# Russia: The Year End Results

**In the issue:**

**Sanctions against Russia**
**Russian Anti-Offshore Tax Policy 2014**
**Latest Tax Updates**

The EU and the US sanctions against Russia are not crucial, although they affect the economic situation not in a good way. In this Paper on page 2-3 we updated the sanctions' list including industry sectors, companies and individuals affected. In addition, we added the latest amendments and clarifications of the European Union regarding oil extraction and production, which solve some of Russian oil industry problems.

The new law on Controlled Foreign Companies, signed at the end of November 2014, resulted from the National Plan of Activities Aimed at combating Tax Evasion and the Concealment of Companies' Beneficiary Owners approved by the Russian Government in April 2014. It is important to understand the new Russian policy is aimed not only and not so much at the offshore companies as on the increase of finance transparency in general.

This Paper on Page 4 provides with a detailed review on Russian economy's "deoffsorisation" which is the subject of much controversy since the beginning of the year.

At the beginning of December 2014 the Russian President Vladimir Putin in his annual address to the Federal Assembly proposed that no changes be made to the current tax rules within the next four years, and also proposed an amnesty for newly registered small enterprises and amnesty for capital repatriating to Russia.

Additional tax incentives for investors in Siberia and the Far East were already introduced in 2014 to support the development of those regions (the Latest tax update on Page 6). It should be mentioned here that in 2014 Russia has also gained a new global partner in China, having signed a USD 400 billion gas agreement. It is going to be very important for prospective expansion and growth with Asian countries.

Following the official government statements, Russia pointed out that, in spite of the sanctions, obviously complicated economic situation, existing problems and internal factors, the door to Russia remains open for the Western partners. Historically Russia, including the Soviet times, has strong relationships with Central and Eastern Europe. Trade with EU countries makes up about a half of Russia's trade turnover. Over 60 percent of Russia's foreign investments is directed towards EU countries, which amounts appr. 100 billion dollars. The European companies, in turn, constitute the leading investors in the Russian economy. The volume of their investments totals some 300 billion dollars.

Created in May 2014 the Eurasian Economic Union with Kazakhstan, Belarus and Armenia opened the new possibilities and gave impulse for the further development of the states. Kyrgyz Republic and Uzbekistan are also considered to join the EEU in the prospective future.

We hope Russia and all its partners from Europe, the US and other countries, finally could reach consensus in the forthcoming 2015. Our warmest Season Greetings and sincere wishes of happiness, good luck, mutual understanding and good. Let success and prosperity will be with you within the whole year. Merry Christmas and a Happy New Year!

*Andrew Denley, Menzies LLP Managing Partner says, "We will continue to work closely with our HLB partners in Russia to support their clients in the United Kingdom. The sanctions do not affect all Russian businesses in the UK and we have a duty to continue to support those unaffected as they still represent UK companies requiring assistance with their filing obligations".*

# Extended sanctions against Russia

In the beginning of September 2014, US and EU authorities further extended the package of sanctions against Russia. Within the framework of this new set of prohibitive measures, the EU has restricted the access to European capital markets for the Russian companies of Oboronprom, United Aircraft Corporation, Uralvagonzavod, Rosneft, Transneft, Gazprom Neft as well as toughened the access to credits for five government-owned banks — Sberbank of Russia, VTB, Gazprombank, Vnesheconombank and Rosselkhozbank: the time limit for loans was reduced to 30 days.

Because of the sanctions nine Russian companies, in particular Concern Kalashnikov, will not deliver dual-use goods (i.e. goods normally used for civilian purposes but which may have military applications) to European markets. Besides, the EU prohibited European companies from providing services to Russian partners in the field of oil prospecting and production in the deep-water and Arctic fields, as well as for shale oil projects. The ban concerns, in particular, drilling and geological study of boreholes. The restrictive measures by the EU affected 24 more individuals.

In the few hours after the EU promulgated these sanctions, the US department of Treasury declared similar measures to be undertaken by Washington. Several banks (Sberbank of Russia, the Bank of Moscow, Gazprombank, Rosselkhozbank, Vnesheconombank and VTB) and companies (Gazprom Neft, Gazprom, Lukoil, Surgutneftegaz and Rosneft) were included in the sanctions list. The sanctions also impose a ban on the export of goods, the provision of services and the transfer of technologies supporting Russian projects of oil extraction in deep-water areas, the Artic shelf and in shale strata.

