

# MoF Clarifies Source of Income in Cross-Border Securities Transactions

3 August 2023

Report from our correspondent Kristina Trouch

The Ministry of Finance (MoF) has issued guidance on the identification of the source of income in transactions involving securities.

In accordance with article 209 of the Tax Code, Russian resident taxpayers are subject to individual income tax on both Russian and foreign-source income. Non-resident individuals are taxed only on their income from Russian sources. Such income includes, among other things, income from the sale in Russia of shares, other securities, as well as stakes in the authorized capital of non-resident companies (article 208, paragraph 1(5) of the Tax Code).

Article 208, paragraph 3(5) of the Tax Code stipulates that income from the sale, outside Russia, of shares, other securities and stakes in the authorized capital of non-resident companies is recognized as foreign-source income.

The MoF concluded that if the securities transactions are accounted for in Russia, the income derived from those transactions will be treated as income from Russian sources.

The MoF published these clarifications on 24 July 2023 in Guidance letter No. 03-04-05/63645.