FORTE TAX & LAW

Overview of changes in Russian laws in the first half of 2025

Dear clients and partners,

You may remember the well-known quote from Lewis Carroll's Through the Looking-Glass, and What Alice Found There, "Now, here, you see, it takes all the running you can do, to keep in the same place. If you want to get somewhere else, you must run at least twice as fast as that!"

The first half of 2025 clearly shows just how relevant it is for doing business in today's Russia. Although we must admit that in recent years, the news has been pouring down on us as from a cornucopia.

Companies and entrepreneurs must pay constant attention to rapidly changing practices, new legislative initiatives, and court decisions, and respond promptly to them.

In this digest, we have included what we consider to be the most significant changes and events of the first half of 2025, ranging from high-profile lawsuits concerning the nationalization of private companies to important clarifications issued by the Russian Constitutional and Supreme Courts that change the usual approaches to resolving corporate conflicts and dealing with tax issues. We are not even trying to claim that we've covered all the important events, as there are so many of them. Nevertheless, we hope that you will find this digest useful as you navigate the rapid changes in the legal landscape and the resulting uncertainty.

We also want to share some good news about the life of our law firm with you, because good news is important.
We hope you will enjoy this overview. We also wish you success in implementing your business projects!

Sincerely,
Forte Tax & Law Team

NATIONALIZATION OF PRIVATE COMPANIES IS NOT A TREND—IT IS A REALIATY: CURRENT PRACTICES UNDER LAW ON STRATEGIC ENTERPRISES

I have said it thrice: "What I tell you three times is true."
Through the Looking-Glass, and What Alice Found There, by Lewis Carroll

The first half of 2025 saw other lawsuits related to the nationalization of private companies. Some of these lawsuits involved transferring control of assets previously controlled by foreign investors to the Russian state using Federal Law No. 57-FZ *On Procedures for Making Foreign Investments in Business Entities having Strategic Significance for National Defense and State Security* ("Law 57-FZ").

Judicial practice: How Law 57-FZ is applied in practice

Courts are increasingly holding closed hearings, using Law 57-FZ as a basis for seizing businesses. Below you will find a number of recent lawsuits that illustrate exactly how this law is applied in practice.

Who is subject to Law 57-FZ?

Law 57-FZ regulates foreign investors' participation in strategic companies and prohibits them from establishing control over such companies without the prior approval of the Russian Government Commission on Control over Foreign Investments in the Russian Federation (the "Russian Government Commission").

The law regards as "foreign investors" not only foreign legal entities or individuals, but also the following Russian citizens:

a. Effective July 30, 2017, Russian citizens who hold other citizenship,

b. Effective May 9, 2023, Russian citizens who have received a residence permit or other valid document confirming their right to permanent residence in a foreign state.

That is why Russian citizens may unexpectedly find themselves among foreign investors, which poses risks to their businesses.

1. The Rodnye Polya case (Case No. A53-49116/2024)

Rodnye Polya LLC is a Russian wholesaler of grain and other agricultural products.

The company was formerly named “Trading House RIF” and known because of one of the few lawsuits concerning transfer pricing.

The court decision came into effect.

The Prosecutor General’s Office of the Russian Federation succeeded in recognizing Rodnye Polya LLC as a strategic company and seizing its business for the benefit of the Russian state, indicating that:

(1) The company holds a dominant position in providing grain transshipment services at one of the seaports, which are considered strategic activities. According to the law on seaports, such services are to be provided by terminal operators under a transshipment contract. As the case was considered in a close session, the publicly available case records do not clarify whether the company provided transshipment services to third parties or only transshipped its own cargo.

(2) Pyotr Khodykin, a citizen of Saint Kitts and Nevis and a resident of the UAE, is the company’s ultimate beneficiary. At the same time, according to media reports, Mr. Khodykin gained control of Rodnye Polya LLC and obtained a second citizenship and residency of the UAE even before the amendments to Law 57-FZ that made foreign citizenship and residency grounds for regarding Russian citizens as foreign investors.

2. The Raven Russia case (Case No. A40-194926/2024)

The assets of Russia's largest owner of warehouse real estate (about 1.9 million square meters of logistics parks) were also seized. Just as in the Rodnye Polya case, this case was considered in a closed session.

According to public information, the top managers of Ravan Russia bought out a group of companies that owned warehouse real estate through a foreign entity they controlled. According to the Prosecutor General's Office, the transaction was a sham one and intended to conceal the foreign ownership of Russian companies by the former owners. The Prosecutor General's Office also claimed that until 2020, the former foreign owners bought up Russian companies that owned transport terminals without authorization from the Russian Government Commission.

The court concluded that the ownership structure violated the requirements of Law 57-FZ because the activities of Raven Russia were of strategic importance. The main argument of the Prosecutor General's Office was that the warehouse real estate of Raven Russia was in fact transport terminals and providing services at transport terminals is a strategic activity. Equating warehouses with terminals allowed the court to regard the activity as strategic. The court decision is being appealed to the court of appeals.

3. The Domodedovo case (Case No. A41-5707/2025)

The Prosecutor General's Office sought to invalidate several transactions that were completed without authorization from the Russian Government Commission and to forfeit 100% of the shares of DME Holding LLC (which owns Domodedovo Airport) to the Russian state.

According to media reports, the Prosecutor General's Office believes that in October 2016, Dmitry Kamenshchik, a citizen of Russia and Turkey, a resident of the UAE, and Valery Kogan, a citizen of Russia and Israel, acquired 100% of DME Limited (which owns Domodedovo Airport) through Alamo Limited, a Maltese company, they control. They did not obtain authorization from the Russian Government Commission for this transaction.