On December 5 the European Union published in the Official Journal the clarifications of the decision on sanctions. The EU has specified that the sanctions apply to the oil exploration and extraction at depths over 150 meter, in the shelf area north of the Arctic Circle and for the projects that have the potential to produce shale oil by means of hydraulic fracturing. The restrictions do not apply to the exploration and extraction through the shale rocks. Thus, the exploration and extraction of ordinary oil lying under shale rocks is not sanctioned. At the same time the EU banned the equipment supply under previously concluded contracts. Earlier it was allowed to get a special license to sale, supply or export equipment under agreements concluded before August 1, 2014. However, the EU allowed the equipment supply under auxiliary contracts supporting the principal contracts signed before August 1.The EU also allowed the Russian state-owned banks subject to sanctions to obtain long-term financing in the EU (more than 30 days) to support their European subsidiaries. □

### Companies Affected by the Sanctions

*Oil & gas sector:*
Rosneft, Gazprom Neft, Transneft, Lukoil, Chernomorneftegaz, Novatek, Stroytransgaz, Transpoil, Volga Group, Surgutneftegaz.

*Defence industry:*
Uralvagonzavod, Oboronprom, Concern Sirius, Stankoinstrument, Chemcomposite, Concern Kalashnikov, Tula Arms Plant, Mechanical Engineering Technologies, High-Precision Complexes, Concern Almaz-Antey, Science and Production Association Bazalt, IZHMASH, KBP Instrument Design Bureau, Concern Radio-Electronic Technologies, Sozvezdie, Fryazino Branch of the Institute of Radio-engineering and Electronics of the Russian Academy of Science, Voyentelecom, Business Security Academy, Ampica Pumps, Nuclin.

*Aviation:*
United Aircraft Corporation, Universal-Avia, Dobrolyot, Aviagroup, Avia Group Nord.

*Banks:*
Sberbank of Russia, VTB, Gazprombank, Vnesheconombank, Rosselkhozbank, Rossiya Bank, Expobank, Rosenergobank, the Bank of Moscow, Sobinbank, InvestCapitalBank, SMP Bank.

*Marine:*
Kerch Ferry Crossing, Sevastopol Marine Trade Port, Kerch Marine Trade Port.

*Other:*
Sanatorium Nizhnyaya Oreanda, Feodosia, Azov Distillery, National Agricultural Production Association Massandra, Governmental Enterprise Agrofirma Magarach, Winery Noviy Svet, AquaNica, Zest, Sakhatrans.

*Patrick Maupard, CEO of Maupard Fiduciaire, HLB in France, says, "I contacted a major Russian client in Paris and the CFO confirmed to me that there is no major concern about these sanctions. He replied that "as it stands, business is as usual and the sanctions have not affected us in any major way".*

### Black List: Persons

*Members of the State Duma:*
**Sergey Neverov** (the EU, the USA, Canada, Australia, Switzerland); **Sergey Mironov** (the EU, the USA, Canada, Australia, Switzerland); **Yelena Mizulina** (the EU, the USA, Canada, Australia, Switzerland); **Mikhail Degtyarev** (the EU, Canada, Australia, Switzerland); **Adam Delimkhanov** (the USA); **Sergey Zheleznyak** (the EU, the USA, Canada, Australia, Switzerland); **Sergey Naryshkin** (the EU, the USA, Canada, Australia, Switzerland); **Leonid Slutsky** (the EU, the USA, Canada, Australia, Switzerland); **Viktor Vodolatsky** (the EU); **Ivan Melnikov** (the EU); **Nikolay Levichev** (the EU); **Vladimir Zhirinovsky** (the EU, Canada, Australia); **Vladimir Vasilyev** (the EU); **Igor Lebedyev** (the EU); **Leonid Kalashnikov** (the EU); **Svetlana Zhurova** (the EU); **Vladimir Nikitin** (the EU); **Oleg Lebedyev** (the EU); **Alexander Babakov** (the EU, Canada); **Boris Gryzlov** (the EU, Canada, Australia, Switzerland); **Vladimir Pligin** (Canada, Australia, Switzerland).

