

The calculation procedure of income taxation at source in the Russian Federation on trades of the Non-resident Clearing Members with the NCC within NCC's function as a tax agent

Abbreviation:

DTT – Double Tax Treaty

TC RF – Tax Code of the Russian Federation

NCC – Central Counterparty National Clearing Centre

1. Derivatives Market

| Type of financial instrument and income | Income qualification | Tax rate (maximum under the TC RF and DTT article) | Calculation procedure of tax base Date of income receipt |
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| Settlement derivatives Option on the settlement futures contract Settlement futures contract <i>Settlement futures contract is a contract which does not stipulate the delivery of securities, foreign currency, commodities (underlying asset - indexes, price differences and etc.)</i> | Other income (sub-paragraph 10 paragraph 1 article 309 of the TC RF) | 20 % according to the TC RF or DTT rate (article «Other income») | Tax base is calculated on each contract. Tax base is the positive amount of the variation margin calculated from the date of opening a position under the contract to the date of closing a position under the contract. If the amount of the variation margin is negative, the tax is not calculated and withheld. If there are several clearing register client sections (CRCS), the closure of the position of the one beneficial owner of income is considered with respect to all CRCS. |
| Deliverable derivatives Option on the deliverable futures contract Deliverable futures contract <i>Deliverable futures contract is a contract for the delivery of securities, foreign currency, commodities</i> | Is not subject to tax on the basis of the paragraph 2 article 309 of the TC RF | | |

Income taxation is performed in relation to each beneficial owner of income depending on its tax status

2. Securities Market

2.1. Operations on which calculation, withholding and transferring to the budget of income taxation at sources in Russian Federation is performed

| Type of financial instrument and income | Income qualification | Tax rate (maximum under the TC RF and DTT article) | Calculation procedure of tax base Date of income receipt |
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| Interest on deposits | Interest (sub-paragraph 3 paragraph 1 article 309 of the TC RF) | 20 % according to the TC RF or DTT rate (article «Interest») | Tax base – sum of accrued interest on deposits. Date of income receipt – maturity date of deposit and interest payment. |
| Interest on REPO | Interest (sub-paragraph 3 paragraph 1 article 309 of the TC RF) | 20 % according to the TC RF or DTT rate (article «Interest») | Tax base – sum of accrued interest on REPO (1) Non-resident – seller under the first part of REPO <u>Interest:</u> Positive difference between price of the first part of REPO and price of the second part of REPO (interest received under granted securities lending). (2) Non-resident – buyer under the first part of REPO <u>Interest:</u> Positive difference between price of the second part of REPO and price of the first part of REPO (interest received under deposited cash funds). Date of income receipt: (1) date of the first part of REPO (2) date of the second part of REPO |
| Interest in form of <u>accrued interest</u> received while selling coupon bonds of the Russian organizations and bonds of the Central Bank of the Russian Federation on the secondary market | Interest (sub-paragraph 3 paragraph 1 article 309 of the TC RF) | 15% or 20 % (depend on terms of bond issue) (paragraph 2.3) or DTT rate (article «Interest») DTT can contain different rates depending on the type of beneficial owner of income (bank/no-bank/other) or type of bond (admitted to trading and others) | Tax base – sum of accrued interest, which is a part of sale price of bond in full (for the whole last coupon period). Accrued interest paid while purchasing bonds is not considered. Date of income receipt – date of sale of bond. |
| Income from sale of investment units of closed mutual investment funds regardless of the composition of fund's assets | Income from sale of investment units of closed mutual investment funds related to annuity fund and real estate fund as well as combined or other funds more than 50 percent of assets directly or indirectly consist of real estate located on the territory of the Russian Federation | 20% or DTT rate (article «Real estate income» or «Income from property sale» or «Other income» - depending on DTT) | Tax base – income from sale of investment units. Since NCC does not have information of purchase price of investment units, full amount of revenue is subject to taxation. Since NCC is unable to identify investment units of «combined or other funds more than 50 percent of assets directly or indirectly consist of real estate located on the territory of the Russian Federation», operations in investment units of all types of closed mutual investment funds are taxed. |

