

RUSSIA

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A. CULTURAL PROPERTY AND ART MARKET

1. Does your country protect cultural patrimony of its own, and if so, how? (see also C.1)

- 23.001** Russia protects cultural patrimony and guarantees the preservation of objects of cultural heritage in the interests of the present and future generations.
- 23.002** Russia regulates cultural and art objects through the Constitution of the Russian Federation, the Fundamental Principles of Russian law in the sphere of Culture, acts of the Eurasian Economic Union (EAEU), special federal laws, laws of the Russian regions and subordinate legislation on culture.
- 23.003** The main social and cultural rights of individuals are enshrined in the Constitution, which grants everyone the right to participate in cultural life, make use of cultural institutions as well as access to cultural valuables.
- 23.004** The Fundamental Principles of Culture of the Russian Federation govern activities in the research, protection, usage and restoration of historical and cultural monuments, literature, cinematography, architecture and design, among other areas.
- 23.005** Among the federal laws that are specifically used, the following are noteworthy:
- The Federal Law on Items of Cultural Heritage (Monuments of History and Culture) of the Peoples of the Russian Federation governs the preservation, usage, promotion and state protection of items of cultural heritage.

- The Law on the Export and Import of Cultural Valuables sets forth the rules on how cultural valuables may be taken across borders as well as state control over them.
- The Federal Law on the Museum Fund of the Russian Federation and Museums in the Russian Federation (the Museums Law) establishes a special legal status for the museum fund and the procedures for creating museums in Russia and their legal status.

This list is not exhaustive, as the rules on cultural and art objects are set forth in other pieces of Russian legislation. **23.006**

2. Is your country party to 1970 UNESCO Convention, 1995 UNIDROIT Convention, 1954 Hague Convention and Protocols and other multinational agreements designed to protect cultural property? (see also C.)

Russia is a party to many multinational agreements that are designed to protect cultural property. **23.007**

As the legal successor of the USSR, Russia is currently a party, among other things, to the 1970 UNESCO Convention, 1954 Hague Convention and the First Protocol to 1954 Hague Convention (Russia does not participate in the Second Protocol), 1972 Convention Concerning the Protection of World Cultural and Natural Heritage, 1985 European Convention for the Protection of the Architectural Heritage of Europe. **23.008**

Russia signed the 1995 UNIDROIT Convention on Stolen or Illegally Exported Cultural Objects on 29 June 1996, but as of today Russia has not ratified it. **23.009**

Russia also signed and ratified the 1992 European Convention on the Protection of Archaeological Heritage. **23.010**

Russia is a party to other multinational treaties concerning cultural collaboration, for instance, 2019 Treaty on Cooperation of Member States of CIS in Matters Concerning Museums and 1992 Treaty of CIS on Cooperation in Matters Concerning Culture. **23.011**

3. How vibrant is your country's cultural property market?

In recent years, the Russian cultural property market has been growing steadily. In 2021, according to information from Artinvestment.ru, the Russian art **23.012**

market had an impressive level of turnover of USD 11.65 million. The turnover of Russian fine art at foreign auctions reached USD 352.26 million in 2021.

- 23.013** The key players on the Russian art market include auction houses (over 160 organizations) and art dealers (about 100 major galleries and around 5,000 private art dealers).
- 23.014** The main local dealers on the cultural property market in Russia are AI Auction House, Gelos Auction House, VLADEY Auction House, Egorov's Auction House, Russian Auction House and V Nikitskom Auction House.

4. Does your country regulate the issuance and trade of works associated to NFTs (Non-Fungible Tokens)?

- 23.015** Russian legislation does not specifically regulate the issuance and trade of NFTs as of now.
- 23.016** A bill providing for the regulation of NFT as a protected result of intellectual activity was introduced to the Russian Parliament in May 2022, but it does not prescribe any regulation or restrictions concerning the issuance and trade of NFTs. The bill is still being considered by the State Duma in its first reading in 2023. It is highly likely that the bill will be rejected since it has been broadly criticized and received a negative legal opinion from the Russian Government.
- 23.017** However, Russian museums are involved in the issuance and trade of NFTs. For example, the State Hermitage Museum issued NFTs with digital copies of art pieces from the museum's collection. The Hermitage's NFTs auction was held on the Binance crypto platform in 2021.