*Members of the Federation Council:*
**Yevgeny Bushmin** (the EU, the USA, Canada, Australia, Switzerland); **Andrey Klishas** (the EU, the USA, Canada, Australia, Switzerland); **Valentina Matviyenko** (the EU, the USA, Canada, Australia, Switzerland); **Viktor Ozerov** (the EU, the USA, Canada, Australia, Switzerland); **Oleg Panteleyev** (the EU, the USA, Canada, Australia, Switzerland); **Alexander Totoonov** (the EU, the USA, Canada, Australia, Switzerland); **Vladimir Jabarov** (the EU, the USA, Canada, Australia, Switzerland); **Yury Vorobyev** (the EU); **Vitaly Ignatenko** (Canada); **Mikhail Margelov** (Canada); **Nikolay Ryzhkov** (the EU, the USA, Canada, Australia, Switzerland).

*Siloviki (politicians from the security or military services):*
**Vladimir Shamanov** (Airborne Forces – Canada, Australia, Switzerland); **Alexander Vitko** (Navy – the EU, Canada, Australia, Switzerland); **Alexander Galkin** (Southern Military District, Commander – the EU, Canada, Australia, Switzerland); **Valery Kulikov** (Navy – the EU, Switzerland); **Alexander Nosatov** (Navy – the EU, Australia, Switzerland); **Igor Sergun** (Main Intelligence Directorate – the EU, the USA, Canada, Australia, Switzerland); **Mikhail Fradkov** (Intelligence – the EU, Canada, Australia, Switzerland); **Anatoly Sidorov** (Western Military District, Commander – the EU, Canada, Australia, Switzerland); **Igor Turchenyuk** (Southern Military District, Deputy Commander – the EU, Australia, Switzerland); **Aleksey Naumets** (Airborne Forces – the EU); **Arkady Bakhin** (1st Deputy Defence Minister – Canada); **Denis Berezovsky** (Navy – the EU, Australia, Switzerland, Japan); **Sergey Beseda** (Federal Security Service – the EU,

the USA, Canada, Australia, Switzerland); **Alexander Bortnikov** (Federal Security Service – the EU, Canada, Australia, Switzerland); **Valery Gerasimov** (1st Deputy Defence Minister, Chief of General Staff – the EU, Canada, Australia, Switzerland); **Vladimir Kulishov** (Federal Security Service – Canada); **Yevgeny Murov** (Federal Security Service – the USA, Canada); **Rashid Nurgaliyev** (Security Council – the EU, Canada, Australia, Switzerland); **Nikolay Patrushev** (Security Council – the EU, Canada, Australia, Switzerland); **Valery Travkin** (Intelligence – Canada); **Viktor Ivanov** (Federal Drug Control Service – the USA, Canada, Australia).

*Presidential Administration:*
**Andrey Fursenko** (the USA, Canada, Australia); **Sergey Glazyev** (the EU, the USA, Canada, Australia, Switzerland); **Sergey Ivanov** (the USA, Canada, Australia); **Vladimir Kozhin** (the USA, Canada, Australia); **Vladislav Surkov** (the EU, the USA, Canada, Australia, Switzerland); **Vyacheslav Volodin** (the USA, Canada, Australia, Switzerland); **Aleksey Gromov** (the EU, the USA, Canada, Australia, Switzerland); **Yury Ushakov** (Canada); **Igor Shchegolev** (the USA, Canada).

*Government:*
**Dmitry Rogozin** (the EU, the USA, Canada, Australia, Switzerland); **Dmitry Kozak** (the EU, the USA, Canada, Australia, Switzerland).

*Other officials:*
**Igor Sechin** (the USA); **Vladimir Yakunin** (the USA, Australia); **Alexander Tkachov** (the EU, Canada, Australia, Switzerland); **Ramzan Kadyrov** (the EU, Canada, Australia).

*Journalists:*
**Dmitry Kiselev** (the EU, Switzerland)

*Businessmen:*
**Youry Kovalchuk** (the EU, the USA, Canada, Australia, Switzerland); **Arkady Rotenberg** (the EU, the USA, Canada, Australia, Switzerland); **Boris Rotenberg** (the USA, Canada, Australia); **Gennady Timchenko** (the USA, Australia); **Sergey Chemezov** (the EU, the USA); **Konstantin Malofeyev** (the EU, Canada, Australia, Switzerland); **Nikolay Shamalov** (the EU, Canada, Australia, Switzerland).