According to media reports, the Prosecutor General's Office claims that Mr. Kamenshchik and Mr. Kogan "decided to create a false impression that foreign control over strategic enterprises did not exist." To do this, they filed petitions with the Russian Federal Anti-Monopoly Service (FAS) for approval of transactions involving the transfer of the strategic enterprises under the control of DME Holding LLC, whose founders are Kamenshchik (1%) and Alamo Holding JSC (99%, with Kamenshchik as beneficiary). They did not disclose the real ownership structure of the holding company to the FAS, thereby concealing Kogan's status as the controller of the Domodedovo Group of Companies and his Israeli citizenship.

After considering the case in a closed session, the court ruled in favor of the Prosecutor General's Office and forfeited Domodedovo to the Russian state.

4. The Salavatneftekhimremstroy JSC case, etc. (Case No. A07-1729/2025)

Another example is the case of Mr. Mityushov and his companies, including Salavatneftekhimremstroy JSC.

In the case, the court recognized that by performing maintenance and repair work on equipment for strategic enterprises such as Gazprom Neftekhim Salavat LLC, Rosneft OJSC, and Tatneft OJSC, Salavatneftekhimremstroy JSC carried out activities of strategic importance. This was despite the fact that equipment maintenance and repair itself was not explicitly mentioned in the list of strategic activities. The court noted that this company ensured the functioning of facilities directly related to the geological study, exploration, and production of minerals in subsoil areas of federal significance.

In this case, the court also recognized another group company, Salavat Catalyst Plant LLC, as a strategic company, stating that the company produces and supplies indicating silica gels that can be used to store and transport optical devices and components for weapons. It is important to note that this silica gel can be used for various purposes. According to Russian State Standards (GOST), it is not intended for military use. However, these products were supplied, inter alia, to the Federal State Enterprise Perm Powder Plant under government contracts as part of the fulfillment of a state defense order. Participation in procurements for defense enterprises was regarded as a sufficient basis for classifying activities as strategic under Article 6(38) of Law No. 57-FZ (“production and sales of metals, alloys with special properties, raw materials and consumables used to manufacture armaments and military equipment”).

The above lawsuits illustrate how Russian authorities and courts interpret Law 57-FZ. In general, if a case goes to court, it is highly likely that transactions involving the transfer of a business or asset will be recognized as invalid, ownership will be recognized as illegal, and assets will be subject to seizure by the Russian state.

Business impact

The main risk is losing a business without receiving compensation. A company that carries out strategic activities and is under foreign control is subject to Law 57-FZ. For this reason, there is a threat of the Russian state seizing a business or certain assets. It concerns holding companies with a structure that includes foreign elements.

Our recommendations:

To minimize risks, we recommend:

1. Conducting an audit of the corporate structure of your company (group of companies). It is crucial to determine if there is a foreign investor involved in the structure and, consequently, foreign control.

2. Evaluating the activities carried out by your company (group of companies). In some cases, even ordinary activities can be considered strategic if they are an integral part of strategic activities.

3. Altering, if necessary, the ownership structure of your business and assets.

We would be pleased to assist you with matters related to the application of Law 57-FZ and the implementation of the above recommendations regarding your business. Our team has significant experience supporting companies with matters relating to the regulation of foreign investments and strategic assets.

DEADLOCK RESOLUTION

The Russian Supreme Court clarified the procedure for resolving deadlocks between members of a limited liability company (LLC) who hold equal interests (50/50) and find themselves in a corporate conflict.

- The equal distribution of interests (50/50) in itself does not prevent the possibility of expelling one of the members if his actions are found to be aimed at deriving personal benefits from a corporate conflict rather than achieving the company's objectives.
- The court must assess which of the members continues to act in the company's interests and which of the members creates artificial obstacles to its operations.
- Bad faith conduct, such as blocking decisions, initiating bankruptcy without grounds, or refusing to finance a project, can serve as grounds for expulsion, even if a member holds a 50% interest.

The position of the Russian Supreme Court may have the following consequences for businesses: firstly, it becomes possible to use the mechanism of expelling a member even in case of equal interests, which was previously considered difficult; secondly, companies with a parity ownership structure (deadlock structures) now have to be particularly careful when establishing the company's objectives and the members' conduct; and thirdly, there is now a judicial tool that can resolve a management stalemate when one of the members abuses power.

All of this increases the importance of corporate agreements and mechanisms for resolving management impasses, including provisions for buying and selling options, option agreements, and so on. We recommend that companies with interests equally distributed among members should revise their corporate documents and arrangements, taking into account the risk of expelling a member due to bad faith conduct or a corporate conflict.