B. PURCHASE

1. What is the due diligence required from a buyer of fine art or other cultural property? (private person versus people in the trade)

- 23.018** The buyer should comply with the following due diligence procedure and obtain the following specific information in order to verify the status of the cultural valuables:
- Information about the origin of the items (whether they were illegally acquired and imported to Russia).

- Information about whether the items have historical, artistic, scientific or any other value.
- Data about whether the items are permanently held at state and municipal museums, archives, libraries or any other state storage facilities.
- Details about the date of the creation of the relevant cultural valuable (verify whether it was created more than 50 years ago).
- Information about the legal capacity of the seller (including the fact of proper registration of the seller's company or the seller's passport if he/she is an individual or individual entrepreneur, whether any liquidation or bankruptcy procedures have been initiated with respect to the seller; confirmation of representative powers to act on behalf of the seller (if applicable); the ownership title of the items and a lack of third-party rights to the relevant piece of art (e.g., the pre-emptive right of Russia or a pledge), among other things).

Such detailed due diligence is generally not required when the buyer is a consumer. **23.019**

If the item is being exported from Russia, it is recommended to check additionally whether it is necessary to comply with special procedures or obtain special permits. An evaluation of the cultural valuable by experts accredited by the Ministry of Culture may be helpful in this regard. **23.020**

2. Any particular contract law features applicable to the sale and purchase of cultural property (private treaty transactions, auctions)?

In particular, the following aspects of Russian contract law requirements should be taken into account when selling and purchasing cultural valuables: **23.021**

- Transactions involving cultural valuables that are included in the non-state part of the Russian Museum Fund are subject to registration with the State Catalogue of the Russian Museum Fund.
- Russia has the pre-emptive right to buy cultural valuables belonging to museums and museum collections that are included in the Museum Fund.
- An agreement providing for the transfer of ownership rights to an object of cultural heritage should include the buyer's obligation to maintain this object in proper technical condition without deteriorating the physical state and/or changing the subject of the object under protection.
- With regard to a public auction, if a buyer who won a public auction fails to conclude an agreement, the seller can take legal action requiring the buyer

to conclude an agreement and reimburse any losses caused by the failure to do so.

23.022 Transactions related to cultural values are generally conducted in a written form to ensure proper formalization of transfer of the right or title to the item as well as mitigate any obstacles when obtaining permits for export operations.

3. Are there any legal warranties of title, authenticity or something else?

23.023 The title to an object of cultural property is normally confirmed by the corresponding documentary proof of its proper acquisition (e.g., purchase, inheritance, gift agreement, gift inscription or receipts). Certificates are generally prepared for musical instruments of cultural value. Such certificates contain, among other things, information about the current owner. An evaluation of the object's authenticity can be conducted by experts authorized by the Ministry of Culture.

23.024 A will is often used as evidence of the title to artwork that is transferred upon death to the relatives of a testator or to museums or galleries of Russia, especially if the work of art has significant historical or cultural value. Receipts obtained from the acquisition of works of art may also prove ownership of the acquirer, including ownership of an art object.

4. What are the legal remedies against fakes, forgeries and counterfeits?

23.025 Some civil law remedies could be available to the buyer if the seller fails to provide the buyer with the required and reliable information about an item that is being offered for retail sale or if the sold item is of improper quality (e.g., repudiation of a contract and refund of the price paid, recovery of damages and, when available, penalties etc.).

23.026 Moreover, the Russian Civil Code states that parties engaged in business activities may grant warranties and representations and agree on certain indemnity (compensation for property losses) to be paid in case of misrepresentation. The amount of indemnity agreed by parties, as a rule, cannot be mitigated by a court.

