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**Russia – New Law Ushers
in Stiffer Sanctions for
Violations of Immigration
Rules**

by KPMG, Russia (a KPMG
International member firm)

flash International Executive Alert

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The Russian government adopted Federal Law #207-FZ on July 23, 2013¹. Effective August 9, 2013, this legislation changed the Code of Administrative Violations (“CAV”) by establishing stricter penalties for violations of the immigration law in Russia, including, *inter alia*, Moscow, St. Petersburg, and the surrounding regions.

In this *Flash International Executive Alert*, we focus on some of the significant changes.

1 Penalties Imposed on Foreign Citizens and Individuals without Citizenship² (“Foreign Employees”)

1.1 Stricter penalties are to be imposed on foreign employees who do not have individual work permits or proper licenses³ specifically in Moscow, St. Petersburg, the Moscow Region, and the Leningrad Region. Such individuals will be subject to fines of RUB 5,000–RUB 7,000 and expulsion from Russia.⁴

1.2 Foreign employees who repeat a violation (anywhere in Russia) over the course of one year⁵ – for example, work in Russia without an individual work permit or proper license – will be subject to fines of RUB 5,000–RUB 7,000 and expulsion from Russia.⁶

2 Penalties Imposed on Companies and Individuals Who Employ Foreign Employees to Conduct Employment Activities or Provide Services in Russia (“Individuals”)

2.1 The list of violations has been broadened to include the following:

- Failure to follow the procedures for notifying the relevant authorities about employing foreign employees to work in Russia;
- Failure to notify the relevant state authority regarding the termination of an employment or civil law contract;
- Failure to notify the relevant state authority regarding a foreign employee's placement on unpaid leave for a period greater than one calendar month.

2.2 As an alternative to penalties noted above in section 2.1 or for employment of foreign individuals without proper work authorization documents, companies may be subject to an operational suspension period of 14–90 consecutive days. A new minimum period of 14 days was introduced by Federal Law #207-FZ. The maximum period of 90 days remains from the prior rules.

2.3 Stricter penalties have been established for violations noted in sections 2.1 and 2.2 committed in Moscow, St. Petersburg, the Moscow Region, and the Leningrad Region.

| Responsible Party | Penalty (RUB) |
|---------------------------------------|--|
| Individual Employing Foreign Employee | From 5,000 to 7,000 |
| Company Executives | From 35,000 to 70,000 |
| Company | From 400,000 to 1,000,000 or operational suspension for 14–90 consecutive days |

2.4 New penalties for failure to notify a relevant state authority (or violating the notification procedures) for the category of foreign employees entering as “highly qualified specialists”:

| Responsible Party | Penalty (RUB) |
|--------------------|---------------------------|
| Company Executives | From 35,000 to 70,000 |
| Company | From 400,000 to 1,000,000 |

2.5 Stricter financial penalties shall be imposed for violating the rules regarding the employment of foreign individuals in retail facilities (including shopping centers) in Moscow, St. Petersburg, the Moscow Region, and the Leningrad Region.

| Responsible Party | Penalty (RUB) |
|--------------------|--|
| Company Executives | From 45,000 to 70,000 |
| Company | From 450,000 to 1,000,000 or operational suspension for 14–90 consecutive days |

3 Other CAV Changes Effective August 9, 2013

3.1 The broadened list of violations of the arrival and residence rules in Russia includes:

- Lack of proper documentation serving as proof for lawful presence (residence) in Russia;
- Failure to properly notify authorities regarding the loss of these documents;
- Refusal to leave Russia upon the expiration of the period of validity for such documents.

3.2 Fines have been established for recurring violations, as noted above in section 3.1, occurring in Moscow, St. Petersburg, the Moscow Region, and the Leningrad Region, and range from RUB 5,000–RUB 7,000 (with expulsion from Russia).

4 Other Federal Law #207-FZ Changes Effective July 23, 2013

Along with the above-mentioned CAV changes, other procedures have become more rigorous: (i) denial of granting entry into Russia, and (ii) refusals of grants of work permits and cancellation of existing work permits.

- Entry into Russia can be denied if a foreign national has a record of two or more administrative violations committed in the last three years.
- A work permit will be refused (or an existing work permit cancelled) if a foreign employee, in the 10 years prior to applying for the work permit, has been subject to two or more expulsions or deportations from Russia, or has been repatriated to the state of his or her citizenship under a relevant re-admission agreement.

This article is republished from "Increase of Sanctions for Violation of Russian Immigration Law" (August 16, 2013), a publication of the KPMG International member firm in Russia.

Footnotes:

1 Federal Law #207-FZ of July 23, 2013, "On introducing changes to the acts of law of the Russian Federation with the purpose of improvement of immigration legislation and strengthening liability of its violation".

2 An individual "without citizenship" refers to a person who does not hold citizenship in any country of the world.

3 Although we use the term "license" here, the actual Russian term "патент" is literally translated as "patent" – the name of the document that a specific category of expatriates must obtain if they want to be employed in Russia by individuals (not companies). For more information on the rules for obtaining patents, see (in Russian):

<http://www.fms.gov.ru/documents/patent/> .

4 The previous sanctions in these regions were the same as sanctions all across Russia, i.e., RUB 2,000–RUB 5,000 with *possible* expulsion from Russia.

5 At this point, it is not clear whether "one year" means a calendar year of 12 consecutive months or any 12-month period.

6 A person is subject to expulsion after his or her first violation along with a fine.

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Save the Date!

KPMG's 2013 Global Mobility Forum will be held in Barcelona, Spain from 8-10 October 2013, at the Hilton Diagonal Mar Hotel.

The 2013 Global Mobility Forum is designed to provide insights, leading practices, and ideas to help turn marketplace challenges into opportunities. We have invited corporate professionals – with experiences ranging from international human resources and tax, to immigration and employment law – to join together and discuss new strategies for integrating global mobility and talent management.

Please 'Save the Date' in your calendar today and join us in Barcelona, Spain, at KPMG's 2013 Global Mobility Forum. We have planned a fantastic line-up and look forward to seeing you there!

For more information, please visit <http://www.kpmg.com/GLOBAL/EN/SERVICES/TAX/GLOBAL-MOBILITY-FORUM/Pages/default.aspx> and/or contact your local KPMG IES/People Services professional.

The information contained in this newsletter was submitted by the KPMG International member firm in Russia. The information contained herein is of a general nature and based on authorities that are subject to change. Applicability of the information to specific situations should be determined through consultation with your tax adviser.

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