INSTRUCTION ON THE MANNER FOR APPLYING THE EDICT OF
THE PRESIDIUM OF THE SUPREME SOVIET OF THE USSR OF
12 MAY 1978 "ON INCOME TAX FROM FOREIGN JURIDICAL AND
NATURAL PERSONS"*

Ministry of Finance of the USSR,
5 October 1978. (No. 94)

I. GENERAL PROVISIONS

1. Income received by foreign juridical persons from the exercise on the
territory of the USSR, either directly or through their representations, of activi-
ties which have been authorized in a duly established procedure, as well as
income received by foreign natural persons and their legal successors from the
exercise on the territory of the USSR of activities which have been authorized in a
duly established procedure, shall be subject to the imposition of income tax.

2. In accordance with existing legislation of the USSR, foreign natural per-
sons shall be subject, in the relevant instances, to the payment of other taxes and
assessments: an agricultural tax, a tax on structures, ground rent, and a vehicle
tax.

3. For the application of the present Instruction, the terms used below shall
have the following meanings:
   a) "foreign juridical person" shall refer to a company, firm, corporation,
enterprise, or association, as well as to any other organization established pur-
suant to the laws and rules of a foreign state;
   b) "representation" shall refer to a bureau, agency, branch, office, etc.,
opened on the territory of the USSR by foreign juridical persons on the basis of
legislation of the USSR, as well as to any such Soviet organization which rep-
resents the interests of a foreign juridical person on the territory of the USSR;
   c) "foreign natural person" shall refer to a citizen (or subject) of a respective
foreign state, regardless of the actual domicile or residence of such person;
   d) "income" shall refer to:
      —in regard to foreign juridical persons and their representations—sums of
money received for the fulfillment of work (the erection of objects, the fulfill-
ment of construction and start-up operations, etc.), performing international
haulage (the haulage of goods and passengers by sea, river, or air transport, by
automotive vehicle, or by train), and the rendering of other services (making
available economic, legal, etc. information, the carrying out of intermediary
trading functions and advertising, and conducting consultation, etc.), the utiliza-
tion of copyright, rights to discoveries, inventions, and rationalization pro-
posals, industrial designs, processes, or formulae, and other similar rights, and

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likewise from the exercise on the territory of the USSR of other forms of activities which have been authorized in the duly established procedure;
— in regard to foreign natural persons—wages, remunerations, stipends, and any other sums of money received in the exercise of activities on the territory of the USSR which have been authorized in the duly established procedure, including sums received in connection with the work of these persons under a contract of hire, study, or apprenticeship, for the utilization of copyright, rights to discoveries, inventions, or rationalization proposals, industrial designs, processes, or formulae, and other similar rights, as well as sums of money received from the sale, exchange, lease, or other use of property belonging to them, or sums of money received through inheritance or as a gift.

4. Income tax on the income of foreign juridical persons shall be levied at the rate of 40%, and on the income of foreign natural persons—at the rates established in accordance with the nature and amounts of the income received.

In those instances where, in a foreign state, taxes from amounts of analogous categories of income received by citizens of the USSR in that state are levied in greater or lesser schedules (rates) than those established by legislation of the USSR for such categories of income, these greater or lesser schedules (rates) may be applied in the imposition of taxes in the USSR upon the citizens of the given state.

5. The provisions of the present Instruction concerning the imposition of taxes upon natural persons shall be also applied to stateless persons.

6. In accordance with the Edict of the Presidium of the Supreme Soviet of 12 May 1978, the provisions of the present Instruction shall not apply to the tax privileges established, in accordance with international treaties and agreements, to which the USSR is a party, as well as with legislation of the USSR, for foreign diplomatic and consular representatives, or other institutions and organizations, assimilated to them with regard to the imposition of tax privileges, of foreign states and international organizations, for chiefs of diplomatic representations, members of the diplomatic corps, institutions, and organizations, as well as for members of their families.

These privileges shall be likewise extended to representatives of foreign states, members of parliamentary and governmental delegations, and, on the basis of reciprocity, also to the staff of the delegations of foreign states who travel to the USSR to participate in international negotiations, international conferences and meetings, or in some official capacity.

II. CONCESSIONS CONCERNING TAXES AND ASSESSMENTS APPLIED TO FOREIGN JURIDICAL AND NATURAL PERSONS

7. In the interests of eliminating double taxation or of the reciprocal waiver of taxes and assessments, it shall be established that the levying of these upon foreign juridical and natural persons may be terminated or restricted in accordance with agreements concluded by the USSR with foreign states. Notice of such agreements shall be deposited with the Administration of State Revenues of the Ministry of Finance of the USSR.

The levying of taxes and assessments may also be terminated or restricted in those instances where, in the respective state, such measures are applied with regard to Soviet juridical and natural persons without having concluded an agreement concerning taxation between the USSR and this foreign state.