23.027 Russian law provides public administrative liability for the illegal use of a copyright through the seizure of counterfeit products and the imposition of relevant fines.

The illegal use of copyrights as well as the acquisition, storage or transportation of counterfeit copies of works or phonograms for the purpose of sale, when committed on a large scale (when the value of copies of the works or phonograms or the value of the rights to use objects of copyright and related rights exceeds RUB 100,000 (approximately EUR 1,680), may also lead to personal criminal liability. **23.028**

5. Any relevant “consumer” protection rules?

Consumer protection rules are generally envisaged in the Russian Civil Code and the Law on the Protection of Consumers’ Rights. The Law on the Protection of Consumers’ Rights stipulates that a seller is liable to consumers for the quality and safety requirements of products (work/services), regulates a seller’s liability for inaccurate information on products and also sets forth other rules. **23.029**

Consumer protection legislation applies to gratuitous transactions between (1) a consumer acting as a buyer/customer and (2) a person conducting a relevant transaction as part of its *business activities* and acting as a seller/contractor. **23.030**

6. Any artist resale right (*droit de suite*)?

Russian law recognizes an artist’s resale right in the following context: when an author disposes of an original piece of art, he/she is entitled to a percentage of its price upon each further public resale of the original through a gallery, art saloon, store or similar organization. The amount of the percentage payable to the author depends on the resale price of the original. The percentage rates are established by the Russian Government. The resale right is inalienable but can be passed to the author’s heirs for the duration of the exclusive right to the work of art. **23.031**

C. EXPORT AND IMPORT

1. Any export restrictions on cultural property? How does it work?

23.032 The Law on the Export and Import of Cultural Valuables envisages an exhaustive list of cultural values that are not allowed to be temporarily exported from Russian territory without an obligation to return them:

- Items of cultural value that have special historical, artistic, scientific or other cultural significance, except for the export of such objects by the person who created it.
- Items of cultural value that are permanently held at state and municipal museums, archives, libraries and other state and municipal institutions of the Russian Federation that permanently store cultural property.
- Items of cultural value included in the Archive Fund of the Russian Federation, the Museum Fund of the Russian Federation as well as in the National Library Fund, including those that are privately owned.
- Archaeological items.

23.033 In addition, the Decision of the EAEU Board on Non-Tariff Regulation Measures contains a special list of cultural values that may only be exported from Russia upon obtaining permit documentation (a conclusion on the export of the cultural value (for individuals for personal use) or an export license (for legal entities and individual entrepreneurs)). The list of such cultural values includes, among other things:

- Art objects included in museum and archive funds.
- Art objects created more than 50 years ago.
- Objects and collections with historical, scientific or cultural value associated with memorable historical occasions or the history of science or technology.
- Unique musical instruments regardless of their age.

23.034 Cultural valuables may be exported by their legal owner (or a person authorized by such owner) or the author of such cultural valuables.

23.035 Permits for permanent and temporary exports are granted based on the results of a mandatory expert evaluation of cultural values, the submission of a specific package of documents to the authorized state agency and the verification of the cultural valuables in the database of stolen and lost cultural valuables.

No permit documents as described above are required for the export of cultural values that were *temporarily* imported to Russia in accordance with the relevant special customs procedure. **23.036**

Violation of export restrictions is regarded as an act of smuggling that may lead to administrative and/or criminal liability. **23.037**

2. Any import restrictions? How does it work?

According to the current version of the Law on the Export and Import of Cultural Valuables, the import of cultural valuables primarily depends on: **23.038**

- Whether a piece of art is classified as a cultural value.
- Who is the actual importer of the acquired piece of art (i.e., an individual or a legal entity).
- The chosen customs procedure (i.e., permanent or temporary import).