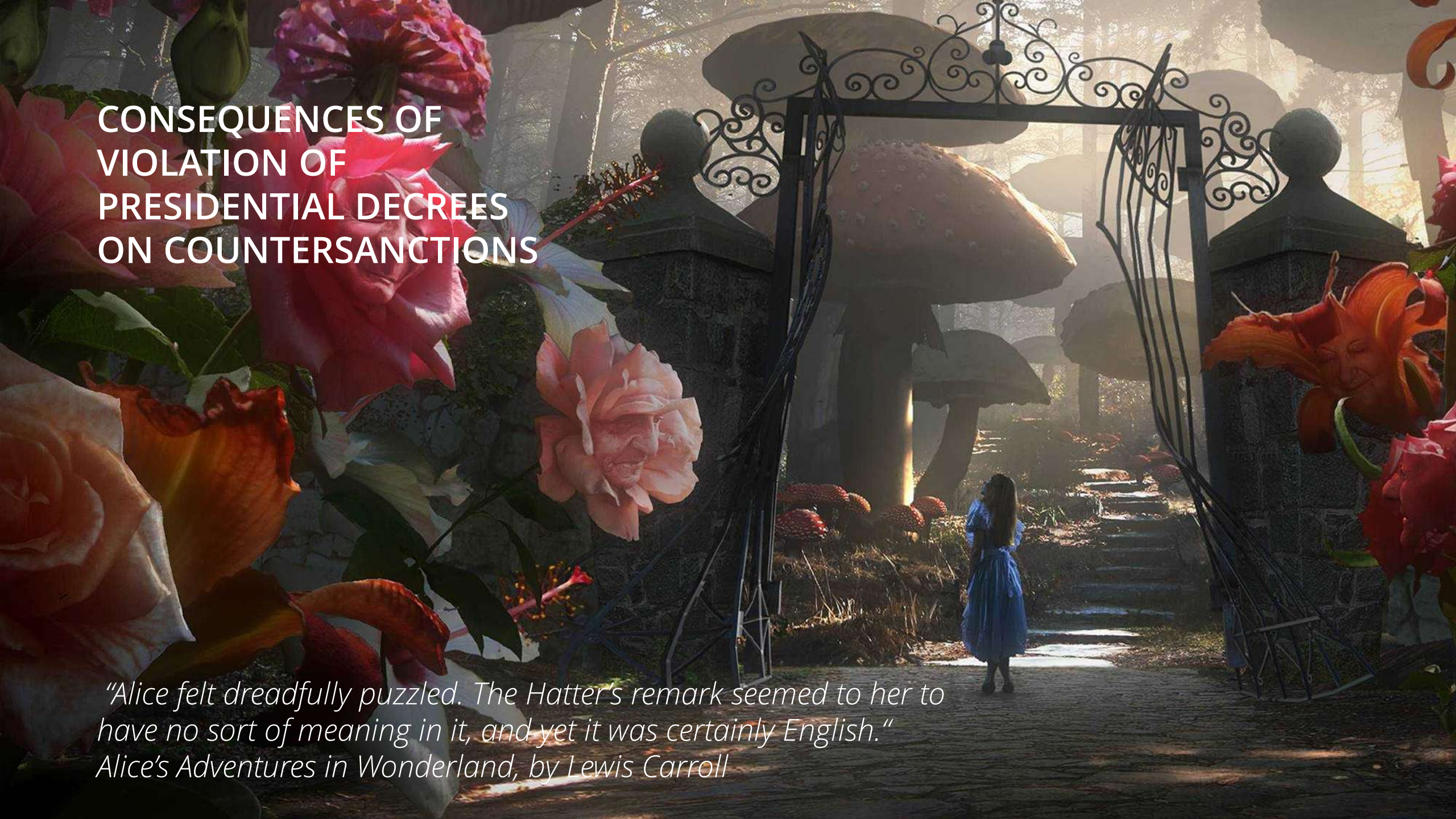
ADVERNTURES OF FOREIGNERS IN RUSSIA

Decree No. 1126 of the Russian President dated December 30, 2024 established important obligations for foreigners: foreign citizens staying in Russia without legal grounds were required to settle their legal status or leave Russia by April 30, 2025. Decree No. 272 of the Russian President dated April 28, 2025 extended the time period until September 10, 2025.

Please note that persons who have lost the legal grounds for staying in Russia (e.g., due to the cancellation or expiration of their visa) are to be included in the register of controlled persons. Being included in this register has significant consequences: a prohibition on registering a marriage, a business, property transactions, opening bank accounts, traveling outside the region of their residence, and other restrictions that we discussed in more detail earlier.

Inclusion in the register of controlled persons occurs automatically, without a foreign citizen or employer being notified. Exclusion from the register implies obtaining permits (visas, work permits or patents) according to the general procedure, without taking into account illegal stay in Russia. We recommend starting to obtain permits as early as possible. In practice, the procedure can be time-consuming, including undergoing inspections and collecting documents.

Click here for more information.



CONSEQUENCES OF VIOLATION OF PRESIDENTIAL DECREES ON COUNTERSANCTIONS

"Alice felt dreadfully puzzled. The Hatter's remark seemed to her to have no sort of meaning in it, and yet it was certainly English."
Alice's Adventures in Wonderland, by Lewis Carroll

At the end of 2024, the ruling of the State Commercial Court of Moscow Oblast dated May 15, 2024 came into effect in Case No. A41-6043/2024 ordering to recover from Torg LLC RUB 9.3 billion to be forfeited to the Russian state for a violation of the countersanctions imposed by decrees of the Russian President.

The background is that, as a result of several transactions, Torg LLC, a Russian company controlled by persons from so-called "unfriendly countries" transferred RUB 9.3 billion to a company from an "unfriendly country" without authorization from the Russian Government Commission. The court ruled that this amount should be recovered from the Russian company that made the payment and forfeited to the Russian state.

Until recently, there was an active discussion about introducing special liability in the form of fines for transactions (operations) that violate decrees of the Russian President on countersanctions. However, such special liability was never introduced, which created uncertainty regarding the consequences of non-compliance with the countersanctions.

This court ruling provides clarity on the potential consequences of completing a transaction in violation of the decrees without authorization from the Russian Government Commission. However, it remains unclear whether these consequences will apply to any violations of the countersanctions imposed by presidential decrees, or only those related to the withdrawal of funds or assets. This case undoubtedly increases the risks associated with a violation of the countersanctions.

It is important to note that in judicial practice, there are cases, in which transactions completed in violation of the countersanctions were invalidated under Article 168 of the Russian Civil Code, and bilateral restitution was applied to them (each of the parties is obligated to return to the other whatever it received under the transaction).

The court's ruling in this case could significantly impact the approach of the courts as the court applied Article 169 of the Russian Civil Code which provides that transactions made for a purpose contrary to the foundations of law and order or morality are void. The court held that any transaction in breach of the countersanctions imposed by presidential decrees qualifies as such a transaction, that is as a transaction completed for a purpose that is contrary to the foundations of law and order or morality.

A transaction completed with a purpose that is deliberately contrary to the foundations of law and order or morality is void. Based on a lawsuit filed by a party to a transaction or any interested party, the court may apply the following consequences of invalidity:

a. Each of the parties is obligated to return to the other whatever it received under the transaction. The court reserves the right not to apply these consequences if their application is contrary to the foundations of law and order or morality.

b. In cases provided for by laws, the court may recover from the parties to a transaction whatever they received under the transaction and forfeit it to the Russian state, if they acted deliberately. Alternatively, the court may apply other consequences as established by law.