*Celebrities:*
**Oleg Gazmanov** (Latvia); **Iosif Kobzon** (Latvia); **Alla Perfilova** (Latvia).

*Crimea:*
22 persons

# Russian Anti-Offshore Tax Policy 2014

In April 2014 the Government of the Russian Federation approved the National Plan of Activities Aimed at Combating Tax Evasion and the Concealment of Companies' Beneficiary Owners. Among other measures the Plan provides for imposing restrictions on the access to the government orders for the companies whose beneficiary or intermediary owners are the offshore residents. The paper provides with a detailed review on the Russian economy "deoffshorization", including the full list of offshore approved jurisdictions.

The idea of the Russian economy "deoffshorization" was declared in the Address to the Federal Assembly by the President of the Russian Federation in December 2013. In the same Address delivered in December 2014 he confirmed the aiming of this idea at the repatriation of Russian capital.

On 30 April 2014 the Government of the Russian Federation approved the National Plan of Activities Aimed at Combating Tax Evasion and the Concealment of Companies' Beneficiary Owners.

Among other measures the National Plan provides for imposing restrictions on the access to the government orders, both at federal and local levels, for the companies whose beneficiary or intermediary owners are the offshore residents.

The list of offshore jurisdictions is to be approved and amended by the Russian Ministry of Finance. At present it includes 42 items. In April 2014 the Deputy Minister of Finance S.Shatalov declared that the Ministry was preparing the extended list that should comprise more than 60 countries. But now this list only had been reduced slightly.

However, more important item of the National Plan is the provision for the changes in the laws by the end of 2014 that shall be aimed at the increase of the legal entities' transparency in view of the FATF Recommendations, the decisions of G8 Summit adopted in June 2013 at the Lough Erne Resort and the G20 Declaration adopted in September 2013 in Saint Petersburg. In particular, the legal entities shall be imposed the obligation to obtain, keep and disclose to the competent governmental authority the documented information on their beneficiary owners. The National Plan also provides the establishment of the beneficiary owners register.

The proposed disclosure obligations should also concern the foreign companies conducting business activities in Russia, which, as suggested, will be obliged to identify and reveal their owners.

It should be noted in this connection that since before the approval of the National Plan, in 2013, the amendments had been made to the Russian anti-money laundering law. The amended law provides that all companies must take all accessible measures to identify the beneficiary owners of their clients and to submit this information by the request of the Federal Financial Monitoring Service. The clients shall produce the documents and information requested by the companies to perform their duties under the anti-money laundering law. Beneficiary owners are defined as the individuals who directly or indirectly own more than 25 percent in the capital of the client company or have the opportunity to control its activity.

One of the National Plan's items provides for the changes in the transfer pricing rules. In particular, it is suggested to consider the repeal of the controllability threshold with regard to the offshore companies. At present the transactions with offshore jurisdictions residents are subject to the transfer pricing control only if the annual volume of transactions with such a resident exceeds RUB 60 mln. Besides, it is suggested to make the contracting parties of offshore companies liable for the identification of the beneficiary owners of the latters.

Another item of the National Plan proposes the prohibition for the Russian residents to settle their property in trust or another formation with similar functions if the latter does not conform to the transparency requirements and on legal grounds allows avoiding the identification of beneficiary owners.

The issue of controlled foreign companies (CFC) deserves special attention. The Russian tax law made no provision for CFC rules. The National Plan stipulated that the bill on CFC taxation should have been introduced in for the consideration by the State Duma as early as by 19 May 2014. However, the draft law worked out by the Ministry of Finance caused bitter debates in the business community, so it was brought in the State Duma only on October 23. On November 24 the new law was signed by the President.

The law defines CFC as a non-resident company or a structure such as: partnership, trust, fund etc. controlled by Russian tax residents. The latters are considered controlling persons if their equity interest in CFC exceeds 25 percent (50 percent in 2015) or 10 percent in case if the total share of equity interest of all Russian residents exceeds 50 percent.
If the annual profit of CFC exceeds RUB 10 mln (RUB 50 mln in 2015, RUB 30 mln in 2016) the profit less dividend payments shall be considered the corporate profit or the individual income of Russian residents that control the CFC and shall be levied at the rates stipulated by the Russian tax law (20 percent for corporate profit tax, 13 percent for individual income tax). The taxable profit includes all incomes of CFC, but not only passive incomes, as it was suggested by the business community in the course of bitter disputes surrounding the draft law before it was introduced into the State Duma.

