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SWITZERLAND GLOBAL ENTERPRISE

Russia
Legal Provisions

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SBH Russia

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GENERAL REMARKS

Like Switzerland, the Russian Federation has three levels of government authority: the federal State, the so-called “subjects of the Federation” (republics, regions, etc.), and the municipalities (local self-government). The Russian Federation has 85 “subjects” including the cities of Moscow, Saint Petersburg and Sevastopol as cities of national importance (hereafter “Regions”) and approximately 22,000 municipalities.

The legislation of the Russian Federation consists of the Constitution (adopted in 1993), federal laws and federal constitutional laws, presidential decrees, government resolutions and other regulatory acts. Laws must respect the Constitution. Presidential decrees, government resolutions and regulatory acts must be in conformity with federal laws. The Regions can enact legislation in those areas which are not within the exclusive authority of the federal State. They can also adopt regulatory acts on matters delegated by federal law. Regional legislation must comply with federal law. International treaties have precedence over national law.

At the federal level laws are adopted by the Parliament (State Duma and Federation Council), presidential decrees and government resolutions by the President, respectively the Government. Other regulatory acts can be issued by ministries and various government agencies.

As a general rule laws and regulatory acts must be published. Since November 10, 2011, legislation is published (in Russian only) through the internet portal www.pravo.gov.ru and in "Rossiyskaya Gazeta" (www.rg.ru/doc). Most regulations adopted by ministries and agencies of the executive branch must be registered with the Ministry of Justice. Since July 1, 2010 most court decisions must be published on the internet and can be accessed free of charge through the official websites of the relevant courts (www.arbitr.ru for the commercial courts).

No generally accessible systematic compilation of Russian legislation exists. Several commercial firms have compiled Russian legislative databases and offer them for subscription. These databases can be installed on computers or accessed online and are regularly updated. The most widely used are:

1. GARANT
   119234 Moscow
   Leninskie Gory, 1, Bldg. 77
   Moscow State University
   Phone / Fax: +7 495 647 62 38, +7 800 200 88 88
   www.garant.ru

   GARANT also sells English translations of legislation (see http://english.garant.ru/)

2. CONSULTANT PLUS
   117 036 Moscow
   Ulitsa Shvernika 4
   Phone / Fax: +7 495 956 82 83 or + 7 495 787 92 92
   E-mail: contact@consultant.ru
   http://www.consultant.ru (the site also has an English page)

It is possible to access many laws free of charge through the sites of both companies (at least the Russian language versions). Both companies also offer regular updates on newly enacted legislation. Some Russian legislation can be downloaded from other websites, but care should be taken as the sites are not always up to date.

Substantial information can be found on the official sites of the Russian authorities, most of which can be accessed through www.gov.ru (central page in Russian and English, the websites themselves are mainly in Russian, but some ministries and agencies publish quite extensive information in English as well). An increasingly interesting resource is the Common Government Services Portal (www.gosuslugi.ru, mainly in Russian, but has English, German and French language pages), which is part of the "electronic government concept". Other good sources are www.pravo.ru (private portal) or www.kodeks.ru. Draft laws can be found

on the websites of the State Duma and Federation Council (accessible through www.gov.ru). There is also a public consultation procedure for draft laws and regulatory acts prepared by the Government and its agencies. Information on the drafts can be found on the web portal www.regulation.gov.ru.

Texts of laws in English can also be provided by the Swiss Business Hub Russia upon request and against payment of a fee.

Good sources of general information are:

ASSOCIATION OF EUROPEAN BUSINESSES IN THE RUSSIAN FEDERATION (AEB)
www.aebrus.ru

AMERICAN CHAMBER OF COMMERCE IN RUSSIA (AMCHAM)
www.amcham.ru

Laws and regulations change frequently, often several times within the year. Many changes receive little publicity and are discussed mainly among experts, and most become effective upon publication or soon after publication. Keeping track of changes can be a challenge. Newsletters from big law firms can be a good source of information on changes[1]. Russian legislation is increasingly complex and not always easy to understand and interpret even for professional lawyers.

CUSTOMS

Customs regulations are one of the first and main concerns of companies doing business in the Russian Federation.

For a long time Russia remained the sole major economy in the world outside the World Trade Organization although the application for membership had been lodged in 1993 already. On December 16, 2011 Russia's accession to the WTO was finally approved during the 8th WTO Ministerial Conference, and the ratification law was signed by the Russian President on July 10, 2012. Under WTO rules Russia became a full member thirty days after the notification of the ratification to the WTO. By end 2012 the United States in turn repealed the Jackson-Vanik Amendment to the 1974 Trade Act, thereby granting Russia Permanent Normal Trade Relations status. Extensive information on the WTO accession process (including the Russian language texts of the relevant agreements) is available on www.wto.ru (formerly Information Office on Russia's accession to the World Trade Organization, today WTO Expertise Centre). The first trade disputes within the WTO have been lodged (by the EU and Japan on recycling fees on motor

[1] See the list of experts at: http://expertdirectory.s-ge.com/en/search#!/country/42

vehicles, by the EU on live pigs, pork and pig products, on anti-dumping fees on light commercial vehicles from Germany and Italy and tariff treatment of certain agricultural and manufacturing products, by Ukraine concerning measures affecting the importation of railway equipment and parts thereof and measures concerning traffic in transit and measures concerning the importation and transit of certain Ukrainian products, by Russia against the EU on cost adjustment methodologies and certain anti-dumping measures on imports from Russia, on certain measures relating to the energy sector and on anti-dumping measures on ammonium nitrate and against Ukraine on measures relating to trade in goods and services).

Accession integrates Russia into the world economy. Russia is now a party to the General Agreement on Tariffs and Trade (GATT) and the related multilateral agreements on trade in goods, the General Agreement on Trade in Services (GATS) and the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS). Russia has not joined the WTO Government Procurement Agreement (GPA) (Russia was granted official observer status on May 29, 2013).

WTO membership means that member countries should not discriminate between their own and foreign products, services, trademarks, copyrights and patents (principle of national treatment), nor between their trading partners: Russia must therefore guarantee all WTO members most-favoured nation status. Exceptions are possible only within the framework of free trade agreements, customs union agreements and the Generalized System of Preferences (tariff preferences for developing and least-developed countries). The WTO's objective is reducing barriers to trade and market access. Trade barriers include tariffs (custom duties) and non-tariff restrictions.

Russia's specific commitments on accession are listed in the Protocol on the Accession of the Russian Federation of December 16, 2011 and its Schedules ("Accession Protocol"). Tariff concessions define maximum tariff ceilings for import and export duties effective as from accession and the subsequent progressive reduction of such ceilings to a final legally binding tariff ceiling. According to the WTO this tariff ceiling for all products will be, on average, 7.8% compared with a 2011 average of 10% (10.8% for agricultural products – 13.2% upon accession - and 7.3% for manufactured products – 9.5% upon accession). The following are some examples of tariff reductions:

- Chocolate and chocolate products (including pralines): tariff prior to accession – 20% but not less than 0.6 EUR per kilo; binding tariff ceiling after WTO accession – 0.6 EUR per kilo; in 2013 – 0.52 EUR per kilo; in 2014 – 0.44 EUR per kilo; in 2015 – 0.36 EUR per kilo; as from 2016 – 0.28 EUR per kilo;
- Gruyère, Sbrinz: tariff prior to accession – 15% but not less than 0.6 EUR per kilo; binding tariff ceiling upon WTO accession – 20% but not less than 0.4 EUR per kilo; in 2013 – 18.3% but not less than 0.37 EUR per kilo; in 2014 – 16.7% but not less than 0.33 EUR per kilo; as from 2015 – 15% but not less than 0.3 EUR per kilo;

- Wrist-watches, with case of precious metal, of metal clad with precious metal or of other materials, with automatic winding: tariff prior to WTO accession – 20% but not less than 3 EUR per piece; binding tariff ceiling upon WTO accession – 20%; in 2013 – 15.7%; in 2014 – 11.3%; as from 2015 – 7%.

Russia is required to bring all non-tariff restrictions (import licenses, quotas, import bans, technical standards, sanitary and phytosanitary measures, etc.) into compliance with WTO principles. Restrictions not consistent with WTO principles are no longer allowed. Under the Accession Protocol industrial subsidies distorting trade must be eliminated completely, agricultural subsidies reduced from 9 billion USD in 2012 to 4.4 billion USD in 2018. Prices for energy must be based on normal commercial considerations, with regulated prices applying only to households and non-commercial users.

Russia has further taken commitments in relation to the market access for services (including cross-border services) in 11 services sectors. The Accession Protocol lists the limitations on market access and national treatment which remain possible. In many cases, for instance, a commercial presence in Russia for the provision of services must take the form of a company organized under Russian law. Branches of foreign banks are not permitted, branches of insurance companies must be allowed only nine years after accession. The overall foreign capital participation in the banking sector remains limited, the 49% foreign equity limitation for specified companies in the telecommunications sector should have been eliminated not later than four years after accession. Russia's trade concessions further include some horizontal commitments (e.g. treatment of foreign employees); however, important horizontal restrictions (e.g. prohibition of foreign land ownership or restrictions on participation of foreign companies in privatisation) will remain possible.

Russia signed an Agreement on Partnership and Cooperation (PCA) with the European Union. The initial ten-year term of the PCA expired in 2007, but the agreement has been automatically renewed year by year ever since and remains the legal basis for EU-Russia relations. Negotiations for a new and more comprehensive framework agreement for relations between Russia and European Union member countries (so-called Partnership for Modernisation) have been launched. However, these negotiations have been stalled due to the Ukraine crisis, and the European Union has suspended most cooperation programs. Targeted measures have been taken against Russia, and a trade and investment ban has been imposed for Crimea and Sevastopol. Switzerland did not implement the measures taken by the European Union, but the Swiss Federal Government adopted regulations which are mandatory for Swiss businesses and intended to prevent the avoidance of the restrictions imposed by the European Union on trade with Russia through Swiss territory. Please refer to the official website of the SECO for the rules and any updates thereof (https://www.seco.admin.ch/seco/de/home/Aussenwirtschaftspolitik_Wirtschaftliche_Zusammenarbeit/Wirtschaftsbeziehungen/exportkontrollen-und-sanktionen/sanktionen-

embargos/sanktionsmassnahmen/massnahmen-zur-vermeidung-der-umgehung-internationaler-sanktione.html.

Starting in December 2010 the European Free Trade Association (EFTA) – Switzerland, Iceland, Norway and Liechtenstein - and the Customs Union – the Russian Federation, Kazakhstan and Belarus – held eleven negotiation rounds on a free trade agreement (the last in January 2014). These negotiations are currently suspended. EFTA has concluded 27 free trade agreements covering 38 countries including, for instance, Ukraine. Such agreements normally grant total elimination of import duties for industrial products and processed agricultural products, contain provisions on the liberalisation of trade in services and of investments, commitments for access to government procurement markets and other measures to facilitate trade.

The Russian Federation further seeks full membership in the OECD (negotiations also currently on hold) and strives to enhance its role in other international forums (G20, BRIC countries, Shanghai Cooperation Organization, etc.).

In 1995 Russia signed a treaty on a customs union with Belarus, later joined by Kazakhstan, Kyrgyzstan and Tajikistan. In 2000 the union was transformed into the Eurasian Economic Community (EurAsEc or EAEC, www.evrazes.com). Uzbekistan joined EurAsEc in 2006, but suspended its membership by the end of 2008. Ukraine, Moldova and Armenia have observer status. In October 2007 the EurAsEc Interstate Council resolved to form the Customs Union initially between Russia, Belarus and Kazakhstan. Considerable progress was achieved in the course of 2010 and 2011: the Customs Code of the Customs Union entered into force on July 6, 2010 and customs control at the borders between the three States was abolished from July 1, 2011 (with some exceptions). Implementing legislation of the Customs Union was issued by the Customs Union Commission (CUC), renamed Eurasian Economic Commission (EEC) in 2012.

In December 2009 Russia, Belarus and Kazakhstan approved an action plan for the further development of the Customs Union into a common market – the Common Economic Space (CES). Twenty international treaties harmonizing the economic legislation of the three countries including in areas such as migration, trade in services, transfer of capital, competition, government purchases, industry subsidies, agriculture, technical regulations and intellectual property became effective on January 1, 2012. On May 29, 2014 the three countries signed the Agreement on the Eurasian Economic Union (EAEU), which became effective on January 1, 2015, Armenia joined the EAEU with effect from January 2, 2015, Kyrgyzstan signed an Accession Agreement on December 23, 2014, which is in effect since August 12, 2015. The EAEU is modelled on the European Union. Strategically the Eurasian Economic Union replaces the still existent Commonwealth of Independent States (CIS), which includes all former Soviet republics except the Baltic States and Georgia (the latter left the CIS in 2009), in the endeavour to reintegrate the economies of former

Soviet Republics, the CIS being reduced to a more political role. The failure to integrate Ukraine into the EAEU appears to have been a major cause for the current situation in Ukraine. Under the EAEU Agreement the Eurasian Economic Commission (EEC) has been delegated the authority to enact implementing legislation in various areas. Such legislation is published on the EEC's official websites (http://eec.eaeunion.org/en/Pages/default.aspx and https://docs.eaeunion.org/ru-ru).

