

Russia Increases Key Interest Rate to 15.0% Impacting Controlled Debt Rules and Interest Penalties



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The Russian Central Bank has [announced](#) its decision to increase the key rate from 13.0% to 15.0% on 27 October 2023. For tax purposes, the key rate is important in relation to the safe harbor rates for interest income and expense on controlled debt. For ruble-denominated loans, the standard safe harbor rates range from 75% to 125% of the key rate. However, the upper range has been temporarily increased to 180% for the period 1 January 2020 to 31 December 2023, and for ruble-denominated loans between Russian parties, an increased range of 0% to 180% is temporarily provided for the same period. For loans denominated in other currencies, the safe harbor rate range is based on EURIBOR, SHIBOR, or LIBOR, depending on the currency, with more beneficial rate ranges temporarily provided for foreign currencies for the period 1 January 2020 to 31 December 2023.

The key rate also impacts interest penalties, which are adjusted along with the adjusted key rate. For corporate taxpayers, the interest penalty is equal to $1/300$ of the key rate per day of delay where the delay does not exceed 30 calendar days. Where the delay exceeds 30 days, the interest penalty is equal to $1/150$ of the key rate beginning from the 31st day of delay. However, Russia has provided that from 9 March 2022 to 31 December 2023, the late payment penalty rate is set to $1/300$ of the Central Bank key rate, regardless of the length of delay.