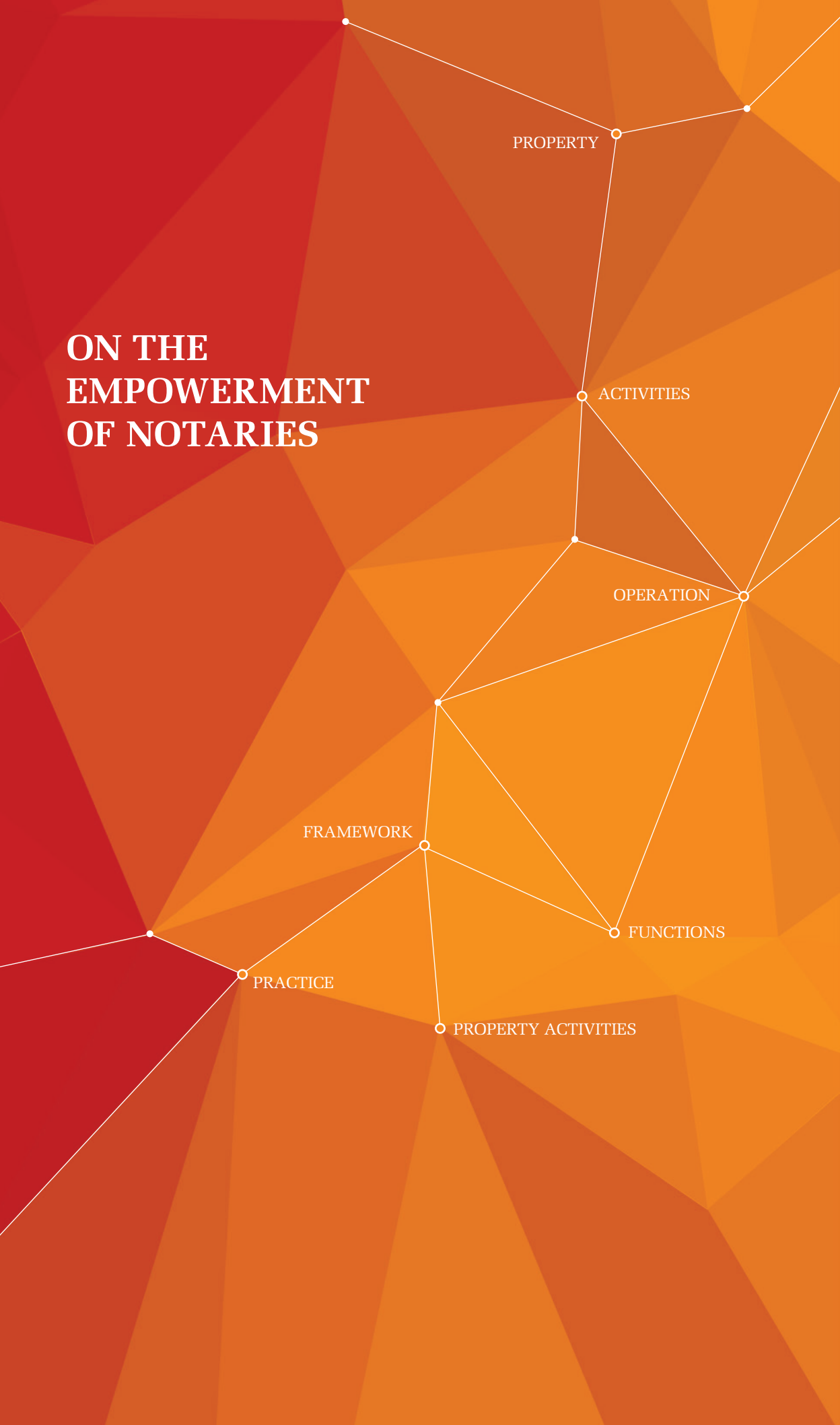
ON THE EMPOWERMENT OF NOTARIES



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Historically, the organization and structure of Notaries in various states directly depends on their legal framework or legal family. Thus, in the Anglo-Saxon legal framework, the institute of notaries did not develop and expand in such a way rather than in the countries of the continental legal framework. Traditionally, the lawyers play a main role in the countries of the Anglo-Saxon legal framework, and notaries play an insignificant role, which mainly comes down to certifying signatures and copies of documents.

The notary in the Anglo-American legal framework is not the author of the document; he receives a document already prepared by interested parties or lawyers. He only certifies the documents and confirms their authenticity. In addition, a public notary is not required to be a lawyer by education. In particular, in the USA it is enough to be an honorary citizen appointed by the governor.

Latin notaries certify the documents prepared by them. According to the Latin legal framework, the documents drawn up by the notary have full legal force (that is, they do not need additional confirmation, as required by the Anglo-American legal framework), substantiation that cannot be disputed. This means — in order to prove the illegality of the notarial act, it is not enough to present opposing evidence — it is necessary to prove in court that the notary has committed a falsification, i. e. deliberately distorted the facts occurring or stated in his presence.

In modern Russian reality, the notary personifies the link between the economic entity and the state. At the same time, there is a tendency to expand the powers of notaries in the legal community, as well as to expand the limits of their liability.

The notary is the only legal institute in Russia that bears full property responsibility for the results of its professional activities. Currently, a four-tier client insurance protection system has been organized: in the event of property damage caused by a notary to an individual or organization, the injured person is paid compensation under the civil liability insurance agreement entered into with such a notary, and if it is not sufficient, then the compensation is paid under group insurance agreement entered into with the notary association. If these measures are insufficient, the damage is compensated at the expense of the personal property of the notary, and if the latter is insufficient, at the expense of the indemnification fund of the Federation of Independent Trade Unions.

The effective operation of the institute of notaries is impossible without a system of measures ensuring the responsibility of the participants in this type of legal relationship. Property responsibility is a guarantee in the field of protection of the rights, freedoms and legitimate interests of both individuals and legal entities. Summarizing the above, it can be stated that, when notaries perform certain public functions on behalf of the state, there are no regulatory obstacles to impose civil liability on relevant officials in the event of damages to individuals or legal entities when these functions are performed by notaries. The regulation on the conclusion of a notary's civil liability insurance agreement applies only to notaries engaged in private practice and does not oblige local government officials who commit notarial actions to enter into civil liability insurance agreements.

It is also worth emphasizing that the person who applied to the notary gets an additional witness in court, a document of increased evidentiary force and the possibility, if it is specified in the text of the agreement, of extrajudicial collection of debt thereunder — on the basis of the enforcement inscription by a notary. So, the notarial form has many advantages, being a reliable guarantee of remedy for individuals.

The expert community, in general, takes a positive view of the practice of empowering notaries. So, one of the directions of expanding the competence of notaries is the regulation of relations in real estate transactions.

Real estate is the traditional line of notary's responsibility for countries of the continental legal framework. And in Russia until 1998, all real estate transactions were subject to mandatory notarization. However, the notarial form was subsequently canceled, and simple written form of contracts, designed to simplify and speed up the turnover of real estate, obtained a wide circulation.

At present, the law provides for an exhaustive list of circumstances when notarization of a real estate transaction is required:

- If more than one person are the owners;
- If one of the owners is under age or under guardianship;
- When executing an annuity agreement;
- When executing the property division agreement between the spouses;
- Transactions on the alienation of shares.

In other cases, you can manage with agreement in simple written form and self-registration of rights in the Federal Service for State Registration, Cadastral Records and Cartography (Rosreestr). However, experts warn that this may be dangerous in case of dishonesty of participants in the transaction. The law allows the notary to request information on the owner of the property from the USRN, as well as copies of relevant documents. It should be noted that the notary is fully responsible for his actions.

Such changes resulted in serious problems related to the violation of the rights of owners, above all — socially unprotected citizens. The number of crimes in the real estate market has increased, transactions concluded in simple written form were often challenged, and entries in the state register were canceled.

In recent years, the problem of regulation of real estate turnover is under the scrutiny of the legislator, who uses the stepwise return of a notary to this area as one of the measures to restore order, and it has already proved its effectiveness. After successful "testing" of a mandatory notarial form in the corporate sphere (its need was established for transactions with participatory interests in the authorized capital of LLC[1]), the legislator introduced a similar measure to control the most vulnerable segments of residential real estate turnover:

- Transactions on the alienation of part interest in common property[2];
- Transactions on the alienation of real estate owned by a minor or a partially disabled person[3].

1. Clause 11 of Art. 21 of the Federal Law of February 8, 1998 No. 14-FZ "On Limited Liability Companies"
2. Part 1 of Art. 42 of the Federal Law of July 13, 2015 No. 218-FZ "On State Registration of Real Estate".
3. Part 2 of Art. 54 of the Federal Law of July 13, 2015 No. 218-FZ "On State Registration of Real Estate".

We can see the result now: in less than two years since the amendments came into force, the number of cases of the so-called apartment raiding has considerably decreased.

