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LAWYERS AND TAX CONSULTANTS

Doing Business in Russia
Joint Webinar of Brand & Partner and RNM
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India and Russia are preparing for the 23rd summit in New Delhi: planned forearly December 2025

17.11.2025 Meeting between the Indian and Russian foreign ministers in Moscow: Mr Subramaniam Jaishankar and Mr Sergey Lavrov

December 2025: 23rd summit in New Delhi with meeting of state leaders

Topics: trade and economic relations, including issues of logistics, settlements and elimination of trade imbalances, agreement on the protection of the rights of Indian workers in Russia

04.12.2025 – 05.12.2025 Russian-Indian forum of high-ranking officials and business leaders from both countries.

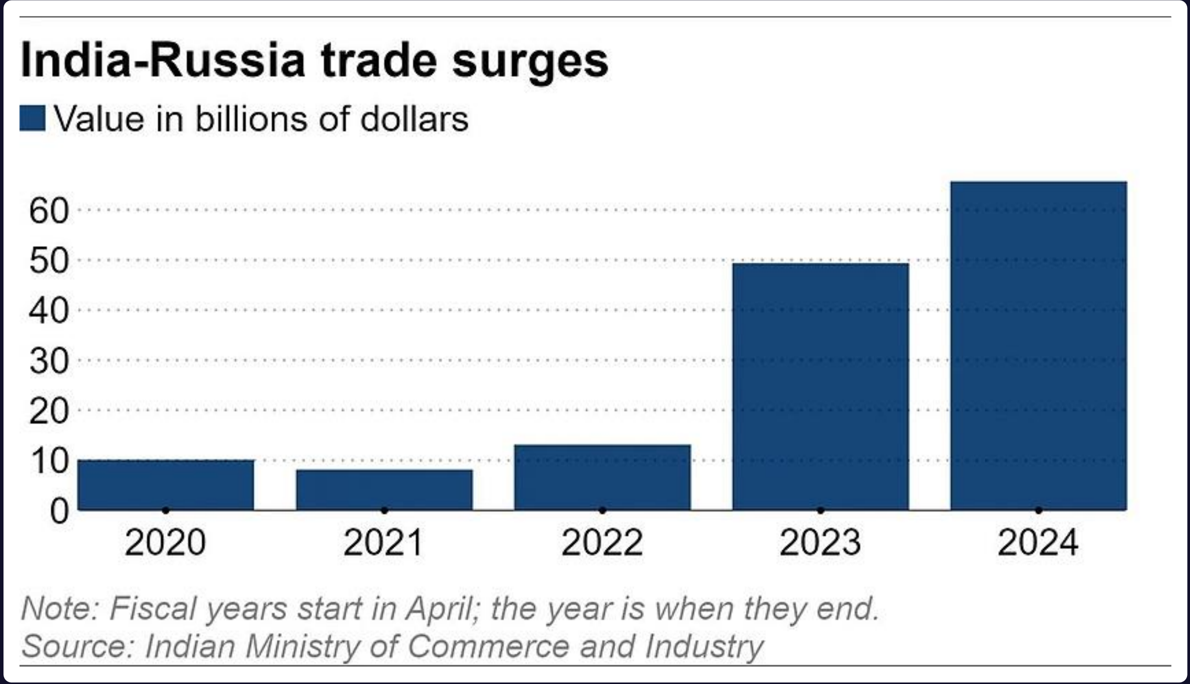
Topics: expansion of industrial cooperation, expansion of Indian machinery and technical products, increase in Russian purchases of Indian food products, potential for growth in the mutual provision of digital services, increase in Russian purchases of Indian pharmaceutical products, import of labour resources from India, cooperation in the field of tourism

Trade & Business between Russia and India: General Overview

Indian exports to Russia:

- Chemical products
- Pharmaceuticals
- Machinery and equipment, electronics
- IT services
- Food products
- Other industrial goods (textiles, leather, iron, steel)

Russia is the fourth major trading partner of India



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Target turnover to 2030: 100 billion USD

India's exports to Russia in 2024: 4.26 billion USD (40% increase from 2023)

Approx. 30-40% of Western companies left Russia: market gap with huge potential for exports and investment from India to Russia

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RECHTSANWÄLTE UND STEUERBERATER

Business Models for Operating in Russia

Direct sales / Working with a Russian Distributor without investing

- Good for testing the market, lower risk **but**
- No brand presence
- No control over distribution to end-customer, less margin
- No long-term customer relationships

Investing in Russia:

1 Joint Venture (JV) with a Russian Partner

- Ideal for complex sectors (manufacturing, pharmaceuticals, and heavy engineering)
- Leverage local expertise and share risks
- More control, more margin

2 Acquiring a Local Company or Distributor

- Instant access to customers, team, and logistics
- Ability to build brand presence and long-term customer relationships
- More margin

3 Establishing a 100% Subsidiary (LLC) or branch of foreign Company

- Full control over your brand, strategy, and profits
- Ability to build brand presence and long-term customer relationships
- More margin

Specific of the most popular legal forms

Branch and LLC as legal business forms (1/2)

	Branch of a foreign company	LLC (OOO)
Ownership	Head (mother) company	One or more persons (individuals or legal entities). The maximum quantity of persons may be up to 50
Name	Name of the Head company	Any name allowed by Russian legislation
Legal status	Not legal entity, but separate subdivisions of a foreign Company (part of a foreign company which is based somewhere other than the company)	An independent Russian legal entity
Activities	commercial and marketing activities, representation of the interests of a foreign company Contracts to be concluded on behalf of the Head Company	any commercial activities stipulated by Russian legislation Contracts to be concluded on behalf of the LLC
Assets	Unlimited	Share capital of min RUB 10.000
Liability	Full liability of the Head Company	Limited liability of the shareholder(s) Subsidiary liability of the shareholder in exceptional cases

