

Government Considering Lower Payroll Tax

By [The Moscow Times](#)

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The government is set to revisit the tax rate for sole proprietors after more than 300,000 such entrepreneurs went out of business since the start of this year.

President Vladimir Putin said he was going to order the Cabinet to look into the matter as he was meeting business ombudsman Boris Titov, said a Kremlin statement released Tuesday.

The payroll tax rate doubled for this class of entrepreneurs to 36,000 rubles (\$1,200) a year on Jan. 1.

"We would like to strongly ask ... if possible to suspend or rescind the decision," Titov said in a transcript of the Monday-evening meeting posted on the Kremlin website.

Titov said 317,300 people had decided to terminate their businesses since the tax increase, which was about 10 percent of the total number of these businesses.

"A portion of these entrepreneurs will register with the employment office and receive unemployment benefits," Titov said.

He added that the development would cause a lack of services that people use next to their homes.

The United Popular Front, a pro-Kremlin movement, on Monday published a proposal to reduce the rate to the previous level.

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