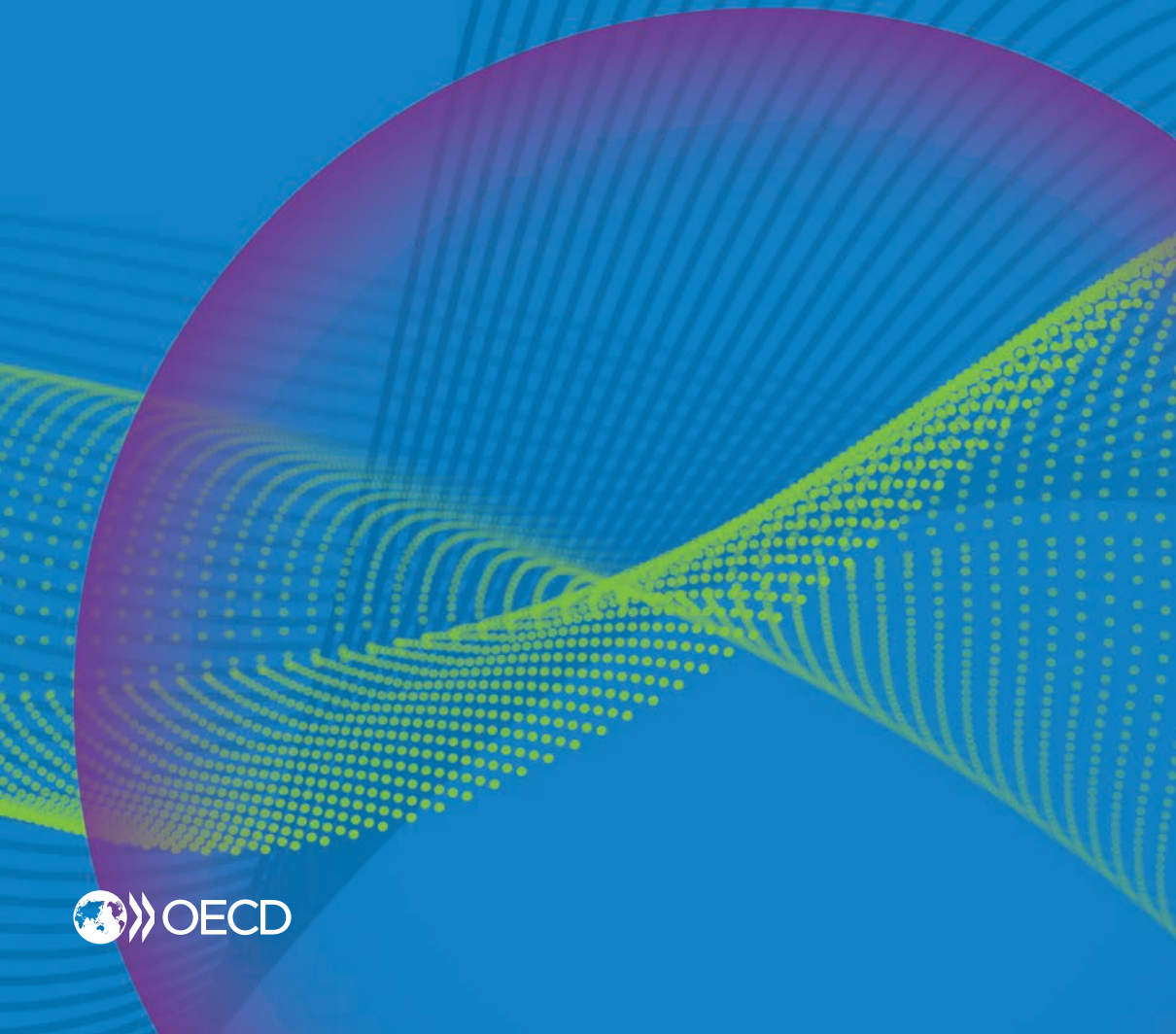
GLOBAL FORUM ON
TRANSPARENCY AND EXCHANGE OF INFORMATION FOR TAX PURPOSES

Peer Review Report on the Exchange of Information on Request

RUSSIAN FEDERATION

2021 (Second Round, Phase 1)



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Global Forum on Transparency and Exchange of Information for Tax Purposes: Russian Federation 2021 (Second Round, Phase 1)

PEER REVIEW REPORT ON THE EXCHANGE OF INFORMATION ON REQUEST

BETTER POLICIES FOR BETTER LIVES

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Reader's guide

The Global Forum on Transparency and Exchange of Information for Tax Purposes (the Global Forum) is the multilateral framework within which work in the area of tax transparency and exchange of information is carried out by over 160 jurisdictions that participate in the Global Forum on an equal footing. The Global Forum is charged with the in-depth monitoring and peer review of the implementation of the international standards of transparency and exchange of information for tax purposes (both on request and automatic).

Sources of the Exchange of Information on Request standards and Methodology for the peer reviews

The international standard of exchange of information on request (EOIR) is primarily reflected in the 2002 OECD Model Agreement on Exchange of Information on Tax Matters and its commentary, Article 26 of the OECD Model Tax Convention on Income and on Capital and its commentary and Article 26 of the United Nations Model Double Taxation Convention between Developed and Developing Countries and its commentary. The EOIR standard provides for exchange on request of information foreseeably relevant for carrying out the provisions of the applicable instrument or to the administration or enforcement of the domestic tax laws of a requesting jurisdiction. Fishing expeditions are not authorised but all foreseeably relevant information must be provided, including ownership, accounting and banking information.

All Global Forum members, as well as non-members that are relevant to the Global Forum's work, are assessed through a peer review process for their implementation of the EOIR standard as set out in the 2016 Terms of Reference (ToR), which break down the standard into 10 essential elements under three categories: (A) availability of ownership, accounting and banking information; (B) access to information by the competent authority; and (C) exchanging information.

The assessment results in recommendations for improvements where appropriate and an overall rating of the jurisdiction's compliance with the EOIR standard based on:

1. The implementation of the EOIR standard in the legal and regulatory framework, with each of the element of the standard determined to be either (i) in place, (ii) in place but certain aspects need improvement, or (iii) not in place.
2. The implementation of that framework in practice with each element being rated (i) compliant, (ii) largely compliant, (iii) partially compliant, or (iv) non-compliant.

The response of the assessed jurisdiction to the report is available in an annex. Reviewed jurisdictions are expected to address any recommendations made, and progress is monitored by the Global Forum.

A first round of reviews was conducted over 2010-16. The Global Forum started a second round of reviews in 2016 based on enhanced Terms of Reference, which notably include new principles agreed in the 2012 update to Article 26 of the OECD Model Tax Convention and its commentary, the availability of and access to beneficial ownership information, and completeness and quality of outgoing EOI requests. Clarifications were also made on a few other aspects of the pre-existing Terms of Reference (on foreign companies, record keeping periods, etc.).

Whereas the first round of reviews was generally conducted in two phases for assessing the legal and regulatory framework (Phase 1) and EOIR in practice (Phase 2), the second round of reviews combine both assessment phases into a single review. For the sake of brevity, on those topics where there has not been any material change in the assessed jurisdictions or in the requirements of the Terms of Reference since the first round, the second round review does not repeat the analysis already conducted. Instead, it summarises the conclusions and includes cross-references to the analysis in the previous report(s). Information on the Methodology used for this review is set out in Annex 3 to this report.

Consideration of the Financial Action Task Force Evaluations and Ratings

The Financial Action Task Force (FATF) evaluates jurisdictions for compliance with anti-money laundering and combating terrorist financing (AML/CFT) standards. Its reviews are based on a jurisdiction's compliance with 40 different technical recommendations and the effectiveness regarding 11 immediate outcomes, which cover a broad array of money-laundering issues.

The definition of beneficial owner included in the 2012 FATF standards has been incorporated into elements A.1, A.3 and B.1 of the 2016 ToR. The 2016 ToR also recognises that FATF materials can be relevant for carrying out EOIR assessments to the extent they deal with the definition of beneficial ownership, as the FATF definition is used in the 2016 ToR (see 2016 ToR, Annex 1, part I.D). It is also noted that the purpose for which the FATF materials have been produced (combating money-laundering and terrorist financing) is different from the purpose of the EOIR standard (ensuring effective exchange of information for tax purposes), and care should be taken to ensure that assessments under the ToR do not evaluate issues that are outside the scope of the Global Forum's mandate.

While on a case-by-case basis an EOIR assessment may take into account some of the findings made by the FATF, the Global Forum recognises that the evaluations of the FATF cover issues that are not relevant for the purposes of ensuring effective exchange of information on beneficial ownership for tax purposes. In addition, EOIR assessments may find that deficiencies identified by the FATF do not have an impact on the availability of beneficial ownership information for tax purposes; for example, because mechanisms other than those that are relevant for AML/CFT purposes exist within that jurisdiction to ensure that beneficial ownership information is available for tax purposes.

These differences in the scope of reviews and in the approach used may result in differing conclusions and ratings.

More information

All reports are published once adopted by the Global Forum. For more information on the work of the Global Forum on Transparency and Exchange of Information for Tax Purposes, and for copies of the published reports, please refer to www.oecd.org/tax/transparency and http://dx.doi.org/10.1787/2219469x.

Abbreviations and acronyms

2016 TOR	Terms of Reference related to EOIR, as approved by the Global Forum on 29-30 October 2015
ACCC	Agricultural Credit Consumer Co-operatives
AML	Anti-Money Laundering
AML/CFT	Anti-Money Laundering/Countering the Financing of Terrorism
BP	Business partnership
CBR	Central Bank of Russia
CCC	Credit Consumer Co-operatives
CDD	Customer Due Diligence
CI	Credit Institutions
CIS	Commonwealth of Independent States
DTC	Double Tax Convention
EOI	Exchange of Information
EOIR	Exchange of Information on Request
FATF	Financial Action Task Force
FTS	Federal Tax Service
GDP	Gross Domestic Product
Global Forum	Global Forum on Transparency and Exchange of Information for Tax Purposes
IE	Insurance Entities
IP	Investment Partnership
IUF	Investment Unit Fund

JSC	Joint Stock company
LLC	Limited liability company
MC	Management Companies of Investment Funds, mutual Funds and Non-state Pension Funds
MFO	Microfinance Organisations
Multilateral Convention	Convention on Mutual Administrative Assistance in Tax Matters, as amended in 2010
NCFI	Non-credit Financial Institutions
NPF	Non-state Pension Funds
PPSM	Professional Participants of the Securities Market
Rosfinmonitoring	Federal Financial Monitoring Service
RUB	Rubble
SP	Simple partnership
STS	Simplified Taxation System
TIEA	Tax Information Exchange Agreement
TIN	Taxpayer Identification Number
USRLE	Unified State Register of Legal Entities

Executive summary

1. This report analyses the implementation of the standard of transparency and exchange of information on request in Russia on the second round of reviews conducted by the Global Forum. Because of the COVID-19 pandemic, the onsite visit that was scheduled to take place in March 2020 was cancelled. The present report therefore assesses the legal and regulatory framework in force as at 5 March 2021 against the 2016 Terms of Reference (Phase 1). The assessment of the practical implementation of the legal framework of Russia will take place separately at a later time (Phase 2 review).

2. This report concludes that overall Russia has a legal and regulatory framework in place that generally ensures the availability, access and exchange of all relevant information for tax purposes in accordance with the standard, but needs improvements in several areas. In 2014, the Global Forum evaluated Russia against the 2010 Terms of Reference and rated Russia Largely Compliant overall, with some improvements needed in its legal and regulatory framework (see Annex 3 for details).

Comparison of determinations and ratings for First Round Report and determinations for Second Round Phase 1 Report

	First Round Report (2014)		Second Round Report (2021)
Element	**Determinations**	**Ratings**	**Determinations**
A.1 Availability of ownership and identity information	Needs improvement	Largely Compliant	Needs improvement
A.2 Availability of accounting information	In place	Compliant	Needs improvement
A.3 Availability of banking information	In place	Largely Compliant	Needs improvement
B.1 Access to information	Needs improvement	Partially Compliant	In place
B.2 Rights and Safeguards	In place	Compliant	In place
C.1 EOIR Mechanisms	Needs improvement	Largely Compliant	In place
C.2 Network of EOIR Mechanisms	Needs improvement	Largely Compliant	In place
C.3 Confidentiality	In place	Compliant	In place
C.4 Rights and safeguards	Needs improvement	Largely Compliant	In place
C.5 Quality and timeliness of responses	Not applicable	Compliant	Not applicable
Overall rating	Largely Compliant		Not applicable

Note: The three-scale determinations for the legal and regulatory framework are In place, In place but certain aspects of the legal implementation of the element need improvement (needs improvement), and Not in place. The four-scale ratings on compliance with the standard (capturing both the legal framework and practice) are Compliant, Largely Compliant, Partially Compliant, and Non-Compliant.

Progress made since the previous review

3. Since the 2014 Report, Russia has strengthened the powers of the competent authority to access relevant information and exchange it with foreign partners. The Russian tax authorities can now access and exchange the information held by auditors that is protected by professional secrecy rules. Russia also enhanced its EOI network, in particular with the entry into force of the Convention on Mutual Administrative Assistance in Tax Matters (the Multilateral Convention) on 1 July 2015.

4. Russia also made efforts to monitor the availability of the ownership information in relation with the "one-day firms" referred to in the 2014 Report, in particular by clarifying the concept of inactive companies.

5. The legal and regulatory framework of Russia is now in place for the elements of the standard related to exchange with partners. Further progress remains to be done on the availability of all relevant information.

Key recommendations

6. The standard was strengthened in 2016 to require the availability of information on the beneficial owners of legal entities and arrangements. In Russia, the main mechanisms for the availability of this information are covered by the anti-money laundering (AML) framework with the customer due diligence (CDD) requirements for the AML-obliged persons and an obligation for the legal entities themselves to have the information on their beneficial owners. However, these requirements are not sufficient to always ensure the availability of full beneficial ownership information and for all bank account holders (elements A.1 and A.3). In particular, as the customer due diligence requirements include an obligation to "take reasonable and available measures" to identify the beneficial owners of the clients, there may be instances where the application of the measures does not result in the identification of the beneficial owners. Further, when it is not possible to identify the beneficial owner of a legal entity according to the legal definition, the "sole executive body" of this legal person may be deemed the beneficial owner but there is no clear requirement that this person be an individual. Regarding the obligation on the legal entities themselves, there is no clear obligation to identify the natural person who holds the position of senior manager of the entity when no individual meets the definition of beneficial owner and the information contained in the USRLE does not ensure

that the senior manager identified is always a natural person. The coverage of relevant foreign partnerships and foreign trusts raises also some doubts due to exceptions to the AML requirements. Therefore, recommendations have been made for ensuring the availability of the beneficial ownership information in all cases for the relevant entities and arrangements.

7. In addition, Russia has not yet addressed the recommendations from the 2014 Report in relation to the availability of ownership and identity information in respect of relevant foreign companies, partnerships and trusts, and therefore they are maintained in the current review.

8. With respect to accounting records, a gap is identified in the retention period of the accounting records by foreign legal entities as this period is limited to four years instead of five years in the standard.

Exchange of information in practice

9. Russia has significant experience in EOI, both as requesting and requested jurisdiction. Peer input received for this review confirmed that peers are generally satisfied with Russia's answers to their EOI requests, although the beneficial ownership information had not always been provided. The assessment of the exchange of information in practice is not covered by this report and will be the object of the upcoming Phase 2 review that will take place as soon as the travel conditions allow the assessment team to visit Russia.

Next step

10. This review assesses only the legal and regulatory framework of Russia for transparency and exchange of information. Russia has achieved a determination of "in place" for the six elements related to access and exchange of information (B.1, B.2, C.1, C.2, C.3 and C.4) and "in place but needs improvement" for the three elements related to the availability of information (A.1, A.2 and A.3). Overall, Russia has a legal and regulatory framework in place that generally ensures the availability, access and exchange of all relevant information for tax purposes in accordance with the standard, but improvements are needed in several areas. The rating for each element and the Overall Rating will be issued once the Phase 2 review is completed.

11. This report was approved at the Peer Review Group of the Global Forum on 20 May 2021 and was adopted by the Global Forum on 18 June 2021. Unless the Phase 2 review is organised by then, a follow up report on the steps undertaken by Russia to address the recommendations made in this report should be provided to the Peer Review Group no later than 30 June 2022 and thereafter in accordance with the procedure set out under the 2016 Methodology for peer reviews, as amended in December 2020.

Summary of determinations, ratings and recommendations

Determinations	Factors underlying recommendations	Recommendations
Jurisdictions should ensure that ownership and identity information, including information on legal and beneficial owners, for all relevant entities and arrangements is available to their competent authorities *(ToR A.1)*		
The legal and regulatory framework is in place but needs improvement	There is no clear obligation for ownership and identity information to be kept on foreign companies which have a sufficient nexus with Russia and foreign partnerships which are carrying on business in Russia, or have income, credits or deductions for tax purposes in Russia.	Russia should ensure that up-to-date ownership and identity information is kept for relevant foreign entities.
	Identity and beneficial ownership information on foreign trusts is not always available. This information may be available when the foreign trusts have a relationship with a Russian AML-obliged person, which is not mandatory. There is no separate requirement under the AML law for trustees that are not otherwise AML-obliged persons to keep beneficial ownership information in relation to the foreign trust. Moreover, deficiencies are identified in the CDD requirements for the identification by the AML-obliged persons of the BO of their clients and there are doubts on the proper identification of the beneficial owners of foreign trusts. The tax law provides the obligation for the foreign trusts to disclose to the tax authority the identity of their settlors, beneficiaries and trustees only if they own an immovable property in Russia. It also compels Russian taxpayers to disclose to the tax authority their participation in a foreign trust. However, this obligation does not entail the disclosure of the identity of all the participants to and beneficial owners of the foreign trusts.	Russia should ensure that information identifying the settlors, trustees, beneficiaries and all beneficial owners of foreign trusts, which are administered in Russia or in respect of which a trustee is resident in Russia, is available to its competent authority in all cases.

Determinations	Factors underlying recommendations	Recommendations
	The Russian legal persons (companies, partnerships and co-operatives) have the obligation to identify their beneficial owners. When no individual meets the definition of beneficial owner, the "default" information on the natural person who holds the position of senior manager is available in the Register (USRLE) or tax databases through a combination of legal requirements. Beneficial ownership information on legal entities and arrangements may also be available to the extent that they have an on-going relationship with an AML-obliged person in Russia, which is not mandatory. There is no clear requirement to identify the beneficial owners of a client before the AML-obliged person enters into business relationships with this client, except for the opening of a bank account. Moreover, the AML-obliged persons are required to "take reasonable and available measures, in the existing circumstances", for the identification of the beneficial owners of their clients. Consequently, the information on the beneficial owners may not be available in instances where the application of the measures does not result in the identification of the beneficial owners. Further, the AML Law requires that, if it is not possible for the AML-obliged persons to identify the beneficial owner of a legal entity according to the legal definition, the "sole executive body" of this legal person may be deemed the beneficial owner. Although the general definition of beneficial owner under the AML Law provides that beneficial owner can only be a natural person, the sole executive body is not clearly encompassed by this definition and there is no clear requirement that the sole executive body be a natural person. In addition, there are doubts on the proper identification of the beneficial owners of foreign partnerships.	Russia should ensure that the information on the beneficial owners of all relevant entities and arrangements be available in line with the standard.

Determinations	Factors underlying recommendations	Recommendations
Jurisdictions should ensure that reliable accounting records are kept for all relevant entities and arrangements *(ToR A.2)*		
The legal and regulatory framework is in place but needs improvement	For the relevant foreign companies and partnerships, the accounting requirements arise only from the Tax Law and then, the minimum retention period is only four years for the accounting records, including the underlying documentation.	Russia is recommended to ensure the availability of all accounting records for a minimum retention period of five years for all relevant foreign companies and partnerships.
Banking information and beneficial ownership information should be available for all account-holders *(ToR A.3)*		
The legal and regulatory framework is in place but needs improvement	Banks are covered by the AML provisions in relation with the identification of the beneficial owners of their clients. However, banks are required to "take reasonable and available measures, in the existing circumstances", for the identification of the beneficial owners of their clients. Consequently, the information on the beneficial owners may not be available in instances where the application of the measures does not result in the identification of the beneficial owners. Further, the AML Law requires that, if it is not possible to identify the beneficial owner of a legal entity according to the legal definition, the "sole executive body" of this legal person may be deemed the beneficial owner. Although the general definition of beneficial owner under the AML Law provides that beneficial owner can only be a natural person, the sole executive body is not clearly encompassed by this definition and there is no clear requirement that the sole executive body be a natural person. There are also doubts on the proper identification of the beneficial owners of foreign partnerships and foreign trusts.	Russia should ensure that the information on the beneficial owners of all account holders is available in all cases.

Determinations	Factors underlying recommendations	Recommendations
Competent authorities should have the power to obtain and provide information that is the subject of a request under an exchange of information arrangement from any person within their territorial jurisdiction who is in possession or control of such information (irrespective of any legal obligation on such person to maintain the secrecy of the information) *(ToR B.1)*		
The legal and regulatory framework is in place		
The rights and safeguards (e.g. notification, appeal rights) that apply to persons in the requested jurisdiction should be compatible with effective exchange of information *(ToR B.2)*		
The legal and regulatory framework is in place		
Exchange of information mechanisms should provide for effective exchange of information *(ToR C.1)*		
The legal and regulatory framework is in place		
The jurisdictions' network of information exchange mechanisms should cover all relevant partners *(ToR C.2)*		
The legal and regulatory framework is in place		
The jurisdictions' mechanisms for exchange of information should have adequate provisions to ensure the confidentiality of information received *(ToR C.3)*		
The legal and regulatory framework is in place		
The exchange of information mechanisms should respect the rights and safeguards of taxpayers and third parties *(ToR C.4)*		
The legal and regulatory framework is in place		

Determinations	Factors underlying recommendations	Recommendations
The jurisdiction should request and provide information under its network of agreements in an effective manner *(ToR C.5)*		
Legal and regulatory framework	This element involves issues of practice. Accordingly, no determination on the legal and regulatory framework has been made.	

Overview of Russia

12. This overview provides some basic information about Russia that serves as context for understanding the analysis in the main body of the report.

Legal system

13. Russia is a semi-presidential federal republic, with a President as Head of State and a Prime Minister as leader of the government. The parliament is bi-cameral, with the Federation Council as the upper house, and the State Duma, the lower house. Russia has a civil law system, and the legal framework is governed by the 1993 Constitution of Russia, which is above international treaties, themselves above domestic legislation (federal, regional and municipal legislation). The Russian Federation is comprised of administrative divisions known as republics, regions (*oblast*), territories (*krai*), autonomous areas (*okrug*) federal cities or autonomous oblast, but federal laws, such as the Tax Code and Civil Code, apply to the whole Russian territory.

14. Russia's judicial system has three streams. Constitutional courts (headed by the Constitutional Court) deal with any matters arising from the Constitution, including disputes between citizens and the State. Courts of commercial jurisdiction (headed by the Supreme Arbitration Court) are charged with handling disputes between commercial entities (which include individual entrepreneurs). Courts of general jurisdiction (headed by the Supreme Court) adjudicate criminal matters and civil disputes between private individuals. Appeals relating to the imposition of a sanction for a tax offence must first be made to a higher tax official, although an appeal to a court remains possible at a later stage. Appeals on other matters relating to the application of the Tax Code may be made in the first instance to either a higher tax official or to a court. For entities or individual entrepreneurs, appeals are made through the commercial courts system, whilst individuals' appeals are made through the general jurisdiction courts.

Tax system

15. The Tax Code and federal laws concerning taxes, levies and insurance contributions which are adopted in accordance with the Tax Code apply to the whole Russian Federation and govern: the types of taxes and levies, tax liabilities, rights and obligations of taxpayers and third parties, tax audits and control, tax offences and tax procedures. Sub-federal entities can also adopt legislation on local taxes within the limits allowed by federal laws. The Tax Code defines special tax regimes with special procedures for defining the tax base and partial or full tax exemptions, such as the simplified taxation system.

16. Entities (companies and partnerships) incorporated in Russia are liable to income tax on their worldwide income, calculated for each tax period on the basis of data in accounting records or of other documented information on taxable items or on items relevant to the assessment of tax. Foreign entities with a permanent establishment in Russia (as defined in article 306 of the Tax Code) are liable to income tax on their Russian source income. The standard income tax rate for entities is 20% (article 284 of the Tax Code). Entities are also liable to withholding taxes on some Russian source income paid to a foreign entity (articles 246 and 309 of the Tax Code).

17. Individuals who are tax residents in Russia are liable to income tax on their worldwide income (article 209 of the Tax Code). Non-resident individuals are liable to income tax on incomes received from Russian sources. For income tax, the Russian tax residents are defined as individuals who are actually in Russia for not less than 183 calendar days over twelve consecutive months (article 207 of the Tax Code). The standard income tax rate for individuals is 13% (article 224 of the Tax Code).

18. The income of trusts created under foreign law are taxable in Russia only to the extent that the trustee or beneficiaries are subject to tax in Russia. Any property or income held in trust is attributed to the legal owner. Where the trustee is resident in Russia, the income received by the trust is considered to be earned by the trustee and is subject to personal or profit tax, depending on the nature of the trustee. This is also the case with respect to investment unit funds which can be formed under Russian law when the trustee is a company formed in Russia.

19. The Federal Tax Service (FTS) is the federal executive authority responsible for controlling and supervising compliance with Russia's legislation on taxes and fees. It also has a number of other responsibilities, including the state registration of legal entities, individual entrepreneurs as well as maintaining the taxpayer's registry. The FTS is the delegated competent authority for exchange of information with foreign partners.

Financial services sector

20. The financial sector of Russia is represented by the banking sector (credit institutions [CI]) that includes banks and non-banking credit institutions, and the sector of non-credit financial institutions (NCFI), which includes professional participants of the securities market (PPSM), insurance entities (IE), non-state pension funds (NPF), management companies (MC) of investment funds, mutual funds and non-state pension funds, microfinance organisations (MFO), credit consumer co-operatives (CCC), agricultural credit consumer co-operatives, and pawnshops.

21. The financial sector is an important actor in the Russian economy and is focused on the domestic and regional market. The largest market share the Russian financial sector is held by CIs. Assets of CIs increased by 6.9% to RUB 94.1 trillion (EUR 1 035 billion) in 2018. The growth of the assets lagged behind the growth of nominal GDP, and as a result, the ratio of assets of the CI to GDP was decreased from 92.5% to 90.6% for 2018.