As set forth in the Russian Civil Code, the cases when the court can forfeit funds or assets to the Russian state must be expressly provided for by laws. For example, such a measure is provided for in Article 15(1)(1.1.) of Federal Law No. 57-FZ *On Procedures for Making Foreign Investments in Business Entities having Strategic Significance for National Defense* and State Security and Article 8.2(14) of Federal Law No. 273-FZ *On Combating Corruption*.

A decree of the Russian President is not a law, but a different regulation. Furthermore, the Russian Civil Code does not provide for any forfeiture by the Russian state for a violation of a decree of the Russian President.

Nevertheless, the court ruled to forfeit to the Russian state whatever is received from a transaction due to a violation of a decree of the Russian President.

The court relies on Ruling No. 226-O of the Russian Constitutional Court, dated June 8, 2004, as grounds for forfeiture.

"Article 169 of the Russian Civil Code identifies a category of invalid transactions that pose a threat to society—the so-called antisocial transactions that are contrary to the foundations of law and order or morality. The article recognizes such transactions as null and void and establishes the consequences of their invalidity: If both parties to such a transaction have intent, if the transaction is completed by both parties, whatever is received under the transaction is to be forfeited to the Russian state, and if the transaction is completed by one party, whatever that party receives and whatever is due to the former party as compensation for whatever is received under the transaction is to be forfeited to the Russian state; if only one party to such a transaction has intent, whatever that party receives under the transaction is to be returned to the other party, and whatever the latter party receives or is due to it as compensation for whatever is performed is to be forfeited to the Russian state."

This Ruling of the Constitutional Court was issued in 2004, when a different version of Article 169 of the Russian Civil Code was in effect.

Until July 2013, Article 169 of the Russian Civil Code did not require a specific provision in the law to allow for the forfeiture of amounts received under the transaction for the benefit of the state. In this regard, we believe that applying the Ruling of the Russian Constitutional Court without considering the amendments to Article 169 of the Russian Civil Code is unlawful. When forfeiting whatever is received under a void transaction, the additional restrictions imposed by the legislator in 2013 must be considered.

However, as far as we can see, the courts have developed case law allowing for either outcome when applying the consequences of invalidity of transactions concluded in violation of Presidential Decrees—namely, either requiring the return of everything received under the transaction to the other party, or ordering that everything received be forfeited to the state.

We recommend paying close attention to complying with the decrees and carefully considering the consequences of their application. We would be pleased to advise you and support you in obtaining authorizations from the Russian Government Commission.

NEW RULES
FOR PAYING BONUSES

Amendments to the Russian Labor Code made by Federal Law No. 144-FZ dated June 7, 2025 will take effect on September 1, 2025. These amendments will clarify the requirements for the employer's local policies and procedures regarding bonus payments to employees and aim to eliminate arbitrary reductions in employee payments. The law takes into account the legal positions outlined in Resolution No. 32-П of the Russian Constitutional Court dated June 15, 2023.

The law provides for the following key changes:

1) The types of bonuses, their amounts, the time limits, grounds, and conditions for paying bonuses to employees are to be expressly provided for in the employer's local policies and procedures.

2) When designing a bonus system, employers must consider the quality, efficiency, and duration of employees' work, as well as whether employees are subject to any disciplinary sanctions, and other objective indicators.

3) A bonus may only be reduced if an employee is subject to a disciplinary sanction and within the time period for which the bonus was accrued. The total reduction of an employee's wage or salary may not exceed 20% pf the employee's monthly earnings.

In practical terms, it means that before September 1, 2025, all companies should revise and update their bonus policies to avoid disputes with employees or complaints from regulatory agencies. It will become mandatory to drop such wording as "*at the employer's discretion*" and to include clear, measurable criteria for the payment of bonuses. A complete revision of the employee incentive system may be required in some cases, especially if it is discretionary or undocumented.

You will find a more detailed legal review of these changes here.

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PERSONAL DATA AS
THE NEW GOLD FOR
ROSKOMNADZOR

Effective May 30, 2025, fines for personal data protection violations increased dramatically, which means businesses will face greater financial risks.

Failure to notify Roskomnadzor, the Russian Federal Service for the Supervision of Communications, Information Technology, and Mass Media, may be subject to a fine of up to RUB 300,000, and personal data leakage may be subject to a fine of up to RUB 15,000,000. Repeated violations may be subject to a fine of 1% to 3% of annual revenue.

Operators must ensure lawful processing, comply with storage purposes and time limits, restrict third-party access to personal data, and implement security measures. We recommend revising your policies and procedures regarding the processing of personal data, appointing officers responsible for the processing of such data, updating manuals, and checking compliance with applicable requirements.

We also recommend revising your personal data management system to ensure compliance with applicable laws. We would be pleased to help you do it.

Click here for more information about stricter penalties for personal data protection violations.

FOR DESSERT, TAXES

Russian Pillar Two

On May 29, 2025, the Russian Ministry of Finance published a draft federal law, introducing, effective January 1, 2026, a Russian equivalent of the Domestic Minimum Top-up Tax under the Pillar Two rules. The new rules will establish a special procedure for calculating income tax for Russian members of large multinational enterprise groups (MNEs) to ensure a minimum effective tax rate of at least 15%. To put it simply, the Russian rules stipulate that if the effective tax rate of Russian members of an MNE is less than 15%, they will be required to pay an additional amount of tax in Russia to bring the effective rate to 15%.

The Pillar Two rules, released by the OECD as part of a global tax reform, include mechanisms to combat base erosion (GloBE): these are the Income Inclusion Rule (IIR), the Undertaxed Profits Rule (UTPR), and the Qualified Domestic Minimum Top-Up Tax (QDMTT). These rules aim to ensure that large multinational enterprises (MNEs) are taxed at a minimum rate of 15% and to eliminate incentives to shift profits to low-tax jurisdictions.

