

Russia's Response to UK Appeal: Unravelling Unilateralism in Suspending Tax Treaty Provisions

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Report from IBFD Tax Treaties Unit

On 19 August 2023, the Russian Ministry of Finance issued a [press release](#) (in Russian) addressing the recent suspension of specific provisions within tax treaties (see [Russia Temporarily Suspends Certain Provisions of 38 Tax Treaties with 'Unfriendly' States \(8 August 2023\)](#)), and most notably the [Russia - United Kingdom Income Tax Treaty \(1994\)](#).

The press release highlights the unilateral imposition of economic restrictive measures by Western countries against Russia since 2022. Notably, Russia's inclusion in the European Union (EU) black-list of non-cooperative jurisdictions in February 2023 marked a significant trigger.

Furthermore, the press release underscores instances of non-compliance by unfriendly countries with certain provisions of tax treaties. An example of these non-compliances includes refusals to provide residents with confirmations of permanent residence in foreign countries for the purpose of applying agreements, as well as the suspension of the exchange of tax information with Russia.

The press release refers to the [UN Vienna Convention on the Law of Treaties \(1969\)](#) as the legal foundation for the suspension of tax agreements' provisions. The [Vienna convention](#) allows suspension of agreements and their specific provisions if another country's right have been violated. This partial suspension, according to the press release, is to remain in effect until Russia's rights are reinstated or until the agreements are denounced.

Further developments will be reported as they occur.