Experts accredited by the Ministry of Culture can classify objects of cultural value for import purposes. An expert issues a certificate confirming whether or not the art object has cultural value. **23.039**

Import of cultural values by individuals

Individuals are allowed to import an art object for personal use either temporarily or permanently. For the temporary import of cultural valuables, an expert opinion or other confirmation of their classification as cultural values does not have to be submitted to the customs authorities. **23.040**

According to the EAEU Customs Code, cultural values being imported into Russia (either permanently or temporarily) must be duly declared to the customs authorities. For this purpose, the individual has to submit a passenger customs declaration in the prescribed manner. **23.041**

Cultural values that are being *permanently* imported into Russia may be freely circulated in Russia without any time limitations. Subsequently, if necessary, such cultural values may be exported from Russia (temporarily or permanently) with due consideration of the export rules as described above. **23.042**

Import of cultural values by legal entities

Just like individuals, legal entities are entitled to import products to Russia either permanently or temporarily. **23.043**

- 23.044** Cultural valuables imported by legal entities must undergo the customs declaration procedure and be supported by customs declarations for goods (which is different from a passenger's customs declaration).
- 23.045** Products that are permanently imported to Russia may be freely circulated and sold to third parties and may subsequently be temporarily or permanently exported from Russia (based on the relevant export license as described above).
- 23.046** As a rule, art objects may be temporarily imported to Russia for a period of two years. Upon expiration of this period for temporary import, the products must be re-exported from Russia or placed under other relevant customs procedures (e.g., permanent import). Temporarily imported products may not be transferred to third parties.

3. Do customs or other authorities assist foreign states enforcing their legislation on the prevention of illicit exports, under multinational or bilateral agreements?

- 23.047** Russia is a party to the 1977 Nairobi Convention. Russia assists the parties to the convention in preventing, investigating and suppressing customs offences.
- 23.048** Russia is also a party to the Treaty on Legal Assistance and Cooperation between the Customs Authorities of Member States of the Customs Union, which envisages legal assistance in investigating violations of customs legislation in the Customs Union.
- 23.049** Moreover, Russia is a party to bilateral treaties with a number of foreign states related to cooperation on customs issues, which usually stipulates that customs authorities exchange relevant information on cultural values at the request of the other party.

D. PEACEFUL ENJOYMENT

1. Protection against title claims: good faith acquisition, time limitations, any other rules?

- 23.050** A good faith buyer is protected under Russian law. In the event of vindication claims, the buyer enjoys a good faith defence. To protect his/her rights, the buyer should provide evidence with respect of two facts: payment for the property and good faith (the fact that he/she took all reasonable measures to verify the seller's powers to dispose of the property). However, this protection is lost

in the event the property that the buyer acquired had been previously lost by its owner or a person to whom it was transferred by its owner, the property was stolen from any of these persons or the property left their possession in another manner against their will. Russian law also acknowledges usucapion, when a range of prescribed conditions are complied with.

In order to protect their rights and receive compensation, a good faith buyer may apply for the general legal remedies available under the Russian Civil Code. **23.051**

2. Any special rules applicable to Holocaust based claims? (private persons, as distinguished from public collections)

As of today, there are no special rules with regard to Holocaust based claims. The relevant claims could be filed under the general procedure. **23.052**

3. Explain briefly exposure to “looted property” repatriation claims, law and practice

The return of cultural values taken to the USSR during World War II is subject to separate regulation under Federal Law No. 64-FZ on Cultural Valuables Displaced to the USSR as a Result of World War II and Located on the Territory of the Russian Federation dated 15 April 1998. **23.053**

This law provides three ways to repatriate cultural valuables depending on the applicant. **23.054**

Belarus, Estonia, Latvia, Lithuania, Moldova and Ukraine (simplified procedure)

Repatriation is subject to the following conditions: the consent of these countries to ensure the repatriation of Russian cultural valuables on the basis of reciprocity and compensation for the expenses on the identification, expert evaluation, storage, restoration and transportation of the items. **23.055**

Other interested states

For the purposes of repatriation, an interested state may file a claim to return cultural valuables and officially confirm that it did not receive any consideration from Germany or its military allies: Bulgaria, Hungary, Italy, Finland and Romania (“former enemy states”). **23.056**

23.057 Moreover, it should provide evidence that one of the following conditions has been satisfied:

- The cultural valuables of the interested states were forcibly confiscated and illegally removed from their territory by the former enemy states.
- The cultural valuables were the property of religious organizations or charitable institutions and did not serve the interests of militarism and/or Nazism (or fascism).
- The cultural valuables belonged to individuals who were deprived of these items because of their active struggle against Nazism (or fascism) and/or because of their race, religion or national affiliation.