22. The total assets of the PPSM were increased by 1.6 times for 2018 and amounted to RUB 1 136.1 billion (EUR 12.5 billion) or 1.1% of GDP at the end of 2018. The ratio of assets of IE to GDP was 2.8% in 2018, reaching RUB 2 918.9 billion (EUR 32.1 billion) an increase of 20.1% compared to 2017). The total volume of the NPF assets increased by 6.3% in 2018 and amounted to RUB 4 057 billion (EUR 45 billion) (the share of assets to GDP was 3.9%). The ratio of assets of other types of NCFI (MC, MFO, CCC, ACCC, pawnshops) to GDP was less than 1% for 2018.

23. The total share of the financial sector's assets to GDP is approaching 100%. The number of financial institutions in Russia, as presented below, has decreased over recent years due to the consolidation of the financial market and a stricter application of the licensing requirements for credit institutions.

Financial institutions in Russia

	Number of financial institutions		
Type of financial institution	as of 1 January 2017	as of 1 January 2018	as of 1 January 2019
Credit institutions	623	561	484
Non-credit financial institutions (NCFI)	15 984	13 255	11 090
professional participants of the securities market (PPSM)	681	614	537
management companies of investment funds (MC)	333	305	280
Insurance entities (IE)	364	309	275
non-state pension funds (NPF)	74	66	52
microfinance organisations (MFO)	2 588	2 271	2 002

Type of financial institution	Number of financial institutions as of 1 January 2017	as of 1 January 2018	as of 1 January 2019
credit consumer co-operatives (CCC)	3 059	2 666	2 285
agricultural credit consumer co-operatives (ACCC)	1 470	1 242	1 042
Pawnshops	7 415	5 782	4 617
Total	16 607	13 816	11 574

24. According to Federal Law no. 86 On the Central Bank of Russia (CBR) of 10 July 2002 (the CBR Law) the CBR is in charge of regulating and supervising the banking sector. This includes making decisions on the state registration of the CI and exercising ongoing supervision over the compliance by the CI with the laws and the CBR regulations. The CBR has been also in charge of regulating, controlling and supervising the NCFI since 2013.

Anti-Money Laundering framework

25. The AML/CFT system in Russia relies on Federal Law no. 115 of 7 August 2001 "On the Countering the Money Laundering and the Financing of Terrorism" (the AML Law). The AML Law includes the requirement for AML-obliged persons to carry out customer due diligence (CDD), including the identification of their clients and the identification of their client's representatives, beneficiaries and beneficial owners and the identification of the origin of the clients' funds. The provisions of the AML Law set the lists of AML-obliged persons (articles 5 and 7.1) and of transactions subject to AML review (article 6).

26. The CBR issued regulations no. 499 of 15 October 2015 and no. 444 of 12 December 2014 to define the requirements for the identification of CI's and NCFI's clients and client's representatives, beneficiaries and beneficial owners. The Order of Rosfinmonitoring no. 366 of 22 November 2018 also provides for requirements for the identification of clients, its representatives, beneficiaries and beneficial owners including taking into account the level of risk of transactions.

27. The AML Law also requires legal entities incorporated in Russia to keep the information on their beneficial ownership and to provide this information, upon request, to the competent authorities, including the FTS (article 6.1).

28. The FATF conducted its Fourth Round of Mutual Evaluation of Russia's compliance with the AML/CFT standard in 2019. Russia was rated Largely Compliant with Recommendations 10 (Customer due diligence),

22 (DNFBPs: Customer due diligence) and 24 (Transparency and beneficial ownership of legal persons) and Partially Compliant with Recommendation 25 (Transparency and beneficial ownership of legal arrangements) while Immediate Outcome 5 (Legal persons and arrangements) was determined to be Substantially Effective and Immediate Outcome 3 (Supervision) was determined to be Moderately Effective. The Mutual Evaluation Report[1] issues recommendations in particular for extending the scope of the AML/CFT law to all persons who provide as a business legitimate services to trusts and companies for ensuring that all these persons are properly supervised for AML/CFT purposes, particularly legal professionals, in order to ensure reliable information on legal persons and arrangements.

Recent developments

29. Russia amended its Tax Code by Federal Law no. 8-FZ of 17 February 2021 in order to extend from four to five years the minimum retention period of accounting information. This amendment entered into force on 17 March 2021.

1. https://www.fatf-gafi.org/media/fatf/documents/reports/mer4/Mutual-Evaluation-Russian-Federation-2019.pdf.

Part A: Availability of information

30. Sections A.1, A.2 and A.3 evaluate the availability of ownership and identity information for relevant entities and arrangements, the availability of accounting information and the availability of banking information.

A.1. Legal and beneficial ownership and identity information

Jurisdictions should ensure that legal and beneficial ownership and identity information for all relevant entities and arrangements is available to their competent authorities.

31. The 2014 Report had found that information on the legal ownership of legal entities in Russia was generally available, but the legal framework needed improvement. There was no clear requirement under the Russian law to maintain in all cases the legal ownership information available for foreign companies and partnerships with a sufficient nexus with Russia. Further, the identification of the beneficiaries of the foreign trusts administered in Russia was not ensured in all cases. Therefore, recommendations were issued on each of these aspects.

32. In respect of the recommendation on foreign companies and foreign partnerships, Russia clarified that a foreign legal entity carrying out a business activity in Russia must register with the Russian tax administration, whether it is taxable in Russia or not. In the course of the registration process, a foreign entity must provide its constituent documents. Even though those documents usually provide for the name of legal owners, the availability of this information depends on the law of the jurisdiction of incorporation of the entity and it cannot be ensured that this information is always contained in the constituent documents or that it is up to date. Hence, the recommendation on foreign companies and partnerships, as made in the 2014 Report, continues to apply.

33. In respect of the recommendation on foreign trusts, the AML Law now clearly provides for the identification of the founders (settlors) and the trustee of the foreign trust in all cases when it engages the services of an AML-obliged person in Russia. The AML-obliged persons are also

required to take reasonable and available measures for the identification of the beneficial owners of their clients-foreign trusts. However, there is no legal obligation for a foreign trust administered in Russia to use the services of an AML-obliged person. The Tax Code also sets out the obligation for Russian taxpayers to notify their participation in a foreign trust. However, this requirement does not include the information on all beneficial owners of the trust. Therefore, the recommendation in relation to the identification of the ownership of a foreign trust is maintained.

34. Not discussed in the 2014 Report, but now an integral part of the standard as strengthened in 2016, is the availability of beneficial ownership information. The AML Law provides for the availability of the beneficial ownership information of the legal entities through two main requirements. First, the AML-obliged persons have the obligation to take reasonable and available measures for the identification of the beneficial owners of their clients. This requirement does not ensure that the information on the beneficial owners is available in all cases, or in any case prior to the establishment of the business relationship, except for the opening of a bank account. The definition of beneficial owner in the AML Law is in line with the standard on identifying individuals having control through ownership and other means. If it is not possible to identify the beneficial owner according to this definition, the "sole executive body" of the legal person may be deemed the beneficial owner. Although the general definition of beneficial owner under AML Law provides that beneficial owners can only be a natural person, there is no clear requirement that the sole executive body be a natural person.

35. Second, all legal entities have the obligation to maintain information on their beneficial owners. This obligation is in line with the requirements of the standard. Where no natural person meets the criteria of control through ownership or other means, the legal entities does not have the obligation to identify a natural person who holds the position of senior managing official as a beneficial owner by default. This information is nonetheless available through other source, in particular in the tax databases.

36. No other material deficiencies have been identified in the legal and regulatory framework of Russia on the availability of legal and beneficial ownership and identity information.

37. The conclusions are as follows:

Legal and Regulatory Framework: in place, but certain aspects of the legal implementation of the element need improvement

Deficiencies identified/Underlying factor	Recommendations
There is no clear obligation for ownership and identity information to be kept on foreign companies which have a sufficient nexus with Russia and foreign partnerships which are carrying on business in Russia, or have income, credits or deductions for tax purposes in Russia.	Russia should ensure that up-to-date ownership and identity information is kept for relevant foreign entities.
Identity and beneficial ownership information on foreign trusts is not always available. This information may be available when the foreign trusts have a relationship with a Russian AML-obliged person, which is not mandatory. There is no separate requirement under the AML law for trustees that are not otherwise AML-obliged persons to keep beneficial ownership information in relation to the foreign trust. Moreover, deficiencies are identified in the CDD requirements for the identification by the AML-obliged persons of the BO of their clients and there are doubts on the proper identification of the beneficial owners of foreign trusts. The tax law provides the obligation for the foreign trusts to disclose to the tax authority the identity of their settlors, beneficiaries and trustees only if they own an immovable property in Russia. It also compels Russian taxpayers to disclose to the tax authority their participation in a foreign trust. However, this obligation does not entail the disclosure of the identity of all the participants to and beneficial owners of the foreign trusts.	Russia should ensure that information identifying the settlors, trustees, beneficiaries and all beneficial owners of foreign trusts, which are administered in Russia or in respect of which a trustee is resident in Russia, is available to its competent authority in all cases.

Deficiencies identified/Underlying factor	Recommendations
The Russian legal persons (companies, partnerships and co-operatives) have the obligation to identify their beneficial owners. When no individual meets the definition of beneficial owner, the "default" information on the natural person who holds the position of senior manager is available in the Register (USRLE) or tax databases through a combination of legal requirements. Beneficial ownership information on legal entities and arrangements may also be available to the extent that they have an on-going relationship with an AML-obliged person in Russia, which is not mandatory. There is no clear requirement to identify the beneficial owners of a client before the AML-obliged person enters into business relationships with this client, except for the opening of a bank account. Moreover, the AML-obliged persons are required to "take reasonable and available measures, in the existing circumstances", for the identification of the beneficial owners of their clients. Consequently, the information on the beneficial owners may not be available in instances where the application of the measures does not result in the identification of the beneficial owners. Further, the AML Law requires that, if it is not possible to identify the beneficial owner of a legal entity according to the legal definition, the "sole executive body" of this legal person may be deemed the beneficial owner. Although the general definition of beneficial owner under the AML Law provides that beneficial owner can only be a natural person, the sole executive body is not clearly encompassed by this definition and there is no clear requirement that the sole executive body be a natural person. In addition, there are doubts on the proper identification of the beneficial owners of foreign partnerships.	Russia should ensure that the information on the beneficial owners of all relevant entities and arrangements be available in line with the standard.

Practical Implementation of the Standard: The Global Forum is not in a position to issue a rating on this element, as it involves issues of practice that are dealt with in the Phase 2 review.

A.1.1. Availability of legal and beneficial ownership information for companies

38. The 2014 Report found that the legal ownership information was required to be kept by the companies themselves and in the Unified State Register of Legal Entities (USRLE) maintained by the Federal Tax Service (FTS). However, a recommendation was issued because of the lack of requirement under the Russian law to ensure that ownership information is kept for foreign companies that have a sufficient nexus with Russia. As beneficial ownership information on all companies should now also be available under the standard as strengthened in 2016, Russia's compliance with that aspect of the standard is considered below.

39. The Civil Code of the Russian Federation is the primary source of company law in Russia and distinguishes commercial from non-commercial legal entities. It is complemented by Federal Law No. 208-FZ of 26 December 1995 on Joint Stock Companies (law on JSC), Federal Law No. 14-FZ of 8 February 1998 on Limited Liability Companies (law on LLC) and Federal Law No. 99-FZ of 5 May 2014 on Amendment to the Civil Code.

40. There are two types of companies in Russia:

- The most common type of company is the Limited Liability Company (LLC), which constitutes almost 82% of all types of legal entities in Russia.[2] The governing laws of the LLC are the Civil Code and the law on LLC. The LLC is a business company with a capital divided into shares with a minimum share capital of RUB 10 000 (EUR 144) and a maximum number of members of 50. The liability of the members is limited to their capital contribution. On 30 November 2020, 2 758 545 LLC were established in Russia.
- The second type of company is the Joint-stock company (JSC), regulated by the Civil Code and the law on JSC. It constitutes less than 2% of all types of legal entities in Russia. The JSC is a business entity with a capital divided in shares with nominal value. The liability of the shareholders is limited to the value of their shares. The JSC can be:
  - Public JSC: a public JSC has a minimum share capital of RUB 100 000 (EUR 1 440) and can issue shares through open subscription. On 30 November 2020, 966 public JSC were established in Russia.

2. The legal entities in Russia encompass the companies, the partnerships and the non-profit entities (foundations and co-operatives).

- Non-public JSC: a non-public JSC has a minimum share capital of RUB 10 000 (EUR 144) and its shares cannot be placed through open subscription or offered for purchase to an unlimited circle of persons. On 30 November 2020, 30 469 non-public JSC were established in Russia.

41. The legal forms of public JSC and non-public JSC replace the forms of open JSC and closed JSC, referred to in the 2014 Report. Federal law no. 99 on Amendment to the Civil Code, which entered into force on 1 September 2014, abolished the legal forms of open and closed joint-stock companies and of additional liability companies. Legal entities set up before the entry into force of law no. 99 must bring their constituent documents as well as their corporate name in accordance with the new provisions upon the first change of their constituent documents (article 3(7) of law no. 99). The constituent documents of such legal entities, until they are brought into conformity, are valid in the part that does not contradict the new legal provisions set by law no. 99. On 30 November 2020, 8 594 open JSC and 20 811 closed JSC were still established in Russia.

42. There were also 8 085 foreign organisations, both legal entities and legal arrangements, recorded with the FTS on 30 September 2020, which performed their activities in Russia through permanent establishments.

Statistics on legal companies registered in Russia as of 30 November 2020

Limited Liability companies	Public Joint Stock companies	Non-public Joint Stock companies	Open Joint Stock companies	Closed Joint Stock companies	Foreign organisations (as of 30 September 2020)
2 758 545	966	30 469	8 594	20 811	8 085

Legal ownership and identity information requirements

43. The requirements for companies to keep information on their legal ownership and identity are mainly found in company law, i.e. the law on LLC and the law on JSC, which impose obligations on the relevant companies to keep this information. They are supplemented by Federal law no. 129 of 8 August 2001 on the USRLE (Law on State Registration). Russian tax law does not require the provision of ownership information to the Federal Tax Service (FTS), but the FTS is the institution that maintains the USRLE in which legal ownership information on LLCs and identity information on founders of JSC is available. AML obligations are an additional source of legal ownership information.

44. The following table shows a summary of the legal requirements to maintain legal ownership information in respect of companies.

Companies covered by legislation regulating legal ownership information [a]

Type	Company law	Tax Law [b]	AML law
Limited Liability company	All	Some	Some
Public Joint Stock company	All	Some	Some
Non-public Joint Stock company	All	Some	Some
Foreign companies (tax resident)	Some	Some	Some

Notes: a. The table shows each type of entity and whether the various rules applicable require availability of information for "all" such entities, "some" or "none". "All" means that the legislation, whether or not it meets the standard, contains requirements on the availability of ownership information for every entity of this type. "Some" means that an entity will be covered by these requirements if certain conditions are met.

b. The tax returns filled in by the legal entities do not include ownership information, except when the entity paid dividends: in such cases, the shareholder to whom such a dividend has been paid must be identified in the tax return, providing the recipient's name and TIN and the amount of income. In accordance with the Accounting Law, legal entities must also submit to the FTS, annually, a copy of their financial statements, which include explanatory notes with the composition (names and positions) of the members of the executive and control bodies of the entities. However, a full information on the legal ownership of the entity does not have to be provided and the requirement to include the ownership information in annex of the financial statements does not apply to certain legal entities such as small-size enterprises and non-profit organisations.

Company Law requirements of entities

45. The legal ownership and identity requirements for companies are described in the 2014 Report. All LLC and JSC are obliged to maintain updated ownership information.

46. For the LLC, the written agreement on the company's establishment must indicate the rate and nominal value of the shares of each of the company's founders (article 11.5 of law on LLC). In addition, an LLC must keep up to date a list of the company's participants with their identity, the amount of shares held in the capital and the total amount of shares of the capital (article 31.1). Each participant must inform the company in due time of any change in the data, such as a change in denomination, place of residence or location and number of shares held (article 31.1(3)). Russia indicated that the term "in due time" is interpreted in practice as a period of three to five days following the change. If a participant fails to supply information on changes

in the personal data, the company will not be held liable for the losses resulting from the inaccuracy of the data.

47. A JSC must maintain and keep permanently a register of its shareholders (article 44 of law on JSC; Resolution of the Federal Securities Commission of Russia No. 03-33 of 16 July 2003). For companies issuing securities, article 8 of Federal Law no. 39 on Securities Market requires that the collection, recording, processing and storage of data of the register of security holders are performed by an authorised register keeper, which must be a professional securities market participant subject to the AML Law.

Registration of all entities with the Federal Tax Service

48. In addition to those obligations of the companies, the Federal Tax Service (FTS) also maintains the Unified State Register of Legal Entities (USRLE) set up by the Federal Law No. 129-FZ of 8 August 2001 on State Registration of Legal Entities and Private Entrepreneurs (Law on State Registration). All legal entities incorporated in Russia are required to register in the USRLE to acquire their legal capacity (article 49(3) of the Civil Code). The registration in the USRLE is made by the FTS, except for non-profit organisations which are registered by the Ministry of Justice and for the credit institutions which are registered by the Central Bank of Russia (CBR).

49. The list of documents to be submitted during the state registration of the new legal entity is specified in article 12 of the Law on State Registration, and includes the constituent documents of the legal entity. The registration does not take more than three working days from the moment the documents required for the state registration are submitted to the FTS.

50. In accordance with article 5 of the Law on State Registration, the USRLE contains the following information on each legal entity:

- the name, address and organisational legal form of the entity
- the constituent document (original or copy) of the entity
- the information on the identity of the founders (participants) of the legal entity, and
    - in respect of LLC, information on the rates and nominal values of shares held by each participant in the company's capital
    - in respect of JSC, information on the holders of the registers of their shareholders
- the identity of the person entitled to act in the name of the legal entity without power of attorney (the senior manager).

51. The entity must inform the FTS of any changes in the required information within three days from the date of the change (article 5(5)). In such a case, the previous (outdated) information must also be kept permanently by the FTS (article 5(3)) in an electronic form.

52. The FTS must verify the accuracy of the information provided before entering it in the USRLE (article 51 of the Civil Code). This verification relies primarily on automated checks carried out each time some data is entered in the register (creation, amendments to the constituent documents, re-organisation and liquidation of the legal entity). The checks include the verification of the identity and the legal capacity of the applicant and of the founders of the legal entity as well as verifications based on risk indicators, based in particular on lists of identified persons or addresses recurring for a significant number of entities.

53. For verifying the information submitted, the FTS can review the documents and data already available to the FTS, obtain the necessary explanations, documents and information from the relevant persons (representatives of the legal entities), inspect real estate properties or resort to an expert (article 9(4.2) of Law on State Registration).

54. If the FTS considers the information provided is unreliable, it must not register the entity or include the information in the USRLE until the information is verified (article 9(4.4) of Law on State Registration). The FTS can deliver a decision of suspension of the registration to the applicant, mentioning the period of time within which this applicant can present the documents (which cannot be less than 5 days and is usually 30 days) and explanations for refuting the unreliability of the data provided. If the relevant documents and explanations are not provided, the application for registration is rejected.

55. Article 23 of the Law on State Registration provides for an exhaustive list of reasons for refusing the registration, including the confirmation on the unreliability of submitted information. The following table shows the statistics, over the last few years, on the refusals for registration of a legal entity or of submitted information due to the inaccuracy of the information or the disqualification of a director of an entity.

	2016	2017	2018	2019
Number of refusals	321 123	452 417	533 783	606 870
Including at the creation of a legal entity	64 937	109 342	160 538	197 703

56. These figures attest that the FTS effectively implement the provisions described above to verify the accuracy and the reliability of the information submitted to the USRLE on legal entities. The Russian authorities confirmed that the increase in the number of refusals is the result of a more active supervision of the reliability of the information entered in the USRLE, including by the increase of resources of the FTS dedicated to this supervision since 2017.

57. The data already included in the USRLE must also be verified where there are reasonable doubts on its reliability (article 9(4.2), Law on State Registration). The reasonable doubts can result from an objection from the persons concerned in respect of the registration or of amendments to the data included in the USRLE. The FTS also uses information contained in its databases or received from other government agencies, including law enforcement agencies such as the Rosfinmonitoring and the CBR, to check the reliability of data.

58. If an information already contained in the USRLE is identified as unreliable, a notification of inaccuracy is sent to the legal entity, its manager and participants. Then, if the legal entity fails to provide reliable information within 30 days from the date of sending the notice, the FTS must record the inaccuracy of the information on the legal entity contained in the USRLE and can apply the sanctions for submission of inaccurate information as set out below (see para. 72). Six months later, the process of striking off the entity from the USRLE is launched, according the same process than for inactive companies (see para. 75). The figures presented below reflect an increase of the number of legal entities eventually struck off for inaccuracy of the information submitted to the USRLE.

	2018	2019	2020
Number of legal entities for which an inaccuracy was recorded	400 711	428 041	446 192
Number of legal entities struck off for inaccuracy	36 129	282 914	286 864

AML Law requirements

59. Federal Law no. 115-FZ of 7 August 2001 "On the Countering the Legalisation of Illegal Earnings and the Financing of Terrorism" (the AML Law) provides for obligations on the availability of beneficial ownership information that could also lead to the identification of legal owners, as a complementary source of information. The AML-obliged persons must apply Customer Due Diligence rules in respect of their clients (article 7(1)). Nevertheless, there is no clear obligation for the legal entities to engage a relationship with an AML-obliged person (see the section on Availability of beneficial ownership information). While the AML Law does not explicitly require that information on legal ownership of the legal entities be kept by the AML-obliged persons, the AML implementing Regulations[3] require that AML-obliged persons collect the information on the composition of the ownership of their clients that are legal entities and on the identity and the address of founders. This information must be updated at least once a year.

3. CBR Regulations no. 499 and no. 444.

60. There is no similar requirement, under the AML Law, for the legal entities themselves to maintain the information on their legal owners. It is reasonable to consider that an appropriate identification of the beneficial owners by the legal entities should rely on the information on the legal ownership of the legal entity. Nevertheless, there may be instances where the identification of all the legal owners is not necessary for the identification of the beneficial owners of the legal entities.

Foreign companies

61. A foreign company may operate in Russia through the establishment of a Russian legal entity[4] or through a permanent establishment. The concept of permanent establishment is defined in article 306 of the Tax Code and includes a representative office, a branch, a division, an office, an agency or any other economically autonomous subdivision through which a foreign entity regularly carries on entrepreneurial activities in the territory of Russia. All foreign persons exercising commercial activities through a permanent establishment in Russia are required to register with the FTS, regardless of whether those activities give rise to any tax obligations (article 83 of the Tax Code and Order no. 117N of 30 September 2010).

62. The creation of a permanent establishment requires an accreditation from the tax authority. According to Order no. 293 of 28 December 2018, the documents to be provided by the foreign entity include:

- its constituent documents
- an extract from the register of foreign legal entities of the relevant country of origin or other document of equal legal force confirming its legal status.

63. Even though these documents usually contain legal ownership and identity information, the availability and updating of this information depends on the legal requirements of the jurisdiction of incorporation of the foreign company. There is no obligation in Russian for accredited foreign entities to keep a register of their shareholders.

64. Article 23(3.2) of the Tax Code also states that foreign entities and arrangements which own an immovable property in Russia must provide the tax authority with the information on their participants. Nevertheless, this obligation does not cover all the foreign companies with a sufficient nexus with Russia as they do not necessarily own real estate in Russia.

4. If a foreign company establishes a Russian legal entity, article 12 of the Law on State Registration requires the same information than for domestic entities, as well as an extract from the register of the country of origin or other evidence of the legal status of the foreign legal entity.

65. Therefore, for permanent establishments of foreign companies, there is no clear requirement in the company law nor in the tax law to provide in all cases the identity of the legal owners of the foreign companies. Moreover, the Russian tax administration cannot reject the registration of a foreign company on the sole basis of the lack of legal ownership information in the constituent documents as there is no legal requirement for the foreign entities to provide this information. The AML Law, by requiring the identification by the AML-obliged persons of their clients[5] and the beneficial owners of these clients, may partially supplement the obligations of the commercial and tax laws as the foreign companies carrying out business in Russia through a permanent establishment must hold a bank account in Russia to pay their taxes (articles 45(3)(1) and 11(2) of the Tax Code). However, the foreign companies may not always have to pay taxes in Russia and, then, do not always have to engage in a relationship with an AML-obliged person.

66. Thus, legal ownership information on foreign companies with sufficient nexus to Russia may not be always available. Therefore, the recommendation issued in the 2014 Report that **Russia should ensure that up-to-date ownership and identity information to be kept for relevant foreign entities, including companies**, continues to apply.

Companies that ceased to exist

67. A legal entity ceases to exist once it is liquidated, and it cannot be restored after liquidation. The liquidation of a legal entity entails its termination without transfer of its rights and obligations to other persons (article 61 of the Civil Code). When the decision on liquidation of a legal entity is made, a liquidation commission (liquidator) must be appointed for the management of the legal entity and for representing the legal entity before the Court (article 62(4) of the Civil Code). Russian authorities indicated that the power of management of the legal entity includes the obligation to keep the ownership information of the entity during the period of the liquidation. The liquidation of a legal entity is considered complete after entering information on its termination in the USRLE (article 63(9) of the Civil Code).

68. In accordance with article 23(10) of Federal Law no. 125 of 22 October 2004 "On Archival Affairs in Russia", once an entity is liquidated, the archival documents for which the temporary storage period has not expired are transferred for storage by the liquidator in the appropriate federal or municipal archive. This transfer occurs once the liquidation process is completed; the practical modalities of the transfer depend on the agreement

5. The AML implementing Regulations requires that the information received by the AML-obliged person on their clients contain the composition of the ownership and the name and address of the founders of the client-legal entity.

concluded between the liquidator and the authority in charge of the federal or municipal archives. The terms of storage of each category of documents are established in the list of standard management archival documents, approved by the order of the Ministry of culture of Russia no. 558 of 25 August 2010. In accordance with this list, the ownership information of a liquidated entity must be kept "permanently" which is interpreted by the Russian authorities as not less than ten years. The federal authority responsible for the development and the implementation of the policy and the legal provisions on archival affairs is the Federal Archival Agency.

69. Moreover, information is stored in the USRLE permanently in an electronic format and for 15 years in a paper format after the termination of activity or the striking off of a legal entity (Order of the Federal Tax Service of Russia dated 15 February 2012).