From February 1, 2019, the duties of notaries include the registration of rights in the Federal Service for State Registration, Cadastral Records and Cartography (Rosreestr). After certification of the real estate transaction, the notary is obliged to independently and immediately transfer information to the Federal Service for State Registration, Cadastral Records and Cartography (Rosreestr). Transmission may be effected via electronic means of communication. The law establishes 1 day as the deadline for sending the application and the set of documents attached thereto. That is, the information must be received in Federal Service for State Registration, Cadastral Records and Cartography (Rosreestr) during the current working day and until its end. The submission of the set of documents on certified transactions to the Federal Service for State Registration, Cadastral Records and Cartography ceased to be a separate notarial act on February 1, 2019 and presently it is a part of the comprehensive service of notaries' employees. This means that registration of title is free. It should be noted that earlier such a procedure could be carried out at the request of the persons making the transaction for a fee.

It should also be noted that the notarization of real estate transactions will help to ensure the accuracy of information in the USRN. Thus, in European countries, notarization is mandatory for all real estate transactions. For example, the principle of reliability of entries in the registry is applied in Germany and France and such entries are indisputable.

However, the problem of fraud in the real estate market remains acute, and the main tool for criminals is still the contract in simple written form. An important component of the notary's work, in addition to a thorough check of the submitted documents and information on the real estate item, is face-to-face communication with the parties to the contract, during which the compliance of the intention of the participants in the transaction with their real intention is established. Consequently, the risks of challenging a transaction are minimized in the case where the seller, for example, allegedly did not understand what he was signing. If a notary is involved in a transaction, he draws up the contract and explains in detail the meaning of each item to the parties. Thus, the unscrupulous party does not have a chance to "palm off" a document containing a text with the wrong legal meaning to the second party, which was initially discussed, that commonly happens when making deals in simple written form.

Notary has already done a lot to improve the usability and availability of notarial services for all categories of the population and continues to work in this regard.

Firstly, the current tariffs for notarial services are such that, overwhelmingly, applying to a notary is cheaper than to any agent or private lawyer who draws up the agreement in simple written form and submits documents for registration.

Secondly, notary work opportunities are currently actively developing in a single window system, in which clients receive all necessary services in the notary office: a legal due diligence of documents and information, a well-written contract, its certification by a notary and the subsequent submission of application for registration of ownership.

From February 1, 2019, notaries are obliged to send a certified contract under which the right to real estate subject to state registration arises, to Federal Service for State Registration, Cadastral Records and Cartography (Rosreestr) (Article 55 of the framework legislation on notaries as amended by Federal Law of August 3, 2018 No. 338-FZ; hereinafter — Law No. 338-FZ). Documents are submitted by notaries in electronic form, which guarantees the shortest possible registration time — within one working day (clause 9, part 1, Article 16 of Law No. 218-FZ). No extra charge for speed up is required.

If there is no information on registered rights to real estate item, the rights to which arose before January 31, 1998,

the notary establishes the appurtenance of real estate, its characteristics, encumbrances, rights of third parties from documents confirming ownership of the property. For example, in cases of the acquisition of ownership of an apartment in order of privatization before January 31, 1998, the right of ownership is established under a privatization agreement. The presence of co-owners of real estate is determined in the same order.

The notary establishes the rights of third parties with respect to the real estate item according to information from the USRN, as well as from the documents on the basis of which the right arose, from representations on the circumstances of the relevant party to the contract. The USRN information is also used to determine whether there are restrictions on the rights and encumbrances of the real estate item, existing assertions of right and claims alleged in a judicial procedure in relation to the real estate item. For example, the Civil Code of the Russian Federation establishes the right to enter into the state register a note on the objection of a person, the corresponding right of which was registered earlier, or a note on the existence of a legal dispute regarding a registered right. This note prevents any movement of property and, accordingly, is a ban on any administrative transaction for the period of its validity.

If the rights of third parties with respect to residential real estate are not subject to state registration, then these rights are determined by the notary under documents confirming the ownership of the property, documents of authorities registering citizens at the place of residence, management companies, documents of local governments concerning persons registered at the place of residence or place of stay and representations on the circumstances of the relevant party to the contract.

Thus, notarization of real estate transactions is a confirmation of the emergence of subjective rights to real estate. As noted in legal literature, notarization of the transaction facilitates the proving of the right of the interested party, since the content of the transaction, the time and place of its execution, the intentions of the transaction subject and other circumstances officially recorded by the notary are presumed to be obvious and reliable.

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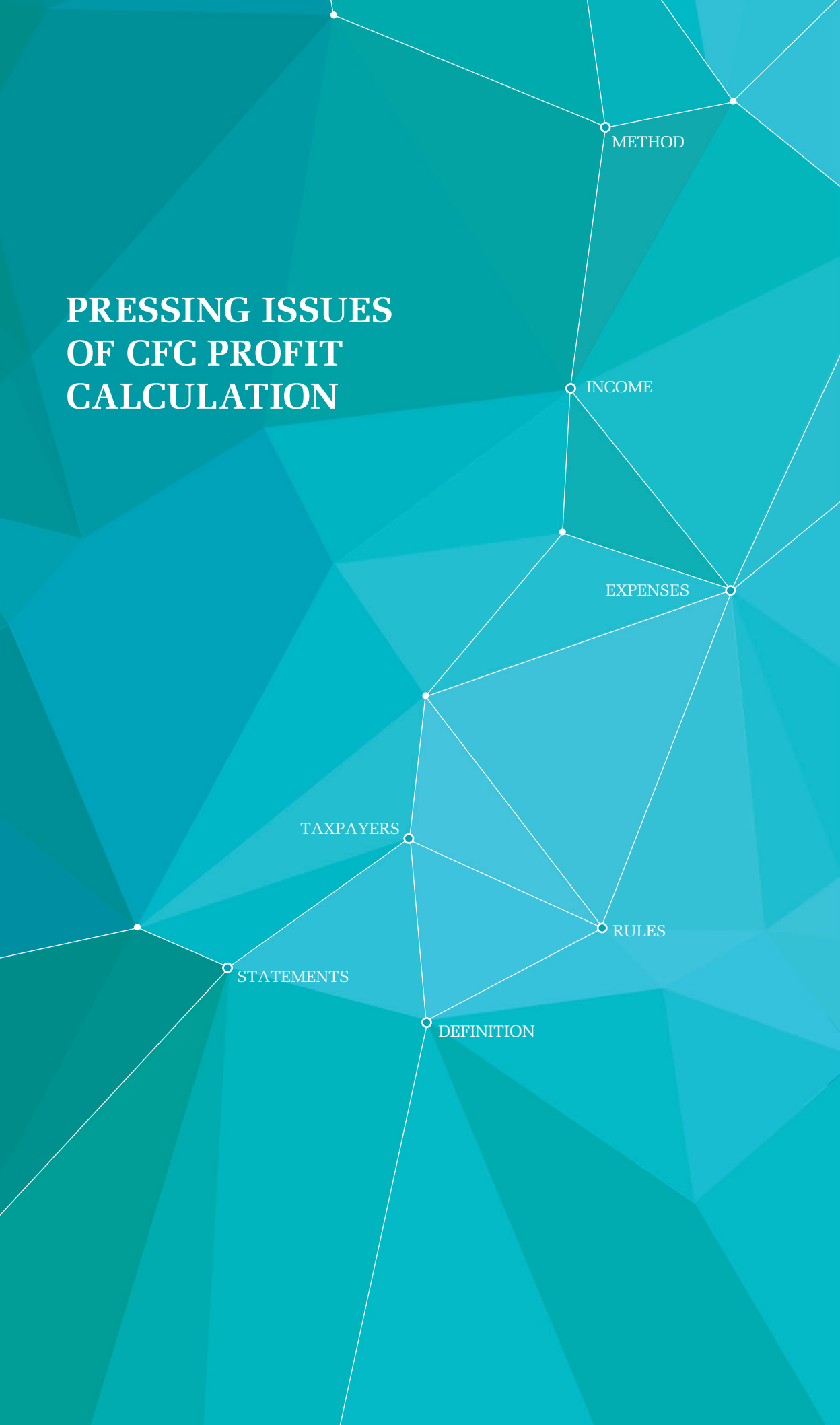
PRESSING ISSUES OF CFC PROFIT CALCULATION



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In view of rather short-term experience in calculation of controlled foreign companies (CFCs) profit for accounting purposes in the tax base of the controlling person, taxpayers often find it difficult to apply the rules of Chapter 25 of the Tax Code of the Russian Federation.

This article describes some of the most frequent and pressing issues raised by a taxpaying controlling person, when calculating the profits of a controlled foreign company.

First of all a taxpayer needs to determine the list of controlled foreign companies the profits of which are taken into account when determining its tax base. That is, it should check the participation criteria specified in article 25.13 and make sure that the CFC profit does not fall under the exemption from taxation in the Russian Federation, listed in article 25.13-1 of the Tax Code of the Russian Federation.

It must be remembered that the CFC tax base is determined separately for each foreign company.

The next important step is to determine the method that the controlling person will use to calculate the CFC profit.

