

In international practice it is common to use foreign companies, including offshore companies, as scheme elements of refunding international groups. This means that the group refunds one of its businesses through this company. In other words a foreign company extends a loan to the organization. Received profit from the project realization goes to the loan repayment and interest payment. This way of refunding is more preferable than direct deposit in the nominal capital because paying interest on a loan is considered as expenses for taxation of their payer (of the company).

In Russia the traditional base for the formation of “refunding” companies is the Netherlands. The agreement with the Netherlands about avoidance of double taxation provides a zero interest tax rate for a withholder (in Russia). In the Netherlands there is no withholding tax for outgoing interest, which makes it possible to “translate” the received interest further, for example, to any offshore zone.