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Sanctioned Russian Billionaires Exploit Dutch Legal Loophole to Conceal Finances – NOS

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Alexei Mordashov. **Andrey Epikhin / TASS**

Companies tied to sanctioned Russian billionaires are taking advantage of a loophole in Dutch legislation to evade financial oversight, the Dutch public broadcaster NOS has reported.

According to NOS, these billionaires exploit a provision in Dutch law that allows their companies to be classified as micro-enterprises, enabling them to conceal cash flows and avoid strict reporting requirements even as they remain under international sanctions over the invasion of Ukraine.

One such businessman is steel magnate Alexei Mordashov, who was sanctioned by the European Union following Russia's invasion of Ukraine. His Amsterdam-registered company, SMTT Holding, is valued at 65 million euros but is classified as a micro-enterprise, meaning it is exempt from disclosing key financial data.

Another example is Airport Alliance (Netherlands), a subsidiary of Russia's majority state-owned VTB Bank. VTB is under Western sanctions and its chairman, Andrei Kostin, is a close ally of President Vladimir Putin.

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Safmar, a firm linked to Western-sanctioned billionaire Mikhail Gutseriev, is also registered as a micro-enterprise in the Netherlands, NOS reported.

Under Dutch law, a company can qualify as a micro-enterprise if it meets at least two of the following criteria: fewer than 10 employees, a balance sheet total of up to 450,000 euros, or a net turnover of up to 900,000 euros.

Businesses with this designation — which was first introduced to cut down on administrative red tape for small businesses — are not required to disclose profits, taxes or assets to the Dutch Chamber of Commerce, nor are they subject to mandatory audits or extensive financial reporting requirements.

Following the invasion of Ukraine, major international accounting firms refused to work with Russian clients, making it difficult for sanctioned businesses to secure auditors.

But Mordashov was able to sidestep this issue thanks to SMTT Holding's micro-enterprise status, allowing it to keep operating without scrutiny, NOS said.

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