

# *Russia: Administrative procedure for nationals from visa-free countries working under patents*

December 3, 2014

## *In brief*

On November 24, 2014, the President of the Russian Federation signed a federal law that significantly changes the procedure for employing foreign nationals coming to the Russian Federation from non-visa countries ('visa-free foreign nationals').

The law aims to simplify the administrative procedure for employing visa-free foreign nationals by changing the quotas mechanism for the employment of visa-free foreign nationals under a patent by legal entities, individual entrepreneurs, notaries and lawyers engaged in private practice, and individuals who are Russian nationals. The legislative initiative amends Federal Law No. 115-FZ of July 25, 2002 "On the legal status of foreign nationals in the Russian Federation" and other legislation. The main amendments come into effect on January 1, 2015.

## *In detail*

### *The law introduces an administrative procedure for employers to engage foreign nationals from visa-free countries*

Currently, international treaties permit citizens of most Commonwealth of Independent States (CIS) states (in particular, Azerbaijan, Armenia, Kyrgyzstan, Moldova, Uzbekistan, Ukraine and Tajikistan) visa-free entry to Russia. Under the amendments introduced, employers do not need to obtain quotas for employing visa-free foreign nationals. Effective January 1, 2015, a

patent issued to a foreign national will serve as a document confirming the right of a visa-free foreign national to work in Russia on a temporary basis and the right of an employer to hire a visa-free foreign national. That said, the procedure for employing highly qualified specialists, irrespective of their citizenship, remains unchanged.

The law provides for two types of patents:

1. when visa-free foreign nationals are employed by legal entities, individual entrepreneurs, notaries and lawyers engaged in private practice and other

entities subject to state registration and/or licensing;

2. when visa free foreign nationals are employed by individuals who are Russian nationals to perform work in order to meet the individual's personal, household and other needs not linked with entrepreneurial activities.

Visa-free foreign nationals may be engaged by employers who face no unsatisfied resolutions to impose administrative penalties for illegitimate employment of foreign nationals.

The cost of a patent will depend on the corresponding region's demand for foreign workers. The minimal cost per patent is RUB 1,200. It will be indexed by a deflator ratio on an annual basis and a regional ratio that reflects the regional specifics of the labour market.

The law authorises the Russian government and heads of Russian constituents to suspend or cease delivery of patents. Heads of Russian constituents are also authorised to make decisions for designating a job (position, specialisation, type of labour activity) of the visa-free foreign national in a patent. If such information is specified in a patent, a foreign national will not be allowed to perform other work.

The law also provides for patents with electronic media under an agreement between the Russian Federal Migration Service and Russian constituents. If such agreement is reached, applicants will be notified on the delivery of their patents by the Russian government. Under such agreements, authorised organisations may be determined in Russian constituents accepting documents for the issue of patents.

***Foreign nationals will be able to execute patents in several regions***

The patent system will be subject to territorial limitations. For instance, foreign nationals will have the right to work only in the region that issued the corresponding patent. If visa-free foreign nationals would like to work in another Russian constituent, they will have to obtain a new patent in the constituent where they plan to perform labour activities.

***A compulsory requirement to specify work as the purpose of entry to Russia***

Due to recent changes to the Federal Law "On the legal status of foreign

nationals in the Russian Federation" of July 22, 2014, visa-free foreign nationals will have to specify their work as the purpose of entry to Russia in their migration card in order to apply for a patent and work permit. Failure to comply with the above requirement will serve as grounds to refuse the application on the issue of a patent/work permit and cancel the authorisation documents that were issued earlier.

***The deadline for submitting an application for a patent is 30 calendar days from the day of entry to Russia***

The deadline for submitting an application for a patent is limited to 30 days from the foreign national's day of entry to Russia. The Law sets a penalty for violating the timeline to apply for a patent.

***The patent's validity will range from one month up to one year, the deadline for reviewing an application is 10 business days***

Visa-free foreign nationals will be able to obtain a patent for a period from one month until the end of their respective employment or civil law agreement, but for no more than 12 months from the day of their entry to the Russian Federation. The patent preparation period (or a period for making a decision on patent denial) will come to 10 business days from the date when the migration authorities accept an application.

The patent validity period may be extended in case of personal income tax (PIT) prepayment. In this particular case, a foreign national will not have to turn to the migration authorities. Instead, in order to confirm the patent extension, he/she will need only the document itself and a statement certifying the next PIT prepayment.

