Russian Federation

Corporate - Withholding taxes

Choose a topic

Under the general provisions of the Tax Code, income received by a foreign legal entity and not attributed to a PE in Russia is subject to WHT in Russia (to be withheld at source). WHT rates are as follows:

- 15% on dividends and income from participation in Russian enterprises with foreign investments;
- 10% on freight income;
- 20% on certain other income from Russian sources, including royalties and interest;
- 20% of revenue or 20% of the margin on capital gains (from the sale of immovable property located in Russia or non-listed shares in Russian subsidiaries where the immovable property located in Russia represents more than 50% of assets).

Taxation of margins (rather than gross income received from the above sales) may be applied only if proper documentary support of expenses is available.

Income of foreign organisations (not performing activities in Russia through a PE) from the sale of certain listed securities of Russian entities (and their derivatives) is not regarded as income derived from sources in Russia subject to WHT.

The list of exempt income (not subject to WHT) also includes: (1) interest payments on Russian state securities; (2) interest payments on tradable bonds, issued in accordance with the laws of foreign states; and (3) payments made by Russian companies to finance coupons on Eurobonds issued by special purpose vehicles incorporated outside of Russia.

Tax should be withheld by the tax agent and paid to the Russian budget. WHT rates may be reduced under a relevant DTT, provisions of which may be applied based on confirmation of tax residence, which is to be provided by a foreign company to the Russian tax agent prior to the payment date (no advance permission from the Russian tax authorities is required) and also as long as general conditions are fulfilled (proof of beneficial ownership, etc.).

The Russian tax authorities recognise the terms of former Union of Soviet Socialist Republics' (USSR) treaties until they are renegotiated by the Russian government. Furthermore, the list of effective tax treaties is continuously updated.

"Beneficial ownership" concept

A concept of the actual owner of income (i.e. beneficial owner) was introduced into tax legislations by so-called Deoffshorisation law. It determines the ability to apply lower tax rates under a double tax treaty (DTT).

Tax authorities have not come up yet with a concise test of beneficial ownership, which means that Russian tax agents will not be entirely comfortable applying reduced tax rates on income paid abroad. Making any payments, they will have to consider the risk of additional tax and penalties to be paid at their own expense.

According to the law, tax agent has right to request a confirmation that a foreign organisation is a beneficial owner of income. If the tax agent becomes aware of who is the beneficial owner of income, the law allows for using a corresponding treaty with the country where this beneficial owner resides (for dividends, indirect interest is treated as direct interest).

If the beneficial owner is a Russian tax resident, the income paid is taxed under the Russian Tax Code rules (please note than zero tax rate on dividends is applied under additional conditions). In such cases, the tax authorities must be notified about the payments made.

The list below indicates the WHT rates mentioned in treaties.

Recipient	Treaty benefits available from	WHT (%)			Construction site duration before creation of PE (months)
		Dividends	Interest (1)	Royalties	
Albania/Russia	1 January 1998	10	10	10	12
Algeria/Russia	1 January 2009	5 (2)/15	0/15	15	6 months and an aggregated period of more than 3 months in any 12-month period for furnishing services
Argentina/Russia	1 January 2013	10 (60)/15	15	15	6
Armenia/Russia	1 January 1999	5 (3)/10	0	0	18
Australia/Russia	1 January 2004	5 (4)/15	10	10	12
Austria/Russia	1 January 2003	5 (5)/15	0	0	12
Azerbaijan/Russia	1 January 1999	10	0/10	10	12
Belarus/Russia	1 January 1998	15	0/10	10	No special provisions in the relevant DTT; local tax legislation provisions should apply

Belgium/Russia	1 January 2001	10	0/10	0	12
Botswana	1 January 2010	5 (6)/10	0/10	10	6
Bulgaria/Russia	1 January 1996	15	0/15	15	12
Canada/Russia	1 January 1998	10 (8)/15	0/10	0 (9)/10	12
Chile/Russia	1 January 2013	5 (61)/10	15	5 (46)/10	6
China/Russia	1 January 1998	10	0/10	10	18
Croatia/Russia	1 January 1998	5 (10)/10	10	10	12
Cuba/Russia	1 January 2011	5 (11)/15	10	5	12
Cyprus/Russia	1 January 2000 (12)	5 (13)/10	0	0	12
Czech Republic/Russia	1 January 1998	10	0	10	12 months and an aggregated period of more than 6 months in any 12-month period for furnishing services
Denmark/Russia	1 January 1998	10	0	0	12 months and an aggregated period of more than 365 days in any 18-month period for a drilling rig
					6 months and an aggregated