The law provides the exemption from taxation for some CFC. Among them are the residents of countries that have a tax treaty and provide the exchange of tax information with Russia, if their effective profit tax rate exceeds 15 percent and some other.

The new law on CFC takes effect from 1 January 2015.

Thus, the new Russian policy conforms to the G20 decisions on reforming the finance regulation and supervision. So in this respect Russia takes similar steps and moves in the same direction as the other G20 countries. The measures to be undertaken according to the new Russian policy are also in line with the Action Plan on Base Erosion and Profit Shifting published by the OECD in 2013.

*Stelios C Prodromitis, Member of the Board of Directors, Human Resource Partner at HLB Afxentiou Ltd says, "The new Russian legislation is inline with current global trends of enhancing transparency levels. The sanctions imposed by US and EU relate only to a certain number of businesses and individuals. Those not affected by the sanctions continue to operate normally."*

As a matter of fact, the new Russian policy is aimed not only and not so much at the offshore companies as on the increase of finance transparency in general. We can expect that the measures to be undertaken according to the National Plan should affect the Russian capital escaping from Russia abroad rather than the international investment environment. □

**Thus, the new Russian policy conforms to the G20 decisions on reforming the finance regulation and supervision. So in this respect Russia takes similar steps and moves in the same direction as the other G20 countries. The measures to be undertaken according to the new Russian policy are also in line with the Action Plan on Base Erosion and Profit Shifting published by the OECD in 2013.**

## List of offshore jurisdictions approved by the Russian Ministry of Finance

1. Anguilla
2. The Principality of Andorra
3. Antigua and Barbuda
4. Aruba
5. Commonwealth of the Bahamas
6. Kingdom of Bahrain
7. Belize
8. Bermuda
9. Brunei Darussalam
10. The Republic of Vanuatu
11. British Virgin Islands
12. Gibraltar
13. Grenada
14. Commonwealth of Dominica
15. China:
    - Hong Kong Special Administrative Region (Hong Kong)
    - Macao Special Administrative Region (Aomin)
16. Union of the Comoros:
    - Island of Anjouan
17. The Republic of Liberia
18. The Principality of Liechtenstein
19. The Republic of Mauritius
20. Malaysia:
    - Labuan Island
21. Republic of Maldives
22. The Republic of Malta (excluded from 1 January 2015)
23. Republic of the Marshall Islands
24. Principality of Monaco
25. Montserrat
26. The Republic of Nauru
27. Curaçao and Saint Martin (the Dutch part) (included from 1 January 2015)
28. Netherlands Antilles (excluded from 1 January 2015)
29. Republic of Niue
30. United Arab Emirates
31. The Cayman Islands
32. Cook Islands
33. Turks and Caicos Islands
34. Republic of Palau
35. The Republic of Panama
36. Republic of Samoa
37. Republic of San Marino
38. Saint Vincent and the Grenadines
39. Saint Kitts and Nevis
40. St. Lucia
41. Separate administrative units of the United Kingdom of Great Britain and Northern Ireland:
    - Isle of Man
    - Channel Islands (Guernsey, Jersey, Sark, Alderney)
42. Republic of Seychelles

# Russia: Latest Tax Update

## New Russian law on public companies

The new law on commercial legal entities introducing a concept of public companies took effect in Russia.

Since the adoption of the Civil Code in 1994 the most prevalent types of business entities in Russia were a limited liability company (OOO) and a joint-stock company. The latter could be of two types: open (OAO) and closed (ZAO). The shares of OAO can be publicly traded without the permission of other shareholders, whose number is unlimited. The statutory minimum charter capital is RUB 100,000.

The number of ZAO shareholders shall not exceed 50, and they enjoy pre-emption right for the shares. The statutory minimum charter capital of ZAO is RUB 10,000. An OOO is a simplified form of ZAO whose shares are not considered to be securities and, hence, are outside the scope of the law on securities market. Business entities did not divide into public or non-public.

