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Sole Shareholder: To Be Registered in the USRLE?

Newsletter

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Starting from 1 September 2014, the amendments into Article 98(6) of the Russian Civil Code have entered into effect. Pursuant to the same, the information that a joint-stock company comprises one participant shall be entered into the Unified State Register for Legal Entities (USRLE, "EGRUL").

It has been over a year, but many companies are still hesitant as to how to act upon these amendments. The answer to this question is provided below.

1. BEFORE

The previous version of Article 98(6) of the Civil Code provided that the information that the joint-stock company comprised a sole shareholder was to be stated in the company's charter. The company's charter, in turn, was submitted to the Federal Tax Service. Any amendments therein were (and are) subject to registration.

2. AFTER

Starting from 1 September 2014, the joint-stock company's charter does not have to be amended if all shares in the company fall into the hands of one shareholder. However, this information is to be entered directly into the USRLE.

Any amendments into the USRLE may be introduced in accordance with a special procedure (*Order of the Federal Tax Service of Russia No. MMV-7-6/25@ dated 25 January 2012 "On the Approval of Forms and Requirements to Documents Filed with the Registration Authority during State Registration of Legal Entities, Individual Entrepreneurs and Peasant Holdings (Farms)"*, hereinafter, the **FTS Order**), prescribing the form of filing of information with the Federal Tax Service (well-known forms "P13001", "P14001", etc.). Submitting the document in free form is prohibited.

3. ISSUE

Despite the amendments made into the Civil Code, neither Federal Law No. 129-FZ dated

8 August 2001 “On State Registration of Legal Entities and Individual Entrepreneurs” (hereinafter, the **Registration Law**), nor the FTS Order have undergone any respective changes.

In other words, there is currently no form for submission of information on the sole shareholder into the USRLE.

4. WHAT IS TO BE DONE?

We believe that in the present situation, up until the Registration Law and the FTS Order are amended, the provisions of Article 98(6) of the Civil Code shall be viewed as *de facto* inoperative. Trying to register the sole shareholder in the USRLE is futile.

This position is supported by the Federal Tax Service, that confirmed, in a reply to our query, that until the respective changes are made, recording the above information on the USRLE appears to be impossible.

Nonetheless, it is necessary to monitor the amendments into the legislation, since, as soon as the mechanism starts functioning, untimely notification of the Federal Tax Service of the changes made (it is most likely, that Article 5(5) of the Registration Law prescribing the term of three business days will apply here) may be punishable by an administrative fine (Article 14.25 of the Administrative Offenses Code).

MOSGO & PARTNERS

Tel.: +7 (495) 228 48 78

info@mosgolaw.com

www.mosgolaw.com

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