Former enemy states

23.058 Former enemy states are also entitled to make claims for the return and repatriation of cultural valuables if they prove the latter two conditions above.

23.059 Repatriation claims may be filed at any time once the interested state becomes aware of any illegally exported cultural valuables located in the Russian Federation, but no later than 18 months from the date of publication of the respective information on the website <http://lostart.ru/ru>, which is the official source of information on such cultural valuables.

23.060 Although there have been cases involving the successful repatriation of cultural valuables (e.g., the return of the stained-glass windows of the Marienkirche Church to Germany and the return of Sharoshpatak Library to Hungary), repatriation claims are often fraught with difficulties in practice.

4. Does your country guarantee the safe return of cultural property on loan for public exhibition (aka “immunity from seizure”)? How?

23.061 Russia does not have any special separate regulation on anti-seizure guarantee or immunity from seizure, except for cultural valuables owned by foreign states that have been *temporarily* imported to Russia. Such items enjoy the immunity of a foreign state (e.g., immunity from judicial process and interim relief, among other things). Russia has the Federal Law on the Jurisdictional Immunities of Foreign State and Foreign State Property in the Russian Federation, in which general regulations are connected with relations on the application of jurisdictional immunities by Russia.

5. Explain briefly copyright exemptions, if any, for public exhibitions, museum catalogues and websites, and auction catalogues

A work of art that is still covered by copyright should not be freely reproduced in museum catalogues or websites or in auction catalogues. **23.062**

Making a work of art available to the public so that anyone can access the work from any place and at any time of their choice entails using the work in a manner that is only permitted with the permission of the owner to the rights of the work, regardless of whether the relevant actions are committed for profit or not. **23.063**

The owner of an original work that is different from the author has the right to reproduce the work in catalogues at exhibitions and in publications dedicated to its collection, and also to hand over the original work to be shown at exhibitions organized by any other persons without the author's consent and without paying a fee to the author. **23.064**

A photographic work, architectural work or artistic work permanently located in an open place may be reproduced without the consent of its author and without paying a fee, except for cases where the imaging of the work in this manner is the main object of the reproduction, broadcast or cable transmission or where an image of the work is used for commercial purposes. **23.065**

A work (including museum catalogues, websites, and auction catalogues) may be freely reproduced 70 years after the death of the author of the work. **23.066**

However, some copyright exceptions are applicable in the event of a work of art that is owned by a public museum and included in Russia's Museum Fund. **23.067**

According to the Museums Law, in particular, replicated products and consumer goods using the images, names and symbols of museum collections or buildings may only be produced with the museum's permission. **23.068**

In addition, if the statutory terms of copyright protection for a work of art have not expired and a work of art is included in Russia's Museum Fund, then it is required to apply to both copyright owners and public museums for permission to use a work of art for commercial purposes. **23.069**

According to recent court practice, if a public museum uses a work of art included in Russia's Museum Fund for souvenirs, tickets or a museum's **23.070**

website, it cannot be made without obtaining permission from copyright owners or paying them compensation. Such usage by a public museum is regarded as a copyright exception for cultural purposes (fair use of copyright).

E. SALE

1. What is the due diligence required from a seller? Any duty of disclosure to other side? (private person versus people in the trade)

23.071 The following rules are recommended for sellers who intend to sell cultural valuables:

- The seller must verify and ensure the legal status and transferability of the cultural valuable.
- With regard to transactions involving the sale of museum items and museum collections belonging to the non-state part of Russia's Museums Fund, the seller must comply with all obligations under the Museums Law. With regard to cultural valuables, the state has a pre-emptive right of purchase.
- If the sale and purchase of cultural valuables is done for the subsequent import/export thereof, the rules and restrictions set forth in the Law on the Export and Import of Cultural Valuables must also be taken into account.

