

LEX MUNDI  
PUBLICATION



**ISSUES RELATING TO COMMERCIAL LEASING**

**RUSSIAN FEDERATION**

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**1. Describe [National][state][territorial][provincial] or local transfer taxes payable on creation or assignment of a lease.**

Registration of a newly established lease is levied with the state duty equals to USD 485 for legal entities and to USD 32 for individuals.

**2. Describe any legal restrictions limiting the maximum term of a lease (including renewals).**

There are no general restrictions limiting the term of lease, except some cases, in particular:

- the land plot may be leased from a public authority by the owner of the building located thereon for no more than 49 years;
- the land plot may be leased for the public purposes and for the project works for the term no more than 1 year.

**3. Describe any laws requiring landlords to allow a tenant to renew its lease.**



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There is a general rule that a tenant has the pre-emption right to conclude the lease contract for a new term. In case the landlord concludes a new contract within a year after the expiration of the previous one, the tenant may ask a court to transfer rights and duties under new contract to the tenant and/or to award damages.

**4. Describe any restrictions on rent that may be charged for to a tenant.**

There are no general regulations regarding restrictions in respect of the amount of the rent charge. Usually, the amount of the rent charge for the state and municipal lands is lower than the market rate.

**5. Describe any laws permitting tenants to terminate a lease prior to its stated expiration date.**

Under the general rule provided by the Civil Code of the Russian Federation a lease may be terminated prior to its expiration date at the request of the tenant by a court in cases when:

- 1) The landlord fails to transfer the property to the tenant or creates impediments to the use of the property by the tenant;
- 2) The leased property has defects preventing its use subject to the defects
  - have not been specified in the lease agreement and
  - have not been known to the tenant at the moment of the conclusion of lease agreement and - - the defects should have not been discovered by the tenant during the inspection of the property.
- 3) The lessor does not make a basic repair of the property timely.
- 4) The property is in a bad condition because of the circumstances beyond the control of the tenant.

The parties can establish other cases, when the lease agreement may be terminated.

**6. Describe any laws allowing tenants to assign or sublease without landlord's consent.**

As a general rule the tenant may assign or sublease the leased property subject to the consent of the landlord.

As an exception the Land Code provides that

- The tenant may sublease the land plot without landlord's consent, if it is not prohibited by the lease agreement
- If a state or municipal land plot is leased for the period of more than 5 years, the lease may be assigned without the landlords consent.

**7. Describe any laws allowing landlord to restrict assignments or subleases by tenants.**

According to a general rule provided by the Civil Code of the Russian Federation the assignment of the lease or sublease is possible only subject to the consent of the landlord (with exceptions stated above). The landlord has the right to give such consent, but is not obliged to give it.

**8. What is the common form of eviction proceeding? What is the customary length of time for that proceeding?**

The eviction is exercised upon a court decision. According to law the length of the respective court process in state arbitration courts is three months. A court process usually lasts longer. In case of litigation interim measures may be taken by the court to prevent further transfer of the property.

**9. Are there any legal restrictions on pledging a leasehold interest as security for a financing?**

As a general rule the leasehold may be pledged under the landlord's consent only. According to a general rule of the Land Code the tenant is entitled to pledge the leasehold without the landlord's consent, unless otherwise provided by the lease agreement.

**10. Describe any requirements for landlords to hold security deposits in separate accounts and, if such requirements exist, describe if there can be one separate account for all tenant security deposits or whether each security deposit must be held in its own separate security deposit.**

There are no any requirements concerning the way of holding security deposits. Usually, the deposit paid under a lease agreement is not held in a separate account.

**11. Describe any required statutory or other legal disclosures to be made to all tenants.**

The landlord must inform the tenant on all the relevant defects of the real estate and on all the third parties' rights to the real estate.

**12. Describe all taxes on rent or other taxes that landlord are required to collect from tenants.**

The tenant pays to the landlord value added tax included into the rent charge, except for the rent charge paid for a land plot.

**13. Describe any limitations on the ability of landlords to exercise self-help.**

Under a general rule if the tenant damages the real property, then the landlord is entitled to terminate the contract by a court decision. There is no special regulation or court practice on self-help for landlords.

**14. Describe whether remedies such as acceleration of rent must be expressly stated or whether they are implied.**

Acceleration of the rent must be expressly stated in the contract.

**15. Describe whether there are any expedited remedies for tenant default and, if so, what lease provisions (such as waiver of jury trial, for example) would be required for a landlord to seek expedited remedies.**

There is no expedited remedies regulation in Russia. Actions brought by a landlord are considered by a court as usual civil cases, though some interim measures may be taken by the court.

**16. Describe any formal requirements for the execution of a lease.**

The real estate lease agreement shall be in written form. The leased property is transferred to the tenant under an act of acceptance.

**17. Describe whether a memorandum of lease or other document would need to be recorded for the lease to be enforceable against third parties.**

Real estate lease contracts shall be made in written form. In case the term of such lease is not less than a year it must be registered in the Real Estate Register. The lease for the term of one year or more is valid only if it is registered in the Real Estate Register.

**18. Describe any restrictions on the transfer of ownership of real properties subject to a lease. Does such a transfer affect the tenant's rights or obligations?**

There are no any restrictions on the transfer of the right of ownership to the leased real property. The transfer of the right of ownership to the leased property is not itself a ground for the termination or changing the lease agreement. In practice such transfer does not affect the tenant's rights and obligations.