Customs regulations of the EAEU countries have undergone a harmonization process. The Customs Code of the Customs Union replaced the Customs Code of the Russian Federation as from July 2010. A new Federal Law "On Customs Regulation in the Russian Federation" of November 27, 2010 implemented the Customs Code of the Customs Union in the Russian Federation. As from January 1, 2010 the classification system used by the Russian Federation ("Nomenclature of Goods of Foreign Trade Activity" or TNVED/ТНВЭД) was substituted by the Nomenclature of Goods of Foreign Trade Activity of the Customs Union (today the Nomenclature of Goods of Foreign Trade Activity of the Eurasian Economic Union), a system using ten-digit numbers and ultimately based on the Harmonized Commodity Description and Coding System (HS) of tariff nomenclature of the World Customs Organization. Simultaneously, the Customs Union introduced a Unified Customs Tariff (revised versions of the TNVED and customs tariff were enacted by resolution of the EEC of July 16, 2012). Customs preferences (e.g. for developing countries) and non-tariff measures (import-export licenses, quotas, etc.) have been harmonized to a considerable extent. A new Customs Code of the EAEU has been approved in draft form in 2016 and became effective as of 1 January 2018. Pursuant to an amendment to the Federal Law "On Customs Regulation in the Russian Federation" such law continues to apply to the extent it does not contradict the Customs Code. In the latter case the Federal Customs Service can approve the necessary implementing legislation. The EAEU countries will eventually apply tariff and non-tariff regulations only in their trade with third countries.

Goods must be declared upon import from a third country to the EAEU in accordance with the customs procedure selected (e.g. import for internal consumption, temporary admission, etc.). Until all relevant economic legislation (e.g. currency control regulations) within the EAEU will have been harmonized, goods will continue to be declared to Customs of the country where the importer has its domicile (e.g. to Russian Customs if the importer is a Russian company). Consequently only a Russian company can declare goods for import to Russia. Foreign companies (including their branches and representative offices) can declare goods only in a limited number of cases, but not for general trading purposes. As a rule the goods are declared by the importer or a customs broker (also termed "customs representative"). When the goods cross the border of the EAEU by road the carrier submits to the border authorities basic documentation on the goods, and the goods then follow under customs control (in domestic transit) to the customs terminal at the point of destination where they are cleared through Customs. Today, most Customs terminals are located on the boundaries of the big cities at major crossroads and not near the borders.

The export and import of goods from or to Russia is, as a rule, subject to the payment of customs duty. The Customs Union uses three types of tariffs: the ad valorem tariff (fixed percentage of the value of the goods), specific tariffs (a specific amount of money per unit) and combined tariffs. Ad valorem tariffs generally range between 5% and 20%, but there are also higher tariffs. Tariffs are set for each class of goods based on the Nomenclature of Goods of Foreign Trade Activity and are calculated based on the customs value of the goods.

Imports are further subject to VAT (0%, 10% or 18%). Certain goods such as alcoholic beverages are subject to excise tax. A customs processing fee (customs clearance, transport, storage) must also be paid. Customs duty, VAT, excise tax and customs processing fee are collectively referred to as customs payments. Normally customs payments are collected by Customs. However, if the import is not subject to customs control (i.e. within the EAEU), VAT is levied in accordance with Annex 18 to the EAEU Agreement (normally by the tax authority of the country of the importer), and a special VAT declaration must be filed upon the import of goods from a EAEU country.

The list of documents required for customs clearance can be impressive (see, in particular, Article 108 of the Customs Code of the EAEU) and their correct preparation requires experience. These documents should confirm that the statements (data) in the customs declaration. Under the Customs Code of the EAEU it is now sufficient that the importer hold these documents for inspection by the Customs if needed, they do no longer need to be submitted automatically for the purposes of the customs clearance.

The main documents are the following:

1. Documents on the Importer:

The importer must register with Customs by submitting the documents confirming its legal status (certificate of registration, tax certificate, articles of association, etc.) when filing the first customs declaration. Registration is required only once.

2. Customs Declaration:

The customs declaration (декларация на товары or ДТ, formerly ГТД) is used to declare the goods to Customs and contains basic information on the goods (description, weight, number of units, etc.), the customs procedure selected, the importer, consignor and consignee, the class (as per the nomenclature of goods) and the customs value of the goods, their country of origin and the carrier. Since January 1, 2011 the same format is used in all EAEU countries. The declaration can be filed in paper or electronic form.

3. Declaration of Customs Value:

The declaration of the customs value (ДТС) is integral part of the customs declaration and confirms the value of the goods, which serves as basis for the calculation of customs payments. There exist various methods to calculate the customs value (including for the case where the exporter and importer are associated entities), and Customs can request additional documentation depending on the method used. The customs value includes the cost of transport and other costs related to the import.

The same format is used within the Customs Union since January 1, 2011, and the Customs Code of the EAEU Resolution of the Commission of the Customs Union No. 376 of September 20, 2010, Federal Law "On Customs Regulation in the Russian Federation", etc. define how the customs value must be calculated by the importer and in which cases the value can be adjusted by Customs.

4. Transport Documents:

These depend on the type of transport (road, rail, air, sea): bill of lading, FIATA bill of lading (combined transport bill of lading), railway bill, airway bill, truck waybill (CMR).

5. Commercial Documents:

The commercial documents (contract, commercial invoice, pro forma invoice, insurance certificate, etc.) are important for the calculation of the customs value.

6. Certificate of Origin:

A certificate or declaration of origin is required to benefit from preferential customs tariffs or in other cases where the origin of the products has significance for the calculation of customs payments, the application of non-tariff measures or measures to protect the domestic market, technical regulations, sanitary, veterinary or phytosanitary measures or otherwise. Certificates of origin are issued by special institutions in the country of the manufacturer.

7. Certificate/Declaration of Conformity, Import License, etc.:

Import restrictions include non-tariff restrictions (quotas, import licences), restrictions based on national interests (gold, silver, cultural values, military goods, etc.) or international treaties (e.g. protection of rare species), special restrictions on foreign trade (e.g. antidumping measures, embargoes), technical trade barriers (technical standards) and other safety requirements (sanitary, phytosanitary, epidemiological, veterinary, radiation, etc.). In many cases the importer needs documents confirming that the goods are admitted for import into the territory of the EAEU, respectively the Russian Federation (see, in particular, Resolution of the EEC Board No. 294 of December 25, 2012 "On the Regulation on Import Procedures to

the Customs Union Customs Territory of Products (Goods) Subject to Compulsory Requirements Within the Frame of the Customs Union" for confirmation of conformity to technical standards). For further information see below sections on "Import and Export Regulations", "Technical Standards" and "Sanitary and Phytosanitary Measures".

8. Deal (Transaction) Passport:

The deal or transaction passport is a document issued by the Russian bank of the importer and required under Russian exchange control regulations. Transaction passports are used to monitor cross-border payments.

9. Sales Contract:

Until 2013, foreign trade contracts (contracts for the cross border delivery of goods or services) were considered void unless in writing. The written form is still required for contracts with Russian companies although failure to respect the written form no longer causes the contract to be null. In practice, a written contract will in most cases be used. It is common usage to use two-column bilingual versions. If there is no Russian language version authorities normally require a translation.

Certain goods (e.g. goods subject to excise tax, goods containing precious metals or precious stones) can be cleared only through specific customs terminals. This is, in particular, the case for goods imported based on ATA Carnets. Russia is a party to the 1961 Customs Convention on the ATA Carnet for the temporary admission of goods (ATA Convention) and of the 1990 Istanbul Convention on Temporary Admission. ATA Carnets can be used for the goods listed in Annexes B.1, B.2, B.3, B.5 and with some reserves B.6 to the Istanbul Convention (goods for display or use at exhibitions, fairs, meetings or similar events; professional equipment; containers, pallets, packing, samples or other goods imported in connection with a commercial operation; goods imported for educational, scientific or cultural purposes, goods for sport events). The ATA Carnet must comply with the provisions of Annex A to the Istanbul Convention. Temporary admission of the goods is granted with full conditional relief from import duties and taxes and without application of non-tariff measures (restrictions and prohibitions apply, however). The customs terminals habilitated to accept ATA Carnets are currently listed in an Annex to Order of the Ministry of Finance No. 16n of January 31, 2017. There are such customs terminals, in particular, at the main Moscow airports (Sheremetyevo, Domodedovo and Vnukovo). The ATA Carnet takes the place of the customs declaration. It must be drafted in the English, French or Russian language, and Customs can require the general list of goods to be translated into Russian. Further details can be found in the "Methodological Recommendations" approved by Order of the Federal Customs Service No. 2675 of December 28, 2012. Persons using ATA Carnets should have experience in doing so.

Customs law further regulates the conduct of audits by Customs after customs clearance of the goods. Documents must be retained at least five years after the goods have been cleared through customs and have been released from customs surveillance.

Substantial information can be found on the official site of the Federal Customs Service of the Russian Federation (www.customs.ru), which contains a quite extensive section in English.

IMPORT AND EXPORT REGULATIONS

Russia uses the classical instruments (licenses, quotas, exclusive import rights, export control of armaments, weapons and dual-use products, etc.) to control or restrict imports and exports. These instruments are regulated by the EAEU Agreement, in particular its Annexes 7 to 12, resolutions of the Eurasian Economic Commission and, at the national level, by federal law (in particular, Federal Law No. 164 of December 8, 2003 “On Principles of State Regulation of Foreign Trade Activity”). Import and export restrictions do normally not apply to trade between members of the EAEU, and trade restrictions (except provisional measures) should be approved and applied by all five countries jointly (normally through the Eurasian Economic Commission). After Russia’s accession to the WTO these restrictions must comply with WTO rules.

A common list of goods prohibited or restricted for import to the EAEU is attached to the Resolutions of the EEC No. 134 of August 16, 2012 and No. 30 of April 21, 2015. The following products are prohibited for import: certain types of products responsible for the depletion of the ozone layer, certain types of hazardous waste, of printed and audio-visual material (pornography, etc.), certain pesticides, weapons, munitions and their components, fishing equipment, furs and babies of Greenland seals and live sables.

The following products are restricted for import to or export from the EAEU:

(1) compounds responsible for the depletion of the ozone layer not prohibited for import (import and export licenses or authorizations, cf. Montreal Protocol on Substances that Deplete the Ozone Layer);
(2) pesticides except those prohibited for import (product registration, import license or authorization);
(3) hazardous waste except waste prohibited for import (import and export license or authorization, cf. Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal);
(4) mineralogical and paleontological collections (export license or authorization);
(5) wild-growing medical plants (export license or authorization);
(6) certain species of wild animals and wild-growing plants (export license or authorization);
(7) endangered species of wild fauna and flora (import and export in conformity with the Convention on International Trade in Endangered Species or CITES);

(8) endangered species of wild fauna and flora protected by national laws of Russia, Belarus, Kazakhstan, Armenia and Kyrgyzstan (export licences or authorizations);
(9) precious metals and precious stones (hallmark/assay control and identification, export licenses, etc.);
(10) minerals (export license);
(11) narcotics, psychotropic substances and their precursors (import and export licenses);
(12) toxic substances (import license or authorization);
(13) medicines and pharmaceutical substances (normally only products included in the State Register of Medicines can be imported; in Russia the certificate of registration is issued under Federal Law No. 61 of April 12, 2010 “On the Circulation of Medicines” by the Ministry of Healthcare; since January 1, 2012 no import license is required; the trade of medicines is regulated by an international agreement of the EAEU as of February 12, 2016; the Resolution of the EEC Council No. 78 of November 3, 2016 provides for the future registration of medicines at the EAEU level);
(14) radio-electronic (high-frequency) equipment (import license or authorization unless the product is included in the common register of the EAEU of radio-electronic and high-frequency equipment);
(15) eavesdropping devices and covert information gathering tools (import license or authorization);
(16) encryption devices (import and export license or authorization unless the product is included in the common register of the EAEU of notifications);
(17) cultural values (export license or authorization, cf. also UNESCO Convention on the Means of Prohibiting and Preventing the Illicit Import, Export and Transfer of Ownership of Cultural Property);
(18) human organs, tissue and blood (import and export license or authorization);
(19) service and civil weapons (import and export authorization);
(20) information on subsoil resources (export license);
(21) ferrous metals, copper, nickel, aluminium from Belarus (quantitative restrictions on imports and exports);
(22) crude and refined oil, mineral and chemical fertilizers from Belarus, raw cane sugar for import to Kazakhstan (export, respectively import authorization);
(23) natural gas from Russia; fertilizers from Belarus (exclusive export rights);
(24) alcohol products, tobacco and tobacco products, certain fish and seafood products for import to Belarus (exclusive import rights);
(25) certain types of spruce and pine timber from Russia (tariff-rate quotas).