23.072 The seller must also conduct due diligence with respect to the buyer and verify the buyer's legal capacity to conclude the transaction, including identification of the buyer (proper registration of the buyer's company or the buyer's passport if he/she is an individual or individual entrepreneur), whether any liquidation or bankruptcy procedures have been initiated with respect to the buyer, the consent of the buyer's spouse to the transaction (when applicable) and confirmation of the representative's powers to act on behalf of the buyer (if applicable).

23.073 If the Law on Consumer Protection Rights is applicable to the transaction, the seller must provide a range of information about itself and the item to be sold.

2. What is the AML (Anti Money Laundering) regime? (private person versus people in the trade)

23.074 Pursuant to the Federal Law on Countering the Legalization (Laundering) of Proceeds from Crime and Financing of Terrorism, information about

transactions with monetary funds or other property is subject to mandatory control if the value of the transaction is equal to or exceeds RUB 1,000,000 (approximately EUR 16,630) or its equivalent in foreign currency. Information about such transactions must be provided to the Federal Service for Financial Monitoring. Banks and financial institutions must identify their client in certain cases (some specific rules are also established for transactions involving the sale of jewellery), may suspend payments if any suspicious transactions are identified under the above-mentioned AML law and their internal rules and may request documents and other evidence confirming the nature of the transaction.

It is also recommended that both the seller and buyer prove the source of their funds with respect to particular cultural valuable. Although such a requirement is not envisaged by law, professional players on the Russian art market may require such confirmation of the source of funds to mitigate possible AML risks. **23.075**

3. Explain briefly economic sanctions' impact on art trade, and risk management obligations, if any

At present, there are no direct restrictions/economic sanctions imposed by Russia that specifically affect the trade in art objects. The Ministry of Culture of the Russian Federation suspended cooperation with states included in the "Unfriendly Countries List" published by the Russian Government (including temporary export) until the end of 2022. However, as of 2023, the moratorium has not been lifted so far. This restriction refers to state museum exhibit items only. **23.076**

In the meantime, significant sanctions have been imposed against Russia by other countries (including those related to financial aspects and trade in luxury objects). Such a strict sanctions regime may directly affect the opportunities of circulation, import/export and trade of art and luxury objects as well as result in certain practical difficulties in making bank payments with the involvement of Russian persons. **23.077**

On a separate note, personal sanction lists are implemented by Russia and other certain countries (and these lists are continually extended). This may affect the execution of a certain transaction and, therefore, may require additional due diligence of the deal and contract parties. **23.078**

4. What are the legal remedies against defaulting buyers?

23.079 A seller may utilize a full range of remedies set forth by Russian civil law against a defaulting buyer, in particular:

- Recovery of damages that occurred as a result of the buyer's failure to pay.
- Recovery of penalties if such penalties are envisaged by the contract or available under law.
- Recovery of interest for the use of the cash funds (valuables) of the buyer or the seller, if available.
- Suspension of the seller's obligations under the contract or, under certain conditions, repudiation of the contract and the filing of claims for the compensation of damages.

F. CULTURAL INSTITUTIONS AND MUSEUMS

1. What are the legal entities mostly used to hold and manage collections of cultural property, private and public? Most relevant features?

23.080 In most cases, cultural valuables are managed by private or public museums.

23.081 As governmental institutions, public museums have a number of restrictions with regard to their economic activities. The Museums Law regulates how public museums manage collections of cultural property included in Russia's Museum Fund.