Egypt	1 January 2001	10	0/15	15	period of more than 6 months in any 12-month period for furnishing services
Finland/Russia	1 January 2003	5 (14)/12	0	0	12 months and an 18-month period for particular types of construction work
France/Russia	1 January 2000	5 (15)/10 (16)/15	0	0	12
Germany/Russia	1 January 1997	5 (17)/15	0	0	12
Greece/Russia	1 January 2008	5 (18)/10	7	7	9
Hungary/Russia	1 January 1998	10	0	0	12
Iceland/Russia	1 January 2004	5 (19)/15	0	0	12
India/Russia	1 January 1999	10	0/10	10	12 (may be extended on agreement with the competent authorities)
Indonesia/Russia	1 January 2003	15	0/15	15	3
Iran/Russia	1 January 2003	5 (20)/10	0 or 7.5	5	12
Ireland/Russia	1 January 1996	10	0	0	12
Israel/Russia	1 January 2001	10	0/10	10	12

Italy/Russia	1 January 1999	5 (21)/10	10	0	12
Japan/USSR	1 January 1987	15	0/10	0 (22)/10	12
Kazakhstan/Russia	1 January 1998	10	0/10	10	12
North Korea/Russia	1 January 2001	10	0	0	12 months and an aggregated period of more than 6 months in any 12-month period for furnishing services
South Korea/Russia	1 January 1996	5 (23)/10	0	5	12 (may be extended up to 24 months upon agreement with the competent authorities)
Kuwait/Russia	1 January 2004	0 (24)/5	0	10	6 months and an aggregated period of more than 3 months in any 12-month period for furnishing services
Kyrgyzstan/Russia	1 January 2001	10	0/10	10	12
Latvia	1 January 2013	5 (58)/10	5 (59)/10	5	
Lebanon/Russia	1 January 2001	10	0/5	5	12
Lithuania/Russia	1 January 2006	5 (25)/10	0/10	5 (26)/10	9
Luxembourg/Russia	1 January 1998	5 (27)/15	0	0	12

Macedonia/Russia	1 January 2001	10	10	10	12
Malaysia/USSR	1 January 1989	0/15 (28)	0/15	10 (29)/15 (30)	12 months and more than a 6-month period for installation or assembly projects
Mali/Russia	1 January 2000	10 (31)/15	0/15	0	No special provisions in the relevant DTT; local tax legislation provisions should apply
Malta/Russia	1 January 2015	5 (47)/10	5	5	12
Mexico/Russia	1 January 2009	10	0/10	10	6
Moldova/Russia	1 January 1998	10	0	10	12
Mongolia/Russia	1 January 1998	10	0/10	rates in accordance with local legislation	24
Montenegro/Russia	1 January 1998	5 (32)/15	10	10	18
Morocco/Russia	1 January 2000	5 (33)/10	0/10	10	8
Namibia/Russia	1 January 2001	5 (34)/10	0/10	5	9 months and more than a 6-month period for furnishing services and installation projects
Netherlands/Russia	1 January 1999	5 (35)/15	0	0	12
	1				

New Zealand/Russia	January 2004	15	10	10	12
Norway/Russia	1 January 2003	10	0/10	0	12
Philippines/Russia	1 January 1998	15	0/15	15	183 days and an aggregate period of more than 183 days in any 12-month period for furnishing services
Poland/Russia	1 January 1994	10	0/10	10	12 (may be extended up to 24 months upon agreement with the competent authorities)
Portugal/Russia	1 January 2003	10 (36)/15	0/10	10	12
Qatar/Russia	1 January 2001	5	0/5	0	6
Romania/Russia	1 January 1996	15	0/15	10	12
Saudi Arabia	1 January 2011	0 (37)/5	0/5	10	6 months and an aggregated period of more than 6 months in any 12-month period for furnishing services
Serbia/Russia	1 January 1998	5 (38)/15	10	10	18
Singapore/Russia	1 January 2010	5 (39)/10	0/7.5	7.5	6 months and an aggregated period of more than 3 months in any 12-month period for furnishing services
Slovakia/Russia	1 January 1998	10	0	10	12
	1				

