

A vertical image on the left side of the slide showing the silhouettes of palm trees against a vibrant sunset sky with orange and yellow hues.

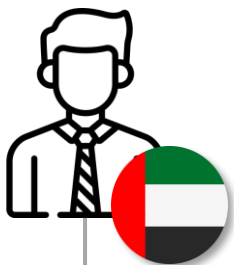
UAE: Examples of Tax Efficient Structures with Russian Assets

Tax Planning Opportunities in the Context of the Signed Double Tax Treaty Between Russia and the UAE

March 2025

Example No.1: Direct Ownership of Russian Companies

Individual – Tax Resident of the UAE



Russian
Companies



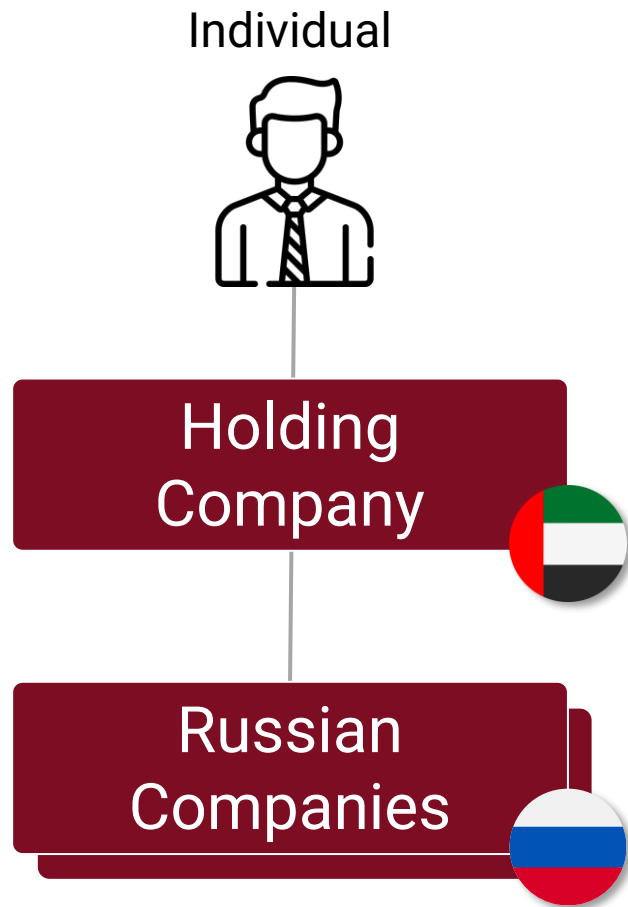
Description of the Structure

- An individual becomes a tax resident of the UAE based on one of three tests: 183 days in the UAE; 90 days in the UAE with additional conditions; the center of vital interests is in the UAE.
- The individual receives dividends and interest from Russian companies and may also gain profit from the sale of these companies.

Tax Parameters of the Structure

- Once the tax treaty between Russia and the UAE comes into effect, the withholding tax rate on dividends and interest should be 10% (instead of 15% or 30% for non-resident individuals).
- Income from the sale of Russian companies should not be subject to personal income tax in Russia if the companies' assets do not primarily consist of Russian real estate.
- The considered income of an individual is not taxed in the UAE, as there is no personal income tax for individuals in the UAE.

Example No.2: Ownership of Russian Subsidiaries Through a Holding Company in the UAE



