

Alert – November 2017



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Changes in Currency Control Requirements

Instruction of the Central Bank of Russia No. 181-I of 16 August 2017 'On the Procedure for Submitting Supporting Documents and Information on the Conducting Currency Transactions by Residents and Non-residents to Authorized Banks, on Unified Forms of Recording and Reporting on Currency Transactions, the Procedure and Time Limits for Submission thereof'

On 1 January 2018 the new Instruction of the Russian Central Bank on Currency Control enters into force and abolishes the Russian currency residents' obligation to formalize transaction passports.

Currently, execution of foreign currency operations under foreign-trade transactions concluded between residents and non-residents and amounting to at least \$50,000 require a prior authorization of the Russian bank making the respective settlements. Such prior authorization is being performed by way of formalization of a transaction passport.

However, starting from 2018 according to new Central Bank instructions, the obligation to open a transaction passport will be replaced by a simple contract registration procedure to be performed with an authorized bank.

It is worth noting that currently the opening of a transaction passport may require up to three business days, while starting from 2018 the new registration procedure shall be carried out by authorized banks within one business day by way of assignment of a unique number to the contract subject to registration.

Moreover, the limit of the contract amount, exceeding which implies mandatory registration, has been also updated as follows:

- the limit for import contracts and loan agreements amounts to 3 mln. rubles;
- the limit for export contracts amounts to 6 mln. rubles.

Transaction passports opened as of 1 January 2018 (the effective date of the updated Instruction) will be automatically registered by bank institutions without necessity for the parties involved to file any specific application or undergo any specific procedure.

These changes are in Russian Central Bank's comprehension aimed at reducing administrative burden on residents conducting currency transactions.

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OOO Carnelutti Russia

Sadovnicheskaya ul. 82, building 2, 5th entrance,

115035, Moscow, Russia - Tel: +7 495 7272166

For any comment or clarification on the above issues please contact Pietro Ferrero or Nicola Ragusa

Pietro.Ferrero@carnelutti.ru

Nicola.Ragusa@carnelutti.ru

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