Less than two months left for Russian residents to report on movements on their foreign bank accounts

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Russian resident individuals with bank accounts located outside of Russia have **until 1 June 2016** to submit their first reports to the Russian tax authorities on all movements of funds on these accounts in respect of the year 2015.

This reporting obligation provided by Federal Law No. 173-FZ dated 10 December 2003 (the "**Currency Control Law**") actually came into effect on 1 January 2015 but was in practice inapplicable in 2015. This is because the Russian Government failed to approve the required notification forms before the first reporting deadline (1 June 2015). The rules for submitting reports on movements of funds on foreign bank accounts and the applicable notification forms are now available under Russian Government Decree No. 1365 dated 12 December 2015 (see here in Russian).

Who qualifies as a Russian resident?

The above reporting obligation applies to **all individuals deemed to be Russian residents** under the Currency Control Law, namely:

- **Russian nationals**, including those temporarily living abroad or travelling as tourists, but excluding those living permanently abroad for more than one year; and
- **foreign citizens** who hold a **Russian residence permit** ("vid na jitel'stvo").

What needs to be reported?

Reports on the movements of funds must be detailed and information needs to be filed separately in respect of **each foreign bank account**. From a practical standpoint, information on each foreign bank account should be filled in on a separate page if the individual has two or more bank accounts.

In addition to the personal data of the notifying resident, the report must include:
information on the corresponding foreign bank;

- data on the movements of funds on the bank account with a breakdown of operations by currency type; as well as
- account balances at the beginning and at the end of the reporting period (amounting to one calendar year, the first one being 2015).

If a Russian resident chooses from now on to close his/her foreign bank account, the report on the movements of funds on such bank account still needs to be submitted **together with a notification on the closure of this account**. If he/she closed such accounts in 2015, then he/she must still file the relevant report by 1 June 2016, irrespective of the date when the account closure notification is submitted.

Notifying individuals are not formally obliged to provide any supporting documents confirming the information contained in their reports (e.g. bank statements), but are free to do so. However, the tax authorities are entitled to verify the submitted reports and **request additional supporting documentation** relating to currency transactions.

What if you fail to report in due course?

Administrative fines for the first violation of the reporting obligation range from RUB 2,000 to 3,000 (EUR 26 to 40). Any subsequent violation is punishable by a penalty of up to RUB 20,000 (EUR 260). In addition, Russian legislation on administrative offences provides for additional fines for violation of report submission deadlines depending on the length of the delay, but not more than RUB 3,000 (EUR 40).

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