

Navigating Russian Business Structures: A Guide for Foreign Solar Investors

A Strategic Guide for Foreign Solar Investors

Content Partner: J. v. G. technology GmbH

Turnkey solar module production lines — since 1997

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Technical Overview: Russian Business Structures for Foreign Solar Investors



Created as part of the PVKnowHow Knowledge Network



Prepared by J.v.G. Technology GmbH



European specialists in turnkey solar module production lines

Key Project Data

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Structure Options

Two primary legal entities available to foreign industrial investors in Russia

100%

Foreign Ownership

Maximum foreign ownership permitted under Russian law for both entity types

3–5d

Registration Timeline

Formal registration can be completed in 3–5 days; preparation phase is longer

1 GW+

Investment Context

Capital-intensive solar module manufacturing plant – structure must support long-term scale

📄 Project Type: Solar module manufacturing plant · Region: Russia · Source: PVKnowHow / J.v.G. Technology GmbH

Overview: Russian Business Entities for Foreign Investors

ООО — Общество с ограниченной ответственностью

- Limited Liability Company (LLC equivalent)
- Most common entity type for foreign-owned operations
- Flexible, simple governance structure
- Suited to closely held, operationally focused businesses

АО — Акционерное общество

- Joint-Stock Company (JSC equivalent)
- Shares issued; enables institutional capital participation
- Two subtypes: PAO (public) and NPAO (non-public/closed)
- Suited to larger, scalable, or investment-grade projects

OOO: Structure & Key Characteristics

Legal Basis

- Governed by Federal Law No. 14-FZ "On LLCs"
- Participants hold "participatory shares" — not stock certificates
- Minimum charter capital: 10,000 RUB (nominal)
- Up to 50 participants permitted

Governance

- General Meeting of Participants is the supreme governing body
- Director (CEO) manages day-to-day operations
- Optional: Board of Directors or Supervisory Board
- Minimal mandatory reporting vs. AO

Liability

- Participants liable only to extent of their contribution
- Separate legal personality — company assets are distinct
- Subsidiary liability possible in bankruptcy scenarios

OOO: Advantages & Limitations

Advantages

- Simple, fast registration process (3–5 days formal)
- Flexible internal governance — tailored by charter
- Full management control retained by foreign owner
- Lower administrative and disclosure burden
- No requirement for share registrar or depository
- Profits can be distributed as dividends to foreign parent

Limitations

- Share transfer requires notarization — time-consuming and costly
- Pre-emptive rights of other participants can complicate transfers
- 50-participant ceiling limits broad equity distribution
- Not suitable for public capital raising or IPO pathways
- Less recognized internationally for institutional financing

AO: Structure & Key Characteristics

Legal Basis

- Governed by Federal Law No. 208-FZ "On Joint-Stock Companies"
- NPAO (non-public): closed shareholder base; PAO (public): open market listing
- Minimum charter capital: 10,000 RUB (NPAO) / 100,000 RUB (PAO)
- No ceiling on number of shareholders

Governance

- General Meeting of Shareholders – supreme authority
- Mandatory Board of Directors (≥ 5 members for PAO)
- CEO / Management Board handles operations
- Independent share registrar required by law

Capital Structure

- Share issuance enables structured equity participation
- Multiple share classes possible (ordinary + preferred)
- Easier to bring in institutional or strategic co-investors

AO: Advantages & Limitations

Advantages

- Share transfer via securities registry — simple, no notarization
- Suitable for multi-party investment structures
- Enables participation of institutional, state, or DFI co-investors
- Clear equity instrument for project finance arrangements
- Pathway to PAO listing if public capital sought in future
- Internationally recognized corporate structure

Limitations

- Higher administrative burden — mandatory registrar, audits, filings
- Stricter disclosure requirements (especially PAO)
- Longer and more complex setup process vs. OOO
- Corporate governance rules less flexible than OOO charter
- Higher ongoing compliance costs

Direct Comparison: OOO vs. AO

Criterion	OOO (LLC)	AO (JSC)
Ownership Instrument	Participatory share	Registered share / stock
Max. Participants	Up to 50	Unlimited
Share Transfer	Notarization required	Via registrar — simpler
Min. Charter Capital	10,000 RUB	10,000–100,000 RUB
Governance Flexibility	High — charter-defined	Moderate — law-constrained
Capital Raising	Limited (no share issuance)	Broad (equity instruments)
Regulatory Burden	Lower	Higher
Foreign Ownership	Up to 100%	Up to 100%
Ideal Use Case	Wholly owned operating entity	JV, project finance, scale

Strategic Decision Criteria: When to Choose Which

Choose OOO When...

