

Tax Hike on Oil Products Considered

By [The Moscow Times](#)

October 12, 2010

The  **Moscow Times**

The Energy Ministry has proposed raising taxes on oil products and reducing duties on crude oil, potentially earning an extra 8.55 trillion rubles (\$286 billion) for the state over 10 years, Vedomosti reported Tuesday.

The ministry has suggested reducing the maximum level of oil export duties — a key expense for producers — to 55 percent from 65 percent, according to documents obtained by the paper. For new fields, which the government seeks to develop to keep production levels as older deposits are used up, the current minerals extraction tax could be replaced with a 27 percent excess profit levy, Vedomosti said.

A specific number for the increase was not stated, but the Energy Ministry's proposals, due to be discussed soon at a meeting with Finance Ministry officials, would boost the budget coffers by 8.55 trillion rubles over 10 years if they are introduced from 2012.

The Finance Ministry, however, may not agree to lower revenues in the short term in exchange for more gains in the future as it is determined to eliminate the budget deficit by

2015.

Vedomosti also said that by shifting the tax burden more toward oil products and away from crude, the proposals also contradict the government's ambition to stimulate exports of goods with a higher added value.

Original url: <https://www.themoscowtimes.com/2010/10/12/tax-hike-on-oil-products-considered-a2146>