

**INSTRUCTIONS
OF THE STATE TAX SERVICE OF THE RUSSIAN FEDERATION
NO. 34 OF JUNE 16, 1995
ON THE TAXATION OF THE PROFITS AND INCOME OF FOREIGN LEGAL ENTITIES
(with the Amendments and Additions of April 7, 2000)**

These Instructions are actually invalid

According to Order of the Ministry of Taxation of the Russian Federation No. BG-3-23/150 of March 28, 2003, in connection with putting into effect from January 1, 2002 of Chapter 25 of the Code, Instructions issued on the basis of Law of the Russian Federation No. 2116-1 of December 27, 1991 on the Profit Tax of Enterprises and Organizations, losing its force from said date, shall not extend to the legal relations which has arisen since January 1, 2002

Concerning the application of some provisions of these Instructions see Letter of the State Tax Service of the Russian Federation No. NP-6-06/652 of December 20, 1995

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The present Instructions have been issued on the basis of the [Law](#) of the Russian Federation No. 2116 of December 27, 1991 on the Profit Tax Paid by Enterprises and Organizations and the [Resolution](#) of the Supreme Soviet of the Russian Federation No. 2117-1 of December 27, 1991 on the Procedure for the Enforcement of the Law of the Russian Federation on the Profit Tax Paid by Enterprises and Organizations, the [Law](#) of the Russian Federation No. 2118-1 of December 27, 1991 on the Basic Principles of the Tax System in the Russian Federation, the RSFSR [Law](#) on the State Tax Service of the RSFSR, the Law of the Russian Federation No. 3317-1 of July 16, 1992 on the Introduction of Amendments and Addenda to the Tax System of Russia, the Law of the Russian Federation No. 4178-1 of December 22, 1992 on the Introduction of Amendments and Addenda to Particular Tax Laws of the Russian Federation, the [Federal Law](#) of the Russian Federation No. 37-FZ of November 11, 1994 on the Introduction of Amendments and Addenda to Individual Tax Laws of the Russian Federation and on the Establishment of Preferences for Obligatory Payments to the Extra-budgetary State Funds, the Federal Law of the Russian Federation No. 64-FZ of April 25, 1995 on the Introduction of Amendments and Addenda to the Law of the Russian Federation on the Profit Tax Paid by Enterprises and Organizations, with account of the old explanations on particular questions of the taxation of profit and incomes of foreign legal entities.

See [Regulations on Some Issues Concerning the Taxation of Foreign Organizations Relating to Settling the Debt of the Former USSR Owing the Commercial Banks and Financial Institutions Being Members of the London Creditors' Club approved by the Ministry of the Russian Federation for Taxes and Fees No. BG-4-06/1n of July 12, 2000](#)

1. General Provisions

1.1. For purposes of the present Instructions the territory of the Russian Federation means the territory of its subjects, the internal waters and the territorial sea, the air space over them, and also the economic and the continental shelf.

1.2. The foreign legal entities engaged in business on the territory of the Russian Federation through their permanent representative offices, shall pay the profit tax.

1.3. In the present Instructions the foreign legal entities shall be understood to mean companies, firms, and any other organizations, set up in accordance with the legislation of foreign States, and also foreign legal entities which are the members of associations, consortiums and other groups of companies that are not then selves legal entities.

1.4. For purposes of taxation, the permanent representative office of a foreign legal entity in the Russian Federation shall be understood to mean the affiliate, branch, bureau, office, agency, or any other permanent place for regular activity, connected with the development of natural resources, the contractual works of building, erection, assembly, adjustment and service of equipment, the operation of slot machines, the sale of products from warehouses located on the territory of the Russian Federation and belonging to a foreign legal entity or rented by it, the rendering of services and the performance of other activities involved in the receipt of income on the territory of the Russian Federation or abroad, and also the organizations and natural persons authorized by foreign legal entities to discharge representative functions in the Russian Federation.

1.5. A foreign legal entity shall be regarded, in particular, as the one that has its permanent representative office, if it is engaged in business operations in the Russian Federation through a Russian organization or a natural person, who on the basis of contractual relations with the foreign legal entity, represents its interests in the Russian Federation, acts on behalf of it and has the power to conclude contracts in its name, or has the power to specify the essential terms of contracts.

However, if such a Russian organization or a natural person carries on this activity within the framework of its basic (usual) activity, such an organization or such a natural person shall not be regarded as the permanent representative office of a foreign legal entity.

If the said Russian organization or natural person acts in respect of the foreign legal entity not only within the framework of its basic (usual) activity, but also as a person, authorized to conclude contracts and represent its interests in the Russian Federation, then in respect of this special activity they shall be considered to be the permanent representative office of the foreign legal entity, since in this case they act outside the framework of their usual activity.

1.6. If a foreign legal entity participating in an enterprise with foreign investment is also engaged in other activities in the Russian Federation on its own behalf (in favour of the enterprise, other legal entity, or in its own favour), through the permanent place of operations and in addition to the discharge of the duties fixed in the constituent instruments of such enterprise, then such activity shall also be deemed to be the activity realized through the permanent representative office. The activity of the foreign legal entity (which is at the same time a participant in the enterprise with foreign investments), may be recognized as performed through its permanent representative office in respect of the representation of the interests of third legal persons by its officials on the territory of the Russian Federation. In this case the foreign legal entity shall be obliged to register its permanent representative office in the established order.

1.7. A subsidiary company of the foreign legal entity, set up in conformity with the legislation of the Russian Federation, shall not be regarded as the permanent representative office of its basic parent company*, despite the fact that the activity of such subsidiary company is carried out under the guidance of the parent company, since for taxation purposes such subsidiary company is an independent legal subject and an independent taxpayer.

Nevertheless, such subsidiary company is a permanent representative office of the parent company, if by virtue of contractual relations with the parent company it represents its interests in the Russian Federation and has the power to conclude contracts on the parent's behalf.

1.8. Every building site shall be regarded upon the initiation of construction, as forming a separate permanent representative office. Tax obligations shall be computed according to each separate building site.

In order to determine the length of the existence of a building project for taxation purposes, it is necessary to proceed from the fact that the building site exists from the moment of signing the certificate of transfer of the site to the contractor. The date of signing the certificate of the acceptance of the project and its commissioning shall be the starting time for the existence of the building site.

The building site shall not lose its existence if the works on it are temporarily suspended.

If the foreign legal entity, acting through its permanent representative office and being a general contractor, charges other persons (subcontractors) for the performance of some subcontract works, then the period of time spent by the subcontractors for the performance of these jobs shall be regarded as time spent by the general contractor itself. If the subcontractors are also foreign legal entities, then their activity upon beginning work at the given building site shall be also regarded as the permanent representation of the subcontractor itself.

1.9. The term "permanent representative office" shall only be used to determine the tax status of a foreign legal entity, and does not have any organizational or legal importance. A affiliate of the foreign juridical person, representation and any other place of activity of the foreign legal entity, may be recognized as a permanent representative office, depending on whether such activity of the foreign legal entity falls under the definition "the permanent representative office" in accordance with the legislation of the Russian Federation and the international agreements on the avoidance of double taxation.

1.10. Foreign legal entities that receive income, through their permanent representative offices, not associated with their activities in Russia, shall still pay the tax levied on income received from sources in the Russian Federation.

1.11. Foreign legal entities that carry on their activities within the Russian Federation through their permanent representative offices and other separate subdivisions, shall make their payments to the budgets of different levels in roubles or in foreign currency only through accounts opened with

authorized banks on the territory of the Russian Federation

1.12. For taxation purposes the very fact of the presence or absence of the accreditation of foreign legal entities, is of no relevance.

Order of the Ministry of Taxes and Fees of the Russian Federation No. AP-3-06/124 of April 7, 2000 abolished Section 2 of these Instructions

~~2. Requirements for the Registration of Foreign Legal Entities by Tax Bodies~~

See Regulations on Particulars of Registration in Tax Collection Bodies of Organizations Formed under Legislation of Foreign States and International Organizations endorsed by the State Tax Service of the Russian Federation No. VA-4-06/57n of September 20, 1996

~~2.1. Foreign legal entities which operate in the Russian Federation shall be obliged to register with a tax body, regardless of whether their activities will be recognized by the tax body as liable to taxation in keeping with the legislation of the Russian Federation, international tax agreements, and the present Instructions.~~

~~2.2. Foreign legal entities shall be subject to registration by the tax body in their place of activity in the Russian Federation.~~

~~A foreign legal entity may carry on its activity in several places on the territory of the Russian Federation; it shall be obliged to register with each corresponding state tax inspection team.~~

~~2.3. Foreign legal entities operating in Russia through their permanent representative offices, branches, affiliates and other separate subdivisions, hereinafter referred to as "branches" shall register in the State Register of Taxpayers, which is kept by the tax bodies.~~

See the Procedure for Keeping the Comprehensive State Register of Taxpayers approved by Decision of the Government of the Russian Federation No. 266 of March 10, 1999

~~The identification number of a taxpayer shall be conferred on the branch of a foreign legal entity when it is registered by the tax body. This number shall be indicated in all its documents submitted to tax bodies.~~

On the Procedure and the Conditions for the Awarding, Applying and Also Changing of the Taxpayer's and the Forms of Documents Used in the Records of Juridical and Natural Persons in Tax Bodies see Order of the State Tax Service of the Russian Federation No. GB-3-12/309 of November 27, 1998

