

# CHANGES TO COMPANY REGISTRATION IN RUSSIA: PART 1

## COMPANY REGISTRATION IN RUSSIA: NEW RULES

1) The legislator continues to exercise control over the activities of business, in this regard, from September 1, 2020, amendments to the Federal Law «On State Registration of Legal Entities and Individual Entrepreneurs» came into force. The new version assumes that the authorized Federal Tax Service will register in the unified state register of legal entities the place of residence of a citizen who acts without a power of attorney on behalf of a legal entity. For foreign legal entities, this information implies increased control over the institution of general directors. Before the changes, article 5 of the law required only passport data to be entered. Apparently, this information is not enough for full control.

2) Until 01.09.2020, companies were required to enter information about the executive bodies that can act on behalf of a legal entity without a power of attorney in the Unified State Register of Legal Entities. But it was impossible to

find out from the registry how they operate (jointly or separately). And acted on the presumption that the contractor company with two Directors in EGRUL entitled to rely on the fact that every Director shall have the powers of a single Executive body. At the same time, in accordance with the judicial practice, the counterparty of the company is not obliged to check its charter for the specifics of the division of powers between the directors.

From September 1, 2020, the Unified State Register of Legal Entities will reflect information about the nature of the powers of the company's managers, if there are several of them. Amendments were made to article 5 of the Law «On State Registration of Legal Entities and Individual Entrepreneurs». The new version of the article now states: when the authority to act without a power of attorney on behalf of a company is granted to several persons, in respect of each of them, the register must indicate whether they act jointly or independently of each other.

3) From September 1, 2020, the authorized inspection may refuse to register a legal entity (or make changes to the register) if a citizen who is declared bankrupt appears as the head or entity involved in the management of such a company.

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