

News Alert

The Russian Ministry of Finance Requires Exporters to Sell 80% of Currency Proceeds

- 1.1. On 28 February 2022 an announcement was made on the official website of the Russian Ministry of Finance¹ that based on the proposals of the Russian Ministry of Finance and the Bank of Russia a decision will be made today to require Russian residents participating in foreign economic activities to sell on or after 28 February 2022 80% of their currency proceeds pursuant to all foreign trade contracts. The above measures were introduced in response to the international sanctions against the Russian financial sector.
- 1.2. A similar action was taken in Russia in 1999 pursuant to the Decree of the Russian President No. 334 dated 15 March 1999. The Decree stipulated that 75% of currency proceeds (defined as all foreign currency funds due to a resident in transactions made by or for the account of such resident involving export of goods (work, services, IP assets) are required to be sold, not later than seven calendar days after such proceeds (or a portion thereof) having been credited to the resident's accounts, in the Russian currency market through banks and other credit institutions licensed by the Central Bank of the Russian Federation to conduct foreign currency transactions, at the market Ruble exchange rate as of the date of sale in accordance with the procedure established by the Russian Central Bank.
- 1.3. Federal Law No. 130-FZ dated 08 August 2001 which amended the Law of the Russian Federation No. 3615-1 *On Currency Regulation and Currency Control* dated 09 October 1992 changed this procedure ("**Currency Law 1992**"): 50% of a resident's currency proceeds from the export of goods (work, services, IP assets) were required to be sold through authorized banks not later than seven days after the same are received.
- 1.4. Further, pursuant to the Currency Law 1992 as amended by Federal Law No. 116-FZ dated 07 July 2003, a resident's currency proceeds from the export of goods (work, services, IP assets) were required to be sold in amounts stipulated by the Russian Central Bank, not to exceed 30% of the total currency proceeds. In 2003 the new Law No. 173-FZ *On Currency Regulation and Currency Control* dated 10 December 2003 came into effect which still provided in Article 21 for mandatory sale of 30% of a resident's currency proceeds, unless another percentage is established by the Russian Central Bank (provided that the Russian Central Bank could at its discretion determine the percentage of a resident's currency proceeds subject to mandatory sale, but not to exceed 30% of thereof).
- 1.5. However, as of 1 January 2007 the requirement under Article 21 to sell a portion of currency proceeds was revoked and has not been applied to date.
- 1.6. We recommend all participants in foreign economic activities to give careful consideration to the above announcement, to track further related legislation proposals and to revise their business and financial policy as it relates to the export of products to the Russian market with due regard to the current and anticipated changes. We will update you on further developments and proposed legislation.

¹ <https://minfin.gov.ru>

Should you have any questions on this alert, please contact us at alerts@rgp.legal.

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