~~2.4. A foreign legal entity with a source of income on the territory of the Russian Federation, or its authorized representative, shall inform regarding its income sources the state tax inspection team of a subject of the Russian Federation at the location of the income source (permanent representative offices shall notify the tax body in the place of registration and the person who pays out income), and also the State Tax Service of the Russian Federation. Notification shall be in the form established by Appendix No. 1 of the present Instructions.~~

In accordance with the Letter of the State Tax Service of the Russian Federation No. VE-6-06/815 of November 26, 1996 the tax bodies shall pay special attention, while registering for taxation purposes Cyprus legal entities, to the availability of legalization of the documents required for the registration by a consulate of the Russian Federation or apostle of the competent authorities of the Republic of Cyprus

~~A notification shall be sent within one month of the time of the emergence of the right to income, or from the beginning of an activity which is not carried out through the branches of a foreign legal entity.~~

~~In the present Instructions, the Russian or foreign legal entity or natural person authorized by a foreign legal entity to represent its interests in tax bodies, shall be recognized as the authorized representatives of the foreign legal entity.~~

~~The authorized representatives shall discharge their powers on the basis of notarized agreements or of a power of attorney whose notarized copies are presented to the respective tax body.~~

~~Official documents, including notarial acts, may be adopted without diplomatic or consular certification, provided that apostil has been put down on them**-(Appendix No. 2)-.~~

On some issues of application of apostil see [Direction](#) of the Ministry of Justice of the Russian Federation of August 7, 1992

3. Basic Requirements for Tax Registration of the Branches of Foreign Legal Entities on the Territory of the Russian Federation

Foreign legal entities operating in the Russian Federation shall keep tax records in accordance with the provisions of the present Instructions.

3.1. Tax Records of the Branches of Foreign Legal Entities on the Territory of the Russian Federation, Which Are Permanent Representative Offices.

3.1.1. The permanent representative offices of foreign legal entities in the Russian Federation shall keep registers of accounting: journals, ledgers, turnover sheets, cash books, etc., as independent business entities.

3.1.2. Profits of the permanent representative offices of foreign legal entities may be estimated either with the use of the method of recognizing earnings from the sale of products after the shipment of goods (the performance of works and the rendering of services) or to the extent of payment for goods shipped (works performed and services rendered).

During the financial year the permanent representative office shall use only one method of estimating profit.

3.1.3. Accounting registers may be kept and stored abroad, provided that they are submitted upon demand from the tax bodies within the period acceptable for them. Otherwise the tax bodies may demand that the permanent representative office should keep records and store documents in the Russian Federation.

3.1.4. If a foreign legal entity carries on its activities in several places on the territory of the Russian Federation, each of which forms a permanent representative office, then the accounting registers may be kept in any one place, but recorded separately for each place of activity. They shall be presented upon demand by the tax bodies on the territory of which business operations are carried out in the Russian Federation, and in the periods acceptable to them.

3.1.5. The tax accounting of the goods of legal entities which carry out their activity in the Russian Federation through a permanent representative office, shall be conducted by the method that satisfies the requirements of tax bodies, in the accounting incomes and expenditures forms Nos [1-pp](#), [2-pp](#), [3-pp](#) and in the sheet forms Nos [1-vpp](#), [2-vpp](#), [3-vpp](#), [4-vpp](#), [5-vpp](#), [6-vpp](#), referred to in [Appendix No. 3](#).

The accounting of incomes and expenditures in forms [No. 1-pp](#) shall include all the income received and all the expenses incurred during the accounting period.

3.1.6. The description of the accounting system shall be submitted at the request of the tax bodies.

The description of the accounting system shall be presented at the request of the tax bodies.

Information about the accounting system includes data on the procedure of adding depreciation of fixed and intangible assets, the appraisal of finished products, production stocks and incomplete production, the accepted bookkeeping standard, charts of accounts and their codes, etc. Accounts shall be kept in a way so that declarations, sheets and forms provided for by the present Instructions, can be compiled in keeping with the rules established by the tax legislation of the Russian Federation and the present Instructions.

Information submitted to tax bodies may also include, at their inquiries, data on long-term contracts, leasing and lease transactions, property-right extension deals, guarantees for products and services, and other data.

3.1.7. All entries in accounting registers shall be confirmed by source documents, in particular by contracts of foreign firms with Russian contracting parties, concluded with the participation of the branch, and by extracts from bank accounts, invoices, etc. There shall be a clear and simple connection between every record in accounts and the forms of accounting.

Cash payments shall be confirmed by the respective source documents.

Operations accounted for by the permanent representative office, shall include all the costs and income for which it is responsible both in the Russian Federation and abroad.

These operations include all the goods, cash, other assets and services granted by the head office of the foreign legal entity*** or by its other separate subdivisions to the permanent representative office in the Russian Federation, and also goods, cash, other assets and services given by the permanent representative office to the head office or other separate subdivisions of the foreign legal entity.

Property transferred by the head office to the permanent representative office shall be accounted for by the latter according to the value of this property in the head office at the time of transfer with due account of the actual expenses on its transportation, instalment, customs payments, and other expenses.

3.1.8. Direct expenses shall be specified for each item of expenditure in keeping with Form [No. 2-pp](#). Wages and other payments shall be calculated by a verifiable method which makes it possible to correctly fill in Form [No. 3-pp](#) and which is the basis for calculating wages and other payments. If there are any divergencies between the total sum of the declared wage and the paid wage, then it will be necessary to submit documents that justify such divergencies.

In cases of item-by-item distribution of indirect expenses it is necessary to present the filled in list showing which expenses are involved in the item-by-item distribution, and the list of appropriate items, and numerical values included in the item-by-item distribution, and to get confirmation from an independent auditor, if it is impossible to verify by a different method acceptable to the tax bodies. The explanation of the methods of distribution used, including the specifics of the method of distributing costs and income between the head office and the respective branches, shall be appended to the report.

The costs incurred by the head office and distributed to the permanent representative office shall be debited by the latter according to the account of costs, with simultaneous crediting to the account of the head office.

3.1.9. Incomes shall be specified for each kind of activity. It must be possible to verify all the income from such activities which have been actually included in accounts.

3.1.10. All the reporting and forms of accounting, established by the present Instructions, shall be recorded and presented to the tax bodies in Russian.

A part of accounting information which tax bodies consider important for the control over tax recording may be requested by them with a translation into Russian.

If tax bodies reasonably hold that part of the accounts should be translated into Russian for verification purposes, then such translation shall be provided on their demand. At the request of a tax body a translation shall be duly certified.

3.1.11. Accounts may be kept in foreign currency. If numerical values in abstracts of accounts are given in Russian roubles, then it is also necessary to indicate the rate of conversion.

All numerical values in declarations, forms, and sheets shall be shown in roubles. The conversion from foreign currency to roubles shall be made at the exchange rate quoted by the Central Bank of the Russian Federation on the date of making transactions.

3.1.12. All accounting documents, including source documents with appendices, contracts, correspondence, book records, and any other documents relating to the tax accounting by the branch, shall be kept for at least six years.

3.1.13. Tax bodies may at any time verify the fulfilment by the foreign legal entity of its duty of keeping tax records in accordance with the requirements of the present Instructions.

Tax bodies may oblige foreign legal entities to submit book records and documents for the proportional distribution of incomes and expenses in their business operations in the Russian Federation.

If a foreign legal entity does not fulfil the requirements of this section or has broken them earlier, then the tax bodies may oblige it to keep full records on the territory of the Russian Federation. The foregoing shall also be applied to foreign legal entities, resident in those countries from which it is impossible to get the verification data for checking. In such cases the tax records shall be kept in the Russian Federation and be prepared at the request in keeping with the present Instructions.

3.1.14. The reporting year consists of 12 months - from January 1 to December 31, inclusive. The period from the beginning of functioning to December 31 of the same year shall be regarded as the first reporting year for the branches of foreign legal entities being set up. If activity begins after October 1, then it is permitted to regard as the first reporting year the period from the beginning of functioning to December 31 of the next year, inclusive.

3.2. Tax Records in the Branches of Foreign Legal Entities on the Territory of the Russian Federation, Which Are Not Permanent Representative Offices.

3.2.1. When the tax status (whether it is a permanent representative office or not) of the branch of a foreign legal entity may not be defined in advance, but the foreign legal entity assumes that its activity in the Russian Federation will not involve the formation of a permanent representative office, then it may apply to the corresponding tax body for coordinating tax records according to the simplified form, established in Item 3.2.2.

3.2.2. Foreign legal entities which carry on their business operations in the Russian Federation through their branches that are not permanent representative offices, shall keep tax records according to the simplified Forms [No. 1-vop](#) and [2-vop](#), indicated in [Appendix No. 4](#).

4. Procedure for Computation and Payment to the Budget of the Tax on the Profits of Foreign Legal Entities from Operations in the Russian Federation Through Permanent Representative Offices

4.1. The tax on the profit of a foreign legal entity shall be computed by the tax body in the place of its activity in the Russian Federation.

4.2. The tax on the profit of the permanent representative office of a foreign legal entity which carries on building and assembly works, shall be paid by it every year.

If the profit under long-term contracts for contract works is admitted by the permanent representative office to the extent of performing particular stages of work, then the amount of the tax paid according to the results of the corresponding reporting year shall be final.

