

Tax planning in the Russian companies: the change of strategy

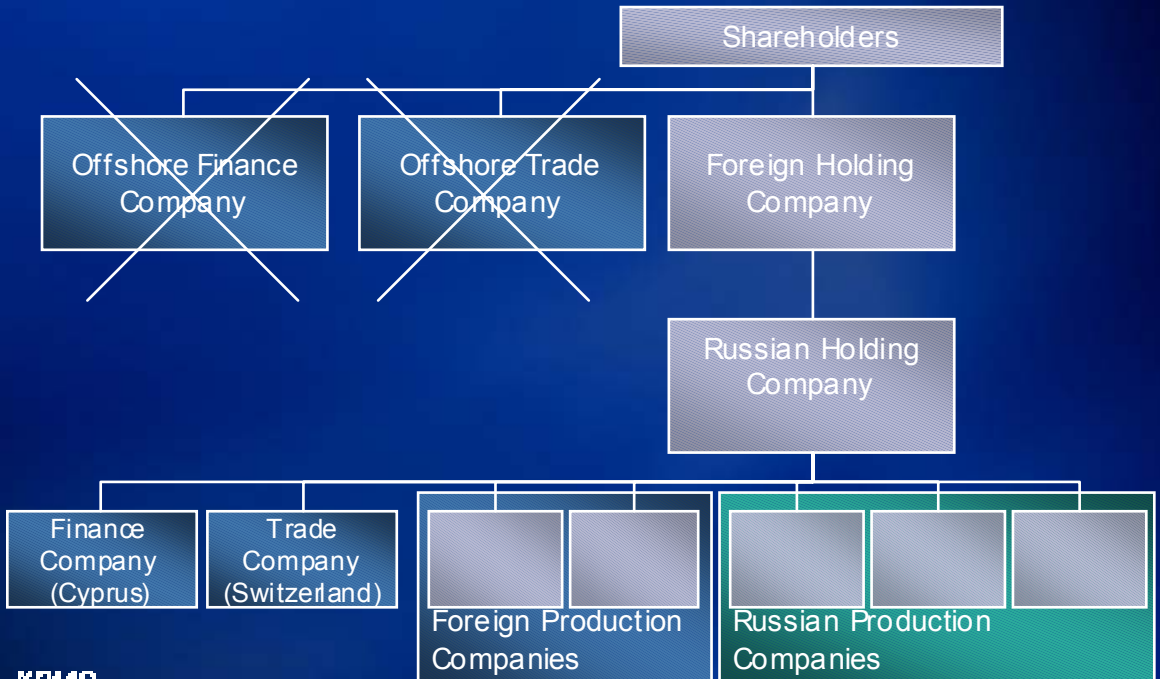
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Approximate Structure of Russian Holding Before Restructuring



Approximate Structure of Russian Holding After Restructuring



Tax Planning: Main Changes

- Cessation of using of internal and external offshore companies as profit centers
- Less aggressive transfer pricing policy
- Consideration of minority shareholders' interests
- Transparency for potential investors
- Management efficiency
- Wider usage of optimization mechanisms accepted by the international practice
- Tax minimization – not single and not always the main driver

