Introduction

We are glad to present the autumn edition of People Focus.

This summer, significant corrections were made to the legislative base that regulates sanctions in respect of employers' and foreign citizens' violation of immigration legislation. In particular, control measures in respect of employers' compliance with the obligation to notify the authorities about a range of essential facts concerning a foreign citizen's employment became tougher. All new sanctions came into force in August. We decided to focus on the major new developments and provide our expert comments concerning their application.

Further to the series of publications on the mobility of personnel globally, in this edition we tell you about the Human Capital Conference which will take place in Miami this October. Besides marvelous weather conditions, the upcoming event promises more than 30 sessions focused on a variety of global mobility-related issues such as international work structuring, compliance with tax, currency control, labor and migration regulations, payroll administration, global relocation policies, the development and management of long-term incentive plans and many others.

Among others, the Conference's program will feature regional-specific sessions that will focus on talent relocation to rapidly growing markets such as Africa, China and Latin America. We elaborate on a number of important issues related to assignments in Latin American countries.

As the only provider of American tax services in Russia we regularly update our readers on hot issues concerning US taxpayers. In this issue we present an article dedicated to FATCA (Foreign Account Tax Compliance Act) – the law on compliance with reporting foreign bank and financial accounts which figures prominently in the US campaign against tax evasion. With the adoption of this law in 2010, US individual taxpayers are obliged to declare their foreign accounts, and foreign financial institutions must inform the tax authorities about their US clients and their accounts. In this article we examine reporting, fines and, most important, what US taxpayers may need to do to avoid sanctions.

We also discuss whether it is profitable for modern corporations to invest in business education for their employees and what types of business education are preferable for companies in terms of return on investment.

We hope that the articles included in this publication will be useful for you, and we wish you a good and mellow autumn!
New sanctions for non-compliance with immigration legislation

A package of Federal laws introducing significant amendments to the current immigration legislation of the Russian Federation was signed on 23 July 2013.


New sanctions

However, the above mentioned corrections were aimed at making significant changes to the legislative base that regulates sanctions in respect of employers’ and foreign citizens’ violation of immigration legislation. All new sanctions came into force on 9 August 2013.

In particular, control measures in respect of employers’ compliance with the obligation to notify the authorities about a range of significant facts concerning a foreign citizen’s employment became tougher. For instance:

- Non-notification or violation of the stipulated order and/or a notification form of termination of an employment contract or a civil law contract on performance of work (rendering of services) with a foreign citizen or provision of unpaid leave to a foreign citizen for more than one calendar month during the year will result in an administrative fine of up to RUB800,000 or an administrative suspension of activities for a period from 14 up to 90 days.
- Employment of a foreign citizen if he/she does not have a work permit leads to the imposition of legal penalties with fines in the amount of up to RUB800,000 or an administrative suspension of the activity for a period from 14 up to 90 days.

The clampdown of administrative control measures also affects individuals. For instance, a new wording of Federal Law No. 114-FZ “On the procedure for exiting and entering the Russian Federation” and the Code of Administrative Offences of the Russian Federation set the following:

- Violation of the residency regime in the Russian Federation that includes the absence of documents confirming the right for residency; the loss of such documents, a non-application to the relevant authorities in respect of the loss of such documents or a violation of the exiting procedure of the Russian Federation after the expiration of the residency period will result in an administrative fine in the amount of RUB2,000 to RUB5,000 together with an administrative deportation outside the Russian Federation.*

* Comments:
The decision on the administrative expulsion must be made by the district court of general jurisdiction at the location of the authorized bodies which draw up relevant protocols (in the form of ordinances) concerning the violation of the residency regime (officials of the Ministry of Internal Affairs of the Russian Federation, Boarder Guard, Migration service). Thus, the lawmakers have introduced new essential elements of administrative violation for which punishment in the form of a fine together with the expulsion beyond the borders of the Russian Federation can be applied. At the same time, the court does not have an opportunity to impose only a fine as the sanction does not stipulate such an alternative.

Tax Identification Number

From 1 January 2014 migration authorities are to check whether a foreign citizen has a TIN when they (foreigners) submit documents to get a work permit. If a foreign citizen is not yet registered with the tax authorities, migration authorities will submit documents to the tax authorities for tax registration by themselves. Thus, all working foreigners will have a TIN.
• A foreign citizen **may not be allowed** to enter the Russian Federation if he/she was held liable for an administrative offence on the territory of the Russian Federation two or more times within three years. The entry ban lasts for three years from the date when the last decision on the imposition of administrative sanctions came into force*.