In most cases import or export licenses are granted at the national level (in Russia most licenses are granted by the Ministry of Industry and Trade - Minpromtorg). The indications above are summary, exceptions can exist for certain types of products, import or export by individuals for non-commercial use or imports for a specific purpose (e.g. unregistered medical substances for clinical testing).

Foreign goods enjoy national treatment, which means that they are subject to the same safety requirements (pharmacological, sanitary, phytosanitary, veterinary, ecological and other) and technical standards (see below sections on “Technical Standards” and “Sanitary and Phytosanitary Measures”) as those which apply

to analogous goods of Russian origin. The EAEU introduced the concept of “EAEU Goods” meaning that conformity with applicable technical standards and safety regulations will eventually be confirmed by procedures and documents valid for the entire EAEU (common certificate/declaration of conformity, etc.) based on the relevant harmonized safety requirements and technical regulations of the EAEU in order to guarantee that products imported to or manufactured in the EAEU can be imported to and sold in any of the EAEU countries without restrictions. Under customs law goods, once imported to a EAEU country, can be moved to another EAEU country without restrictions. This means, for instance, that goods imported to Russia can also be sold in Belarus, Kazakhstan, Kyrgyzstan or Armenia.

EAEU regulations on import or export restrictions, technical standards, sanitary and phytosanitary measures are progressively incorporated into national law, respectively national law amended and brought into compliance with EAEU regulations, but this process occurs with some delay and inconsistencies. As a result import regulations tend to be complex. Professional advice should therefore be sought from customs specialists and/or companies specialized in product certification.

CURRENCY REGULATIONS

The basic principles are defined in Federal Law No. 173 of December 10, 2003 “On Currency Regulation and Exchange Control” (last amendments December 29, 2017). Legal tender is the Russian ruble (RUB).

Today practically all restrictions on cross-border transactions and payments (transactions/payments between non-residents and residents) have been abolished. Restrictions on payment terms of export or import contracts (maximum period of time between payment and customs clearance of goods) have disappeared. The mandatory sale of foreign currency proceeds from the export of goods, services and intellectual property was abolished in May 2006. Today Russian corporations and individuals can maintain accounts in banks outside of Russia.

It is the declared intention of the Russian authorities to achieve full ruble convertibility. To date it is already possible to open ruble accounts with banks outside of Russia, and it is legally possible to trade the ruble abroad.

Currency regulations have been reduced essentially to provisions permitting the authorities to monitor and control cross-border transfers of money (e.g. deal or transaction passports, etc.). However, these regulations are still important, represent an administrative burden and tend to make international payments slower than in Switzerland. In general banking procedures (including eBanking) tend to be more complicated (e.g. no IBAN codes, etc.). The same applies with respect to the practical implementation of the legislation against money laundering and terrorist financing. Banks sometimes refuse or complicate transfers on very formal grounds (e.g. request amendments to contractual documentation).

As a general rule Russian legal entities are still required to repatriate their proceeds from the export of goods and services to their Russian bank accounts. Failure to do so can entail fines and criminal liability.

The use of foreign currency is restricted in transactions between residents - individuals resident in Russia and/or companies incorporated in Russia (except banks authorized for currency operations). Most domestic payments must be made in rubles. It is, however, possible to set prices in foreign currency or so-called conventional units provided payment is made in rubles. Since July 1, 2007 prices in advertising must be indicated in rubles (the price in foreign currency may still be mentioned alongside the ruble price). Consumer protection law contains the same requirement. In cases where the exchange rate is not contractually defined as well as for tax and accounting records the exchange rate is defined by reference to the rates quoted by the Central Bank on a daily basis (see www.cbr.ru).

Both Russian and foreign citizens can take an unlimited amount of money (cash or traveller cheques in foreign currency and/or rubles) into or out of Russia, respectively the EAEU. However, if the amount exceeds 10,000 USD (or the equivalent thereof in other currencies including rubles, in Russia as per the rate quoted by the Central Bank of Russia), it must be declared to Customs (red channel). The new format of the customs declaration, which is mandatory since January 1, 2011, includes information on the origin, ownership and intended use of the cash if cash is taken from or to Russia in excess of 10,000 USD. Instruments other than traveller cheques (bank cheques, securities, etc.) must be declared regardless of the amount.

Travellers are advised to take these restrictions seriously as sanctions are rather severe.

REGISTRATION PROCEDURE FOR PRODUCTS, SANITARY, PHYTOSANITARY AND VETERINARY MEASURES

According to the WTO definition sanitary and phytosanitary (SPS) measures are measures to protect human, animal or plant life or health from risks arising from diseases carried by animals, plants or products obtained from animals or plants, etc. and from risks arising from additives, contaminants, toxins or disease-carrying organisms in foods, beverages and feedstuffs. SPS measures can include production methods, testing, inspection, product registration, certification and approval procedures, quarantine treatments, packaging and labelling requirements related to food safety, etc. In Russia other terms are also used to designate SPS measures (veterinary, epidemiological, quarantine, etc.).

Product registration means that a specific product must be registered before it can be imported to or manufactured in Russia, respectively the EAEU (the common register of registration certificates of the EAEU can be accessed through http://eec.eaeunion.org/ru/act/texnreg/Pages/default.aspx, Section

“Department for Sanitary, Phytosanitary and Veterinary Measures”). Registration is required for new or modified products (only upon first import). Registration includes product testing. Under Federal Law No. 29 of January 2, 2000 “On the Quality and Safety of Food Products” the registration certificate is issued in Russia by the Federal Service for Surveillance of Customer Rights Protection and Human Wellbeing (Rospotrebnadzor). This certificate replaces the former Sanitary-Epidemiological Conclusion Certificate (also known as hygienic certificate). The certificate can be applied for by the foreign manufacturer or the local importer (distributor) or their authorized representative.

Sanitary measures are regulated by Annex 12 to the EAEU Agreement, applicable technical regulations and the Decision of the Customs Union Commission No. 299 of May 28, 2010. The latter defines the list of products subject to sanitary control (“controlled products”), common sanitary-epidemiological and hygienic requirements for these products, the form of the certificates confirming product safety (the certificate will be regulated, as of 1 June 2019, by Decision No. 80 of 30 June 2017) and regulates the sanitary control of persons and vehicles at the borders and within the EAEU. The controlled products include foodstuffs, goods for children, perfumery and cosmetic products, household chemicals, products in contact with the skin (clothes, shoes, etc.), tobacco products, pesticides, etc. (the controlled products are defined by reference to the Nomenclature of Goods of Foreign Trade Activity). In some cases, product registration is required; in the other cases the Decision No. 299 contains the specific requirements for controlled products, e.g. defines maximum levels of certain substances (metals, hormones, antibiotics, pesticides, biologically active additives, etc.). These requirements will be progressively replaced by technical regulations applicable to the relevant products at the EAEU level. Finally, Decision No. 299 contains a list of exempted products (advertising samples, cosmetic accessories, second hand clothing, duty free products, humanitarian aid, etc.).

In many cases conformity of the products with sanitary standards must be confirmed by a declaration of conformity (see below section on technical regulations). Sanitary inspections are possible at the border or within the country, e.g. if the responsible government authority has reasons to suspect that the products are not in conformity with sanitary requirements or originate from regions affected by plant or animal diseases.

Veterinary measures are regulated by Annex 12 of the EAEU Agreement, technical regulations and the Decision of the Customs Union Commission No. 317 of June 18, 2010. The latter defines the list of products subject to veterinary control (“controlled products”), common veterinary requirements for these products, the form of the veterinary certificates confirming product safety and regulates the veterinary control of persons and vehicles at the borders and within the EAEU. The controlled products include live animals, meat, fish, seafood, milk and milk products (cheese, etc.), eggs, honey and other products of animal origin. Imports are authorized on the basis of an import authorization and of a veterinary certificate of the country of origin. Import authorizations are delivered to suppliers included in the register of companies from third countries. These registers can be accessed through

http://eec.eaeunion.org/en/Pages/default.aspx or the website of the competent Russian authority, Rosselkhoznadzor, the Federal Service for Veterinary and Phytosanitary Surveillance (www.fsvps.ru). Suppliers are included in the register following an inspection of their production site by representatives of Rosselkhoznadzor. The products are further subject to a veterinary inspection at the Russian border. In case of outbreaks of epidemics or diseases in the relevant country of origin authorizations can be suspended. The website of Rosselkhoznadzor contains detailed per country information on the import-export situation (for Switzerland http://www.fsvps.ru/fsvps/importExport/switzerland/index.html?_language=en).

Quarantine measures are regulated by Annex 12 of the EAEU Agreement and the Decision of the Customs Union Commission No. 318 of June 18, 2010. The latter contains a list of products subject to quarantine measures and defines the applicable procedures. The safety of products representing a high phytosanitary risk must be confirmed by a phytosanitary certificate issued in conformity with the International Plant Protection Convention of the Food and Agriculture Organization of the United Nations.

PRODUCT DOCUMENTATION, LABELLING REGULATIONS AND CONSUMER PROTECTION

Products imported to Russia, in particular consumer products, must be accompanied by specific documentation (e.g. user and warranty manuals, technical passports, safety warnings, etc.), marked and labelled in accordance with local regulations. As a rule, all documentation and labels must be in the Russian language. The Law No. 2300-I of February 7, 1992 “On the Protection of the Rights of Consumers” defines extensive information rights for consumers. Product information must include, in particular:

- the applicable technical regulation or standards and a reference to the confirmation of conformity with such regulation or standard including the issuer, number and validity of the certificate or declaration of conformity (where applicable);
- the main consumer characteristics (for food products ingredients, additives, GMOs, nutritional value, conditions of use and storage, weight, manufacturing place and date, etc.);
- the price in RUB and other purchase conditions;
- the warranty period or shelf-life (where applicable);
- information on energy efficiency (where applicable);
- the name and address of the manufacturer or importer.

Documentation and labelling requirements are further specified in the applicable technical standards, technical regulations and other documents (including, for instance, Decision of the Customs Union Commission No. 299 on sanitary measures).

Products subject to compulsory confirmation of conformity (product certification) must be marked by the relevant Sign or Mark of Conformity. The most widely known is the GOST R Sign or Mark of Conformity within the GOST R certification system. A slightly different Sign or Mark of Conformity is used to confirm conformity with approved technical regulations. At the level of the Common Economic Space the EAC Sign or Mark of Conformity is used to confirm compliance with CES technical regulations (a specific EAEU Sign or Mark of Conformity does not yet exist). Voluntary certification systems can register their own mark of conformity (there is, for instance, a GOST R Mark or Sign of Conformity for voluntary certification).

If a product is subject to compulsory product certification, product registration or other forms of government authorization it can not be sold or advertised if it has not been so certified, registered or authorized.

PRODUCT LIABILITY AND CONSUMER PROTECTION

Product liability – the manufacturer's liability for damage caused by defects of goods or services - covers the relations between the manufacturer and the end user of products or services in the situation where manufacturer and end user are not bound by a contract. Under Russian private international law the person having suffered the damage can choose, when filing a legal action, between (i) the law of the domicile of the manufacturer or seller of the goods; (ii) the law of his own domicile or place of business; (iii) the law of the country where the goods or services were delivered unless (for ii. and iii.) the manufacturer proves that he did and could not foresee that the goods would be delivered to such country. Russian courts have jurisdiction whenever the damage occurred in Russia. Foreign exporters must therefore assume that product liability claims governed by Russian law can be filed against them with a Russian court (even though, pursuant to Article 149 of the Swiss Private International Law Statute, the ruling of the Russian court would be recognized in Switzerland only if the exporter accepted the order for the product, or offered, respectively advertised the product in Russia).

The provisions of the Civil Code on product liability apply mainly if the goods or services were purchased for an individual's personal use, i.e. for consumer and not for commercial purposes. Product liability covers damage to life, health or property caused by defects of the goods or services or inaccurate or insufficient product information. The person suffering the damage can sue either the seller or the manufacturer. Claims must be submitted within the shelf life or operating life (life-span) of the product if the manufacturer or seller defined the period during which the product can be consumed or used; in all other cases the period of limitations is ten years from the manufacturing date. No period of limitations applies if the life-span of the product was not defined in breach of applicable regulations or if the manufacturer, respectively seller did not provide the consumer with correct and complete information about the product, in particular did not warn the consumer how to dispose of the product upon expiry of its life-span. The manufacturer and seller are not liable if they can prove that the damage is due to circumstances of force majeure (according to consumer protection law damage caused by the use of materials or equipment in manufacturing a product

must be compensated even if such material or equipment was not known to be harmful at the time of manufacturing) or to the fact that the consumer did not respect the rules for the use and storage of the product. Apart from compensation of their financial damage consumers may claim compensation for non-pecuniary damage (moral tort).

