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THE INTERNATIONAL TRANSACTIONS UPDATE

September 2014

This month, Klueger & Stein, LLP will feature an article by our IPG partners, SECRETAN TROYNOV SCHAER SA (Moscow Law Office), on the topic of Russia's proposed international tax laws.

CONTROLLED FOREIGN COMPANIES DRAFT LAW dd. 26.08.2014 EXECUTIVE SUMMARY

ADVISORY: This article was written in May 2014 and updated in September 2014. This version contains the most recent updates to Russia's proposed CFC laws. It is expected that the CFC laws passed will be less severe than the laws proposed.

Under the label "de-offshorization" Russia is currently reviewing several amendments to its tax laws which are expected to take effect from 1 January 2015. The key element of the tax initiative was – at least initially – the introduction of CFC rules intended to discourage the artificial deferral of income tax payments through the use of off-shore companies in tax planning structures. The CFC rules are intended to apply not only to foreign companies under the taxpayer's direct control, but also to indirect control through trusts, fiduciary arrangements and similar. In order to make the rules effective the initiative requires Russian tax residents to disclose relevant holdings. In the more recent versions of the draft law the obligation to disclose foreign assets has been disjoined from the CFC rules.

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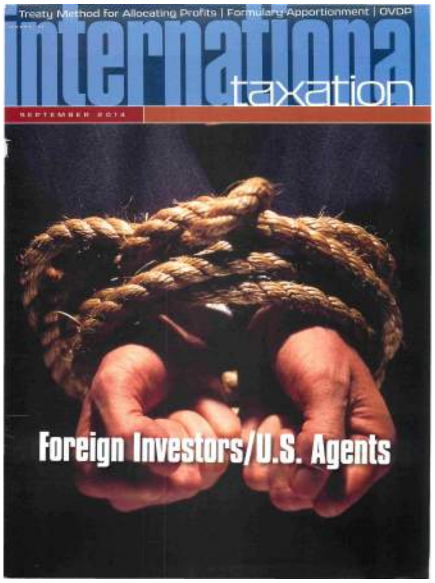
Learn more about [SECRETAN TROYNOV SCHAER SA](#)

Stein's latest work gets published in the prestigious Journal of International Taxation



Foreign Investors, almost uniformly dislike paying U.S. taxes and filing U.S. tax returns. In many countries, for cultural, political, or personal safety reasons, privacy is paramount. Disclosure of one's financial affairs to any government is viewed as risky and something to avoid. Taxation of income earned in the U.S. may be unavoidable, and many foreign investors recognize that. With proper planning, it is possible that the U.S. -sourced income, while taxed by the U.S. at the corporate level, will not be taxed to the foreign investor personally. It is also possible that the foreign investor will avoid U.S. tax return filing obligations. [Read article here.](#)

Stein, Jacob, "Foreign Investors Beware: Attribution of U.S. Trade or Business Through U.S. Agents." *Journal of International Taxation,* September 2014

Upcoming Seminars

Cutting Edge Techniques in International & Domestic Tax Planning
by Jacob Stein on October 29, 2014
Location: CPA Association International Conference
San Francisco, CA

Lawyers' Guide to International Taxation
by Jacob Stein on January 16, 2015
Location: State Bar of California Board of Legal Specialization
Pasadena, CA

his law degree from Fordham Law School, and his Master of Laws in Taxation from the University of Denver. He is a Certified Tax Law Specialist (State Bar Board of Legal Specialization) and is AV rated by Martindale-Hubbell (highest possible rating).
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