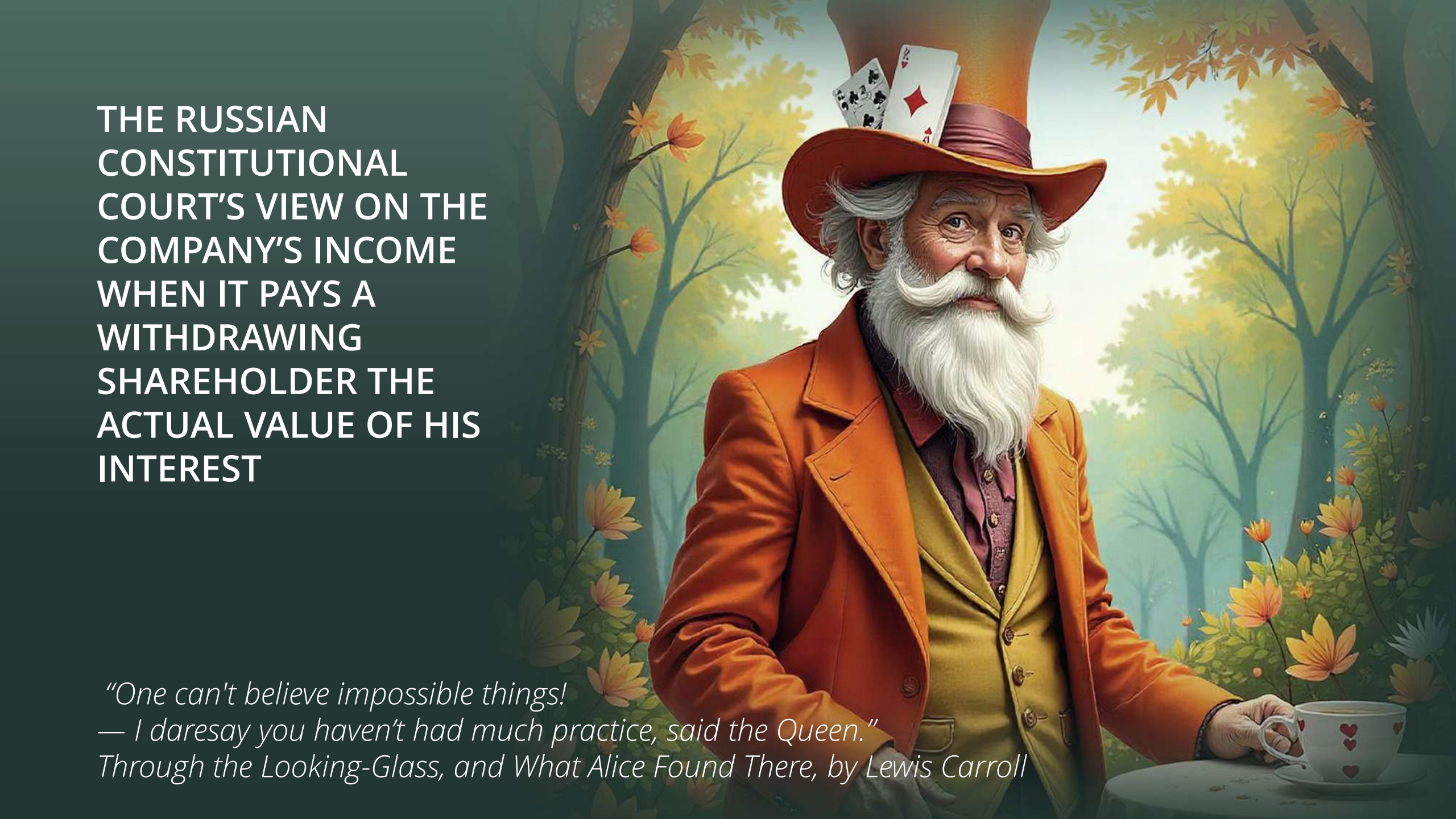
The Russian rules will apply to members of an MNE with a foreign parent company and revenue of more than EUR 750 million if the group is subject to minimum tax rules in other jurisdictions.

Unlike the OECD Domestic Minimum Top-up Tax rules, the Russian version provides for calculating and adjusting the tax burden at the level of each Russian member of an MNE, rather than at the level of the jurisdiction as a whole. This means that if two members of an MNE are present in Russia and one has an effective tax rate of more than 15% and the other has an effective tax rate of less than 15%, the latter will have to pay an additional amount of tax even if the overall tax burden of the MNE in Russia exceeds 15%.

The new rules will also affect those who have various preferential tax regimes, including residents of special economic zones and territories of advanced development, and several others.

We recommend running diagnostics on your group of companies to determine if it is subject to the new rules, calculating the current effective tax rate of the Russian members of your MNE group, and assessing the need to revise your tax planning, including waiving benefits and adjusting your transfer pricing policy. Click here for more information.

THE RUSSIAN CONSTITUTIONAL COURT'S VIEW ON THE COMPANY'S INCOME WHEN IT PAYS A WITHDRAWING SHAREHOLDER THE ACTUAL VALUE OF HIS INTEREST



"One can't believe impossible things!
— I daresay you haven't had much practice, said the Queen."
Through the Looking-Glass, and What Alice Found There, by Lewis Carroll

The Russian Constitutional Court clarified the procedure for taxing a company itself when a shareholder withdraws and the actual value of his share is paid.

And if at this point you are wondering, “Why is there any income here at all”, the idea is that when a shareholder withdraws from a company, the company itself receives his interest, which may not be equivalent to the property being transferred to the former shareholder. In other words, a company that receives an interest from a withdrawing shareholder can receive more than it gives away, which is an economic benefit.

