

Russia; Belarus

# Ministry of Finance: Cross-Border Air Transport Services Not Taxable in Russia

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Report from our correspondent Kristina Trouch

The Ministry of Finance (MoF) has clarified the taxation of international air transport services between Vietnam and Russia provided by a Belarusian company to a Russian company.

With reference to article 246 and 247 of the Tax Code, the MoF explained that non-resident companies operating in Russia through a permanent establishment (PE) or deriving Russian-source income are subject to corporate income tax in Russia.

Non-resident entities that do not operate in Russia through a PE are taxable only on their Russian-source income. According to article 309, paragraph 1(8) of the Tax Code, such income includes income from international transportation services. This income is taxed at a rate of 10% (article 284, paragraph 2(2) of the Tax Code). Corporate income tax must be calculated and withheld by the Russian tax agent (article 310 of the Tax Code).

However, article 7 of the Tax Code stipulates that tax liabilities must be determined in light of an applicable tax treaty, which prevails over Russian tax law provisions.

Based on article 8 of the [Russia-Belarus Income and Capital Tax Treaty \(1995\)](#), income of a Belarusian company derived from the provision of international air transport services to a Russian company is taxable only in Belarus.

The MoF published Guidance Letter no. 03-07-13/1/9162 on 15 March 2023.

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