Legal ownership information – Enforcement measures and oversight

70. Engaging in business activities without state registration as a legal entity entails the imposition of an administrative fine of RUB 500 to RUB 2 000 (EUR 7 to EUR 28) (article 14.1(1) of the Code on Administrative Offences) and of a criminal sanction ranging from a fine of RUB 500 000 (EUR 7 200) to five years of imprisonment (article 171 of the Criminal Code) if this infringement has inflicted a major damage on citizens, entities or State authorities or is connected with deriving profits on a large scale.

71. Article 25 of the Law on State Registration provides that the legal entities bear responsibility for failure to submit or for untimely submission of information required to be included in USRLE, as well as for submitting false information. Moreover, the FTS is entitled to file a petition with the court for liquidation of a legal entity if a clear and irreparable violation of a law has been committed at the formation of such a legal entity or if repeated or significant violation of the Law on State Registration has been committed.

72. The main acts providing for the liability of legal entities are:

- According to article 14.25(3) of the Code on Administrative Offences, late submission of information on a legal entity in the USRLE results in a warning or an administrative fine of RUB 5 000 (EUR 72).
- According to article 14.25(4) of the Code on Administrative Offences, submission to the registration authority of inaccurate information about the legal entity results in a fine from RUB 5 000 to RUB 10 000 (EUR 72 to EUR 144).
- According to article 14.25(5) of the Code on Administrative Offences, the re-submission to the registration authority of inaccurate information about the legal entity, as well as the submission of documents

containing knowingly false information, results in disqualification of the individual for filling positions in the executive management body of a legal entity or for carrying out certain activities for a period of 1 to 3 years.

- According to article 15.22 of the Code on Administrative Offences, the imposition of administrative sanctions is also possible for violations in keeping properly the register of security holders. Finally the Law on Securities Market also provides for joint liability between the issuer of securities and the register keeper for losses incurred as a result of non-compliance with the register keeping obligations (article 8(3.10, Sub-paragraph 2)).

73. According to article 13.20 of the Code on Administrative Offences, the failure by the liquidator to transfer the archival documents to the appropriate archive results in a fine from RUB 1 000 to RUB 10 000 (EUR 14 to EUR 144) depending on the status (individual or legal entity) of the liquidator. These enforcement measures are implemented by the FTS as the authority in charge of maintaining the USRLE. The 2014 Report noted that Russia's authority experienced difficulty obtaining information about "one day firms", which are legal entities set up without the intention to ever perform any real commercial activity, and usually for unlawful goals. In order to address this difficulty, Federal law no. 99 on Amendment to the Civil Code clarifies the concept of an inactive legal entity. A legal entity is considered as having actually ceased its activity if it did not submit its tax returns within the past twelve months and did not carry out any operations on at least one bank account. Such a legal entity is then subject to exclusion from the USRLE, which entails the same legal consequences than for the liquidated legal entities (article 64.2 of the Civil Code).

74. To identify an inactive company, the FTS automatically and on a monthly basis generates a list of legal entities that have not submitted their tax returns within the past 12 months. Then, requests are electronically sent to the relevant banks in which the identified entities have bank accounts in order to check if they performed bank operations within the last 12 months. To identify the relevant banks, the FTS rely on its internal database of bank accounts (see section B.1, para. 235) and, for bank accounts held abroad, on the information reported by the legal entities on their foreign bank accounts in application of the obligation foreseen in article 12 of Federal Law no. 173 on "Currency Regulation and Currency control". The same Federal Law also enables the FTS to request banking information to the relevant entity, including on bank accounts held abroad (article 23(4) of Federal Law no. 173). Upon receipt of information from all banks to which requests were sent, a decision is made for each entity on the upcoming strike off from the USRLE, based on the two cumulative conditions of the absence of submission of tax returns

for the past 12 months and of the absence of transactions on bank accounts for the past 12 months.

75. Article 21.1 of the Law on State Registration describes the process for the exclusion of an inactive entity from the USRLE. The decision on the upcoming strike off is published in the *Bulletin of state registration* within three days from the date of such a decision. A record is also made in the USRLE of the decision on the upcoming strike off, with the date and number of the *Bulletin* in which the decision is published.

76. The legal entity concerned, its creditors, or other persons whose rights and legal interests are affected by the striking off of an inactive legal entity from the USRLE may, within three months from the date of publication of the decision on the impending striking off, submit statements to the FTS to object the strike off from the USRLE. If no such statement is made within three months, the FTS records in the USRLE the striking off of the inactive legal entity from the register (article 22(7) of the Law on State Registration). Then, after the striking-off, the legal entity cannot operate and the legal consequences of the liquidation process apply. However, considering the "inactive" feature of these companies, it may not have any document to archive and then, the transfer of the archival documents to the public archive cannot be ensured. The creditors and other persons whose rights and legitimate interests are concerned may appeal against the striking off decision within one year as of the date when they came to know or had to come to know on the violation of their rights, which is usually the date of the record in the USRLE of the striking off of the entity. If an appeal is lodged, the legal entity can be restored by a Court decision only if the Court considers that the striking-off did not comply with the legal requirements.

77. The following table shows the number of exclusions of inactive legal entities made on the basis of article 21.1 of Law on State Registration:

Statistics of the exclusions of inactive legal entities from the USRLE

2016	2017	2018	2019	2020
655 895	546 518	573 549	561 211	423 563

78. This procedure of striking a legal entity off the USRLE is also applied in cases when it is impossible to liquidate a legal entity due to the lack of assets necessary for its liquidation and when the USRLE contains information which was marked as inaccurate, as described in paragraph 56, with no correction for more than 6 months (article 21.5 of Law on State Registration). For those struck-off companies, the transfer of their archival documents to the public archive cannot be ensured, but the last ownership information is kept permanently in the USRLE (see para. 69).

79. Considering that the process for the striking off and liquidation of companies is clearly defined in the legal framework, it is considered that this process appropriately limits the risk that the ownership information is not available for those entities.

80. Furthermore, the Criminal Code contains provisions for criminal sanctions for the submission of a false information to the FTS in the view of entering this information in the USRLE:

- Article 170.1 penalises the submission to the FTS of documents that contain false data in order to place in the USRLE false information on participants or on the head of a legal entity.
- Article 173.1 penalises the creation of a legal entity through nominees, as well as the submission of data to the FTS for entering information on nominees into the USRLE.
- Article 173.2 penalises the provision of an identity document or the use of personal data illegally obtained in order to include information about a fictitious person in the USRLE.

81. In 2018, the FTS sent information to law enforcement agencies on 8 603 cases to initiate criminal cases under these provisions of the Criminal Code.

82. The implementation of the enforcement measures in force in Russia to ensure the availability of ownership information will be further analysed during the Phase 2 review.

Nominees

83. There is no concept of nominee shares or nominee directors under the Russian law. On the contrary, the Criminal Code prohibits the creation of a legal entity through nominees, as well as the submission of data to the FTS for entering information on nominees into the USRLE.

84. Any representative of owners or directors of a legal entity must receive an authorisation, in the form of a power of attorney. This authorisation does not give any legal ownership rights to the representative. The provision of nominee services without authorisation would lead to criminal prosecution for providing false information on the true managers and owners (articles 170.1 and 173.1 of the Criminal Code, see paragraph 80). If a nominee is identified in the USRLE as a participant in a legal entity instead of an actual participant, this information would be marked as inaccurate pursuant to the process described in paragraphs 52 to 56.

85. Moreover, articles 7(1) and 7.1(1) of the AML Law require that the AML-obliged persons identify the representatives acting on behalf of their client and to keep this information in a same manner as the information on the beneficial owners of the legal entity, at least five years from the date of receipt of this information.

86. As described in the 2014 Report, the Law on Securities Market describes a nominal holder of securities in a listed company as "a person registered in the system of keeping the register, and is also a depositor of the depositary concerned, but not the owner of these securities" (article 8(2)). In such a case, the nominal holder or the depositary were always subject to the AML requirements on the identification of their clients (see paragraph 93 to 95 of the 2014 Report). The same rules continue to apply for ensuring the availability of the ownership information of the nominator.

Availability of beneficial ownership information

87. The standard was strengthened in 2016 to require that beneficial ownership information be available on companies. In Russia, this aspect of the standard is met through the AML framework with the Federal Law no. 115-FZ of 7 August 2001 "On the Countering the Legalisation of Illegal Earnings and the Financing of Terrorism" (the AML Law), complemented by tax requirements where necessary. First, the AML-obliged persons must obtain and maintain beneficial ownership information on their clients. Second, the AML Law introduced in 2016 an obligation for legal entities themselves to identify their beneficial owners. In both cases, to fully meet the standard, the information so available would need to be complemented with information available in tax databases on senior individual managers, when no natural person is identified that is a beneficial owner through ownership or other means.

Companies covered by legislation regulating beneficial ownership information

Type	Company law	Tax law	AML Law/legal entity	AML Law/CDD
Limited Liability company	None	None	All	Some
Public Joint Stock company	None	None	All	Some
Non-public Joint Stock company	None	None	All	Some
Foreign companies (tax resident) [a]	None	None	None	All

Note: a. Where a foreign company has a sufficient nexus, then the availability of beneficial ownership information is required to the extent the company has a relationship with an AML-obligated service provider that is relevant for the purposes of EOIR. (Terms of Reference A.1.1 Footnote 9)

Information held by AML-obliged persons

88. The AML Law establishes the requirements for customer due diligence (CDD) to be carried out by the AML-obliged persons. CDD obligations are imposed on professionals that carry out transactions involving monetary funds or other assets. The list of these professionals is set in article 5 of the AML Law and includes (but not limited to) the credit institutions (CI), including banks, and the non-financial credit institutions (NFCI), the organisation of federal postal service, professional participants of the securities market, the entities which provides broker's services for the purchase or sale of immovable assets and the dealers in precious metals and stones.

89. Pursuant to article 7.1 of the AML law, those obligations also apply to lawyers, notaries and persons engaged in business activity in the field of providing legal or accounting services, in case they organise or conduct the following operations involving monetary funds or other assets on behalf of their clients:

- real estate transactions
- management of money, securities or other property of a client
- management of bank accounts or security accounts
- procurement of funds for the purposes of establishing organisations (i.e. legal entities and legal arrangements), supporting their operations or their management
- establishing organisations, supporting their operations or their management the purchase and sale of organisations.

90. There is no legal obligation for the legal entities in Russia to use the services of an AML-obliged person. However, Russia authorities indicated that almost all legal entities would have a bank account because article 861(2) of the Civil Code requires that settlements between legal entities and settlements involving individual entrepreneurs be made in a cashless manner, except if otherwise authorised.[6] Moreover, the obligation to pay tax is considered fulfilled by a legal entity only if the bank[7] submits an order to transfer funds from this taxpayer's account to Russia's budget system (article 45(3)(1) of the Tax Code).

6. Order of the CBR no. 5348-U of 9 December 2019 gives some exceptions to the obligations of the cashless settlements between legal entities and individual entrepreneurs. For instance, these persons can make payments in cash in order to spend the cash received at their cash desks in the Russian currency for the goods they have sold and/or the services they have provided.
7. In accordance with article 11(2) of the Tax Code, the banks as referred in that Code means commercial banks and other credit organisations licensed by the CBR and then subject to the AML rules in Russia.

This means that at least the legal entities that have a tax obligation in Russia need to have a bank account in Russia to pay their taxes. For these reasons, it is very difficult for a legal entity to operate without a bank account in Russia. The actual coverage of the holding of bank accounts in Russia by the relevant entities and arrangements will be further analysed under the Phase 2 review (see Annex 1). It remains that there is no clear legal requirement that such a bank account be held in Russia. Therefore, the coverage of CDD obligations does not fully ensure that beneficial ownership would be available on all companies, as there is no obligation in Russia to maintain an ongoing relationship with one of these professionals. Russia therefore introduced an obligation for companies themselves to keep information on their beneficial ownership (see below).

91. The CDD requirements include the obligations:

- to identify their clients, client's representatives and beneficiaries, prior to providing services to their clients (article 7(1)(1))
- to take reasonable and available measures, in the existing circumstances, for the identification of their client's beneficial owners (article 7(1)(2)).

92. These provisions raise two concerns. First, they make a distinction between the identification requirements prior to entering into business relationship, which are limited to the client and the client's representatives and beneficiaries, and the requirement to identify beneficial owners of the client, for which no specific timeline is set. Therefore, there is no clear requirement in the law to identify the beneficial owners of a client before the AML-obliged person enters into a business relationship with this client and there is no mandatory timeline for making this information available for the AML-obliged persons. Instruction of the CBR of 30 May 2014 no. 153-I (Opening and closing bank accounts, accounts for deposits, deposits accounts) clarifies this aspect for the opening of bank accounts as its paragraph 1.2 states that a credit institution must take reasonable measures to identify the beneficial owners of a client prior to opening a bank account. There is no similar guidance for other AML-obliged persons. The Russian authorities interpret the provisions of the AML Law as requiring the identification of the beneficial owners of the clients in all cases prior to entering into business relationship, in particular because the guidance for AML-obliged persons recommends a similar and uniform procedure for the identification of the clients and client's representatives, beneficiaries and beneficial owners.[8] Nevertheless, this guidance never mentions that the identification of the beneficial owners must occur before entering into a business relationship with the client, contrary to the Instruction to banks.

8. CBR Regulations no. 499 (Chapters 2, 3 and 5), CBR Regulations no. 444 (Chapter 2) and Rosfinmonitoring Order no. 366 (paragraph 6).

93. Moreover, the AML-obliged persons are not required to identify the beneficial owners of their clients in all cases, but only to "take reasonable and available measures, in the existing circumstances", for the identification of the beneficial owners. The term "identification" means all the measures for ascertainment of the information about clients and their representatives, beneficiaries and beneficial owners and for confirmation of reliability of such information (article 3). Therefore, this definition applies the "reasonable measures" provision to both identifying and verifying the identity of beneficial owners, although the standard requires AML-obliged persons to identify the beneficial owner and then to take reasonable measures to verify their identity. The binding guidance on the identification of the beneficial owners of the clients of the AML-obliged persons does not clarify this aspect. The Russian authorities have clarified that the term "take reasonable and available measures, in the existing circumstances" cannot be interpreted by the AML-obliged persons as allowing no or minimal action to be taken to identify the beneficial owners of their clients. Considering that the guidance for the AML-obliged persons sets out measures for identifying the beneficial owners of their clients,[9] the cases for which those measures would be considered as unreasonable or unavailable would be limited in practice. However, there may be instances where the measures taken do not result in the identification of the beneficial owners, and then the information on the beneficial owners may not be always available.

94. Article 3 of the AML Law defines the term of beneficial owners, for the purpose of CDD requirements, as

> "a natural person who ultimately, directly or indirectly (through third persons) owns (has a predominant stake of over 25% in the capital) a client-legal person, or has the possibility of controlling the actions of the client".

95. According to this definition, an AML-obliged person must undertake a simultaneous identification of the natural persons who control the legal entity through ownership interests and those who control it through other means. This definition and simultaneous approach for identifying the beneficial owners of a legal entity appears in line with the standard as it allows identifying more persons (not less) than the cascading approach. The examples included in the Methodological guidelines of the Rosfinmonitoring issued in its information letter no. 57 on 4 December 2018 on the persons that may be identified as beneficial owners confirms this approach.

9. Methodological guidelines of the Rosfinmonitoring issued in its information letter no. 57 on 4 December 2018, Part II (2) on the Establishment of existence of beneficial owners.

96. The AML law also provides for a default position when no natural person meets the definition of beneficial owner. Pursuant to article 7(1)(2), if it is not possible to identify the beneficial owner of a legal entity according to the definition of article 3, the "sole executive body" of this legal person may be deemed the beneficial owner. Article 65.3(3) of the Civil Code indicates that a sole executive body can be a director, director general, chairman, etc. and that both a natural person and a legal entity may act as a sole executive body of a corporation. There is no other requirement under the Russian law that the sole executive body identified as a beneficial owner must be a natural person. The Russian authorities indicated that, considering the general definition of beneficial owner, who can only be a natural person, if the sole executive body was a legal person, there would be an obligation to look beyond this legal person in order to identify a natural person. Nevertheless, the legally binding guidance on AML requirements does not clarify this aspect, in particular on the modality of determination of the natural person to identify behind the sole executive body. Thus, the legal framework does not appear to meet this aspect of the standard.

97. The obligation for the AML-obliged persons to take measures for the identification of the beneficial owners and to keep this information does not apply for some types of clients: public authorities, companies in which the public authorities hold more than 50% of the capital shares, international organisations, foreign public authorities, issuers of securities admitted for organised trading as far as they disclose information in accordance with the Russian legislation, foreign entities whose securities have undergone the procedure of listing in a foreign stock exchange included into the list approved by the CBR, and foreign structures without legal personality whose organisational form does not provide for the existence of a beneficial owner nor sole executive body (article 7(1)(2)). These exceptions, except the last one, appear in line with the standard as they relate to either entities non-relevant for this EOIR review or entities for which there are already other requirements to disclose such beneficial ownership information in a different setting. On the last category of foreign structures without legal personality, the Russian authorities indicated that this exception may cover foreign funds, partnerships, trusts, collective investments or trust managements. Although this exception will apply only in the cases where the organisational form of the foreign structure does not provide for the existence of a beneficial owner, the impact of this exception on the availability of the beneficial ownership information in practice will be further analysed under the Phase 2 review (see Annex 1).

98. Pursuant to articles 7(1) and 7.1(1) of the AML Law, the following information on the beneficial owners must be gathered in the course of their identification by the AML-obliged persons: full name (surname, first name and patronymic), nationality, date of birth, personal ID details, address of residence and, if any, TIN.

99. On the verification of the information, article 3 of the AML Law defines the term identification as all the measures for ascertainment of the information about clients and their representatives, beneficiaries and beneficial owners and for confirmation of reliability of such information with the use of original documents and/or appropriately attested copies. Therefore, the requirement of article 7(1)(2) to take reasonable and available measures for the identification of their client's beneficial owners includes the verification (confirmation of reliability) of the information gathered by the AML-obliged person.

100. For the financial institutions, this requirement of verification of the information on beneficial ownership of their clients is specified in regulations issued by the CBR on the identification rules of beneficial owners of clients.[10] The financial institutions must use information contained in open information systems of the public authorities of Russia, including the USRLE and the register of the accredited branches and representative offices of foreign legal entities maintained by the FTS. They may also use other sources of information legally accessible (item 2.2 of each regulations). Documents and information that are the basis of identification must be provided as original copies or duly certified copies and kept by the financial institutions in a specific file (the client's profile) (item 2.5 of Regulation no. 444-P and chapter 5 of Regulation no. 499-P). Similar guidance is given to other AML-obliged persons through the Order of Rosfinmonitoring no. 366 of 22 November 2018 (paragraphs 6, 16 and 40).

101. Under the provisions of the AML Law (articles 7(1.5) to 7(1.10)), some financial institutions can entrust, on a contractual basis, other financial institutions for carrying out the identification of their client, client's representative, beneficiary and beneficial owners. This possibility is given for some specific financial institutions, such as professional securities market participants, management companies of investment funds, share investment funds and non-governmental pension funds (article 7(1.5-1)), or for some specific transactions such as transactions without the opening of a bank account (article 7(1.5) and loan contracts (article 7(1.5-2)). Both the institution that entrusted the performance of the identification and the entrusted person must bear the responsibility for the compliance with the requirements on the identification of the beneficial owners (articles 7(1.6) and 7(1.7)). Entities entrusted with the identification must transfer to the relevant institutions the information obtained during the identification no later than three working days from the date of receipt of this information (article 7(1.9)). In these cases of reliance on third parties for the identification of the beneficial owners of the clients, this information is therefore available for the AML-obliged person.

10. Regulation no. 499-P of 15 October 2015 (CBR Regulation no. 499) for CI and Regulation no. 444-P of 12 December 2014 (CBR Regulation no. 444) for NCFI.

102. The documents containing the information on the beneficial owners and the documents needed for the identification of the beneficial owners must be stored for a minimum period a five years from the day of the termination of relationship with a client (article 7(4) of the AML Law).

103. Moreover, article 7(1)(3) sets an obligation for AML-obliged persons to update information on their clients and on the clients' beneficial owners at least once a year, or if doubts occur as to the reliability and accuracy of information received earlier, within seven working days following the day when such doubts occurred. By exception to this rule, participants in the securities business must update information on its clients and on the clients' beneficial owners at least once in three years.

104. The implementing AML regulations mentioned above[11] provide for an exemption from the obligation of updating the information on the beneficial owners if, cumulatively:

- it has already taken measures for updating this information but the updating following these measures was not completed, and
- from the date of these measures for updating the information on the beneficial owners, no operations were carried out by the client or in respect of the client. In case of a request by the client for carrying out an operation, the update of information on that client and its beneficial owners must be completed before the operation is carried out by the AML obliged person.

105. This exception to the obligation to the annual update of the beneficial ownership information of the clients of AML-obliged persons appears sufficiently narrow for not putting the accuracy and reliability of this information at risk but its implementation in practice will be reviewed in Phase 2 (see Annex 1).

Information held by the legal persons

106. Federal Law no. 215 of 23 June 2016 introduced a new requirement for the legal entities incorporated in Russia in article 6.1 of the AML Law. They must have the information on their beneficial owners and must take reasonable and available measures in the existing circumstances for the establishment (i.e. for the verification) of this information. For this obligation, article 6.1(8) defines the beneficial owner as

> "the natural persons who ultimately, directly or indirectly (via a third party) owns a legal entity (has a dominant participation in the capital of more than 25%) or can control its activities".

11. Paragraph 1.6 of CBR Regulation no. 499, paragraph 1.5 of CBR Regulation no. 444 and paragraph 28 of Rosfinmonitoring Order no. 366.

107. As for the CDD requirement of AML-obliged persons, this definition entails a simultaneous identification of the natural persons who control the legal entity through ownership interests and those who control it through other means. It is in line with the standard. In the process of identification of their beneficial owners by the legal entities, there is no clear default position of identifying, as a beneficial owner, a natural person who holds the position of senior managing official when no natural person meets the definition of beneficial owner. If a legal entity cannot identify any beneficial owners in accordance with the definition, and has taken all available measures to establish this information, then this legal entity must provide, upon request from an authorised authority, the information on the measures taken to establish information about its beneficial owners (article 6.1(6)). Consequently, if no beneficial owner is identified, the Russian tax authority consults the existing information on senior managers which is available in the USRLE (see para. 50) or in the tax database. While, the senior manager identified in the USRLE may be a legal entity, the tax databases must contain the information on a natural person entitled to act in the name of the legal entity without power of attorney, that the Russian authorities consider as the senior manager-natural person. Indeed, this natural person is in charge of submitting the tax returns of the legal entity. This natural person can delegate this function by issuing a power of attorney to another natural person for the submission of the tax return and in that case, both the senior manager-natural person and the natural person who has received the power of attorney are identified in a specific tax database "Power of attorney".[12] Therefore the information on the natural person who holds the position of senior managing official is available in the tax database for all Russian legal entities. As this availability results from a combination of tax requirements, the ability of the Russian authority to identify the relevant natural person as a "default" beneficial owner in the relevant databases and whether the tax requirements fully ensure the availability of this information will be analysed in Phase 2 (see Annex 1).

108. The legal entities for which the AML-obliged persons do not have to identify the beneficial owners (see para. 97) are exempted from this obligation to identify their beneficial owners and these exceptions do not appear to conflict with the standard.[13]

12. FTS Order On the "Establishing of the database "Powers of Attorney" as of 23 April 2010 no. MMV-7-6/200. The information on those relevant natural persons is also available in another tax database in the case where the tax returns are submitted electronically.

13. The Terms of Reference, footnote 9 to element A.1.1 indicates that "where a foreign company has a sufficient nexus then the availability of beneficial ownership information is also required to the extent the company has a relationship with an AML-obligated service provider that is relevant for the purposes of EOIR". The

109. The legal entities must keep, on their beneficial owners, the same data as the ones gathered by the AML-obliged person in the course of their CDD requirements: full name (surname, first name and patronymic), nationality, date of birth, personal ID details, address of residence and, if any, TIN.

110. The legal entities must update and document the information on their beneficial owners on a regular basis and at least once per year (article 6.1(3)(1)). This information must be kept by the legal entities for at least 5 years from the day of receipt of such information ((article 6.1(3)(1)). This retention period is in line with the standard which requires that the information be kept for a minimum period of five years from the end of the period to which the information relates.

111. In order to obtain accurate and up-to-date information, a legal entity can request information necessary for the identification of its beneficial owners from individuals and legal entities that are the founders or participants of the legal entity or otherwise control it (article 6.1(4)). This correspondence between the legal entity and its participants must be provided at the request of the relevant authority as an information on the measures taken to establish the information about the beneficial owners of the entity (article 6.1(6)). The founders or participants of the legal entity have the obligation to provide to the legal entity the information available to them (article 6.1(5)), whether or not the entity has contacted them. The AML Law does not provide any binding timeline for the founders or participants to report to the legal entity any change in the beneficial ownership information. However, the legal entity can specify a deadline for obtaining a reply when it requests information from its founders or participants.

112. Finally, beneficial ownership information is part of the financial statements that legal entities must report annually to the FTS. However, this requirement to include the beneficial ownership information in annex of the financial statements does not apply to certain legal entities.[14] When submitting their financial statements (see section A.2 below), companies must annex to them information on legal entities and individuals that are able to influence the activities of the entity (the "related parties"). A 2014 letter of the Ministry of Finance specifies that when establishing this list, entities must take into account the concept of beneficial owner as defined by the AML Law.[15] This

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standard does require that beneficial ownership on relevant foreign entities be held outside the framework of a relationship with an AML-obliged person.

14. In particular, the small-size enterprises and the non-profit organisations do not have to include the beneficial ownership information in their financial statements (article 6(4) of the Law on Accounting).

15. articles 13, 14 and 18 of Federal Law no. 402-FZ on Accounting; Accounting Regulations (paragraph 27 of RAS 4/99); letter of the Ministry of Finance no. 07-04-18/01 of 29 January 2014.

obligation complements the AML obligation but it is unclear how companies handle the obligation to keep information on their beneficial owners under article 6.1 of the AML Law on one hand, and this accounting reporting requirement that refers to the AML law prior to the introduction of article 6.1, i.e. the definition of beneficial ownership applicable to AML-obliged persons on the other hand. Their implementation in practice will be analysed in the Phase 2 of the review (see Annex 1).

