



МОСКОВСКАЯ
БИРЖА



Individual Investment Accounts

- **Individual Investment account (IIA)** – special brokerage or AM account with newly introduced tax benefits aiming to stimulate private investors
- The main condition for getting tax rebates – existence of account not less than 3 years
- Individual Investment Account can be opened for a Russian tax resident starting from 1 Jan 2015.

An individual can choose one of two account types:

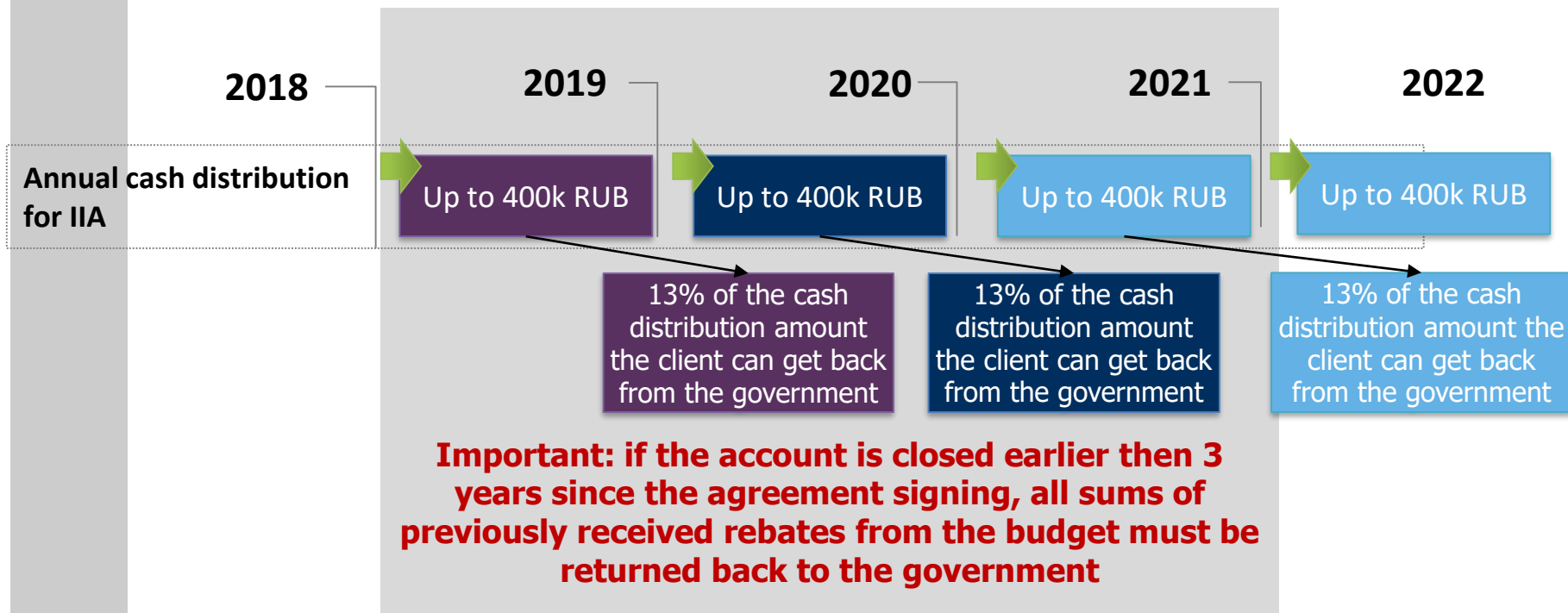
Individual Investment account with tax rebate at the rate of 13% of cash contribution (type A account)	Individual Investment account with zero income tax for capital gain (type B account)
Max cash contribution to the account for a calendar year: 1 mln RUB	
No income tax during account existence. Tax base to be determined for the whole period of IIA existence in the moment of account closure.	
Annual Income Tax rebate – 13% of the cash contribution to the account Max cash contribution for Tax rebate a calendar year: 400 k RUB	No Annual Income Tax rebate
Tax rate for capital gain when account will be closed – 13%	Zero income tax for capital gain when account will be closed

Individual Investment Accounts (IIA)

- Financial result (capital gain) is not calculated annually as on regular brokerage or AM accounts and has no influence for tax base for other brokerage or AM accounts;
- Brokers and AMs have to inform the tax office in electronic form re the IIA opening and closing during 3 days;
- Investor can pass the account from one broker or AM to another without termination of account existence period;
- In the case of passing the accounts from one broker to another two accounts can exist in parallel during one moth.

