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State Halves Export Duties for Some Oilfields

By The Moscow Times

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The government has decided to almost halve export duties on oil produced at new fields in eastern Siberia, Energy Minister Alexander Novak said Monday following a meeting with Prime Minister Dmitry Medvedev, Interfax reported.

He said the government will discount export duty by 45 percent for new oil fields in the east Siberian regions of Krasnoyarsk and Irkutsk, the far north Yamal-Nenets and Nenets autonomous districts, and the republic of Yakutia.

Export duties are often the single largest tax liability for oil companies such as TNK-BP, which is due to launch the new Suzun and Tagul fields in Krasnoyarsk in 2015 and 2016, respectively.

Rosneft, whose Yurubcheno-Tokhomskoye field is expected to be commissioned next year, and Gazprom Neft, whose Novoportovskoye field is due to come online in 2014, are also expected to benefit from the tax break.

The cuts in export duty will be applied to fields with reserves of at least 10 million tons and no more than 5 percent depletion as of Jan. 1, 2013. The proposals are subject to the Cabinet's approval, expected in mid-November.

Novak also said that the expiration of current tax breaks for mineral extraction at remote fields would be postponed until 2022 from 2017. The incentives apply to Yakutia and the Krasnoyarsk and Irkutsk regions.

"The new decisions are bringing in new deposits, and this means new tax revenues," Novak said. He added that new production fostered by the tax breaks would generate $300 billion in total tax revenues, or $15 billion a year, until 2030.

Duty for the fields has been set at $210.10 per ton in October, compared with a normal rate of $418.90.

Meanwhile, President Vladimir Putin said Monday that the Economic Development Ministry and Energy Ministry must create conditions for developing new oil fields, including remote ones, as cited by Interfax.

(MT, Reuters)

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