If the profit is admitted by the permanent representative office to the extent of completing and accepting the work, then the amount of the annual payments may be corrected. If on the basis of the results of performing all the work the actually paid amounts of the profit tax exceed the final tax obligations of the permanent representative office, then the amounts of the over-paid tax may be compensated by tax bodies within one month after handing over tax declaration, or may be counted towards the forthcoming payments to the budget.

4.3. The tax shall be levied on the profit of the permanent representative office, defined as the difference between the earnings from the sale of products (works, services) without the value-added tax, special tax and excises, and other incomes and expenses directly associated with the business operations of a foreign legal entity in the Russian Federation, including managerial and general administrative expenses incurred in the territory of the Russian Federation and, in certain cases, abroad.

4.4. Income received by a foreign legal entity (including income from leases and other kinds of use) from casinos, other gambling houses (places) and other gambling businesses, video-parlour clubs (video shows), from the hire of video- and audio-cassettes and recording of them and defined as the difference between the earnings and material expenses connected with the receipt of these incomes, shall be taxed at the rates set by legislation for the remittance of the said tax to the respective budgets and shall not be counted for the purpose of reckoning the profit tax.

Other gambling businesses shall be understood to mean the type of business activity making use of slot machines (other means and equipment) with monetary or other prizes.

4.5. The other incomes of the permanent representative office include, in particular, the following types of income:

- interest on accounts of the permanent representative office opened with banks;
- income from the lease of property of the permanent representative office;
- income from the sale of the property of the permanent representative office;
- income in the form of sanctions for the violation of obligations under contracts, income which relates to the income of the representative office, and some other income.

With the inclusion in the income of permanent representative offices of the income received from sources in the Russian Federation and subjected to preliminary taxation at the time of their payment, the foreign legal entities shall be granted an offset in the amount of the earlier paid taxes.

If the permanent representative office has sent to the tax bodies and the person who sends out income notifications about its income sources in the territory of the Russian Federation in keeping with [Item 2.4](#) of the present Instructions, then no preliminary deduction shall be made at the sources of payment.

4.6. The composition of expenses accounted during the computation of the profit tax, shall be determined in the same order that governs the enterprises which are legal entities under the legislation of the Russian Federation. These shall be fixed by the [Regulations](#) for the Expenses on the Production and Sale of Products (Works, Services), Included in the Cost-price of Products (Works, Services), and for the Procedure of Forming Financial Results Accounted During the Taxation of Profit, endorsed by the [Decision](#) of the Government of the Russian Federation No. 552 of August 5, 1992, except for [Subitem \(r\) of Item 2](#) of the Regulations.

In applying [Subitem \(r\) of Item 2](#) of the Regulations in respect of charging credit payments over and above the [discount rates](#), fixed by the Central Bank of the Russian Federation, it is necessary to be guided by the [Resolution](#) of the Supreme Soviet of the Russian Federation on Taxation, according to which payments on interest to banks within the framework of the [discount rate](#), fixed by the Central Bank of the Russian Federation, increased by three points, are charged to the cost-price of products (works, services) of enterprises.

Expenses on the payment of interest exceeding the said limit shall not be charged to the expenses of the permanent representative office.

In estimating the taxable base for the payment of the profit tax by the branches of foreign insurance companies, it is necessary to be guided by the [Regulations](#) for the Specifics of Estimating the Taxable Base for the Payment of the Profit Tax by Insurers, endorsed by the [Decision](#) of the Government of the Russian Federation No. 491 of May 16, 1994 on the Specific Aspects of Estimating the Taxable Base for the Payment of the Profit Tax by Insurers.

In estimating the taxable base for the payment of the profit tax by the branches of foreign banks and other credit institutions, it is necessary to be guided by the [Regulations](#) for the Specifics of Estimating the Taxable Base for the Payment of the Profit Tax by Banks and Other Credit Institutions, endorsed by the [Decision](#) of the Government of the Russian Federation No. 490 of May 16, 1994 on the Specific Aspects of the Estimating of the Taxable Base for the Payment of the Profit Tax by Banks and Other Credit Institutions.

4.7. The expenses of a permanent representative office may include the expenses incurred abroad by a foreign legal entity for the business activity of this office in the Russian Federation, such as expenditures on the salaries of foreign workers working in the office, expenses for business trips, expenses for the training of Russian workers of the branch, and other expenses incurred in the Russian Federation and paid by the head office of the foreign legal entity.

Expenses on the maintenance of any subdivisions of a foreign legal entity, which are not located in the territory of the Russian Federation, including the subdivisions of the head office, shall not be included in the expenses of the permanent representative office.

Expenses transferred by the head office to a permanent representative office, shall be regarded as incurred in the period when they were in fact transferred.

4.8. In estimating the taxable profit it is necessary to take into account the following specifics of

its formation:

a) the tax shall only be levied on that part of the profit of a foreign legal entity which has been received in connection with its operations in the Russian Federation. For purposes of taxation no accounting shall be made of the profit of a foreign legal entity, received from foreign trade operations performed exclusively on behalf of the given foreign legal entity and connected with the purchase of products (works, services), in the Russian Federation, or with the commodity exchange and operations of export to the Russian Federation of products (works, services), when a legal entity under the legislation of the Russian Federation becomes the owner of products (works, services), until they cross the state border of the Russian Federation;

b) foreign legal entities receiving income in kind (in the shape of products or assets) shall pay the profit tax on the basis of the market prices of the sale or similar products or assets, which are in effect at the time of their receipt.

4.9. The profit of a foreign legal entity in connection with its activities in the Russian Federation shall be reckoned in accordance with [Item 4.3](#) of the Instructions, that is by a direct method.

4.9.1. If it is not possible to directly estimate the profit received by a foreign legal entity in connection with its activities in the Russian Federation, then the tax body shall calculate profit conditionally, on the basis of the income of the foreign legal entity, received in connection with such activity.

4.9.2. If it is not possible to estimate the income of a foreign legal entity, received in connection with its activity in the Russian Federation, then the tax body shall calculate profit conditionally, on the basis of the gross income of the foreign legal entity from all the sources, one of which is the activity in the Russian Federation, by proceeding from the correlation between the numerical strength of the representative office's personnel in the Russian Federation and the total numerical strength of the personnel of the foreign legal entity.

4.9.3. If it is not possible to estimate the income of a foreign legal entity from all the sources, one of which is its activity in the Russian Federation, then the tax body shall calculate profit conditionally on the basis of the expenses incurred in conducting on such activity.

4.9.4. Use of the conditional method of estimating the profit of foreign legal entities calculations shall be made on the basis of the profitability norm of 25 per cent.

Profit liable to taxation shall be computed with due account of the following factors:

in estimating the taxable profit on the basis of income obtained, use a 0.2 coefficient;

in estimating the taxable profit on the basis of incurred expenses bearing on activity in the Russian Federation, use a 0.25 coefficient.

4.10. Incomes and expenses received and made accordingly in the reporting period but relating to the following reporting periods, shall be liable to inclusion into the incomes and expenses of that reporting period to which they relate.

4.11. No taxes shall be levied on the profit of foreign legal entities, received for building and assembly works performed and the consulting services rendered, over the entire period of the implementation of special-purpose socio-economic programmes (projects) of house building, the creation and maintenance of centres of professional retraining of servicemen, persons discharged from military service and members of their families, which are realized at the expense of loans, credits, and gratuitous financial aid rendered by international organizations and governments of foreign States, foreign legal entities and natural persons in accordance with intergovernmental and interstate agreements, and also agreements signed by the executive bodies authorized by the Government of the Russian Federation.

The list of foreign legal entities which are exempted from the tax shall be determined by the Government of the Russian Federation.

4.12. In computing the tax with actual costs and expenses, the taxable profit shall be decreased by:

a) the amount of profit used in the Russian Federation for financing capital investments of production and non-production designation, and also for repaying bank credits received and used for these purposes.

This privilege shall be granted to foreign legal entities developing their own production and

non-production facilities subject to the full use of the amount of added depreciation (amortization) as of the latest reporting date.

In case of sales or gratuitous transfers (during two years since the time of receipt of the profit concession used for financing capital investments) by foreign legal entities of fixed assets and incomplete building projects, for the acquisition and construction of which these foreign legal entities have received profit tax concessions, the taxable profit shall be liable to the increase in terms of the residual value of these fixed assets and of the expenses made in the incomplete building projects;

b) in the amount of 30 per cent of capital investments for nature conservation measures in the Russian Federation;

c) in the amount of contributions in the Russian Federation for charity purposes (including those connected with the implementation of programmes for retraining officers and for the social protection of servicemen discharged into the reserves), for ecological and health-building funds, the restoration of cultural and natural historical facilities, for voluntary organizations of invalids, for their enterprises, institutions and organizations, all-Russia public associations specializing in the solution of problems of national development and international relations, for the funds of support for education and the arts, for children's and youth public associations, religious organizations (associations) registered in the established order, and also monetary means transmitted to the enterprises, institutions, and organizations of public health, public education, social security, culture and cinematography, archival service and sports, to the associations, creative unions, guilds and other organizations of creative workers, but not more than three per cent of the taxable profit, and not more than five per cent of the taxable profit to the Chernobyl charitable organizations, including international charitable organizations. This being the case, the total sum of the above-mentioned contributions may not exceed five per cent of the taxable profit.