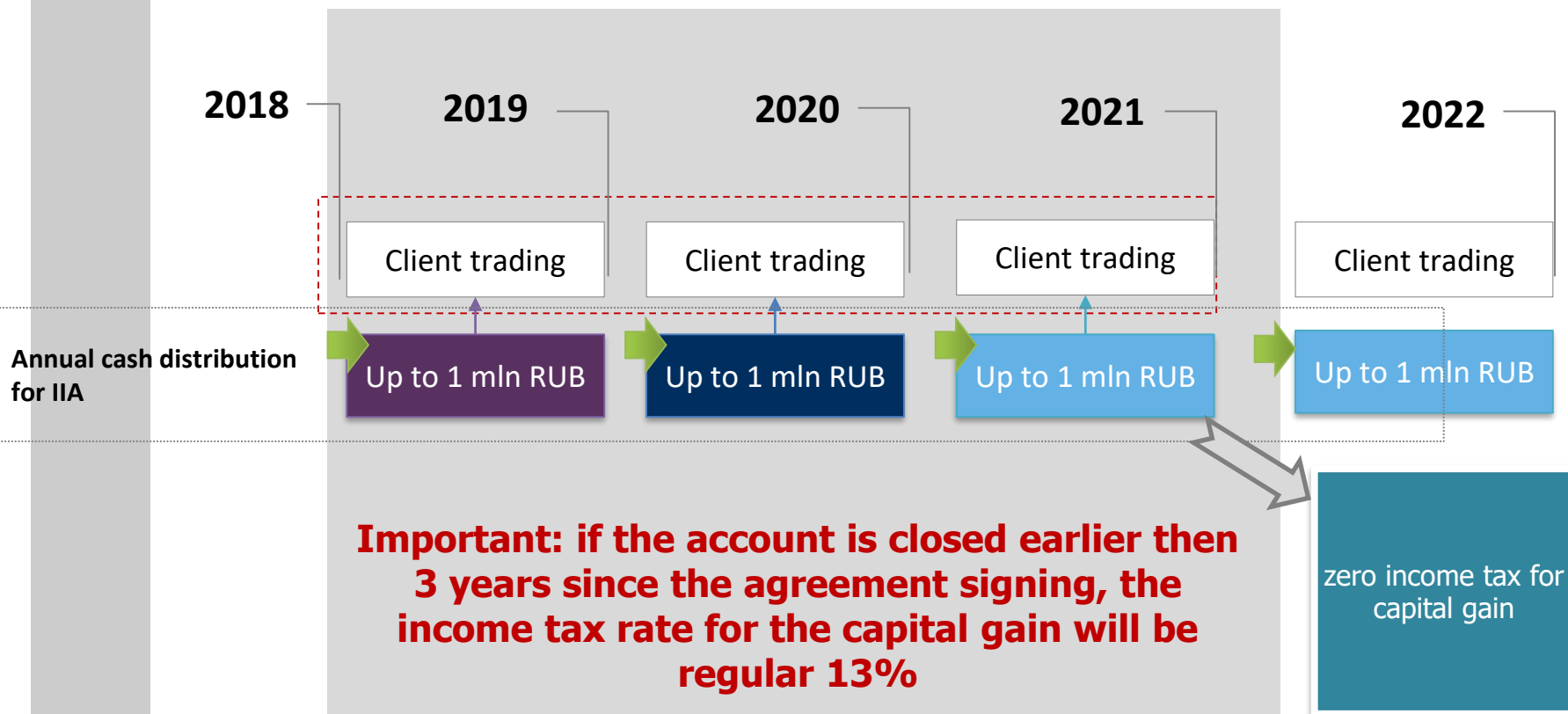


General scheme for Individual Investment account with tax rebates at the rate of 13% of cash contribution (type A account)



The combination of tax benefits (A and B accounts combination) is not available

General scheme for Individual Investment account with zero income tax for capital gain (type B account)



The combination of tax benefits (A and B accounts combination) is not available

Important to remember!

