
Russian Federation

Local stock exchange

A number of stock exchanges, the most significant of which is the Moscow Exchange

<http://www.micex.ru/>

Rules for listed filings

IFRS required or permitted for listed companies?

IFRS is required for consolidated financial statements of listed companies and standalone financial statements of listed companies with no subsidiaries. Please also see below (section Rules for statutory filings).

Version of IFRS

IFRS as published by the IASB

Are subsidiaries of foreign companies or foreign companies listed on local exchanges subject to different rules?

For subsidiaries of foreign companies (that are legal entities incorporated in accordance with the legislation of the Russian Federation) listed on Russian stock exchanges, the same rules are applied as for all Russian entities.

Subsidiaries of foreign companies (that are legal entities incorporated in accordance with the legislation of the foreign states) listed on Russian stock exchanges are permitted to prepare their financial statements in accordance with other commonly known international standards, e.g. US GAAP.

Rules for statutory filings

Is IFRS or IFRS for SMEs required, permitted or prohibited for statutory filings?

A Law on consolidated financial statements (the Law) was adopted on July 27, 2010. The Law (as amended in May 2014) requires certain types of companies to prepare consolidated financial statements in accordance with IFRS, including the following:

- credit institutions;
- insurance companies;
- companies whose securities are admitted for organized trading by inclusion in a quotation list; and
- companies which are otherwise obliged by federal laws or constitutive documents to prepare consolidated financial statements. For example, in accordance with the Federal Law “On the Securities Market” where a prospectus has been registered or in other cases mentioned in the above Law, the issuer should disclose certain information, including its IFRS consolidated financial statements.
- non-state pension funds;

- managing companies of investment funds, unit investment funds and non-state pension funds;
- clearing organizations.

Additionally, the following types of entities will be required to prepare consolidated IFRS financial statements in the future. The Government has not yet issued the list of entities that are included in the two categories listed below:

- State Federal Unitary Enterprises determined by the Government of the Russian Federation;
- Open Joint Stock companies shares of which are held in the federal property, determined by the Government of the Russian Federation.

Once the list of entities is approved by the Government, such entities will be required to prepare IFRS financial statements as of the following year.

IFRS consolidated financial statements are required to be audited and filed within 120 days after the reporting year end and published within 30 days after the date when they are filed. Stricter rules apply to the securities issuers in scope of the Law “On the Securities Market” as they must disclose their IFRS financial statements within 3 days after receipt of the auditor’s report (but not later than 120 days after the reporting year-end).

The Law does not directly require securities issuers and credit institutions to prepare, file or publish interim consolidated financial statements. However, an obligation of the securities issuers to prepare and publish interim (six months) consolidated financial statements is established by the Law “On Securities Markets”. Interim IFRS consolidated financial statements should be filed and published not later than 60 days after the end of the reporting period.

In accordance with the Law, credit institutions should file their interim consolidated financial statements with the Central Bank of the Russian Federation (the “Central Bank”) in cases defined by (and as prescribed by) the Central Bank. In accordance with the instructions of the Central Bank, interim (six months) consolidated financial statements must be prepared and filed with the Central Bank. Credit institutions can make their own decision on whether or not to publish their interim consolidated financial statements. The interim consolidated financial statements should be filed with the Central Bank not later than three days after they are published (if a credit institution decides not to publish interim consolidated financial statements they must still be filed with the Central Bank not later than two months after the end of the reporting period).

There is currently no legal requirement for Russian companies to have an audit/review of interim financial statements (although the proposed revised Law suggests to require audit/review).

Under the listing rules of the Moscow Exchange the securities issuers also have to prepare and disclose audited annual IFRS consolidated financial statements (or standalone financial statement if the security issuer has no subsidiaries) for 3 past years before the date of inclusion of the securities on the Level 1 quotation list and for the one year before the date of inclusion of the securities on the Level 2 list.

Starting from September 2013 all the functions of the financial markets regulation were transferred to the Central Bank of Russia (the Single Regulator). All the IFRS financial statements are filed with the Single Regulator.

IFRS for SMEs has not been yet adopted in Russia as it is not applicable to the companies in scope of the Law on consolidated financial statements.

Version of IFRS

IFRS as published by the IASB

In addition to local GAAP statutory financial statements, are there any other regulatory financial statement requirements that permit or require the use of IFRS?

Yes. Commercial banks are required to prepare standalone IFRS financial statements in addition to local GAAP statutory financial statements and consolidated IFRS financial statements.

IFRS conversion plans

Plans for converging

In November 2012 the local standard setting body approved a plan of development of the statutory accounting and reporting based on IFRS for the period of 2012-2015. The plan includes among others the following key action points:

- for areas not covered by local accounting standards (e.g. share based payments, impairment of assets) appropriate IFRS will be directly adopted for the purpose of preparation of the statutory financial statements;
- existing local accounting standards will be amended to comply with the IFRS;
- based on the above a new set of statutory Federal standards (IFRS based) is planned to be adopted.

As of October 2015, the developed has not been completed and neither has the local standard setting body announced any extension.

The local standard setting body has not announced any adoption or convergence plans regarding IFRS for SMEs.

Other useful websites

Ministry of Finance

<http://www.minfin.ru/>

Website dedicated to Russian GAAP, IFRS and US GAAP issues

<http://www.gaap.ru/>

NSFO (National Organization for Accounting and Reporting Standards)

<http://www.nsfo.ru/>

Tax information

Type of tax regime

Independent: Taxable profit is determined in accordance with a specific set of tax rules.

Comments on tax regime

Companies are required to calculate their tax charge by keeping specific separate tax accounting books. However, in practice, most companies derive their tax books from their statutory accounts, with a number of adjustments for tax.

Plans for IFRS converging as the basis of tax reporting

The local tax authorities have not announced any adoption or convergence plans of tax reporting to IFRS or IFRS for SMEs.