In keeping with the [Decree](#) of the President of the Russian Federation No. 99 of February 7, 1995 it is established that in computing the profit tax to reduce in 1995 the taxable profit by the amount of contributions made by enterprises and organizations for charity purposes to the 50-th Anniversary of Victory Fund

The organs of state power of the subjects of the Russian Federation and the local self-government bodies shall establish a procedure for granting additional profit tax concessions within the limits of the amount of the tax remitted to the budgets of these subjects,

It shall be prohibited to grant individual tax concessions.

4.13. Tax concessions established by [Item 4.12](#) of the present Instructions shall not diminish the actual sum of the tax calculated by more than 50 per cent.

4.14. Foreign legal entities operating in the Russian Federation through their permanent representative offices shall pay the profit tax to the federal budget of the Russian Federation and to the budgets of the subjects of the Russian Federation at the [rates](#) fixed by legislation for the remittance of the said tax to the respective budgets.

4.15. Incomes and expenses in insurance and banking, in mediation and transactions for the purpose of estimating the tax levied on the profit of a foreign legal entity, shall be accounted separately if the organs of state power of the subjects of the Russian Federation establish on these types of activity a tax rate different from the profit tax rate for other types of activities.

4.16. The profit of foreign legal entities from insurance and banking, and also from mediation and transactions, shall be taxed at the rates introduced by the organs of state power of the subjects of the Russian Federation for these types of activities.

4.17. The mediation and transactions include the activity of foreign legal entities acting in the role of a commissioner or agent in contracts of commission or agency.

In conformity with legislation and under the contract of agency, the agent shall undertake to perform certain juridical actions on behalf of and at the expense of the principal, while under the contract of commission the commissioner shall be obliged on the instruction of the principal to make one or several transactions on his own behalf, compensated later by the principal.

4.18. Foreign legal entities engaged in business in the territory of the Russian Federation

through permanent representative offices, regardless of the results of their activity or the taxable profit concessions (including of the exemption from the profit tax in the Russian Federation), shall pay the tax from funds in excess of the actual expenses on the payment for labour over the [rated magnitude](#).

Expenses on the payment of labour, incurred both by Russian and foreign personnel, shall be accounted as a taxable base when the tax levied on the sums exceeding the actual expenses on labour remuneration is paid, if such expenses exceed six-times the [minimum wage or salary](#), established in the Russian Federation.

The tax on the sums exceeding the actual expenses on labour remuneration shall be paid by foreign legal entities to the federal budget and the budgets of the subjects of the Russian Federation, in the proportion fixed for the entry of the profit tax.

Foreign legal entities operating in Russia, for whom business activity is not basic, shall compute the actual expenses on the payment for labour at the expenses of business operations, proceeding from the specific weight of income (expenses) from their entrepreneurial activity in the total sum of incomes (expenses).

The calculation of the tax levied on the sum of the excess of expenses on labour remuneration as compared with their [rated magnitude](#) shall be made in keeping with [Appendix No. 5](#).

The annual computation of the sum exceeding the expenses on labour remuneration as compared with their rated magnitude, shall be submitted to the respective tax body within the time-limit established for the submission of an income declaration.

The tax shall be paid by foreign legal entities independently within 10 days of the afore-mentioned period.

4.19. A foreign legal entity engaged in business in the Russian Federation through its permanent representative office, shall submit before April 15 of the year succeeding the reporting year, in the place of registration of its permanent representative office, its report on its activities in the Russian Federation (in unofficial form), and also its declaration on income, in the form indicated in [Appendix No. 6](#).

With the termination of business operations before the end of the calendar year, the said documents shall be presented within one month after the date of this termination.

On Submitting Reports and Income Declaration by Foreign Legal Persons see the [Letter of the State Tax Service of the Russian Federation and the Ministry of Finance of the Russian Federation No. VG-6-06/9 and 04-06-02 of January 6, 1995](#)

4.20. If a foreign legal entity has in Russia several permanent representative offices for purposes of taxation, then the declaration on income shall be filed with each tax body on the territory of which a permanent representative office of the foreign legal entity has been registered.

4.21. The tax body shall compute the amount of the tax on the profit of a foreign legal entity and make out a payment notification within a month from the date that the income declaration is submitted.

The profit tax shall be computed by a tax body in roubles, and shall be paid by a foreign legal entity by written order in roubles. At the wish of the payer it may be paid in foreign currency bought by banks of the Russian Federation and expressed in terms of roubles at the exchange rate, quoted by the Central Bank of the Russian Federation on the day of tax payment.

A payment notification about the amount of the computed tax and in the form indicated in [Appendix No. 7](#), shall be issued to a taxpayer. The payment notification counterfoil shall serve as a ground for keeping the book of personal accounts. The entry ("the tax has been withheld from a foreign legal entity") shall be made on the right side of the payment notification, in Column (Type of payment) in case of the transfer of the sum of the profit tax.

The time-limit of tax payment shall be established in the payment notification as one month from the date of its being made out.

Any excessively contributed tax amounts shall be counted towards regular payments, or shall be returned to the taxpayer by the tax body within 10 days of receipt of his written application.

On the procedure for charging a penalty for a delay in the payment to the budget of the tax on the profit of the foreign juridical persons see [Letter of the State Tax Service of Russia No. VG-6-06/516 of July 25, 1996](#)

4.22. [Article 12](#) of the Law of the Russian Federation on the Profit Tax Paid by Enterprises and Organizations dealing with the elimination of double taxation shall not be applied to foreign legal entities which receive income in connection with their activity in the Russian Federation.

5. Procedure for the Computation of, and Payment to the Budget of, the Tax on the Income of Foreign Legal Entities Not Engaged in Their Business Operations in the Russian Federation through Permanent Representative Offices

5.1. Foreign legal entities receiving income from sources found in the territory of the Russian Federation shall be liable to taxation on incomes at the source of payment.

The following incomes relate, in particular, to the incomes from the sources in the Russian Federation:

5.1.1. Dividends paid by Russian residents and also incomes from the profit of an enterprise created in the Russian Federation, with foreign investments this profit being distributed in favour of a foreign participant in the profit.

5.1.2. Income received from the share participation of foreign partners in the activity of partnerships.

5.1.3. Additional remuneration for shareholders in monetary and other forms.

5.1.4. Profits distributed by voucher investment funds (specialized investment funds of privatization).

5.1.5. The interest return from:

debt instruments of any kind, including the sums of money charged by Russian banks to the correspondent accounts of foreign banks and paid to foreign legal entities for attracted credits, deposits, including short-term deposits, from bonds with the right to share in company profits and from convertible bonds, to bills and other securities;

bonuses paid out during the redemption of securities sold earlier with discounts;

finances and penal interest for breaking contractual liabilities and debentures.

5.1.6. Income from the use of copyrights:

fees for the use of copyrights, including the right to publish works of literature, art, and science, the right to use motion pictures and video cassettes both for show in cinemas and television, and also recordings for radio broadcasting.

5.1.7. Income from the use of an invention, useful model, industrial design, trademark, brand, service mark and other similar assets, and also business goodwill, contracts, clients and company personnel.

5.1.8. Income from leasing at property located in the territory of the Russian Federation, including income from leasing operations. The income from leasing operations shall be computed by proceeding from the entire amount of the leasing payment, minus the sum of recompense of the value of property leased (in case of financial leasing), the payment to a leasing giver as compensation for its use of credit resources to acquire property and the amount of the tax on leasing property.

5.1.9. Income from the sale of property:

a) shares and other securities;

See [Letter of the State Tax Service of the Russian Federation No. 06-1-06/8-229 of March 4, 1996](#)

b) debt claims;

c) property of a branch which a foreign legal entity has on the territory of the Russian Federation;

d) sea, river and air vehicles, railway transport and motor transportation facilities used in

international carriage, and movable property relating to such carriage;

e) property to be found on the territory of the Russian Federation.

Such income shall be computed on the basis of the excess of the sale price of property over the cost of its acquisition.

5.1.10. Direct insurance and co-insurance premiums and reinsurance premiums, and also interest on deposits of premiums, formed by Russian insurers under the contracts transferred for re-insurance to foreign re-insurers, and employee bonuses paid to a foreign partner. Income from premiums under direct insurance and co-insurance shall be computed on the basis of the full amount of the premium, multiplied by a 0.25 coefficient. Income from premiums from re-insurance shall be computed with the use of a 0.125 coefficient.

5.1.11. Other income, the receipt of which is not connected with activities through a permanent representative office, in particular, for works and any services performed and rendered in the territory of the Russian Federation, including, among other things, for:

a) the issue by a company of a license for the production or sale of goods or services under the firm's name;

b) the right to use computer programs and databases;

c) the use of technical, organizational or commercial information (know-how), including a trade secrets;

d) managerial services;

e) assistance in the effective use of property or granted rights;

f) assistance in the installation and operation of equipment, lines of mechanisms, and appliances;

g) consultations, assistance, and services associated with the management of any scientific, industrial, or commercial project, plan, process, or enterprise with foreign investments;

h) services and consultations given by a foreign company to its subdivisions in connection with its business operations in the Russian Federation, and also for services and consultations given to its representative office by the head office of a foreign legal entity;

i) emission services (including income from independent issues and income from services to it) and placement services to any resident of the Russian Federation;

j) freight traffic activity;

k) the sale of goods brought in from abroad to the territory of the Russian Federation under contracts of trade mediation with Russian enterprises. Income whose source is located in the territory of the Russian Federation shall be understood to mean income paid to a foreign legal entity in the shape of a difference or part of a difference between its set price of sale and the more profitable price at which the enterprise-mediator has sold goods delivered for sale.

