

Russia; Türkiye

# Russian MoF: Dividends Received by Turkish Resident Individual Are Taxable in Russia

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Report from our correspondent Kristina Trouch

The Ministry of Finance (MoF) has explained that dividends paid by a Russian-resident company to a Turkish resident individual are subject to withholding tax in Russia. The withholding tax provided by the tax treaty is applicable if the individual brings a certificate of tax residence.

Based on article 209 of the Tax Code, non-resident individuals are only taxed on their Russian-source income. Such income includes dividends received from Russian companies (article 208 of the Tax Code), which are generally taxed at a rate of 15%.

The individual income tax due must be withheld and remitted by the dividend payer (tax agent) (article 214, paragraph 3 of the Tax Code).

Article 10 of the [Russia-Türkiye Income Tax Treaty \(1997\)](#) (Treaty) stipulates that dividends paid by a company that is a resident of a contracting state to a resident of the other contracting state may be taxed in both states. However, the tax withheld in the source state may not exceed 10% if the recipient of the dividends is the beneficial owner.

Therefore, dividends received from a Russian company by a tax resident of Türkiye, who is the beneficial owner of these dividends, are taxed at a rate of 10% (in accordance with the provisions of article 10, paragraph 2 of the Treaty), if the non-resident has provided the tax agent with a certificate of tax residence confirming that the individual is a tax resident of Türkiye.

The MoF published these clarifications on 24 July 2023 in Guidance letter No. 03-08-05/64555.

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