Slovenia/Russia	January 1998	10	10	10	12
South Africa/Russia	1 January 2001	10 (40)/15	0/10	0	12
Spain/Russia	1 January 2001	5 (41)/10(42) /15	0/5	5	12
Sri Lanka/Russia	1 January 2003	10 (43)/15	0/10	10	6 months and an aggregated period of more than 183 days in any 12-month period for furnishing services
Sweden/Russia	1 January 1996	5 (44)/15	0	0	12
Switzerland/Russia	1 January 1998	5 (45)/15	0	0	12
Syria/Russia	1 January 2004	15	0/10	4.5 (48) /13.5 (49)/18 (50)	6
Tajikistan/Russia	1 January 2004	5 (51)/10	0/10	0	24 (may be extended on agreement with the competent authorities)
Thailand/Russia	1 January 2010	15	0/10	15	6 months and an aggregated period of more than 3 months in any 12-month period for furnishing services
Turkey/Russia	1 January 2000	10	0/10	10	18
Turkmenistan/Russia	1 January 2000	10	5	5	12
Ukraine/Russia	1 January 2000	5 (52)/15	0/10	10	12

United Kingdom/Russia	1 January 1998	10	0	0	12
United States/Russia	1 January 1994	5 (53)/10	0	0	18
Uzbekistan/Russia	1 January 1996	10	0/10	0	12
Venezuela	1 January 2010	10 (54)/15	0/5 (55)/10	10 (56)/15	9
Vietnam/Russia	1 January 1997	10 (57)/15	10	15	6 months and more than a 12-month period for furnishing services

Notes

1. In most cases, a 0% tax rate applies to interest payments to the governments of contracting states and to payments guaranteed by the government.
2. If the resident of the other contracting state directly holds at least 25% of the capital of the company paying the dividends.
3. If the resident of the other contracting state contributed at least 40,000 United States dollars (USD) (or an equivalent amount in the domestic currency of either of the contracting states) to the authorised capital of the enterprise paying the dividends.
4. If the following conditions are met:
    1. Dividends are paid to a company (other than a partnership) that directly holds at least 10% of the capital of the company paying the dividends.
    2. The resident of the other contracting state has invested a minimum of 700,000 Australian dollars (AUD), or an equivalent amount in Russian rubles, in the capital of that company.
    3. If the dividends are paid by a company that is resident in Russia, the dividends are exempt from Australian tax.
5. If the beneficial owner of the dividends is a company (other than a partnership) that directly holds at least 10% of the capital of the company paying the dividends and the participation exceeds USD 100,000 or an equivalent amount in any other currency.
6. If the resident of the other contracting state directly holds at least 25% of the capital of the company paying the dividends.
7. If the beneficial owner of the dividends directly holds at least 20% of the total capital of the company paying the dividends.
8. If the beneficial owner of the dividends is a company that owns at least 10% of the voting stock (or in the case of Russia, if there is no voting stock, at least 10% of the statutory capital) of the company paying the dividends.
9. 0% WHT is applied to the following types of Royalties:
    1. Royalties for the production or reproduction of any literary, dramatic, musical, or other artistic work (but not including royalties for motion picture films or works on film or videotape or other means of reproduction for use in connection with television broadcasting).
    2. Royalties for the use of, or the right to use, computer software.
    3. Royalties paid to an unrelated party for the use of, or the right to use, any patent or any information

concerning industrial, commercial, or scientific experience.