The new law defines a public company as a joint-stock company where the shares can be publically traded and / or which declared itself to be a public company. Public companies fall within the OAO rules. All other joint-stock companies and OOOs are regarded as non-public companies.

A ZAO as a type of business entity in fact is abolished. The law does not require that ZAOs should be reorganized to another type by certain deadline, but the law provisions on ZAO are applicable to them only till the first amendment to the articles of association.

Thus, should such an amendment be required, a ZAO may face the alternative to increase the charter capital up to RUB 100,000 (if it is less) or to become an OOO.

The new law brought in a new rule on audit. Now the audit is obligatory for all joint-stock companies without exceptions.

## Increase of dividend tax rate

Since 2015 the rate of tax levied on dividends paid to Russian tax residents, both legal entities and individuals, will be increased from 9 to 13 percent. According to the law, the Russian tax on dividends must be withheld from dividend payments by the dividend payer.

## New rules of filing VAT returns

Since 2015 the VAT return (to be submitted only in electronic form) shall include the data of VAT ledgers — purchase ledger and sales ledger, for agents also the data from VAT invoice log book. The main idea of this innovation is the automatic cross-check of VAT payable and VAT recovery by the contracting parties to the transaction. In case of discrepancy the tax authorities can request relevant supporting documents and VAT invoices.

Thus, the taxpayers will be stimulated to faster and mass moving to electronic workflow, including issuing VAT invoices, since the submission of documents' hard copies to the tax authorities will require substantial efforts. To facilitate such a transaction the Federal Tax Service of the Russian Federation has developed the formats of electronic documents combining VAT invoice and a source document (universal deed of transfer and universal correcting deed of transfer) and recommends them for wide application.

## Changes in the Real Estate Taxation in Russia

Since 2014 the important changes in the regime of taxation of companies' immovable property took place in Russia.

Both Russian resident companies and foreign companies that have taxable property in Russia shall pay Russian corporate property tax, which as a general rule is assessed on the average annual residual book value of fixed assets.

All immovable property in Russia is inventoried in the State Real Estate Cadastre. The governmental authority that maintains the Cadastre evaluates and regularly reevaluates the cadastral value of all real estate items, which is more or less close to their market price.

Since 2014 in six regions (first-order administrative divisions) of Russia, including Moscow and Moscow Region, the corporate property tax levied on real estate items is to be assessed at their cadastral value instead of the residual book value. Among such items are:

- business centres and shopping centres;
- non-residential premises which actually used or according to their cadastral certificates are intended for the use as offices, retail facilities, eating places or consumer services;
- real estate items of foreign companies that do not conduct their activities in Russia through permanent establishments or real estate items of foreign companies not pertaining to their permanent establishments.

The tax rates and the lists of real estate items to be assessed at their cadastral value shall be approved at the regional level.

It is expected that in 2015 this order of real estate taxation shall be extended to some other regions.

Since the market price of items is always higher than their residual book value, the tax burden on the above said real estate items increases accordingly — by several times or even more.

## Additional Tax Incentives for Investors in Siberia and the Far East

The Federal Tax Service of the Russian Federation has approved procedures for keeping the Register of participants of regional investment projects and the scope of information contained therein. Therefore everything for the use of tax incentives (stipulated by the RF Tax Code) by the participants of these projects (to be included on the Register) has been provided. Among these incentives are the reduced income tax rates (0% of the tax paid to the federal government, no more than 10% of the tax payable to the regional government) and the reduced severance tax rates.

As a general rule, these tax incentives are effective within 10 years starting from the year of the first sales revenue received from the sales of goods produced as a result of a regional investment project implementation. These incentives apply to any participant of a regional project who is an income tax payer or a severance tax payer, including foreign entities conducting their business through permanent establishments, as well as Russian entities with foreign investments.

In such a way the lawmaker endeavors to encourage the production in Siberia and the Far East. The Tax Code says that these regions include the Republic of Buryatia, the Republic of Sakha (Yakutia), the Republic of Tyva, the Republic of Khakassia, Zabaykalsky Krai, Kamchatka Krai, Krasnoyarsk Krai, Primorsky Krai, Khabarovsk Krai, Amur Region, Irkutsk Region, Magadan Region, Sakhalin Region, the Jewish Autonomous Region and the Chukotka Autonomous District. □

# Energy Consulting News

### Energy Consulting has reached the final round of IAB Awards

A project of Energy Consulting focused on the implementation of electronic digital signatures for a large Russian oil-and-gas company was shortlisted as IT Vendor of the Year in the IAB Awards international competition. In total, three companies have reached the final round in the nomination.