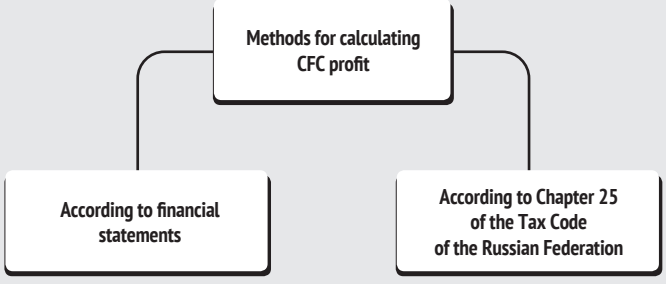

Fig. 1.

Choosing a method for calculating the profit of a controlled foreign company

According to article 309.1, taxpayers have the opportunity to choose one of two methods for calculating CFC profit (fig. 1).

The calculation according to the rules of Chapter 25 of the Tax Code of the Russian Federation assumes:

- Full accounting of all income and expenses of the company on the basis of primary documents according to the rules of Russian tax accounting;
- Application of this method by the taxpayer for at least five tax periods.

If a company has the obligation to prepare financial statements and conduct an audit in accordance with the personal law of the country of incorporation, the choice is obvious. But sometimes the controlling person should think about the possibility of preparing audited financial statements, even when the company does not have such an obligation in accordance with personal law (for example, when the controlling person has sufficient reasons to consider the activity of a foreign company as vigorous).

Moreover, choosing the option of calculation according to the financial statements, do not forget that the profit that the controlling person needs to include in his tax base does not always coincide with the amount of profit indicated in the statements. The provisions of Article 309.1 of the Tax Code require a number of adjustments, in particular, to adjust the financial result of a foreign company to:

- Amounts of revaluation or impairment of participatory interests in the authorized capital of an organization, securities, financial derivatives at fair value;
- Amount of expenses for the creation of reserves and income from the recovery of reserves;
- Amount of income from the sale of securities in favor of the controlling person and the cost of such securities, and so on.

The definition of the calculation period when the fiscal year of the CFC does not coincide with the calendar year

This question does not lose its relevance from year to year.

The norms of the Tax Code regarding controlled foreign companies are applied to CFC profit, determined from periods starting in 2015. Thus, the beginning of the period for which the CFC financial statements are prepared should be no earlier than January 1, 2015. If the financial statements are prepared by the company, for example, on September 30 of each year, then the period from October 1, 2014 to September 30, 2015 is not taken into account when determining the profit of the CFC.

At the same time, the date of receipt of income in the form of CFC profit is recognized on December 31 of the calendar year following the year on which the end date of the period for the preparation of financial statements is fallen.

That is, the date of recognition of profit according to the financial statements for the period from April 1, 2017 to March 31, 2018 is December 31, 2018 (if no decision was made to pay dividends before this date). Accordingly, it will be taken into account by the controlling person in the tax period ending December 31, 2019, and the taxpayer must report on it in spring of 2020.

The same principle applies when a controlling person acquires a stake in a foreign company or ceases to participate in it due to a sale or liquidation.

Example: The Seller (controlling person 1) sold the share of the controlled foreign company in the amount of 100% to the Buyer (controlling person 2) on November 15, 2018. CFC financial statements are compiled for the year coinciding with the calendar one. Since in respect of the fiscal year 2017, the share of the controlling person is determined as of December 31, 2018, on that date the Seller (controlling person 1) should not recognize the CFC profit for 2017 in its income. The Buyer (controlling person

2), on the contrary, will report on the CFC profit for 2017 in spring of 2019 and include it in its tax base for 2018.

Some taxpayers, who determine the method of CFC profit calculation for new companies for the first time, start from the period of recognition of the profits of a controlled foreign company in their tax base. The fact is that International Financial Reporting Standards (IFRS) allow preparing the first financial statements for a period not exceeding 18 months. For example, the company was established in August 2016. The calculation according to the rules of Chapter 25 of the Tax Code should be made for the period from the date of incorporation until December 31, 2016 (the last day of the calendar year) and is included in the taxpayer's income for 2017, according to which it reports in spring of 2018. But the financial statements under IFRS and the audit report for such a company can be prepared for the period from August 2016 to December 31, 2017. Thus, choosing the method of calculation according to the financial statements, the taxpayer postpones the deadline for the inclusion of CFC profit in its tax base to the next year. This approach is contrary to the provisions of the Tax Code and carries certain tax risks for the controlling person, since International Financial Reporting Standards are not a personal law of a foreign company. Tax authorities may recognize the choice of such a method to be unreasonable, and, accordingly, impose a penalty for late notification.

Conversion of profit of a controlled foreign company into rubles

According to clause 2 of article 309.1, the financial result of a controlled foreign company determined according to the financial statements and expressed in foreign currency is subject to recalculation into rubles using the average exchange rate of the foreign currency to the ruble established by the Central Bank of the Russian Federation. At the same time, the Tax Code does not establish the method of calculation of the average rate. The answer to this question was published in two letters of the Ministry of Finance: No. 03-12-11 / 2/7395 of February 10, 2017 and No. 03-04-05 / 68013 of September 24, 2018. The average value of the foreign currency exchange rate to the ruble is determined by the taxpayer independently as the arithmetic average value of the foreign currency exchange rate to the ruble for all days of the financial year for which the statements are made (see the formula below).

The situation is more interesting when the controlling person calculates CFC profit according to the rules of Chapter 25 of the Tax Code. Recalculation into rubles can be carried out separately for each business transaction as of the date of recognition of the corresponding income / expense. And this option is considered to be inconvenient. The formation of the financial result in the currency of the permanent location of the controlled foreign company and the use of the average rate by analogy with the recalculation of the CFC profit according to the financial statements, will allow avoiding the negative effects of parallel accounting of all business transactions in rubles.

CFC profit reduction by dividend amount

The profit of a controlled foreign company is taken into account when determining the tax base for the tax period provided that its value exceeds 10,000,000 rubles.

An important task for the taxpayer is to determine exact amount of profit to be considered for comparison purposes with the specified limit.

Indeed, in accordance with clause 1 of Article 25.15, the CFC profit is reduced by the amount of dividends paid by this foreign company in the calendar year following the year for which financial statements are prepared in accordance with the personal law of such a company.

$$\text{Awerage rate} = \frac{\sum \text{rates according to CB RF for all days of the reporting period}}{\text{number of days in the reporting period}}$$

This brings up the question — if the CFC profit amounted to 15,000,000 rubles, but dividends were paid in the amount of 6,000,000 rubles, whether the criterion was met, and the profit of the foreign company was not included in the tax base of the controlling person.

In its letter No. 03-12-11 / 2/7395 dated February 10, 2017, the Ministry of Finance published an explanation "On the accounting of dividends paid when determining the profit of a controlled foreign company for the purpose of applying the criteria established by paragraph 7 of Article 25.15 of the Code". According to the Ministry of Finance of Russia, the threshold values apply to the profit of a controlled foreign company, determined without considering its reduction by the amount of dividends paid by such a foreign company and the profit of a foreign company is reduced by the amount of dividends, in order to calculate the tax base rather than to compare with threshold values.

To this end, it is worth noting that the legislation as related to controlled foreign companies is supplemented and improved on ongoing basis. The last changes of Chapter 25 of the Tax Code came into force in 2019. More likely, additional explanations from the Ministry of Finance will appear, because the practice as to controlled companies is in its infancy in Russia.

