

## Unblocking Your Bank Account

A Russian corporate bank account is essential for business in Russia. The majority of business payment transactions – like payments for suppliers, office rent, salaries, tax payments, and others – go via the corporate bank account.

A blocked corporate bank account has a very strong and negative impact on the flow of business. A blocked bank account is always a case of emergency which requires quick and professional reaction.

This leaflet gives some general advice what to do in the case of a blocked bank account.

Reasons for blocking of a corporate bank account can be the following:

- The reports to the Russian authorities have not been submitted in time
- Tax debt was not paid
- Accreditation has not been prolonged to due date (Representative office)
- There is insufficient money in the bank account to fulfill the payment liabilities
- In addition, there are situations in which the Russian tax authorities block corporate bank accounts by mistake are quite frequent.

### **Fast Reaction** – What to do when the corporate bank account is blocked?

When the bank account is blocked, you are not able to make any bank payments. Your suppliers, employees, landlords, and other business partners cannot be paid. Quick and professional response is required in order to unblock the bank account and get the company back to business mode as soon as possible.

- Contact the bank immediately and find out why the bank account was blocked. On grounds of which documents? What is the name of the tax inspector in charge of the blocking decision?
- Immediately contact the tax inspector and find out the details, as well as how to unblock. However, different tax inspections have different requirements.
- Get the situation under control by preparing and submitting all requested documents or reports as quick as possible.
- Important information which you should find out during this process is:
  - Why was the bank account blocked?
  - What are you expected to do in order to unblock the account?
  - How long will it take to unblock the bank account?

If you want to know more about Russian bank accounts and how RUFIL CONSULTING can support you, click on this link: <http://rufil-consulting.com/services/corporate-services/russian-bank-accounts/>



- Stay in close and constant contact with tax inspector and bank manager until the bank account is unblocked.
- Get regular feedback regarding the status of the account.

**Prevention and Preparation** – What can be done in order to prevent your bank account from being blocked?

- Submit reports and documents to tax inspection only by a reliable electronic information system or courier. Never rely on the Russian post office.
- Plan and budget corporate expenses in advance. Advice: Do not underestimate the budget. Ensure that there is always a sufficient amount of money on the account. For a period of three months at minimum.
- Monitor the prolongation date of the representative office's accreditation. 6 months before ending of accreditation start the process of prolongation with a professional lawyer.

**Our support** – How can you benefit from working with RUFIL CONSULTING?

Highly qualified accountants, auditors, finance experts (IFRS, US-GAAP, HGB, Russian GAAP), tax consultants, experts and programmers for automation, accounting software and IT solutions as well as international management consultants work in our Moscow office.

Should your bank account unexpectedly be blocked, our friendly team will assist to unfreeze your account as soon as possible. This way we ensure that your business in Russia is not interrupted.

Moscow, December 2016

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