



REVIEW OF THE LATEST CHANGES IN CORPORATE LAW FOR Q2 2021

FROM APRIL 26th, COMPANIES WILL HAVE MORE TIME TO CHANGE THE INFORMATION IN THE STATE REGISTERS

In the event of a change in the information, specified in the Uniform State Register of Legal Entities (“**The Register**”), companies should notify the tax inspectorate within **7 business days**. Previously, this had to be done within **3 business days**.

In addition, the number of situations, where it is required to notify the tax inspectorate about any change in the information specified in the Register, has decreased.

The inspectorate will independently update the following information about your company:

- Change in the name of the company that is a member, or a founder, of the company;
- A company, which is a sole member, or founder of a company, has been reorganized in the form of a merger, takeover or transformation.

** It is worth noting that these innovations do not apply to Russian legal entities owned by foreign legal entities, nor individuals. In these cases, it will be necessary to update the information about the changes, under the previous rule.*

The obligation to maintain up-to-date information about the legal entity in the Register has remained unchanged. The Code on Administrative Offences of the Russian Federation of 30.12.2001 N 195-FZ (part 4 of Article 14.25) establishes a responsibility for failure to provide information about a legal entity, to the authority competent with regard to the State registration of legal entities and sole proprietors, if such representation is provided by law, in the form of an **administrative fine** on officials, of 5,000 to 10,000 Russian Roubles (from 58 to 116 Euro as of current exchange rate).

Document: Federal Law of 27.10.2020 N 350-FZ

“On amending Article 5 of the Federal Law on The State Registration of Legal Entities and Sole Proprietors “

INCREASED RESPONSIBILITIES OF FOREIGN COMPANIES IN RUSSIA IN TERMS OF DISCLOSURE OF INFORMATION ABOUT BENEFICIAL OWNERS

Foreign organizations, as well as unincorporated foreign entities, are obliged to annually disclose information to the tax authority, at the place of their registration, about participants of such a foreign organization (unincorporated foreign entities should disclose information about their founders, beneficiaries and managers) as of December 31st of the year prior to the year of submission of this information.

A foreign organization (unincorporated foreign entity) will have to disclose, among other things, the direct, or indirect, participation (if any) of an individual, or a public company, if their share of direct and/or indirect participation exceeds 5%.

It is assumed that this duty extends, without limitation, to the branches and representative offices of foreign organizations.

The deadline for submitting the information is March 28th of each year. For the first time, foreign companies will be required to provide information about their founders on, or before, March 28th, 2022 as of December 31, 2021.

At the same time, these requirements will not apply only to those foreign organizations which are registered solely as suppliers of electronic services.

We would like to note that the obligation to provide information about beneficiaries (beneficiary owners) has existed before. However, it was necessary to provide information to the State authorities only upon request.

The Code on Administrative Offences of the Russian Federation of 30.12.2001 N 195-FZ (Article 14.25.1) establishes responsibility for failure of a legal entity to ascertain, update, store, and provide information about their beneficial owners, or on measures taken to ascertain information about their beneficial owners, as defined by Russian law, upon request of the authorized body, or tax authorities, in the form of an administrative fine – 30,000-40,000 Russian Roubles (from 348 to 581 euros as of current exchange rate) for officials; 100,000-500,000 Russian rubles (from 1,162 to 5,812 euros as of current exchange rate) for legal entities.

Document: Federal Law of 20.04.2021 N 100-FZ

“On amendments to Part 1 and Part 2 of the Tax Code of the Russian Federation”

STREAMLINING THE REGISTRATION OF LEGAL ENTITIES THROUGH NOTARIES FROM AUGUST 25th, 2021

From August 25th, 2021, it will be possible to create a legal entity in one visit to the notary, without the need to pay for two separate notarial visits.

If the notary certifies that the signature on the application for registration of a legal entity is genuine, on the same day, he (the notary) shall independently send the documents to the registration authority as one action that completes the process. In case of several applicants, the documents are sent by the notary, who has witnessed the signature of the last applicant.

Representatives of foreign companies, acting as applicants in the creation of a Russian legal entity, will also be able to use such a service.

Document: Federal Law of May 26th, 2021 N 143-FZ

“On amendments to the Federal Law On State Registration of Legal Entities and Sole Proprietors” and Article 80 of “Fundamentals of the Russian Federation legislation on notaries”.

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