**Comments:**
A wrongful, guilty action (omission) of a natural person that is administratively punishable under this Code or the laws on administrative offences of subjects of the Russian Federation shall be regarded as an administrative offence. Thus, for instance, a foreign citizen may not be allowed to enter Russia in the case of repeated impositions of administrative sanctions for traffic violations.

• A foreign citizen **is not allowed** to enter the territory of the Russian Federation if he/she evaded tax payment or an administrative fine during his/her previous stay in the Russian Federation. The entry ban lasts until the foreign citizen fully pays the respective tax or administrative fine*.

**Comments:**
Under the Code of Administrative Offences of the Russian Federation an evasion of payment of an administrative penalty is a non-payment of a fine in the time period that is stipulated by law. Thus, a foreign citizen may be not allowed to enter the territory of the Russian Federation if he/she is found guilty of tax evasion or if he/she has a liability which was not paid in time (Tax Code of the Russian Federation) or an administrative fine (Code of Administrative Offences of the Russian Federation).

• A foreign citizen **is not allowed** to enter the territory of the Russian Federation if, over the course of one year, he/she was repeatedly (two or more times) subjected to administrative responsibility for committing violations against civil/public order and safety or for the violation of the residency regime on the territory of the Russian Federation within five years of the date when the last decision on the imposition of administrative sanctions came into force.

**Comments:**
Federal Law No.115-FZ “On the legal status of foreign citizens in the Russian Federation” already set the norm concerning work permit annulment in case of repeated (two and more times) imposition of administrative sanctions during one year for the violation of the residency regime in the Russian Federation by foreign citizens.

• The work permit/temporary residence permit/residence permit is not issued/annulled if during five years prior to the day of an application submission a foreign citizen was subjected to administrative deportation beyond the boundaries of the Russian Federation, or during ten years prior to the day of an application submission he/she was subjected to a multiple (twice or more times) administrative deportation beyond the boundaries of the Russian Federation.

**Comments:**
Regions of federal significance
It should be separately noted that in the new wording of the Code of Administrative Offences of the Russian Federation, lawmakers distinguish offences performed in the cities of Moscow and St. Petersburg, as well as Moscow Region and Leningrad Region, and stipulate individual sanctions with obligatory administrative deportation (not a possible deportation as in other regions) if a foreign citizen performs labor activity in the Russian Federation without a work permit and in the case of his/her violation of the entering rules of the Russian Federation or the residence regime of the Russian Federation.

Also, punishment measures in respect of employers that engage foreign citizens in labor activity in the Russian Federation without getting the respective permission documents, as well as measures for non-notification concerning the engagement of foreign citizens in labor activity, became tougher. Violations incurred in the areas of federal significance (Moscow, St. Petersburg, Moscow Region and Leningrad Region) will result in an administrative fine up to RUB1 million.
As globalization melts national borders, huge opportunities are opening up to multinational giants and major government-run corporations seeking to achieve leading positions in new markets and secure sustainable long-term growth. Expansion into a new market involving relocation of staff abroad always poses certain risks ranging from an unstable political situation and frail state institutions in host countries to rapidly evolving tax, labor, currency control and migration regulations.

**Moving employees to Latin America – Some like it hot**

The relocation of employees to Brazil presents one more serious threat: double taxation. The income of Brazil-based Russian employees who either have tax withheld in Russia or are required to file Brazilian income tax returns in their home country may be taxed in the host country. The risk reflects a collision over the effective date of the Double Tax Treaty between Brazil and Russia. The treaty was duly executed in accordance with international law and is deemed by Russian law to have come into force. But Brazil has not yet completed its internal procedures to approve the treaty, which still awaits the presidential signature. This collision can lead to substantial penalties for noncompliance with the tax regulations as well as extra cost burden both on employers and employees. Structuring employment and remuneration policies should become a priority for companies that transfer workers to Brazil.

In addition, the Brazil Administrative Tax Appeals Council has recently issued a ruling stating that the country’s authorities may withhold from income earned by employees through participation in an optional program contributions to pension accounts, with fines for noncompliance ranging from 75% to 100% of the transferred amount.

The new rules force Russian employers to recalibrate their remuneration policies. The range and scale of planning opportunities primarily depend on the host country’s currency control legislation as well as on local migration and labor regulations. The set-up of a Global Employment Organization in a jurisdiction that allows transferring Russian employees’ income to bank accounts in their homeland is an option. Secondment arrangements may serve as a viable alternative for technical specialists. You can read more about structuring options in the Q1 2013 issue of People Focus.

