

Russian VAT and tax considerations

Russian taxation system	<u>Simplified</u>	<u>General</u>
Can a 100% foreign owned Russian LLC adopt this system?	No	Yes
Can a branch of a foreign company adopt this system?	No	Yes
Maximum foreign ownership or corporate owned to adopt this system?	25% or less	any
Corporate income tax rate?	<u>6% on gross income or 15% on net income</u>	<u>20%</u>
Local VAT rate?	Not applicable	<u>20%</u>
Must file VAT returns?	Not applicable	Yes
Must register for VAT?	No	Yes
VAT applicable on invoices to customers using simplified tax?	Not applicable	Yes, 20%
VAT applicable on invoices to customers using general tax?	Not applicable	Yes, 20%

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Liabile for VAT payable on supplier invoices?	Not applicable	Yes, 20%
Can I claim/offset VAT from invoices paid to suppliers?	No	Yes
Timeframe for VAT refund/offset?	Not applicable	Quarterly
Other requirements to adopt this system	<p>Applicable to small and medium-sized enterprises:</p> <ul style="list-style-type: none"> • The company does not employ more than 100 persons (average per year); • The company's total depreciable fixed asset value does not exceed RUB 100 million (US\$1,5 m) • The company's total sales do not exceed RUB 150 million (US\$2.3m) 	Not applicable