

Russia; Serbia; Montenegro

# Ministry of Finance: Income from Professional Services Taxable in Russia Under Conditions

5 May 2023

Report from our correspondent Kristina Trouch

The Ministry of Finance (MoF) has clarified the tax treatment of income from professional services under the [Russia-Serbia and Montenegro Income and Capital Tax Treaty \(1995\)](#) (Treaty), which was concluded with the Federal Republic of Yugoslavia and continued to apply in relations between Russia and Serbia and Montenegro.

Article 14, paragraph 1 of the Treaty states that income derived by a resident of a contracting state (Serbia and Montenegro) in respect of professional services or other activities of an independent character are taxable in that state (Serbia and Montenegro), unless:

- the resident has a fixed base regularly available in the other contracting state (Russia) for the purpose of performing his activities; in which case, only the income attributable to that fixed base may be taxed in the other contracting state (Russia); or
- the resident stays in the other contracting state (Russia) for a period or periods amounting to or exceeding the aggregate 183 days in the relevant calendar year; in which case, only so much of the income as is derived from the activities performed in that other contracting state (Russia) may be taxed in that other state (Russia).

Consequently, income of a resident of Serbia and Montenegro from professional services or other activities of a similar nature may be taxable only in Serbia and Montenegro if he is present in Russia for a period or periods totalling or exceeding the aggregate 183 days in the relevant calendar year.

The MoF published Guidance Letter No. 03-08-09/30593 on 20 April 2023.

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Russia; Serbia; Montenegro - Ministry of Finance: Income from Professional Services Taxable in Russia Under Conditions (05 May 2023), News IBFD.

Exported / Printed on 7 Mar. 2024 by hkermadi@deloitte.lu.