- 100% foreign ownership with full operational control is the goal
- No immediate need for external equity co-investors
- Speed of setup and low admin cost are priorities
- Small-to-medium initial production scale (25–100 MW/yr)
- Management wants direct, flexible charter governance

Choose AO When...

- Institutional co-investors or Russian state participation is anticipated
- Project finance structure requires clear equity collateral
- Large-scale plant (>200 MW/yr) requires multi-party capital
- Future partial exit or secondary share sale is planned
- Long-term public listing (PAO) is a strategic option

Foreign Ownership & Regulatory Context

Ownership Rights

- Up to 100% foreign ownership permitted in both OOO and AO
- No mandatory local partner requirement for manufacturing sector
- Foreign parent may be an individual, company, or holding structure

Regulatory Framework

- Registration via Federal Tax Service (FNS) — unified state register (EGRUL)
- Anti-monopoly clearance (FAS) may apply above certain asset thresholds
- Strategic sector rules: solar manufacturing generally not restricted
- Currency control regulations govern dividend repatriation

Tax Considerations

- Standard corporate tax rate: 20% (federal + regional)
- Withholding tax on dividends: typically 15% (subject to DTT)
- SEZ / TASED incentives may apply to manufacturing projects

Implementation Considerations

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1 — Pre-Registration

Define ownership structure, charter capital, and governance model

Prepare notarized founding documents; appoint authorized representative

2

2 — Registration

Submit application to FNS; formal registration: 3–5 business days

Obtain EGRUL extract, TIN (INN), and statistical codes

3

3 — Bank Account & Capital

Open corporate account with a Russian licensed bank

Deposit charter capital; register with pension and social funds

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4 — Operational Readiness

Obtain sector-specific licenses, land rights, and environmental permits

Establish accounting framework compliant with Russian GAAP (RAS)

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5 — Ongoing Compliance

Annual financial statements, tax filings, and regulatory reporting

AO: additional registrar maintenance and shareholder registry obligations

FAQ Highlights

Can a foreign company own 100% of a Russian solar plant?

Yes. Both OOO and AO permit 100% foreign ownership in the manufacturing sector. No mandatory local equity partner is required.

How long does registration actually take?

Formal registration with FNS takes 3–5 business days. Preparation of founding documents, notarizations, and pre-registration steps typically require several weeks.

Which structure is more common for foreign-owned factories?

OOO is the predominant choice for wholly owned foreign subsidiaries due to its simplicity, control, and lower compliance overhead.

Can an OOO be converted to an AO later?

Yes. Reorganization from OOO to AO is legally possible but involves a formal restructuring process, new registrations, and additional cost and time.

Conclusion: Align Legal Structure with Long-Term Strategy

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Assess Your Capital Strategy

Single-owner operational control → OOO. Multi-party or institutional capital → AO

2

Plan for Scale

Match entity type to projected production scale and investor structure at 5–10 year horizon

3

Engage Local Expertise Early

Russian legal and tax counsel is essential — structure decisions made at founding are difficult and costly to reverse

- ❑ An experienced European turnkey provider with in-country project experience can guide investors through entity selection, registration, and operational setup — reducing risk for new market entrants.

About the Content Partner

J. v. G. technology GmbH – The DESERT Company

Founded in 1997 in Bavaria, Germany. Family-owned engineering company specializing in turnkey solar module production lines.

More than 90 factory projects delivered worldwide.

On-site team training included – no prior manufacturing experience required.

Key areas:

Turnkey PV manufacturing lines | DESERT Technology® |
TÜV-certified module designs | Factory planning to production

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