Conclusion

113. Under the AML law, both AML-obliged persons and the legal entities themselves have obligations in relation with the identification of the beneficial owners that ensure in many instances the availability of the beneficial ownership information. However, several shortcomings are identified in the CDD requirements and although the interpretation of the Russian authorities appears in line with the standard, this interpretation is not supported by binding guidance (refer to paragraphs 92, 93, and 96). **Russia is therefore recommended to ensure that the information on the beneficial owners for all relevant entities be available in line with the standard.**

Beneficial ownership information – Enforcement measures and oversight

114. The persons in breach with the requirements of the AML Law are liable under the administrative, civil and criminal laws (article 13 of the AML Law). This includes the potential breaches by the AML-obliged persons, the legal entities themselves and the founders or participants of those legal entities.

115. Pursuant to article 15.27 of the Code on Administrative Offences, the failure of an AML-obliged person to carry out its obligations under the AML Law in relation with the information on the beneficial ownership of its clients, is sanctioned by an administrative fine of RUB 30 000 to RUB 40 000 (EUR 432 to EUR 576) for individuals and, for legal entities, by an administrative fine of RUB 100 000 to RUB 500 000 (EUR 1 440 to EUR 7 200) or an administrative suspension of the activity for a period of up to 90 days.

116. The implementation of AML requirements for obliged persons (service providers) are supervised by several authorities:

- CBR is in charge of regulating and supervising the activities of CI and NCFI.
- Rosfinmonitoring has powers on registration and supervision of activity of AML-obliged persons which is not falling under the competence of another supervisor, such as for instance leasing companies and the organisations and individuals entrepreneurs that provide intermediary

services in the implementation of real estate purchase and sale transactions. The Rosfinmonitoring uses a risk-based approach when performing its supervision. In this regard, a decision to conduct an inspection is made only for high-risk entities. Selection criteria in the audit plan is based on the information available on the potential breach in the requirements of the AML Law. In the course of its inspections, Rosfinmonitoring examines, among other issues, the identification of beneficial owners of their clients by supervised entities. Desk control and supervisory activities can also be carried out.

- Roskomnadzor is the Supervisory authority for Federal postal and telecommunications operators.
- The FTS supervises entities with activity of sweepstakes and bookmakers, as well as other risk-based games.
- The Assay Chamber supervises compliance of dealers of precious metals and stones, the jewellery made by them and scrap of such products to requirements of the legislation on AML.
- Notary chambers exercise control over AML requirements when notaries perform their professional duties.
- Self-regulating auditors' organisation (supervised by the Ministry of Finance) are responsible for monitoring its members' activities and conduct external quality control of auditors. The Federal Treasury carries out only external quality control of the auditors conducting mandatory audit.
- Regional chambers of lawyers are responsible for the control of the implementation of AML requirements by lawyers and provide guidance and legal assistance to their members.

117. Moreover, according to article 14.25(1) of the Administrative Offences Code, a failure of a legal entity to identify, update, retain or provide legally defined information on its beneficial owners or on the measures taken to find information on its beneficial owners at the request of the authorised agency or tax authorities entails an administrative fine of RUB 30 000 to RUB 40 000 (EUR 432 to EUR 576) for officials (i.e. for senior managers and other persons empowered to engage the entity) and RUB 100 000 to RUB 500 000 (EUR 1 440 to EUR 7 200) for legal entities. This sanction also covers the failure for the participant of an entity to provide, at the request of the relevant authorities, the information on the beneficial owners of the entity.

118. Moreover, if an entity does not provide its beneficial ownership information to an obliged AML persons, its transaction order in relation to operations involving monetary funds or other assets can be rejected by those AML-obliged persons (article 7(11) of the AML Law).

119. In accordance with article 6.1(6) of the AML Law, a legal entity is obliged to provide documented information on its beneficial owners to the FTS and the Rosfinmonitoring. These bodies are consequently in charge of the oversight of the compliance by the legal entities with their obligation to keep the information of their beneficial owners. During 2017 and 2018, only the FTS conducted verifications on the availability of the beneficial ownership information. Globally, the FTS made 65 million audits for 7.5 millions of professional taxpayers (both legal entities and individual entrepreneurs). Most of those audits are desk tax audits, which are carried out in relation to each tax return, for every type of tax, submitted by a taxpayer to the tax authority, and depend on the number of taxes paid, the frequency of reporting, the number of updated returns submitted, etc. When then selecting taxpayers for on-site tax audits, the FTS carries out a comprehensive analysis of financial and economic activities of the taxpayers for identifying risk criteria approved by the order of the FTS of 30 May 2007 (MM-3-06/333). This analysis resulted in 34 316 on-site inspections (where there was a tax interest to the inspection), which resulted in 2 700 cases classified as high risk. Information on beneficial owners was requested in those 2 700 high-risk cases. Out of those 2 700 cases, the FTS identified 1 451 infringements related to procedural issues (mainly late submission of information) and 49 serious instances of non-compliance, i.e. either absence or inaccurate information on beneficial owners held by the legal entity. The implementation in practice and enforcement of legal obligation to maintain beneficial ownership on all companies will be assessed in more details in the Phase 2 of the review process.

Availability of company information in EOI practice

120. The peer input received before the current review was transformed into a Phase 1 review only indicates that the peers are generally satisfied with Russian answers to EOI requests on legal and beneficial ownership of legal entities.

A.1.2. Bearer shares

121. As noted in the 2014 Report, bearer shares cannot be issued under Russian law. According to article 2 of the Law on securities market, the shares issued by publicly traded entities are registered securities.

A.1.3. Partnerships

Types of partnerships

122. Pursuant to chapter 4 of the Civil Code of Russia, two main types of partnerships can be created:

- Full partnerships (FP) in which all partners are general partners who take part in the business activities of the partnership and accept joint and several liability for its debts to the extent of all their assets (article 75 of the Civil Code). General partners can be individual entrepreneurs and commercial entities and their number is unlimited. On 30 November 2020, 119 full partnerships were registered in the USRLE.
- Limited partnerships (LP) in which general partners are liable to the extent of their assets and limited partners have liability limited to their capital contributions (article 85 of the Civil Code). General partners can be individual entrepreneurs or commercial entities whereas limited partners can be any individuals or legal entities. The total number of limited partners should not exceed 20. On 30 November 2020, 236 limited partnerships were registered in the USRLE.

123. Federal Law no. 380 of 3 December 2011 (Law on Business Partnership) also allows for the creation of Business partnerships (BP). Participants have a liability limited to the amounts of their capital contributions and can be any individuals or legal entities.

124. These three types of entities have legal personality and they are assimilated to companies in most cases for company law and tax law purposes.

125. The Russian law also recognises the forms of Simple Partnerships (articles 1041 to 1054 of the Civil Code) and of Investment Partnerships (Federal Law no. 335 on Investment Partnerships), which do not form a separate legal entity from their partners. Only individual entrepreneurs and/or commercial entities may be involved in a contract of Simple partnership (SP) or Investment partnership (IP). An SP is a contractual relationship in which all partners are entitled to act on behalf of the partnership and are jointly and severally liable for the debts and obligations of the partnership both during the existence of the partnership and after its dissolution. An IP is similar to a joint venture in which only managing partners may run the business of the partnership (article 9 of the Law on Investment Partnerships). For liability arising from contracts with other commercial entities, each partner (other than a managing partner) has limited liability; for liability arising from non-contractual obligations or where the other contracting party is not a business entity, then all partners have joint, unlimited liability (article 14 of the Law on

Investment Partnerships). In 2019, 33 managing partners responsible for the maintenance of the tax records of IP (see below para. 128) were recorded with the tax authority. In accordance with article 3(5) of the Law on Investment Partnerships, the managing partner is not entitled to participate simultaneously in two or more investment partnership agreements, if at least one of them contains a ban on such participation. The Russian authorities, which have started the verification of the number of IP managed by each managing partner, indicated that at least 30 managing partners identified participate in only one IP. There is no available statistic on SP.

Identity information

126. As legal entities, the FPs, LPs and BPs are subject to the registration requirements provided by the Law on State Registration. Therefore, they are required to register with the FTS and the process of registration described in section A.1.1 applies. Pursuant to article 5 of the Law of State Registration, information on the participants of the legal entity and their amount of participation in the entity must be kept permanently in the USRLE. As mentioned in paragraph 50, the partnership must inform the FTS of any changes in the required information within three days from the date of the change (article 5(5) of the Law of State Registration).

127. Pursuant to article 52(1) of the Civil Code, the founders of a legal entity must sign its constituent agreement. Articles 70 and 83 of the Civil Code also require that the constituent agreement include the amount and structure of the joint capital of the partnership. In case of change in the FP's and LP's membership, the Civil Code requires that these entities keep record of their participants. There is no express obligation for the Limited Partnerships to keep a register with identity information on the limited partners, but any transfer of participation must be notified to the partnership and to the USRLE (article 21 of the Law on LLC, applicable to LP in case of transfer of shares). Pursuant to the Law on Business Partnerships, a BP must keep a register of its members, including their capital contribution, and dates of transfer to and from the partnership (articles 10, 21, and 23, Law on BPs).

128. SPs and IPs are not required to register in the USRLE as they are not legal entities, but the information is available with the FTS for at least five years following the reporting of the information[16]. Pursuant to the Tax Code, the managing partner of an IP will have to register the IP as a taxpayer with the Unified State Register of Taxpayers (article 24.1(4)(1) Tax Code) which

16. In accordance with the list of documents generated in the activities of the FTS of Russia and their storage periods, approved by Order of the FTS no. MMB-7-10/88 of 15 February.2012, the tax returns and the related documents must be stored by the FTS for at least 5 years.

is also managed by the FTS. The article 24.1(4)(1) requires the managing partner to send to the tax authority a copy of the investment partnership agreement no later than five days from the date of the conclusion of the IP contract. Therefore the USRT will include information on the partnership. This will include the name of the partnership, date of conclusion of the contract, names of participating entities/persons as well as their shares and contact number. The Russian authorities confirm that all partners are known in the FTS database and changes to the membership of the partnership are also registered as the changes in the participation of the partners are visible through tax returns of the IP submitted by the managing partner on a quarterly basis. The Russian authorities further state that individual persons may be parties to the investment partnership agreement (partners) only if they are registered as individual entrepreneurs. Pursuant to article 11 of the Law on IP, the agreement forming the IP must contain terms including the total amount of contributions from each partner and any changes to these terms are to be made by mutual agreement of the partners and attested by a notary.

129. Regarding Simple Partnerships, for which there is no express obligation for the contract of partnership to identify each partner, the Russian authorities state that, because each of the partners, whether they are a legal entity or an individual entrepreneur, must be registered, the FTS is able to obtain the information about the identity of any partner and its association with that partnership. Indeed, each partner must report its income from the partnership activities and each partner makes an individual return which includes the income received from the partnership. As the income reported in the tax return must be supported by the relevant documents to explain the determination of the tax base (article 23(1) of the Tax Code), the Russian tax authority can obtain the agreement of the partnership and the other relevant documents to identify all the partners of an SP, including the foreign partners. Moreover, a change of a partnership share would have tax consequences, and so this information would be reflected in the tax returns of the respective partners to the partnership.

130. Foreign partnerships must register with the FTS if they exercise commercial activities in the territory of Russia, regardless of whether those activities give rise to any tax obligations (article 83 of the Tax Code and Order no. 117N of 30 September 2010). The process for registration requires the submission of the constituent documents of the foreign entity. The same information must also be provided when a foreign partnership submits an application for the accreditation of a permanent establishment with the FTS (Order no. 293 of 28 December 2018). The constituent documents of the foreign entity do not always contain information on partners of the foreign partnerships and, even in the cases where they are identified in the constituent documents, this information may not be up to date. Foreign partnerships are also covered by the obligation to report their partner/membership information

to the tax authority if they own an immovable property in Russia (article 23(3.2) of the Tax Code). Therefore, there is no clear requirement under the Russian law to provide in all cases the identity of the partners of the foreign partnerships and the recommendation issued in the 2014 Report that **Russia should ensure that up-to-date ownership and identity information be kept for relevant foreign entities, including partnerships**, continues to apply.

Beneficial ownership

131. The requirements of the AML Law, including the CDD requirements by the AML-obliged persons (article 7(1) and 7.1(1)) and the obligations of the legal entities themselves to maintain information on their beneficial owners (article 6.1), are applicable to all legal entities, including partnerships. The AML Law does not make any distinction between companies and partnerships. Therefore, the definitions of beneficial owners as set out in the AML Law for the CDD requirements of the AML-obliged persons (article 3) and for the obligations of the legal entities to identify their beneficial owners (article 6.1(8)) also apply for FP, LP and BP. As set out above in paragraphs 94 and 106, these definitions entail a simultaneous identification of the natural persons who control the legal entity through ownership interests and those who control it through other means.

132. As with all legal entities, other than companies, the determination of beneficial ownership should take into account the specificities of their different forms and structures.[17] In respect of partnerships in Russia, the application of a specific ownership threshold in the determination of the beneficial owner may not always be relevant as all general partners are jointly and severally liable for all the obligations of the partnership, regardless of the amount of their contribution in the partnership. This is a fundamental difference from companies, where members are usually liable up to the amount of their investment contribution. However, in this respect, the definitions of the beneficial owner contained in the AML Law appear appropriate for the identification of the beneficial owners of the partnerships since both the conditions of control through ownership and of control through other means are verified at the first step of this identification. The determination of the beneficial owners of a partnership is also clarified in the CBR letter no. 014-12-4/4780 of 2 June 2015 sharing the Wolfsberg AML principles,[18] which provides the following guidelines for the identification of the beneficial owners of partnerships:

17. Refer to paragraphs 16 and 17 of the Interpretive Note to FATF Recommendation 24.
18. https://www.wolfsberg-principles.com/sites/default/files/wb/pdfs/faqs/19.%20Wolfsberg-FAQs-on-Beneficial-Ownership-May-2012.pdf.

> Partnerships are comprised of partners (sometimes referred to as general or equity partners) and sometimes include limited partners. Ordinarily, the principal general or equity partners would be considered to be the "beneficial owners" for purposes of Paragraph 1.2.3. In the event the partnership includes limited partners, there may be circumstances in which a limited partner could be considered to be a "beneficial owner".

133. The aspect of the correct identification of the beneficial owners of partnerships in practice will be further analysed under the Phase 2 review (Annex 1).

134. In the case of SPs and IPs, there are uncertainties on whether the AML Law provides for the identification of their beneficial owners. Indeed, pursuant to the definition provided by this law, a "client" means a natural person or a legal entity, as well as a foreign structure without forming a legal entity. This definition does not clearly encompass the cases of SPs and IPs which are not legal persons nor foreign structures without forming a legal entity. However, the definition of beneficial owner also states that the beneficial owner of the client-natural person is deemed such person, except for the cases when there are grounds to consider that the beneficial owner is another individual. As the AML-obliged persons have also the obligation to obtain information on the purpose and the expected nature of their business relations with the client (article 7(1)(1.1)) of the AML Law), this obligation gives assurance that the natural person acting on behalf of an SP or IP will not be identified as the sole beneficial owner of the SP or IP and that the AML-obliged person will also identify the other persons having control on the partnership as its beneficial owners. As the Russian authorities indicate, based on their experience from the activity of tax audits, that the use of SP and IP is limited in Russia and that they have not received any EOI request on SP or IP, and considering the other obligations of the AML-obliged persons, the absence of a precise legal requirement to keep beneficial ownership information for this kind of structures does not appear as a material gap. Nevertheless, Russia should ensure that the absence of a precise legal requirement for maintaining beneficial ownership information on the Simple Partnerships and the Investment Partnerships does not interfere with an effective exchange of information (see Annex 1).

135. Foreign partnerships are captured by the AML Law.[19] Pursuant to article 7(14) of the AML Law, the clients of an AML-obliged person must

19. Under the provisions of the AML Law, "Foreign structure without forming a legal entity" means the institutional form created according to the legislation of a foreign state (territory) without forming a legal entity (in particular, foundation, society, partnership, trust, other form of making collective investments and/

provide this person with the information on their beneficiaries, founders (members) and beneficial owners. Those foreign partnerships are also covered by the CDD obligation of AML-obliged persons which requires them to take reasonable and available measures, in the existing circumstances, for identifying a client's beneficial owners. However, as described in paragraph 97, there is an exception to the obligation to take reasonable measures to identify the beneficial owners of a client which is a foreign structure without legal personality which does not provide for the existence of a beneficial owner. This exception may cover foreign partnerships although this exception will apply only in the cases where the organisational form of the foreign structure does not provide for the existence of a beneficial owner. As there is no specific guidance for the AML-obliged persons on the type of structures covered by this exception, there is a risk that the beneficial owners of a foreign partnership are not always properly identified. The impact of this exception on the availability of the beneficial ownership information in practice will be also further analysed under the Phase 2 review (see Annex 1).

136. The AML Law defines the term of beneficial owners, for the purpose of CDD requirements, as "a natural person who ultimately, directly or indirectly (through third persons) owns (has a predominant stake of over 25% in the capital) a client-legal person, or has the possibility of controlling the actions of the client" (article 3). The term client is defined as covering a natural person or a legal entity, as well as a foreign structure without forming a legal entity, receiving the services of an institution that carries out transactions in monetary funds or other assets. Although the determination of beneficial owners through ownership interest seems to refer only to the clients-legal persons, the determination of the beneficial owners through other means (the possibility of controlling the actions of the client) seems to refer to all clients, including the foreign partnerships which are covered by the definition of a foreign structure without forming a legal entity. Therefore, the AML-obliged persons would have the obligation to take reasonable and available measures to identify the natural persons who have a possibility of controlling the actions of a foreign partnership. Nevertheless, the Russian authorities indicated that the definition of the beneficial owners is interpreted as requiring the AML-obliged persons to take into account simultaneously the criteria of both control by ownership and control by other means, including in the case of a client being a foreign partnership. In any case, the process of identification of the beneficial owners of the foreign partnerships seems appropriate.

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or entrusted management) which in compliance with its internal law is entitled to exercise the activities aimed at deriving income (profit) in the interests of its participants (shareholders, principals or other persons) or other beneficiaries (article 3).

137. As explained in para. 90, it would be difficult, including for a foreign partnership, to operate in Russia without a bank account in Russia. However, there is no clear requirement for a foreign partnership to engage an AML obliged person for carrying on business in Russia. Therefore, as the beneficial ownership information on foreign partnerships may not be always available and due to the risk that the beneficial owners of a foreign partnership are not always properly identified (see para. 135), **Russia should ensure the availability of beneficial ownership information on the relevant foreign partnerships.**

138. In respect of the other aspects of the AML requirements on the identification of the beneficial owners of the partnerships, the conclusions described in A.1.1 (see para. 113) applies for domestic and foreign partnerships and **Russia is therefore recommended to ensure that the information on the beneficial owners for all relevant entities and arrangements be available in line with the standard.**

Oversight and enforcement

139. As noted in section A.1.1 in relation to the legal ownership of legal persons, the oversight and enforcement on the availability of information on the identity of partners in partnerships mainly relies on the FTS, as the keeper of the USRLE. The verification on the accuracy of information contained in the USRLE, as described in paragraphs 52 to 58 is made for all legal entities, including FPs, LPs and BPs. The accuracy of the information provided to the tax administration on SP and IP is checked through the activity of tax audits. The FTS also plays an important role, as described in paragraph 119, in the oversight and enforcement of the obligation for the legal entities to maintain the information on their beneficial owners under the AML Law. The sanctions described in paragraphs 72, 80 and 117 also apply for partnerships. The implementation in practice and enforcement of the legal obligation to maintain beneficial ownership on all partnerships will be assessed in more details in the Phase 2 of the review process.

Availability of partnership information in EOI practice

140. The peer input received for the current review did not raise any specific issue in relation with the availability of partnership information in the practice of EOI.

A.1.4. Trusts

141. It is not possible to establish trusts under Russian law.[20] However, the law does not generally prohibit a resident of Russia, either natural or legal person, from acting as a trustee, a trust protector or a trust administrator. However, lawyers that are attested by the bar to represent clients in court proceedings, as well as notaries and accountants are not able to provide such services due to their specific sectoral legislation prohibiting this[21] and their involvement in the provision of trust services would constitute violation of applicable sectoral laws entailing administrative and disciplinary liability.

142. As mentioned in the 2014 Report, a management company can also be appointed as a trustee of investments unit funds (IUF) on the basis of Federal Law no. 156 of 29 November 2001 (Law on Investment Funds). Pursuant to article 10 of the Law on Investment Funds, an investment unit fund (IUF) gathers assets of the unitholders (who are both the settlors and beneficiaries of the fund) whose ownership is transferred to the management company for trust management. The interest in the right of ownership in the IUF is certified with a security issued by the management company. The rights of each unit holder in the IUF must be recorded on personal accounts in the register of investment unitholders (article 14(5)) held by a person designated in the agreement of the trust management (article 17(1)). The agreement of the trust management of an IUF becomes effective only after registration with the CBR (article 19.1). The register of investment unitholders may be maintained only by a legal entity having a licence to maintain a register of registered securities holders or by the specialised depository of a unit investment fund (article 47), which are subject to AML requirements.

20. Article 1012 of the Civil Code allows the conclusion of fiduciary management agreements by which a person (a settlor) will transfer assets to the trustee for a limited period of time, and the trustee commits to manage these assets in the interests of the settlor or the person indicated by him (beneficiary). However, those agreements does not appear relevant for this EOIR review as the main difference between the fiduciary management agreements and the common law trusts is that the legal ownership of the assets is not transferred to the trustee and then, the settlor will always be identified as the legal owner of those assets.

21. Federal Law no. 63 of 31 May 2002 (articles 1 and 2) for lawyers; Federal Law no. 4462-1 (articles 1, 6 and 35) for notaries and Federal Law no. 307 (article 1(6)) for accountants.

Requirements to maintain identity information in relation to trusts

Foreign trusts

143. Article 7(1) of the AML Law requires that AML-obliged persons identify, in relation to a "foreign structure without forming a legal entity":[22] its name, registration number (if any), place of exercising its principal activity, and in respect of trusts: all the assets being managed in the trust, the name and residence address of the founders (settlors) and the trustee. Besides, pursuant to article 7(14) of the AML Law, the clients of an AML-obliged person must provide this person with the information on their beneficiaries, founders (members) and beneficial owners.

144. As described under elements A.1.1 and A.1.3 (see para. 135), the AML-obliged persons must take reasonable and available measures, in the existing circumstances, for identifying client's beneficial owners. This requirement covers the clients being foreign trusts, which are covered by the definition of "foreign structure without forming a legal entity". However, as also described in paragraph 135, there is no specific guidance on the scope of the exception to the obligation to take reasonable measures to identify the beneficial owners of a client which is a foreign structure without legal personality which does not provide for the existence of a beneficial owner. This category of exceptions may cover the foreign trusts and there is therefore a risk that the beneficial owners of a foreign trusts are not always identified by the AML-obliged persons. The impact of this exception on the availability of the beneficial ownership information in practice will be also further analysed under the Phase 2 review (see Annex 1).

145. On the definition of the beneficial owners of a foreign trust, the information letter no. 57 issued by the Rosfinmonitoring on 4 December 2018 provides methodological guidelines to the AML-obliged persons. Section 1 states that to identify the beneficial owners of a trust, the AML-obliged persons must use information on the settlors, trustees, beneficiaries or classes of beneficiaries and any other natural persons having effective control over the trust. This provision does not clearly provide for the identification of the protector, if any, of the foreign trust. The Russian authorities confirmed that, in the light of the general definition of beneficial owner, who can only be a

22. "Foreign structure without forming a legal entity" means the institutional form created according to the legislation of a foreign state (territory) without forming a legal entity (in particular, foundation, society, partnership, trust, other form of making collective investments and/or entrusted management) which in compliance with its internal law is entitled to exercise the activities aimed at deriving income (profit) in the interests of its participants (shareholders, principals or other persons) or other beneficiaries (article 3).

natural person, if the founder (settlor), trustees or beneficiaries were legal persons or arrangements, there would be an obligation to look through them in order to identify the natural person that is behind. However, the CDD requirements for AML-obliged persons do not ensure the availability of the beneficial ownership information in all cases as there is only an obligation for the AML-obliged persons to take "reasonable and available measures" for the identification of the beneficial owners of their clients.

146. Trust Service Providers are not expressly listed as AML-obliged persons in the AML Law and there is no separate requirement under this law for trustees that are not otherwise AML-obliged persons to keep beneficial ownership information in relation to the foreign trust. Therefore, the trustee of a foreign trust will apply the CDD requirements only if this trustee is otherwise an AML-obliged person, for example a bank. However, the Russian authorities indicated that the situation of a non-AML-obliged trustee, in particular the case of a non-professional trustee, would only be theoretical in Russia. They also consider that a trustee of a foreign trust that is not an AML-obliged person will nevertheless carry out transactions with funds or other assets on behalf of the trust. Therefore, the trustee will in most cases be a client of an AML-obliged person which would then have to identify the beneficial owners of the foreign trust, because in accordance with the definition of beneficial owner, the beneficial owner of the client-natural person is deemed such person, except for the cases when there are grounds to consider that the beneficial owner is another individual (article 3 of the AML Law). However, there is no legal obligation for the non-AML-obliged trustee, including a non-professional trustee, to resort to the services of a Russian AML-obliged person, nor to disclose its status when entering into a business relationship with an AML-obliged person.

147. The tax law allows for the availability of some beneficial ownership information on trusts for at least five years following the reporting of the information[23]. Pursuant to article 25.14 of the Tax Code, a foreign trust may be recognised as controlled foreign companies (CFC) of Russian taxpayers that have control over it, provided they have actual right to income of that trust, right of administration of the assets of the trust or right to receive the assets of the trust in the event of its liquidation. Those taxpayers must file with the FTS annual notices of CFC and notification of participation in a trust within three months following the date of creation of the trust or, if any, following the date of change in interest or of termination of their participation in the trust. This obligation to file notices of CFC and notification of

23. In accordance with the list of documents generated in the activities of the FTS of Russia and their storage periods, approved by Order of the FTS no. MMB-7-10/88 of 15 February.2012, the tax returns and the related documents must be stored by the FTS for at least 5 years.

participation applies to all taxpayers, including both professional and non-professional trustees. The notice of CFC and notification of participation in a foreign trust must identify the foreign trust and disclose the role and the participating interest of the Russian taxpayer in this trust. Nevertheless, disclosure of information about other beneficial owners who are not Russian controlling persons of the trust is not required. Even though the tax authority has the right to request this information from the Russian taxpayer identified as the trustee of a foreign trust, there is no legal requirement for the Russian trustee to keep this information.

