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Changes in the Russian Currency Law: Repatriation of Currency Proceeds

On 29 July 2018 several Federal Laws were signed off amending the Federal Law 'On Currency Regulation and Currency Control' as follows:

- ▶ Federal Law No. 246-FZ introduced additional cases when a resident (an individual or legal entity deemed as the resident of the Russian Federation for currency control purposes) is deemed to have fulfilled the duty to repatriate the currency proceeds;
- ▶ Federal Law No. 247-FZ supplemented the list of currency transactions permitted between residents;
- ▶ Federal Law No. 248-FZ extended the list of cases where residents are allowed not to credit foreign or Russian currency into their bank accounts with authorised Russian banks.

1. Cases When a Resident Is Deemed to Have Fulfilled the Obligation to Repatriate Currency Proceeds

A resident is now deemed to have fulfilled the obligation to repatriate the currency proceeds if he/she ensures the receipt on his/her bank accounts with authorised banks and/or bank accounts with authorised banks of a resident who is a beneficiary under the transaction, of foreign currency or the currency of the Russian Federation under the transaction that secure the obligations of a non-resident under a foreign trade contract and is stipulated by the procedure established by the Government of the Russian Federation for carrying out activities on insurance of export credits and investments against business and/or political risks^[1], provided that the amount received is equal to or exceeds the value established by the said procedure, within the terms provided for by the relevant transaction.

A resident is also recognised as have fulfilled the obligation to repatriate the foreign currency proceeds where restrictive measures (sanctions) have been imposed on the resident by a foreign state, state association and(or) a union and(or) state (interstate) institution of a foreign state or state association and(or) union and the resident is included in the list approved by the Federal Tax Service (FTS) agreed with the Ministry of Finance of Russia and published on the FTS official website.

A resident is included into the said list on the basis of his/her written application submitted to FTS that contains a reference to the regulatory act pursuant to which the restrictive measures have been imposed on such a resident.

The amendments introduced by Law No. 246-FZ came into force on 30 July 2018.

2. Currency Transactions Permitted between Residents

The list of currency transactions permitted between residents is supplemented with transactions for payment of insurance premiums, payment of insurance compensation under contracts for insurance of export credits and investments against business and(or) political risks, transactions for payment of remuneration and payment of foreign currency under transactions that secure the obligations of a non-resident under a foreign trade contract and is stipulated by the procedure established by the Government of the Russian Federation for carrying out activities on insurance of export credits and investments against business and/or political risks.

Amendments introduced by Law No. 247-FZ, becoming effective from 30 August 2018, allow residents, who have personal

accounts opened with the Federal Treasury, transfer foreign currency from accounts in the authorised bank to the accounts of the Federal Treasury opened in the authorised banks (in the currency of the respective account), as well as to accounts of federal public authorities that perform functions in the area of criminal proceedings, opened in authorised banks.

3. Right Not to Repatriate Currency Proceeds

The list of cases when residents may not to credit foreign currency or Russian currency into their bank accounts in authorised banks is supplemented with operations for offsetting counter-claims on obligations arising from contracts for provision of international telecommunication services, including international roaming services, between a non-resident and a resident, who are operators of international telecommunications, in particular, where settlements between them involve specialised settlement organisations registered in the territories of the member-states of the International Telecommunication Union.

The amendments become effective on 10 August 2018.

Best Regards,

GRATA International Law Firm (Moscow)

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[1] In accordance with Federal Law No. 82-FZ, dated 17 May 2007 'On the Development Bank'.

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