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| | (sub-paragraph 9.1 paragraph 1 article 309 of the TC RF) | | We recommend paying special attention to the taxation procedure. Since operations can lead to increased taxation and liability for further tax credit in the tax authorities of the Russian Federation. |
| Interest in the form of <u>discount</u> received while selling discount (zero coupon) bonds of the Russian organizations and bonds of the Central Bank of the Russian Federation on the secondary market | Interest (sub-paragraph 3 paragraph 1 article 309 of the TC RF) | 15% or 20 % (depend on the terms of bond issue) or DTT rate (article «Interest») DTT can contain different rates depending on the type of the beneficial owner of income (bank/non-bank/other) or type of bond (admitted to trading and others) | Tax base – income from sale of bonds. Due to the uncertainty in the question what discount is declared in advance and inability of the NCC to offset costs associated with the purchase of bonds, full amount of revenue is subject to taxation. Date of income receipt – date of the sale of bonds. We recommend paying special attention to the taxation procedure. Since operations can lead to increased taxation and liability for further tax credit in the tax authorities of the Russian Federation. |
| Interest in the form of <u>indexation of nominal value</u> received while selling the coupon bonds of the Russian organizations and bonds of the Central Bank of the Russian Federation on the secondary market | Interest (sub-paragraph 3 paragraph 1 article 309 of the TC RF and explanations of the Ministry of Finance of the Russian Federation) | 15% or 20 % (depend on the terms of bond issue) or DTT rate (article «Interest») DTT can contain different rates depending on the type of the beneficial owner of income (bank/non-bank/other) or type of bond (admitted to trading and others) | Tax base – income from sale of bonds, including accrued interest. Due to the uncertainty in the question how to calculate income in the form of interest from the indexation of nominal value, full amount of revenue, including accrued interest is subject to taxation. Date of income receipt – date of sale of bonds. We recommend paying special attention to the taxation procedure. Since operations can lead to increased taxation and liability for further tax credit in the tax authorities of the Russian Federation. |
| Income from the sale of shares of the organizations that <u>are not traded</u> on the organized securities market, more than 50 % of assets directly or indirectly consist of real estate located on the territory of the Russian Federation | Income from the sale of shares of the organizations that are not traded on the organized securities market, more than 50 % of assets directly or indirectly consist of real estate located on the territory of the Russian Federation (sub-paragraph 5 paragraph 1 article 309 of the TC RF) | 20% or DTT rate (article «Real estate income» or «Income from property sale» или «Other income» - depending on DTT) | Tax base – income from the sale of shares. Since NCC does not have information of purchase price of shares, full amount of revenue is subject to taxation. We recommend paying special attention to the taxation procedure. Since operations can lead to increased taxation and liability for further tax credit in the tax authorities of the Russian Federation. |
| Transfer of coupon under REPO trade or buy-sell trade indicated in the | Interest (sub-paragraph 3 paragraph 1 article 309 of the TC RF) | 15% or 20 % (depend on the type of bond) | Calculation of tax sum: Tax sum = Sum of transferred coupon * (15% or 20%) (depend on the type of bond) |

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| article 45.1 of the Clearing Rules of the Central Counterparty National Clearing Centre. Part II. The Clearing Rules on the Securities Market, Deposit Market and Credit Market in bonds of the Russian organizations and the Central Bank of the Russian Federation | | DTT is not applied | Date of income receipt – date of income transfer |
| Transfer of dividends under REPO trade and buy-sell trade indicated in the article 45.1 of the Clearing Rules of the Central Counterparty National Clearing Centre. Part II. The Clearing Rules on the Securities Market, Deposit Market and Credit Market in shares of the Russian organizations | Dividends (sub-paragraph 1 paragraph 1 article 309 of the TC RF) | 15 % DTT is not applied | Calculation of tax sum: Tax sum = Sum of transferred dividends according to the article 45.2 of the Clearing Rules of the Central Counterparty National Clearing Centre – (Sum of announced dividends – Sum of announced dividends * 15%) For example, sum of announced dividends – 100, sum of transferred dividends according to the Clearing Rules – 87. Tax sum $87 - (100 - 100 * 15\%) = 2$. Date of income receipt – date of income transfer |
| Transfer of dividends under REPO trade and buy-sell trade indicated in the article 45.1 of the Clearing Rules of the Central Counterparty National Clearing Centre. Part II. The Clearing Rules on the Securities Market, Deposit Market and Credit Market in ADR/GDR on shares of the Russian organizations | Dividends (sub-paragraph 1 paragraph 1 article 309 of the TC RF) | 15 % DTT is not applied | Calculation of tax sum: Tax sum = Sum of transferred dividends according to the article 45.7 of the Clearing Rules of the Central Counterparty National Clearing Centre * 15% Date of income receipt – date of income transfer |

Income taxation is performed in relation to each beneficial owner of income depending on its tax status

Link to the Clearing Rules of the Central Counterparty National Clearing Centre: [NCC | Documents](#)

