

LIQUIDATION OF A COMPANY - PECULIARITIES OF THE PROCEDURE IN 2023?

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Dear colleagues,

In this overview, we would like to draw your attention to some of the issues that foreign-owned companies face in liquidating an LLC (rus. OOO) in Russia in 2023.

What is generally important to keep in mind when deciding on liquidation:

- Liquidation is not a quick process and will take up to 1 year. This term may be extended for 6 months through the court ([para 6 of the article 57](#) of the Federal Law No. 14-FZ dated 08.02.1998 "On Limited Liability Companies");
- As soon as the decision is made to liquidate the company, the powers of the current CEO will be terminated and the liquidator/liquidation commission will take over the management of the company (a previously acting CEO may also be appointed);
- The company will need to carry out "preparatory work": by the time of liquidation, it will need to ensure that it has no open tax and supplier/buyer debts;
- It is necessary to plan work with personnel and terminate labor contracts;
- It will be necessary to archive documents: archiving is mandatory for certain types of documents, and the retention period should be 75 years or even more, depending on the type of a document;
- It is necessary to be prepared for a possible tax audit: the depth of the audit, as a rule, may be up to three preceding years.

In addition to the abovementioned general standards, in 2023 the companies with foreign participation from [unfriendly countries](#) must consider the following points:

- **Restrictions on payments with participants from foreign (unfriendly) states.**

Payments in the amount exceeding 10 million Rub. (or equivalent in other currency) per calendar month made by residents to persons from unfriendly states as a result of liquidation of Russian legal entities are subject to a special procedure: in accordance with [paras 2-9](#) of the Presidential Decree No. 95 dated 05.03.2022, they must be made through C-type accounts. More details on C-type accounts can be found [here](#).

Payments may be made without following this procedure on the basis of permissions issued by the Bank of Russia and the Ministry of Finance of Russia ([Presidential Decree No. 737 dated 15.10.2022](#)).

- **Permission of the Governmental Commission**

Based on the [official explanations of the Russian Ministry of Finance](#), liquidation is not directly included in the list of transactions for the purpose of applying [Presidential Decree No. 618 dated 08.09.2022](#) and does not relate to transactions that require permission of the Governmental Commission for Control over Foreign Investment in the Russian Federation (the "Governmental Commission").

Still most notaries refuse to certify liquidation applications if there is no permission issued by the Governmental Commission, so it is necessary to take this factor into account when planning the process.

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Thus, when deciding on liquidation, we recommend to consider the abovementioned peculiarities, carefully weigh the pros and cons, including considering other possible options that may help to simplify this procedure.

We will be happy to answer your questions!

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