An individual can open only one individual investment account

The contribution to the account can be done in cash only (Rubles)

Total amount of cash contribution to the account during one calendar year couldn't exceed 1 mln RUB

Partial withdrawal of any asset types from IIA is impossible; An individual has to close the IIA completely to get any amount of his/her assets back



How to choose an account type

Tax rebates at the rate of 13% of cash contribution (type A account) suppose the presence of taxable income (at 13% rate) at the same calendar year.

Individual Investment account with 13% rebates of cash contribution (type A account)

Tax concession, equal to zero income tax for capital gain DOES NOT suppose the presence of taxable income at the same calendar year. This type of tax concession can be used by not-working family members, including children and retirees.

Individual Investment account with zero income tax for capital gain (type B account)



Individual Investment Accounts: economic effect

Year	Annual cash distribution	Sum of income, supposing 10% yield	Total assets at the end of the year	Tax rebate (type A account)	Tax concession (type B account)	Economic effect (type A account)	Economic effect (type B account)
1	400 000	40 000	440 000	52 000			
2	400 000	84 000	924 000	104 000			
3	400 000	132 400	1 456 400	156 000			
4	400 000	185 640	2 042 040	208 000	57 465	592 575	442 040
5	400 000	244 204	2 686 244	260 000	89 212	857 032	686 244
6	400 000	308 624	3 394 868	312 000	129 333	1 177 536	994 868
7	400 000	379 487	4 174 355	364 000	178 666	1 559 689	1 374 355
8	400 000	457 436	5 031 791	416 000	238 133	2 009 658	1 831 791
9	400 000	543 179	5 974 970	468 000	308 746	2 534 224	2 374 970
10	400 000	637 497	7 012 467	520 000	391 621	3 140 846	3 012 467
11	400 000	741 247	8 153 714	572 000	487 983	3 837 731	3 753 714
12	400 000	855 371	9 409 085	624 000	599 181	4 633 904	4 609 085
13	400 000	980 908	10 789 993	676 000	726 699	5 539 294	5 589 993
14	400 000	1 118 999	12 308 993	728 000	872 169	6 564 824	6 708 993
15	400 000	1 270 899	13 979 892	780 000	1 037 386	7 725 069	7 979 892
16	400 000	1 437 989	15 817 881	832 000	1 224 325	9 025 557	9 417 881
17	400 000	1 621 788	17 839 669	884 000	1 435 157	10 488 512	11 039 669
18	400 000	1 823 967	20 063 636	936 000	1 672 273	12 127 363	12 863 636
19	400 000	2 046 364	22 510 000	988 000	1 938 300	13 959 700	14 910 000
20	400 000	2 291 000	25 201 000	1 040 000	2 236 130	16 004 870	17 201 000

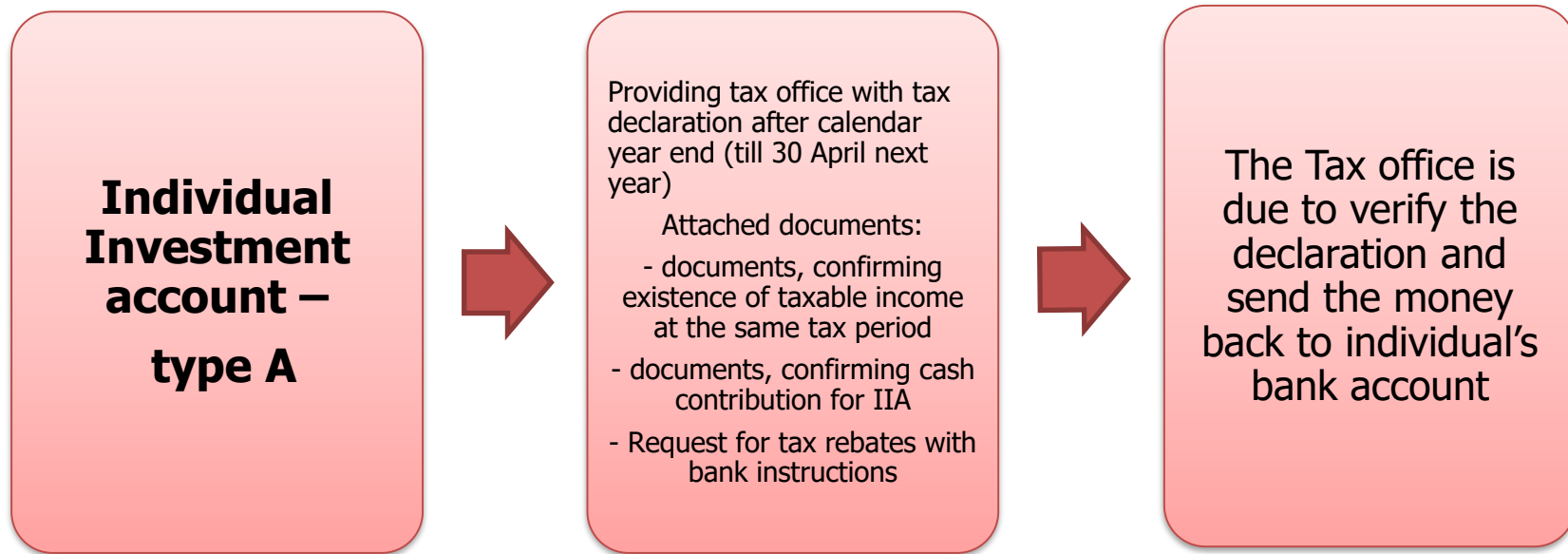
*IIS type A - Individual Investment account with rebates for cash contribution