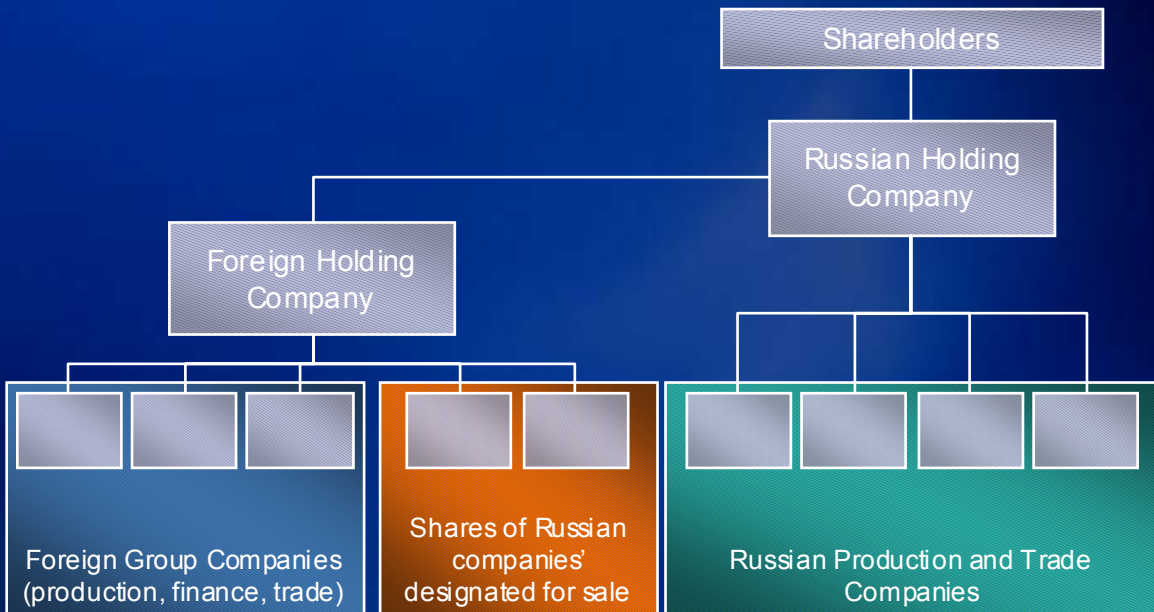
Main Factors, Influencing on Tax Strategy

- Companies' business goals
- Political environment and escalation of pressure from the controlling authorities
- Russian tax system

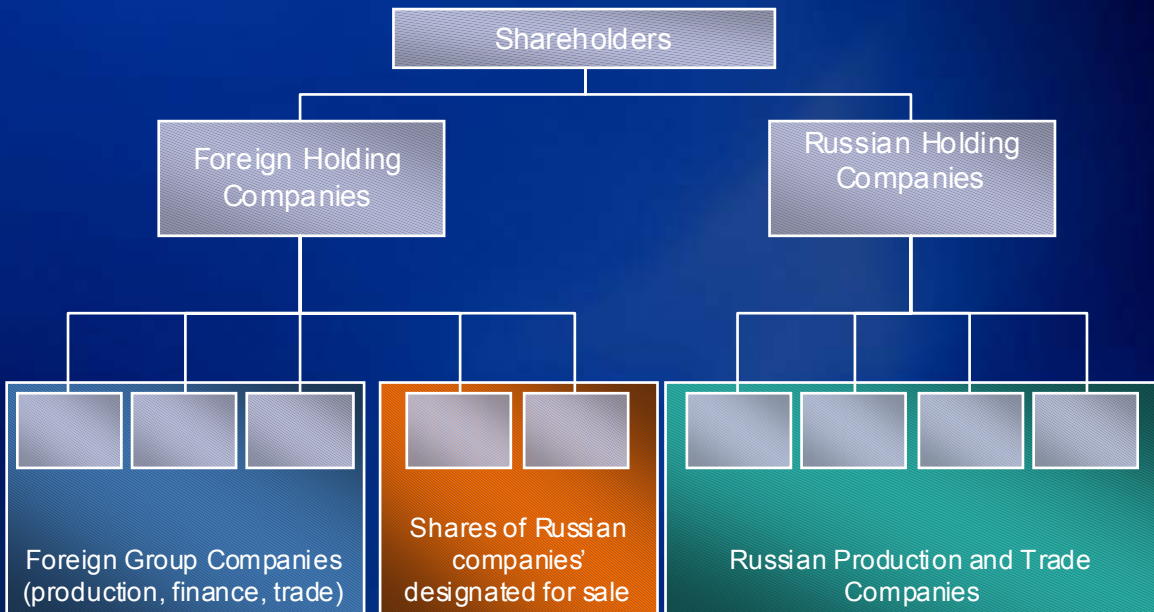
Russian Tax System Features: Factors, Influencing on Strategy

- Dividends, received from foreign companies, are subject to profits tax at 15% rate
- Capital gains are subject to profits tax at 24% rate
- Withholding tax on dividends payable
- No tax consolidation
- Contradictions of tax legislation, advance tax rulings are not possible

Typical Structure of Russian Holding (Option 1)



Typical Structure of Russian Holding (Option 2)



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