In the absence of documents testifying to the importation of goods by a foreign legal entity from abroad for their sale on the territory of the Russian Federation, the gross earnings paid to the foreign legal entity for goods sold shall be deemed to be income whose source is located in the territory of the Russian Federation.

Income of a foreign legal entity, received from foreign trade operations which are performed exclusively on behalf of the given foreign legal entity and connected with the export of goods to the Russian Federation, shall not be liable to taxation at their source.

Income from freight, paid to foreign legal entities in connection with international carriage by sea, railway, or motor transport shall be taxed at the rate of six per cent. Whole dividends and interest shall be taxed at the rate of 15 per cent, and all other income at the rate of 20 per cent.

5.2. The tax on income from legal entities, goods from sources in the Russian Federation shall be withheld by the person who pays out the income to a foreign legal entity in the currency of payment, from the entire amount of income in each transfer of payment, and shall be remitted to the budget in the order prescribed by the legislation of the Russian Federation.

It shall be of no relevance in what form dividends are paid out: whether in monetary form, in kind or in any other form, in the shape of cash or cashless payment to a foreign partner by offsetting claims, or in any other way. Payment also implies the re-investment of profits distributed in favour of the foreign partner to increase his share in the authorized capital of the resident enterprise. For

purposes of taxation the direction of payment shall be of no importance: e.g. disposal by the foreign partner of his income in favour of third parties, his representative offices in other countries, etc.

If income from participating interest, including dividends, is paid to a foreign partner of an enterprise with foreign investment and to a partner of a partnership with shares, bonds, goods or by any other method, then it shall be necessary to remit to the budget the tax in foreign currency or in roubles at the rate of the Central Bank of the Russian Federation on the date of this operation, this amount of the tax being calculated on the basis of the part of net profit (the rouble part of a resident enterprise), distributed in favour of this foreign partner.

5.3. Persons paying out incomes to foreign legal entities shall submit information about the sums of income paid and taxes withheld, within the time-limits fixed for the submission of quarterly accounting reports by Russian enterprises in the form as per [Appendix No. 8](#) to that tax body in which the relevant Russian enterprise has been registered.

The settlement shall include the amounts of incomes paid out to foreign legal entities in the past reporting period.

The amount of the tax on the income of foreign legal entities from sources to be found in the Russian Federation shall be withheld with regard to all types of incomes and in all cases of their payment, except for in the cases provided for by [Items 4.5](#) and [6.3](#) of the present Instructions. If there is an international agreement on reduced tax rates or the full exemption of incomes from taxation in the Russian Federation, then the excessively withheld monetary means at the source of tax payment shall be refunded in keeping with [Item 6.2](#) of the present Instructions.

5.4. Persons who pay income to foreign legal entities shall bear responsibility for the full and timely withholding of the tax from the income at the source in the Russian Federation. When income is paid out without deducting taxes, the amount of the taxes from the income of a foreign legal entity shall be withheld in an extra-judicial manner from the Russian or foreign legal entity who pays out such income.

Concerning the procedure for the settlements with the budget on the opportunely uncollected taxes on the earnings of foreign juridical persons from the sources in the Russian Federation see [Letter of the State Tax Service of the Russian Federation No. NP-4-06/1n of January 3, 1996](#)

6. Special Provisions

6.1. If the international agreements of the USSR or the Russian Federation, ratified in the statutory manner, provide for rules other than those which are contained in the present Instructions, then the rules of the international agreement concerned shall control.

The provisions of the Instructions shall not affect the tax concessions introduced by the general norms of international law.

6.2. To refund the tax in specified cases, the foreign legal entity that has the actual right to derive income, shall submit to the respective body of the State Tax Service of the Russian Federation its application in the form given in [Appendix No. 9](#) with official confirmation of the fact of the permanent stay of this company in the country with which the USSR or the Russian Federation concluded the relevant inter - governmental (interstate) agreements for the avoidance of double taxation.

After the filing of an application for the refund of the amount of the taxes withheld, the respective tax body shall take its decision within the fixed time-limits, and shall return the excessively withheld and paid taxes.

The application may include non-recurrent income, and also income received during a set period.

Applications filed after the expiry of one year from the receipt of a given sum, shall not be accepted for consideration.

6.3. When Russian banks carry out short-term operations with foreign banks, the fact of the permanent location of a foreign bank in the country with which an agreement on the avoidance of double taxation has been concluded, shall not be confirmed, if such location is evidenced by the information of the international reference book the Bankers' Almanac (published by the Reed

Information Services, England) or of the international catalogue the International Bank Identifier Code (published by S.W.I.F.T., Belgium & International Organization for Standardization, Switzerland). In this case the application for the non-withholding or incomplete withholding of taxes shall be filed by Russian banks which pay out incomes every quarter according to the form, indicated in [Appendix No. 10](#).

6.4. If the income received by a foreign legal entity from sources in the Russian Federation, has a regular and one-type nature and if this income is not liable to taxation in the Russian Federation in accordance with the international agreement on the avoidance of double taxation, then the foreign legal entity which has the actual right to receive such income may file its application with the local tax body for the non-withholding of the tax from the source, in the form indicated in [Appendix No. 11](#).

Within two weeks the tax body shall examine the application and in case of compliance of the information contained in it with the provisions of the concrete agreement on the avoidance of double taxation, the tax body shall give permission to not withholding the tax at the source of payment.

In such cases the persons who pays out income to such foreign legal entity shall present to the tax body information about the amounts of paid-out income in keeping with [Item 5.3](#) of the present Instructions without providing data on the sums of withheld taxes.

6.5. It shall be forbidden to include in contracts tax reservations, in conformity with which the legal entity which is such under the legislation of the Russian Federation, or the foreign legal entity, shall undertake to bear the expenses of the payment of the tax in place of other taxpayers.

7. The Duties and Responsibilities of the Taxpayers, and Control by Tax Bodies

The duties and responsibilities of the taxpayers, and also the procedure for the exercise by the tax bodies of control over the observance by foreign legal entities of the tax legislation, shall be regulated by the Law of the Russian Federation on the Basic Principles of the Tax System in the Russian Federation, and by the RSFSR Law on the State Tax Service, and by other legislative acts.

Concerning payment of taxes by foreign legal entities see [Letter of the State Tax Service and State Customs Committee of the Russian Federation Nos. VP-6-06/357, 01-51/8614 as of May 15 and 24, 1996](#)

8. Concluding Provisions

8.1. The present Instructions shall enter into force upon the [day of their official publication](#).

8.2. If amendments are introduced in the forms of documents established by the present Instructions, then new forms and explanations for their filling in shall be issued by the State Tax Service of the Russian Federation before January 1 of the year from which they will be applied.

On application new forms see the [Letter of the State Tax Inspectorate for the City of Moscow No. 30-14/27215 of September 7, 1998](#)

[Letter of the State Tax Service of the Russian Federation No. VG-6-06/928 of December 31, 1997](#) advised new forms applied in 1998

8.3. With the entry of the present Instructions into force there shall be no longer valid the [Instructions](#) of the State Tax Service of the Russian Federation No. 20 of May 14, 1993 on the Taxation of the Profit and Incomes of Foreign Legal Entities (Registration No. 264 of May 28, 1993 and the [Letter](#) of the State Tax Service of Russia No. YuY-4-06/58n of May 6, 1994 on Some Types of Incomes from the Sources in Russia, Received by Foreign Legal Entities and Liable to Taxation (Registration No. 572 of May 23, 1994).

Agreed upon:

Deputy Minister of Finance

Вид источника	Наименование контрагента	Юридический адрес	N и дата договора
Type of source	Contractor (name in full)	Full address	Number and contract's date
1.			
2.			

II. Деятельность иностранного юридического лица, не связанная с постоянным представительством
 Activity of foreign entity not connected with permanent establishment

Вид деятельности	Наименование контрагента	Юридический адрес	N и дата договора	Период
Type of activity	Contractor (name in full)	Full address	Number and contract's date	Period
1.				
2.				

III. Пассивные источники доходов постоянного представительства
 Passive sources of income of permanent establishment

ИНН постоянного представительства
 ITN of permanent establishment

Вид источника	Наименование контрагента	Юридический адрес	N и дата договора
Type of source	Contractor (name in full)	Full address	Number and contract's date
1.			
2.			

Подпись Signature: _____

Место и дата Place and date

_____ Печать Stamp

Приложения Enclosures: _____

to Section I	to Section II	to Section III	
on _____ sheets	on _____ sheets	on _____ sheets	

Appendix N 2
to the Instructions of the State Tax
Service of Russia No. 34 of June 16,
1995

APOSTILLE
(апостиль)

(Convention de la Haye du 5 octobre 1961)
(the Hague Convention of October 5, 1961)

1.
(country)

The present official document

2. was signed by.....
(surname)

3. who act in the capacity of.....

