

## Photocopiable worksheet 2.3

- 1 Look at this extract from the text on Wholly Foreign-Owned Entities. Think of the best word to fill each gap.

One of the most common requests our law firm gets regarding Russia comes from a non-Russian company seeking assistance in setting **1** ..... a Russian joint venture or a representative office. When we tell them **2** ..... response to their queries that only rarely **3** ..... it make sense to go into Russia with a joint venture or a representative office, they commonly respond either **4** ..... surprise that there are other alternatives or by telling us that this is **5** ..... their very well-run competitor had entered the Russian market. When we explain that Russia now allows Wholly Foreign-Owned Entities (WFOE), **6** ..... quickly realise the benefits of not getting enmeshed **7** ..... a Russian joint-venture partner. However, the benefits of a WFOE **8** ..... a representative office are more difficult to explain.

- 2 Now read the whole text again (SB page 27) and these questions. For each question, choose one answer (A, B, C or D).
- 1 What does the law firm tell its clients about joint ventures?
    - A They are always dangerous and should be avoided.
    - B They are less risky than WFOEs, but also more complicated.
    - C That well-run competitors often set up this type of business entity.
    - D That they are usually not the best way of going into business in Russia.
  - 2 Why, according to the text, do many foreign companies use representative offices instead of WFOEs?
    - A Because they have no other choice.
    - B Because they are unaware that foreign companies are allowed to own businesses in Russia.
    - C Because they are ideally suited to buying and selling goods in Russia.
    - D Because limited liability companies have been forbidden from conducting certain types of business.
  - 3 Which of these statements is true of representative offices?
    - A They can generate profits.
    - B They are subject to tax on their income.
    - C Employees may be given power of attorney.
    - D They may request exemption from double taxation.
  - 4 Which of these statements is presented as an advantage of WFOEs?
    - A They are considered a legal person.
    - B They are permitted to conduct marketing activities.
    - C They pay lower taxes than Russian companies.
    - D They may be opened and closed quickly and cheaply.