The Law “On the Protection of Consumers’ Rights” grants the consumer additional rights. Under said law product liability and warranty claims can be filed by consumers (individuals) against the retail seller, the importer, the manufacturer or the agent appointed by the manufacturer or importer (distributor) to deal with such claims. Consumers can demand, in particular, replacement of the defective product, a reduction of the price, the elimination of defects, compensation of their expenses to have defects eliminated and/or damages. They can also return the product and demand reimbursement of the price. Under the law manufacturers or sellers define the shelf life (perishable goods such as food, cosmetics, etc.) or a warranty period (other goods). Claims must be submitted during the shelf life or warranty period or, if none was defined, during two years following the delivery of the product to the consumer. If the warranty period is less than two years, claims can still be submitted if the consumer proves that the defect existed upon delivery. Even after the expiry of two years the consumer can demand the elimination of essential defects if he proves that they existed upon delivery. The period of limitation for such claims is ten years or, if the life-span of the product was defined, equal to the life-span of the product. The law sets rather severe deadlines for dealing with consumer claims. If such deadlines are not complied with, the consumer can demand payment of a fine equal to 1% of the product price per day of delay.

Similar rules are set by the provisions of the Civil Code on retail sales contracts with consumers (individuals). Most of these provisions are mandatory, i.e. apply even if the parties agreed otherwise in their contract. However, unlike the consumer protection law the provisions on the retail sale contract apply only between the contractual parties (consumer and retail seller).

STANDARDS, TECHNICAL RULES

Technical regulations still represent a major barrier for trade with Russia. While it is the declared political intention to bring national standards into line with international standards unless climatic, geographical or technological particularities require differently Russian national standards and verification procedures in many cases still diverge from other national, regional or international standards (e.g. ISO standards) and, as a rule, foreign (EU, U.S., etc.) certificates are not accepted in Russia although they can facilitate the national approval of the product (officially 70% of Russian standards are said to be in line with international practice). It is therefore important to ensure that products are properly approved before selling to the Russian Federation. The absence of the necessary approval can lead to delivery delays and contractual liability of the exporter. Product conformity to compulsory standards and other mandatory requirements is controlled by Customs upon import, but also within Russian territory when the product is sold or used, for

instance in construction. Product conformity must be guaranteed, in particular, under consumer protection laws (see preceding sections). Goods which do not comply with compulsory standards and mandatory requirements can not be placed in the Russian market. Moreover, under the Russian Civil Code a commercial seller guarantees the conformity of goods to mandatory requirements. Non-conformity is considered a defect giving rise to warranty claims. This applies in particular, but not only, to retail sales (Law “On the Protection of the Rights of Consumers”).

The Federal Agency on Technical Regulation and Metrology (Rosstandart, www.gost.ru, until mid-2010 known as Rostekhregulirovaniye, formerly Gosstandart), an agency of the Ministry of Industry and Trade, manages the national certification system (including the GOST R system), which comprises certification bodies and test laboratories (the registers of certification bodies and test laboratories accredited to issue national and/or EAEU certificates can be accessed at the national level through www.fsa.gov.ru and at the EAEU level through http://www.eurasiancommission.org (Section “Department for Technical Regulation and Accreditation”). Historically GOST R standards are based on GOST standards, which were originally developed by the Soviet Government. Today GOST standards are the official standards of the Euroasian Interstate Council for Standardization, Metrology and Certification of the Commonwealth of Independent States (EASC, www.easc.org.by), headquartered in Minsk, which is recognized by ISO (International Organization for Standardization) as a regional standards organization for the CIS. Russia has mandatory (mainly the GOST R system) and voluntary certification systems (list published on www.gost.ru). Special standards exist in the building industry (formerly called SNiPs) and some other areas. There are also sanitary and hygienic standards (SanPINs, which are administered by Rospotrebnadzor) and other product requirements which must be taken into account (e.g. approval for telecom equipment and devices by Rossvyaz, Pattern Approval Certificate for measuring instruments cf. Federal Law No. 102 of June 26, 2008 “On Ensuring Uniformity of Measurements”).

The Federal Law No. 184 of December 27, 2002 "On Technical Regulation" was meant to streamline and overhaul national standards and to ensure the passage from a mandatory certification system to a modern system based on self-declaration. Full implementation of the law, originally planned for 2011, would mean, in particular, that all GOST R and other national standards (see www.gost.ru for the publication of standards) have been replaced by, respectively integrated in published technical regulations. Technical regulations will also clearly define the form and procedure of product verification. As a rule, technical regulations are approved for a specific category of product or specific categories of products by the Government or Rosstandart (initially a federal law was required). The implementation of Federal Law No. 184 became more complex with the creation of the Customs Union and the necessity to harmonize technical regulations at the supranational level (today at the level of the EAEU).

As per end of 2017 the following technical regulations (published on www.gost.ru) have been approved at the national level (Russian Federation):

- buildings and constructions;
- tobacco (replaced by EUEA technical regulations as of 15 May 2016);
- fire safety equipment (effective until 1 January 2020);
- blood, blood products and substitutes and equipment for blood transfusions;
- gas distribution and consumer networks;
- chemical products (effective as of 1 July 2021);
- maritime transport;
- river and lake transport;
- fish and fish products (replaced by EUEA Technical Regulations as of 1 September 2017), pesticides, animal fodder, household cleaning products, paint, coatings and solvents (see Government Resolution No. 132 of March 9, 2010 on the partial application of technical regulations enacted by Kazakhstan).

The following technical regulations have been approved at the EAEU level (based on national, regional and/or international standards):

- lifts (in force as from February 15, 2013);
- machinery and equipment (in force as from February 15, 2013);
- wheeled vehicles (in force as from January 1, 2015);
- production of light industry (in force as from July 1, 2012);
- furniture (in force as from July 1, 2014);
- food (in force as from July 1, 2013);
- food labelling (in force as from July 1, 2013);
- packaging safety (in force as from July 1, 2012);
- fruit and vegetable juices (in force as from July 1, 2013);
- grain (in force as from July 1, 2013);
- products for children and teenagers (in force as from July 1, 2012);
- toys (in force as from July 1, 2012);
- perfumes and cosmetics (in force as from July 1, 2012);
- butter and fats (in force as from July 1, 2013);
- specialized food including clinical and dietary (in force as from July 1, 2013);
- food additives, flavourings and technological aids (in force as from July 1, 2013);
- milk and diary products (in force as from May 1, 2014);
- meat and meat products (in force as from May 1, 2014);
- small vessels (in force as from February 1, 2014);
- railway cars (in force as from August 2, 2014);
- high speed trains (in force as from August 2, 2014);
- railway infrastructure (in force as from August 2, 2014);
- automobile roads (in force as from February 15, 2015);

- fuel (in force as from December 31, 2012);
- lubricants (in force as from March 1, 2014);
- pyrotechnical products (in force as from February 15, 2012);
- explosives (in force as from July 1, 2014);
- equipment for work in explosive environments (in force as from February 15, 2013);
- devices working on gas-like fuel (in force as from February 15, 2013);
- personal protective equipment (in force as from June 1, 2012);
- electromagnetic compatibility of technical appliances (in force as from February 15, 2013);
- low voltage equipment (in force as from February 15, 2013);
- equipment working under excessive pressure (in force as from February 1, 2014);
- agricultural and forestry tractors (in force since February 15, 2015);
- tobacco products (will enter into force as from May 15, 2016);
- liquefied hydrocarbonic gases for their use as fuel (will enter into force on January 1, 2018);
- dangerous substances in electro- and radio-technical devices (will enter into force on 1 March 2018);
- amusement rides (will enter into force on 18 April 2018);
- mineral fertilizers (will enter into force at the earliest on 30 May 2018);
- fish and fish products (in force as from 1 September 2017);
- equipment for children's playgrounds (will enter into force on 17 November 2019);
- chemical products (will enter into force on 2 June 2021);
- fire safety equipment and fire extinguishers (will enter into force on 1 January 2020);
- packaged drinking water including natural mineral water (will enter into force on 1 January 2019);
- oil prepared for transportation and/or use (will enter into force on 1 July 2019).

Other important technical regulations of the EAEU (poultry, alcoholic beverages, animal fodder, energy efficiency of electrical appliances, buildings and building material, coal, products in contact with skin, products for emergency situations and civil defense, natural gas prepared for transportation and/or use, pipelines for hydrocarbons, high voltage equipment, metro cars, tramways and others) exist in draft form and/or are in preparation. Technical regulations of the EAEU are approved by resolution of the Eurasian Economic Commission based on drafts prepared by a designated member country. All technical regulations and drafts are published on http://eec.eaeunion.org, Section "Department for Technical Regulation and Accreditation").

Under Annex 10 of the EAEU Agreement and Russian law mandatory technical requirements can be enacted exclusively in the interest of the safety of life and property, health, environmental and consumer protection and energy efficiency. Old technical standards which can no longer be justified by such interests have ceased to be mandatory under Russian law. In general the word "standard" now designates voluntary norms. Compliance with voluntary standards can nevertheless facilitate certification procedures. The WTO

Agreements prohibit standards which constitute pure trade barriers. Technical regulation related to the defence, nuclear industry and protection of restricted data remains to a large extent at the national level.

In numerous cases compliance with standards or, after their enactment, technical regulations must be confirmed (product certification). Russian law and EAEU regulations distinguish between:

- mandatory confirmation of conformity (in the form of a certificate of conformity or a declaration of conformity);
- voluntary confirmation of conformity (including under the GOST R system).

Eventually, mandatory product certification will be required only if and as provided for by a technical regulation. In many cases it still takes the form of a certificate of conformity. Certificates of conformity are delivered by an accredited certification body based on a test evaluation of the product. The certificate of conformity is a pre-requisite for the import of the relevant products to Russia and must be submitted during customs clearance. GOST R Certificates of Conformity confirm compliance with GOST R standards, TR Certificates of Conformity compliance with technical regulations, other types of certificates (e.g. telecommunication approval) compliance with other standards.

For some products a declaration of conformity can be used instead of a certificate of conformity. The declaration of conformity is issued by the manufacturer or importer and confirms that the product meets applicable technical and safety standards. A declaration of conformity can be based on the manufacturer's own test results or tests made by an accredited certification body or test laboratory. It must be issued according to the enacted template and registered with an accredited certification body. Ultimately declarations of conformity should replace certificates of conformity in the majority of cases and make redundant testing a thing of the past.

Where technical regulations exist at EAEU level product conformity is confirmed by a certificate, respectively declaration of conformity to the relevant technical regulations issued in the EAEU format. These are valid throughout the entire EAEU. For other products (list approved by decision of the EEC No. 620 of April 7, 2011) a certificate, respectively declaration of conformity in the EAEU format is required. Finally, there exists a common list of products (decision of the EEC No. 526 of January 28, 2011) for which mandatory requirements can be established at the EAEU or national level. In those areas where requirements have been harmonized within the EAEU, but no supranational instruments have been enacted national certificates are recognized throughout the EAEU. Technical regulations provide for transitory periods. In most cases certificates issued prior to the date when the regulations enter into force remain valid until their expiry date. As a rule, national certificates can still be issued after the regulation enters into force, but are valid only for a limited time, which for many EAEU regulations expired by now.

Product tests conducted by certification bodies or laboratories accredited in one of the EAEU States are recognized throughout the EAEU. In the absence of technical regulations or other mandatory requirements at the EAEU level, national technical regulations and other safety requirements continue to apply. Compliance is then confirmed by national certificates.

The Customs Union countries approved a common list of products the conformity of which must be confirmed under EAEU or national law or which can be subject to mandatory requirements at the EAEU or national level (Resolutions of the Commission of the Customs Union No. 526 of January 28, 2011 and No. 620 of April 7, 2011). Products requiring a certificate of conformity, respectively a declaration of conformity are further listed in attachments to Resolution No. 982 of the Russian Government of December 1, 2009. More detailed lists can be found on www.gost.ru. In all other cases certification of conformity is voluntary.

The registers of certificates and declarations of conformity can be accessed through www.fsa.gov.ru (Russian register) and http://eec.eaeunion.org (registers at EAEU level).

Russia participates through Rosstandart in the following international certification systems (among others):

- International Organization for Standardization (ISO, www.iso.org);
- Certification of electrical and electronic equipment (IEC or International Electrotechnical Commission, www.iec.ch);
- OIML Certificate System for Measuring Instruments (www.oiml.org);
- Certification of passenger cars, trucks, buses and other transport vehicles (1958 Agreement of the United Nations Economic Commission for Europe concerning the adoption of Uniform Technical Prescriptions for Wheeled Vehicles, Equipment and Parts which can be fitted and/or used on Wheeled Vehicles and the Conditions for Reciprocal Recognition of Approvals Granted on the Basis of these Prescriptions, www.unece.org);
- Testing of hand guns and ammunition (1969 Brussels Convention for the reciprocal recognition of proof marks on small arms).