148. Article 23(3.2) of the Tax Code also requires that the foreign entities and arrangements which holds an immovable property in Russia provide the tax authority with the information on their participants, which includes, for a foreign trust, the information about the identity of the settlors, beneficiaries and trustee of this foreign trust. This requirement covers appropriate identity information on trusts, except that it does not require the identification of the protector, if any. Moreover, it applies only in the case where a foreign trust holds an immovable property in Russia.

149. In conclusion, the Russian law does not provide for a clear legal requirement to maintain, in all cases, the full beneficial ownership information (i.e. information on the identity of the settlor, trustee(s), protector (if any), beneficiary or class of beneficiaries and other natural person exercising ultimate effective control) on the foreign trusts administered in Russia or in respect of which a trustee is resident in Russia. Consequently, the recommendation issued in the 2014 Report on that aspect is maintained and **it is recommended to Russia to ensure that information identifying the settlors, trustees, beneficiaries and all beneficial owners of foreign trusts, which are administered in Russia or in respect of which a trustee is resident in Russia, is available in all cases.**

Investment Unit Funds

150. In the case of an IUF, the information on the investment unitholders is contained in the register of investment unitholders (article 47 of the Law on Investment funds). The rights of each unitholder in the IUF must be recorded on personal accounts in the register of investment unitholders (article 14(5)) held by a person designated in the agreement of the trust management (article 17(1)). The rights to investment units may be recorded on nominee personal accounts if this is provided for by the rules of trust management of the unit investment fund. In such a case, the information on persons in the interests of whom nominees perform their functions is received by the registry holder (paragraph 5.8 of the Regulation of the CBR no. 572-P (4)). The agreement of the trust management of an IUF becomes effective only after registration by the CBR (article 19.1). This agreement must include

information the full name of the management company and person responsible for keeping the register. The register of investment unitholders may be maintained by a legal entity having a licence to maintain a register of registered securities holders or by the specialised depository of a unit investment fund (article 47), which are subject to AML requirements.

151. Therefore, the information on the trustee (the management company) is disclosed to the CBR in the agreement of the trust management and the information on the unitholders, who are both the settlors and the beneficiaries of an IUF, is available in the register of investment unitholders. Moreover, as the trustee of an IUF is always a management company which is an AML-obliged person, this management company must perform CDD requirements on the unitholders of the investment funds, including for the identification of their beneficial owners. However, the CDD requirements for AML obliged persons do not ensure the availability of the beneficial ownership information in all cases as there is only an obligation for the AML obliged persons to take reasonable and available measures for the identification of the beneficial owners of their clients. **Therefore, Russia is recommended to ensure that the information on the beneficial owners for all relevant entities and arrangements, including for the investment unit funds, be available in line with the standard.**

Oversight and enforcement

152. Regarding the tax obligations of the foreign trusts and Russian taxpayers involved in a foreign trust, the Russian law provides for the sanctions for failure to submit information to the FTS. Article 129 of the Tax Code sanctions the non-compliance with the requirement to submit information in due time to the FTS by a penalty of RUB 5 000 (EUR 72) and by a penalty of RUB 20 000 (EUR 288) in the case of repeated failure in the same year. Article 129.6 also provides for a penalty of RUB 50 000 for non-compliance with the requirement to submit in due time information on the participation in a foreign trust.

153. Regarding the AML requirements for AML-obliged persons to identify the founders and trustees of a foreign trust, the same supervision measures as the ones described in section A.1.1 apply. The implementation in practice and enforcement of the legal obligation to maintain identity and beneficial ownership information in relation to trusts will be assessed in more details in the Phase 2 of the review process.

Availability of trust information in EOI practice

154. According to the peer input and the Russian answers received in the context of this review, Russia did not receive EOI request on IUF trusts and foreign trusts over the last few years.

A.1.5. Foundations

155. Federal Law no. 7 of 12 January 1996 (Law on Non-profit Organisations) permits the creation of non-profit organisations. These entities are established by individuals or legal entities on the basis of voluntary assets contributions and pursue social, charitable, cultural, educational or other socially useful goals. Pursuant to Article 2(1) of the Law on Non-profit Organisations, a non-profit organisation does not have profit-making as the main objective of its activity and does not distribute the earned profit among the participants. The non-profit organisations are registered in the USRLE following a registration procedure with the Ministry of Justice. In 2019, 18 534 non-profit organisations were registered in the USRLE. Considering their features, those non-profit organisations are not considered to be relevant for the work of the Global Forum.

156. A similar conclusion applies for the Institutions which can be created based on article 120 of the Civil Code. An institution is a non-profit organisation created for the performance of managerial, socio-cultural or other functions of non-profit character.

Other relevant entities and arrangements

157. As noted in the 2014 Report, the Civil Code provides for the establishment of Production Co-operatives (article 107(1) of the Civil Code and Federal Law no. 41 on Production Co-operatives of 8 May 1996). A Production Co-operative is an association of individuals for joint production or other economic activity, based on their personal labour and other participation and association of its participants' mutual contributions. The number of members of the co-operative should be not less than five. On 30 November 2020, 9 498 Production Co-operatives were registered in the USRLE.

158. Article 116 of the Civil Code also provides for the establishment of the Consumer Co-operatives which is a non-profit association of individuals and/or legal entities by which they put together their assets contributions to satisfy their needs. The incomes, derived by the consumer co-operative as a result of its business activity must be distributed among its members. As a legal entity, a Consumer Co-operative must be registered with the FTS in the USRLE. On 30 November 2020, 81 210 Consumer co-operatives were registered in the USRLE.

159. The constituent document of a Production Co-operative and a Consumer co-operative must contain the names of the founders of the entity (article 52 of the Civil Code) as well as the amount of the contributions made by each member of the co-operative, the share structure and order of distribution of profits and losses, the composition of the co-operative management bodies and the rules for decision making (articles 108(2), 110(4) and 116(2) of the Civil Code).

160. As legal entities, Production and Consumer Co-operatives are required to register and provide information to the USRLE maintained by the FTS pursuant to the Law on State Registration. At the time of registration, Co-operatives must supply identity information on their members, and all changes in the information entered in the Unified State Register are required to be registered (article 5 of the Law on State Registration – see paragraphs 50 and 51).

161. Regarding the beneficial ownership of the Production Co-operatives and Consumer co-operatives, they are subject, similar to the other legal entities, to the requirement of article 6.1 of the AML Law to identify their beneficial owners.

162. As a result of these obligations, legal and beneficial ownership of the Production and Consumer Co-operatives must be available in Russia, subject to the deficiencies identifies under A.1.1 in the AML requirements for the identification of the beneficial owners of the legal entities.

A.2. Accounting records

Jurisdictions should ensure that reliable accounting records are kept for all relevant entities and arrangements.

163. The 2014 Report had concluded that the legal framework for maintaining reliable accounting records with underlying documentation by all relevant legal persons and arrangements was in place in Russia and the element was rated Compliant.

164. Requirements to keep accounting records arise predominantly from Russia's Tax and Civil Codes, as well as the Federal Law No. 402-FZ on Accounting (the Law on Accounting, replacing the 1996 Law on Accounting referred to in the 2014 Report). The description of the relevant provisions in the 2014 Report remains relevant. Nevertheless, the accounting requirements for the relevant foreign companies and partnerships arise only from the Tax Law under which the retention period for accounting information is only four years. Therefore, Russia is recommended to ensure a minimum retention period of five years for all relevant foreign companies and partnerships.

165. The conclusions are as follows:

Legal and Regulatory Framework: in place but certain aspects of the legal implementation of the element need improvement

Deficiencies identified/ Underlying factor	Recommendations
For the relevant foreign companies and partnerships, the accounting requirements arise only from the Tax Law and then, the minimum retention period is only four years for the accounting records, including the underlying documentation.	Russia is recommended to ensure the availability of all accounting records for a minimum retention period of five years for all relevant foreign companies and partnerships.

Practical Implementation of the Standard: The Global Forum is not in a position to issue a rating on this element, as it involves issues of practice that are dealt with in the Phase 2 review.

A.2.1. General requirements

166. The availability of the accounting records is generally ensured by a combination of the Accounting and Tax laws requirements. The various legal regimes and their implementation in practice are analysed below.

Accounting law

167. The Law on Accounting sets out a general obligation of keeping accounting records for all commercial and non-commercial legal entities established under Russian law, individual entrepreneurs (including lawyers and notaries) as well as branches and representative offices of foreign legal entities, located on the territory of Russia.

168. Pursuant to article 5, the accounting records consist of maintaining information on the economic operations, assets, liabilities, sources of financing, income, expenses, or other items if required by the federal standards. According to article 9, every economic operation must be formalised in a source accounting document. These documents are subject to a timely registration and accumulation in the accounting books (article 10(1)) by means of double entry on accounts (article 10(3)). The accounting register should contain a chronological and systematic grouping of accounting objects. Further obligations include the identification of the person responsible for book-keeping who can be sanctioned in case of a breach in the accounting

rules. A balance sheet must be prepared through an inventory of assets and liabilities (article 11). Financial statements, which consist of the balance sheet, the statements on financial result and the explanatory notes (article 14), must be prepared for each accounting year (article 13). Article 18 requires that a copy of the compiled annual financial reports, as well as the audit report for the financial statements subject to statutory audit, be presented to the FTS within three months after the end of the accounting period in order to populate the administrative database of financial statements, which is available for all users. The statutory audit of financial statements is mandatory for all JSC, for LLC with a turnover above RUB 800 million (EUR 11.5 million) or a total amount of assets above RUB 400 million (EUR 5.8 million) as well as for other entities if specified by specific laws (for instance for funds, state-owned companies, public law companies or credit institutions).

169. Pursuant to article 6(2) of the Law on Accounting, individual entrepreneurs as well as branches and representative offices of foreign legal entities are exempt from the general obligation of keeping accounting records if they otherwise keep records of their income and expenses and of other taxation elements in accordance with procedures laid down in the tax law. Article 6(4) also provides for the possibility for small-size enterprises[24] and non-profit entities to apply simplified methods of accounting, including simplified financial statements. The simplified accounting statements consist of a simplified form of balance sheet and income statement, including information regarding assets, liabilities, income, expenses and business operations that can be considered essential for understanding an entity's financial state or financial performance.

170. Article 29 requires source accounting documents, registers of the accounting and accounting (financial) reports to be kept for not less than five years after the accounting year.

24. Article 4 of Federal Law no. 209 on the development of small and medium business of 24 July 2007 defines a small-size enterprises as a legal for which the average number of employees is under 100 and the previous year sales revenue exclusive of VAT is under RUB 400 million (EUR 5.7 million). However, pursuant to article 14(3), the following SME types are excluded: credit and insurance institutions (including non-banking credit institutions), investment funds, non-state pension fund, securities traders, pawnbrokers, parties to production sharing agreements, gambling organisations; enterprises manufacturing and selling excisable goods, natural resources (with the exception of common commercial minerals) and non-residents of Russia. Article 6(5) also excludes from the possibility of simplified methods of accounting the entities whose financial statements are subject to a statutory audit, the public sector entities, the entities of legal professionals representatives (bar and notaries chambers, etc.) and the non-profit entities acting as resident agent.

Tax law

171. Pursuant to article 23(1) of the Tax Code, all taxpayers, both legal entities and individuals, must maintain records of their income and expenses, in accordance with the rules set out in the Accounting Law and the Tax Code(article 23(1)(3)). These taxpayers must submit the documents required for the determination and the payment of taxes (article 23(1)(6)). These obligations apply to all taxpayers, including the foreign entities with a permanent establishment in Russia.

172. This obligation of keeping accounting documents for tax purposes includes the following documents:

- documents of taxpayers and tax agents which are needed for the calculation, withholding and payment of taxes (article 31(1)(1)), including invoices, books of purchases and sales; customs declarations regarding VAT payment and application for goods import
- annual accounting financial statements (article 23(1)(5.1).

173. According to article 23(1)(8) of the Tax Code, taxpayers must ensure the retention for a period of four years of financial and tax accounting records and other documents which are needed for the determination and payment of taxes, including documents confirming the receipt of income, the incurring of expenses (for legal entity and entrepreneurs) and the payment or withholding of taxes, except if a specific longer retention period is otherwise provided by the Tax Code. Nevertheless, this provision has been amended by Federal Law no. 8-FZ of 17 February 2021. This amendment extends the retention period to five years for the accounting information and documents mentioned above and for which the retention period was not over at the date of its entry into force. This amendment was published on the Official Portal of legal information of Russia on 17 February 2021 but its date of entry into force occurs on 17 March 2021, i.e. after the "cut-off date" of this review (5 March 2021). Therefore, this amendment cannot affect the conclusions of this review.

174. In addition, the private entrepreneurs have the obligation to present, upon request of the FTS, a register of income and expenses and economic transactions. They must also provide the FTS, within three months following the end of the accounting year, with the accounting financial statements, except in cases where they are exempted from the obligation of keeping accounting records under the Accounting Law (see para. 169).

175. Since 2015, the taxpayers have also the obligation to submit their VAT returns, sales and purchase books and data of VAT invoices to the FTS in an electronic form (order of the FTS of 29 October 2014 no. MMB-7-3/558). These documents are stored in the databases of the FTS for five years in accordance with the list of storage periods approved by the order no. 236 of the

Federal Archival Agency. This obligation ensures this accounting information in relation to VAT is directly available for the FTS for a period of five years.

176. Chapter 26.2 of the Tax Code contains the provisions in relation with the simplified taxation system (STS) that is a set of tax measures for supporting small businesses. The conditions for being covered by the STS are set out in articles 346.11 to 346.13 and the main criteria is the level of the taxpayer's turnover which must not exceed RUB 45 million (EUR 648 000) during the nine months preceding the application to join the system.

177. The accounting obligation of the STS taxpayers consists of maintaining a ledger of income and expenses for the purposes of calculating the tax base. In accordance with the Order of the Ministry of Finance no. 135 of 22 October 2012, this ledger of income and expenses contains, in a chronological order and based on the underlying accounting documents, information on all economic transactions for the reporting tax period. The expenses must also be recorded, whether the taxpayer received or not income during the tax period, unless the taxpayers applying the STS choose to determine their tax base on an "income only" basis (article 346.14). Nevertheless, the legal entities that are STS taxpayers are still covered by the obligations of keeping accounting records under the Accounting Law. As a consequence, only the individual entrepreneurs that can be exempted from the general obligation to maintain accounting records in accordance with article 6(2) of the Accounting Law can legally maintain accounting records on an "income only" basis. In 2019, 1 616 217 individual entrepreneurs applied this "income only" basis system, representing 21% of the total number of 7.5 million of legal entities and individual entrepreneurs.

178. The 2014 Report invited Russia to monitor the impact of the simplified taxation system on EOI. Russian authorities confirmed that, during the past years, they were unable to rely on the accounting records of Russian companies to confirm a transaction between a Russian taxpayer and a foreign taxpayer in few cases because the Russian company was applying the simplified taxation system. In those cases, the FTS was nevertheless able to provide the requested information on the transactions between the Russian company and the foreign taxpayer from the internal databases (Customs database, CBR database), bank statements of accounts of the Russian companies and data on tax payments made by the Russian companies. Further, considering that the potential deficiency is limited only to individual entrepreneurs with a low turnover, it is reasonable to consider that there is no specific gap that might affect the ability of Russia to provide the information as required by the standard. Nevertheless, Russia should continue to monitor that the determination of the tax base on an "income only" basis by the taxpayers that apply the simplified taxation system does not interfere with the effective exchange of information in tax matters (see Annex 1).

Companies that ceased to exist and retention period

179. In accordance with article 23(10) of Federal law no. 125 of 22 October 2004 on Archival Affairs in Russia, the archival documents formed in the course of the activities of a liquidated entity for which the retention period has not expired are transferred by the liquidator for storage in the appropriate state or municipal archive. Nevertheless, the transfer of accounting information to the archive cannot be ensured in the case of the entities struck-off from the USRLE by the FTS. The list of standard management archival documents, approved by the order no. 558 of the Ministry of culture of Russia of 25 August 2010, the primary accounting documents and their underlying documentation, which recorded the fact of a business transaction and were the basis for accounting records, must be stored during 5 years from 1st January of the year following the last record.

180. As mentioned in paragraph 175, part of accounting records will also be stored in the database of the FTS for 5 years, including after the liquidation or the striking-off of the entity.

Partnerships and trusts

181. As legal entities, the Full Partnerships, Limited Partnerships and Business Partnerships are subject to the same requirements and exceptions of the Law on Accounting and of the Tax Law as companies.

182. Regarding the Simple Partnerships, each partner must report their income from the partnership activities and each partner makes an individual tax return which indicates the name of the partnership. Therefore, in accordance with the provisions of article 23 of the Tax Code described above (see para. 171), they have to maintain records of their income and expenses and submit the documents required for the determination and the payment of taxes. Consequently, each partner of a Simple Partnership must keep the full accounting information on the partnership to be able to justify the amount of the income reported in the partner's tax return. However, the accounting records may not be fully reliable in the cases where all the partners of the Simple Partnership are individual entrepreneurs who apply the Simplified Taxation System and determine their tax base on an "income only" basis (see para. 177). In such a case, the partners are not required to maintain accounting information on the expenses of the Simple Partnership. Nevertheless, if one of the partners of the Simple Partnership does not determine its tax base on the "income only" method, the accounting information on the expenses of the partnership will be available. As this deficiency is limited to Simple Partnerships with all partners being individual entrepreneurs with a low turnover, it is reasonable to consider that there is no specific gap that might affect the ability of Russia to provide the information as required by the standard.

Nevertheless, as mentioned in paragraph 178, Russia should continue to monitor that the determination of the tax base on an "income only" basis by the taxpayers that apply the simplified taxation system does not interfere with the effective exchange of information in tax matters (see Annex 1).

183. For the Investment Partnerships (IP), the managing partner must provide accounting records to each partner, including the amount of expenses (article 4(4) of the Law on IP). Moreover, the partners of an investment partnership are either legal entities or individual entrepreneurs. Therefore, all partners of an IP are subject to the accounting requirement of the Accounting law and of the Tax Law for their part of the taxable income from the partnership.

184. Regarding the foreign trusts with a trustee in Russia or administered in Russia, there is no specific legal requirement in Russia to maintain the accounting information in relation with those trusts. Nevertheless, for the trusts which have a trustee subject to tax in Russia, the income received by the trust is considered to be earned by the trustee, and any property of the trust will be attributed to the trustee. In such cases, the trustee will have to provide the relevant accounting information as set out in article 23 of the Tax Code in order to justify the determination and the payment of taxes, including all records for determining whether the trust income is taxable in the hands of the trustee.

185. Moreover, the trustees of foreign trusts acting in a professional capacity are subject to the requirement of the Law on Accounting. These accounting requirements ensure that the trustee is able to provide accounting information on the income generated and the assets held by the foreign trust. These accounting requirements are complemented by the AML Law, for cases where the trustee is an AML-obliged persons. In particular, the AML-obliged persons must document the information, for the transactions of their clients, the type of transactions, the grounds for carrying out the transactions, the date and the amount of the transactions. The availability of accounting information on the foreign trusts also relies on the tax obligation of the trustee being a taxpayer in Russia, both for professional and non-professional trustees. The Law on Accounting and the AML Law can complement the tax requirements in cases where the trustee acts in a professional capacity. However, in case where the trustee of a foreign trust is a non-professional trustee, the accounting information is available only on the basis of the Tax Code and then, this information will be available only for a minimum four-year retention period. Therefore, Russia should ensure that accounting information is available on foreign trusts administered by non-professionals trustees resident in Russia (see annex 1).

186. In conclusion, the Law on Accounting and the Tax Code generally provide for obligations to keep comprehensive accounting records, for a minimum five-year retention period of accounting records for all relevant entities and arrangements, except for foreign companies and partnerships with a branch or representative office in Russia, for which the minimum retention

period is only four years (see para. 173). **Therefore, Russia is recommended to ensure the availability of all accounting records for a minimum retention period of five years for all relevant foreign companies and partnerships.** The practical implementation of the amendment to the Tax Code that extends the minimum retention period of accounting information will also be reviewed in detail in the Phase 2 review (see Annex 1).

A.2.2. Underlying documentation

187. Article 9(2) of the Law on Accounting sets out a list of mandatory requisites of a source accounting document, including the date of the document, the nature and the amount of the economic operation and the identification of the person responsible for this operation.

188. Under the Tax Code, the tax accounting records needed for the determination of the tax base must be established on the grounds of the data from the basic documents and supported by these documents (article 313). This requirement is also applicable to STS taxpayers.

189. Therefore, the legal requirements for keeping the underlying documentation of the accounting records ensure the availability of this information. However, the minimum retention period applicable for the accounting records apply for the underlying documents, under both the Law on Accounting and the Tax Code. Therefore, the recommendation issued on the retention period of the accounting records maintained only under the tax law (see para. 186) also applied for the underlying documentation.

Oversight and enforcement of requirements to maintain accounting records

190. According to article 15.11 of the Code of Administrative Offences, the absence of primary accounting documents and accounting records, during the retention periods of such documents, qualifies as a major violation of accounting requirements and results in an administrative fine on officials (senior managers, chief accountant and other persons empowered to engage the company) of RUB 5 000 to RUB 10 000 (EUR 72 to EUR 144). A repeated breach in accounting requirement results in an administrative fine of RUB 10 000 to RUB 20 000 (EUR 144 to EUR 288) or results in professional disqualification of an individual for a period from 1 to 2 years.

191. According to article 120(1) and (2) of Tax Code, a major violation of the accounting requirements consists of the absence of source documents or the absence of VAT invoices, books of account or tax ledgers. It results in a fine of RUB 10 000 (EUR 144). The same failures, if committed during more than one tax period, result in a fine of RUB 30 000 (EUR 432). If these failures result in an understatement of the tax base, a fine of 20% of the amount of unpaid tax but not less than RUB 40 000 (EUR 576) is applied.

192. The oversight and enforcement of requirements to maintain accounting records is carried out by the FTS through its activity of tax audits. This aspect will be further analysed under the Phase 2 review.

A.3. Banking information

Banking information and beneficial ownership information should be available for all account holders.

193. The 2014 Report concluded that the AML law ensured the availability of banking information related to clients of the banks and their accounts, as well as financial and transaction information. However, the element was rated "Largely Compliant" as the prohibition of opening and maintaining bearer savings books was recent and the transitional provisions were not defined in law. There were also uncertainties on the effectiveness of the oversight and enforcement of the banks' obligation due to limited information available at the time of the review. Those aspects will be further considered under the Phase 2 review.

194. While the legal and regulatory framework remains in place, the standard was strengthened in 2016 and the issues identified under section A.1 in relation to beneficial ownership requirements affect the availability of beneficial ownership information in respect of bank account holder.

195. The conclusions are as follows:

Legal and Regulatory Framework: in place but certain aspects of the legal implementation of the element need improvement

Deficiencies identified/Underlying factor	Recommendations
Banks are covered by the AML provisions in relation with the identification of the beneficial owners of their clients. However, banks are required to "take reasonable and available measures, in the existing circumstances", for the identification of the beneficial owners of their clients. Consequently, the information on the beneficial owners may not be available in instances where the application of the measures does not result in the identification of the beneficial owners. Further, the AML Law requires that, if it is not possible to identify the beneficial owner of a legal entity according to the legal definition, the "sole executive body" of this legal person may be deemed the beneficial owner. Although the general definition of beneficial owner under the AML Law provides that beneficial owner can only be a natural person, the sole executive body is not clearly encompassed by this definition and there is no clear requirement that the sole executive body be a natural person. There are also doubts on the proper identification of the beneficial owners of foreign partnerships and foreign trusts.	Russia should ensure that the information on the beneficial owners of all account holders is available in all cases.

Practical Implementation of the Standard: The Global Forum is not in a position to issue a rating on this element, as it involves issues of practice that are dealt with in the Phase 2 review.

The Phase 2 recommendations issued in the 2014 Report are reproduced below for the reader's information.

Deficiencies identified/ Underlying factor	Recommendations
A clear obligation that prohibits credit institutions to maintain anonymous accounts is only in force since 28 June 2013, and the transitional provisions are not defined in the law.	Russia should monitor the practical implementation including the enforcement of the recently introduced prohibition on credit institutions to maintain anonymous accounts.
It is unclear what oversight and enforcement there is of banks' obligations to maintain relevant information.	Russia should ensure that banks' obligations to maintain relevant information is subject to adequate enforcement and oversight.

A.3.1. Record-keeping requirements

Availability of banking information

196. In accordance with the AML Law, all banks must keep the following information and documents:

- information and documents relating to transactions in monetary funds and other assets, including, for each transaction carried out by their clients, the type, date and amount of the transactions as well as the grounds for carrying out the transactions (article 7(1)(4) and (5) of the AML Law)
- documents related to the activities of the client (if the client is an entity or an individual entrepreneur) including business correspondence and other documents at the discretion of the client
- other documents obtained as a result of applying the internal control rules (article 7(2) of the AML Law).

197. These obligations are complemented by the accounting obligations set out in the Accounting Law and CBR Regulation no. 579 (paragraphs 4.1. and 4.28).

198. These documents must be kept for a minimum period of five years (article 7(4) of the AML Law). In the case of a liquidated bank, the documents obtained and formed in the course of the activities of a credit institution,

for which the storage terms have not expired, are transferred to the state or municipal archive.[25]

199. In accordance with the AML Law (article 7(5)), banks are "prohibited to open and maintain accounts (deposits) for anonymous holders, i.e. without provision by individuals, legal entities or foreign structures without legal personality of documents and information necessary for its identification, or open and maintain accounts (deposits) for holders using fictitious names (pseudonyms)". The same provision also prohibits:

- opening bank accounts without the presence of the person opening the bank account (for individuals) or of the representative of this person (for other clients)
- concluding a bank account (deposit) agreement with the client, if this client or his/her representative fails to provide information and documents necessary for identification of the client or his/her representative
- making bank deposit agreements with legalisation of the documents certifying a bearer deposit.