4. affixed with seal/stamp
(name of the institution)

Certified

5. in..... 6.
(date)

7.
(name of the certifying body)

8. Number.....

9. 10. signature.....
(place of seal)

Appendix N 3
to the Instructions of the State Tax
Service of Russia No. 34 of June 16,
1995

Form N 1-pp. The Form of Registration of the Income and Expenses of the
Permanent Representative Office

Form N 2-pp. Expenses of the Permanent Representative Office

- Form N 3-pp. Schedule of Wages and Salaries of the Branch Workers
- Form N 1-vpp. Sheet of Receipts to Account No.
- Form N 2-vpp. Sheet of Receipts to the Cash Office of the Branch
- Form N 3-vpp. Expenditure Sheet from of Account No.
- Form N 4-vpp. Expenditure Sheet from the Cash Office of the Branch
- Form N 5-vpp. Sheet of Record-keeping of Accounts Made Out by the Branch
- Form N 6-vpp. Sheet of Record-keeping Accounts of Suppliers, Accepted for Payment by the Branch

Form N 1-pp

The Form of Registration of the Incomes and Expenses of the Permanent Representative Office

(full name of the foreign legal entity)

in the Russian Federation for _____ 199__

(thousands of roubles)

	Types of activity	Sum of incomes	Sum of expenses	Sum of profits
1-	_____	_____	_____	_____
1	Building, building-assembly, erection supervision and start-up and adjustment operations			
2	Sale of goods from warehouses			
3	Participation in foreign trade transactions of importing products and goods			
4	Mediation in the conclusion of contracts			
	- between Russian (foreign) persons and other persons unconnected with the person for whom the form is to be filled in			
	- between Russian (foreign) persons and other persons who are connected with the person for whom the form is to be filled in			
-	_____	_____	_____	_____

5	The rendering of information, legal, and other services in favour of - other persons unconnected with the person for whom the form is to be filled in - other persons connected with the person for whom the form is to be filled in			
6	Information, consultation, and other services of the person for whom the form is to be filled in			
7	Maintenance of casinos, video outlets, video shows, operation of slot-machines, and mass concert entertainments			
8	Other types of activity			

Head of the branch _____
(signature)

Form N 2-pp

Expenses of the Permanent Representative Office

(full name of the foreign legal entity)

in the Russian Federation for _____ 199__

(thousands of roubles)

	Types of expenses	Amount
I	For all types of activity	
1	Maintenance and service of technical equipment	
2	Payment for consulting, auditing, and information services	

3	Rent of premises		
4	Expenses of recruitment		
5	Wages and other payments		
6	Deductions to insurance funds		
7	Acquisition of raw and auxiliary materials		
8	Payments for credits and loans		
9	Payment for bank services		
10	Transportation expenses		
11	Expenses on training and retraining personnel		
12	Expenses for entertainment allowances		
13	Travelling expenses		
14	Advertising outlays		
15	Depreciation of fixed assets		
16	Depreciation of intangible assets		
17	Management and general administrative expenses incurred abroad		
18	Expenses on the sale of goods		
19	Taxes and other obligatory deductions		
20	Other costs		
<hr/>			
II	For building and assembly works		
<hr/>			
21	Building and erection costs		
22	Preparation expenses		
23	Non-capital costs		
24	Production service costs		
25	Normal labour conditions costs		

26	Nature conservation maintenance costs	
	Total	

Chief of the branch _____
(signature)

Form N 3-pp

Schedule of Wages and Salaries of the Branch Workers

(full name of the foreign legal entity)

in the Russian Federation _____ 199__
(period)

N	Sur- name and name	Hours work- ed	Additions				Deductions from salaries						For pay- ment
			for basic time	for over- time	o t h e r	total	pen- sion fund 1%	inco- me tax	tem- poral disa- bili- ty insu- rance	10	11	12	
	1	2	3	4	5	6	7	8	9	10	11	12	13

Chief of the branch _____
(signature)

1) for foreign workers Columns 7-12 shall not be filled in

Form N 1-vpp

Sheet of Receipts to _____ Account No. _____
(type of account)

of the branch _____
(full name of the foreign legal entity)

for _____ (month, quarter, year)

Nos	Date of receipt	Sum of receipt	Currency of receipt	VAT received	Rate of the Central Bank of Russia	Sum of receipt in roubles	Source of receipt
1	2	3	4	5	6	7	
1							
2							
	Total						

Chief of the branch _____
(signature)

Form N 2-vpp

Sheet of Receipts to the Cash Office of the Branch

_____ (full name of the foreign legal entity)

for _____ (month, quarter, year)

N	Date of receipt	Sum of receipt	Currency of receipt	VAT received	Rate of Central Bank of Russia	Sum of receipt in roubles	Source of receipt
1	2	3	4	5	6	7	
1							
2							
	Total						

Chief of the branch _____
(signature)

Form N 3-vpp

Expenditure Sheet from _____ of Account No. _____
(type of account)

of the branch _____
(full name of the foreign legal entity)

for _____ (month, quarter, year)

N	Date of expen- diture	Sum of expen- diture	Curren- cy of expen- diture	VAT paid	Rate of the Central Bank of Russia	Sum of expen. in roubles _____ includ- total ed in costs costs		Type of costs	Number of source docu- ment
1	2	3	4	5	6	7	8	9	
1									
2									
	Total								

Chief of the branch _____
(signature)

Form N 4-vpp

Expenditure Sheet from the Cash Office of the Branch

_____ (full name of the foreign legal entity)

for _____ (month, quarter, year)

N	Date of expen- diture	Sum of expen- diture	Curren- cy of expen- diture	VAT paid	Rate of the Central Bank of Russia	Expendit. sum in roubles _____ includ- total ed in costs costs		Type of costs	Number of source docu- ment
1	2	3	4	5	6	7	8	9	
1									
2									
	Total								

Chief of the branch _____
(signature)

Form N 5-vpp

Sheet of Record-keeping of Accounts Made Out by the Branch

(full name of the foreign legal entity)

to buyers of products (works, services)

for _____(month, quarter, year)

N	Date of making out accounts	Sum of making out accounts	Currency of making out accounts	VAT presented	Rate of the Centr. Bank	Sum of account in roubles	To whom a/c is made out	Note on payment
	1	2	3	4	5	6	7	8
1								
2								
	Total							

Chief of the branch _____
(signature)

Form N 6-vpp

Sheet of Record-keeping Accounts of Suppliers, Accepted for Payment by the Branch

(full name of the foreign legal entity)

for _____(month, quarter, year)

N	Date of receipt	Amount	Currency	VAT presented	Rate of the Centr. Bank	Amount of a/c in roubles	From whom a/c was received	Note on payment
	1	2	3	4	5	6	7	8
1								
2								
	Total							

Chief of the branch _____
(signature)

	Total								

Chief of the branch _____
(signature)

Appendix N 5
to the Instructions of the State Tax
Service of Russia No. 34 of June 16,
1995

To the State Tax Inspection Team
of _____
from _____
(full name of the foreign legal
entity)

Stamp or note by
the tax body
Received on
_____ 199__

Calculation
of the Tax on the Sum of the Excess of Expenses for
Labour Remuneration over Their Rated Values

(thousands of roubles)

N	of	li-	ne	According to the data of the tax-payer	According to the data of the tax inspec.team
1.	Sums of money charged to labour remuneration and included in the cost-price of products, works, and services over the reporting period				
2.	The actual average payroll of the Russian and foreign personnel of a permanent representative office for 199... (persons)				
3.	Sums of money paid to mothers (or other relatives who actually take care of a child) maintaining labour relations on the terms of hire in keeping with the legislation on child-care leaves for children under the age of three (within the limits set by the legislation of the Russian Federation)				
4.	The rated value of expenditure on labour remuneration estimated on the basis of				

	six-times the minimum wage or salary fixed in the Russian Federation, and increased by payments referred to in line 3		
5.	Actual expenses for labour remuneration (line 1 + line 3)		
6.	The sum of excess of expenses for labour remuneration over the rated value (line 5 - line 4)		
7.	The fixed rate of the tax on the excess sum of the actual expenses for labour remuneration over the rated value (%%)		
	a) to the federal budget of the Russian Federation		
	b) to the budgets of the subjects of the Russian Federation		
	c) to the budgets of districts, towns, city wards, and urban and rural settlements		
8.	Charged tax to the budget - total including:		
	a) to the federal budget of the Russian Federation		
	b) to the budgets of the subjects of the Russian Federation		
	c) to the budgets of districts, towns, city wards, and urban and rural settlements		
9.	For payment by the time-limit_____		
	a) to the federal budget of the Russian Federation		
	b) to the budgets of the subjects of the Russian Federation		
	c) to the budgets of districts, towns, city wards, and urban and rural settlements		

Chief of the branch _____
(signature)

Appendix N 6
to the Instructions of the State Tax
Service of Russia No. 34 of June 16,
1995

Letter of the State Tax Service of the Russian Federation No. VG-6-06/928 of December 31, 1997 informs of the new form 1101FE(1997) applied in 1998

See the Form of the Declaration of a Foreign Organization on Incomes of the Russian Federation, approved by Order of the Ministry for Taxes and Fees of the Russian Federation No. VV-3-06/424 of December 30, 1999

~~To the State Tax Inspection~~
~~Team~~ _____

~~(to be submitted before April 15~~
~~of the year succeeding~~
~~the reporting year)~~

Tax Declaration
of the Foreign Legal Entity Engaged in Business
Activity in the Russian Federation
for 199...