10. If the beneficial owner of the dividends is a company that directly holds at least 25% of the capital of the company paying the dividends (this share should be at least USD 100,000 or its equivalent in another currency).
11. If the beneficial owner of the dividends is a company (excluding partnerships) that directly holds at least 25% of the capital of the company paying the dividends.
12. The Protocol to the Russia-Cyprus DTT introduces some new provisions that came into effect from 2013.
13. If the beneficial owner of the dividends has directly invested in the capital of the company not less than 100,000 euros (EUR) or its equivalent in another currency.
14. If the beneficial owner of the dividends is a company (other than a partnership) that directly holds at least 30% of the capital of the company paying the dividends, and the foreign capital invested exceeds USD 100,000 or its equivalent in the national currencies of the contracting states at the moment when the dividends become due and payable.
15. If the following conditions are met:
    1. Where the beneficial owner of the dividends has invested in the company paying the dividends, irrespective of the form or the nature of such investments, a total value of at least 500,000 French francs (FF) or the equivalent in another currency; as the value of each investment is appreciated as of the date it is made.
    2. Where that beneficial owner is a company that is liable to tax on profits under the general tax laws of the contracting state of which it is a resident and which is exempt from such tax in respect of such dividends.
16. If only one of the conditions of 15 (a) or 15 (b) are met.
17. If the beneficial owner of the dividends is a company that directly holds at least 10% of the basic or common stock of the company paying the dividends and such capital share amounts to at least EUR 80,000 or the equivalent value in rubles.
18. If the beneficial owner of the dividends is a company (other than partnership) that directly holds at least 25% of the capital of the company paying the dividends.
19. If the beneficial owner of the dividends is a company (other than a partnership) that directly holds at least 25% of the capital of the company paying the dividends and the foreign capital invested exceeds USD 100,000 or its equivalent in the national currency of the contracting state.
20. If the recipient of the dividends is a company (excluding partnership) that directly holds at least 25% of the capital of the company paying the dividends.
21. If the beneficial owner of the dividends is a company that directly holds at least 10% of the capital of the company paying the dividends (this share should be at least USD 100,000 or its equivalent in another currency).
22. Literary, artistic, or scientific work including cinematograph films and films or tapes for radio or television broadcasting.
23. If the beneficial owner of the dividends is a company (other than a partnership) that directly holds at least 30% of the capital of the company paying the dividends and invests not less than USD 100,000 or the equivalent in local currencies to the company paying the dividends.
24. The 0% rate applies to dividends paid to governmental agencies, financial institutions or companies controlled by the government, or companies where the government holds at least 25% of the capital of the company paying the dividends and the capital directly invested by this beneficial owner is not less than USD 100,000 or the equivalent in the national currency of the contracting state.
25. If the beneficial owner of the dividends is a company (other than a partnership) that directly holds at least 25% of the capital of the company paying the dividends and the capital directly invested by this beneficial owner is not less than USD 100,000 or the equivalent amount in the national currency of a contracting state.
26. For the use of industrial, commercial, or scientific equipment.
27. If the beneficial owner of the dividends directly holds at least 10% of the capital in the company paying the dividends and the investment exceeds EUR 80,000.
28. The 15% rate applies to profits received from a joint venture by a resident of Malaysia.
29. Any patent, trademark, design or model, plan, secret formula or process, or any copyright of scientific work, or for the use of, or the right to use, industrial, commercial, or scientific equipment, or for information concerning industrial, commercial, or scientific experience.
30. Cinematograph films or tapes for radio or television broadcasting, any copyright of literary or artistic work.
31. If the invested amount equals or exceeds FF 1 million.
32. If the beneficial owner of the dividends is a company (other than a partnership) that directly holds at least

25% of the capital of the company paying the dividends and has invested in it at least USD 100,000 or the equivalent in the national currencies of the contracting states.