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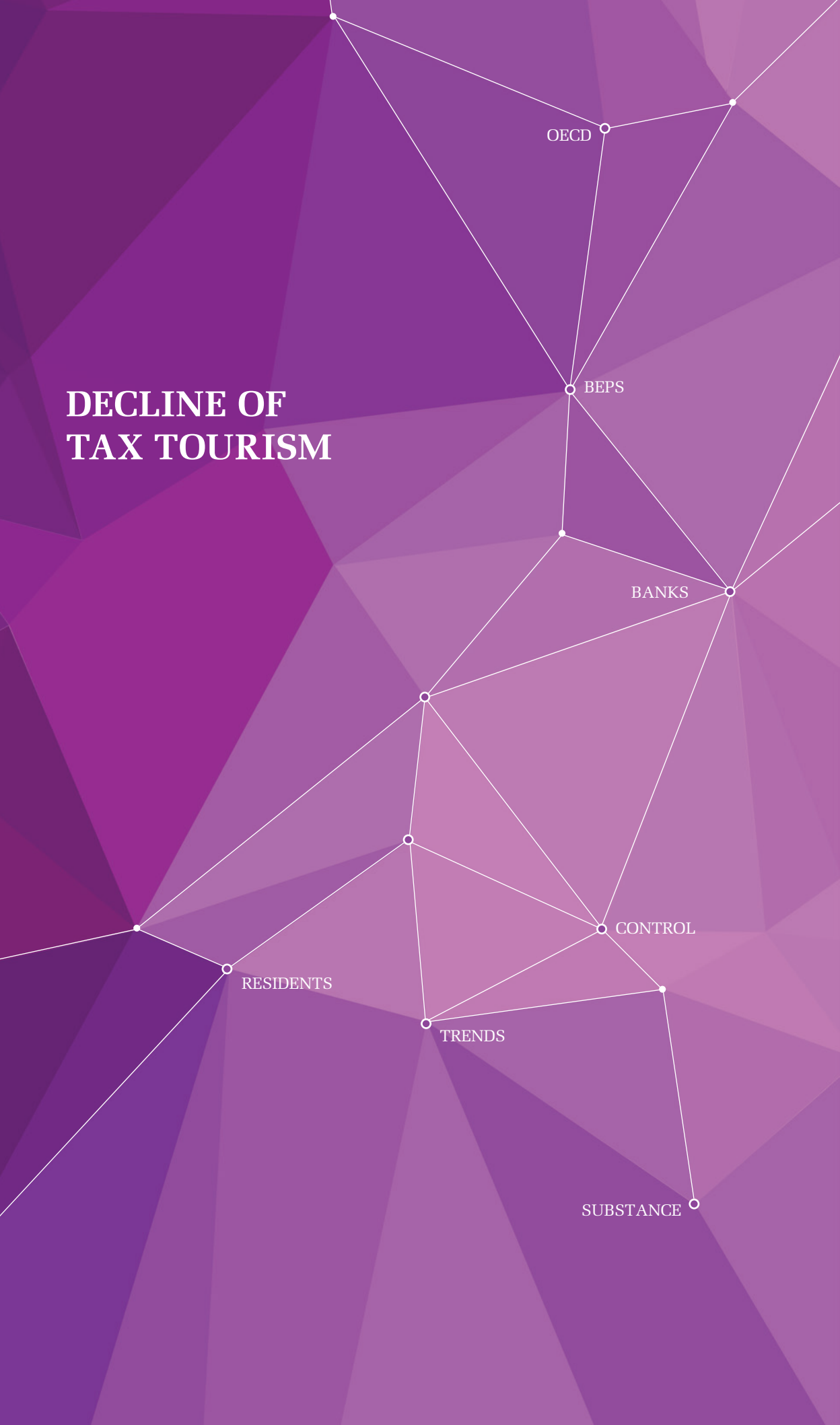

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Over the past decade, we can observe a global trend to combat tax evasion. If previous BEPS (Base Erosion and Profit Shifting) plan, which was issued by the Organization for Economic Cooperation and Development (OECD) did not seem convincing, and many items seemed to be unachievable, now we see how lots of jurisdictions, including unexpected ones, read this plan with great enthusiasm and try to implement it in its reality.

The tax control bodies acquire more and more tools to identify and control creative taxpayers. For example, one of the most effective tools is the international automatic exchange of tax information, while the elegance of this tool lies in vesting the financial organizations (in particular, banks) with responsibility for the initial collection of information. Such organizations as a rule are well-informed of their clients, their activities, sources of funds, income, account managers, business managers and persons appointed as nominee managers, in some cases as customer managers, as well as of personal data, carefully collected over the years of working with the client in order to improve the quality of service.

Now working with a bank, the company is obliged to provide as much information as possible about its activities, not only officially filling out the client's application form, but also confirming everything with documents. Previously, the company by default was considered a tax resident of the jurisdiction of its registration, the most thoughtful persons requested a tax residency certificate. Five years ago, the bank neither requested information on the place of business, the place of residence of the director, confirmation of the director's qualifications (and if the director did not look qualified enough, then on the person who made the key decisions), nor pay attention to the account manager's email address (it does not matter that it has domain extension .ru), phone number and certainly failed to consider this in a complex in order to analyze the entire management structure and determine the tax residence of the company.

Among other things, banks have black lists of jurisdictions with which they do not work because they are considered as high-risky, so if a client comes in, with a company registered in the Marshall Islands, the bank reviews its instruction, risk list and understands that the Marshals are blacklisted, then the bank refuses to open the account.

The inclusion by a bank of one or another jurisdiction in its black list may be due to various reasons, both political

and economic, for example, state bodies of jurisdiction of a company incorporation do not provide an adequate level of control over their taxpayers (there is no reporting requirement, changes in the shareholders' composition are listed only in the registry maintained by the company secretary).

In the light of the above, the so-called real substance or economic substance has recently become one of the most relevant trends. You can translate it into Russian as a real presence, economic entity, in the tax code of the Russian Federation, for example, this phenomenon is reflected as an actual recipient of income. If we simplify the explanations as much as possible, then the criterion "economic substance" is the presence or absence of real economic activity (it is the same as the economic presence) of the company in the territory of a particular jurisdiction.

The requirement for economic presence reached the places, where no one expected it would even get a glimpse, namely, offshores, in particular Belize, the Seychelles, Mauritius, the Cayman Islands, Bermuda, Jersey, Guernsey and the Isle of Man adopted Economic Substance Law. Below is a table with legislative acts (see table below).

Economic Substance Law introduces requirements for economic presence for all companies and limited partnerships that are registered in and are tax residents of these jurisdictions.

So this year, companies and partnerships have to decide on their tax residency status. To become a tax resident of the offshore jurisdiction of the company, it is necessary to confirm the economic activity in the offshore territory and comply with the requirements established by law.

However, not all companies and partnerships are required to confirm the tax residency status of an offshore.

Companies that are subject to the law and which have to ensure an economic presence shall be deemed as the companies that carry out "relevant activities", and defined as follows:

- Financial companies (banking business, insurance business, stock exchanges);
- Shipping business (shipping companies);

Jurisdiction	Legislative act
Bahamas	Commercial Entities (Substance Requirements) Act, 2018
Bermuda	The Economic Substance Act 2018
British Virgin Islands	Economic Substance (Companies And Limited Partnerships) Act, 2018
Guernsey	The Income Tax (Substance Requirements) (Implementation) Regulations, 2018
Jersey	Taxation (Companies — Economic Substance) (Jersey) Law 201-
Mauritius	Finance Act 2018 (as amended) Circular letter CL1-121018 Circular letter CL151018
Isle Of Man	Income Tax (Substance Requirements) Order, 2018
Cayman Islands	The International Tax Co-operation (Economic Substance) Bill, 2018
Seychelles	Securities (Substantial Activity Requirements) Regulations, 2018 Mutual Fund and Hedge Fund (Substantial Activity Requirements) Regulations, 2018

- Holding business;
- Intellectual property business;
- Distribution and service business.

The companies that claim themselves as tax residents of another jurisdiction, or companies that carry out activities other than those referred to as "relevant" are recognized as entities not covered by the law.

Requirements for the economic presence of companies are relatively abstract, it is assumed that the practice will show the exact criteria in numerical values. The following requirements are used:

- Staff in number appropriate to the scale of the company's business, in this case the employees must have the education and experience necessary to perform their job duties corresponding to the declared main activities of the company;
- Availability of the office required for the placement of staff and for conducting the business of the company (we can assume this refers not only to rent of premises, but also to workplaces equipped with office equipment, telephone, internet connection);
- Accounting and preparation of financial statements on a regular basis (there is an obvious need to appoint a responsible person who performs this function and has the appropriate qualifications);
- Expenses incurred by the company must be adequate to the activities carried out by the company both in terms of volume and substance. Presumably, it means that the costs should be aimed at profit-making and correspond to the declared main type of the company's activity.

Consistently ask who will administer the collection of information on the economic presence of the company.

Let's look at the example of the BVI, the law requires that each corporate service provider (registered agent), that registers a company subject to the Law, has information on the place of tax residency of the company, and should be ready to transfer this information to the competent authorities of the relevant jurisdiction. For example, information (on the staff on BVI and abroad, financial statements, office address, etc.) on companies claiming to be BVI residents will be stored in the electronic system Beneficial Ownership Secure Search system (BOSS).

Registered companies and partnerships are required to have commitments regarding economic presence by June 30, 2019. If a company performs one of the "relevant activities", then such a company must inform its registered agent and provide it with information on compliance with the requirements for its economic presence. Information must be submitted before June 30, 2020, and subsequently it will need to be updated annually. Today, specific requirements regarding this information have not been approved yet, so we don't know the extent of detailed information on the fulfillment of requirements for economic presence that the companies have to describe.

The registered agent will upload the data obtained to the BOSSs information system. Tax authority of the BVI (International Tax Authority, ITA) will have the access to this information, which will monitor the completeness and relevance of the data and send additional requests to companies. Information may be also submitted to the competent authorities of a foreign jurisdiction, for example, if a company registered in the BVI stated that it is a tax resident of such foreign jurisdiction.

New companies in the BVI can be registered only if all the requirements for economic presence are met.

Legal entities that do not comply with the new requirements will be forcibly deleted from the Register of Companies or the Register of Limited Partnerships. For violations of the law, a fine will be imposed, the minimum amount of which is 5,000 US dollars. In the event of non-payment of this fine, a cascade system of increasing the amount of fines will become effective. Some violations may result in criminal liability in the form of imprisonment for up to five years.

ITA requirements and fines can be appealed in court.

