

If Beneficial Owners Cannot Be Identified, How Can a Company Prove the Measures Undertaken?

Newsletter

27 February 2017

In the [Mosgo and Partners Newsletter of 15 November 2016](#), we stated that all Russian companies must identify their beneficial owners, *i.e.*, the individuals who ultimately directly or indirectly own more than 25% of the charter capital of the legal entity in question or can otherwise exercise control over its actions.

On 17 January 2017, the Federal Service for Financial Monitoring (FSFM) issued an [information statement](#) (available in Russian), specifying cases when a legal entity is deemed to have fulfilled its obligation to identify information on its beneficial owners.

The FSFM clarified, that, where a company was unable to obtain information about its beneficial owners and received an official request from the state authorities, it should present the documents proving that it actually undertook measures to identify the beneficial owners, such as (written) requests to the founders (controlling persons) of the company and responses thereto. In addition to that, we highly recommend keeping not only written requests, but also the notifications of delivery of such requests to the potential beneficiaries with lists of the documents enclosed.

Please be reminded that failure to present information about beneficial owners or about the measures undertaken to identify them upon the request of state authorities (the FSFM, the Federal Tax Service) is punishable by an administrative fine of **up to RUR 500,000**.