### Sage and Energy Consulting Announce the Signing of Master Distributor Agreement

Sage Group, a leading global developer of business applications, expands its presence in Russia and announces the signing of the Master Distributor Agreement with Energy Consulting. According to the terms of the agreement, Energy Consulting gets an opportunity to develop network of business partners of Sage ERP X3 in Russia and the CIS countries.

### Energy Consulting will conduct an audit of the KOLMAR Group

Energy Consulting has won a tender for conducting a Russian GAAP audit of financial statements of the KOLMAR Coal Group for 2014. The Group consists of nine coal mining companies and comprises coking coal mining, trading and logistic enterprises with total headcount of more than 1400 employees.

### Energy Consulting will design a SAP-based ERP for raw material base recovery in GAZPROM

The tender bid of Energy Consulting was recognized as the best according to the results of open invitation to the tender aimed at the implementation of the 2nd phase of the project focused on designing an ERP system for raw material base recovery and hydrocarbon production in OAO Gazprom.

### Energy Consulting designed the Strategy-2030 for Saint-Petersburg

At the St. Petersburg International Economic Forum-2014 the city Governor Georgy Poltavchenko has signed the Enactment of the City Government on approval of the Strategy for Socio-Economic Development of Saint-Petersburg until 2030. Energy Consulting was directly engaged in the design of this Strategy.

### Energy Consulting has valuated the authorized share capital for Amur Timber Company

Energy Consulting has valuated the authorized 100% share capital and investment projects in timber plants construction for Amur Timber Company in the Far East of Russia. Amur Timber Company is a part of RFP Group, which is one of the world's largest exporters of roundwood in China. The share of RFP Group accounts for over 10% of timber exports from Russia to China.

### Energy Consulting football team took part in the HLB International tournament in London

The Energy Consulting football team took part in the annual HLB International tournament which was held on September 2014 at the Wembley training center in London. Besides Energy Consulting, teams from Great Britain, Denmark, Germany, Italy, the Netherlands, Belgium and Italy were fighting for the cup.

### The Netherlands-Russia and China-Russian Service Desks set up

HLB partners in the Netherlands and Russia set up the Netherlands-Russia Service Desk to support Dutch and Russian clients. The Desk was set up to help the clients with tax, accounting and advisory matters. Earlier Energy Consulting joined the China Service Desk to provide its Chinese partners with the all-round support.

### Energy Consulting proved to be compliant with ISO 9001:2008

Quality Management System of Energy Consulting has been assessed and found to be in accordance with the requirement of ISO 9001:2008 in respect of audit and consulting services. The certificate embraces such matters as customer relations, top-management incentives and involvements, process approaches and ongoing improvement of performance.

ENERGY CONSULTING

Energy Consulting, founded in 2001, provides a wide range of professional services in the field of audit under Russian Accounting Standards and IFRS, financial, tax and legal advisory, due diligence, appraisal and valuation consulting. The Group renders business consulting services, including HR management, consulting for state-owned organisations, project design, investment projects, ERP systems implementation and IT security services. Energy Consulting is a member of HLB International. Since 2006 Energy Consulting has been in the top 10 largest auditing and consulting groups of Russia (Expert RA ranking) and an absolute leader in IT consulting. www.ec-group.ru

HLB International

HLB International is a leading worldwide network of independent professional accounting firms and business advisers. Formed in 1969, HLB International services clients through its member firms in 130 countries, their 1,700 partners and 14,000 staff in 500 offices worldwide. Member firms are well-established locally with many firms ranked among the top twelve nationally. HLB International is a member of the Forum of Firms and focuses on quality and personal service, reinforced by regular quality assurance reviews of all member firms, an up-to-date ISA compliant international audit manual and membership of external professional bodies focused on quality issues. www.hlbi.com

### Energy Consulting Contacts

7, Pavlovskaya St., Moscow, Russia, 115093
+7 (495) 980-9081, www.ec-group.ru

**Vitaly Sinitsin**
International Tax Director
+7-985-765-59-84
sinitsin_v@ec-group.ru