.....
~~(identification number of the taxpayer)~~

~~1. Full name of the foreign legal entity engaged in business on the~~
~~territory of Russia~~ _____

~~2. Address of the foreign legal entity that fills in the declaration:~~

~~— in the country of its registration~~ _____

~~— in Russia~~ _____

~~3. Type(s) of activity carried on by the foreign legal entity in the reporting period on the territory~~
~~of Russia (underline what is required)~~

~~a) Building, building and assembly, erection supervision, and adjustment operations;~~

~~b) Participation in foreign trade operations under contracts concluded on its own behalf;~~

~~c) Mediation under foreign trade contracts concluded between Russian (foreign) partners and~~
~~— other legal entities not connected with the foreign legal entity that fills in the present~~
~~declaration;~~

~~— other legal entities connected by of capital and other kindred links with the foreign legal entity~~
~~that fills in the present declaration;~~

~~d) The rendering of information services and other participation in favour of:~~

~~— other legal entities not connected with the foreign legal entity that fills in the present~~
~~declaration;~~

~~— other legal entities connected by capital and other kindred links with the foreign legal entity that~~

fills in the present declaration;

e) The maintenance of casinos, other gambling houses (places), other gambling businesses, video outlets, video shows, rest of video and audio cassettes and recordings on them, or the operation of slot machines with monetary prizes;

f) Information, consultation, and other services of the foreign legal entity that fills in the present declaration;

g) The sale of goods, property, and services on the territory of Russia;

h) Other activities (please indicate specific types of activity)

4. The surname and name of the person responsible for the presentation of the declaration

5. The total sum of the gross income received by a foreign legal entity (in roubles)

including for different types of activity (please indicate these types of activity and the income received in connection with them):

Types of activity	Income
-------------------	--------

1

2

6. The total sum of expenses incurred in business activity on the territory of Russia (including those incurred abroad) in roubles:

including for types of activity (please indicate specific types of activity and the expenses incurred in them, in roubles):

Types of activity	Expenses
-------------------	----------

1

2

7. Decoding of types of expenditure:

Types of expenditure	Sum of expenditure
----------------------	--------------------

1

2

I ask you to consider the present declaration for taxation purposes.
I confirm the correctness of the information represented by me in the present declaration.

_____199_____

~~(personal signature)~~

~~8. The sum of taxable profit:~~

~~9. The sum of profit liable to taxation by the conventional method:~~

~~10. An inside income accounting has been taken of income from sources in Russia in amount of _____ roubles. Tax agents have withheld the tax in the amount of _____ roubles.~~

~~The declaration has been registered by the tax body _____199_____~~

~~(signature of the tax official)~~

**Appendix N 7
to the Instructions of the State Tax
Service of Russia No. 34 of June 16,
1995**

The State Tax Service of the Russian Federation

The State Tax Inspection Team of _____

**Payment Notification No.
about the Tax on the Profit Received by Foreign
Legal Entities in Russia
for 199_**

(full name of the foreign legal entity)

(the country where the foreign legal entity has been registered)

	The tax amount (rbles)
Computed for the year of
Surcharge (offset) in recalculation for the year of
Arrears for the year of
Liable to payment to

including:	
a) to the federal budget of the Russian Federation, to account.....
b) to the budget of a subject of the Russian Federation, to a/c.....

.....
(date)

Deputy Chief of
State Tax Inspection
Team

Seal

Cut-off line

.....
(Number of the taxpayer)

(full name of the foreign legal entity)

(the country in which the legal entity has been registered)

The profit tax for the year
Payment notice No.

The profit tax for the year of
Total payment for
including: a) to the federal budget of Russia
 b) to the budget of a subject of
 Russia
Time-limit of payment for

**Appendix N 8
to the Instructions of the State Tax
Service of Russia No. 34 of June 16,**

1995

Stamp
of the enterprise
(organization)

To the State Tax Inspection
Team of _____

Stamp or note of
the tax body
Received
_____ 199_

**Reference
of Payment of Income and the Withholding of Taxes on**

**the Income of Foreign Legal Entities from Sources
in the Russian Federation
for the _____ quarter of 199__**

Nos	Type of income	Income recipient (foreign legal entity, address)	Country of permanent residence	Sum of income	Currency of payment	Date of payment	Tax rate	Sum of tax withheld

Manager of the enterprise

(signature)

Chief accountant

(signature) Seal

1) Summary values are given in thousands of roubles in case of payment of incomes in roubles, or in foreign currency units in other cases.

Letter of the State Tax Service of the Russian Federation No. VG-6-06/928 of December 31, 1997 informs of the new form 1011DT(1997) applied in 1998

Form N 1011DT95 Annex N 9 to

**the Regulation of the State
Tax Service of the Russian
Federation from 16.06.95 N 34**

~~В Государственную налоговую инспекцию
(To: the State Tax Office)~~

~~Заявление
(Claim)~~

~~На возврат налога, удержанного у источника в России с дохода
/for a refund of tax withheld in Russia on income of the/
иностранного юридического лица, не осуществляющего деятельность в
/foreign legal entity which does not carry on its business in/
Российской Федерации через постоянное представительство (кроме
/the Russian Federation through a permanent establishment (except/
дивидендов и процентов)
dividends and interest)/~~

~~1. Полное наименование иностранного юридического лица
/Full name of the foreign legal entity/~~

~~2. Страна, в которой зарегистрировано иностранное юридическое лицо~~

~~/Country of registration of the foreign legal entity/~~

~~В соответствии с положениями Соглашения между СССР (Российской
/In compliance with the provisions of the Double Taxation
Федерацией) и
/Convention concluded between the USSR (Russian Federation) and/~~

~~название страны, полное название Соглашения
/name of the country, full name of the Convention/~~

~~от " ".....19..г., прошу вернуть
/on the < >.....19.. I hereby claim a refund of/
сумму налога, удержанного у источника с дохода, полученного в
качестве
/the amounts withheld from my income, derived in the form of/~~

~~указывается вид полученного дохода
/specify the type of the income/~~

~~1. Наименование и адрес лица, выплатившего доход
/Name and address of the legal entity paying the income/~~

~~2. Дата выплаты (перевода) дохода
/Income payment (transfer) date/~~

~~3. Сумма дохода до удержания налога
/Gross amount payable (before tax)/~~

~~4. Сумма удержанного налога
/Withheld/~~

~~5. Сумма налога, подлежащая возврату
/Refundable/~~

~~Сумму возврата прошу перевести на счет N.....в
/Please remit the refundable amount to bank account no./~~

~~наименование и адрес банка
/name and address of the bank/~~

~~Настоящим подтверждаю достоверность указанных сведений.
/I hereby affirm that the above statements are correct and
complete in every respect./~~

~~Дата и место заполнения _____ Подпись _____
/Place and date/ _____ /Signature/~~

~~Компетентный орган _____ подтверждает, что _____
/Competent authority of/ _____ название страны _____ /confirms that/
_____ /name of the country/~~

~~1. Заявитель действительно имеет постоянное местопребывание в _____
/Claimant is in fact a resident of/~~

~~в смысле Соглашения между СССР (Российской Федерацией) и _____
/as construed by the Convention concluded between the USSR
(Russian Federation) and/~~

~~название страны, полное название Соглашения
/the name of the country and of the Convention/~~

~~от " _____ " 19..г.
/on the < _____ > 19../~~

~~2. Доход заявителя, полученный им в России, подлежит налогообложению
в _____
/Claimant's income derived in Russia is subject to tax in/~~

~~название страны
/name of the country/~~

~~Дата и место _____ Печать _____ Подпись _____
заполнения _____
/Date, place/ _____ /stamp/ _____ /Signature/~~

~~Отметка налогового органа России
/Note of the Russian Tax Authority/~~

~~Подлежит возврату из бюджета
/Repayable amount is/~~

~~сумма прописью и цифрами
/in figures and in words/~~

~~Начальник налоговой инспекции _____~~

~~/Tax Office Manager/~~

~~Печать
/stamp/~~

~~Подпись
/signature/~~

~~<.....>.....19....~~

~~Примечания
/Notes/~~

- ~~1. Все денежные суммы в настоящем заявлении указываются в валюте платежа.
/All the above amounts in the present claim should be specified in the payment currency./~~
- ~~2. Заявление заполняется в трех экземплярах и заверяется компетентными органами страны постоянного местопребывания заявителя. После этого два экземпляра заявления представляются в налоговый орган по месту выплаты дохода в России. Налоговый орган, проверив соответствие имеющегося заявления положениям Соглашения с указанной страной, делает на обоих экземплярах соответствующую отметку и возвращает один экземпляр заявителю.
/The claim should be completed in triplicate and certified by competent authorities of the claimant's country of residence. Subsequently two copies shall be presented to the local Tax Authority where the income was acquired in Russia. Having checked the presented claim for compliance with the provisions of the Convention concluded with the related country, the Tax Authority puts its mark on both copies and gives one copy back to the claimant./~~
- ~~3. Заявление должно быть подано в соответствующий налоговый орган до истечения одного года со дня выплаты дохода. Заявления, поданные после истечения этого срока, к рассмотрению не принимаются.
/The claim should be presented to a related Tax Office within one year from the income payment date. Claims submitted after this expiry date shall not be accepted./~~
- ~~4. Заявление может быть подано не получателем дохода, а уполномоченным им на это лицом. В этом случае податель заявления должен представить соответствующим образом оформленные полномочия.
/The claim may be presented by the beneficiary's authorized representative. In this case the applying party should be able to prove its powers with a duly executed document./~~

Form N 1012DT95

Letter of the State Tax Service of the Russian Federation No. VG-6-06/928 of December 31, 1997 informs of the new form 1012DT(1997) applied in 1998

Соглашение об избежании двойного налогообложения
между Российской Федерацией и
Double Taxation Convention
between the Russian Federation and _____

**Заявление на возврат CLAIM TO REFUND
удержанного в России налога на дивиденды и/или
проценты от источников в Российской Федерации
of Russian anticipatory tax withheld on dividend
and/or interest derived from sources within Russia**

~~Уполномоченный представитель,
если таковой имеется
(наименование и полный адрес)~~

~~ПОЛУЧАТЕЛЬ ДОХОДА
(прописные печатные буквы)
BENEFICIAL OWNER OF THE INCOME~~

... % удержанного налога по итогу в столбце 6</td <td></td> <td></td> <td></td>			
... % tax withheld on total of column 6</td <td></td> <td></td> <td></td>			
... % удержанного налога по итогу в столбце 7</td <td></td> <td></td> <td></td>			
... % tax withheld on total of column 7</td <td></td> <td></td> <td></td>			
... % удержанного налога по итогу в столбце 8</td <td></td> <td></td> <td></td>			
... % withheld on total of column 8</td <td></td> <td></td> <td></td>			
Общая сумма налога, подлежащая возврату			
Total amount to be reimbursed			

Сумму необходимо перевести в	Наименование банка	Name of bank
The amount is to be remitted to		
	Место (Страна, адрес)	Place (Country, address)
	Номер счета в банке	Number of the Bank account

Место и дата _____
 Place and date _____

Подпись _____
 Signature:.....