These agreements provide for the recognition of international certification in Russia and prevail over domestic rules.

Sales contracts with Russian importers should deal with the issue of certification and clearly define which party bears the related cost and responsibility. National and EAEU legislation (including technical regulations) defines who can apply for product certification and what procedures can be used for what products. It is generally easier to certify products locally than from abroad, and the Russian importer may

be better qualified to deal with certification issues. However, certificates obtained in the name of a local distributor are valid only for use by such local distributor. Therefore, if the foreign manufacturer wishes to control Russian distribution channels it may be worthwhile obtaining the certificate though a local certification agent (foreign companies cannot normally not apply directly for certificates). The local agent is then responsible for product compliance. Declarations of conformity can be issued only by a local entity and not by the foreign manufacturer. Specialist advice should be sought to identify the optimal solution.

Care should be taken to select a professional provider of certification services.

Useful links:

SGS (www.sgs.ru), Cotecna Inspection (www.cotecna.ru), Aciter Inspection (http://aciter.ru), etc. (numerous other service providers can be found through the internet)
Sources of information :
Rosstandart www.gost.ru
ROSTEST www.rostest.ru
Research Institute for Certification www.vniis.ru
Standardinform www.standards.ru

TAXES

Today all taxes are regulated by the Tax Code of the Russian Federation (the last tax – property tax for individuals – was integrated as from January 1, 2015). While the tax system as a whole has been rather stable over the past decade, amendments to the Tax Code are quite frequent (42 amendments over 2017, 48 amendments over 2016, 31 amendments over 2015, 46 amendments over 2014, 31 amendments over 2013). The most important recent amendments introduced CFC rules and rules on transfer pricing, in particular (but not only) for transactions between associated businesses. Under the transfer pricing rules taxpayers also have the obligation to document and report so-called “controlled transactions” (transactions with associated parties and certain other transactions defined by the Tax Code). Transfer pricing provisions became fully effective on January 1, 2014. Under the CFC rules (effective as from January 1, 2015 and already amended on June 8, 2015 and February 15, 2016) resident taxpayers must announce holdings in foreign companies and structures and pay tax on undistributed profits of controlled foreign companies.

Russia has an extensive network of double taxation treaties including with Switzerland. Most double tax treaties are based on the OECD Model. A Protocol to the double tax treaty between Switzerland and Russia providing, in particular, for information exchange in tax matters (including VAT) is effective from January 1, 2013. Russia has ratified the OECD Convention on Mutual Administrative Assistance in Tax Matters and signed the Multilateral Competent Authority Agreement on Automatic Exchange of Financial Account Information (CRS MCAA). The relevant mechanisms for an automatic exchange of tax information

with other countries are in place, and the automatic exchange with Switzerland is expected to start in autumn 2018 (covering financial information from 1 January 2017). On 26 January 2017 Russian further adhered to the Multilateral Competent Authority Agreement on the Exchange of Country-by-Country Reports (CbC MCAA), which has been implemented at the end of 2017 by amendments to the Tax Code. In mid-2017 Russia also signed the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting (BEPS), which is, however, still awaiting ratification.

Extensive information on the Russian tax system can be found on the site of the Federal Tax Service of the Russian Federation (www.nalog.ru). It is further possible to access the Russian equivalent of the Company Register (Commercial Register) through the same site (in Russian only).

The fiscal year in the Russian Federation for direct taxes is the calendar year. However, tax returns must be filed quarterly, and advance payments (on a monthly or quarterly basis depending on the category of taxpayer) must be made based on such quarterly returns. VAT is assessed quarterly and paid in three monthly instalments. In many cases VAT or profit tax due by foreign companies which do not hold a Russian tax registration must be withheld by the Russian company (or the permanent establishment of the foreign company) paying the revenue.

The most important taxes are the following:

Federal Taxes

• Corporate Profit Tax	20%	over net profit (revenues minus expenditures) (the rate comprises 3% federal and 17% regional tax, the regions having the faculty to reduce their rate down to 12.5% (rates valid between 2017 and 2020); further tax incentives can be granted by federal or regional law to special economic zones, etc.)
• Personal Income Tax		
residents	13%	over world-wide income
non-residents	30%	over Russian-source income (the 13% rate further applies to salaries of foreign citizens qualifying as highly qualified specialists under migration law regardless of whether they are resident or non-resident)

		An individual is considered resident if he/she resides in Russia over 183 days (the 183 day period is calculated based on twelve consecutive months and not the calendar year; however, in practice tax residency is determined for each fiscal year, at least for revenue not taxed at the source of payment).
• Corporate Profit Tax on Dividends etc.		
	13%	over dividends paid by Russian or foreign companies to Russian companies (a 0% tax exists subject to certain conditions for dividends paid by subsidiaries in Russia or abroad, but the investment must be at least 50% of the equity of the company paying the dividends)
	15%	over dividends paid by Russian companies to foreign companies (the tax is withheld at the source of payment, but can be reduced if the applicable double tax treaty provides for a lower rate)
Personal Income Tax on Dividends		
	13%	over dividends paid by Russian or foreign companies to resident individuals
	15%	over dividends paid to non-resident individuals (can be reduced if a double tax treaty applies)
	30%	for other payments to non-residents subject to tax (including interest on Russian securities held abroad through nominees unless the shareholder entitled to the dividend is duly disclosed)
• VAT	18%	general rate
	10%	some food, children's products, press, medical devices, etc.
	0 %	exports
<u>Regional Taxes</u>		
• Corporate Asset Tax	max. 2.2%	over fixed assets of corporations (based on book value)

	up to 2%	over offices, shops, restaurants, etc. based on cadastral value (introduced in 2014, with rates progressively increasing, general rate in 2018 in Moscow 1.5%); this rate applies to any real estate owned by foreign companies without permanent establishment in Russia

Municipal Taxes

• Property Tax for Individuals	Russia taxes individuals on real estate. As of January 1, 2015, the tax will normally be calculated based on the cadastral value, which is meant to represent the market value (before the tax was calculated based on the inventory value, which was basically a historical value). For apartments, the tax is normally 0.1% (depending on the value, in Moscow up to 0.3%). 20 square meters can be deducted (proportional reduction). For commercial property, the tax rate is maximum 2% (in Moscow maximum 2% depending on the value of the property). Lower rates apply during a transitory period of four years.

While the Russian tax rates are highly competitive, the tax administration and accounting system can represent a considerable burden and significant risk for businesses.

Payroll Taxes (Social Welfare Contributions):

As from January 1, 2010 (Federal Law No 212 of July 24, 2009) the Unified Social Tax has been replaced by contributions to the RF Pension Fund, the RF Social Insurance Fund (inability to work and maternity) and the RF Compulsory Medical Insurance Fund (payments to the regional medical insurance funds have been abolished as from January 1, 2012). Until December 31, 2016, payments were administered by the Pension Fund (pension and medical insurance) and the Social Insurance Fund (compensation for sickness, maternity and child care, insurance of professional accidents and illness). As from January 1, 2017 they are again administered by the tax administration (except the insurance of professional accidents and illness). Contributions are paid by the employer on salaries, other payments for services or work performed by individuals not registered as businesses (independent contractors) and royalties paid to individuals for the use of intellectual property rights. The following rates apply as in 2018 (between 2017 and 2020): 22% Pension Fund, 2.9% Social Insurance Fund, 5.1% Federal Medical Insurance.

Payments to the Pension Fund are calculated only on the first 1,021,000 RUB paid by the taxpayer company (employer) to each individual during a calendar year, payments to the Social Insurance Fund only on the first 815,000 RUB (these are the caps for 2018, the cap being increased each year based on the increase of the average annual salary). Insurance benefits are similarly limited. During inability to work, for instance, the employee's per diem entitlement is limited to a maximum of 1/730 of 1,473,000 RUB (after January 1, 2018) even if his salary is higher (1,473,000 RUB is the sum of 755,000 RUB – cap in 2017 - and 718,000 RUB – cap in 2016). The employer must pay the difference only if stipulated by the employment contract.

Since 2012 a so-called solidarity contribution to the Pension Fund is additionally levied at the rate of 10% on the salary amount exceeding the cap indicated in the preceding paragraph (1,021,000 RUB in 2018). As from January 1, 2015 payments to the Medical Fund are no longer capped.

To summarize: social welfare contributions are currently taxed at the rate of 30% up to an annual salary of 815,000 RUB, at the rate of 27.1% for an annual salary between 815,000 and 1,021,000 RUB and at the rate of 15.1% for an annual salary above 1,021.000 RUB.

Since January 1, 2015 salaries paid to foreigners (except salaries paid to qualified specialists and certain expatriate employees with the relevant permit) are subject to social welfare contributions. Foreigners should also not forget that they can not deduct social welfare and insurance payments made in their home countries from Russian income tax. Highly qualified specialists are exempt from social welfare contributions (except insurance of professional accidents and illness).

Employers must further pay for the insurance of their employees against accidents and professional illnesses. Payments differ depending on the risks in the relevant sector of the economy (between 0.2 and 8.5% of the salary).

Non-Tax Payments

Although the Tax Code was probably conceived to cover all payments to the State treasury non-tax legislation still imposes numerous payments which are not treated as taxes or duties within the meaning of the Tax Code. Non-tax payments are currently not regulated by the Tax Code and do not benefit from the respective guarantees. Laws instituting non-tax payments often delegate considerable regulatory authority to the Government. Russia's total tax burden is assessed in the range of 30-31% of GDP (official data of Ministry of Finance), but this does not include non-tax payments, the total burden of which is difficult to assess (according to an estimate of the Russian Chamber of Commerce and Industry up to 1% of GDP). In 2015 the Government discussed a moratorium on new non-tax payments. This moratorium is still on the

agenda. It was further decided in 2016 to create an inventory (register) of non-tax payments and to systematize how they are regulated. Respective legislation is currently under review in the Government..

One of the non-tax payments is the ecological fee. Important amendments have been made on December 29, 2014 to the Federal Law No. 89 of 24 June 1998 “On Industrial and Consumer Waste”. Previously a fee was raised from manufacturers for the pollution of the environment by waste disposals above certain authorized limits. As of January 1, 2015 a new payment (called “ecological fee”) will be raised from all importers or manufacturers of consumer goods subject to recycling unless they procure for the recycling of the goods they put into circulation in Russia. They can do so by organising their own facilities for the collection, processing and recycling of waste, by entering into contracts with so-called waste operators or through associations of manufacturers created for that purpose. The law provides for the adoption of a series of regulatory acts by the Government which define the list of goods which must be recycled, the norms or standards for recycling (percentage of weight or units), the rates of the ecological tax and the procedure for its declaration and collection, the manner of reporting output, etc.

COMMERCIAL LAW

Contracts:

Russia acknowledges the freedom of contracts, i.e. as a rule parties are free to enter into contracts and to define their content. The law of contracts is set out in Part I and Part II of the Civil Code. Part I contains the general principles of contract law, Part II regulates specific types of contracts such as sales, lease, service, loan agreements, etc. The system is similar to the Swiss Code of Obligations. There is a distinction between mandatory provisions and non-mandatory provisions of contract law. Mandatory provisions apply to contracts regardless of what the parties agree, non-mandatory provisions can be replaced by the rules agreed between the parties in their contract (they apply unless the parties agree otherwise). Rules of Russian contract law tend to be mandatory more frequently (or at least people tend to consider that they are mandatory more frequently) than is the case under Swiss law. Pursuant to a Decision of the Supreme Commercial Court of 14 March 2014 “On the liberty of the contract and its limits” a legal provision should be considered mandatory only if the law explicitly states so. In all other cases the mandatory character of the provision should not be assumed. The provision should be considered mandatory only to the extent necessary to protect the interests which the legislator sought to protect by enacting the provision.

The Russian Civil Code defines a number of contracts which are not specifically regulated by the Swiss Code of Obligations (e.g. bank account agreement, franchise agreement), while certain contracts known to the Code of Obligations (e.g. brokerage agreement) are not specifically regulated by the Russian Civil Code. The fact that a contract is not specifically regulated can lead to legal uncertainties (e.g. option agreements, which since June 1, 2015 are, however, specifically regulated). However, there are clearly

established practices in many areas, and well-tested templates are available and used for most transactions (sales, leases, etc.). Some contracts (e.g. consumer credit agreements) are further regulated by laws outside of the Civil Code.

Employment agreements are not regulated by the Civil Code, which means that most general principles of contract law do not apply to employment.