200. The 2014 Report noted that while the Russian legislation clearly excluded the possibility for the banks to open and maintain savings books to bearer (anonymous accounts) and bearer savings certificates, which were authorised in Russia until 2002, there were no transitional provisions for pre-existing savings books to bearer and bearer savings certificates that remained in existence. In order to ensure the end of the savings books to bearer and bearer savings certificates, Federal Law no. 106 of 23 April 2018 introduced amendments related to eliminating the institute of bearer savings certificates and bearer savings books from the Russian legislation. In particular, this law has amended Federal Law no. 395 of 2 December 1990 on Banks and Banking Activities for defining that savings and deposit certificates are registered documentary securities and that the rights to a savings or deposit certificate passes to the acquirer from the moment of making a corresponding entry in the accounting system of the credit institution that issued the savings or deposit certificate (article 36.1 of Federal Law no. 395). It also amended the AML Law to specify that the credit institutions cannot make bank deposit agreements with legalisation of the documents certifying a bearer deposit (article 7(5) of the AML Law). This provision means that a full client acceptance procedure, including the CDD requirements, must be carried out by the bank before converting a bearer certificate into an authorised deposit. The

25. Federal Law no. 125-FZ of 22 October 2004 on Archival Business in Russia and Federal Law no. 395-1 of 2 December 1990 on Banks and Banking Activities, and Federal Law no. 127-FZ of 26 October 2002 on Insolvency (Bankruptcy).

statistics below show that the number of bearer savings books and bearer savings certificates has decreased over the last years. The implementation of those provisions prohibiting the opening and maintaining anonymous account will be further analysed during the Phase 2 review (see Annex 1).

Number of bearer savings books and bearer savings certificates

	31 December 2016	31 December 2017	31 December 2018	31 December 2019
Bearer savings books	217	203	171	86
Bearer savings certificates	26	6	-	-

Beneficial ownership information on account holders

201. The standard was strengthened in 2016 to specifically require that beneficial ownership information be available in respect of all account holders.

202. The identification of the beneficial owners of the account holders is provided by the CDD set out in article 7(1)(2) of the AML Law, which requires AML-obliged persons to take reasonable and available measures in the existing circumstances for identifying the clients' beneficial owners. As set out in paragraph 92 instruction of the CBR of 30 May 2014 no. 153-I (Opening and closing bank accounts, accounts for deposits, deposits accounts) clarify that for the opening of bank accounts a credit institution must take reasonable measures to identify the beneficial owners of a client prior to opening a bank account (paragraph 1.2). However, the banks must "take reasonable measures in the existing circumstances" to identify those beneficial owners. Consequently, the information on the beneficial owners may not be available in instances where the application of the measures does not result in the identification of the beneficial owners.

203. Article 7(1)(3) requires an annual update of the beneficial ownership information, and within seven working days following the day any doubts occur as to the reliability and accuracy of information received earlier. As mentioned under element A.1 (see para. 104), a bank can be exempted from its obligation to update the identification information on the beneficial owners if:

- it has already taken measures for updating this information but the updating following these measures was not completed
- and from the date of these measures for updating the information on the beneficial owners, no operations were carried out by the client or in respect of the client.[26]

26. Paragraph 1.6 of the CBR Regulations no. 499.

204. This exception to the obligation to the annual update of the beneficial ownership information of their clients appears sufficiently narrow for not putting the accuracy and reliability of this information at risk.

205. In accordance with chapter 5 of CBR Regulations no. 499, identification information on a client, a client representative, a beneficiary or a beneficial owner is included by the bank in the file of the client (client's profile) that is an individual document or a set of documents in paper or electronic form. In cases where the ownership structure and/or the organisational structure of the client that is a non-resident legal entity or a foreign structure without legal personality, does not envisage existence of a beneficial owner and a sole executive body, the bank must enter this information in the file of the client (paragraph 1.2 of the CBR Regulations no. 499).

206. In order to increase the effectiveness of measures taken by the banks to identify the beneficial owners of their clients, the Methodological Recommendations of the CBR no. 12-MR of 27 June 2017 recommend analysing all documents and/or information on the client and on the individual before recognising such individual as the beneficial owner of the client and recommend in particular:

- using the information on the beneficial owners of clients received by clients as a result of the implementation of the requirements of article 6.1 of the AML Law, along with the information that entity received independently and legally
- in the event that a client fails to provide information about its beneficial owner, not recognising the sole executive body of its client as its beneficial owner in an "automatic" manner, i.e. without carrying out appropriate measures and analysis of documents and information received from the client
- implementing the full range of measures provided by the internal control rules for AML/CFT purposes to identify the beneficial owner of the client, if the bank has reason to believe that the beneficial owner of such client is a natural person other than the natural person about whom the client has provided information, or if the client has not provided information about its beneficial owner
- recording information on measures taken by the bank to identify the individual as the beneficial owner of the client and their results in the client's profile
- recording in the profile of the client both information on the beneficial owner provided by the client and information on the beneficial owner of the client established by the bank.

207. These Methodological Recommendations ensure clear guidelines for the banks to take reasonable and available measures, in the existing circumstances, and that the AML Law cannot be interpreted as allowing no or minimal action to be taken to identify the beneficial owners of their clients.

208. On the contrary, for the identification of the beneficial owners of their clients, the deficiencies identified under element A.1 also affect the availability of beneficial ownership information in respect of bank account holders:

- As there is a requirement for the bank to "take reasonable measures" to identify those beneficial owners, the information on the beneficial owners may not be available in instances where the application of the measures does not result in the identification of the beneficial owners.
- The "sole executive body", that could be identified as the beneficial owner of the account holder in cases where no beneficial owner is identified under the criteria of control through ownership or other means, is not always a natural person.
- There are doubts on the identification of the beneficial owners of foreign partnerships and foreign trusts in all cases as there is no specific guidance on the exception of article 7(2) of the AML Law to the obligation to take reasonable measures to identify the beneficial owners of a client being a foreign structure without legal personality whose organisational form does not provide for the existence of a beneficial owner, as well as of the sole executive body.

209. In conclusion, the provisions of the AML Law, the CBR Regulations and Methodological Recommendations in relation with the beneficial ownership identification of account holders do not ensure that this information be correctly identified in all instances, contrary to what is required under the standard. **Russia is recommended to ensure that the information on the beneficial owners of all account holders is available in all cases.**

Oversight and enforcement

210. The CBR is in charge of regulating and supervising the activities of banks (article 76.1(4)(9) of the Federal Law no. 86 On the Central Bank of the Russian Federation of 10 July 2002 (the CBR Law)). For non-compliance with the AML Law requirements related to record keeping and in relation to update of information on identification data of beneficial owners, several measures and sanctions can be imposed to the financial service providers.

211. In accordance with the CBR Law, the CBR is entitled to:

- give banks binding instructions to eliminate breaches found out in their work and involving the breach of federal laws and the CBR regulations issued in pursuance of these laws

- prohibit the bank from conducting some banking operations for up to six months, including operations with the parent credit institution of the banking group, the parent entity of the bank holding company, participants of the banking group, participants of the bank holding company or a person related to the credit institution
- charge the bank a fine of up to 1% of its paid-up authorised capital but no less than RUB 100 000 (EUR 1 440)
- revoke the banking licence
- appeal to court to recover a fine from a bank or apply some other sanctions against it, stipulated by federal laws, no later than six months after any of the breaches was recorded.

212. In case where a bank fails to fulfil the CBR order to eliminate the breaches or if these breaches pose a threat to the legitimate interests of creditors (depositors) of the said credit institution, the CBR is entitled to:

- charge the bank a fine of up to 1% of its paid-up authorised capital but not less than RUB 1 000 000 (EUR 14 400)
- impose a ban on the implementation of some banking operations by the CI under its banking licence for a period of up to one year, including operations with the parent credit institution of the banking group, the parent entity of the bank holding company, participants of the banking group, participants of the bank holding company or a person related to the credit institution (persons related to the credit institution), and also prohibit it from opening branches for a period of up to one year
- demand that the bank implement measures for the financial improvement of the bank, among other things for an alteration of the structure of its assets, replace its managers or carry out a reorganisation (part 2 of article 74 of the CBR Law).

213. Under the Code of Administrative Offences, the CBR is also entitled to issue warnings and impose an administrative fine on the officials of the bank (articles 15.27, 23.74 and 28.3 (2)(81)).

214. The CBR always checks, during its remote supervision activities, as well as during its scheduled and unscheduled AML inspections, the compliance by the banks with their requirements:

- for the application of CDD measures, including identification of beneficial owners of clients
- for the storage of information provided for in article 7 of the AML Law and information necessary for identification
- and for the retention period of documents and information.

215. During the inspections and remote supervision activities, the CBR requests and analyses the primary documentation as well as internal AML documents, including internal control rules. The CBR determines a sample of cases at the stage of preparation of the supervision activities, and the client's profile, that contains the identification information of the beneficial owners of the client, is requested for these sample's cases. The CBR assesses compliance of measures taken by the bank with the requirements of the AML Law and of internal control rules, including compliance with the requirements for storage of information/documents.

216. In 2019, the CBR initiated inspections of 346 CI (70% of the total number of CI), including 277 scheduled inspections and 69 unscheduled inspections. This supervision activity resulted in application of measures and sanctions from the CBR, including 474 written notifications to the management of the CI of shortcomings in its work and recommended remedial action and 254 fines. The effectiveness of the supervision by the CBR will be further analysed in the Phase 2 review.

217. Since its previous review, Russia has frequently received EOI requests for banking information and Russia has been able to provide this information in almost all cases. However, Russia and a peer reported difficulties to obtain the information on the beneficial owners of the bank accounts holders in five cases due to the loss of the clients' files by the bank. The impact of these cases on the EOI practice of Russia will be further analysed during the Phase 2 review (see Annex 1).

Part B: Access to information

218. Sections B.1 and B.2 evaluate whether competent authorities have the power to obtain and provide information that is the subject of a request under an EOI arrangement from any person within their territorial jurisdiction who is in possession or control of such information, and whether rights and safeguards are compatible with effective EOI.

B.1. Competent authority's ability to obtain and provide information

Competent authorities should have the power to obtain and provide information that is the subject of a request under an exchange of information arrangement from any person within their territorial jurisdiction who is in possession or control of such information (irrespective of any legal obligation on such person to maintain the secrecy of the information).

219. The 2014 Report concluded that while Russia had the relevant access powers to obtain and provide information for exchange of information purposes, this ability was limited by the scope of the "audit secret" that prevented the Russian tax administration to obtain information held by auditors. To address this issue, Russia introduced a new provision in the Tax Code to enable the tax authorities to obtain this information for EOI purposes. The recommendation issued in 2014 is therefore addressed and removed. The implementation of the new provision and its consequences on EOI will be assessed in the Phase 2 review.

220. There has been no other significant changes in the access powers of the Russian tax authority since 2014. The access powers of the competent authority rely on the ability to obtain information directly from the databases of the FTS and from other administrative authorities, as well as on the ability to request information to the taxpayer or to third parties, whether a tax audit is opened or not. In particular, banking information must be provided by banks on request of the FTS, including on bank accounts held by individuals who do not carry out a business activity.

221. The conclusions are as follows:

Legal and Regulatory Framework: in place

Deficiencies identified/ Underlying factor	Recommendations
No material deficiencies have been identified in the legislation of Russia in relation to access powers of the competent authority.	

Practical Implementation of the Standard: The Global Forum is not in a position to issue a rating on this element, as it involves issues of practice that are dealt with in the Phase 2 review.

The Phase 2 recommendations issued in the 2014 Report are reproduced below for the reader's information.

Deficiencies identified/ Underlying factor	Recommendations
Russian authorities did not have access powers to obtain bank information with respect to bank accounts of private individuals until the end of 2012. During the review period this has been the case in around 20 requests. In the vast majority of these cases this type of bank information was not obtained. Furthermore, there remains uncertainty whether the Russian Competent Authority is allowed to obtain and exchange transactional information regarding a private individuals' accounts prior to the entry into force of the 2012 amendment or, in case of a request regarding a private individuals' accounts that was made before 1 July 2014, where there was no provision in the EOI agreement equivalent to Article 26(5) of the Model Tax Convention.	Russia should monitor the practical implementation of the recently introduced powers to obtain bank information with respect to accounts of private individuals.

Deficiencies identified/ Underlying factor	Recommendations
Information on private individuals' pensions was not obtained due to Russia's restricted interpretation that this this type of information kept by pension funds can be accessed only with the consent of the individual involved.	Russia should ensure that information on private individuals' pensions kept by pension funds can be or is accessed and exchanged in accordance with its obligation to exchange information under its EOI agreements.

B.1.1. Ownership, identity and banking information

Accessing information generally

222. The Federal Tax Service (FTS) is the delegated competent authority of Russia. The EOI Division of the Transfer Pricing Directorate carries out this function. The Russian competent authority can directly answer an EOI request if it has direct access to the information requested, in particular in the central databases and registers of the FTS, including the USRLE. In most cases, it sends the EOI request to the appropriate regional or interregional tax service for exercising the relevant access powers.

223. The FTS has more than 60 inter-administrative agreements with other authorities (CBR, Rosfinmonitoring and Federal Customs Service for instance) in order to request and obtain information held by those authorities. Each agreement stipulates the timeline for the submission of the requested information, which is usually 30 days from the date of the receipt of a request by the relevant authority.

224. Articles 93 and 93.1 of the Tax Code define the general access powers of the FTS to obtain information during and outside a tax audit:

- Power to request from the audited person all documents as are needed for the tax audit. Where necessary, the FTS has the right to inspect the original versions of documents (article 93(2)). The information requested under those provisions must be provided within 10 days from the date of receipt of the request of the FTS (article 93(3)), except if the director of the relevant tax service agrees on a necessary extension.
- Power to request from third parties, in a context of a tax audit, information in relation with the activities of an audited taxpayer (article 93.1(1)). The information requested must be provided within five days after receipt of the request of the FTS, except if an extension of the time limit is requested by the information holder and agreed by the tax authority (article 93.1(5)).
- Power to request information from third parties, outside the procedure of a tax audit, in the event that a reasonable need arises for tax

authorities to obtain information concerning a particular transaction (article 93.1(2)). The timeline for providing the requested information is the same than for article 93.1(1), i.e. five days after receipt of the request of the FTS, except if an extension of the time limit is granted.

- Power to request banking information held by banks (article 86(2), see below).
- Power to request information from auditors (article 93.2, see B.1.5 below).

225. In addition to these access powers, the FTS has also the powers, under the Tax Code:

- to seize documents from a taxpayer in a context of a tax audit where there are sufficient grounds to believe that those documents would otherwise be destroyed, concealed, altered or replaced (article 94)
- to summon taxpayers to give explanations in relation with their tax obligations (article 31)
- to inspect the sites and premises of the taxpayer in relation to whom the tax audit is carried out to examine documents and items (article 92).

226. In most cases, the information already in the hands of the tax administration is not sufficient for answering to an EOI request. Therefore, the FTS usually requests information from third parties under article 93.1(2) or article 86(2) of the Tax Code, which do not require the opening of a tax audit.

227. The 2014 Report identified a practical issue in relation with the information kept by the Pension Fund of Russia on the individual pension. The Russian tax authorities adopted an interpretation according to which they could not compel the Pension Fund to provide this information as article 9(4) of Federal Law no. 152 of 27 July 2006 on Personal Data prohibits the transfer of personal data by an operator (the Pension Fund in this case) to third parties (the FTS) without the consent of the personal data owner or in absence of any other legal basis (see para. 342 to 355 of the 2014 Report). This issue appears addressed as the FTS has adopted a different interpretation since the last review by concluding an administrative agreement on exchange of information with the Pension Fund of Russia on 30 November 2016 according to which the Pension Fund must provide the information on the pensions of individuals upon request of the FTS to comply with the provisions of an international treaty. In addition, clause 23 of this administrative agreement, added on 9 April 2020, clearly states that the information on the amount of pension of individuals is provided within 30 days in response to a request of the tax authority made to comply with the request of the competent authority to a foreign jurisdiction. Therefore, the legal and regulatory framework ensures the access by the FTS to the information on the pensions of individuals. The Russian competent authority indicated that it did not receive any EOI request

in relation to an information held by the Pension Fund over the last few years. The implementation in practice of the new provisions on access to information held by the Pension Fund of Russia will also be reviewed in details under the Phase 2 review (see Annex 1).

Accessing beneficial ownership information

228. As the FTS is the authority in charge of keeping the USRLE, it has a direct access to the legal ownership information contained in this database. When receiving an EOI request, the Russian competent authority can gather the legal ownership information directly from the USRLE. For obtaining the legal ownership information on a JSC issuing securities, the FTS can request this information to the holder of the register of the JSC's shareholders (the register keeper), which is identified in the USRLE. Moreover, under article 25.14 of the Tax Code, the Russian taxpayers notify the FTS of their participation in a foreign trust and this ownership information on foreign trusts is therefore directly available to the FTS.

229. Moreover, in accordance with article 6.1(6) of the AML Law, a legal entity must provide to the FTS, upon request, the information on its beneficial owners and the related documents confirming the beneficial ownership information and/or on measures taken for establishment of this information. This information must be provided within five days from the date of receipt of the request. Further, as explained in paragraph 112, beneficial ownership information must also be presented to the FTS as an annex of the annual financial reports within three months after the end of the accounting period and the FTS has consequently a direct access to this information which is stored in an internal database.

230. The FTS can also obtain the information from AML-obliged persons, including banks, on the beneficial owners of their clients based on article 93.1(2) of the Tax Code. This is however restricted by notarial secrecy (see B.1.5 below).

231. The Russian tax authorities confirmed that their primary source of beneficial ownership information is the internal database that contains the information reported annually by the legal entities on their financial statements. However, this obligation does not cover all the legal entities in Russia. Moreover, as this information is submitted on an annual basis, the information contained in the financial statements may not always be up to date. Therefore, if this information is not available in the internal database of the FTS, or if the FTS has doubts on the accuracy of the information contained in the database, the FTS will request this information to the legal entity itself, under article 6.1(6) of the AML Law. In the case where the beneficial ownership information cannot be obtained from the legal entity, or for the beneficial ownership information in relation with a foreign entity or arrangement, this

information would be requested to the bank in which the legal entity holds a bank account. If this information cannot be obtained from a bank, the information is requested to another AML-obliged person which has a business relationship with the legal entity or arrangement.

232. The FTS usually requests the file of the client's profile which must contain the information on the beneficial owners of the clients.[27] However, in cases where the beneficial ownership information would be missing in the file of the client's profile, the FTS does not send a subsequent request on the beneficial ownership information directly to the AML-obliged person but requests the assistance of the Rosfinmonitoring for gathering this information from the AML-obliged person under article 7(1)(5) of the AML Law. This process of obtaining beneficial ownership information through the Rosfinmonitoring in case where this information is not available in the client's profile kept by the AML-obliged person and its impact on the effectiveness of EOI in practice, will be further reviewed under the Phase 2 review (see Annex 1).

Accessing banking information

233. Access to banking information relies on article 86 of the Tax Code. As noted in the 2014 Report, this article was amended in 2013 to provide an access to all banking information for EOI purposes, as previously the FTS could only request bank information which related to business accounts (including those used by individual entrepreneurs), and not on private individual bank accounts. A second amendment to this article in 2014 broadened this power to access the private individual bank accounts for domestic purposes too, in the framework of a domestic tax audit and with the prior authorisation of a high level tax official (article 86(2)(3)). However, if the information is requested by the FTS to the bank for EOI purposes, the FTS can request the information on individual account absent a domestic tax audit (article 86(2)(4)).

234. Article 86(2) sets out the obligation for the banks to provide all financial information, including bank statements and account balances, within three days after the receipt of a request from the FTS. Such a request of the FTS is sent electronically and in accordance with a template form. The other information held by the banks, in particular the client's profile, can be obtained under article 93.1(2) of the Tax Code. The 2014 Report noted some doubts on the practical implementation of this provision, in particular concerning the ability of the FTS to obtain banking information under article 86(2) for EOI purposes in cases where the legal basis of the EOI does not include the wording of Article 26(5) of the Model Tax Convention. A doubt was also raised on the ability to obtain banking information in relation to a period prior the entry

27. Instruction of the CBR of 30 May 2014 no. 153-I (Opening and closing bank accounts, accounts for deposits, deposits accounts).

into force of the amendments to article 86 of the Tax Code. It was therefore recommended that Russia monitor the practical implementation of the powers to obtain bank information with respect to accounts of private individuals. On these two aspects, Russian tax authorities confirmed they interpret article 86(2) as permitting the access to the information held by banks for EOI purposes in all cases. Since the entry into force of the amendment to article 86(2), Russia has received and replied to EOI requests in relation to bank accounts held by individuals. No negative peer input was received on this aspect that will be further reviewed under the Phase 2 review (see Annex 1).

235. The 2014 amendment to article 86(1.1) also broadened the obligation for the banks to provide automatically the FTS with the information on the opening, closing and changes in bank accounts to the accounts opened by private individuals, in addition to accounts opened by individual entrepreneurs and by organisations. This information includes the account number, the identity of the account holder, the date of opening (and, where relevant, of closure of the bank account), the type of account as well as the name, bank identifier code and address of the bank in which the bank account is held. This information is provided electronically within three days following the date of the relevant event in relation with the bank account. This information is stored by the FTS in a specific "Bank Accounts" database that is accessible only to the tax officials who need such an access for the performance of their duties, including the employees of the competent authority for EOI. These officials can consult this database to easily identify the banks in which a person, legal entity or individual, holds bank accounts as well as to identify the account holder of a specific bank account identified by its number. Therefore, the Russian competent authority can handle an EOI request even though the name of the taxpayer or of the bank is not provided by the requesting jurisdiction.

B.1.2. Accounting records

236. Accounting information is partially available in the hands of the tax administration through the taxpayer's tax returns and financial statements (see para. 168). If the requested information is not directly available to the tax administration, it can use the access powers described in section B.1.1 to obtain this information directly from the taxpayer (article 93(1)) or from the relevant third party (article 93.1).

B.1.3. Use of information gathering measures absent domestic tax interest

237. The 2014 Report concluded that the Russian authorities could use their access powers regardless of whether Russia needed the information for its own domestic tax purposes or not. No domestic interest has been introduced in the domestic legal framework of Russia since then.

238. Over the last three years, Russia has been able to exchange information in reply to requests in relation to persons without tax liability in Russia and the peer input received in the context of the current review did not raise any issue in relation to any domestic tax interest limitation.

B.1.4. Effective enforcement provisions to compel the production of information

239. Russia has enforcement measures to compel the production of information where a person does not provide the information requested under the Tax Code:

- A taxpayer who fails to provide to the FTS the documents or information requested within the time period fixed by the FTS may be liable to a fine of RUB 200 (EUR 3) for each document not presented (article 126(1)).
- A legal entity or an individual entrepreneur which refuses or avoids providing documents or information regarding a taxpayer, or provides false information, may be liable to a fine of RUB 10 000 (EUR 144 – article 126(2)). The amount of this fine is RUB 1 000 (EUR 14) if a non-entrepreneur individual commits the failure.
- A person who is summoned to give evidence and fails or refuses to appear is liable to a fine of between RUB 1 000 and RUB 3 000 (EUR 14 and EUR 42 – article 128).
- for other instances of non-provision or untimely provision of information required by the FTS, a fine of the amount of RUB 5 000 (EUR 70), or for the second offence within a calendar year, of the amount of RUB 20 000 (EUR 280), is applied (article 129.1).
- a failure by a bank to provide information under article 86 of the Tax Code, or provision of late or inaccurate information by a bank, results in a fine of RUB 20 000 (EUR 280)

240. As mentioned above, the FTS has also the power, under article 94 of the Tax Code, to seize documents from a taxpayer in the context of a tax audit where there are sufficient grounds to believe that those documents would otherwise be destroyed, concealed, altered or replaced.

241. Nothing prevents the FTS to use its access powers under article 93.1 of the Tax Code to obtain information from third parties or taxpayers even though there is no obligation on those persons to keep the requested information, for instance when the retention period of the information has expired. However, in such cases, the FTS will not apply any sanction to the third party if it fails to provide the information requested.

242. The effective implementation of the enforcement provisions to compel the production of information will be reviewed under the Phase 2 review.

B.1.5. Secrecy provisions

Bank secrecy

243. In Russia, banks are subject to an obligation of secrecy under article 857 of the Civil Code. In accordance to paragraph 2 of this article, this secrecy obligation can be overridden for providing banking information to State bodies and their officials only in cases and in the procedure provided for by a law. As article 86(2) provides the FTS with the right to request information held by a bank, this falls within this exception to bank secrecy for a "procedure provided for by a law".

244. A similar confidentiality provision is also covered by article 26 of the Federal Law no. 395 of 2 December 1990 on Banks and Banking activities. This provision includes relevant exceptions to this confidentiality obligation, in particular for disclosure of bank information relating to individuals "in the cases envisaged by international treaties of the Russian Federation" and for disclosure of bank information relating to entities and individual entrepreneurs "in the cases envisaged in legislative acts on their activities".

245. As concluded in the 2014 Report, these provisions on bank secrecy and the related exceptions are in line with the standard.

Professional secrecy

246. First, concerning lawyers, the 2014 Report noted that, in accordance with article 82(4) of the Tax Code, where information is protected by professional secrecy, including attorney-client privilege or audit secrets, the FTS may not access or rely upon such information when performing a tax control. It also concluded that the scope of attorney-client legal privilege in Russia was consistent with the standard as it was limited to activities of the solicitors and barristers for the protection of the rights, liberties and interests of their clients and for ensuring their access to justice. As the legal framework of the attorney-client legal privilege has not changed since the previous review, the same conclusion remains.

247. Second, concerning auditors, the audit secret, which is defined by article 9 of the Federal Law no. 307 on Auditing Activity and covers any information received or prepared by an audit firm or by an individual auditor while providing auditing services, was found too broad. The auditing services cover, in particular, verification and establishment of accounting information and provision of tax consultations. As no exception permitted an access to

such information for EOI purposes, it was recommended to Russia to ensure that the relevant information protected by the audit secret could be obtained for EOI purposes.

248. Russia introduced in 2018 a new article 93.2 in the Tax Code that gives the FTS the power to request directly from auditors information obtained by them in carrying out auditing activities and any other related documents, in order to answer an EOI request (the conditions are different for domestic tax purposes). This information must be provided within ten days from the date of receipt of the request of the FTS. The information holder has the right to inform the person concerned of the receipt of the FTS request and of its EOI purpose, unless the competent authority of the requesting jurisdiction has prohibited such a notification. This aspect is covered by section B.2 below (para. 256 to 259).

249. If the request of the FTS to the auditor is made under article 93.2 for EOI purposes, this request must contain the following information:

- the EOI purpose of the request. The Russian authorities indicated that other details of the EOI request, including the name of the requesting jurisdiction, are not provided.
- whether the competent authority of the requesting jurisdiction has prohibited the notification of the person in relation to which the request has been received
- the identification details of the auditor
- any information enabling the identification of the requested information.

250. Considering that the FTS can have access for EOI purposes to the information covered by audit secret under article 93.2 of the Tax Code, the recommendation issued in the 2014 Report is removed. The implementation in practice of the amended provision will be reviewed in the framework of the Phase 2 review (see Annex 1).