It is reasonable to suggest that with due time, as the new law is applied, the text of the regulatory acts on real presence will be refined, more detailed requirements, explanations and guidelines will appear that reduce the ability of businesses to hide behind formally minimum observable requirements. However, there remains an open question about the capabilities and resources of local infrastructure, statistics from various available sources suggests that companies that need to bring their activities in line with the new requirements set by the law far exceed the capabilities of the jurisdictions in which they are registered (this includes employees, office premises, and so on).

Taking into account the above, the business needs to review the capital structure and assess the need and cost of company maintenance in offshore jurisdictions, because in most cases the maintenance costs of a company bearing signs of a real economic presence, will even the benefits derived from tax savings. Perhaps you should pay attention to other jurisdictions where, on the one hand, the infrastructure allows for an economic presence at a lower cost, and on the other hand the tax burden is still low.

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COMPLICATED ISSUES IN SIMPLE TERMS

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Often we do not fully understand the whole complexity of tax and accounting legislation until we face it in practice.

One of such examples is the creation of reserves for vacation pay for tax purposes. Creation of reserves is already known to accounting, but the actual creation of such reserves in tax accounting causes certain difficulties.

Reserves for vacation pay

Provisions of the Tax Code regarding the creation of reserves for future vacation pay seem logical and clear. One shall develop an estimate for calculating the percentage of contributions to the reserve, set a reserve limit for the tax period and draw up an inventory following the tax period.

Furthermore, the procedure for the creation of the reserve for vacation pay (or at least an indication that the reserve for vacation pay is created in tax accounting pursuant to the tax legislation) shall be set in the Accounting Policy for tax purposes.

However, when it comes to the actual creation of the reserve, nothing is as simple as it seemed at first glance.

Basic data for calculation of monthly contributions and limit amount

The percentage of contributions to the reserve is determined as the ratio of the estimated amount of annual vacation pay to the estimated amount of annual labour costs.

Since the estimated amount of vacation pay is calculated, it may include not only a basic vacation, but also an additional one. If an organization plans staff expansion or indexation of wages, such factors should be considered when estimating the cost of vacation pay and labour costs.

When making estimates, it is recommended to specify the actual amount of costs for the previous year, planned increase in wages (staff expansion) and calculation of planned vacation pay in order to justify the increase in the estimated amount of labor costs and vacation pay.

Nota bene. When calculating the estimated amount of labour costs, one shall remember that labour costs include payments to freelance workers for the performance of works under civil contracts. At the same time, such persons are

Fig. 1.

The reserve limit for the tax period is usually set at the estimated amount of vacation pay or slightly higher.

Exceeding of the reserve limit

There may be situations where an actually created reserve at some point exceeds the set reserve limit for the tax period. In this case the organization stops creation of the reserve in tax accounting and recognizes actual expenses on vacation pay instead of a reserve in tax accounting.

Reserve inventory

On the last day of the tax period (December 31), the organization should draw up a reserve inventory for future vacation pay. Such inventory should include the following:

- The number of vacation days employees are entitled to as of December 31 (separately for each employee);
- Average earnings for each employee;
- Insurance premiums for each employee (based on average earnings).

The reserve amount which covers the organization's obligations of vacation pay as of December 31 is calculated based on such data.

Unused reserve amounts as of the last day of the current tax period shall be included in the tax base of the current period. Such balance shall be included in income, in case the taxpayer considers it unreasonable to create a reserve for the next tax period.

Unused reserve amount for vacation pay as of the last day of the current tax period is the difference between reserve amounts for vacation pay accrued in the reporting period and the amount of actual expenses on payments for vacations used in the tax period (including insurance premiums) and on future payments for statutory vacations not used in the reporting year (including insurance premiums) (fig. 2).

In other words, if after the inventory of the reserve for vacation pay as of December 31 of the reporting year it turns out that the reserve amount created exceeds the amount of vacation pay "earned" by employees as of the inventory date, the excess amount shall be recovered and recognized as taxable income.

Nota bene. If the taxpayer decides not to create a reserve for future vacation pay in the next tax period, the balance of the unused reserve shall be recovered in full on December 31 of the current tax period.

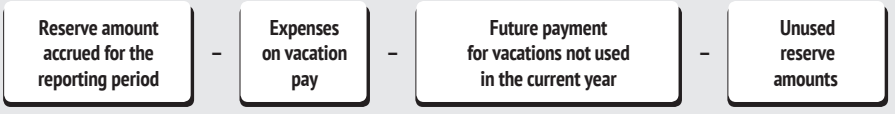

Fig. 2.

In case of insufficient funds of the actually accrued reserve confirmed by the inventory as of the last day of the tax period, the taxpayer shall include the amount of actual vacation pay in expenses as of December 31 of the year in which the reserve was accrued and, accordingly, the amount of insurance premiums for which no specified reserve has been created earlier.

Thus, if the inventory reveals that the organization's obligations for vacation pay as of December 31 (including insurance premiums) exceed the created reserve, the organization shall create additional reserves up to the required amount.

Classification of expenses

Creation of the reserve for future vacation pay shall be recognized as expenses related to production and sales.

Creation of additional reserves following the inventory shall be reflected in expenses associated with production and sales.

Recovery of an excess reserve shall be recognized as non-operating income.

Compensation for unused vacation

In accordance with the tax legislation, expenses in the form of average earnings retained by employees for the period of vacation and compensation for unused vacation are different types of labour costs, which is confirmed by the opinion of the Ministry of Finance of the Russian Federation[1].

Having regard to the above, amounts of compensation for unused vacation paid to employees upon resignation are recognized directly as part of labour costs and do not reduce the reserve amount for future vacation pay.

Bonus programs

Bonus programs are very common in retail. However, despite their widespread application, many people have questions about the recognition of bonuses (points) accrued to purchasers under certain conditions in tax accounting and their use.

There are different points of view, including a very controversial one, which states that bonuses (points) accrued to the purchaser are deemed taxpayer's debt to the purchaser, which is to be recognized in accounting records. Moreover, such debt is recognized as the purchaser's advance payment and is subject to VAT.

Such point of view is beneficial for the budget, but is incorrect in terms of accounting and logic.

There is no debt to the purchaser upon the accrual of bonuses (points), since the purchaser may only purchase goods by partially paying for them with bonuses (points), i.e. to get a discount; but the purchaser is not entitled to cash out such bonuses (points).

Having regard to the above, bonuses (points) are not reflected in tax accounting upon their accrual. Accounting of accrued bonuses is performed separately (beyond bookkeeping and tax accounting). When bonuses are used to pay for services, they are recognized in tax accounting as a discount, i.e. they reduce the sales cost.

Nota bene. The situation when 100% of the cost of goods is paid by bonuses is risky for the taxpayer. Such situation bears a high risk of gratuitous sale and, accordingly, additional VAT. In order to minimize the risk, it is recommended not to allow full payment of goods with bonuses, but to limit the size of the "bonus discount".

Sales of gift certificates

Just like bonus programs, sale of gift certificates is widespread in retail. However, the word "sale" is just nominal, since a certificate is not a commodity. In addition, contrary to the popular belief, a gift certificate is not an accountable form.

An accountable form is a primary accounting document equated to a cash

1. Letters of the Russian Ministry of Finance No. 03-03-06/4/29 dated 03.05.2012, Directorate of the Russian Federal Tax Service for the City of Moscow No. 16-15/054509 dated 04.06.2014

receipt generated in electronic form and (or) printed out using the automated system for accountable forms at the time of payment settlements between the user and the client for the services rendered, which contains data on payment settlements, confirms the fact thereof and complies with the legislation of the Russian Federation on the application of cash register equipment.

Having regard to the above, a gift certificate is not an accountable form and does not exempt the seller from issuing a receipt or an accountable form upon the receipt of payment from an individual.

In accounting, acquisition of a certificate is recorded as a prepayment. Revenue in accounting is recognized when goods are sold.

Since the "sale" of certificates is recognized as the purchaser's prepayment, the seller shall calculate and pay VAT on the advance to the budget.

As a rule, gift certificates have a certain validity period. In this case, when a gift certificate expires, the seller shall write off the debt and recognize non-operating income.

The following is the accounting procedure for operations with gift certificates.

