

Taxation of natural persons

Type of tax – yield tax

Yield gained from resources in Russia includes:

- Dividends and interest received from Russian company as well as interest received from private entrepreneurs and (or) foreign company regarding its representative office in Russia;
- Revenues from sale of shares or other securities as well as participation shares in the Charter capital of companies

Tax base.

Taxpayer income received as a material gain is a material gain received from purchase of securities. Tax base is determined as an excess of market value defined with regard to ultimate limits of market price fluctuations over real expenses for acquisition of the securities. The procedure for determining market price and ultimate limits of security price fluctuations is set by a federal body regulating the security market.

The following revenues are used when determining tax base on revenues from operations with securities:

- Purchase and sale of securities circulating on organized security market;
- Purchase and sale of securities not circulating on organized security market.

Revenue (loss) on purchase and sale of securities is determined by difference between revenues obtained from security sale and documented expenses on acquisition, keeping and sale of securities incurred by the taxpayer or deductions acknowledged for reduction of revenues from purchase and sale.

Such expenses include:

money paid to the seller according to the agreement;

payment for depositary services;

fees to professional participants, discount paid to managing company of a mutual fund while selling investment unit determined in accordance with the procedure stipulated by Russian legislation on investment funds;

exchange fees;

payment for registrar services;

other expenses directly connected to sale, purchase and custody of securities spent on services rendered by professional participants.

Revenue (loss) from security purchase-sale circulating on organized security market is decreased (increased) by interest paid for using money taken for the transaction within the sums calculated from the current refinancing rate of the Central Bank.

Loss on operations with securities circulating on organized market is determined given the ultimate fluctuation limits of market prices.

Shares that circulate on organized market are securities listed by trade institutions owning license issued by the federal body regulating security market.

Market quotation of a security circulating on organized market is an average weighted price on transactions settled during trade day by a trade institution. If a security was traded with the use of two or more trade institutions a taxpayer is entitled to independently choose market quotation from any of the trade institution. If a trade institution does not calculate average weighted price, it is calculated as a half of maximum and minimum price of transactions effected during the trading day at this trade institution.

If taxpayer's expenses on acquisition, sale and custody cannot be charged as expenses on acquisition, sale and custody, these expenses are distributed proportionally to cost estimate of securities regarding the expenses. The cost estimate is calculated as of the expense date. Loss on security transactions circulating on organized market obtained as a result of such operations decreases tax base on purchase-sale of securities of such category.

Revenue from purchasing and sale of securities not circulating on organized market which met demands set for organized market securities at the moment of acquisition can be reduced by a loss obtained during the tax period on purchasing and sale of organized market securities.

Date of real revenue:

day for revenue payment, including transfer of revenue to taxpayer's bank accounts or by his order to third parties' accounts – when obtaining revenues in money form;

day of security purchase.

Tax base on is determined at the end of tax period. Calculation and tax payment is done by tax agent at the end of tax period or revenue payment to taxpayer prior to regular tax period.

When a tax agent pays money prior to the end of regular tax period the tax is paid out of a revenue share equaling real money that were paid out. Revenue share is determined as a multiplication of overall revenue and paid sum and cost estimate ratio determined at the money payment date by the tax agent acting as a broker. If there is more than one payment during a tax period, tax is calculated by accrued method taking into account tax paid out earlier

Cost estimate is determined on the basis of real and documented expenses on acquisition.

Money payment is payment of cash, transfer of money to bank account of a natural person or third party's on his order.

If it is impossible to deduct tax from taxpayer, a tax agent (broker, trustee or other person effecting operations to the benefit of a taxpayer) within 1 month since occurrence of this circumstance notifies tax authority in a written form on impossibility of such deduction and taxpayer's debt. In this case the tax is paid according to Article 228 of Tax Code.