On January 21, 2025, the Russian Constitutional Court issued Resolution No. 2-П that recognized as inconsistent with the Russian Constitution the provisions of the Russian Tax Code regarding the determination of the income of limited liability companies (LLCs) applying the simplified tax system (STS) when transferring property to a withdrawing shareholder in payment of the actual value of his share.

The Russian Constitutional Court considered a request from the Russian Supreme Court to clarify whether applicable Russian tax laws that allow the value of the property transferred in payment of the actual value of the share of a shareholder withdrawing from a company to be included in the tax base under the simplified tax system are consistent with the Russian Constitution.

The reason for the request was the case of USPEKH i N, LLC [SUCCESS & N, LLC]. The Russian tax authorities held the company liable for failing to pay taxes related to the transfer of real estate property to a withdrawing shareholder of the company in payment the actual value of his share. The Russian tax authorities considered the value of the transferred property less the nominal value of the share and the residual value of the transferred property, to be the company's taxable income, despite the fact that its transfer was related to the fulfillment of the obligation to pay the actual value of the share of the withdrawing shareholder.

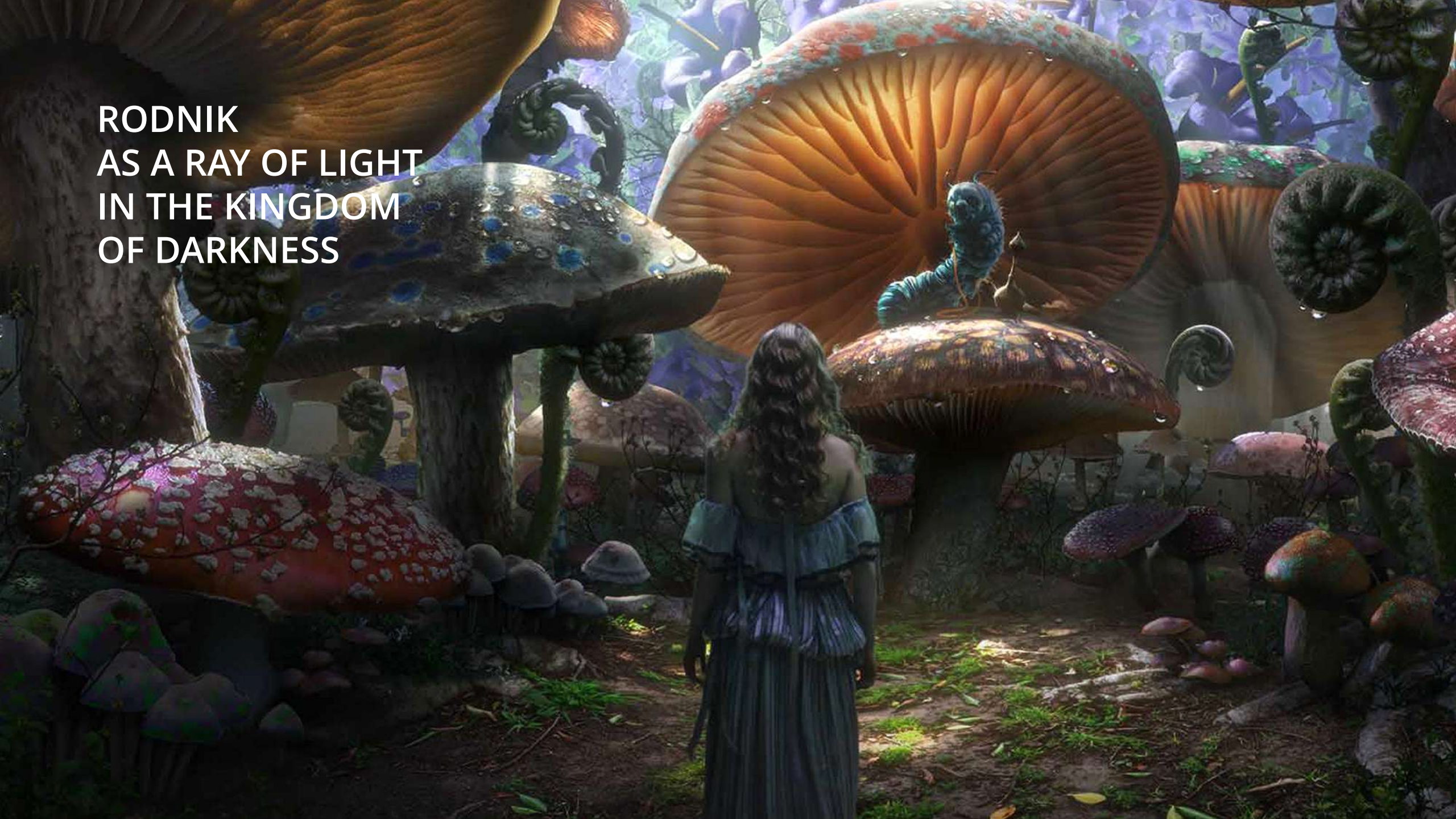
The Russian Constitutional Court stated that, in such cases, the taxable income of a limited liability company should be recognized not as the value of the transferred property, but rather as an economic benefit in the form of the actual (market) value of the shareholder's share that passed to the company after his withdrawal, as valued after the withdrawal. The court ordered this approach to be taken with regard to the taxation of such transactions before relevant legislative changes are made.

We find it difficult to agree that the company receives any income when it pays a shareholder the actual value of his share, given that the company cannot enjoy any of the shareholder's rights attached to the share. Moreover, the share transferred to the company can be distributed among other shareholders or redeemed without generating any income for the company whatsoever.

Additionally, it is not completely clear from the Resolution of the Russian Constitutional Court how the company should calculate its taxable income under the STS: (1) as the actual value of the share, or (2) as the difference between the actual value of the share and the value of the property transferred to the withdrawing shareholder.

We recommend taking this Resolution of the Russian Constitutional Court into account when determining the tax consequences of settlements with a withdrawing shareholder.

