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'In Moscow people work mainly for the cash'

Former Ernst & Young consultant Ernstjan Rutten decided one and a half year ago to start his own tax advisory firm in Moscow. Since then he is a partner of Taxperience.

Tax expert Rutten first learned to know Russia when he was assigned by Ernst & Young in Moscow in 2006. "I used to work for them in the Netherlands as tax advisor but was ready for something new" In order to keep me in the firm, they offered me the possibility to further expand their international tax practice in Moscow. This looked like an interesting opportunity and not much later I arrived with my suitcase on Sheremetyevo International Airport."

After more than two years working in Moscow "the excitement of working in Russia disappeared" concluded Rutten. He "really did not want to work any longer for a company like Ernst & Young" also not abroad. "I established a solid network in Moscow, already had - for a longer period - the idea that I could do it better by myself and, more important, with much pleasure". He enjoyed Moscow and Russia from day one. "Setting up a business in the Netherlands is always possible, that would be too easy now, I will do that when I am old".

He decided to start his own business which, according to him, is mainly financed with his own money. In this process he became a business partner of Sam Abbing and the brothers Ramon and Ruben van Aarle, also tax experts who after the collapse of the consultancy firm Arthur Andersen and a short stay at Deloitte started their own tax advisory firm in the Netherlands in 2005. This company, Taxperience N.V., increased revenues in the period 2007 and 2009 with 123 percent and was awarded twice the title FD Gazelle (footnote : this is an award established by the Dutch Financial Newspaper "Financieel Dagblad" for fast growing companies). After Rutten joined Taxperience as a partner in 2010, German based Claus Lemaitre became a partner with his office in Munich in the same year.

How does Taxperience distinguish itself on the Russian market?

"Taxperience Moscow is a boutique firm for tax and related services. Especially for Russia, we clearly distinguish ourselves on two points. At first, most of the larger Russian companies have -for commercial, financial, legal and yes, also a bit for tax reasons, one or more companies in the Netherlands. Our unique selling point is that I, with my knowledge of the Dutch tax system, can personally meet the decision makers in meeting sin Moscow, resulting in short lines of communication and efficient work. With our competitors, the client needs to explain the issue to a Russian, who transfers to story with mistakes or without having asked the right questions to its Dutch counterparts and subsequently go back to the client.

Secondly, we are a partner of Dutch and western companies that want to do business in Russia. The legal system of Russia deviates on critical points from what we are used to in Europe. Since, I have theoretical and practical knowledge of both systems, we are able to direct European entrepreneurs much faster in the right direction. Furthermore, together with our Russian joint venture partners we are also able to implement the structure, i.e. to incorporate the company and if such would be

required, to maintain the structure i.e. providing a director, take care of bookkeeping and preparing tax returns. The idea behind the concept is that the client can do business while we take care of all formalities”

How do you invoice your services?

"As a tax advisor we are used to work on an hourly basis. However, for 85% of the assignments, we agree up-front with our clients to work based on fixed fees so that both parties have clarity about the costs. Nothing is more annoying than a fee discussion after the work is completed. Therefore, we prefer, like most of our clients, to work on fixed fees. My aim is also not to become rich in one year, I like my job and I am happy to invest in solid long lasting relations with clients."

What are the results of your work?

"It goes well. After one and a half year, we built a stable practice in Moscow and doubling revenues a few times the coming ten years is absolutely feasible."

In what is doing business different?

"There is a huge difference in doing business in Russia compared to doing business in the Netherlands, actually too much to mention. A few point I can mention. First the (legal) system is on crucial points different than the Dutch system. The (law) concepts differ and generally it is 'form over substance'; in case a form is filled out incorrectly you have to start again.

Furthermore, mainly in Moscow a lot of people do not work for a career but for cash today, as much as possible. Also the red tape (burocracy) still costs a lot of time and a lot of entrepreneurs and managers are not grown up with taxes, as a result of which it is not easy to explain the issue or the opportunity and thus to sell it"

What do you recommend others who want to do business in to Russia?

"You need to have something to offer. Russians are smart and there is already a lot on the market. Your product or service should be better or innovative, because competing with comparable Russian companies is difficult, they know much better about how to run a business in Russia than you. Furthermore, you need a lot of energy and patience. And likely most important, Russia and its culture should fit you, otherwise I have experienced in my environment that it will become a hell. Unfortunately, you will likely only find that out after having tried."