

Agricultural Levies to Be Harmonized

By [Anatoly Medetsky](#)

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Chief trade negotiator Medvedkov said, "If the VAT for our carrots is zero, it should be zero for the imports." **Igor Tabakov**

After joining the World Trade Organization, Russia will have to start taxing some agricultural products that are now exempt, a top government official said Thursday.

The government encourages cultivation of several types of produce by waiving value-added tax. Maxim Medvedkov, chief of trade negotiations at the Economic Development Ministry, said the tax will have to be levied on these products so Russia doesn't discriminate against imports.

For example, "if VAT for our carrots is zero, it should be zero for the imports," he said.

In other WTO-related news, Medvedkov described how the Customs Union of Russia and two other former Soviet republics is reviewing its import duties in the face of Russia's future entry into the bigger trade bloc.

The WTO accession terms allow the country to raise duties for some products, such as air conditioners, Medvedkov said. Russia, Belarus and Kazakhstan are holding consultations, which will be complete in April, he said.

Russia's membership in the World Trade Organization, expected to become effective in June, will also oblige the Federal Customs Service to tell companies that want to import or export goods to Russia the estimate of how much they would pay in duties — that is, determine the customs value of the goods, Medvedkov said.

"This is really an important component of predictability for business and long-term contracts," he said at a conference organized by the Association of European Businesses.

But the Federal Customs Service could take up to 150 days to respond, he said.

Federal Customs Service director Andrei Belyaninov, who spoke earlier at the conference, had to defend the agency against complaints that it requires excessive paperwork.

He said entirely electronic communication is impossible because other government agencies, such as the Federal Tax Service, demand hard copies.

"Believe me, we are good," he said to laughter.

Belyaninov also invited businesses to consider ways of making railroads a stronger alternative to trucks, which now handle 80 percent of import and export traffic.

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