



Important update: Long-expected reduction of penalties for currency offences

In brief

Federal Law No. 235-FZ of 13 July 2022 “On Amending Article 15.25 of the Russian Code of Administrative Offences” (the “**Law**”) reduced penalties for currency offences.

In particular, the Law reduces penalties for (1) illegal currency transactions and (2) non-repatriation by exporters of currency revenues in certain conditions. In addition, the Law expressly sets out that a resident shall be exempt from liability if the offence occurred due to sanctions imposed by “unfriendly” countries on such resident.

Below we provide details on the above changes.

In detail

1. Reducing penalties for illegal currency transactions

Penalties for illegal currency transactions are reduced from 75%–100% to 20%–40% of the illegal transaction amount. Reduced penalties apply both to individuals and legal entities.

Below are examples of illegal currency transactions:

- crediting funds to a resident’s foreign account if there is no legal ground for such crediting;
- performing foreign currency transactions between two residents;
- carrying out transactions on the sale and purchase of foreign currency bypassing bank accounts etc.

The changes have a retroactive effect as they improve the position of the resident. It means that reduced penalties are also applied to offences occurred before the Law came into force.

2. Reducing penalties for non-repatriation of currency revenues by exporters

Penalties for non-repatriation of Russian rouble revenues by exporters are reduced from 3%–10% of the uncollected amount to 3%–5%.

As for officers, the Law provides for a gradation of penalties depending on the contract currency (whether in Russian roubles or in foreign currency), but the fine cannot exceed RUB 30,000.

However, the Law involves liability for non-repatriation of foreign currency revenues, such as warnings or imposition of a late payment penalty equal to 1/150 of the Bank of Russia’s key rate of funds credited to accounts with authorised banks behind the set time limits for each day of delay.

In addition, in case of non-repatriation of foreign currency revenues under currency contracts and non-repatriation under loan agreements, penalties remain unchanged and range from 5% to 30% of the uncollected amount.

The above changes do not apply to contracts on logs and timber export (penalties from 3% to 10% of the uncollected amount continue to apply to them).

3. Exempting residents from liability for currency offences (in case sanctions are imposed on residents)

New changes exempt residents from penalties for illegal transactions and non-repatriation of foreign currency revenues if residents (individuals or legal entities) failed to comply with the currency control rules due to sanctions imposed by “unfriendly” countries on Russian citizens and Russian companies.

To be entitled to such exemption, residents should prove that offence relates to application of restrictive measures to the offender.

This exemption only applies to legal relationships arising from 23 February 2022 to 31 December 2022.

Despite reduced penalties for currency offences, in practice tax authorities continue to hold residents (individuals and legal entities) liable (including due to violation of restrictions provided for by counter-sanctions law).

We are a team of experienced lawyers of the TeDo foreign currency law practice. We would be glad to help you, provide professional legal support in foreign currency and counter-sanctions law, minimise the risk of penalties, and to reduce or abolish penalties if you are held liable.

In particular, we can help you with the following:

- abolishing/reducing penalties and terminating court and administrative proceedings if already initiated;
- conducting diagnostics of foreign currency transactions already performed by you on foreign accounts if you have any doubts (e.g., for further use of such instrument as capital amnesty).

We would be happy to answer any questions you may have.

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