We would be pleased to help you do it.


RODNIK
AS A RAY OF LIGHT
IN THE KINGDOM
OF DARKNESS

On January 15, 2025, the Russian Supreme Court issued *Ruling No. 309-ЭС24-18347 in Case No. A76-24862/2023 (in Russian),* which was initiated by a complaint filed by Rodnik LLC (the "Company"). In its ruling, the Russian Supreme Court took a somewhat unexpected position in favor of the taxpayer, given the realities of modern practice.

The Russian Supreme Court considered whether the excessive debit of taxes from a unified tax account (UTA) by the Russian tax authorities by mistake was an enforced tax collection, and consequently, whether interest should be charged in connection with such excessive debiting, in accordance with Article 79(4) of the Russian Tax Code.

The Russian tax authorities and courts of three instances pointed out that no accrual of interest should occur because no enforcement procedure was carried out and no relevant decisions were made. Additionally, since the taxpayer voluntarily credited funds to his UTA, they cannot be considered as having been collected by enforcement.

The Russian Supreme Court disagreed with the arguments of the lower courts, indicating that in this case, there was an actual violation of the company's interests, which should be compensated by the accrual of interest according to the general rules. The case was referred for retrial to reinstate the violated interests.

This conclusion will be useful for any taxpayers involved in disputes with the Russian tax authorities over when interest should be accrued if they illegally debit sums from their UTA. There should now be no reason to disagree about who is financially responsible for debiting a unified tax account.

This case becomes even more interesting in light of the conclusion that the concept of "substance over form" can and should be applied not only to the taxpayer, but also to the Russian tax authorities. Thus, the Russian Supreme Court did not allow the Russian tax authorities to "hide" behind formal arguments about failing to follow a procedure or make a decision.

Instead, the Court pointed to the essence of the Russian tax authorities' actions—i.e., debiting funds. In this sense, this case is useful in many situations when a taxpayer needs to protect his rights in a dispute with the Russian tax authorities that use formal reasons for refusal.

NEW OPPORTUNITIES FOR YOU IN ASIA

Laos

It is becoming increasingly difficult to make payments, especially using “popular” solutions. As soon as a payment solution gains popularity, it quickly comes to the attention of regulators monitoring compliance with sanctions against Russia.

In light of this, it's worth paying attention to less noticeable but working jurisdictions. Take Laos, for example. It's a country that has not yet become the focus for the scrutiny of regulatory authorities. In Laos, you can start a company and establish payment channels with your counterparties.

As in any other jurisdiction, starting a business in Laos requires careful consideration of regulatory requirements.

Although Laos has opened most sectors of its economy to foreign investment, several industries (e.g., banking) are still subject to restrictions on 100% foreign participation. For this reason, we recommend ensuring that your investments will not be subject to any restrictions on 100% participation before planning them.

Even though the general minimum capital requirements have been abolished in Laos, they remain in place in a number of sectors. For example, trading companies with 100% foreign capital must have a share capital of about $1 million.

Generally, companies in Laos are subject to income tax at the base rate of 20% and value-added tax at a rate of 10%.

We will help you understand the available opportunities and implement a solution.

If you would like to know more, please contact us.

Thailand

Doing business in Thailand requires considering the restrictions imposed by the Foreign Business Act (FBA). Various legal and institutional mechanisms are provided for activities that are subject to this act:

- Foreign Business License (FBL): Registration takes three to five months and requires fulfilling conditions for creating jobs for Thais, transferring technology, and investing a certain amount;
- Board of Investments (BOI): If a project is approved, it is granted 100% foreign ownership, tax and customs privileges, and land ownership. However, this only applies to priority industries and is subject to certain criteria;
- Industrial Estate Authority of Thailand (IEAT): It allows investors to avoid FBA restrictions in the manufacturing sector and take advantage of additional tax preferences;
- Starting a Thai company, in which local shareholders own a majority interest (at least 50%), is the easiest way to access uncontrolled activities, especially for small and medium-sized businesses.

Key benefits are:

- A stable macroeconomic environment and well-developed infrastructure (international ports, airports, and logistics centers).
- an advantageous geographical location and access to the Southeast Asian market, which has over 650 million consumers.
- state support measures, including exemption from corporate tax and customs duties, land ownership for foreign companies, and simplified visa and employment regulations for investors and key specialists.

Which format should you choose? The answer depends on the area of activity, the amount of investment, and the degree of control required.

For more information about possible ways to structure a business, contact us.

KEY EVENTS AT OUR FIRM IN THE FIRST HALF OF 2025

Forte Tax & Law Ranks Among the Best!

Pravo-300 and Kommersant Publishing House published the individual ranking of lawyers for 2024.

Anton Kabakov and Natalia Vorobyeva are recognized as recommended lawyers in the Pravo-300 and Kommersant rankings for 2024.

These rankings are based on an evaluation of professional accomplishments, feedback from customers and colleagues in the market, and actual projects and achievements. Being recognized in such a ranking is not just a formality. It is a recognition of high expertise and first-class reputation in the Russian legal services market.

Delovoy Peterburg newspaper announces the results of the contest "Legal Top 2025: Team Score"

The Forte Tax & Law team was awarded with a winner's diploma in the category "Non-Petersburg Cases of Petersburg Lawyers" and took second place in the category "Corporate Law". Congratulations to the winners and participants of the contest!

To read the full article, click here (*in Russian*).

Pravo.ru publishes the results of an international survey on Russian law firms' projects abroad

For this survey, Forte Tax & Law submitted 18 projects completed in seven jurisdictions. Three of these projects were among the top 10 most popular jurisdictions by the number of projects in the Pravo.ru survey.

As part of these projects, Forte Tax & Law lawyers handled cases involving foreign trade/customs law and currency regulation, tax law, corporate law/mergers and acquisitions (M&A), regulatory law, and family and inheritance law. Four of these practices ranked among the top 10 most popular practices by the number of projects carried out in foreign jurisdictions.