251. Third, concerning notaries, in accordance with article 16 of the Fundamentals principles of the legislation of Russia on the notaries, they are obliged to keep secret the information they obtained during their professional activity. This obligation can be overridden by a court order if criminal proceedings have been initiated against the notary in connection with the performance of notarial action. The notaries have also an obligation to provide spontaneously information to the tax authority, in particular the information on the certificates of the right to inheritance or the certificate of gifts. Therefore, the Russian authorities indicated that it is very rare that the FTS needs to request an information to a notary, including for replying to EOI requests, as the relevant information held by a notary is, in most cases, already in the hands of the tax authority. Also, for obtaining information

on the beneficial owners of the relevant entities and arrangements, the FTS will primarily rely on the legal entities themselves or on the credit institutions as in most cases, a bank account is held in Russia. There is no situation identified where the notary will be the sole AML-obliged person holding the beneficial ownership information as notaries cannot act as a trustee of a foreign trust (see para. 141). Consequently, the notarial secrecy is not an impediment to an effective exchange of information by Russia. The practical impact of the notarial secrecy on the ability of the Russian tax administration to access and exchange the relevant information will also be reviewed in Phase 2 (see Annex 1).

B.2. Notification requirements, rights and safeguards

The rights and safeguards (e.g. notification, appeal rights) that apply to persons in the requested jurisdiction should be compatible with effective exchange of information.

252. The 2014 Report found that the rights and safeguards applicable to persons in Russia were compatible with effective EOI. Russian law does not require the prior notification of the person covered by a request. However, in the case where an information is requested from an auditor under article 93.2 of the Tax Code for EOI purposes, the information holder is informed of the EOI purpose of the domestic request and has the right to inform the person concerned of the existence of the EOI request. There is an exception to this ability to inform the person concerned if the requesting competent authority indicates in its request that it so prohibits.

253. Every person required to provide information under the provisions of the Tax Code has the right to appeal against such an administrative decision resulting from the access powers of the FTS. Usually these appeals do not have a suspensive effect on the exchange of the information gathered (see para. 263).

254. Therefore, the notification requirements, rights and safeguards in Russia are found compatible with an effective exchange of information. The conclusions are as follows:

Legal and Regulatory Framework: in place

The rights and safeguards that apply to persons in Russia are compatible with effective exchange of information.

Practical Implementation of the Standard: The Global Forum is not in a position to issue a rating on this element, as it involves issues of practice that are dealt with in the Phase 2 review.

B.2.1. Rights and safeguards should not unduly prevent or delay effective exchange of information

Notification of the information holder

255. The Russian law does not require notification of the persons concerned prior to or after providing the requested information to the requesting jurisdiction.

256. The Russian tax authorities similarly do not inform the information holder that the reason why they are gathering information is a received EOI request, except if the information on an individual is requested from a bank (under article 86(2) of the Tax Code) or from an auditor (under article 93.2 of the Tax Code). This information of the EOI purpose is necessary as the FTS request must contain the legal basis of the access powers, which are different for domestic and EOI purposes in these two cases. In the case of the use of the powers under articles 86(2) and 93.2, the FTS can request this information outside a tax audit mainly for EOI purposes and it must justify the ability to use these provisions where there is no opened tax audit. The Russian tax authority confirmed that it does not provide any other details of the EOI requests, in particular the name of the requesting jurisdiction.

257. Article 93.2(4) clearly states that an auditor has the right to inform a person in relation to which an EOI request has been received, of the receipt of the FTS request under article 93.2 of the Tax Code, unless the request of the foreign competent authority contains a prohibition of this notification. As the same is not mentioned in article 86(2) when requesting banking information, a bank has always the possibility to inform the person concerned of the existence of a foreign request, although the level of information on the foreign request is very limited as even the name of the requesting jurisdiction is not disclosed by the FTS. The practical impact of the potential information of the person concerned by the banks about the existence of a foreign EOI request, in particular on the treatment of requests in which the requesting jurisdiction requires that the taxpayer under investigation be not informed of the existence of the EOI request, will be analysed during the Phase 2 review (see Annex 1).

258. As mentioned above, the auditor cannot inform the person concerned of the existence of an EOI request if the requesting jurisdiction prohibits it. This exception to the information of the person concerned at the request of the requesting jurisdiction is in line with the standard. In practice, if the FTS received a request that requires that an information be obtained from an auditor, the EOI partner will be informed that it is possible to specify a prohibition on the information of the person concerned.

259. The Russian authorities indicate that if a requesting jurisdiction asks that the information holder (auditor) does not inform the person concerned, under article 93.2 of the Tax Code, the failure by the auditor to respect this confidentiality requirement would be considered as contrary to the Code of Conduct of the Auditors. Such a behaviour provides grounds for disciplinary sanctions (article 20 of Federal Law no. 307 of 30 December 2008 "On auditors activity") up to the exclusion of the auditor from the self-regulatory body of auditors, which entails the inability to carry out audit activities.

Post-exchange notification

260. There are no provisions in Russian law for post-exchange notification.

Appeal rights

261. In accordance with article 137 of the Tax Code, any person has the right to appeal an action or inaction of a tax official or an act of a "non-normative nature" and which they believe impinges upon their rights. Acts of non-normative nature may be, for instance, the decisions that are issued as a result of a tax audit as well as a decision of a tax official which related to the exercise of access powers for EOI purposes or other acts of tax officials which pertain to EOI matters. Nevertheless, the taxpayers and the information holders are rarely informed of the EOI purpose of the administrative acts of the FTS (see para. 256). The appeals may be filed first with a higher tax authority and then, if any, with a court (article 138 of the Tax Code). A decision on an appeal must be adopted by a tax authority within 15 days of the receipt of the appeal (article 140(6) of the Tax Code).

262. In accordance to article 142 of the Tax Code, the appeals against acts of tax authorities which are lodged with a court must be considered and determined in accordance with the procedure which is established by civil procedural and arbitration procedural legislation, administrative judicial proceedings legislation and other federal laws.

263. The appeals against acts of tax authorities do not have suspensive effect (article 141(1) of the Tax Code) except in cases where there are "ample grounds" to believe that the action appealed against is not consistent with the legislation. For EOI, this means that the information is provided by the information holder and exchanged with the foreign competent authority even if an appeal is lodged against the action of the FTS for gathering the information.

264. Russia's appeal procedures appears consistent with the standard.

Part C: Exchanging information

265. Sections C.1 to C.5 evaluate the effectiveness of Russia's network of EOI mechanisms – whether these EOI mechanisms provide for exchange of the right scope of information, cover all Russia's relevant partners, whether there were adequate provisions to ensure the confidentiality of information received, whether Russia's network of EOI mechanisms respects the rights and safeguards of taxpayers and whether Russia can provide the information requested in an effective manner.

C.1. Exchange of information mechanisms

Exchange of information mechanisms should provide for effective exchange of information.

266. The 2014 Report noted the restrictive interpretation of Russia of provisions in DTCs with 11 partners to limit the exchange of information where the information relates to a resident in one of the Parties to the DTC. It also noted that one DTC limits the exchange to information necessary to carry out the provisions of the Convention, without covering information foreseeable relevant for the administration or enforcement of domestic tax laws. Russia was recommended to bring these EOI relationships to the standard, and also to ensure that the signed EOI instruments are brought into force in due time.

267. Since the last review, Russia has signed five new DTCs, including three DTCs with Belgium, China and Japan replacing the previous DTCs concluded with these partners,[28] and four protocols to existing DTCs in relation with exchange of information. All of them are in line with the standard. All of them are in force, except the DTC with Belgium and the protocol to the DTC with Malta (signed on 1 October 2020). Moreover, among the twelve EOI partners covered by the recommendation issued in the 2014 Report on the deficiencies identified in the Russian EOI network, only the

28. The previous DTC concluded with these partners were identified as in line with the standard in the 2014 Report.

EOI relationships with Syrian Arab Republic, Turkmenistan, Uzbekistan and Viet Nam are still not covered by the Multilateral Convention. The recommendations issued by the 2014 Report on the deficiencies of the Russia's EOI network are therefore removed. However, Russia should still ensure to bring all its bilateral relationships not complemented by the Multilateral Convention in line with the standard (see Annex 1).

268. Russia currently has a broad network of EOI agreements in line with the standard, covering 155 jurisdictions through 86 bilateral agreements and the Multilateral Convention.

269. The conclusions are as follows:

Legal and Regulatory Framework: in place

Deficiencies identified/ Underlying factor	Recommendations
No material deficiencies have been identified in the EOI mechanisms of Russia.	

Practical Implementation of the Standard: The Global Forum is not in a position to issue a rating on this element, as it involves issues of practice that are dealt with in the Phase 2 review.

Other forms of exchange of information

270. In addition to exchange of information on request, Russia exchanges information spontaneously. Russia is also involved in automatic exchange of financial account information. The first exchanges took place in September 2017. Country-by-country reporting (CbCR) from large enterprises are also being exchanged automatically with treaty partners since June 2018.

C.1.1. Foreseeably relevant standard

271. The five DTCs and the four protocols entered into by Russia since the 2014 Report are in line with the standard of foreseeable relevance as they require the exchange of information "foreseeably relevant".

272. As mentioned in the 2014 Report, most of the bilateral DTCs signed by Russia refer to information "as is necessary". Russia interprets such term as "foreseeably relevant" based on the commentary to Article 26 of the OECD Model Tax Convention. The DTC with Austria identified in the 2014 Report as limiting the EOI to information necessary to carry out the provisions of the Convention has been amended by a protocol and is now in line with the standard.

Clarifications and foreseeable relevance in practice

273. In practice, Russia expects a minimum information to be included in a request to identify correctly the person involved in Russia, i.e. for natural persons the surname and first name and at least one of these elements: date of birth, TIN, address, patronymic or bank account number. If the information provided by the requesting authorities is not sufficient to identify/individualise this person (e.g. several individuals have the same name and surname), Russia liaises with the requesting country to obtain further identification elements. On the contrary, in cases where the taxpayer cannot be identified by his/her name but the account number is provided, the competent authority can process the request based on a research in its internal database on bank accounts (see para. 235).

274. Russia also requires that the request for information mentions its background with an explanation of the tax purpose for which the information is requested, the type of investigations carried out by the requesting authority and a description of the efforts made by the requesting jurisdiction to obtain the information domestically. On this last point, Russia has confirmed that it is usually sufficient for the EOI partner to state that the internal means have been exhausted.

275. The peer input received when preparing the current review did not raise any specific concern on the interpretation of the criteria of foreseeable relevance by Russia. The assessment of the practical implementation of the standard will take place during the Phase 2 review.

Group requests

276. None of Russia's EOI instruments nor domestic law prohibit group requests. Russia interprets those instruments as allowing it to provide information requested pursuant to group requests in line with Article 26 of the OECD Model Tax Convention and its commentary. Russia does not require any specific information to be provided by the requesting jurisdiction in the case of a group request beyond the requirements mentioned in the commentary of Article 26.

277. Russia has not received group requests over the last three years. No specific process has been put in place for the treatment of group requests. Such group requests would be treated in the same way as individual requests.

C.1.2. Provide for exchange of information in respect of all persons

278. As indicated in the 2014 Report, Russia interprets 23 of its DTCs[29] as permitting an exchange of information only with respect to persons who are residents of one or both Contracting States because they do not specifically provide that information exchange under the convention is not limited by article 1 ("persons covered"). However, among these 23 partners, only 4 are not covered by the Multilateral Convention.[30] Among these four jurisdictions, Russia has regular exchanges of information with Turkmenistan and Uzbekistan. Considering the small proportion of the EOI partners for which this interpretation remains an issue, the recommendation issued in the box on this aspect in the 2014 is removed. However, as Russia cannot exchange information on non-residents of one or both Contracting States with four of its EOI partners, it should ensure that all its existing EOI agreements are brought in line with the standard (see Annex 1).

C.1.3. Obligation to exchange all types of information

279. The DTCs with 14 partners[31] not covered by the Multilateral Convention do not include the wording of paragraphs 4 and 5 of the Article 26 of the OECD Model Tax Convention. However, Russia interprets the provisions of those instruments in line with the standard, with no restriction to the exchange of banking information with those partners.

280. Russia regularly exchanged banking information with its EOI partners and it did not encounter difficulties in exchanging this information on the basis of the treaties that do not have Article 26(5).

C.1.4. Absence of domestic tax interest

281. Russia interprets and applies its general domestic access powers such that they may be employed for EOI purposes, even where the EOI instrument does not include the wording of Article 26(4) of the Model Tax Convention, as noted in the 2014 Report.

29. DTCs signed with Azerbaijan, Bulgaria, India, Ireland, Korea, Kuwait, North Macedonia, Malaysia, Moldova, Mongolia, Poland, Qatar, Romania, Slovenia, South Africa, Syrian Arab Republic, Thailand, Turkey, Turkmenistan, United Kingdom, Ukraine, Uzbekistan, Viet Nam.
30. Syrian Arab Republic, Turkmenistan, Uzbekistan and Viet Nam.
31. Algeria, Belarus, Cuba, Egypt, Iran, Kyrgyzstan, Mali, Sri Lanka, Syrian Arab Republic, Tajikistan, Turkmenistan, Uzbekistan, Venezuela, Viet Nam.

C.1.5 and C.1.6. Civil and criminal tax matters

282. None of Russia's EOI instruments apply the dual criminality principle to restrict exchange of information and all provide for EOI in both civil and criminal tax matters.

C.1.7. Provide information in specific form requested

283. There are no restrictions in Russia's EOI agreements or domestic laws that would prevent it from providing information in a specific form.

284. However, the 2014 Report noted that, during the previous assessed period, one peer was not satisfied to receive the underlying documents of the Russian answer without an English translation of those documents. Even though the translation of documents requested is a bilateral issue, it was suggested that Russia contact this partner to work toward resolving any outstanding issues. Russia authorities indicated that they have worked with the competent authority of its partner since then and that they did not receive any other claim from this partner on Russia's answers. This issue will be further reviewed under the Phase 2 review, including in the light of the input of the peer in question (see Annex 1).

C.1.8 and C.1.9. Signed agreements should be in force and be given effect through domestic law

285. The 2014 Report noted that all but four of Russia's DTCs[32] were in force at the time of the review. The Multilateral Convention, signed by Russia on 3 November 2011, was also not in force. Considering that the entry into force of the Multilateral Convention in respect of Russia would bring twelve bilateral EOI relationships of Russia as in line with the standard, it was recommended that Russia ensure that it takes all steps necessary for its part to bring its signed EOI instruments into force expeditiously.

286. The Multilateral Convention entered into force in respect of Russia in 2015, which also brings into force the EOI relationships with three of the four countries with which the DTC was not in force (Estonia, Oman and Mauritius). For the DTC signed with Ethiopia, Russia indicated that the process of ratification will not be completed as Ethiopia did not formally accept changes of technical mistakes in the text of the DTC. This DTC is therefore no longer included in the EOI network of Russia.

32. DTCs with Estonia, Ethiopia, Oman and Mauritius.

287. Since the 2014 Report, Russia has also ratified four new DTCs and three protocols.[33] Only the DTC signed with Belgium in 2015 and the protocol to the DTC with Malta signed on 1 October 2020 are still not into force, although the DTC with Belgium was ratified by Russia in 2018. For these recent EOI instruments, the time between the signature and ratification by Russia is between 6 months and 2 years. Given that the EOI relationships of Russia covered only by a bilateral instrument are now in force and that the Multilateral Convention is also in force in respect of Russia, the recommendation of the 2013 Report has been removed.

288. The following table summarises outcomes of the analysis under element C.1 in respect of the Russia's EOI mechanisms.

EOI Mechanisms

Total EOI relationships, including bilateral and multilateral or regional mechanisms	**155**	
In force	146	
In line with the standard		142
Not in line with the standard		4
Signed but not in force	9	
In line with the standard		9
Not in line with the standard		0
Total bilateral EOI relationships not supplemented with multilateral or regional mechanisms	**15**	
In force	15	
In line with the standard		11
Not in line with the standard		4
Signed but not in force	0	
In line with the standard		0
Not in line with the standard		0

289. Russia has in place the legal and regulatory framework necessary to give effect to its agreements for exchange of information. In practice, the peers did not report any case where Russia was not able to obtain and provide information due to a lack of effect of the EOI arrangements in its domestic law.

33. DTCs with China, Ecuador, Hong-Kong (China), Japan and Protocols with Austria, Singapore and Sweden.

C.2. Exchange of information mechanisms with all relevant partners

The jurisdiction's network of information exchange should cover all relevant partners, meaning those jurisdictions who are interested in entering into an information exchange arrangement.

290. Russia's EOI network covers most of its trading and investments partners. However, the 2014 Report noted that a number of DTCs were not in line with the standard while the Multilateral Convention was not in force. Russia was therefore recommended to take steps to ensure that it is able to give full effect to its network of EOI instruments in line with the standard. As the Multilateral Convention entered into force in respect of Russia in 2015 and solved most issues noted under element C.1, this recommendation is removed.

291. Moreover, the 2014 Report noted that Russia had been approached by two jurisdictions to negotiate a TIEA and that Russia had not been in a position to begin negotiations with these jurisdictions, in particular because a model of TIEA to use for the negotiations was in process of approval by the Russian Government.[34] It was therefore recommended that Russia continue to develop its network (regardless of their form) with all relevant partners. Russia and these two jurisdictions now have an EOI relationship in force with the Multilateral Convention. Therefore, in consultation with those jurisdictions, no TIEA was negotiated with them as another EOI relationship existed. The recommendation issued in the 2014 Report is consequently removed.

292. No Global Forum members indicated, in the preparation of this report, that Russia refused to negotiate or sign an EOI instrument with it. As the standard ultimately requires that jurisdictions establish an EOI relationship up to the standard with all partners who are interested in entering into such relationship, Russia should continue to conclude EOI agreements with any new relevant partner who would so require (see Annex 1).

293. The conclusions are as follows:

Legal and Regulatory Framework: in place

The network of information exchange mechanisms of Russia covers all relevant partners.

Practical Implementation of the Standard: The Global Forum is not in a position to issue a rating on this element, as it involves issues of practice that are dealt with in the Phase 2 review.

34. This approval was obtained on 14 August 2014.

C.3. Confidentiality

The jurisdiction's information exchange mechanisms should have adequate provisions to ensure the confidentiality of information received.

294. The 2014 Report found that the confidentiality provisions in Russia's EOI instruments and domestic laws were in line with the standard. In particular, article 102 of the Tax Code contains the obligation of confidentiality of all information received by the tax authorities, i.e. the information provided in responses to an exchange of information request, the request for information itself, including all background documents provided by a requesting jurisdiction, and any other communications between the EOI partners. This confidentiality obligation applies to the tax employees and former tax employees indefinitely. The same domestic provisions (see paragraphs 435 to 444 of the 2014 Report) continue to apply.

295. The conclusions are as follows:

Legal and Regulatory Framework: in place

No material deficiencies have been identified in the EOI mechanisms and legislation of Russia concerning confidentiality.

Practical Implementation of the Standard: The Global Forum is not in a position to issue a rating on this element, as it involves issues of practice that are dealt with in the Phase 2 review.

C.3.1. Information received: disclosure, use and safeguards

296. The 2014 Report concluded that all of Russia's EOI instruments had secrecy provisions ensuring that all information received will be kept secret. Since the 2014 Report, Russia has signed new DTCs with Belgium, China, Ecuador, Hong-Kong (China), Japan and Protocols with Austria, Malta, Singapore and Sweden, which all contain the appropriate provision on the confidentiality rules for exchange of information.

297. The standard, as amended in 2016, clarified that although it remains the rule that information exchanged cannot be used for purposes other than tax purposes, an exception applies where the EOI agreement provides for the authority supplying the information to authorise the use of information for purposes other than tax purposes and where tax information may be used for other purposes in accordance with their respective laws. In accordance with article 102(2) of the Tax Code, the information received by the tax authorities shall not be disclosed, except where it is foreseen by other federal laws. Those exceptions cover for instance the communication of the information

to other administrative bodies and law enforcement authorities. However, according to article 15(4) of Russia's Constitution, the international conventions, once entered into force, are part of Russia's legal framework and prevail over all other contrary provisions in the domestic law. Therefore, the federal law provisions waiving of the confidentiality of information held by the tax authorities, are superseded by the confidentiality provisions of the EOI instruments entered into by Russia. Therefore, any information received in the context of an EOI request can be shared with other Russia authorities only if the Russian competent authority has obtained the prior authorisation of its EOI partner, when the EOI instrument so allows. Similarly, Russia can grant authorisation for the non-tax use of information if requested by an EOI partner and if this purpose is allowed in Russia.

298. In order to ensure the correct application of the confidentiality provision, the Competent Authority always reminds the other tax offices about the references of the confidentiality provisions for EOI while providing the information received from abroad. Hence, the local tax offices are aware of the need to request, through the Russian competent authority, the authorisation of the foreign partner before transmitting or sharing the received information for non-tax purposes with any other authority.

299. In accordance with article 12 of the Tax Code, a breach of the confidentiality provisions, as it is an improper performance of their duties by the tax officials, is subject to disciplinary and criminal liability. Article 13.14 of the Code on Administrative Offences punishes the improper disclosure by a tax official of confidential information by an administrative fine from RUB 4 000 to RUB 5 000 (EUR 56 to EUR 70). Article 183 of the Criminal Code punishes this improper disclosure of confidential information, regardless of the status of the liable person, by a fine up to RUB 1 million (EUR 14 400) or up to two years income of the liable person with a deprivation of the right to fill certain positions or engage in certain activities for a term of three years, or by correctional labour up to two years or by imprisonment for the same term.

300. For supporting the implementation of the confidentiality provisions, the FTS has also written policies on physical access to the tax offices, including on entrance checks, and on IT security, including on the management of access to information stored in the IT system. A note "For official use" is affixed to all confidential documents and files, including EOI documents and correspondence. This specific note entails that the documents can be reproduced only with prior written authorisation and that they are stored in secure locked cabinets and drawers. An audit on the availability and the conditions of storage of the documents is carried out at least once a year by commissions appointed by the head of the tax authority. Such commissions must include employees responsible for the storage of these documents and for organising and ensuring the protection of information within the tax authority. The result of the audit is then communicated to the head of the tax service who is

therefore informed of any deficiency in relation with a loss or improper disclosure of confidential documents. Moreover, regular audits of traceability of the actions of tax officials are carried out in the IT system.

301. The tax officials regularly undergo continuing training programmes in order to maintain and improve their level of qualification necessary for the proper performance of official duties regarding the handling of confidential information. Also, based on the training provide by the Global Forum in Moscow in 2017 on Exchange of Information, the representatives of the regional and interregional services of the FTS who attended this seminar then locally trained the other officials, including on the rules of confidentiality in the context of EOI.

C.3.2. Confidentiality of other information

302. The confidentiality provisions in Russia's EOI instruments and domestic law do not draw a distinction between information received in response to requests and information forming part of the requests themselves. All other information, such as background documents, communications between the requesting and the requested authorities and within the tax authorities, are treated confidentially. As described in the 2014 Report, article 102 of the Tax Code applies to all information received, including the request for information itself and the background documents received from an EOI partner.

303. With respect to information disclosed to information holders, the FTS informs them about the EOI purpose of the domestic request in the two following cases:

- requests of the FTS sent on individuals to banks on the basis of article 86(2) of the Tax Code
- requests of the FTS sent to auditors on the basis of article 93.2 of the Tax Code.

304. In these two cases, this information on the EOI purpose is given to the information holder as the conditions for applying its access powers by the FTS for domestic purposes is different than for EOI purpose. For instance, the FTS can usually apply these access powers for domestic purposes only in a context of a tax audit (see para. 233 and 248). Moreover, this information on the EOI purpose is limited to the information on the existence of a request, and the name of the requesting jurisdiction is not disclosed. As this information of the information holder is necessary for enabling the FTS to access to the information, it does not conflict with the standard as it is necessary for the use of the relevant access powers.

C.4. Rights and safeguards of taxpayers and third parties

The information exchange mechanisms should respect the rights and safeguards of taxpayers and third parties.

C.4.1. Exceptions to the provision of information

305. The 2014 Report concluded that all EOI instruments of Russia contained a provision corresponding to Article 26(3) of the Model Tax Convention which ensures that the parties are not obliged to provide information which would disclose any trade, business, industrial, commercial or professional secret or information the disclosure of which would be contrary to public policy (*ordre public*). The five new DTCs and four new Protocols signed after the 2014 Report contain similar provisions and provide for the rights and safeguards of taxpayers in line with the standard.

306. The domestic provisions relating to the professional secrecy have been amended to enable the FTS to obtain and provide the information covered by audit secret (see Part B.1.5 above). The recommendation on this aspect is therefore removed.

307. The conclusions are as follows:

Legal and Regulatory Framework: in place

No material deficiencies have been identified in respect of the rights and safeguards of taxpayers and third parties.

Practical Implementation of the Standard: The Global Forum is not in a position to issue a rating on this element, as it involves issues of practice that are dealt with in the Phase 2 review.

C.5. Requesting and providing information in an effective manner

The jurisdiction should request and provide information under its network of agreements in an effective manner.

308. The 2014 Report issued a "Compliant" rating for element C.5 and did not identify specific issues or legal restrictions on the ability of Russian competent authority to provide information in an effective manner, except that Russia did not provide status updates within the 90 days period. As requesting and providing information in an effective manner is a matter of practice, it will be considered in the course of the Phase 2 review.

Legal and Regulatory Framework

This element involves issues of practice. Accordingly, no determination has been made.

Practical Implementation of the Standard: The Global Forum is not in a position to issue a rating on this element, as it involves issues of practice that are dealt with in the Phase 2 review.

C.5.1. Timeliness of responses to requests for information

309. In order for EOI to be effective, it needs to be provided in a time-frame that allows tax authorities to apply the information to the relevant cases. If a response is provided but only after a significant lapse of time, the information may no longer be of use to the requesting authorities. This is particularly important in the context of international co-operation as cases in this area must be of sufficient importance to warrant making a request.

310. Before 2018, specific timelines for answering to the requests from Belarus and Kazakhstan were recommended. These specific timelines were adapted and broadened to all CIS countries.

