

# Newsletter

## *Currency regulations: new amendments*

December 5, 2019

### Dear Ladies and Gentlemen,

We would like to draw your attention to the latest amendments in currency control legislation, which are applicable to individuals - currency residents.

On December 2nd, 2019, the President of the Russian Federation signed Federal Law No. 398-FZ "On amendments to the Federal Law "On currency regulations and currency control" and to the Federal Law "On amendments to the Federal Law "On currency regulation and currency control" related to liberalization of restrictions applied to residents performing currency transactions, using accounts (deposits) opened with banks located outside the territory of the Russian Federation, and repatriation of monetary funds" (hereinafter the "**Law**").

The Law introduces, inter alia, particular amendments to the provisions of the new Federal Law No. 265-FZ dated August 02, 2019.

Until now, the majority of permitted currency transactions could be realized on foreign bank accounts, opened with the banks located in FATF and/or OECD member countries.

From now on, in order to define compliance of a transaction with the currency regulations, residents should determine whether the country, where the foreign bank is located, performs automatic exchange of financial information with Russia, or not.

In particular, the new Law provides that a currency resident may receive monetary funds from a non-resident without any restrictions, provided that resident's bank account is opened in EEU member country, or in a country, which exchanges financial information with Russia under CRS, or another international agreement, signed with Russia.

It is expected, that the new amendments will affect operations on bank accounts in particular countries.

For instance, such countries as USA and UK, being FATF/OECD member countries, at the same time do not automatically exchange financial information with Russia. Consequently, the current version of the Law substantially limits operations on the accounts opened with US, or UK banks.

At the same time, new possibilities emerge for holders of accounts opened in banks of Monaco, provided that the country performs automatic exchange of financial information with Russia.

The new provisions of the Law apply to legal relations starting from January 1st, 2018.

In order to implement the above provisions, it is expected that a list of countries, performing automatic exchange of information with Russia under CRS, or another international agreement signed with Russia, will be published on the Federal Tax Service official web site (hereinafter the "**List of countries**").

Besides, as mentioned in our previous [Newsletter](#), starting from the year 2020, currency control rules apply not only to the bank accounts, but also to accounts opened in 'other financial market organizations' located outside Russia.

The cases, in which monetary funds may be credited, or debited, from the accounts opened in such financial market organizations, are established by the Central Bank of Russia. The draft of Instruction of the Central Bank, published in November, indicates that there are no limitations related to such transactions.

We will keep you informed on further amendments in currency legislation and publication of the List of countries, which finally defines the regime of foreign accounts' usage.

We hope that the information provided herein will be useful for you. If any of your colleagues would also like to receive our newsletters, please let us know by sending us his/her email address in response to this message. If you would like to learn more about our **Tax Practice**, please let us know in reply to this email. We will be glad to provide you with our materials.

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If you have any questions, please, do not hesitate to contact Senior Partner of ALRUD Law Firm



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