Consul Group

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BUSINESS GUIDE

For the owner of commercial real estate in Moscow



Limited edition

THE TIME OF «SCHEMES» IS OVER



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Over the past decade information technology has been advancing at a pace that is hard, and at times impossible, to keep up with. With the growth of big databases and the digitisation of personal data, government bodies now hold an overwhelming information advantage over business.

Today it is almost impossible to conceal past mistakes or escape liability for breaches of the law, whether in land and property relations or in taxation. The FTS, the Moscow City Property Department (DGI), the State Real Estate Inspectorate, Rosreestr and other authorities often know more about a company under review than its owner does. Failing to accept the new reality or adapting too late to the new rules of the game, and neglecting the status of «owner

of real estate» and the basic rules of law may end fatally not only for the beneficial owner of the property but also for the company's top manager.

In 2020 Consul Group marks seven years of full-service support for owners of commercial property in Moscow. We reach this milestone aware that the market still has no practical guide for property owners that offers enough clearly structured information on current legislation and how it has been applied in real cases over the past 10 years.

Over this period we have witnessed rapid changes in how government bodies work to suppress tax violations. The very approach to doing business has inevitably changed too. Today an owner finds it extremely hard to build low-tax jurisdictions into a business structure and avoid liability for a controlled foreign company. A top manager, in turn, may be held liable by the authorities as an officer for the company's violations, and by the business owner(s) for damage caused to the company by his actions or inaction.

In this environment it is clear that most property owners, if they want to remain owners, must not only make sure that their property is correctly registered in the cadastre, that land and property relations are properly formalised and that accounting and tax records are kept correctly, but also keep up daily with an avalanche of legislative change.

In the early 2000s Russian business owners used tax consultants, auditors and lawyers mainly to devise ways of minimising the tax burden or escaping liability for what had been done. Today, in an era of hyperactive growth in information technology, the demand for the shadow side of consulting has changed. The time has come for everyone to bring their structures onto a lawful and transparent footing.

I strongly recommend this guide to every owner of a property management business, to CEOs and CFOs, and to accountants. Much of the content is, of course, addressed to the legal function, but we have tried to put it in language that non-lawyers can follow and to illustrate complex legal situations with clear examples.

This publication will be a reliable guide for any manager in tackling any task.



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This handbook is one of a kind: a compilation of the most relevant legal information for owners of commercial real estate in 2020.

It is intended for business owners and managers in the field of real estate in Moscow — from small office premises to the capital's largest commercial properties.

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