Tax law has a big impact on practice, and it happens rather frequently that certain wordings or provisions are rejected or added by the parties for reasons related to tax or tax reporting. Agency and service agreements, in particular, can be rather sensitive from a tax perspective. Care should also be taken to obtain a minimum of information / documentation on contractual parties; tax liability can arise, for instance, if the contractual party does not fulfil its own tax obligations (so-called one-day firms). It is therefore standard for Russian contracts to clearly identify the parties, complete with tax identification number, address and bank account references.

The Civil Code is currently undergoing a major revision in several stages, some of which have been implemented during the past years.

Distribution agreements:

Distribution agreements are the classical instrument to enter the market without establishing a local subsidiary. Distributors can have quite extensive functions including, for instance, warranty and after-sales service. Distribution agreements are not specifically defined by the Civil Code, but are used very frequently and do not normally give rise to particular problems. They can be governed by Russian or foreign law as the parties choose. The parties are free to agree on contract duration and termination. Distribution agreements can be for a definite or indefinite term, exclusive or non-exclusive. Russian law does not prescribe a specific notice period for termination, nor provide for an indemnity payment at the end of the contract.

Distribution agreements are so-called vertical agreements and should be reviewed for their compliance with antitrust (competition) law. As a rule vertical agreements are permitted provided that none of the parties holds more than 20% of the market share for the relevant product in the market covered by the agreement. Above the 20% level restrictive covenants are prohibited if they can or do lead to less competition. The latter is assumed for specific covenants (so-called hard-core restrictions), in particular pricing agreements or restrictions to sell to competitors.

Provisions on the licensing of IP rights may need to be registered in order to be valid under Russian law (see below Section on Intellectual Property). Registration is also required for franchising agreements.

However, not all distribution agreements termed “franchise agreements” do qualify as such under Russian law. Under a Russian law franchise agreement the franchisor transfers to the franchisee a set of IP rights (trademark, know how, etc.). The Russian Civil Code contains precise rules on franchise agreements including their termination.

Antitrust law:

Antitrust law is regulated by Federal Law No. 135 of July 26, 2006 “On the Protection of Competition”. Compliance with antitrust law is monitored by the Federal Antimonopoly Service (www.fas.gov.ru) and its territorial bodies. Antitrust law severly restricts agreements between competing undertakings (“horizontal agreements”) and in some cases between companies at different levels of the distribution chain (“vertical agreements”), regulates undertakings with a dominant market position and monopolies, and contains rules against unfair competition. The latter have been revised and detailed in 2015 to implement the TRIPS Agreement following Russian’s accession to the WTO.

Certain transactions, in particular mergers and acquisitions, can require antitrust approval. This normally depends on the transaction value (e.g. combined balance sheet, respectively turnover of the acquiring group and the target company in acquisitions). Many Russian M&A transactions are structured off shore (typically through the sale/purchase of a holding company registered in a foreign jurisdiction). Russian antitrust approval is required for all M&A transactions affecting the Russian market, e.g. (above certain thresholds) if the company acquired or one of its subsidiaries owns assets in Russia or sells products to Russia.

Competition at the EAEU level will be monitored by the Eurasian Economic Commission under EAEU rules (Annex 19 to the EAEU Agreement). The EAEU competition law is very similar to Russian competition law.

SETTING UP COMPANIES

Many foreign businesses first open (accredit) a **representative office**. As a rule representative offices have no commercial activity (i.e. do not manufacture products or render services) and are pure cost centres. They are therefore typically not permanent establishments (the definition of the permanent establishment of a Swiss company in Russia can be found in the double tax treaty between Switzerland and Russia) and do not pay corporate profit tax, asset tax and VAT (except asset tax on real estate owned in Russia). At the same time they allow the foreign company to rent office space, to open bank accounts and to hire employees. The representative office is not a separate corporate entity, which means that the foreign company opening a representative office is fully liable for its debts and liabilities.

Since January 1, 2015 representative offices are accredited centrally by the interdistrict tax inspection No. 47 in Moscow. The tax authority also keeps a register of accredited representative offices and branches. Prior to filing the application the applicant must get the visa of the Chamber of Commerce and Industry with regard to the number of foreign employees employed (even if there are none).

CHAMBER OF COMMERCE AND INDUSTRY OF THE RUSSIAN FEDERATION (www.tpprf.ru)

To accredit and register a representative office a foreign company needs to submit, inter alia, the following documents:

1. application in the form specified by the Federal Tax Service;
2. extract from the Commercial Register or copy of the certificate of incorporation or equivalent;
3. copy of the articles of association, statutes or equivalent;
4. management decision to open and accredit the office, to appoint a director of the office;
5. power of attorney in favour of the director (head) of the office and internal regulations (local statutes) of the office;
6. document confirming tax registration in the country of incorporation.

Today the accreditation is granted for an indefinite time period.

It is further possible to register and accredit **branch offices** of foreign companies. In addition to the functions of a representative office (representing the foreign company's interests in Russia) branches may also manufacture goods, execute work and provide services in Russia and are therefore, as a rule, permanent establishments, i.e. subject to all applicable Russian taxes. In our experience most foreign businesses wishing to operate locally prefer establishing subsidiaries rather than branches. Branches (or representative offices operating as branches) exist mainly in the service sector. The procedure for the accreditation of a branch office is the same as for representative offices.

Local **subsidiaries** are most commonly incorporated in the form of limited liability companies or closed joint stock companies (see below). Federal Law No. 129 of August 8, 2001 "On State Registration of Legal Entities and Individual Businessmen" introduced a uniform procedure for the incorporation of companies based on the so-called "one-window" principle. The competent authority is the Federal Tax Service (its territorial agencies). The company is registered within three working days after submission of the necessary documents. Although the law contains an exhaustive list of documents and other requirements, some local nuances still survive.

The following documents are required to register the subsidiary of a foreign company in Moscow:

1. extract from the Commercial Register or copy of the certificate of incorporation or equivalent for the parent company (founder);
2. application for registration;
3. resolution of the parent company (founder) on establishing the subsidiary;
4. corporate documents of the subsidiary (articles of association / charter / bye-laws of the joint stock / limited liability company).

The minimal share capital of limited liability and private joint stock companies is 10,000 roubles (higher amounts apply in certain sectors of the economy, for instance in the financial sector). The share capital of limited liability companies must be paid within four months from incorporation. As concerns joint stock companies the first 50% of the share capital must be paid within the first three months from incorporation, the remainder within the first year, but the company is not permitted to start business operations prior to payment of the first 50%. From a legal perspective there is no reason to provide for a share capital in excess of the legal minimum. It should be noted, however, that tax legislation defines the debt-equity ratio applicable to subsidiaries financed by loans from their foreign parent company or its affiliates (thin capitalization rules). If the company does not have sufficient assets, loan interest cannot be deducted for profit tax purposes and is treated as a dividend for withholding tax.

Joint stock companies must further register their shares with the Central Bank of the Russian Federation, the supervisory authority of the Russian stock market.

It is advisable to register representative offices and subsidiaries through a local law firm. All foreign documents must be legalised with apostille and accompanied by a certified Russian translation (the translation is best done locally). In order to register a representative office or subsidiary, a director and an address is needed. The director can be a Russian or foreign individual (a work permit may be required). Although there is no legal requirement in this respect, the director had best be resident in Russia. It is sometimes difficult to rent office premises and obtain an address prior to registration. In this and similar cases the address (mailbox address) can be purchased, but such “fictitious” addresses should be used with caution. It is crucial to make sure that mail is forwarded as legal notices (tax, administrative and court procedures) tend to be sent to the registered address. Letters sent to the registered address are considered duly delivered. This also applies to letters notified to the address of a foreign company’s local representative in Russia. Under money laundering rules banks now systematically require the office lease agreement, and some banks even send a representative to check whether the office physically exists.

Approximately two-three months are generally needed to make the representative office or approximately one month to make a subsidiary fully operational (including opening bank accounts).

JOINT VENTURE OPPORTUNITIES

For subsidiaries and joint ventures it is important to choose a corporate form which is appropriate to reach the long-term objectives of the parent company.

The most common corporate forms are:

- public joint stock company (the common English abbreviation is “PJSC”, the Russian abbreviation “ПАО”);
- private joint stock company (the common English abbreviation is “JSC”, the Russian abbreviation is “АО”);
- limited liability company (the common English abbreviation is “LLC”, the Russian abbreviation is “ООО”).

The formerly existing open joint stock companies (OAO) and closed joint stock companies (ZAO) have been abolished as of September 1, 2014. However, companies are required to make the relevant changes to their name only when they next register amendments to their articles of association.

The most frequently used corporate form today is the LLC, which is regulated by a comparatively well-written, flexible and stable law. Public joint stock companies are also used, but normally for companies created through privatisation of State property and/or publicly held companies. Public joint stock companies can be subject to extensive disclosure requirements. The shares of all joint stock companies are securities (negotiable instruments), and share issues are subject to financial market supervision regardless of company size. All joint stock companies need to entrust their register of shareholders to an independent registrar and are subject to an external audit. Compliance costs therefore make joint stock companies rarely an attractive option for privately held investments although recent amendments to the law have increased the flexibility of private joint stock companies.

The principal distinctions between private JSCs and LLCs are not very different from those distinguishing the AG/SA and the GmbH/SARL under Swiss law. The main difference between the private JSC and the LLC concerns the transfer of shares. The shares in a public JSC are freely transferable. The articles of association (sometimes called charter) of private JSCs and LLCs can restrict transferability. The LLC has also what is known as a “right to exit”, which allows the shareholder of an LLC to leave the LLC and to redeem its share in the LLC’s net assets (no longer mandatory as from July 1, 2009). The law on LLCs contains many features which make it possible to take into account the wishes of the shareholder in a specific situation, for instance in a joint venture project. Following recent amendments to the Civil Code and the JSC law such possibilities also exist with respect to private JSCs, but they are still more limited.

Transfers of shares in LLCs must be certified by a notary and registered by the Federal Tax Service, which can considerably complicate share transfers in practice, but also reduces the risk of fraud. It is also generally considered that contracts for the sale of shares in an LLC are always subject to Russian law.

There have been important changes to corporate law in 2014. Today companies may adopt internal regulations governing the relationship between the shareholders and the company. Internal regulations are not public and do not need to be registered, but may not be in contradiction with the articles of association.

Due to recent revisions of both the laws on JCSs and LLCs it is now possible for shareholders to enter into a shareholders' agreement with relation to their holdings in Russian companies. A recent revision incorporated provisions on shareholders agreements (called "corporate agreements") into the Civil Code. It further introduced the concept of agreements between the shareholders and creditors of the company. It should be noted, however, that these agreements do not bind the company. Shareholders' agreements with respect to shares in public joint stock companies are subject to disclosure requirements, and shareholders' agreements in general must be notified to the company. Shareholders' agreements can now be governed by foreign law (a question long disputed), but must comply with mandatory provisions of Russian corporate law. Investors in joint venture projects often prefer registering a holding company off shore and structuring their relations at the level of the foreign holding company. In such case shareholder relations can be governed by foreign law (often English law), disputes resolved in a foreign jurisdiction or arbitration tribunal. Shares in the joint venture or the joint venture itself can later be sold at the holding company level, which is generally simpler, more rapid and can also have tax advantages. The use of a foreign holding company also reduces the risk of claims against the ultimate parent companies in connection with the operations of the Russian joint venture.

A Russian LLC or private JSC can normally be held 100% by a parent company. However, this is not possible under Russian law if the parent company is held in turn by a single corporate shareholder. At present the parent company can be registered in any jurisdiction. Since mid-2013 banks, when opening bank accounts, are required to identify beneficial owners. Since January 1, 2017 Russian companies must identify and document their beneficial owners. Individuals are considered beneficial owners if they control the company, in particular own directly or indirectly 25% equity or more.

The key person in a Russian company is the CEO (in Russia commonly called general director). Unlike Swiss law Russian law long ignored the concept of collective signature authority. Since September 1, 2014 companies can have two chief executives acting jointly or individually. The law now also allows corporate directors. It is very important to carefully select the general director and negotiate his employment contract. The same can be said of the chief accountant, the second most important person in a Russian company. Under Russian law the general director is largely responsible for compliance, both internally and vis-à-vis the state authorities. Chief accountants of banks, insurance companies, publicly held and some other types

of companies must meet certain minimum qualifications. The accounting can be outsourced with a wide range of firms to choose from.

LLCs and private JSCs may further have an executive and/or supervisory board. As a rule, neither LLCs nor private JSCs are required to publish their financial statements. All private JSCs are subject to external audits. An external audit is required for LLCs, in particular, if the annual turnover exceeds 400 million roubles or the accounting value of the assets exceeds 60 million rubles.

Russia has put in place a Unified State Register of Legal Entities (USRLE), which is the equivalent of the Swiss Commercial Register. The Register contains the company name, address, share capital, name of the general director, name and shares of the members (only for LLC's) and other information. Extracts from the Register can be obtained relatively easily. Company information can be accessed on-line (www.nalog.ru or www.fedresurs.ru). The latter site also includes information on insolvency proceedings.

