

Order of Dividend Income Taxation

According to articles 224, 284 and 312 of the Tax Code of the Russian Federation, the following tax rates are applied to the tax base determined by incomes received in the form of dividends:

- **0 percent** - under incomes received by the Russian organizations in the form of dividends provided that at date of decision-making on payment of dividends the organization receiving dividends within not less than 365 calendar days continuously owns on the property right not less than a 50 percent contribution (stake) in the authorized (joint stock) capital (fund) of the organization paying dividends or the depository receipts giving the right to receive dividends, in the sum corresponding to not less than 50 percent of total amount of dividends paid by the organization.
- **9 percent** - under incomes received in the form of dividends from the Russian and foreign organizations by the Russian organizations, not specified in point 1;
- **15 percent** - under incomes received in the form of dividends from the Russian organizations by the foreign organizations.

At representation by the foreign organization of confirmation that this foreign organization has a constant location in that state with which the Russian Federation has the international treaty (agreement) regulating the issues of taxation, to the tax agent paying the income, before the date of payment of the income concerning which the international treaty of the Russian Federation provided a preferential taxation mode in the Russian Federation, in regard of such income release from tax deduction at a source of payment or tax deduction at a payment source on the lowered rates is made.

Confirmation of the right to application of the lowered tax rate

Tax legislation has established that a foreign organization - the recipient of dividends, is obliged to provide to the tax agent the documents necessary for confirmation of the right to application of provisions of the international agreements, before date of payment of dividends as on collecting, translation and submission of the relevant documents certain time is required.

We ask you to direct documents beforehand – no later than 15 days prior to the beginning of dividend payments that is within 45 days after approval of the relevant decision by the annual general shareholder meeting.

Depending on the terms defined by the international agreements a bundle of documents includes:

1. The certified copy of the contract of purchase and sale of securities (if a non-resident shareholder applies for the lowered taxation rate of 5 %);
2. The certified translation of the contract on Russian (if a non-resident shareholder applies for the lowered taxation rate of 5 %);
3. A notarially registered copy of the power of attorney (if a non-resident shareholder applies for the lowered taxation rate of 5 %);
4. The deposit account statement (for the date closest to the day of payment, but not earlier than the date of decision-making on payment of dividends), confirming number of ordinary and/or preferred shares of the company (if a non-resident shareholder applies for the lowered taxation rate of 5 %);
6. The certified copy of the payment order confirming the fact of payment of shares under the contract of purchase and sale (if a non-resident shareholder applies for the lowered taxation rate of 5 % *(if possible)*);
7. A notarially registered copy of the tax certificate confirming the company's location (obligatory for all shareholders – nonresidents applying for the lowered taxation rate of 5 %, 10 % and 12 %).

Confirmation of the right to application of a 0 % tax rate

For confirmation of a 0 % taxation rate it is necessary to provide the following documents:

1. A notarially registered copy of the License on management of investment funds;
2. The report on shareholders (for the date closest to the day of payment, but not earlier than the date of decision-making on payment of dividends), signed by the fund;
3. Copies of powers of attorney on representatives, certified by the mutual fund;
4. Extract about the custody account state, signed by the depository (for the date closest to the day of dividend payment);
5. Power of attorney of the depository;
6. Extract from the certificate of the cost of assets, signed by the depository and management company;
7. Trust Management Rules (certified copy).

In case there are additional interdepository relations, the structure of a bundle of documents needs to be specified in JSC Lenenergo.