**Brazilian affairs**

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**Human Capital Conference – Window to the world**

The annual Human Capital Conference organized by EY addresses a wide range of global mobility issues. It grows every year, attracting HR executives involved in decision-making on global mobility and compensation and benefits. Delegates to last year’s conference, held in Berlin, praised the event for a high level of organization, relevant agenda as well as opportunities to get practical recommendations from EY’s experts and share experience with global mobility professionals in various industries.

The 2013 Conference will take place in Miami Beach, Florida, in October. Apart from wonderful weather, the upcoming event promises more than 30 sessions with an extensive focus on a variety of global mobility-related issues such as international work structuring, compliance with tax, currency control, labor and migration regulations, payroll administration, global relocation policies, the development and management of long-term incentive plans, etc.

The Conference’s program will also feature region-specific sessions that will focus on talent relocation to rapidly growing markets such as Africa, China and Latin America. Let’s take a closer look at the latter.

**Investment in Latin America – Tough but tempting**

According to the 2012 Foreign Direct Investment Report prepared by the UN Economic Commission for Latin America and the Caribbean, the commodities sector (metals, oil, biofuel and hydrocarbons) and the industrial sector (automotive, integrated services, telecommunications equipment and software) attract the most investment in the region. Over the past decades, Russian investment in Latin America has been on a steady rise, fueled by both political and economic factors.

Our experience shows that Brazil, Argentina and Venezuela are top destinations for Russian investors. As increasingly more companies seek to tap into the huge economic potential of this rapidly growing region, global mobility experts are keeping a watchful eye over how their companies and staff comply with tax, migration, labor and social security regulations. Meanwhile, legislative changes introduced by local governments bring new challenges to doing business in the region.

Surprisingly, the main stumbling block to moving Russian citizens to any of the above countries now lies with Russian exchange controls rather than local regulations. Under legislative amendments that took effect in Russia in February 2013, employees are prohibited from receiving compensation on their overseas bank accounts, with fines for noncompliance ranging from 75% to 100% of the transferred amount.

The new rules force Russian employers to recalibrate their remuneration policies. The range and scale of planning opportunities primarily depend on the host country’s currency control legislation as well as on local migration and labor regulations. The set-up of a Global Employment Organization in a jurisdiction that allows transferring Russian employees’ income to bank accounts in their homeland is an option. Secondment arrangements may serve as a viable alternative for technical specialists. You can read more about structuring options in the Q1 2013 issue of People Focus.
and social security funds. The Council said that income from participation in an optional program may qualify as income from investment, which is not reduced by the amount of statutory pension and social security contributions, only if the program carries investment-inherent risks implying that there is some degree of uncertainty for the investor (employee). The ruling did not make a law, but it appears that employers should now make sure that their option plans are of an investment nature when considering employee incentive programs.

Through the jungle of Venezuelan legislation

Venezuela has become a new attractive target for Russian oil and gas companies but its local regulations have a number of loopholes, making expansion into the market quite risky.

In particular, there is uncertainty about the secondment of employees to Venezuela arising from its labor regulations.

Local tax regulations are also a source of noncompliance risk. They require a dependent contractor to file an estimated tax return in Venezuela if his or her income exceeds a certain threshold. The risk comes from the vague definition of the term “dependent contractor”. Proponents of the conservative interpretation of this legal provision say that an employee of a foreign company who has been sent on assignment to Venezuela and earns income outside the host country should be regarded as an independent contractor who must file an estimated tax return and pay the tax. Opponents, however, argue that since the individual is an employee, even if employed by a foreign company, that person need not file an estimated tax return.

Argentina– Avoiding risks to the beat of tango

When relocating their staff to Argentina, employers should keep in mind that local tax residents are subject to tax on worldwide income. The Argentinean authorities give a tax resident status after 12 months of stay in the country. But the tax burden may be mitigated – Argentinean regulations stipulate that foreigners may stay in Argentina for up to five years without being declared tax residents if they provide proof that they have come to the country to work. It means that sound tax planning policy can protect employers from double taxation in a time and labor efficient manner.

Also, importantly, both Argentinean and foreign nationals are not allowed to buy foreign exchange for saving purposes. But there are exceptions to this general rule, suggesting that any foreign exchange purchases by employees of a Russian company in Argentina should be scrutinized for compliance with local regulations beforehand.