The most important laws regulating Russian corporations are the following:

- Civil Code (Part 1 Federal Law No. 51 of November 30, 1994; Part 2 Federal Law No. 14 of January 26, 1996; Part 3 Federal Law No. 146 of November 26, 2001, Part 4 Federal Law No. 230 of December 18, 2006);
- Federal Law on Joint Stock Companies (Law No. 208 of December 26, 1995);
- Federal Law on Limited Liability Companies (Law No. 14 of February 8, 1998);
- Federal Law on the Securities Market (Law No. 39 of April 22, 1996) and implementing regulations published by the Federal Financial Markets Service or its successor, the Security Market and Commodity Market Department of the Central Bank (irrelevant for LLC's).

PROMOTION OF INVESTMENT

The status, rights and guarantees of foreign investors are declared in Federal Law on "Investment Activity in the Russian Federation Implemented in the Form of Fixed Capital Investment" and, as far as foreign investors are concerned, Federal Law on "Foreign Investment in the Russian Federation". One should also refer to the relevant multi- and bilateral treaties on the protection of foreign investments. Russian law acknowledges the precedence of international law and treaties over national legislation. A law restricting foreign investments in specific industry sectors was enacted on April 29, 2008 (Federal Law on the "Procedure for Making Foreign Investments in Commercial Companies Having Strategic Importance for the Defence of the Country and the Security of the State").

Today most privileges granted to foreign investors in the nineties of the past century have been abolished. Current legislation guarantees foreign investors essentially national treatment.

The most important and most discussed provision of the law on foreign investments is the so-called "grandfather clause" which protects foreign investors and companies with foreign investments against unfavourable changes in the legislation of the Russian Federation. The provision stipulates, in particular, that, should certain unfavourable developments in legislation lead to an increase in the cumulative tax burden, a foreign investor remains subject to the conditions existing at the beginning of the implementation of the project. The unfavourable developments in question are defined in the law. The interest of the provision is much reduced by the fact that it protects only so-called priority projects. However, the law contains a number of other classical provisions (guarantee of repatriation of profits, guarantee of access to the courts, etc.) which confirm Russia's adherence to the generally acknowledged principles of international law with respect of the treatment of foreign investors. The practical importance of these provisions is in our opinion quite limited.

Today Russian law provides privileges for investors mainly in the form of special territories (free economic zone, since April 2015 territories of advanced social and economic development) or technoparks (for instance the centre of innovation "Skolkovo" near Moscow). In these areas investors are not only offered various privileges, but also more efficient and simpler administrative procedures (one window principle, etc.).

IMPORT SUBSTITUTION AND LOCALIZATION

As indicated above, Russia's traditional approach in the area of investment promotion consisted in creating incentives, mainly tax and customs privileges. More recently, the Government started focussing on special zones offering not only a special customs and tax treatment, but also other support (infrastructure, simpler and more efficient administration, subsidies, etc.). A new form of promotion is the conclusion of a special investment contract with the State introduced by the Federal Law No. 488 of December 31, 2014 "On Industrial Policy in the Russian Federation". Under an investment contract the investor undertakes to implement specific investments into local production while the Government offers specific incentives. Under the law the investor is also offered the benefit of the grandfather's clause.

Simultaneously, the law on industrial policy authorizes the Government to restrict the access of foreign products and services in the area of government procurement and procurement by State-owned companies. Such procurement is regulated by Federal Law No. 44 of April 3, 2013 "On the Contractual System for the Procurement of Goods, Works and Services for State and Municipal Needs" and by Federal Law No. 223 of July 18, 2011 "On the Procurement of Goods, Works and Services by Certain Types of State-Owned Companies". Procurement is normally organized in the form of tenders. The relevant regulations, which tend to be industry-specific, are particularly important in Russia where the State still controls very important segments of the market. Moreover, the relevant principles tend to expand to the

private sector informally (legally they would be contrary to WTO principles). Detailled information on import substitution and localization in Russia can be found in the “Practical Guide: Import Substitution in Russia”, published by the Swiss Business Hub Russia.

The access of foreign products to the Russian market is currently also restricted in the agricultural sector in particular by an embargo decided by Russia in response to the sanctions of Western countries following Russia’s involvement in Ukraine. The embargo is rather openly designed to favor local producers.

ENTRY CONDITIONS, WORK PERMITS, RESIDENCE PERMITS, LABOUR LAW

Entry conditions are basically defined by the Federal Law No. 114 of August 15, 1996 “On the Procedure for Exit from the Russian Federation and Entry into the Russian Federation”. Most foreign nationals need a Russian visa. The type of visa (diplomatic, business, tourist, etc.) depends on the purpose of the visit. Multi-entry business visas are granted generously although the administrative procedure is rather burdensome. However, multi-entry visas now allow a maximum stay of 90 days within a 180 days period similarly to Schengen visas. It should further be noted that in most cases visas must be obtained in the country of domicile. A visa agreement between Russia and Switzerland became effective on February 1, 2011 facilitating invitations for business visas (the invitation from a Russian company must no longer be processed through the migration authorities, but can be submitted directly to the Russian Consulate in Switzerland).

Upon entry to Russia a migration form must be completed in two parts: one part remains with the border guard, the other part must be kept during the stay and surrendered upon exit from the country.

Federal Law No. 109 of July 18, 2006 “On Migration Records for Foreign Citizens and Stateless Persons in the Russian Federation” further obliges the inviting organization or individual to notify the migration authorities of the arrival of the foreigner (notification of departure is no longer required). The application of this law is not uniform, and checks happen, in particular, outside of the big cities. It is therefore advisable to carry a copy of the migration form together with the other identity documents although the law does not in our opinion require one to do so.

Federal Law No. 115 of July 25, 2002 "On the Legal Status of Foreign Citizens in the Russian Federation" defines the following categories:

- temporary stay (based exclusively on a visa where required);
- temporary residence permit (is comparable to the Swiss “B” permit, valid three years, visa still required);

- permanent residence permit (is comparable to the Swiss “C” permit, visa no longer required, one-time registration at domicile instead of notification of migration authorities upon each entry and exit).

Work permits must be obtained by all foreigners who are not in the benefit of a permanent or temporary residence permit and are generally granted for one calendar year (or the duration of the employment if less). This requirement also applies to representative offices although the authorities lack a consistent approach in this regard. The employer must first apply for an authorization to hire a specified number of foreigners. The individual work permit is then obtained based on this authorization. There exist quotas, etc., in particular also a requirement to announce the need for work permits during the preceding calendar year. A special work visa is delivered based on the work permit. The individual applying for a work permit must obtain a medical certificate confirming the absence of AIDS, have a medical insurance and obtain a certificate confirming the knowledge of Russian language, history and the fundamentals of Russian law. Applying for work permits and work visas is a time-consuming process although there are constant efforts to streamline and shorten it (one window principle). Important restrictions exist for work (including business trips) outside of the region delivering the work permit.

A special procedure for highly qualified specialists was introduced in 2010. The employer is responsible for determining which employees are highly qualified, the only mandatory criterion under the law being the amount of the salary (at least 167,000 RUB per calendar month). Highly qualified specialists can be hired by Russian companies and by subsidiaries, branches and representative offices of foreign companies (for representative offices since January 1, 2015). The employer does not need an authorization to hire, and the specialist immediately obtains a work permit and work visa for the duration of his employment as per his employment agreement (maximum three years, with the possibility to prolong). The employee can further apply for a permanent residence permit (but only for the duration of the employment with a maximum of three years whereas ordinary permanent residence permits are issued for five years) and bring his family. If the employment is terminated, the permits and visa are no longer valid (with a grace period of 30 days, which can be used to find new employment). The procedure for qualified specialists has the advantage of being quicker and simpler than the ordinary procedure and should always be successful if the conditions are fulfilled. Permits can be obtained for more than one region. A similar procedure was introduced for transfers within the group and so-called key personnel. The procedure applies provided the employee has already worked for at least one year within the group abroad.

Migration is a sensitive political issue. This is partly due to the economic crisis, partly to prevailing protectionist sentiments. As a result quotas have been considerably reduced, and procedures change frequently. Therefore, problems and delays can arise although in our experience most work permit issues can be solved in practice if properly managed. However, existing regulations lack flexibility and force

companies to plan secondments to Russia well and in advance. The Federal Migration Service was abolished in 2016. Today the competent migration authority is the Ministry of Internal Affairs.

It is important that visa and permit issues are handled carefully. While the implementation of Russian laws is often lax and migration authorities have declared that the laws referred to above would be applied intelligently, non-compliance (e.g. use of the wrong type of visa) can nevertheless lead to uncomfortable situations and heavy fines. There also exist numerous reasons and authorities which can block entry into the country (repeated administrative offenses can, for instance, suffice).

The Russian Federation and the European Union have started negotiations in 2010 on the abolition of visa requirements (suspended following the Ukraine crisis).

EMPLOYMENT LAW

To avoid surprises foreign investors should be familiar with the most important provisions of Russian employment law. The Russian Labour Code considerably restricts the contractual liberty of the employer and the employee. As a rule, employees can resign at any time by a 14 days' prior written notice while employers can dismiss employees only for one of the reasons specified by the law. Salaries must be paid in rubles and twice per month. The position of the employee in the relationship is strong, and courts very often decide in favour of employees. It is rather difficult to sue employees for damages. If employees are wrongfully dismissed, the court can force the employer to reinstate them in their job. Employment law is formalistic. Employment contracts must be in writing, and many decisions (e.g. business trips, vacations, disciplinary sanctions, etc.) must be documented.

For all these reasons it is important to carefully select candidates. There are many professional recruiting agencies to assist companies in identifying the proper person for a job.

In December 2014 the Labor Code has been completed by a section regulating the particularities of the employment of foreign citizens. It is now clearly stated that the employment of foreigners is also for an indefinite term. The Code requires medical insurance as a prerequisite for the employment and regulates the termination of the contract upon expiry of the work permit.

Compliance with employment law can be investigated by the Labour Inspection, and the employer can be fined in the event of a breach. Work places must be certified.

PROCEDURES FOR COLLECTING PAYMENT

As a rule contracts must be enforced through the courts. When the court ruling becomes effective the winning party can obtain a writ of enforcement, which must be submitted to the enforcement authority (Federal Service of Court Bailiffs, www.fssprus.ru). The enforcement authority will then seize the debtor's assets, in the first place bank accounts. Upon receipt of the relevant collecting order the bank must transfer available funds to the enforcement authority. However, if the available funds are not sufficient salary, tax, social welfare and some other payments have priority over the collecting order. The website www.fssprus.ru allows checking whether enforcement proceedings have been initiated against specific companies or individuals.

Insolvency proceedings against companies and individual businesspeople can be initiated by creditors if they hold claims in excess of 300,000 RUB overdue three months. The claims must be confirmed by an enforceable judicial decision. Once insolvency proceedings have been initiated all creditors can file their claims with the court dealing with the bankruptcy. Legal proceedings can no longer be initiated other than with such court, and most enforcement proceedings are suspended. As from July 1, 2015 bankruptcy proceedings can also be introduced against individuals who are not registered as a business.

Companies must file for bankruptcy if they are insolvent (suspension of payments, inability to meet payment obligations) or have insufficient assets (negative net asset value). If the director of the company or other controlling persons fail to do so they can incur liability for the company's debts if the company is eventually declared bankrupt and assets are insufficient to pay the creditors.

Although legal proceedings still tend to be faster and less expensive in Russia than in Switzerland (a ruling at first instance can generally be obtained within six months), it is preferable to avoid debt collection by obtaining prepayment (or at least partial prepayment) or security (bank guarantees, letters of credit, pledges, etc.).

Companies specialized in debt collection did not appear in Russia until a few years ago. Their importance has grown in parallel with the growth of the consumer credit business. Today there are several hundreds of collection agencies, whereof approximately 50 are key players on the market.
Most clients of debt collectors are banks, telecommunication companies, financial organizations, construction firms and utilities providers. The financial crisis has led to an increase of the customer portfolio of debt collection agencies. The deterioration in the economy and the rapid growth of debts in the corporate sector is causing agencies to work with corporate as well as individual debts. However, debt collection agencies tend to focus on situations where the number of cases allows them to standardize procedures.

Debts are outsourced to collection agencies in two ways. Either the debt collection agency simply assists the client with debt collection (negotiates with the debtor, etc.) or the debt collection agency purchases the debt from the client under an assignment agreement. Not all agencies acquire debts. The client has the advantage of paying the collection fee (mostly a percentage of the debt) only if the debt is actually collected whereas most law firms no longer work on a pure contingency basis.