311. Since 2018, the EOI Manual of the Russian competent authority has recommended the following procedures and timelines for the treatment of the incoming requests, depending on the treaty partner concerned and whether the information requested is already in the hands of the competent authority or not:

- If the information is directly available for the central competent authority, or the Interregional Inspectorate for Centralised Data Processing, or the relevant regional or interregional tax service (see para.313), the information must be provided to the EOI partners within 30 days following the date of receipt of the EOI request.
- If the information is not directly available, a request is forwarded to a Regional Department or to the Interregional Inspectorate for Large Taxpayers. If the information is directly available for the Regional Department, this service has to provide an answer to the competent authority within 15 days. If the information requested is directly available for the Interregional Inspectorate for Large Taxpayers, this service has to provide an answer to the competent authority within 30 days.
- For the jurisdictions of the Commonwealth of Independent States (CIS),[35] the information must be provided within 40 days from the

35. Azerbaijan, Armenia, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Russia, Tajikistan, Turkmenistan, Uzbekistan and Ukraine.

date of the receipt of the request, whether the information requested is directly available or not for the applicable competent authority.

312. However, as the EOI Manual focuses on relationships between the central competent authority and the territorial tax services, it does not contain any guidance on the requirement to send a status update within the 90-day period following the receipt of an EOI request. An analysis of the practice of the Russian authorities to respond promptly to requests for information sent to them and, if any, to send status updates and to ensure relevant communication with partners will be carried out during the Phase 2 review.

C.5.2. Organisational processes and resources

313. In Russia, the delegated competent authority for exchange of information is the FTS. The EOI Division of the Transfer Pricing Directorate carries out this function under the supervision of a Deputy Commissioner. This function of competent authority is decentralised, depending on the EOI partner:

- For all partners, by default, the competent authority is the EOI Division of the Transfer Pricing Directorate (i.e. the central competent authority).
- For the CIS jurisdictions, except Belarus and Kazakhstan, the competent authority is the Interregional Inspectorate for Centralised Data Processing.
- For Belarus and Kazakhstan, the competent authority is the relevant regional or interregional tax service.

314. The activity of Russia's competent authority relies on an EOI Manual on the organisation of the work on exchange of information upon request or spontaneously with foreign competent authorities. This EOI Manual guides the practical interactions between the central competent authority and the territorial tax authorities.

315. For incoming requests, the EOI Manual sets out the applicable procedures and timelines, as described in para. 311. For outgoing requests, the EOI Manual includes guidance and administrative procedure for the process of preparation and sending EOI requests to foreign partners. This process differs according to the EOI partner to which the request is sent:

- For all EOI partners, except CIS jurisdictions: the competent authority is the central competent authority. The regional and interregional tax services send their draft request to the central competent authority which checks the relevance of the request in line with the standards, its compliance with the terms of the relevant EOI instruments (taxes and periods covered), the exhaustion of internal means at the level of

the regional/interregional service and the clarity of the explanation provided on the background of the case.

- For CIS jurisdictions, except Belarus and Kazakhstan: the Interregional Inspectorate for Centralised Data Processing is the competent authority and receives the draft requests from the other tax regional and interregional services and then, the process of treatment is similar than for other EOI partners. For all CIS jurisdictions (including Belarus and Kazakhstan), a specific form of EOI request is used.
- For Belarus and Kazakhstan: regional and interregional tax services send their requests directly to the relevant regional tax services of Belarus and Kazakhstan.

316. An analysis of the organisational process and resources implemented by Russia in practice will be carried out during the Phase 2 review.

C.5.3. Unreasonable, disproportionate or unduly restrictive conditions for EOI

317. There are no factors or issues identified in Russia that could unreasonably, disproportionately or unduly restrict effective EOI.

Annex 1: List of in-text recommendations

The Global Forum may identify issues that have not had and are unlikely in the current circumstances to have more than a negligible impact on EOIR in practice. Nevertheless, the circumstances may change and the relevance of the issue may increase. In these cases, a recommendation may be made; however, it should not be placed in the same box as more substantive recommendations. Rather, these recommendations can be stated in the text of the report. A list of such recommendations is reproduced below for convenience.

- **Element A.1**: Russia should ensure that the absence of a precise legal requirement for maintaining beneficial ownership information on the Simple Partnerships and the Investment Partnerships does not interfere with an effective exchange of information (para.134).
- **Element A.2**: Russia should continue to monitor that the determination of the tax base on an "income only" basis by the taxpayers that apply the simplified taxation system does not interfere with the effective exchange of information in tax matters (para. 178 and 182)
- **Element A.2**: In case where the trustee is a non-professional trustee, the accounting information is available only on the basis of the Tax Code and then, this information will be available only for a minimum four-year retention period. Therefore, Russia should ensure that accounting information is available on all trusts, including those administered by non-professionals trustees resident in Russia (para.185 Error! Reference source not found.)
- **Element C.1**: As Russia cannot exchange information on non-residents of one or both Contracting States with four of its EOI partners, it should ensure that all its existing EOI agreements are brought in line with the standard (para. 267 and 278)
- **Element C.2**: Russia should continue to conclude EOI agreements with any new relevant partner who would so require (para. 292).

Moreover, the Global Forum may identify some aspects of the legal and regulatory framework to follow-up in the Phase 2 review. A non-exhaustive list of such aspects is reproduced below for convenience:

- **Element A.1**: The actual coverage of the holding of bank accounts in Russia by the relevant entities and arrangements will be further analysed under the Phase 2 review (para. 90).
- **Element A.1**: The Russian authorities indicated that the exception to the obligation to take reasonable measures to identify the beneficial owners of the foreign structures without legal personality may cover foreign funds, partnerships, trusts, collective investments or trust managements. Although this exception will apply only in the cases where the organisational form of the foreign structure does not provide for the existence of a beneficial owner, the impact of this exception on the availability of the beneficial ownership information in practice will be further analysed under the Phase 2 review (see para. 97, 135 and 144).
- **Element A.1**: The exception to the obligation to the annual update of the beneficial ownership information of the clients of AML-obliged persons appears sufficiently narrow for not putting the accuracy and reliability of this information at risk but its implementation in practice will be reviewed in Phase 2 (para. 105)
- **Element A.1**: The information on the natural person who holds the position of senior managing official is available in the tax database for all Russian legal entities. As this availability results from a combination of tax requirements, the ability of the Russian authority to identify the relevant natural person as a "default" beneficial owner in the relevant databases and whether the tax requirements fully ensure the availability of information will be analysed in Phase 2 (para. 107)
- **Element A.1**: It is unclear how companies handle the obligation to keep information on their beneficial owners under article 6.1 of the AML Law on one hand, and the accounting reporting requirement on financial statements that refers to the AML law prior to the introduction of article 6.1, i.e. the definition of beneficial ownership applicable to AML-obliged persons on the other hand. Their implementation in practice will be analysed in the Phase 2 of the review (see para.112)
- **Element A.1**: The legal definitions of the beneficial owner contained in the AML Law appear appropriate for the identification of the beneficial owners of the partnerships since both the conditions of control through ownership and of control through other means are verified at the first step of this identification. This aspect of the correct identification of the beneficial owners of partnerships will be further analysed under the Phase 2 review (para. 133)

- **Element A.2**: The practical implementation of the amendment to the Tax Code on the minimum retention period of accounting records will be reviewed in details under the Phase 2 review (para. 186).
- **Element A.3**: The implementation of the provisions prohibiting the opening and maintaining anonymous account will be further analysed during the Phase 2 review (see para. 200).
- **Element A.3**: Russia and a peer reported difficulties to obtain the information on the beneficial owners of the bank accounts holders in five cases due to the loss of the clients' files by the bank. The impact of these cases on the EOI practice of Russia will be further analysed during the Phase 2 review (see para. 217).
- **Element B.1**: The implementation in practice of the new provisions on access to information held by the Pension Fund of Russia will be reviewed in details under the Phase 2 review. (para. 227).
- **Element B.1**: The process of obtaining beneficial ownership information through the Rosfinmonitoring in case where this information is not available in the client's profile kept by the AML-obliged person and its impact on the effectiveness of EOI in practice, will be further reviewed under the Phase 2 review. (para. 232)
- **Element B.1**: Russian tax authorities confirmed that they interpret article 86(2) as permitting the access to the information held by bank for EOI purposes in all cases. Since the entry into force of the amendment to article 86(2), Russia has received and replied to EOI requests in relation with bank accounts held by individuals. This aspect will be further reviewed under the Phase 2 review. (para. 234)
- **Element B.1**: Considering that the FTS can have access for EOI purposes, under article 93.2 of the Tax Code, to the information covered by audit secret, the recommendation issued in the 2014 Report is removed. The implementation in practice of the amended provision will be reviewed in the framework of the Phase 2 review (para. 250).
- **Element B.1**: The practical impact of the notarial secrecy on the ability of the Russian tax administration to access and exchange the relevant information will also be reviewed in Phase 2 (para. 251).
- **Element B.2**: The practical impact of the potential information of the person concerned by the banks about the existence of a foreign request, in particular on the treatment of requests in which the requesting jurisdiction requires that the taxpayer under investigation be not informed of the existence of the EOI request, will be analysed under the Phase 2 review (para. 257).

- **Element C.1**: Russia authorities indicated that they have worked with the competent authority of the partner and that they did not receive any other claim from this partner on the translation of documents in Russia answers. This issue will be further reviewed under the Phase 2 review, including in the light of the input of the peer in question (para. 284)

Annex 2: List of Russia's EOI mechanisms

Bilateral international agreements for the exchange of information[36]

	EOI partner	Type of agreement	Signature	Entry into force
1	Albania	DTC	11-04-1995	09-12-1997
2	Algeria	DTC	10-03-2006	18-12-2008
3	Argentina	DTC	10-10-2001	16-10-2012
4	Armenia	DTC	28-12-1996	17-03-1998
		Protocol to DTC	24-10-2011	15-04-2013
5	Australia	DTC	07-09-2000	17-12-2003
6	Austria	DTC	13-04-2000	30-12-2002
		Protocol to DTC	05-06-2018	20-06-2019
7	Azerbaijan	DTC	03-07-1997	03-07-1998
8	Belarus	DTC	21-04-1995	20-01-1997
		Protocol to DTC	24-01-2006	31-05-2007
9	Belgium	DTC	16-06-1995	26-06-2000
		New DTC	19-05-2015	Ratified by Russia
		Protocol to DTC	30-01-2018	Ratified by Russia
10	Botswana	DTC	08-04-2003	23-12-2009
11	Brazil	DTC	22-11-2004	19-06-2017
12	Bulgaria	DTC	08-06-1963	08-12-1995
13	Canada	DTC	05-10-1995	05-05-1997
14	Chile	DTC	19-11-2004	23-03-2012

36. Russia is in a process of negotiating two existing DTCs signed with Estonia and Oman at the time of the previous review. Russia also indicated that the DTC signed with Ethiopia will not be ratified. These DTCs referred to in the 2014 Report were not brought into force and therefore, Annex 2 does no longer refer to these three bilateral EOI instruments.

	EOI partner	Type of agreement	Signature	Entry into force
15	China (People's Republic of)	DTC	13-10-2014	09-04-2016
		Protocol to DTC	08-05-2015	09-04-2016
16	Croatia	DTC	02-10-1995	19-04-1997
17	Cuba	DTC	14-12-2000	15-11-2010
18	Cyprus[a]	DTC	05-12-1998	17-08-1999
		Protocol to DTC	07-10-2010	02-04-2012
		New Protocol to DTC	08-09-2020	Not in force (provisional application from 01-01-2021)
19	Czech Republic	DTC	17-11-1995	18-07-1997
		Protocol to DTC	27-04-2007	17-04-2009
20	Democratic People's Republic of Korea	DTC	29-09-1997	30-05-2000
21	Denmark	DTC	08-02-1996	27-04-1997
22	Ecuador	DTC	14-11-2016	16-11-2018
23	Egypt	DTC	23-09-1997	06-12-2000
24	Finland	DTC	04-05-1996	14-12-2002
		Protocol to DTC	14-04-2000	29-12-2002
25	France	DTC	26-11-1996	09-02-1999
26	Germany	DTC	29-05-1996	30-12-1996
		Protocol to DTC	15-10-2007	15-05-2009
27	Greece	DTC	26-06-2000	13-12-2007
28	Hong Kong (China)	DTC	18-01-2016	29-07-2016
29	Hungary	DTC	01-04-1994	03-11-1997
30	Iceland	DTC	26-11-1999	21-07-2003
31	India	DTC	25-03-1997	11-04-1998
32	Indonesia	DTC	12-03-1999	17-12-2002
33	Iran	DTC	06-03-1998	05-04-2002
34	Ireland	DTC	29-04-1994	07-07-1995
35	Israel	DTC	25-04-1994	07-12-2000
36	Italy	DTC	09-04-1996	30-11-1998
		Protocol to DTC	13-06-2009	01-06-2012
37	Japan	DTC	07-09-2017	03-08-2018
38	Kazakhstan	DTC	18-10-1996	29-07-1997

	EOI partner	Type of agreement	Signature	Entry into force
39	Korea	DTC	19-11-1992	24-08-1995
40	Kuwait	DTC	09-02-1999	02-01-2003
41	Kyrgyzstan	DTC	13-01-1999	06-09-2000
42	Latvia	DTC	20-12-2010	06-11-2012
43	Lebanon	DTC	08-04-1997	16-06-2000
44	Lithuania	DTC	29-06-1999	05-05-2005
45	Luxembourg	DTC	28-06-1993	07-05-1997
		Protocol to DTC	21-11-2011	30-07-2012
		New Protocol to DTC	06-11-2020	Ratified by Russia
46	Malaysia	DTC	31-07-1987	04-07-1998
47	Mali	DTC	25-06-1996	13-09-1999
48	Malta	DTC	24-04-2013	22-05-2014
		Protocol to DTC	01-10-2020	Not in force (provisional application from 01-01-2021)
49	Mauritius	DTC	24-08-1995	Not in force
50	Mexico	DTC	07-06-2004	02-04-2008
51	Moldova	DTC	12-04-1996	06-06-1997
52	Mongolia	DTC	05-04-1995	22-05-1997
53	Montenegro	DTC	12-10-1995	09-07-1997
54	Morocco	DTC	04-09-1997	31-08-1999
55	Namibia	DTC	31-03-1998	23-06-2000
56	Netherlands	DTC	16-12-1996	27-08-1998
57	New Zealand	DTC	05-09-2000	04-07-2003
58	North Macedonia	DTC	21-10-1997	14-07-2000
59	Norway	DTC	26-03-1996	20-12-2002
60	Philippines	DTC	26-04-1995	12-09-1997
61	Poland	DTC	22-05-1992	22-02-1993
62	Portugal	DTC	29-05-2000	11-12-2002
63	Qatar	DTC	20-04-1998	05-09-2000
64	Romania	DTC	27-09-1993	11-08-1995
65	Saudi Arabia	DTC	11-02-2007	01-02-2010
66	Serbia	DTC	12-10-1995	09-07-1997

	EOI partner	Type of agreement	Signature	Entry into force
67	Singapore	DTC	09-09-2002	16-01-2009
		Protocol to DTC	17-11-2015	25-11-2016
68	Slovak Republic	DTC	24-06-1994	01-05-1997
69	Slovenia	DTC	29-09-1995	20-04-1997
70	South Africa	DTC	27-11-1995	26-06-2000
71	Spain	DTC	16-12-1998	13-06-2000
72	Sri Lanka	DTC	02-03-1999	28-11-2002
73	Sweden	DTC	15-06-1993	03-08-1995
		Protocol to DTC	24-05-2018	16-05-2019
74	Switzerland	DTC	15-11-1995	18-04-1997
		Protocol to DTC	24-09-2011	09-11-2012
75	Syrian Arab Republic	DTC	17-09-2000	31-07-2003
76	Tajikistan	DTC	31-03-1997	26-04-2003
77	Thailand	DTC	23-09-1999	15-01-2009
78	Turkey	DTC	15-12-1997	31-12-1999
79	Turkmenistan	DTC	14-01-1998	10-02-1999
80	Ukraine	DTC	08-02-1995	03-08-1999
81	United Arab Emirates	DTC	07-12-2011	23-06-2013
82	United Kingdom	DTC	15-02-1994	18-04-1997
83	United States	DTC	17-06-1992	16-12-1993
84	Uzbekistan	DTC	02-03-1994	27-07-1995
85	Venezuela	DTC	22-12-2003	19-01-2009
86	Viet Nam	DTC	27-05-1993	21-03-1996

Note: a. Note by Turkey: The information in this document with reference to "Cyprus" relates to the southern part of the Island. There is no single authority representing both Turkish and Greek Cypriot people on the Island. Turkey recognises the Turkish Republic of Northern Cyprus (TRNC). Until a lasting and equitable solution is found within the context of the United Nations, Turkey shall preserve its position concerning the "Cyprus issue".

Note by all the European Union Member States of the OECD and the European Union: The Republic of Cyprus is recognised by all members of the United Nations with the exception of Turkey. The information in this document relates to the area under the effective control of the Government of the Republic of Cyprus.

Convention on Mutual Administrative Assistance in Tax Matters (as amended)

318. The Convention on Mutual Administrative Assistance in Tax Matters was developed jointly by the OECD and the Council of Europe in 1988 and amended in 2010 (the Multilateral Convention).[37] The Multilateral Convention is the most comprehensive multilateral instrument available for all forms of tax co-operation to tackle tax evasion and avoidance, a top priority for all jurisdictions.

319. The original 1988 Convention was amended to respond to the call of the G20 at its April 2009 London Summit to align it to the international standard on exchange of information on request and to open it to all countries, in particular to ensure that developing countries could benefit from the new more transparent environment. The Multilateral Convention was opened for signature on 1 June 2011.

320. The Multilateral Convention was signed by Russia on 3 November 2011 and entered into force on 1 July 2015 in Russia. Russia can exchange information with all other Parties to the Multilateral Convention.

321. The Multilateral Convention is in force in respect of the following jurisdictions: Albania, Andorra, Anguilla (extension by the United Kingdom), Antigua and Barbuda, Argentina, Armenia, Aruba (extension by the Netherlands), Australia, Austria, Azerbaijan, Bahamas, Bahrain, Barbados, Belgium, Belize, Bermuda (extension by the United Kingdom), Bosnia and Herzegovina, Brazil, British Virgin Islands (extension by the United Kingdom), Brunei Darussalam, Bulgaria, Cabo Verde, Cameroon, Canada, Cayman Islands (extension by the United Kingdom), Chile, China (People's Republic of), Colombia, Cook Islands, Costa Rica, Croatia, Curaçao (extension by the Netherlands), Cyprus, Czech Republic, Denmark, Dominica, Dominican Republic, Ecuador, El Salvador, Estonia, Faroe Islands (extension by Denmark), Finland, France, Georgia, Germany, Ghana, Gibraltar (extension by the United Kingdom), Greece, Greenland (extension by Denmark), Grenada, Guatemala, Guernsey (extension by the United Kingdom), Hong Kong (China) (extension by China), Hungary, Iceland, India, Indonesia, Ireland, Isle of Man (extension by the United Kingdom), Israel, Italy, Jamaica, Japan, Jersey (extension by the United Kingdom), Kazakhstan, Kenya, Korea, Kuwait, Latvia, Lebanon, Liechtenstein, Lithuania, Luxembourg, Macau (China) (extension by China), North Macedonia, Malaysia, Malta, Marshall

37. The amendments to the 1988 Convention were embodied into two separate instruments achieving the same purpose: the amended Convention (the Multilateral Convention) which integrates the amendments into a consolidated text, and the Protocol amending the 1988 Convention which sets out the amendments separately.

Islands, Mauritius, Mexico, Moldova, Monaco, Mongolia, Montenegro, Montserrat (extension by the United Kingdom), Morocco, Nauru, Netherlands, New Zealand, Nigeria, Niue, Norway, Oman, Pakistan, Panama, Peru, Poland, Portugal, Qatar, Romania, Russia, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Samoa, San Marino, Saudi Arabia, Senegal, Serbia, Seychelles, Singapore, Sint Maarten (extension by the Netherlands), Slovak Republic, Slovenia, South Africa, Spain, Sweden, Switzerland, Tunisia, Turkey, Turks and Caicos Islands (extension by the United Kingdom), Uganda, Ukraine, United Arab Emirates, United Kingdom, Uruguay and Vanuatu.

322. In addition, the Multilateral Convention was signed by the following jurisdictions, where it is not yet in force: Benin, Botswana, Burkina Faso, Eswatini (entry into force on 1 July 2021), Gabon, Jordan, Liberia, Mauritania, Namibia (entry into force on 1 April 2021), Paraguay, Philippines, Thailand, Togo, United States (the original 1988 Convention is in force since 1 April 1995, the amending Protocol was signed on 27 April 2010).

Annex 3: Methodology for the review

The reviews are based on the 2016 Terms of Reference and conducted in accordance with the 2016 Methodology for peer reviews and non-member reviews, as amended in December 2020 and the Schedule of Reviews.

The evaluation is based on information available to the assessment team including the exchange of information arrangements signed, laws and regulations in force or effective as at 5 March 2021, Russia's responses to the EOIR questionnaire as well as inputs from partner jurisdictions. As this assessment was launched during the third quarter of 2019, peer input was received on the period from 1 April 2016 to 31 March 2019. Although the practical implementation is not assessed in this report, it may refer to this input for confirming the adequacy of the legal and regulatory framework or for highlighting specific issues in relation with this legal framework.

List of laws, regulations and other materials received

The Civil Code of the Russian Federation N 51-FZ dated 30.11.1994, as amended by Federal Law N 99-FZ dated 05.05.2014 "On Amendments to Chapter 4 Part I of the Civil Code of the Russian Federation and on the invalidation of certain provisions of legislative acts of the Russian Federation"

Federal Law N 129-FZ dated 08.08.2001 on the State Registration of Legal Entities and Private Entrepreneur (Law on State Registration)

Federal Law N 208-FZ dated 26.12.1995 on Joint Stock Companies (Law on JSCs)

Federal Law N 14-FZ dated 08.02.1998 on Limited Liability Companies (Law on LLCs)

Federal Law N 7-FZ dated 12.01.1996 on Non-Profit Organisations

Federal Law N 161-FZ dated 14.11.2002 on State and Municipal Unitary Enterprises

Federal Law No. 115-FZ dated 7 August 2001 "On the Countering the Legalisation of Illegal Earnings (Money Laundering) and the Financing of Terrorism" (the AML Law).

Regulations of the CBR No. 499-P dated 15 October 2015 "On the identification by credit institutions of clients, its representatives, beneficiaries and beneficial owners for the purposes of counteraction to the legalisation or laundering of incomes derived illegally and to financing terrorism"

Decision of the Government of the Russian Federation No. 913 On endorsing the rules for legal entities to provide information on their beneficial owners and the measures taken to establish in respect of their beneficial owners information envisaged by the federal law on countering the legalisation of illegal earnings (money laundering) and financing of terrorism on enquiries of authorised governmental bodies, dated 31 July 2017

Decision of the Government of the Russian Federation No. 667-R On adoption of requirements for internal control rules developed by entities engaged in transactions with funds or other assets and on invalidation of certain regulations of the RF Government, dated 30 June 2012 and Regulations of the CBR No. 375-P On Requirements for a credit Institution's internal control rules designed to counter the legalisation (laundering) of criminally obtained incomes and the financing of terrorism, dated 2 March 2012.

Order of Rosfinmonitoring No. 366 On endorsing the requirements for the identification of clients, its representatives, beneficiaries and beneficial owners including taking into account the degree (level) of risk of transactions for the legalisation (laundering) of criminally obtained income and the financing of terrorism, dated 22 November 2018

Federal Law N 395-1 dated 02.12.1990 on Banks and Banking Activities

Current and previous review(s)

Summary of reviews

Review	Assessment team	Period under Review	Legal Framework as of	Date of adoption by Global Forum
Round 1 Phase 1	Mr Guillaume Drano, France; Mr Richard Thomas, United States; and Ms Caroline Malcolm from the Global Forum Secretariat	not applicable	July 2012	October 2012
Round 1 Phase 2	Mr Guillaume Drano, France; Mr Richard Thomas, United States; and Mr Boudewijn van Looij, from the Global Forum Secretariat.	1 July 2010 to 30 June 2013	December 2013	October 2014
Round 2 Phase 1	Ms Amrita Singh, India; Mr Alessandro Lo Bello, Italy; Ms Carine Kokar and Ms Gwenaëlle Le Coustumer, Global Forum Secretariat.	not applicable	5 March 2021	18 June 2021

Annex 4: Russia's response to the review report[38]

Russia expresses its thanks and gratitude to the assessment team for their dedicated work in the COVID 19 conditions and professionalism throughout the Phase 1 of Round 2 peer review process. Russia is also grateful to the members of the Peer Review Group for their useful and appreciated contribution to the assessment.

Russia agrees with the contents of the Report. It reflects properly the functioning of the legal framework with regards to exchange of information on request in Russia.

Russia will work on the implementation of the recommendations with the aim of further improving its legal framework, and continue to be a reliable partner in administrative cooperation.

38. This Annex presents the Jurisdiction's response to the review report and shall not be deemed to represent the Global Forum's views.

GLOBAL FORUM ON TRANSPARENCY AND EXCHANGE OF INFORMATION FOR TAX PURPOSES

Peer Review Report on the Exchange of Information on Request RUSSIAN FEDERATION 2021 (Second Round, Phase 1)

The Global Forum on Transparency and Exchange of Information for Tax Purposes is a multilateral framework for tax transparency and information sharing, within which over 160 jurisdictions participate on an equal footing.

The Global Forum monitors and peer reviews the implementation of international standard of exchange of information on request (EOIR) and automatic exchange of information. The EOIR provides for international exchange on request of foreseeably relevant information for the administration or enforcement of the domestic tax laws of a requesting party. All Global Forum members have agreed to have their implementation of the EOIR standard be assessed by peer review. In addition, non-members that are relevant to the Global Forum's work are also subject to review. The legal and regulatory framework of each jurisdiction is assessed as is the implementation of the EOIR framework in practice. The final result is a rating for each of the essential elements and an overall rating.

The first round of reviews was conducted from 2010 to 2016. The Global Forum has agreed that all members and relevant non-members should be subject to a second round of review starting in 2016, to ensure continued compliance with and implementation of the EOIR standard. Whereas the first round of reviews was generally conducted as separate reviews for Phase 1 (review of the legal framework) and Phase 2 (review of EOIR in practice), the EOIR reviews commencing in 2016 combine both Phase 1 and Phase 2 aspects into one review. Final review reports are published and reviewed jurisdictions are expected to follow up on any recommendations made. The ultimate goal is to help jurisdictions to effectively implement the international standards of transparency and exchange of information for tax purposes.

This publication contains the 2021 Second Round Peer Review Report on the Exchange of Information on Request of the Russian Federation. It refers to Phase 1 only (Legal and Regulatory Framework).

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