

Russia

Income of Non-Resident Company from Transportation Services Outside Russia Not Taxable in Russia, Says Ministry of Finance

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Report from our correspondent Kristina Trouch

The Ministry of Finance (MoF) has clarified that income derived by a non-resident company from international transportation (including demurrage and other payments arising during transportation) is subject to corporate income tax in Russia.

The MoF noted that article 309, paragraph 1(8) of the Tax Code defines "international transportation" as transportation by sea, river or aircraft, motor vehicle or rail (with the exception of cases when transportation is carried out exclusively between points located outside Russia).

Therefore, transportation carried out by a non-resident exclusively between locations outside Russia is not considered international for Tax Code purposes. Income of a non-resident legal entity from such services is not regarded as income from Russian sources and is not taxed as such.

The MoF published Guidance Letter No. 03-08-05/108523 on 13 December 2023.

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