2.2. Operations on which NCC does not perform calculation, withholding and transferring of income taxation

| Type of income | Grounds for tax exemption |
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| Interest on Federal Loan Bonds (FLB), eurobonds of the Russian Federation | Interest on government bonds of the Russian Federation is income at sources in the Russian Federation (sub-paragraph 3 paragraph 1 article 309 of the TC RF). However, tax agent is exempt from tax withholding (sub-paragraph 7 paragraph 2 article 310 of the TC RF). |
| Income from sale of Federal Loan Bonds (FLB), eurobonds of the Russian Federation (excluding interest) | Is not subject to tax at source on the grounds of paragraph 2 article 309 of the TC RF |
| Income from sale of <u>coupon</u> bonds of the Russian organizations and the Central Bank of the Russian Federation (excluding accrued interest) | Is not subject to tax at source on the grounds of paragraph 2 article 309 of the TC RF |
| Income from sale of shares of the Russian organizations <u>traded</u> on the organized securities market | Is not subject to tax at source on the grounds of sub-paragraph 5 paragraph 1 and 2 article 309 of the TC RF |
| Income from sale of investment units of mutual investment funds, excluding investment units of closed mutual investment funds | Is not subject to tax at source on the grounds of sub-paragraph 9.1 paragraph 1 and 2 article 309 of the TC RF |
| Income from the sale of foreign shares, ADR/GDR on foreign shares, ADR/GDR on <u>traded</u> shares of the Russian organizations | Is not subject to tax at source on the grounds of paragraph 1 and 2 article 309 of the TC RF |
| Income from sale of foreign bonds plus interest, including bonds issued by the foreign organizations to finance the Russian organizations | Is not subject to tax at source on the grounds of paragraph 1 and 2 article 309 of the TC RF |
| Income from sale of RDR (Russian depositary receipts) | Is not subject to tax at source on the grounds of paragraph 1 and 2 article 309 of the TC RF |
| Transfer of coupons under REPO trade and buy-sell trade indicated in the article 45.1 of the Clearing Rules of the Central Counterparty National Clearing Centre. Part II. The Clearing Rules on the Securities Market, Deposit Market and Credit Market in government bonds (FLB, eurobonds of the Russian Federation) | Interest on government bonds of the Russian Federation is income at sources in the Russian Federation (sub-paragraph 3 paragraph 1 article 309 of the TC RF). However, tax agent is exempt from tax withholding (sub-paragraph 7 paragraph 2 article 310 of the TC RF). |
| Transfer of coupons under REPO trade and buy-sell trade indicated in the article 45.1 of the Clearing Rules of the Central Counterparty National Clearing Centre. Part II. The Clearing Rules on the Securities Market, Deposit Market and Credit Market in bonds of foreign emitters including bonds issued by the foreign organizations to finance the Russian organizations | Is not subject to tax at source on the grounds of paragraph 1 and 2 article 309 of the TC RF |

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| Transfer of dividends under REPO trade and buy-sell trade indicated in the article 45.1 of the Clearing Rules of the Central Counterparty National Clearing Centre. Part II. The Clearing Rules on the Securities Market, Deposit Market and Credit Market in shares of foreign organizations, ADR/GDR on shares of foreign organizations | Is not subject to tax at source on the grounds of paragraph 1 and 2 article 309 of the TC RF |
| Transfer of dividends under REPO trade and buy-sell trade indicated in the article 45.1 of the Clearing Rules of the Central Counterparty National Clearing Centre. Part II. The Clearing Rules on the Securities Market, Deposit Market and Credit Market in RDR on securities of foreign organizations | Is not subject to tax at source on the grounds of paragraph 2.2 article 309 of the TC RF |

2.3. Tax rates on corporate bonds of the Russian organizations:

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| All types of bonds issued by the Russian organizations and the Central Bank of the Russian Federation, excluding: | 20% |
| - mortgage-backed bonds issued after January 1, 2007 | 15% |
| - traded ruble-denominated bonds issued during the period from 01.01.17 till 31.12.21 | 15% |

3. OTHER INCOME

| Type of financial instrument and income | Income qualification | Tax rate (maximum under the TC RF and DTT article) | Calculation procedure of tax base Date of income receipt |
|---|---|--|--|
| Interest on collateral | Interest (paragraph 1 article 309 of the TC RF) | 20 % according to the TC RF or DTT rate (article «Interest») | Tax base – sum of accrued interest on collateral. Date of income receipt – interest payment date. |
| Return premium | Other income | 20 % according to the TC RF or DTT rate (article «Other income») | Tax base – sum of return premium. Date of income receipt – date of return premium payment. |

Income taxation is performed in relation to tax status of the Non-resident Clearing Member