

Finance Ministry Aims to Unmask Beneficiary Shareholders With Tax Hikes

By [The Moscow Times](#)

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The Finance Ministry has drafted a bill that would require nominal holders of shares and bonds to disclose information about the share's actual beneficiaries or face the prospect of double taxes.

The bill poses a serious threat to Russian owners of assets in offshore accounts, tax havens and dummy companies and could net 400 billion rubles for the budget from 2014 to 2016, Vedomosti reported.

The legislation, a final version of which is expected by the end of the month, was debated Monday at a meeting with Deputy Finance Minister Sergei Shatalov.

Denis Shchekin, managing partner of the legal firm Shchekin & Partners, said the initiative was part of a wider drive to bring offshore assets under domestic jurisdiction.

If the legislation is implemented, nominal shareholders will be required to make significantly more information public, including the personal data of the stocks' ultimate beneficiaries.

Shchekin said that penalizing nondisclosers with higher taxes on dividends was unfair because dividends are paid after a company has paid tax on profit.

Higher tax rates could also violate international agreements that set Russia's rates for taxing profit from dividends at 5 or 10 percent, TaxAdvisor partner Dmitry Kostalgin said.

Many firms that were nominal owners of Russian assets used to be based in Cyprus but relocated to Luxembourg and the Netherlands as a result of the island's financial crisis in early 2013.

State pressure has forced several large holding companies in foreign countries recently to disclose their key beneficiaries. But the process is guaranteed to encounter serious resistance because offshore ownership is used to help hide assets belonging to high-ranking officials.

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