

# Restrictions on settlements in Russia

## Who is a resident?

The term "resident" is taken from the law "On Currency Regulation". Residents are:

- Citizens of the Russian Federation;
- Foreign citizens and stateless persons permanently living in the Russian Federation on the basis of a residence permit;
- Legal entities established in accordance with the legislation of the Russian Federation;
- Diplomatic missions and consular offices of the Russian Federation;
- The Russian Federation, subjects of the Russian Federation, municipalities.

## Who are the "persons of foreign states committing unfriendly actions"?

These are individuals and legal entities belonging to foreign states "who commit unfriendly actions against Russian legal entities and individuals" (the list of such states is approved by the Government of the Russian Federation, it includes, among others, all EU members, the United States, Great Britain, Ukraine and Japan):

- that have citizenship/registered, or work or receive most of their income in such states;
- as well as legal entities that are under control of such persons (foreign persons or entities have more than 50% of shares in them, or manage them).

"Persons of foreign states committing unfriendly actions" can be both residents and non-residents, this status does not depend on residency.

## List of «unfriendly states»

- Australia
- Albania
- Andorra
- Great Britain (including the Island of Jersey (crown possession of the British Crown) and controlled overseas territories - O. Anguilla, British Virgin Islands, Gibraltar)
- Member States of the European Union
- Iceland
- Canada
- Liechtenstein
- Micronesia
- Monaco
- New Zealand
- Norway
- Republic of Korea
- San Marino
- Northern Macedonia
- Singapore
- United States of America
- Taiwan (China)
- Ukraine
- Montenegro
- Switzerland
- Japan

## Restrictions for residents

Common:

- Residents are obliged to sell 80% of received foreign currency;
- It is prohibited to transfer foreign currency to their accounts in banks located outside the Russian Federation, except for financing the operating activities of branches for legal entities, as well as salaries, rents and dividends received from non-residents for individuals;
- Individuals are allowed to transfer no more than 5 thousand dollars per month to other persons abroad;
- It is forbidden to buy cash foreign currency until September 09, 2022;
- The export of more than 10 thousand dollars in cash is prohibited;

- Individuals can withdraw no more than 10 thousand dollars in cash from a bank account before September 09, 2022;
- Legal entities can receive US dollars, Japanese yen, pounds sterling and euros in cash from banks in the amount up to 5 thousand dollars until September 10, 2022, and only to pay for expenses on foreign business trips;
- It is prohibited to transfer money using "electronic means of payment" (bank cards, electronic wallets, etc.) provided by foreign payment service providers;
- It is impossible to perform payments abroad through banks against which sanctions have been imposed;
- VISA and MasterCard cards released by Russian banks do not work abroad.

With non-residents:

- It is prohibited to provide foreign currency to non-residents under loan agreements.

With «persons of foreign states who commit unfriendly actions»:

- It is prohibited to provide loans and credits in rubles (and if the "person" is a non-resident, then in foreign currency as well), except for lending by Russian banks to residents to finance production and commercial operations on the territory of the Russian Federation;
- Prohibited transactions "which will result in change of ownership of securities and real estate" – sale contracts, barter, transfer by gift, novation, etc.;
- Prohibited transactions for the acquisition of securities and real estate from foreigners if such securities and real estate were purchased from "persons of foreign states committing unfriendly actions" after February 22, 2022.

## **Restrictions for non-residents**

Common:

- It is forbidden to buy cash currency until September 09, 2022;
- Individuals can withdraw no more than 10 thousand dollars in cash from a bank account before September 09, 2022;
- Legal entities are not allowed to receive US dollars, Japanese yen, pounds sterling and euros in cash from a bank account until September 10, 2022;
- It is impossible to make payments abroad through banks against which sanctions have been imposed;
- VISA and MasterCard cards released by Russian banks do not work abroad.

With residents:

- It is prohibited to receive loans in foreign currency.

## **Restrictions for "persons of foreign states who commit unfriendly actions"**

Common:

- General restrictions for residents or non-residents, depending on whether the person or an entity is a resident or not.

With residents:

- If the "person" is a non-resident, it is prohibited to receive loans in foreign currency;
- It is prohibited to receive loans and credits in rubles, with the exception of lending by Russian banks to residents to finance production and commercial operations on the territory of the Russian Federation;
- Prohibited transactions " which will result in change of ownership of securities and real estate" - sale contracts, barter, transfer by gift, novation, etc.

In addition to the listed prohibitions and restrictions, there are "hidden" ones – some banks and companies follow internal policies that are stricter than official ones (for example, prohibiting any transfers to "sanctioned" banks).

If you have any questions and need additional information, our managers are ready to help you:

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