The law stipulates a procedure to re-issue a patent for a period from one month up to one year with an option for its further extension. To re-issue a patent, a foreign national has to apply to the migration authorities no later than 10 business days prior to expiry of the 12 months from the patent's issuing date. The number of applications for the re-issue of a patent may not exceed one.

***Foreign nationals will have to purchase voluntary medical insurance policies and undergo medical tests prior to their application for a patent***

The law introduces a new obligation for foreign nationals who plan to work in Russia under a patent. In order to obtain a patent, a foreign national will have to provide a medical insurance contract (policy) valid in Russia for the period of his/her labour activity or a copy of an agreement on provision of paid medical services signed with an insurance company or a medical institution.

In order to obtain a patent for work in Russia, visa-free foreign nationals will also have to submit documents that confirm that they are not addicted to drugs and have not contracted any contagious diseases that may pose threat to public, as well as a certificate confirming that they are not affected by HIV-caused diseases. Foreign nationals should obtain documents that confirm absence of such diseases in the Russian constituent where they plan to perform labour activities.

***Employers are still required to notify state authorities that they employ and dismiss visa-free foreign nationals***

Employers and requesters of work (services) who employ foreign nationals under a patent will still have to notify the local Russian Federal Migration Services' (FMS) authority, the tax inspectorate and employment

services at the location where they employ foreign nationals or terminate employment or civil law contracts with them.

***The law requires that foreign nationals submit a copy of their employment contract to the migration authorities***

Visa-free foreign nationals employed under the so-called “patent of the first type” should, within two months from the day when the patent is issued, submit a copy of their employment or civil law contract with their employer to the migration authorities at the same place where the patent was obtained. Foreign nationals may submit the document to the migration authorities in person or by registered post.

***The law requires that foreign nationals confirm their command of the Russian language, knowledge of Russian history and basic legislative principles***

Foreign nationals willing to obtain a patent for work in Russia will have to provide a document certifying their command of the Russian language, as well as their knowledge of Russian

history and basic legislative principles. This requirement will come into force on January 1, 2015 and will cover all foreign nationals (from visa and non-visa countries) who intend to obtain a patent, a work permit, a temporary residence permit or a residency permit in Russia.

In regards to work permits, the law sets exceptions for *highly qualified specialists, journalists* working in mass media set specifically to distribute mass information in foreign languages, foreign *students* of Russian universities enrolled for full-time attendance under the state accredited programmes.

Foreign nationals can use one of the following documents to confirm their compliance with the statutory requirements: a certificate confirming command of Russian, knowledge of Russian history and basic legislative principles, a national certificate of education (at least basic general education) issued by an educational institution in one of former USSR states before September 1, 1991, a document certifying education and/or qualification issued to those who

successfully passed the final academic assessment in Russia starting from September 1, 1991.

Please note that the above certificates are issued starting from September 1, 2014 for a period of five years by educational institutions both in Russia and abroad. The work permits and patents issued to visa-free foreign nationals before January 1, 2015 will remain in effect throughout their respective validity period or until they are cancelled, without possibility of extension.

***The takeaway***

The law simplifies the procedure for employing visa-free foreign nationals by revoking a quota system. Effective January 1, 2015, a patent issued to a foreign national will serve as a document confirming the right of an employer to hire a visa-free foreign national. No separate work permit will be required in this case. Employers who employ foreign nationals under a patent will still have to notify state authorities about the employment of foreign nationals or their termination of employment.

***Let's talk***

For a deeper discussion of how this might affect your business, please contact:

***Global Mobility Services***

Yana Zoloeva  
+7 (495) 232 5754  
[yana.zoloeva@ru.pwc.com](mailto:yana.zoloeva@ru.pwc.com)

Gennady Odarich  
+7 (495) 232 5758  
[gennady.odarich@ru.pwc.com](mailto:gennady.odarich@ru.pwc.com)

SOLICITATION

This publication has been prepared for general guidance on matters of interest only, and does not constitute professional advice. You should not act upon the information contained in this publication without obtaining specific professional advice. No representation or warranty (express or implied) is given as to the accuracy or completeness of the information contained in this publication, and, to the extent permitted by law, PwC does not accept or assume any liability, responsibility or duty of care for any consequences of you or anyone else acting, or refraining to act, in reliance on the information contained in this publication or for any decision based on it.

© 2014 PwC. All rights reserved. PwC refers to the PwC network and/or one or more of its member firms, each of which is a separate legal entity. Please see [www.pwc.com/structure](http://www.pwc.com/structure) for further details.