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Law Messenger

Amendments to Currency Control Law Now Passed

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Has a step been taken towards liberalizing currency regulations?

On 24 July the State Duma passed a bill[1] amending the Law on Currency Regulation[2] in the third reading.

The federal law was published on 2 August 2019. The amendments are due to enter into force on 1 January 2020 (with the exception of a few provisions).

The main ideas and provisions that were originally put before the State Duma remain in place in the text of the published law. A detailed description of the amendments may be found by following this link.

[1] *Draft law record card*

[2] *Federal Law No. 173-FZ of 10 December 2003 "On Currency Regulation and Currency Control"*

Below we summarize some of the key changes in the published version of the law.

Broker accounts brought within the scope of the Law

The scope of the currency law is extended to include accounts/deposits held by residents with foreign financial market organizations[3].

Additions to the original bill include a requirement to submit account statements.

Under the amendments, residents will be required to notify the Federal Tax Service of accounts held with foreign financial market organizations (opening, closure and changes in details) as well as accounts with foreign banks, and to submit statements for those accounts.

Statements of accounts held by residents with foreign financial market organizations will not have to be submitted by:

- individuals classed as "special residents" and
- individuals holding accounts with a bank or other financial market organization located in an OECD or FATF country if the country concerned exchanges information with the Russian Federation, provided that the total amount credited to or debited from the account over a reporting year (or the balance of funds at the end of a reporting year) does not exceed 600,000 roubles or the equivalent in foreign currency

Revision and extension of bank control over currency operations

An addition has been made to the provision obliging residents to inform a bank of the time within which amounts of loan repayments in any currency due from non-residents are expected to be received in their accounts.

The amendments now additionally require documents confirming the fulfilment or termination of non-residents' obligations under foreign trade contracts between residents and non-residents to be submitted to banks if repatriation requirements have been annulled in relation to the contracts in question.

What does it mean for you?

The introduction of the automatic exchange of information in Russia has confronted residents with a new reality in which information already possessed by the regulator has to be reconciled against information that it will receive or has already received in the context of automatic exchange.

There is clearly a need to review current currency operations and accounts and, where necessary, bring them into line with current legislative requirements.

We would be happy to provide you with our support and assistance in these matters.

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[3] *Other financial market organizations are organizations that have the right to provide services involving the attraction from residents and placement of money or other financial assets for storage, management, investment and (or) the performance of other transactions in the interests of a resident or directly or indirectly at the expense of a resident*

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