

How to Report CFC in 2026 to Avoid Penalties

Russian tax residents are required to report annually on their Controlled Foreign Companies (CFCs)

In recent years, the rules have changed and the cost of errors remains high: fines can amount to millions of rubles

CFC Notification



Annual Submission of CFC Notification

The CFC notification must be submitted annually, regardless of whether the CFC generates profits, whether exemptions apply, or if the CFC owner has opted for the fixed-profit CFC tax regime



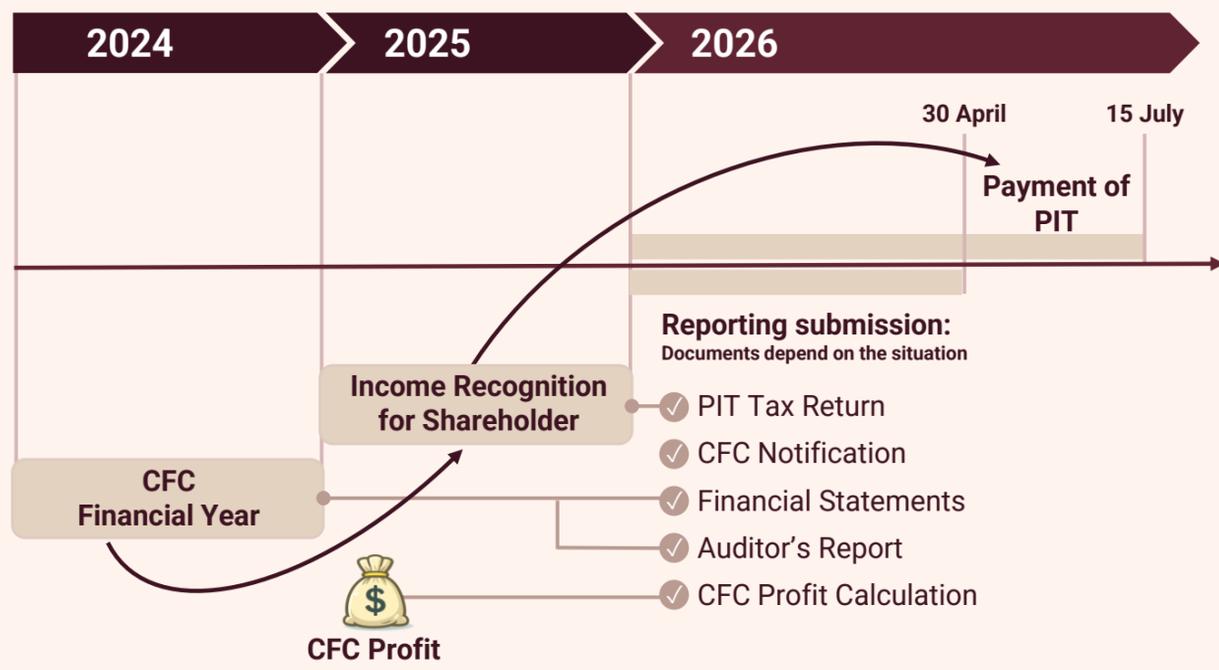
Supporting Documents Should Be Submitted with the Notification

Typically, along with the CFC notification, financial statements and other relevant documents must be provided. The specific documents required depend on the method used to calculate the CFC's profits, as well as any documents that support applicable exemptions



Fixed Profit CFC: Changes Since 2026

Starting from 2026, the data from the CFC notification will be used to calculate the personal income tax (PIT) for those using the fixed-profit CFC regime: approximately 5 million rubles per company, up to 25 million rubles if the number of CFCs is 5 or more



High Fines Are Imposed for Violations

₽ 500 000

Failure to submit CFC Notification (for each CFC)

Failure to submit financial statements and/or documents supporting CFC Profit exemption with the CFC Notification

₽ 1 000 000

Failure to submit financial statements and/or documents upon request of the Tax Service

What Documents Should Be Prepared?



If Your CFC Incurred a Loss for FY24

Approximate calculation of CFC profit under special rules of the Russian Tax Code to confirm a loss

Financial statements for FY24, including notes, translated into Russian

Shareholder registry extract as of 31 December 2025 (or the date of the decision to pay dividends)

Copy of the certificate of incorporation



If Your CFC Earned Profit for FY24

All documents from the first column, as well as:

If the CFC sold securities, shares, or stakes – **contracts as of the acquisition date or information on the cost as of 1 January 2015** (if the securities were acquired before 2015)

Registers with the exact calculation of CFC profit according to the special rules of the Russian Tax Code



Documents for Tax Optimization

Information on taxes paid by the CFC outside of Russia

Financial statements for previous periods (for carrying forward losses)

Documents confirming eligibility for tax exemption (for example, if the CFC engages in active business, if CFC is a resident of a high-tax jurisdiction, etc.)

We Welcome Your Questions

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