*IIS type B - Zero income tax for capital gain

**Economic effect is calculated as sum of assets on the account minus sum of cash distribution, with application of all tax effects

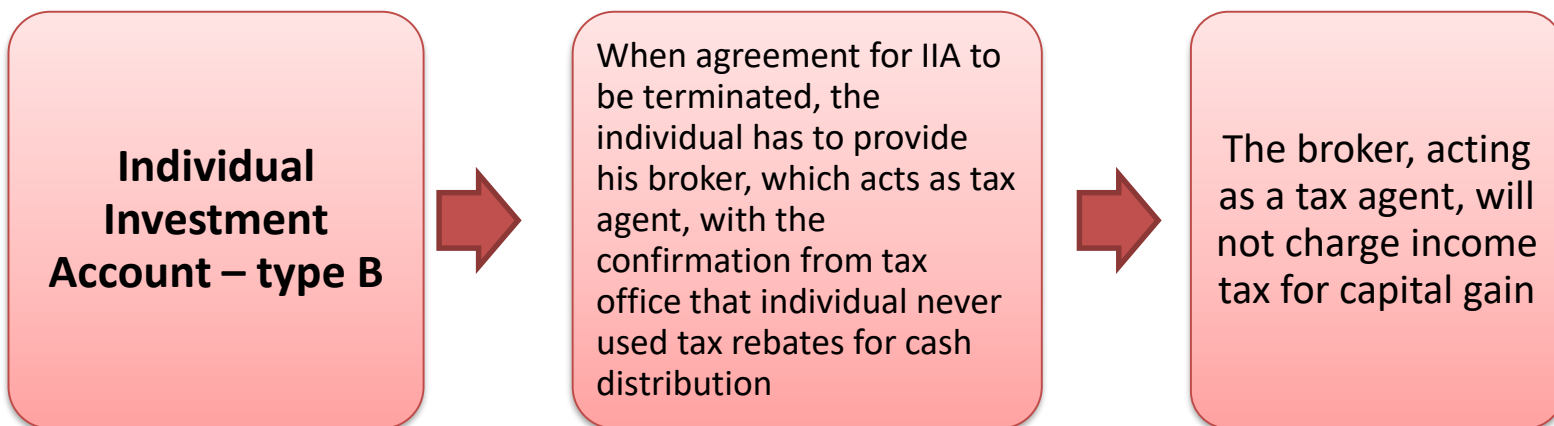


How to get tax rebates at the rate of 13% of cash contribution (type A account)



Important: if the account will be closed earlier than 3 years since the agreement signing, all sums of previously received rebates from the budget must be returned back to the government

How to get tax concession, equal zero income tax for capital gain (type B account)



Important: if the account will be closed earlier than 3 years since the agreement signing, the broker will apply regular 13% tax rate for the capital gain

Securities market contacts:

- Тел.: +7 (495) 363-32-32
- Email: Securities.Market@moex.com



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 - changes in (a) domestic and international legislation and tax regulation and (b) state policies related to financial markets and securities markets;
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