23.082 As for private museums, they generally operate as private foundations, so they are not entitled to alienate or otherwise dispose of property given to them by an owner. Such a foundation may engage in commercial activities only if such a right is granted pursuant to its constituent documents and helps pursue the objectives envisaged by the Museums Law. Earnings and property received from commercial activities are transferred to private foundations. The Museums Law specifies that immovable property may be withdrawn from private museums only when it is not being used for its intended purpose or in the event of the liquidation of the museum.

23.083 The conditions of the private collections of Russia's Museum Fund and the activities of private museums in Russia are under the control of the Russian Ministry of Culture. This encompasses the examination of safety and storage

conditions of museum items and museum collections, relocation issues as well as requesting and receiving information, among other things.

2. Explain briefly the rules and practices on loans, deposits and donations to public institutions

The rules on such loans, deposits and donations are set forth in civil law and depend on the legal type of the public museum. **23.084**

Generally, there are three legal types of public museums: autonomous, budget-funded and government-owned. Autonomous and budget-funded public museums are more independent since they can use earnings from any profitable activities and donations at their own disposal in accordance with their charter. Public museums (except for government-owned museums) must use earnings received from the lease of immovable property for the maintenance of such immovable property. **23.085**

However, depending on the legal type of a public museum, there are certain restrictions with respect to loan and deposits. For example, government-owned public museums cannot lend and receive credits and loans or purchase any securities; budget-funded public museums cannot deposit funds with credit institutions or conclude transactions with securities. **23.086**

The Russian Civil Code specifically allows donations to museums. No consent for receiving a donation is required. Charitable donations are also regulated by special legislation, for example, Federal Law No. 135-FZ on Charity and Charitable Organizations dated 11 August 1995. This Federal Law stipulates that individuals and legal entities may carry out charitable activities on a voluntary basis with their own freedom of choice without any obstacles. **23.087**

G. TAX

1. Is there a VAT or sales tax on the sale of cultural property?

Generally, the sale of goods as well as the rendering of services and the performance of work in Russia are subject to VAT. The sale of works of art in Russia is taxed at the general VAT rate of 20 percent, regardless of whether the buyer is a local or foreign company. **23.088**

The export of works of art is also subject to VAT. However, the applicable VAT tax rate is 0 percent. Thus, taxpayers are exempt from the obligation to **23.089**

pay export VAT, but not exempt from the obligation to prepare and file tax and accounting documents.

2. Are there any customs duty, import VAT?

23.090 The import of cultural property to Russia is exempt from VAT provided that an expert opinion classifying the movable object as cultural property is submitted to the customs authorities or when a Russian public institution is the buyer of the piece of art. The import of cultural property is also exempt from the import customs duty.

23.091 Customs laws provide various benefits with respect to the temporary import of cultural valuables. For instance, cultural valuables that originated over 100 years ago, are owned by foreigners and are imported free of charge for exhibitions may be imported to the EAEU (Russia, Belarus, Kazakhstan, Armenia and Kyrgyzstan) free of tax and duties for five years.

3. Any “free port” regime?

23.092 In Russia, Vladivostok has a “free port” regime (the Free Port of Vladivostok). This regime provides a reduced corporate income tax rate (no more than 5 percent), a full exemption from property taxes for five years, an accelerated procedure for VAT refund and certain other benefits. Moreover, the Free Port of Vladivostok offers the opportunity to store and present luxury goods and curiosities the same as in Luxembourg, Singapore or Switzerland.

23.093 There are also special territories called Special Economic Zones, which may provide their investors-residents with certain benefits such as simplified customs procedures, reduced taxes and customs duties (including exemptions or zero rates).

4. Is there a regime of temporary customs duty and VAT exempt import? Conditions?

23.094 Cultural valuables may be imported using a temporary import procedure (regime), which allows for either the full or partial exemption from import duties and VAT for temporarily imported goods.

23.095 The temporary import regime is applied by the customs authorities based on a statement from the applicant about the purposes and circumstances of such imports and may not exceed two years from the date on which the customs

authorities exercise temporary import control. However, in practice, the customs authorities set the term of temporary import for up to one year.