There is no doubt that Argentina, Brazil and Venezuela, along with other Latin American countries, will remain top destinations for foreign direct investment in the long term, whatever the risks or political and economic challenges may be.

Our Human Capital Conference that will be held this October will help you prepare for staff relocation to Latin America. It will bring you closer, including geographically, to this region that is hot in every sense of the word!

See you in Miami!
FATCA: Most extensive means to combat tax evasion in recent history

Background

The United States system of taxation is considered to be one of the harshest systems in the world. The US targets its taxpayers no matter where they reside, rates them as residents and taxes them on their worldwide income. Therefore, American citizens and permanent residents (green-card holders) residing abroad are hit very hard by the US taxation system. They have to report not only on their worldwide income, but also on their accounts held abroad and file Form TD F 90-22.1 (Report of Foreign Bank and Financial Accounts) no later than 30 June. To make things even worse for US individual taxpayers, in 2010 the US government passed the Foreign Account Tax Compliance Act (FATCA) that requires not only US individual taxpayers, but also foreign financial entities to report on their American clients and their accounts held abroad. According to the Internal Revenue Service (IRS), the American tax authority, FATCA focuses on reporting by both US individual taxpayers on certain foreign accounts and offshore assets and by foreign financial institutions on their US clients and their accounts.

Brief overview

It is estimated that the US Treasury loses nearly $100 billion each year due to offshore tax non-compliance. Thus, FATCA is meant to combat tax evasion among US taxpayers residing abroad. According to the Internal Revenue Service (IRS), the American tax authority, FATCA focuses on reporting by both US individual taxpayers on certain foreign accounts and offshore assets and by foreign financial institutions on their US clients and their accounts.

Which forms should be filed?

As far as individual taxpayers are concerned, in addition to the FBAR form they have to file Form 8938 - Statement of Foreign Financial Assets. There is no requirement to report this form if the total value of the account is less than $50,000 at the end of the tax year, unless the total value of the account exceeded $75,000 at any time during the tax year. However, the threshold for individual taxpayers living outside the United States is higher.

As for foreign financial institutions, they have the option of entering into a Foreign Financial Institution (FFI) agreement with the IRS unless they are already covered under an Intergovernmental Agreement (IGA) between the US and the government of the jurisdiction in which the foreign financial institution is organized. Currently 10 countries have already entered into an IGA with the United States, among them the UK, France, Germany, and Switzerland. Either option will require foreign financial entities to review their accounts and provide the IRS with certain information about US clients. Among the information that will be disclosed are the accounts holders’ names, TINs, addresses, the accounts’ balances, receipts and withdrawals. FFIs that enter into an agreement with the IRS will also agree to withhold 30% on certain payments of their clients if the latter do not comply with FATCA rules. However, some FFIs may be exempt from FATCA reporting rules, for instance governmental entities, non-profit organizations, small, local financial institutions and retirement entities.

Penalties

For individual taxpayers the failure to file Form 8938 may result in a US$10,000 to US$50,000 penalty. In addition, non-disclosed financial assets may suffer a 40% understatement penalty. Under Sections 7201–7212 of the Internal Revenue Code individual taxpayers may also be subject to criminal penalty, including a potential imprisonment of up to five years. The list of penalties for non-compliance is quite long and may also include a penalty of 75% of unreported income plus interest. Most likely, the best option for careless taxpayers will be participation in the Offshore Voluntary Disclosure Initiative, which is still open and gives chance to taxpayers to limit their penalties.
If FFIs do not comply with FATCA rules and do not report certain information on their US clients, they will suffer a 30% withholding tax on any US source income and gross proceeds, which results from the disposal of US assets. Such a penalty suggests that FFIs are most likely to enter into an FFI agreement and provide the required information to the IRS. In this case individual taxpayers will suffer the most as even if they do not want to disclose information about their foreign accounts, FFIs most certainly will. There is no other option.

Key dates and measures to be taken

On 19 August, 2013 the IRS announced that the on-line registration system for FFIs that need to register with the IRS is now open. Though now it works in test regime only, FFIs can already begin the process of submitting the required information about their US taxpayers in order to start finalizing it in January, 2014. After finalizing their accounts, FFIs will be issued global intermediary identification numbers. The first FFI list will be posted in June, 2014 and from that time on will be updated monthly. So, in order to be on the list, FFIs will need to finalize their registration by 25 April, 2014. In view of the approaching deadline it is high time for US individual taxpayers to take measures in response to FATCA provisions. First, taxpayers will need to review their foreign assets and check whether they are in compliance with the filing requirements. If not, then participation in the Offshore Voluntary Disclosure Initiative might be helpful in order to be released from certain penalties.

