

Russia Might Ease Accounting Rules on Sanctioned Firms

Russia's defense contractors would no longer have to produce annual financial reports in latest proposals to protect sanctioned companies.

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Russia's sanctions-proofing measures are continuing with proposals to remove accounting obligations on sanctioned companies. **Andrei Nikerichev / Moskva News Agency**

Russia could let a handful of companies stop publishing mandatory annual reports and financial statements in an attempt to protect them from further Western sanctions.

In new proposals submitted this week, the Finance Ministry proposed cancelling obligatory reporting for around 20 Russian firms on a government list of companies that should receive special treatment because of U.S. and EU sanctions against them. The move is designed to limit how much Western governments can find out about the companies, and protect their customers and contractors from being named on future sanctions lists by the U.S. or EU.

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Companies that could receive the exemption include sanctioned businesses connected to the defense industry, such as Russian Helicopters, gun maker Kalashnikov Concern and state arms exporter Rosoboronexport, the Russian business daily Kommersant [reported](#).

The proposal "is an important step in preventing the negative consequences of restrictive measures against Russian organizations," an explanatory note [published](#) by the Finance Ministry said, in reference to sanctions.

Sanctions "require the adoption of certain measures," the note added. "One of those measures is to limit the disclosure or dissemination of information contained in accounting statements ... by exempting these organizations from submitting annual accounting statements."

Annual reports are "practically the only publicly available source of information" about the sanctioned companies allowing other governments to find out crucial information about the firms and their activities, the Finance Ministry said.

The same companies had previously been excluded from requirements to repatriate foreign earnings into Russia in the previous round of sanctions-proofing measures, introduced in 2017 and 2018.

Other moves Russia has undertaken in response to western sanctions include its [de-dollarization](#) and import substitution policies, as well as the creation of the System for the Transfer of Financial Messages ([SPFS](#)) as an alternative to international payments system Swift, and the [Mir](#) bank card, designed to reduce Russia's dependence on U.S. providers Mastercard and Visa.

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