5. Is there any wealth tax on cultural property?

There is no wealth tax imposed on art and other cultural property. **23.096**

6. Any capital gains tax on the sale or other disposal of cultural property?

Income received by an individual from the sale of property is subject to personal income tax (PIT). **23.097**

Different tax rates apply to residents and non-residents: **23.098**

- Tax residents pay PIT on their worldwide income, including income received from the disposal of property, at a rate of (1) 13 percent for income not exceeding RUB 5 million and (2) 15 percent for income exceeding RUB 5 million (a Russian tax resident is an individual who stays at least 183 calendar days within 12 consecutive months in Russia or for the calendar year as a whole).
- Non-tax residents pay PIT at a rate of 30 percent on the income from sale or other disposal of property on Russian territory.
- If a taxpayer owns cultural property for more than three years, income from the sale of such property is exempted from taxation regardless of tax residency (documents confirming the period of ownership are required) and such income does not have to be declared to the tax authorities.
- If a taxpayer owns property for less than three years or has no documents confirming the period of ownership, he/she is obliged to pay PIT on income from the sale or disposal of the property and declare the income by 30 April after the end of the respective calendar year. Tax residents may apply for deduction of acquisition costs, while non-tax residents must pay 30 percent PIT on the entire sale price (unless an exemption is applicable under the relevant double tax treaty).
- Income received by legal entities from the sale of cultural property is taxed at a rate of 20 percent. Foreign companies pay income tax only for income that is gained through a permanent establishment in Russia.

7. Any gift and/or inheritance tax on cultural property?

23.099 Both inheritance tax and gift tax are part of PIT. In this respect, these taxes are not specified as separate taxes in Russia.

- Inheritance tax: Generally, all inherited monetary income and income in kind are exempt from taxation. However, there are certain exemptions, for example income received from inheriting the right to collect royalties for certain intellectual property (e.g., royalties payable for works of literature or science, etc.) is subject to PIT under general conditions.
- Gift tax: Any gifts between close family members are not taxable. Gifts from other individuals are not taxable with certain exemptions (e.g., if digital rights are donated).
- All gifts valued at more than RUB 4,000 (approximately EUR 60) and received from legal entities are taxable in excess of the specified amount.

8. Any tax breaks relating to deposits and donations to public institutions, private foundations, and other forms of support of cultural property?

23.100 If an individual (tax resident) makes a donation to a charitable, non-commercial cultural, educational or similar institution, the social tax deduction may be claimed in the amount of the donation, but no more than 25 percent of the individual's taxable income for a year. If a donation is given in kind, the amount of the deduction is determined by the acquisition cost of the property, so it is necessary to have documents confirming the expenses.

23.101 Donations of social and cultural facilities to state and municipal bodies as well as regional or municipal treasuries are not subject to VAT, nor are transfers of assets to non-commercial companies for their core charter non-commercial activities.

23.102 A Russian company can reduce its profit tax base by the amount of a donation made to socially oriented non-profit organizations included in a special register, but the deduction must not exceed 1 percent of the company's sales revenue for the respective period.

H. USEFUL PRACTICAL INFORMATION/REFERENCES

Principal laws and regulations

The following Russian federal laws relating to items of cultural value are of the most importance:

The Constitution of the Russian Federation dated December 12, 1993

The Fundamental Principles of Culture of the Russian Federation dated October 9, 1992 No 3612-1

The Federal Law On Items of Cultural Heritage dated June 25, 2002 No. 73-FZ

Federal Law On Export and Import of Items of Cultural Value dated April 15, 1993 No. 4804-1

Federal Law On Museum Fund of the Russian Federation and Museums in the Russian Federation dated May 26, 1996 No 54-FZ

Federal Law on Cultural Valuables Displaced to the USSR as a Result of World War II and Located on the Territory of the Russian Federation dated 15 April 1998 No. 64-FZ

Decision of the EAEU Board on Non-Tariff Regulation Measures dated April 21, 2015 No. 30

Selected law enforcement authorities

The Ministry of Culture of the Russian Federation.