The Forte Tax & Law team made it to Group 3 of the regional survey according to the overall standings.

The achievements of the Forte Tax & Law team in implementing projects in foreign jurisdictions were duly recognized in the overall standings of the Pravo.ru regional survey.

Round table discussion “MNO Belarus-Russia“at BEPS Academy

On March 11, 2025, the BEPS Academy hosted a round table discussion “MNO Belarus–Russia“, at which Anton Kabakov, Partner at Forte Tax & Law, spoke about the approaches that the Russian Federal Tax Service takes to transfer pricing (TP) audits.

The participants discussed key regulatory trends and some practical issues facing companies. The discussion also touched on the increased risks and responsibilities associated with related party transactions and the need for companies to self-adjust the tax base to avoid fines and secondary adjustments. The discussion also covered the fact that the Russian Federal Tax Service is shifting its control activities to the stage of a pre-audit analysis.

Click here for more information.

Forte Tax & Law launches a new practice and hosts a webinar, “First class action against Gazprom in Russia: A Unification of GDCs vs. UGO”

We launch a new practice: legal support for the Fuel and Energy Complex (FEC). One of its top priorities will be protecting the rights of gas distribution companies (GDCs) in their relations with the Unified Gasification Operator (UGO). Evgenii Kozhevin, an expert in legal support for oil and gas companies, will head this practice. He previously held senior positions in the legal divisions of Gazprom Group and is the author of an analytical series of articles on legal issues related to pre-gasification.

Evgenii Kozhevin’s first initiative as head of the practice was to host a webinar, “First class action against Gazprom in Russia: A Unification of GDCs vs. UGO” on June 26, 2025. Participants discussed today’s key issues between the UGO and independent gas distribution companies (IGDCs), and ways to resolve their disagreements.

If you would like to learn more about our new practice or receive the webinar materials, please email us.

Forte Tax & Law successfully defends a client against a multimillion-ruble lawsuit- our lawyers successfully represent a Russian IT group of companies in a lawsuit concerning the recovery of remuneration under an agency agreement

The client entered into an agreement with a financial broker, under which the broker agreed to seek external bank financing for the entire group. The broker's remuneration was determined as a percentage of the transaction value, which eventually exceeded RUB 1 billion. Potentially, the broker's remuneration could have amounted to hundreds of millions of rubles.

The case posed significant challenges due to the sheer volume of documents, the complexity of financial terms, and the risk of substantial losses. This required a thorough strategy and a robust legal position to ensure a favorable outcome in court. We are grateful for the trust placed in us, and we are honored to be entrusted with the protection of interests in such significant and sensitive disputes.

Click here for more information about the case.

Crash Course on Surviving in Cross-Border Payments. New Settlement Mechanisms in the Context of Tightened Foreign Exchange

Anton Kabakov, Partner, Forte Tax & Law, gives a presentation on this topical subject at events in April:

On April 22, 2025, the Industrialist Day 2025 Conference, hosted by the German-Russian Chamber of Commerce (AHK Russland) as part of its traditional week in St. Petersburg, which featured discussions on the current situation in Russia's industrial production, the impact of sanctions on imports and exports, payment difficulties, opportunities for expansion into new markets, project financing, and human resources.

On April 24, 2025, the 6th Annual Financial Directors Forum, hosted by Kommersant Publishing House, which focused on current trends, opportunities for transforming financial strategies for companies, liaison with regulatory agencies, and many other issues

If you are facing difficulties in cross-border payments and would like to receive the presentation materials, please contact us.

LINKS

1. Article 2(2) of Federal Law No. 165-FZ dated July 18, 2017

2. Article 1(2)(b) of Federal Law No. 139-FZ dated April 28, 2023

3. As part of the BEPS Academy project, we have made available our transfer pricing course in which we analyze this and other transfer pricing cases in more detail: https://beps.academy/kurstransfernoeobrazovanie_2023

4. https://www.vedomosti.ru/business/articles/2025/01/29/1089095-domodedovo-pod-inostrannim-kontrolem

5. Ruling of the State Commercial Court of the Republic of Bashkortostan dated April 7, 2025 in Case No. A07-1729/2025

6. Para. 23 of Judicial Practice Review No. 1 (2025), approved by the Presidium of the Russian Supreme Court on April 25, 2025

7. Ruling of the State Commercial Court of Moscow Oblast dated May 15, 2024 in Case No. A41-6043/2024, Ruling No. 10АП-12762/2024 of the Tenth State Commercial Court of Appeals dated December 24, 2024 in Case No. A41-6043/2024

8. Ruling No. 10АП-11990/2023 of the Tenth State Commercial Court of Appeals dated August 14, 2023 in Case No. A41-101031/2022, Ruling No. Ф05-22512/2023 of the State Commercial Court of the Moscow Circuit dated October 23, 2023, Ruling No. 305-ЭС23-28851 of the Russian Supreme Court dated February 8, 2024

9. Article 3(6) of the Russian Civil Code

10. Ruling No. 226-О of the Russian Constitutional Court dated June 8, 2004 On refusal to accept for consideration the complaint filed by Ufa Oil Refinery Plant, Open Joint-Stock Company regarding a violation of constitutional rights and freedoms by Article 169 of the Russian Civil Code and the third paragraph of Article 7(11) of the Russian Law “On Tax Authorities of the Russian Federation”

11. Resolution No. 2-П of the Russian Constitutional Court dated January 21, 2025 On the case of verifying the constitutionality of Article 39(3)(5), Article 41(1), Articles 248(1) and 248(2), Articles 249(1) and 249(2), and Article 346.15(1) of the Russian Tax Code in connection with a request of the Russian Supreme Court

We hope that you found this overview useful and interesting.

We would be pleased to discuss these legislative changes with you and help you adapt to them.

We should always remember that the key to success is the ability to quickly adapt to change.

Sincerely,

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