Debit	Credit	Description
50, 51, 57	62.02	Receipt of prepayment from the purchaser (certificate issue)
62.02	90.1	Goods sales recognized
62.02	91.1	Write-off the debt to the purchaser due to the expiry of the certificate

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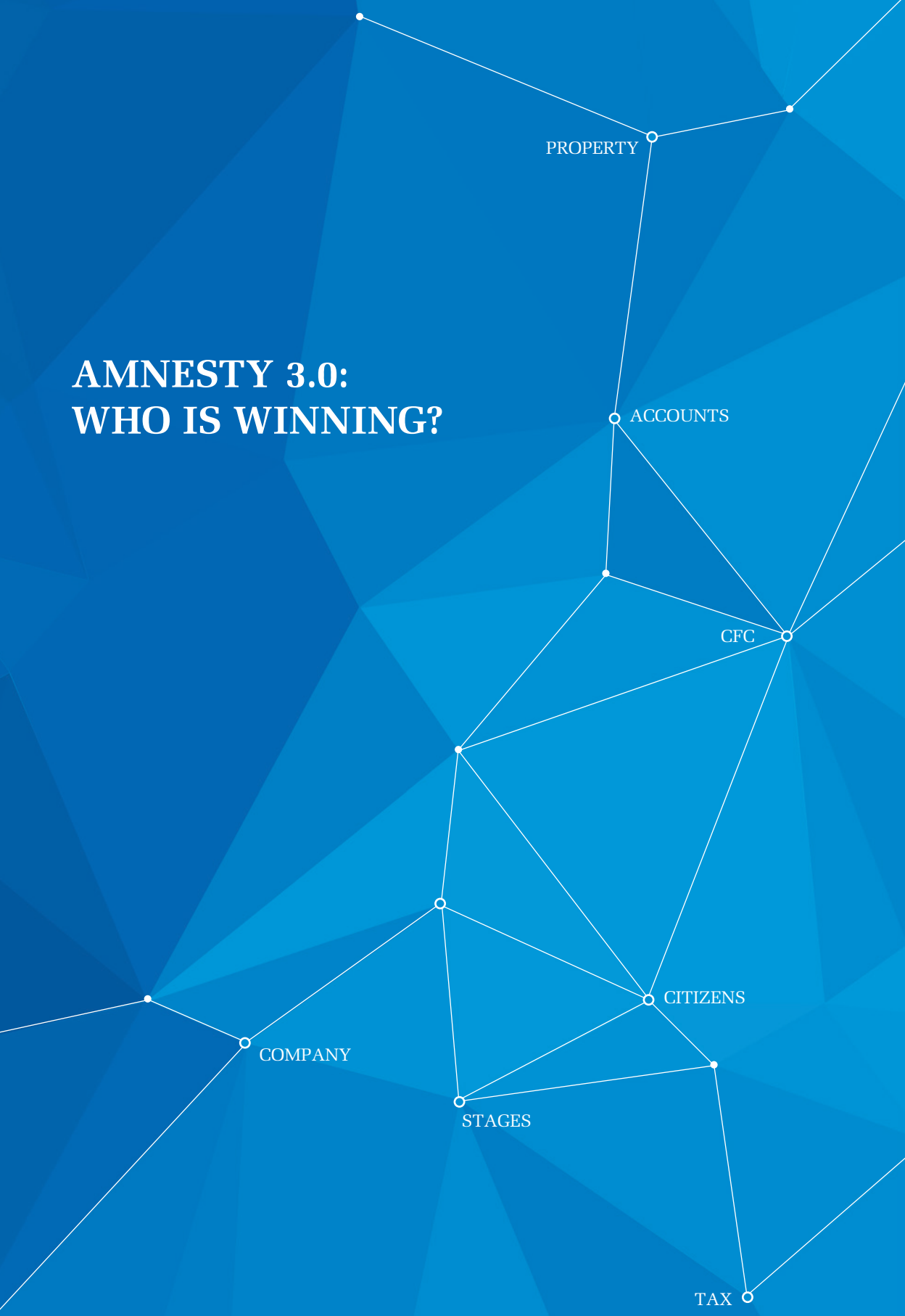

Tatiana Frolova
Leading Lawyer
Korpus Prava Private Wealth

The third stage of capital amnesty starts in Russia. To be precise, this is not even the third stage, but the fourth, since the first amnesty, announced in 2015, was extended for six months from the initially declared period.

In 2015, the amnesty was extended for one simple reason: people failed to believe, failed to follow, filed no specific returns, as they anticipated repressions and reaction of the state. The first six months were clearly not enough to convince citizens that by disclosing their foreign assets they risk nothing, so the amnesty was extended for another six months, until June 30, 2016.

However, the second six months of the first amnesty brought no desired disclosure of information to the state either. In 2015, no one believed that in the distant 2018 the automatic exchange of information on the accounts of citizens and foreign companies would actually begin. Besides, the political situation around our country after the annexation of the Crimea created the illusion that no, for sure, no one will ever reveal anything to us. But politics is politics, while tax evasion is quite a different story. Automatic exchange of tax information was not the idea of Russia; we all just joined the already created system of exchange between states. And as a part of this system, in 2018, our tax authorities received the desired information on foreign assets of our citizens.

The year of 2018, which seemed so distant three years ago, has come. And it has become obvious that now our citizens will be more willing to disclose voluntarily information on foreign assets.

That is why compared to the first stage of the amnesty, in 2018, citizens filed specific returns much more often, revealing the maximum number of assets, even those that no longer belonged to them (for example, one could declare closed accounts, and the fact that the statute of limitations for currency offenses is two years, it was very important for many to take advantage of this opportunity).

The absence of negative practices, when people who disclosed information in the first stage were visited and asked questions, also contributed to the greater disclosure.

In the course of our work there was one case when there were questions raised regarding the property declared in a specific return. But it was a story with a happy ending, since the reference to the fact that the information on the property was submitted to the tax authority under the capital amnesty allowed avoiding

liability for the violation of the legislation on Controlled Foreign Companies (hereinafter — CFC).

Perhaps some tax inspectors had an overwhelming desire to punish, collect, fine, and maybe they even made some attempts to do so, but there were no high-profile cases observed in the country, which means everything was settled at the initial stages.

One thing can be said for sure, the second stage of the amnesty was more productive. Citizens declared both foreign companies (which allowed avoiding multi-thousand fines for late notification on participation in CFCs) and foreign accounts.

The authorities received information on the assets of companies and citizens both through automatic exchange and directly from citizens. So why was there a need for the third stage?

Another prolongation of the amnesty campaign announced by the president was unexpected not only for citizens, but also for legislators.

It was expected that the second stage of the amnesty would smoothly flow into the fourth one and specific returns could be filed as early as March. But the bill of the third stage of the amnesty appeared only in April. The amnesty will be held from May 1, 2019 to February 29, 2020, and its conditions differ significantly from the first two stages.

The main condition for the third stage of the amnesty is the return of assets to their homeland. In case accounts are indicated in a specific return in order to avoid liability for the violation of currency legislation, the funds from the accounts will have to be transferred to Russia.

If citizens want to grant amnesty to a foreign company, it must be re-domiciled to the Russian Federation.

Probably, these conditions are fair enough, since citizens already had two chances to use the capital amnesty, and malicious violators generally bear greater liability compared to newcomers.

It is difficult to predict the success of the third stage of the amnesty, but it is an established fact that there are already those who are ready to use it!

And only time will tell what is next. As our foreign colleagues joke: Russia is an all-forgiving country! A

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RISK-BASED APPROACH — YOUR THE NECESSARY TOOL TO COMPLY WITH ALM/CTF REGULATIONS

Irina Otrokhova
Chief Compliance Officer
Corporate Services
Korpus Prava (Cyprus)

On 26 June 2015, Directive EU 2015/849 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing (Directive EU 2015/849) entered into force. This Directive aims, inter alia, to bring European Union legislation in line with International Standards on Combating Money Laundering and the Financing of Terrorism and Proliferation that the Financial Action Task Force (the FATF), an international Anti-Money Laundering/Counter Terrorism Financing (AML/CTF) standard settler, adopted in 2012. In line with the FATF's standards, Directive (EU) 2015/849 puts the risk-based approach at center of European Union's AML/CTF regime.

The measures and procedures implemented by a regulated entity in the financial sector must be appropriate given the risks that it runs. This allows regulated entities to focus on the areas where it runs the highest risk of being used for money laundering and terrorist financing activities. The risk-based approach recognizes that money laundering and terrorist financing vary across customers, countries, services and financial instruments, and allows the organizations to differ between these different type of risk.
A risk-based approach is typically seen as being more cost effective and promoting the prioritization of efforts. To ensure the most cost-effective and proportionate way to manage money laundering and terrorist financing a regulated entity must identify and assess the risks with different customers, countries and services and it must ensure that its policies and procedures are effective and appropriate to manage and mitigate any risks. On an ongoing basis the processes and procedures must be monitored and, if necessary, amended.

In other words a risk-based approach:

- Recognizes that the money laundering or terrorist financing threat varies across customers, countries, services and financial instruments;
- Allows the board of directors to differentiate between customers of a regulated entity in a way that matches the risk of their particular business;
- Allows the board of directors to apply its own approach in the formulation of policies, procedures and controls in response to a regulated entity's particular circumstances and characteristics;
- Helps to produce a more cost effective system; and

- Promotes the prioritization of effort and actions of a regulated entity in response to the likelihood of money laundering or terrorist financing occurring through the use of services provided by it.

A risk-based approach involves specific measures and procedures in assessing the most cost effective and proportionate way to manage the money laundering and terrorist financing risks faced by a regulated entity. Such measures and procedures are:

- Identifying and assessing the money laundering and terrorist financing risks emanating from particular customers, financial instruments, services, and geographical areas of operation of a regulated entity and its customers;
- Documenting in the risk management and procedures manual the policies, measures, procedures and controls to ensure their uniform application across a regulated entity by persons specifically appointed for that purpose by the board of directors;
- Managing and mitigating the assessed risks by the application of appropriate and effective measures, procedures and controls;
- Continuous monitoring and improvements in the effective operation of the policies, procedures and controls.