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Specific of the most popular legal forms

Branch and LLC as legal business forms (2/2)

	Branch of a foreign company	**LLC (OOO)**
State registration		
Registration term	Up to 2 months	Up to 1 month
Registration fee	State fee RUR 120,000.	State fee RUR 4,000. Minimal share capital consists of RUR 10,000.
Legal Address	Official address to be registered with the Russian tax authorities	
Management	Head of the Branch with a power of attorney from the Head Company	Two-level or three-level management structure: 1. General meeting of participants (1.1) Board of directors 2. General Director.

Starting business in Russia (1/3)

Statistics:

The number of Indian companies in Russia has tripled in four years: 1,030 firms as of September 2025.

Indian employees: 36 thousand employees in 2024 in comparison to 14 thousand in 2023

General plan:

1 .Information – 2. Viable business concept

3. Decision – 4. Execution

Russian specific

★Simple procedures
★ Digital Services
★ Clear legal norms

╳ Language difficulties
╳ Strict migration legislation

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General LLC registration step plan

Starting business in Russia (2/3)

1. Pre-registration steps

- Drafting:
  Charter
  Foundation resolution
  Foundation agreement,
  SHA
  registration application
- Decision on:
  Name
  Charter capital
  Shares of participants
  General director(s)
  Accounting services
  Legal Address
  Bank
  List of main activities
- Assembling/Legalizing/
  Translating of documents of shareholders

2. Registration

- Notary visit with the founders

or

- State registration authority visit of the founders

or

- Signing registration application abroad / legalization / transfer to Russia / proving registration application to the state body by the representative with PoA

3. Final steps

- Foundation documents registered
- Issuing stamp of the LLC
- Issuing digital signature for the General director(s)
- Opening bank account for the LLC
- Payment of the charter capital
- Conclusion of the employment contract
- Conclusion of the lease agreement / accounting services
- Conclusion of contracts with clients/contractors

Starting business in Russia (3/3)

Foreigners are subject to the same legal rules as Russian except for migration and employment regulations

Essential

- ✓ Employment contract → regulation under Russian Law
- ✓ Work permit → 2 main types
- ✓ Work visa
- ✓ Medical tests / Dactyloscopy / Photographing
- ✓ Premises
- ✓ Migration registration (in rented premises)
- ✓ Bank account
- ✓ State digital services registration
- ✓ Family → visa, migration registration, educational institutions

✓ Migration registration

State Support and Incentives for Investors

Territorial Development

- Special Economic Zones, Industrial Parks (European part of Russia)
- Skolkovo (Moscow Region)
- Advanced Special Economic Zones (far east of Russia)

Investment contracts with the government

- Special Investment Contract
- Regional Investment Projekt
- Investment Promotion and Protection Agreement

Tax incentives

- Investment Tax Deduction
- Incentives for IT companies
- Simplified Taxation System (if yearly turnover is lower than RUB 490,5M, aprox. USD 6M)

Cross-Border Transactions: Rules for Settlements and Taxation (1/2)

Options for transactions

- Sberbank (the largest bank in Russia) processes settlements in rupees with Indian companies
- Alternative option: payment through a payment agent

Russian currency regulations: key considerations

- Import and export contracts must be registered with a Russian bank, and all subsequent amendments to the contracts must be regularly submitted to the bank
- Priority: meticulous documentation of all transactions. The documents must reflect the actual relationship between the parties; otherwise, the payment may be deemed illegal
- Obligation to timely settle obligations that involve payments from abroad into Russia (actual payment, set-off, debt forgiveness, etc.).
- Always written contract necessary (foreign trade contract)

Cross-Border Transactions: Rules for Settlements and Taxation (2/2)

Taxation rules under Double Taxation Treaty Russia-India

- Russian Withholding Tax (WHT) 10% for dividends, interest, royalties
- No WHT for income from international air and maritime transportation
- No WHT for income from leasing of sea vessels and aircraft
- No WHT for income from intercompany services
- WHT 25% for income from sale of shares / stakes in Russian companies whose assets consist directly or indirectly of Russian real estate for more than 50%
- No WHT for other passive income

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Overview of the Russian Tax System

Overview: Major taxes in Russia

- Profits tax - 25% (taxable income minus deductible costs), special rates - 5% for IT companies, 15% (dividends to foreign companies), exemptions. Reduced rates or exemptions based on DTTs, e.g. 10% on dividends to Indian companies

- VAT - 22% from 2026, or 10% (food, etc.), 5%/7% for companies applying simplified taxation system, 0% (export, etc.), exemptions; Country of origin principle for services plus special regulations (e.g. country of destination principle related to advice, advertising, engineering services, marketing, etc.)

- Personal income tax - scale for residents: from 13% to 22% on ordinary annual income, the same for payroll of HQS regardless of residence (residence: when at least 183 calendar days per year); 30% for non-residents; special rates for certain types of income (e.g. 35% on lottery winnings) and exemptions (e.g. sale of property after certain holding period)

- Social security contributions - paid only by employers, individual entrepreneurs; tariffs *in total approx. 30%* (specifics to be discussed separately), reduced for IT companies

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