

# Cash Management Services in Russia



Since 2007, Danske Bank has been represented in Russia by Danske Bank Russia (legal name: ZAO Danske Bank), a subsidiary physically located in St. Petersburg and Moscow, providing services everywhere in Russia.

Danske Bank Russia offers a targeted range of products and services to corporate customers, based on our deep insight into the local business environment in Russia. The services include cash management, treasury and financing.

Danske Bank Group provides seamless and efficient Cash Management services from Ireland in the West to Russia in the East; covering all countries and mainly based on one central IT platform to deliver integrated services for corporate customers.

Currency:	RUB
Time zone:	St. Petersburg region CET +2 Outside St. Petersburg - 11 time zones in the range from CET + 1 (Kaliningrad) to CET + 12 (Kamchatka)
Central bank:	Central Bank of Russia
SWIFT BIC	DABARU2P

## General information on cash management in Russia

### Clearing and local market conditions

#### Company status

In Russia, companies are either resident or non-resident. A company is considered resident if it is established under Russian law.

A non-resident company is a foreign legal entity, which has an account opened in a Russian bank or representative offices set up inside Russia.

Account opening is a bit more complicated for a non-resident company, as all documents should be translated, notarized and should have an apostil.

#### Foreign exchange regulations

All restrictions on cross-border RUB transactions have been relieved and RUB is a freely convertible currency. However, all cross-border transactions require proper documentation with a number of requirements applicable to e.g. payment order instructions (VO codes, etc.).

#### Clearings systems

The clearing system of the Central Bank of Russia (CBR) is the main system used by banks for their RUB settlements. It is also possible to execute payments directly between two banks. The CBR system is Russia's decentralised gross settlement system composed of over 70 regional clearing subsystems all with regionally operating settlement centres.

Among other types of settlement systems are: various credit institutions' proprietary systems, interbank payment systems and certain non-bank credit institutions' clearing systems.

In 2007 the Central Bank of Russia launched a real-time gross settlement system, called BESS, to streamline the clearing of high value payments in Russia. The BESS main target is to better facilitate liquidity management and offer more efficient payments mechanism.

#### Opening hours

Banks are usually open from 9 am to 6 pm local time.

#### Payment instruments

- Credit transfers (by payment order) are the most popular means of commercial payments,
- Both debit and credit cards are used for corporate T&E purchases and consumer purchases,
- Customs Cards,
- Direct Debits,
- Cheques are rarely used and there is no inter-bank cheque clearing system,
- Cash is still common.

#### Local and foreign currency payments

In general all payment instructions need to be accurate – there are specific requirements and Russian banks do not usually correct mistakes.

#### Local payments

Can only be executed in RUB and in accordance with the formats set-forth by the Central Bank of Russia.

#### Foreign payments

Cross-border payments related to export, import or financing transactions between resident and non-resident legal entities, go through specific currency control procedures at the resident bank. Payments exceeding USD 5,000 require a transaction passport issued prior to processing of outgoing or release of incoming cross-border payments.

All cross-border payments in RUB require a VO Code as defined by the Central Bank of Russia and used to describe the payment purpose.

#### Taxation

Residents and permanent established branches of foreign established companies are subject to tax on their income from Russia and outside Russia, the tax rate is 20%.

Non-resident companies have limited liability for tax on Russian income only and a tax rate of 20% is applied for major types of income and 15% for dividend payments.

A non-resident company has to be registered with local tax authorities to open a bank account in Russia.

Companies are required to prepay part of the annual corporate profit tax during the assessment period, based on advanced payments that are made within 28 days of the current month and are calculated according to the 1/3 of the tax paid for the previous quarter. Otherwise they pay monthly, based on the actual profit. In this case, advance payments are made within 28 days of the following month. Any underpaid tax is charged a penalty and overpaid tax is compensated.

VAT is levied on the supply of goods and services at a general rate of 18%. Rates of 0% and 10% (2011) are also applied for certain types of operations.

For details, please consult a local tax advisor or auditor.

## Cash Management Products and services of Danske Bank Russia

Danske Bank will assist you in setting up in Russia. To make your entry smooth, take your first step in co-operation with our wholly owned Russian subsidiary Danske Bank Russia.

### Accounts

Resident accounts in all main currencies including RUB.

Non-resident accounts in all main currencies including RUB with certain extra documents needed from the client.

All documents delivered by Danske Bank Russia for account opening are also in English. All documents submitted by the company have to be translated to Russian.

### Deposits

Term deposits available with competitive interest rates in all maturities and in all main currencies including RUB.

### Payments

#### Domestic payments

Domestic payments are executed through the Central Bank (CBR) system. Payment orders can be presented to the bank either in electronic form using the Bank's electronic

banking system or in paper form at the premises of the bank.

All payments are executed daily with value same day within the St. Petersburg region. Payments to other regions are sent with value same day but may take another day to hit the recipient account with a third bank.

### Foreign payments

Foreign payments are executed in RUB or other currencies through the SWIFT system. Payment orders can be presented to the bank either in electronic form using the Bank's electronic banking system or in paper form at the premises of the bank. Danske Bank Russia acts as a currency control agent when processing both incoming and outgoing payments.

### Liquidity management

Within Danske Bank Group including Danske Bank Russia, your company can make group payments with value the same day and free of charge. Other liquidity management solutions (e.g. cash-pooling) are available locally subject to Russian regulations.

### Additional services provided

- Bank Guarantees and letters of credit
- Customs guarantees
- Customs cards of both local payment systems
- Treasury products (e.g. currency conversions)
- Cash services
- Pay-roll solution

### Electronic banking

Bank Client and Web Bank are Danske Bank Russia's electronic banking systems in Russian and English languages offered to clients inside Russia. It can be linked to several ERP systems used in Russia. The system provides access to viewing accounts, setting up payments and delivery of documents for currency control.

Term deposits can also be set up from Bank Client/Web Bank.

For further information on Bank Client and Web Bank systems please see [www.danskebank.ru](http://www.danskebank.ru).

Reporting to the parent company

The parent company can receive account statements (MT940 or MT942) via Business Online, the Danske Bank's online banking system. Using Business Online, the parent company can also transfer funds from the account of the subsidiary (MT101) in Russia.

Reporting to other banks

Reporting via MT940 statements is available upon request.

**Further information**

If you require more information about Cash Management in Russia, please visit our website [www.danskebank.ru](http://www.danskebank.ru) or [www.danskebank.com/corporate](http://www.danskebank.com/corporate).