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Guarantees and incentives for investors in Russia

In 2019 Russia is ranked according to the World Bank 31st out of 190 economies in terms of ease of doing business in general, 32d for starting a business, 12th for registering property and 18th for enforcing contracts.^[1]

Within past years, significant market-oriented reforms have been implemented in almost every area of law, including administrative, civil, corporate, tax, customs, and currency, providing for a more transparent legal framework.

In particular, fundamental changes have been introduced in the Civil Code of the Russian Federation liberalising the regulation of internal corporate relations of private companies, detailing the norms on corporate (shareholders') agreements, introducing the instruments of contractual law similar to those existing in common law jurisdictions (including representations, indemnity, option for entering into a contract and option agreement) which facilitate, inter alia, mergers and acquisitions transactions and investment projects under Russian law.

The procedures of the state registration of legal entities and individual entrepreneurs and the approval of major and interested party transactions entered into by limited liability and joint stock companies have been simplified.

The reform of arbitration tribunals was implemented with the enactment of the Federal Law dated 29 December 2015 No. 382-FZ 'On Arbitration in the Russian Federation' and amendments to the Arbitration Procedural Code of the Russian Federation which provide, in particular, for the possibility to refer most of corporate disputes to arbitration tribunals.

Federal laws and laws of constituent entities of the Russian Federation provide for substantial customs, tax and other incentives for foreign and domestic investors, in particular, depending on the territory where they conduct their activities, as well the types of activities.

The Federal Law No. 160-FZ of July 9, 1999 "On Foreign Investments in the Russian Federation" ("Law No. 160-FZ") defines a foreign investor as:

- ▶ a foreign legal entity or a foreign organization that is not a legal entity, that has the right, in accordance with the legislation of the state in which it is established, to invest in the territory of the Russian Federation;
- ▶ a foreign citizen who, in accordance with the legislation of the state of his citizenship, has the right to invest within the territory of the Russian Federation;
- ▶ a stateless person who permanently resides outside of Russia and who, in accordance with the legislation of the state of his permanent residence, has the right to invest within the territory of the Russian Federation;
- ▶ an international organization that has the right, in accordance with the international treaty of the Russian Federation, to invest within the territory of Russia;
- ▶ foreign states in accordance with the procedure determined by federal laws.

[1]World Bank Group, see <http://www.doingbusiness.org/data/exploreeconomies/russia/>

The guide to guarantees and incentives for investors in Russia: download.

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