

Expanding to Russia is more complicated than simply finding an office space, hiring employees, and getting to work. Companies have to set up a Russia subsidiary to operate legally and obtain all the benefits of a global expansion. In fact, it can take months to incorporate, delaying your plans to hire talented candidates, form business relationships, and more.

Globalization Partners offers an easier and faster solution through Russia subsidiary outsourcing. We can help your company start working in Russia immediately by using our existing subsidiary. We'll take care of hiring employees, adding them to our locally compliant payroll, and giving out the right level of compensation and benefits.

## How to Set up a Russian Subsidiary

Learning how to set up a Russian subsidiary is a complicated task that hinges on several different decisions. First, your location within Russia impacts the incorporation process. Certain cities or regions have their own variations of Russia's subsidiary laws, and one city may make it more difficult to incorporate than another. You can make the incorporation process easier by researching a good location before setting up your Russia subsidiary.

A subsidiary can take many forms, such as a limited liability company (LLC), joint-stock company, or branch office. The entity you choose will impact how you operate in the country. For example, setting up your Russia subsidiary as an LLC will give you more freedom, while you can only perform certain activities as a branch.

The steps to incorporate as an LLC include:

- Drafting and notarizing memorandum and articles of association
- Completing a registration application form through the Russian Trade Register
- Providing information about your parent company, including statutory documents, a tax registration number, and more
- Issuing a statement through your parent company showing that you have good financial standing
- Opening an in-country bank account and depositing any required share capital

## Russia Subsidiary Laws

Different subsidiary structures also have their own Russia subsidiary laws that you must follow. If you're found noncompliant, you could face financial penalties or delays, so we recommend working with a lawyer, consultant, or other expert if you don't choose a global PEO.

LLCs operate under shareholders, who have limited liability based on the amount they've invested. You only need one shareholder to set up a subsidiary in Russia, but you'll need at least 10,000 rubles in startup capital. Plus, LLCs require a specific type of management, including a board of directors and an executive committee that's appointed by the general meeting of the shareholders.

## Benefits of the Russia Subsidiary Setup Process

Companies choose to go through the Russia subsidiary setup process because it delivers the benefit of growing to a new country. In addition to the wide range of activities you can perform as an LLC, the limited liability structure also benefits your parent company and subsidiary. The parent company has limited liability regarding the subsidiary's actions, and your subsidiary can operate in a way that works with Russia's business culture.

However, these benefits come after months of learning Russia's subsidiary laws. Globalization Partners can help you realize the positives faster through Russia subsidiary outsourcing. Instead of setting up your own entity, you can use our existing structure to start working in a few days. Whether it's hiring employees, giving out compensation and benefits, or setting up your payroll, you can feel confident that the team at Globalization Partners will take care of it all.

## What Do You Need for a Successful Subsidiary?

You need an expert on your team to learn how to set up a Russia subsidiary successfully. Whether it's a global PEO such as Globalization Partners or a consultant, you need someone on your team to help you navigate complicated tax regulations, Russia subsidiary laws, and

more.

Planning for the time and money involved in the Russia subsidiary setup process can also help your company down the road. Try talking with your accounting department as soon as you're considering establishing a subsidiary to determine all the fees involved. You should also clear your schedule for travel back and forth to Russia, or delegate tasks to another company executive with more time.

### **Why Choose Globalization Partners?**

Globalization Partners wants to help you expand faster through Russia subsidiary outsourcing. Contact us today to learn more.