Debt collection agencies are represented by the National Association of Professional Collecting Agencies (NAPKA, www.napca.ru) and by the Association for the Development of the Debt Collection Business (ARKB, www.arkb.ru). Both are trying to organise and lobby the business. The industry has not been regulated until January 1, 2017, when Federal Law No. 230 of July 3, 2016 “On the Protection of the Rights and Interests of Individuals in Relation to the Conduct of Business for the Collection of Overdue Indebtedness” came into force. The law is expected to consolidate the industry. A law on consumer loans became effective on July 1, 2014 and regulates debt collection in this area.

INTELLECTUAL PROPERTY

It is important to ensure adequate protection of trademarks, domain names and other intellectual property in Russia.

Apart from the classical .ru domains, Russia has also implemented .рф domains in Cyrillic characters. Both .ru and .рф domains can be registered through RU-Center (www.nic.ru). There are also .su domains (former Soviet Union) and second level domains (com.ru, net.ru, org.ru, ru.net, msk.ru, spb.ru, etc.), etc.

Protection of intellectual property rights is obtained through registration of trademarks and patents under the relevant international treaties or directly with the competent Russian authority (Federal Service for Intellectual Property or Rospatent, www.rupto.ru). Foreign companies must use patent attorneys admitted to practice in Russia to register their intellectual property with Rospatent. Licenses and sublicenses should also be registered to be valid in Russia.

The law on intellectual property has been completely revised with the enactment of Part IV of the Civil Code effective as from January 1, 2008. Part IV classifies intellectual property as follows:

- copyrights (literary, artistic and scientific works, software, databases, performances, phonographs and broadcasts);
- patents (inventions, utility models, industrial designs, selection patents, topology of integral circuits);
- manufacturing secrets (know how);
- firm or trade names, trade and service marks, appellations of origin, commercial designations.

Russia has ratified important international treaties such as the Berne Convention for the Protection of Literary and Artistic Works, the Paris Convention for the Protection of Industrial Property, the Rome Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organisations, the 1994 Trademark Law Treaty, the Madrid Agreement Concerning the International Registration of Marks, the Convention Establishing the World Intellectual Property Organization and others. In February 2009 Russia further ratified the WIPO Copyright Treaty. With its accession to WTO Russia also becomes a party to the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS). Comprehensive information on these treaties is available on www.wipo.int and www.wto.org.

The bilateral treaty on trade and economic cooperation between Russia and Switzerland grants the most-favoured nation status with respect to the protection of intellectual property rights. Similar agreements exist with the EU and other countries.

Counterfeit products and other infringements of intellectual property rights are an important problem for both domestic and foreign companies, and many still consider enforcement inadequate. In this context Russia very recently created a Court for Intellectual Rights, which is a specialized commercial court (Federal Constitutional Law No 4 of December 6, 2011).

Russia traditionally adheres to the principle of national exhaustion of intellectual property rights (principle of regional exhaustion within the EAEU for trademarks, cf. Annex 26 to the EAEU Agreement) factually prohibiting parallel imports. However, the principle has been somehow weakened by recent court practice. Currently only the import of counterfeit goods is considered an administrative or criminal offense; a parallel importer (imports of original goods not authorized by the manufacturer) can only be sued under civil law. The Federal Antimonopoly Service, in particular, lobbies the abrogation of the principle of national exhaustion considering that it leads to generally higher price levels for the Russian consumer in comparison to other countries. In 2017 the Federal Antimonopoly Service issued warnings to a number of companies in the automobile sector using a network of exclusive distributors alleging that the prohibition of imports by non-authorized distributors constitutes an act of unfair competition. One of the companies concerned filed an appeal against the warning with the Commercial Court of Moscow, which appear to have upheld the position of the Antimonopoly Service (decision of 13 December 2017 in case № A40-159212). The court ruling has been appealed. Pursuant to Chapter 52 of the Customs Code of the Customs Union and Chapter 42 of the Federal Law “On Customs Regulation in the Russian Federation” it is possible to enter intellectual property rights into a special register kept by Customs at the national level or the level of the Customs Union, which allows the owner of the right to be notified of unauthorized imports. More information (including the register itself) is available through the Customs website http://ved.customs.ru.

INTERNET AND INTERNET MARKETING

The internet is regulated by legislation on information and telecommunication services. However, the content of the internet site can fall within the scope of general laws such as the law on mass media, on advertising, on consumer protection, the Criminal Code, the Code of Administrative Offenses, etc. Russian legislation prohibits, in particular, cold emails (advertising or offers not solicited by the addressee), but sanctions are not efficient as the number of advertising spam emails proves. According to press reports some of the world's most successful spammers work out of Russia. Newly enacted laws make it possible to block access to web-sites operated in breach of the law, and control over the internet is likely to increase.

Russia has enacted a law on the protection of personal data in line with the Council of Europe Convention for the Protection of Individuals with regard to Automatic Processing of Personal Data. Companies intending to process personal data must notify Roskomnadzor (www.rnk.gov.ru) and are responsible for adequate protection of confidentiality. If data is collected by internet the privacy policy must be disclosed on the web-site. If goods are sold over the internet the website should also comply with Russian advertising law, e.g. provide details of the seller, have a Russian language version and quote prices in Russian rubles. In the course of 2014 Russia adopted important amendments to its data protection law which require data bases containing data of Russian citizens to be localized on Russian soil as of September 1, 2015.

Internet marketing of consumer products has become quite popular over recent years both with consumers and sellers. Consumers save time while sellers avoid paying high rents for shops and can thus offer their products with a competitive advantage. If the internet is used for retail marketing, care should be taken to comply with advertising, consumer and personal data protection laws (in particular, Article 497 of the Civil Code and the "Rules for Remote Sales of Products" approved by Government Resolution No. 612 of September 27, 2007). Internet sales are deemed remote sales as the sales contract is entered into prior to the delivery and inspection of the product, which is selected based on catalogues or information published in the internet. Advertising must contain information on the seller, and consumer protection law obliges the seller to make essential information on the product and the sales conditions available prior to delivery. The consumer can refuse delivery until delivery is made and has the right to return the product within seven days after delivery provided the product is undamaged and in good condition. This time period is extended to three months if the consumer was not informed of his right to return the product. Products manufactured as per the purchaser's specifications can not be returned if the quality is in compliance with contractual terms.

Most internet shops use the internet only as a marketing tool. Customers can place their orders filling in a special order form on the website or by email. Alternatively orders can generally be made by phone. The seller then delivers the products by messenger to the address indicated by the purchaser. Payment can be made in cash upon delivery directly to the messenger. The purchaser signs a receipt for the product and

receives a copy thereof and/or a cashier's receipt, which he must keep for possible future claims. The products must be accompanied by all relevant documentation (instruction manual, warranty, etc.) where applicable. Some shops require a prepayment, mostly by bank transfer on the basis of an invoice issued by the seller. In some cases products are not delivered by a messenger, but by the post. In this case payment can also be made according to the rules of the post company. Some internet shops accept payment by credit or debit cards or even electronic cash (webmoney, cf. www.webmoney.ru or www.guarantee.ru, www.paypal.com/ru), see also Federal Law No. 161 of June 27, 2011 "On the National Payment System". Sometimes payment can be made using special payment terminals (see Federal Law No. 103 of June 2009) or mobile phones. Internet sales are said to be hampered by the insufficient development of the Russian settlement system and a general distrust towards banks and payment systems. Russians are allowed to purchase from foreign internet shops, but deliveries can be slow due to the inefficiencies of the postal system and periodically arising problems with Customs. No customs payments are due for imports by individuals for non-commercial purposes of less than 31kg and with a value under 1,000 EUR per month (status January 2017, applicable if delivered by carrier or post). Following the enactment of the Customs Code of the EAEU (effective as of 1 January 2018), which contains a special section on goods for personal use (Chapter 37), most details will be regulated in the future by the EEC, which can allow Member States to adopt more restrictive rules. Until the adoption of the relevant decisions by the EEC, these matters continue being regulated by a Treaty between the EAEU Member States dating from 18 June 2010.

As a rule, Russian law requires contracts to be in written form, with the signature of the parties. Article 497 of the Civil Code, in combination with the Rules on Remote Sales of Products, provides an exception for internet sales. The contract is made based on the description of the product published on the internet and deemed concluded when the seller issues a receipt for the product or a cashier's receipt or other document confirming receipt of the purchase price or when the purchaser informs the seller of his intention to buy the product. Such information must be in writing and have the content required by the law. If the purchase is against prepayment or on credit terms, delivery must be confirmed by a document issued by the seller. Notwithstanding the fact that no written contract is required, the seller must still provide quite substantial written information on delivery. When selling through the internet the seller must offer the consumer the option to have the product delivered by the appropriate means of transport or by the post.

Federal Law No. 63 of April 6, 2011 "On the Electronic Signature" now provides for the use of a "simple electronic signature" besides the "enhanced electronic signature" (digital signature). Subject to certain conditions the electronic signature can consist, for instance, of a code or password provided the use of such signature was agreed between the parties and permits the identification of the signatory of the document. Digital signatures (using encryption technology and public keys certified by an accredited certificate body) are considered equivalent to hand written signatures by operation of the law. The status of other forms of electronic signatures is defined by agreement of the parties.

LITIGATION

Although in many cases a strong argument can be made for having recourse to the Russian courts, international arbitration remains an interesting and valid option. It should be noted that the courts competent to settle business disputes in Russia (commercial courts) are traditionally called “Arbitrazh Courts” though they are state courts and not arbitration tribunals. Commercial courts also handle disputes between business and government authorities (e.g. tax disputes). Litigation involving individuals is dealt with by the courts of ordinary jurisdiction, which also have jurisdiction over criminal matters. In 2014 the Supreme Civil and Commercial Courts have been merged with the declared objective to harmonize the practice of both branches of the judiciary.

Russia has long refused to recognize rulings of foreign state courts in the absence of a multi- or bilateral treaty. Recently commercial courts have mitigated this principle and admitted recognition based on Article 6 of the European Convention for the Protection of Human Rights and Fundamental Freedoms guaranteeing the right of access to a fair court hearing which comprises, as interpreted by the European Court on Human Rights, all stages of legal process including enforcement of foreign court decisions. This has allowed courts to enforce, in particular, decisions rendered by the High Court of England. The same principle should apply to decisions of Swiss courts although we have no knowledge of any precedents in this area. It should be noted, however, that the courts of ordinary jurisdiction strictly adhere to the principle “no treaty – no recognition”.

Russia is a party to the New York Convention on the Recognition and Enforcement of International Arbitration Awards. International disputes can be settled through ad hoc arbitration (e.g. UNCITRAL), using an international arbitration institution (ICC, Swiss Chambers of Commerce, etc.) or their Russian equivalent (International Commercial Arbitration Court at the Chamber of Commerce and Industry of the Russian Federation). The latter can be a good option in cases where Russian law applies.

International arbitration in Russia is regulated by the Law “On International Commercial Arbitration” of July 7, 1993. A new law on arbitration (Federal Law No. 382 of December 29, 2015, effective since September 1, 2016) was enacted recently and increases State control over private arbitration mechanisms. The new law favours institutional over ad hoc arbitration. Under the new law arbitration institutions in Russia (other than the International Commercial Arbitration Court and the Maritime Arbitration Commission at the Chamber of Commerce and Industry of the Russian Federation) must obtain the approval of the Russian Government (currently only two arbitration institutions – the Institution of Modern Arbitration and the Russian Union of Industrialists and Entrepreneurs - have obtained such approval). Recently Russia also enacted a law on alternative dispute resolution or mediation (Federal Law No. 193 of July 27, 2010).

Swiss Rules of International Arbitration of the Swiss Chambers of Commerce

www.swissarbitration.ch

ICC International Court of Arbitration
International Chamber of Commerce (Paris)
www.iccwbo.org

UNCITRAL Arbitration Rules
United Nations Commission on International Trade Law
www.uncitral.org

International Commercial Arbitration Court (ICAC).
109012 Moscow, 6 Iliyinka Street
www.tpprf-arb.ru

SOURCES OF INFORMATION AND LINKS

Swiss Business Hub Russia: www.switzerland-ge.com/sbhrussia,
https://www.eda.admin.ch/swiss-business-hub-russia
Switzerland Global Enterprise: www.s-ge.com
Embassy of Switzerland in Moscow and General Consulate in St.-Petersburg: www.eda.admin.ch/moscow
Association of European Business: www.aebrus.ru
American Chamber of Commerce: http://www.amcham.ru/eng
Russian Chamber of Commerce and Industry: www.tpprf.ru
Authorities of the Russian Federation: www.gov.ru
Central Bank of the Russian Federation: www.cbr.ru
Federal Tax Service of the Russian Federation: www.nalog.ru
Federal Agency for Technical Regulations and Metrology (Rosstandart): www.gost.ru
Federal Service for Intellectual Property, Patents and Trademarks (Rospatent): www.rupto.ru

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