Second, it may also be an appropriate time for US taxpayers to restructure their foreign accounts and assets as well as consider other tax planning options.

Harsh reality

Thus, it may be concluded, that the US government intends to push US taxpayers in a tight corner with no way out. Indeed, if we analyze all the forms US taxpayers residing abroad have to file, it turns out they really have to report ALL foreign assets: transactions with foreign trusts and certain foreign gifts, foreign trusts owned by US citizens, foreign investments, participation in foreign partnerships, foreign corporations, passive foreign investment companies, foreign disregarded entities and the list goes on and on. Given all of the above it is important that US taxpayers review their current foreign investments and if problems are identified, they start taking measures in response to FATCA, restructure their assets and use a completely different system of tax planning.
Many talented and highly professional employees appreciate the opportunity to receive professional training at their company’s expense. Training sessions provide additional knowledge and, therefore, make employees more competitive in the labor market. Business education, traditionally viewed as the training of future top managers and company elite, has a special position in the world of corporate training. Many employees are even prepared to pay for such education and would be grateful for the opportunity to earn these certificates.

Let us, however, look at the issue from companies’ perspective. Is it profitable for modern corporations to invest in business education for their employees? What types of business education are preferable in terms of ROI?

The most common types of business education

First of all, let us define the meaning of “business education” as well as which types companies view it as a potential investment.

It is noteworthy that the market for business education services is gaining ground in Russia. According to RBC, there are approximately 100 business schools in this country that offer about 150 MBA programs and professional training courses to potential students. One can add a few higher educational institutions offering second/alternative or specialized education (e.g., master classes) as well as a myriad of training and consulting companies advertising various business training sessions and workshops.

Finding one’s way amongst such diversity is no easy matter for employers viewing this sphere as a potential investment opportunity or employees, i.e., prospective students. For such reasons we have drafted a concise table with descriptions of the main types of business education available in Russia.

According to statistics compiled by Brandhouse company, out of 73% of companies prepared to invest in their employees’ business education, only one-fifth actually invest in refresher programs and MBA, and only approximately 2% invest in the programs of international business schools. Therefore, companies focus on short-term and industry-specific courses and workshops. It is noteworthy that only from 1% to 2% of companies invest in second/alternative higher education. With a view toward understanding the trend better, let us consider the advantages and disadvantages investing in business education as described by company leaders.
### Table 1. The main types of business education common for Russia

<table>
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<tr>
<th>Program type</th>
<th>Duration</th>
<th>Description</th>
<th>Cost</th>
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<tbody>
<tr>
<td>1 Professional training courses and workshops</td>
<td>Less than 1 mo.</td>
<td>Short-term programs covering different aspects of management and business. According to RBC, the most popular topics include finance, accounting and general management. During their studies, students receive focused, industry specific information. In most cases, at the end of a course they are issued a certificate attesting to having attended the course. The certificate, however, has virtually no legal significance or value.</td>
<td>The cost of Russian programs varies from USD1,000 to USD3,000.</td>
</tr>
<tr>
<td>2 Refresher programs</td>
<td>8-12 mos.</td>
<td>Mostly targeted at the development of governance skills. The majority are industry specific. Based on the results, students are granted state certificates.</td>
<td>The cost of Russian programs varies from USD5000 to USD15000.</td>
</tr>
<tr>
<td>3 Second/alternative higher education</td>
<td>24-36 mos.</td>
<td>During their studies, students receive predominantly theoretical and profession-specific knowledge. Based on the results, students are granted state diplomas.</td>
<td></td>
</tr>
</tbody>
</table>
| 4 MBA programs                                    | 12-24 mos. | В данный момент на Российском рынке наиболее популярны следующие виды программ МВА:  
* Russian MBA programs  
* Joint MBA programs (combining the use of foreign business school methodology and the invitation of their lecturers)  
* MBA programs held in several countries (involving not only the invitation of foreign lecturers but also studies at a participating foreign business school for several months)  
* MBA in foreign countries  
During the course of studies students receive both practical and theoretic training. It mainly includes the basic information that a future manager will need in different spheres: corporate governance as well as finance, sales and personnel management. Foreign programs are generally aimed at the preparation of managers fit to work in different industries. Russian companies also offer industry specific programs. At the end of studies students are issued state certificates. | The cost of Russian and joint programs is within the range from USD10,000 to USD40,000 (the average price is approximately USD15000) depending on the form of training, curriculum and the stature of the business school. The cost of foreign MBA programs varies from USD60,000 to USD100,000. |
The advantages and disadvantages of investing in business education from companies’ perspective

