

Medvedev Slams Under-the-Counter Salaries

By [The Moscow Times](#)

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Prime Minister Dmitry Medvedev suggested Tuesday that the government needed to adopt a two-pronged approach to fighting under-the-counter salaries: better laws and educating taxpayers.

Medvedev said the payment of cash in envelopes remains a serious problem even though the government has worked hard to bring salaries out of the shadows.

"We need to work on this issue," he said at a government meeting on the federal budget.

Medvedev said the problem was not only in legislation and its enforcement but was also a psychological issue.

"People need to understand that when they receive wages in envelopes, this at the end of the day reduces government opportunities to spend and decreases the value of their future

pensions," he said.

Gray salary schemes have been prevalent for decades, first to hide unofficial income in Soviet times and more recently to lower or eliminate income tax. One of Vladimir Putin's first major policy changes after being elected president in 2000 was to declare a flat 13 percent income tax aimed at convincing all taxpayers to declare their real salaries.

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