

RUSSIAN FEDERATION TAX CODE

PART TWO

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Chapter 23. INCOME TAX FOR INDIVIDUALS

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Article 224. Tax rates

1. The tax rate is set at 13 percent, unless otherwise provided by this article.

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3. The tax rate is set at 30 percent for all income received by individuals who are not tax residents of the Russian Federation, except for income received:

in the form of dividends from equity participation in the activities of Russian organizations in respect of which the tax rate is set at 15 percent;

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Chapter 25. CORPORATE PROFIT TAX

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Article 284. Tax rates

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3. The following tax rates apply to the tax base, determined by the income received in the form of dividends:

1) 0 percent - on income received by Russian organizations in the form of dividends, provided that on the date of the decision to pay dividends for an organization receiving dividend for at least 365 calendar days continuously owns on the right of ownership at least 50 percent contribution (shares) in the authorized (share) capital (fund) of the organization paying dividends or depository receipts, giving the right to receive dividends in an amount corresponding to at least 50 percent of the total amount of dividends paid by the organization.

(in the edition of Federal Laws of 22.07.2008 N 158-FZ, of. 27.12.2009 N 368-FZ)

At the same time, if the organization paying dividends is a foreign one the set by this subparagraph tax rate applies to organizations, the state of domicile of which is not included in the approved by the Ministry of Finance of the Russian Federation list of countries and territories that provide preferential tax treatment and (or) not providing disclosure and provision of information on financial operations (offshore zones);

2) 13 percent - on income received in the form of dividends from Russian and foreign organizations by Russian organizations not referred to in subparagraph 1 of this paragraph, as well as income from dividends received on shares, the right to which is certified by depository receipts;

(in the edition of Federal Laws of 28.12.2013 N 420-FZ, of 24.11.2014 N 366-FZ)

3) 15 percent - on income received by a foreign organization in the form of dividends on shares of Russian companies, as well as dividends from equity participation in some form of organization.

(in the edition of Federal Law of 02.11.2013 N 306-FZ)

At the same time, the tax is calculated with the specifications provided for in Article 275 of this Code.

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Article 275. Features of determining the tax base for income received from equity participation in other organizations

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4. The person, recognized in accordance with this Code a tax agent in relation to income in the form of dividends on shares issued by Russian organization, determines the tax amount separately for each taxpayer for each payment of the specified income at tax rates provided for in this Code, in the manner prescribed by this article.

5. The amount of tax to be withheld from income of a tax payer - a recipient of dividends, not referred to in paragraph 6 of this Article, shall be calculated by a tax agent in accordance with paragraph 4 of this article as follows:

$$H = K \times C_H \times (D_1 - D_2),$$

where H - the amount of tax to be withheld;

K - the ratio of dividends to be distributed in favour of a taxpayer - a recipient of dividends to the total amount of dividends to be distributed by a Russian organization;

C_H - the tax rate established by subparagraphs 1 or 2 of paragraph 3 of Article 284 and paragraph 1 of article 224 of this Code;

(in the edition of Federal Law of 24.11.2014 N 366-FZ)

D_1 - the total amount of dividends to be distributed by a Russian organization in favour of all beneficiaries;

D_2 - the total amount of dividends received by a Russian organization in the current reporting (tax) period and previous reporting (tax) period (excluding dividends specified in subparagraph 1 of paragraph 3 of Article 284 of this Code) by the time dividends are distributed to taxpayers - recipients of dividends, provided that the said amounts of dividends were not previously included in the tax base determined in respect of income received by a Russian organization in the form of dividends.

A Russian organization, paying the dividend income, is obliged to provide to an appropriate tax agent the values of D_1 and D_2 .

If the value of H is negative, a tax liability does not arise and compensation from the budget is not made.

6. If an organization, recognized in accordance with this Code a tax agent, pays the dividend income to a foreign organization and (or) an individual who is not a tax resident of the Russian Federation, the tax base of a taxpayer - a recipient of dividends on each such payment is defined as the sum of paid dividends, and the applicable tax rates established by subparagraph 3 of paragraph 3 of Article 284 or paragraph 3 of Article 224 of this Code (unless there are different tax rates provided by an international treaty of the Russian Federation regulating taxation issues).