

Russia

Ministry of Finance: Income from Sales of Shares by Non-Resident Individual Not Taxable in Russia

24 March 2023

Report from our correspondent Kristina Trough

The Ministry of Finance (MoF) has clarified the tax treatment of income received by a non-resident individual from the sale of shares in the capital of a Russian company.

The MoF stated that non-resident individuals are only subject to individual income tax in Russia on their Russian-source income (article 209, paragraph 2 of the Tax Code). Income received in cash and in kind is taxable, as well as income in the form of economic benefits.

Under article 217, paragraph 17.2 of the Tax Code, income received from the sale of shares in a Russian company's capital or of shares referred to in article 284.2, paragraph 2 of the Tax Code is exempt from individual income tax, provided that, as at the date of the sale, the shares had been continuously held by the taxpayer for more than 5 years and had not been held in companies whose assets consist of more than 50% of immovable property held in Russia.

Consequently, income received by a non-resident individual from the sale of shares specified in article 284.2, paragraph 2 of the Tax Code is exempt in Russia if the above conditions are met.

The MoF published Guidance Letter no. 03-04-05/5197 on 15 March 2023.

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