The Directive (EU) 2015/849 recognizes that the risk of Money Laundering/Terrorist Financing (ML/TF) can vary and that Member States, competent authorities and regulated entities have to take steps to identify and assess that risk with a view to deciding how best to manage it. For regulated entities, Customer Due Diligence (CDD) is central to this process, for both risk assessment and risk management purposes.

CDD means:

- Identifying the customer and verifying the customer's identity on the basis of documents, data or information obtained from a reliable and independent source;
- Identifying the customer's beneficial owner and taking reasonable measures to verify their identity so that the obliged entity is satisfied that it knows who the beneficial owner is;
- Assessing and, as appropriate, obtaining information on the purpose and intended nature of the business relationship; and
- Conducting ongoing monitoring of the business relationship. This includes transaction monitoring and keeping the underlying information up to date.

Directive (EU) 2015/849 provides that regulated entities can determine the extent of these measures on a risk-sensitive basis. It also provides that where the risk associated with the business relationship or occasional transaction is low, Member States may allow regulated entities to apply simplified customer due diligence (SDD) measures instead. Conversely, where the risk associated with the business relationship or occasional transaction is increased, regulated entities must apply enhanced customer due diligence (EDD) measures.

For better understanding let's go briefly through the way of a regulated entity during the process of accepting and continuing business relationships with the client. During the process of client acceptance and further relationships a risk assessment should take place and consist of two steps: the identification of ML/TF risk and the assessment of ML/TF risk. Regulated entities should find out which ML/TF risk they are, or would be exposed to as a result of entering into a business relationship or carrying out an occasional transaction. When identifying ML/TF risk associated with a business relationship or occasional transaction, regulated entities should consider relevant risk factors including who their client is, the countries of geographical areas they operate in, the particular products, services and transactions the client requires and the channels regulated entities uses to deliver these products, services and transactions. The abovementioned risk factors include a large number of subcategories. For example, customer risk

factors include: customer reputation, is the customer a politically exposed person (PEP), professional activity, etc.; geographic risk factors include: does the customer carry out business in a high risk country, if there is an adequate AML/CFT regime in the country of the customer's origin, etc.; products/services risk factors: the complexity, value and size, level of transparency, etc.; delivery channel risk factors: if the customer is non face-to-face, the nature of introducers who delivered the customer to the regulated entity, etc. As a result, regulated entities have to weight risk factors to determine the final category of client's risk: low, medium or high.

Schematically this can be represented as follows (fig. 1).

After determining if the client falls into the low, medium or high risk category a regulated entity has to perform consequently Simplified Customer Due Diligence, Customer Due Diligence or Enhanced Customer Due Diligence. CDD is the standard procedure which we have described above. During the SDD less information may be quested form the low risk client and the ongoing monitoring procedures may be performed in lightweight form. In case of EDD vice versa — additional information may be requested, ongoing monitoring have to be performed more strictly.

It is important that the type of due diligence measures applied should be effective and proportionate to the risks. That's why weighting of the risk factors is so important. Here we have described the schematically easy example of how the risk-based approach has to work. In practice the process is much more

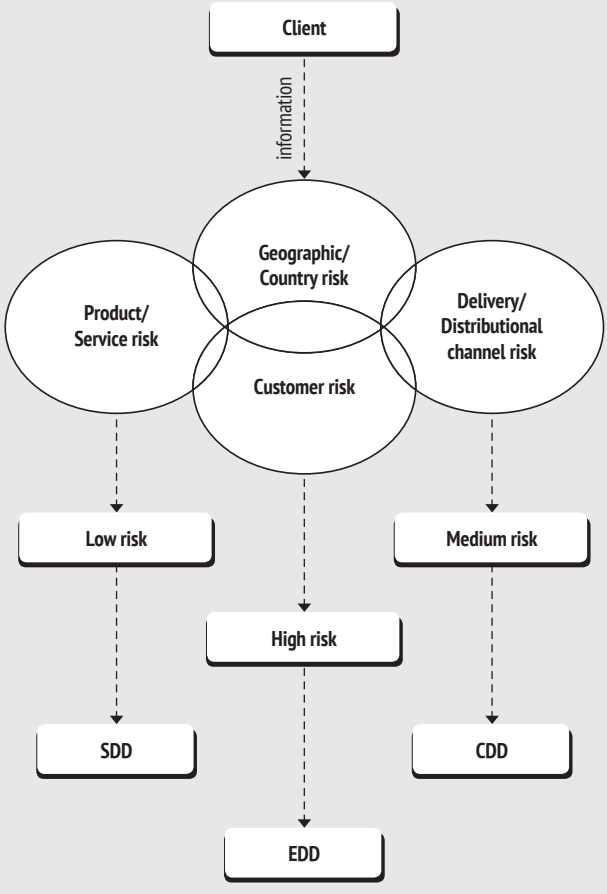

Fig. 1.

complicated as the clients may fall into different risk categories, risk categories may be not only: low, medium and high, but low-to-medium, medium — high, etc., the scope of information may be very large and in this case a special computer program must be used.

To help itself in understanding the risk-based approach a regulated entity may use different Guidelines issued by the relevant authorities. The latest Guidelines are:

- Joined Guidelines under Articles 17 and 18(4) of Directive (EU) 2015/849 on simplified and enhanced customer due diligence and the factors credit and financial institutions should consider when assessing the money laundering and terrorist financing risk associated with individual business relationships and occasional transactions issued by the European Supervisory Authorities (ESAs) on 26.06.2017 and which was updated on 04/01/2018;
- FATF Guidance for a Risk-Based Approach for Securities Sector issued in 2018.

In conclusion we want to pay your attention on the fact that a regulated entity in the financial sector has the responsibility to identify, record and evaluate all potential risks. The successful establishment of measures and procedures on a risk-based approach requires the clear communication of the measures and procedures that have been decided across a regulated entity, along with robust mechanisms to ensure that these are implemented effectively, weaknesses are promptly identified and improvements are made wherever necessary. A risk-based approach is a prerequisite and necessary tool which helps regulate entities be in compliance with the AML/TF legislation. A

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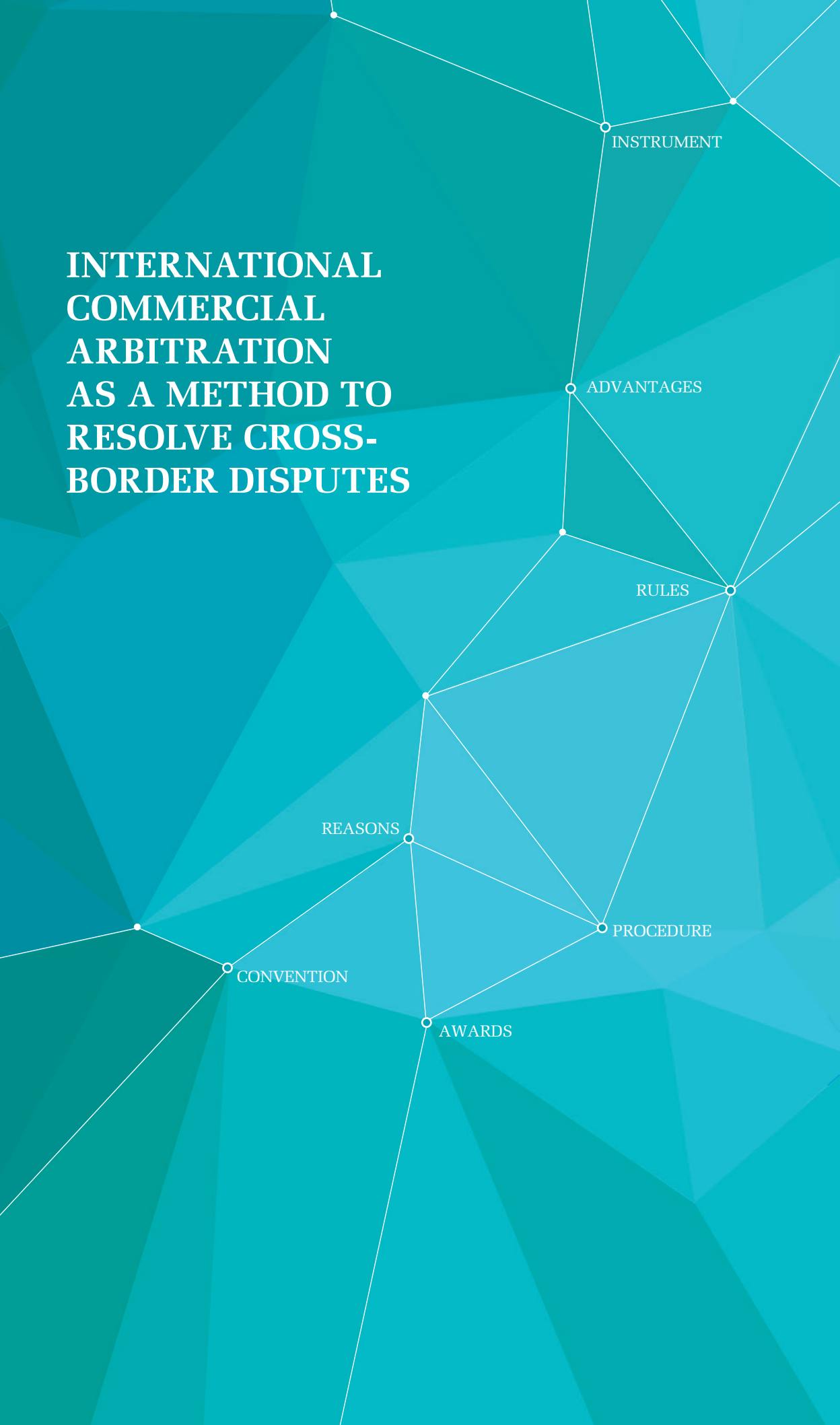
INTERNATIONAL COMMERCIAL ARBITRATION AS A METHOD TO RESOLVE CROSS-BORDER DISPUTES