33. If the beneficial owner of the dividends has invested in the capital of the company paying dividends of more than USD 500,000.
34. If the beneficial owner of the dividends is a company (other than a partnership) that directly holds at least 25% of the share capital of the company paying the dividends and has directly invested in the equity share capital of that company not less than USD 100,000 or its equivalent in another currency.
35. If the beneficial owner of the dividends is a company (other than a partnership) that directly holds at least 25% of the capital of the company paying the dividends and has invested in it at least 75,000 European Currency Units (ECU) or its equivalent in the national currencies.
36. If the beneficial owner of the dividends is a company that, for an uninterrupted period of two years prior to the payment of the dividends, directly owned at least 25% of the capital of the company paying the dividends.
37. The 0% rate applies to dividends paid to governmental agencies or financial institutions.
38. If the beneficial owner of the dividends is a company (other than a partnership) that directly holds at least 25% of the capital of the company paying the dividends and has invested in it at least USD 100,000 or its equivalent in the national currencies of the contracting states.
39. If the beneficial owner of the dividends is the government of the other contracting state or if the beneficial owner of the dividends is a company that directly holds at least 15% of the capital of the company paying the dividends and has invested in it at least USD 100,000 or its equivalent in other currencies.
40. If residents of the other contracting state hold at least 30% of the capital of the company paying the dividends and have directly invested in the equity share capital (authorised fund) of that company an amount of not less than USD 100,000 or its equivalent in the currency of the first state.
41. If the following conditions are met:
    1. The beneficial owner of the dividends is a company (other than a partnership) that has invested at least ECU 100,000 or its equivalent in any other currency in the capital of the company paying the dividends.
    2. Those dividends are exempt from tax in the other contracting state.
42. If only one of the conditions of 41 (a) or 41 (b) are met.
43. If the beneficial owner of the dividends is a company (other than a partnership) that directly holds at least 25% of the capital of the company paying the dividends.
44. If the beneficial owner of the dividends is a company (other than a partnership) that directly holds 100% of the capital of the company paying the dividends; or, in the case of a joint venture, not less than 30% of the capital of the joint venture; and, in either case, the foreign capital invested exceeds USD 100,000 or its equivalent in the national currencies of the contracting states at the moment of the actual distribution of the dividends.
45. If the beneficial owner of the dividends is a company (other than a partnership) that directly holds at least 20% of the capital of the company paying the dividends and the foreign capital invested exceeds 200,000 Swiss francs (CHF) or its equivalent in any other currency at the moment when the dividends become due.
46. 5% with respect to intellectual property (IP) rights for use of any industrial, commercial, or scientific equipment.
47. 5% where the participation interest is at least 25% (if the owner is not a partnership) and the investment exceeds EUR 100,000; 10% in all other cases.
48. Cinematography films, programmes, and recordings for radio or television broadcasting.
49. Any copyright of literary, artistic, or scientific work.
50. Any patent, trademark, design or model, plan, secret formula or process, any computer software programme, or for information concerning industrial, commercial, or scientific experience.
51. If the beneficial owner of the dividends directly holds at least 25% of the capital of the company paying the dividends.
52. If a resident of the other contracting state has invested in its joint-stock capital (registered fund) at least USD 50,000 or its equivalent in the national currencies of the contracting states.
53. If the beneficial owner of the dividends is a company that owns at least 10% of the voting stock (or, in the case of Russia, if there is no voting stock, at least 10% of the statutory capital) of the company paying the dividends.
54. If the beneficial owner of the dividends is a company (other than a partnership) that directly holds at least 10% of the capital of the company paying the dividends and has invested in this company not less than the equivalent of USD 100,000.
55. In the case of banks.

56. In the case of fees for technical assistance.
57. If the residents of the other contracting state have directly invested in the equity share capital of that company not less than USD 10 million.
58. If the beneficial owner of the dividend income owns more than 25% of the capital of a company paying dividends, and it contributed more than USD 75,000.
59. 5% is applicable to interbank loans only.
60. If the recipient of dividends directly holds at least 25% of the capital of the company paying the dividends.
61. If the recipient of dividends directly holds at least 25% of the capital of the company paying the dividends.

Last Reviewed - 18 January 2016

Corporate - Tax credits and incentives
Corporate - Tax administration

Russian Federation contacts

Ekaterina Lazorina
Partner, Tax and Legal Services Leader
+7 495 967 6365

Andrey Kolchin
Partner, Transfer Pricing Services
+7 495 967 6197

Valeria Efremova
Senior Tax Manager, National Technical Group
+7 495 967 6378