Description of the Structure

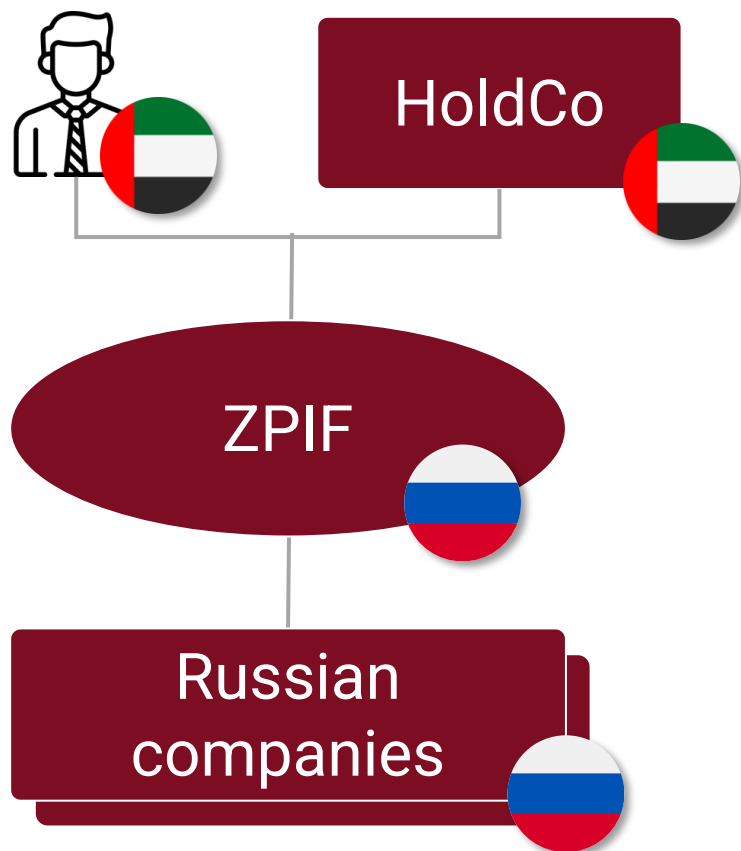
- A holding company (HoldCo) is established in the UAE and participates in Russian subsidiaries.
- HoldCo receives dividends and interest from Russian companies and may also receive capital gains from the sale of these companies.

Tax Parameters of the Structure

- After the tax treaty between Russia and the UAE comes into effect, the withholding tax rate on dividends and interest should be 10% (instead of 15% and 25% for foreign companies), assuming HoldCo is the beneficial owner of the income.
- Income from the sale of Russian companies should not be subject to tax in Russia if the companies' assets do not primarily consist of Russian real estate.
- HoldCo's income in the UAE may be exempt from corporate tax under an exemption for qualifying residents of a Free Trade Zone (FTZ) or participation exemption.

Example No.3: Ownership of Units in a Closed-End Mutual Investment Fund (ZPIF)

Individual – Tax
Resident of the UAE



Description of the Structure

- Individuals and legal entities that are tax residents of the UAE own units in a Russian closed-end mutual investment fund (ZPIF).
- ZPIF distributes income to unit holders in the form of interim payments, unit redemption, and sales.

Tax Parameters of the Structure

- After the tax treaty between Russia and the UAE comes into effect, the withholding tax rate on interim payments from ZPIF should be 10% (the agreement does not impose participation conditions for applying the reduced rate).
- Income from the sale of ZPIF units should not be subject to tax in Russia if ZPIF's assets do not primarily consist of Russian real estate.
- The considered income of individuals is exempt from taxation in the UAE. If HoldCo qualifies as a qualifying resident of a Free Trade Zone (FTZ), its income may also potentially be tax-exempt.

Comparison of Structures



Criteria	Example No.1: Direct Ownership of Assets by an Individual in the UAE	Example No.2: Ownership of Assets through HoldCo in the UAE	Example No.3: Ownership of Units in a Russian ZPIF
Russian withholding tax on interest, dividends, and income distribution to unit holders	10%	10%	10%
The ultimate shareholder must be a tax resident of the UAE	Yes	No	Yes, in case of owning units directly by an individual
HoldCo must be the beneficial owner of income (substance, etc.)	Not applicable	Yes	Yes, if units are owned through HoldCo
Taxation of capital gains	Not applicable if Russian real estate accounts for less than 50% of assets		
Withholding tax in the UAE	No		
Taxation of income in the UAE	Does not apply	May be exempt under FTZ benefits or participation exemption	May be exempt under FTZ benefits
Structure complexity	Simplest	Medium	Most complex

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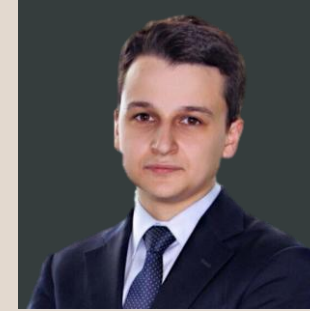


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