

Gas Tax Tweaks to Ease Burden on Extractors

By [The Moscow Times](#)

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Gazprom staff in Yamal relax in the salt chamber to improve their health.

Russia plans to switch to a variable tax rate on natural gas producers to lessen the burden on companies willing to develop deep and remote fields and to claw back money from exporters who enjoy benefits.

The Finance Ministry, which is trying to find ways of replenishing state coffers as the country's economy slides, said on its website that the rates would be based on oil prices, the complexity and location of the company's gas fields and the production of gas condensate, which could be exported.

The proposal for the mineral extraction tax, or MET, which is expected to be introduced at the beginning of next year, will redress some of the imbalance in the taxation system that has spared the gas industry for years.

Analysts said the new rates would be higher for state-owned Gazprom, which enjoys a monopoly on Russian gas exports, and lower for producers such as Novatek, which is developing a large swathe of deeper sites.

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"We see potential for significant savings in MET rates for Novatek (in comparison to) current forecasts due to the discount on deeper deposits," JP Morgan analysts said on Thursday.

Russia is the world's top producer of conventional gas thanks to vast reserves and, unlike the United States, is yet to make forays into production of hard-to-recover shale gas.

However, its traditional gas fields are being depleted and companies are being forced to move into new regions, such as the Yamal peninsula, or to drill deeper to extract the fuel.

It is hard to predict the rates due to the complexity of the formula and the multiple factors in play. Currently, Gazprom pays 509 rubles (\$16) per 1,000 cubic meters in MET, while the rate for the other companies stands at 251 rubles.

Analysts from Otkritiye brokerage said average gas MET for Gazprom would jump to 1,017 rubles, taking into account the government forecast for oil prices, while the rate for Novatek would increase to 636 rubles from next year, a level higher than had been previously forecast by government.

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