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International commercial arbitration (hereinafter, ICA) is an arbitration court, appealing whereto is one of the alternative methods to resolve cross-border disputes (Alternative Dispute Resolution — ADR). "International" is a rather conditional definition, since arbitration is established and regulated by national laws. This term refers to the nature of disputes considered, as they are complicated by the involvement of more than one jurisdiction (for example, the presence abroad of one of the parties, the subject of the dispute or the place of performance of the obligation[1]).

There are two types of ICA:

1. Institutional arbitration, a permanent arbitration institution.
2. Adhoc arbitration, formed specifically for consideration of a particular dispute.

One of the most well-known arbitration institutions are:

1. European:
   - International Chamber of Commerce in Paris (ICC);
   - Arbitration Institute of the Stockholm Chamber of Commerce (SCC);
   - London Court of International Arbitration (LCIA);
   - Vienna International Arbitral Centre (VIAC);
2. Asian:
   - Hong Kong International Arbitration Centre (HKIAC);
   - Singapore International Arbitration Centre (SIAC);
3. American:
   - American Arbitration Association (AAA);
4. Russian:
   - International Commercial Arbitration Court at the Chamber of Commerce and Industry of the Russian Federation;
   - Russian Arbitration Centre at the Russian Institute of Modern Arbitration.

Currently, ICA is a widely applied instrument. This is attributable to a number of advantages that ICA has compared to the litigation, negotiation, mediation. For example, unlike court proceedings, the arbitration procedure is quite flex-

1. Clause 3 of Article 1 of Law of the Russian Federation No. 5338-1 "On International Commercial Arbitration" dated 07.07.1993

ible. Parties may determine "rules of the game" at their own discretion. They may choose the language of proceedings, the place of arbitration, the number of arbitrators and the procedure for their election. Parties may also agree on additional requirements for the nomination of arbitrators (qualifications, experience in a particular field, knowledge of the language, etc.).

A lot of people are attracted by the confidentiality of the arbitration procedure. However, it should be noted that this advantage is rather conditional. The fact of the arbitration ceases to be confidential once it is required to impose interim measures, to seek evidence or to enforce an arbitral award. Generally, the only possibility to forcibly do this is through national judicial bodies, which inevitably entails publicity and public exposure.

The main and compelling argument in favour of ICA remains the possibility of recognition and enforcement of foreign arbitral awards in the territory of many contracting states to the New York Arbitration Convention.

Convention on the Recognition and Enforcement of Foreign Arbitral Awards (New York, 1958)

The year of 2018 marks the 60th anniversary of the adoption of the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards (hereinafter, the Convention). It has been developed by the United Nations and is open to accession by any Member State of the United Nations, any member of any specialized agency of the United Nations, or is a Party to the Statute of the International Court of Justice. As of February 2019, 159 states are parties to the Convention[2]. The Russian Federation (as the successor of the USSR) has been a party to the Convention since November 22, 1960.

The main purpose of this convention is to create an effective mechanism for recognition and enforcement of foreign arbitral awards. Such mechanism should be applied under unified standards in all participating states. A wide range of parties to the Convention and, accordingly, the possibility of enforcement of foreign arbitral awards in the territory of such states is the main advantage of ICA as a method to resolve cross-border disputes.

The enforceability of foreign arbitral awards is the main advantage of ICA, since there is no other comprehensive international mechanism for foreign judicial awards. Bilateral agreements on legal assistance (which generally set the obligation for states to recognize and enforce each other's judicial awards) are not entered into by all states. Such local agreements also have a limited number of participants. Therefore, there is a risk of non-execution of a foreign award in the territory of the state which has not entered into the relevant agreement. However, as noted above, one should not underestimate the role of national judicial authorities, since without their assistance ICA is practically powerless.

Procedure for recognition and enforcement of foreign arbitral awards

Procedure for recognition and enforcement of foreign arbitral awards is similar in all participating countries, as it is based on the unified international standard, the Convention. Let us consider this procedure by the example of the Russian Federation, where it is regulated by the Arbitration Procedure Code and the Law "On International Commercial Arbitration".

In accordance with the rules on exclusive jurisdiction[3] an application for the issuance of a writ of execution for the enforcement of foreign arbitral awards shall be submitted to the arbitration court of the constituent entity of the Russian Fed-

2. http://www.uncitral.org/uncitral/en/uncitral_texts/arbitration/NYConvention_status.html
3. Article 38 of Arbitration Procedure Code No. 95-ФЗ dated 24.07.2002

eration at the debtor's location or place of residence. In case his location or place of residence is unknown — at the location of the debtor's (party to the arbitration proceedings) property. The application is submitted in writing and shall be signed by the claimant or his representative. The said application may also be submitted by filling out the form posted on the official website of the arbitration court on the information and telecommunication network Internet[4].

The claiming party shall provide a duly certified copy of the arbitral award signed by arbitrators, as well as documents confirming the conclusion of the arbitration agreement. If the arbitral award or agreement is in a foreign language, the party shall provide a duly certified translation of such documents into Russian[5].

The application shall contain:

1. Name of the arbitration court to which the application is filed.
2. Name and location of the international commercial arbitration.
3. Name of the claimant, his location or place of residence.
4. Name of the debtor, his location or place of residence.
5. Information on the foreign arbitral award, recognition and enforcement of which is requested by the claimant.
6. Petition of the claimant for recognition and enforcement of a foreign arbitral award.
7. List of documents attached.

It should be noted that not all foreign arbitral awards are subject to recognition and enforcement. The Convention sets the reasons on which a court may refuse. Such reasons may include invalidity of the arbitration agreement, non-arbitration nature of the dispute, invalid composition of arbitrators, non-compliance of the procedure with the agreement of the parties, etc. The list of reasons is exhaustive and is not subject to broad interpretation. In other words, participating states shall provide no other reasons in their national laws for the refusal of recognition and enforcement of foreign arbitral awards. This serves as an additional guarantee of their enforceability.

Therefore, the enforceability of arbitral awards abroad, flexibility and confidentiality of the procedure makes ICA one of the most popular methods of resolving cross-border commercial disputes nowadays. A

4. Article 242 of Arbitration Procedure Code No. 95-ФЗ dated 24.07.2002
5. Article 35 of Law of the Russian Federation No. 5338-1 "On International Commercial Arbitration" dated 07.07.1993

About the Company

Korpus Prava was established in 2003 in Moscow, Russia. Together with our offices in Russia, Cyprus, Latvia and Hong Kong we offer clients a truly international service. Our highly qualified and friendly staff is available to provide to the clients a flexible, reliable and efficient service.

The mission of the Company is to raise the business value of the client and bring down risks.

Korpus Prava offers services in:

- Legal and tax consulting
- Transformation of financial statements to IFRS
- International tax planning
- Project consulting
- Corporate services
- Capital transactions / M&A
- Tax disputes
- Economic disputes and bankruptcy
- Real estate transactions
- Intellectual property
- Financial Consulting

The company is mentioned in the rankings of the leading international directory "Legal 500" that is completely and comprehensively overtaking the global scope of legal services.

Korpus Prava was nominated as the best legal firm in Russia according to the authoritative magazine "The Lawyer"; it takes one of the leading positions amongst Top 50 legal firms in Cyprus, and it has also been recognised as the best international legal firm for tax planning in Cyprus. Korpus Prava Private Wealth Practice has taken fifth place in Private Banking and Private Wealth sector in Russia, in the category of Succession Planning Advice and Trusts according to the annual rankings of Private Banking Russia Survey 2016 of the prestigious magazine "Euromoney" (as of February, 2016).

Korpus Prava is a member of Cyprus Fiduciary Association (CFA) and Franco-Russian Chamber of Commerce and Industry (CCIFR). It takes part in the development of business community, business presentations and the exchange of professional experience.

Our certified specialists conduct seminars and consultations for accountants and the representatives of company financial services; they act as experts, and they are published in popular financial publications.

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