

“Russia Simplifies Rules for Work Permit Receipt”

Dmitry Pavlov, Lidings Associate

On May 19, 2010 the Russian Parliament approved amendments to the Federal law "On legal status of foreign citizens in the Russian Federation" ("Amendments"). The Amendments substantially simplify procedure for receipt of work permit by foreign highly-qualified professionals and aim to attract into Russia high talent and competitive business know-how.

The new procedure introduces a definition of "highly-qualified professional". According to the Amendments, a highly-qualified professional is a foreign citizen, i.e. has prove of citizenship of other than Russia country, that possesses a solid work experience, skills and achievements in a particular professional sphere.

The main criterion on how to identify whether a highly-qualified professional meets the requirement of high qualification is the overall salary or remuneration received from Russian employer during one calendar year

In order to be qualified as a highly-qualified professional, a foreign citizen shall receive an overall income for work in Russia in the amount of not less than gross two million RUB (USD 67,000 or EUR 53,000) per calendar year.

Foreign citizens recognized as highly-qualified professionals enjoy a simplified procedure for work permit receipt:

- highly-qualified professional does not need obtain quota for visa invitations or quota for work;
- under the new procedure, foreign professional does not need to prove his high qualification to the state authorities. The employer will, on its own discretion, estimate competence and decent level of qualification of the foreign worker;

- also an employer does not need to submit any documents to Center of Employment and then wait for positive approval on ability to hire foreign citizens; and
- an employer does not have to receive a permit for hiring foreign labor force.

Employers of highly-qualified professionals can be Russian commercial organizations as well as accredited branch offices of foreign legal entities.

The Amendments increase maximum validity period of the work permit for foreign qualified professionals up to three years instead of one year that was used before. However, the duration period of the work permit and work visa cannot exceed the term of the labor agreement concluded with the foreign specialist

The work permit along with the work visa can be prolonged upon the employees request also up to three calendar years.

The issued work permit becomes invalid in case the labor agreement with the foreign professional is terminated (regardless from which side). In that case the highly-qualified specialist has only thirty days to find a new employer and conclude an agreement otherwise his work permit becomes invalid.

Unlike other foreign employee, highly-qualified professional can work in several subjects of Russia (work permit received under the ordinary procedure is valid only in the subject where it was initially issued). In order to use such benefit, an employer that plans to hire a foreign specialist, should indicate all subjects of Russia where the foreign citizen intends to work in the initial application and then submit the application to the central department of the migration service.

Under the Amendments, the period during which an application for work permit will be reviewed by the authorities is shortened from several months to fourteen working days (about three weeks). However, in practice an actual term is closer to three or four weeks. Upon revision, the authority can refuse from issuing a work permit only if it has substantial suspicions that an applicant:

- (i) plans violent change of constitutional foundations of the Russian Federation;
- (ii) finances or plans terrorist acts;
- (iii) was subject to administrative expulsion from Russia during five years prior to applying for a work permit;
- (iv) supplied forged documents or misleading information to the authority; and
- (v) was convicted of a serious crime on the territory of Russia or abroad.

Providing new benefits, the Amendments also impose a new obligation on the employers that attracts foreign highly-qualified professionals. The employers must notify the federal migration service on all payment of salaries or remunerations made to hired qualified foreign professionals.

Employers also shall notify the migration services on termination of labor agreement with foreign qualified employee as well as on all vacations provided to such specialist. In addition to notification requirement, the employer shall provide medical coverage for the professional and his family members.

Income received for work by highly-qualified professional is subject to personal income taxation. Highly-qualified professional is treated as a resident from day one unlike others who need to spend at least 183 days in Russia before switching from non-resident scale.

The applied tax rate for income tax for highly-qualified professional is thirteen per cent instead of thirty per cent for non-resident

The Amendments will enter into legal force starting from July 1, 2010 and will with no doubt positively affect logistics of doing business in Russia.

*The comment has been prepared by Dmitry Pavlov, Lidings Law Firm Associate. If any questions occur you can contact him: DPavlov@lidings.com
Phone: +7 495 989-44-10; Fax: +7 495 989-44-20*