The following may be generally regarded as advantages:

- Retention of key employees and the enhancement of employee loyalty

According to employees, investments in education, business education included, are third in the group of factors which impacts staff loyalty (trailing only the remuneration system and the perception of company stability, according to a survey by Towers Watson.) It is noteworthy that, if a company is prepared to invest in the education of only key employees, it will still have a favorable effect on overall employee loyalty, because it shows that the company cares for its people and is prepared to develop and promote them.

- Reputation of the company’s brand as a good employer, both internally and externally

- Formation of a management team with a common approach, objectives and knowledge of management tools; enhancement of the company’s competitive edge due to the higher qualifications of its staff

The results of surveys conducted by Marksman and HeadHunter show that companies expect a better understanding of business and higher efficiency from the employees who have attended business education programs, particularly MBA graduates. Such expectations are most common for the heads of companies from industrialized countries, as well as telecommunication and consulting firms. The share of the aforementioned companies in the Russian market is not particularly high and accounts for less than 10%.

- Identification of new opportunities for business development due to the contacts that employees establish during training

Having analyzed the aforementioned advantages, one can note that half of them refer to the management of staff loyalty. From this viewpoint, investment in the less expensive short-term workshops and the more expensive long-term programs are virtually similar.

Commonly mentioned disadvantages of investing in business education include the following:

- The risk that, having received additional education, an employee may choose to move to another company, including for the reason of changes in his/her values and behavior. Such risk is directly related to the duration and stature of a training program.

Distortions may arise within a team (e.g., one of the managers will receive a higher pay and/or will put forward approaches that others will fail to understand) and, consequently, conflicts; or, they may lead to the resignation of an employee seeking to find a job that will comply with his new expectations better.

- Leaders’ doubts about the general applicability of business education and that such programs can teach one how to manage a company or collective.

In the opinion of employers, based on the surveys conducted by Marksman and HeadHunter, the possession of a diploma/certificate or the completion of a program does not guarantee that the employee will become a successful manager or will be able to apply the accumulated professional knowledge in practice. In Russia, employers always focus on the experience of a potential employee, his/her success story and the person’s effectiveness in the previous job/company.

- General distrust of the Russian educational system (meaning Russian business education).

Some business leaders note the shortcomings in Russian laws in this area, which allow the issuance of incongruous diplomas or certificates for similar education programs. Besides, employers say that, occasionally, they still come across counterfeit or illegally acquired diplomas/certificates which create additional risks for their companies.

- The risk that employee motivation will diminish during the course of training.

Many Russian programs are of the OJT [on the job training] type where companies often believe that they invest in employees’ development while the latter do not spare much time or effort, viewing such programs as a mere formality and only wait to receive their certificate. Alternatively, managers may be doing homework during their regular working hours. In both cases, one should qualify the investment as lost or inefficient.
Practical view on the advantages and disadvantages of investment in business education of employees is presented by Tatiana Kostyuk, Senior Manager in the EY Human Resources Division.

EY actively supports relevant business education and invests thereto, which helps employees to fulfill their duties more efficiently.

Each individual training plan is amended in accordance with objectives that are formulated annually and the ensuing career targets. The Company maintains a training matrix inclusive of all mandatory and voluntary courses to which employees of different levels are eligible. Courses may be either in the development of technical or soft skills essential for client work.

Therefore, at EY the choice has been made in favor of the short-term training programs (often done in modules) which are offered in different volume to staff of different qualifications and business lines.

We deliberately avoid investment in long-term programs such as the second/alternative higher education or MBA. First, such programs are extremely expensive and, second, by paying for the second education and, particularly, by taking into account its considerable duration the company should undertake to allocate sufficient time for an employee to complete the program. Under the conditions of a project-based business and a time schedule which is not always easy to forecast, such an obligation can become cumbersome.

Third, virtually all classic education types focus more on theory than the development of practical skills. Taking into account the aforementioned, we have resolved to target the short-term practical programs which help our staff members to accumulate professional knowledge and skills essential for the provision of high-quality and timely services to our clients.

Continuation of this article in the next magazine will tackle the issues related to the difficulty of assessing investments in business education and the methods of risk minimization during such investments.
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