Приложения _____
 Enclosures:.....

Компетентный орган _____ подтверждает, что
 /Competent authority of/ _____ название страны _____ /confirms that/
 /name of the country/

1. Заявитель действительно имеет постоянное местопребывание в _____
 /Claimant is in fact a resident of/

в смысле Соглашения между СССР (Российской Федерацией) и _____
 /as construed by the Convention concluded between the USSR _____

~~(Russian Federation) and/~~

~~название страны, полное название Соглашения
/the name of the country and of the Convention/~~

~~от " ".....19..г.
/on the < >.....19../~~

~~2. Доход заявителя, полученный им в России, подлежит налогообложению
в
/Claimant's income derived in Russia is subject to tax in/~~

~~название страны /name of the country/~~

~~Дата и место
заполнения~~

~~/Date, place/~~

~~Печать~~

~~/stamp/~~

~~Подпись~~

~~/Signature/~~

~~Отметка налогового органа России
/Note of the Russian Tax Authority/~~

~~Подлежит возврату из бюджета
/Repayable amount is/~~

~~сумма прописью и цифрами
/in figures and in words/~~

~~Начальник налоговой инспекции
/Tax Office Manager/~~

~~Печать
/stamp/~~

~~Подпись
/signature/~~

~~< >.....19...~~

~~Примечания
/Notes/~~

~~1. Все денежные суммы в настоящем заявлении указываются в валюте платежа.
/All the above amounts in the present claim should be specified in the payment currency./~~

~~2. Заявление заполняется в трех экземплярах и заверяется компетентными органами страны постоянного местопребывания заявителя. После этого два экземпляра заявления представляются в налоговый орган по месту выплаты дохода в России. Налоговый орган, проверив соответствие имеющегося заявления положениям Соглашения с указанной страной, делает на обоих экземплярах соответствующую отметку и возвращает один экземпляр заявителю.~~

~~/The claim should be completed in triplicate and certified by the competent authorities of the claimant's country of residence. Subsequently two copies shall be presented to the local Tax Authority where the income was acquired in Russia. Having checked the presented claim for~~

+1									
+2									

Bank manager _____

Chief accountant _____ Seal _____

1) If the Agreement on the avoidance of double taxation provides for the non-taxation of specific types of income paid by the bank, then Columns 7 and 8 will not be filled in.

2) The summary values are given in thousands of roubles if incomes have been paid in roubles, or in foreign currency units in other cases.

3) The first copy shall be sent by the applicant to the state tax inspection team in the place where the bank has been registered.

The second copy shall be sent to the State Tax Service of Russia (23 Neglinnaya St., Moscow 103381).

The third copy remains at the disposal of the applying bank.

Приложение N 11
к инструкции Госналогслужбы РФ
от 16 июня 1995 г. N 34

Letter of the State Tax Service of the Russian Federation No. VG-6-06/928 of December 31, 1997 informs of the new 1013DT(1997) applied in 1998

(Annex N 11 to the Regulation
of the State Tax Service
of the Russian Federation
from 1995 N)

~~В Государственную налоговую инспекцию~~
~~(To: the State Tax Office)~~

Заявления
(Claim)

~~Об освобождении от налога дохода иностранного юридического лица, не осуществляющего деятельность в Российской Федерации через постоянное представительство~~

**/For a tax exemption for income of the foreign legal entity
which does not carry on its business through a permanent
establishment/**

1. ~~Полное наименование иностранного юридического лица~~
~~/Full name of the foreign legal entity/~~

2. ~~Страна, в которой зарегистрировано иностранное юридическое лицо~~
~~/Country of registration of the foreign legal entity/~~

~~В соответствии с положениями Соглашения между СССР (Российской Федерацией) и~~

~~/In compliance with the provisions of the Double Taxation Convention concluded between the USSR (Russian Federation) and/~~

~~название страны, полное название Соглашения
/name of the country, full name of the Convention/~~

~~от " ".....19..г.
/on the " ".....19..~~

~~при выплате в России причитающихся доходов:
/as to the due income payment in Russia/~~

~~указываются виды доходов
/specify the type of the income/~~

~~в сумме /in the amount/~~

~~указывается общая сумма дохода
/specify the total amount of income/~~

~~прошу разрешить выплатить мне суммы причитающихся доходов
/I claim the right to receive my due income/~~

~~без удержания налога _____ с частичным его удержанием
/without tax/ _____ /with partial taxation/~~

~~(нужное подчеркнуть)
/underline what is necessary/~~

~~дата и место _____ подпись
заполнения _____ /Signature/ _____
/Date and place/~~

~~Компетентный орган _____
/Competent authority of/~~

~~название страны
/name of the country/~~

~~подтверждает
/confirms that/~~

~~1) Заявитель действительно имеет постоянное местопребывание в
/Claimant is in fact a resident of/~~

~~в смысле Соглашения между СССР (Российской Федерацией) и
/as construed by the Convention concluded between the USSR
(Russian Federation) and/~~

~~название страны, полное название Соглашения
/full name of the country, of the Convention/~~

~~от " ".....19..г.
on the " ".....19..~~

~~2. Доход заявителя, полученный им в России, подлежит
налогообложению в
/Claimant's income derived in Russia is subject to tax in/~~

~~название страны
/name of the country/~~

~~дата и место _____ печать _____ подпись _____
заполнения _____ /stamp/ _____ /Signature/
/Date and place/ _____~~

~~Отметка налогового органа России
/Note of the Russian Tax Authority/~~

~~Подтверждается, что указанное в данном заявлении соответствует поло-
жениям Соглашения между СССР (Российской Федерацией) и
/This is to acknowledge that said claimant is in fact in
compliance with the provisions of the Convention concluded between the
USSR (Russian Federation) and/~~

~~название страны, полное название Соглашения
/full name of the country, of the Convention/~~

~~от " ".....19..г.
on the " ".....19..~~

~~и что сумма причитающегося с заявителя налога с указанного дохода
составляет:
/and that the amount of tax on the said income which the claimant
is subject to is/~~

~~1 _____~~

~~2 _____~~

~~суммы цифрами и прописью
/in figures and in words/~~

~~Начальник налоговой инспекции _____
/Tax Office Manager/~~

~~печать _____ Подпись _____
/Stamp/ _____ /Signature/~~

~~" ".....19 г.
on the " ".....19..~~

~~Примечания:~~
~~/Notes/~~

~~1) Заявление заполняется в трех экземплярах и заверяется компетентными органами страны постоянного местопребывания заявителя. После этого экземпляры заявления представляются в налоговый орган по месту выплаты дохода в России. Налоговый орган, проверив соответствие имеющегося заявления положениям Соглашения с указанной страной, делает на двух экземплярах соответствующую отметку и возвращает их заявителю. Один из таких экземпляров заявитель представляет лицу, которое выплачивает ему доход в России. На этом основании производится либо полное, либо частичное освобождение плательщика от удержания налога в России.~~

~~/The claim should be completed in triplicate and certified by the competent authorities of the claimant's country of residence. Subsequently two copies shall be presented to the local Tax Authority where the income was acquired in Russia. Having checked the presented claim for compliance with the provisions of the Convention concluded with the related country, the Tax Authority puts its mark on both copies and gives them back to the claimant. The claimant shall present one of these copies to the legal entity which pays him income in Russia. On this basis the payer is fully or partly subject to tax exemption in Russia./~~

~~2) Все денежные суммы в настоящем заявлении указываются в валюте платежа.~~

~~/All the above amounts in the present claim should be specified in the payment currency./~~

~~3) Заявление может быть подано не получателем дохода, а уполномоченным им на это лицом. В этом случае податель заявления должен представить соответствующим образом оформленные полномочия.~~

~~/The claim may be presented by the beneficiary's authorized representative. In this case the applying party should be able to prove its powers with a duly executed document./~~

~~* The parent company is a company with a substantial participating interest in the capital of another joint stock company.~~

~~** Apostil is a formal procedure for certifying the authenticity of signatures, the capacity in which the person who signed documents acted, and in proper cases the authenticity of the seal and stamp which affix the given document. This procedure was introduced by the Hague Convention of 1961 on the Revocation of the Requirements for the Legalization of Foreign Official Documents.~~

~~*** The head office is the central office of a foreign legal entity whose managers govern its branches.~~