

Corporate Property Tax Set to Rise

By [The Moscow Times](#)

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Proposed amendments to the Tax Code could see corporation property taxes rise considerably, with foreign companies being affected as early as 2014, Vedomosti reported Monday.

Tax revenues in regions with well-developed business infrastructure could increase by 50 percent if the proposals introduced by Liberal Democratic Party member Sergei Katasonov pass the State Duma.

Property taxes are currently based on a book value that takes into account property devaluation. Even buildings in the city center and huge shopping centers can have negligible property values under this system, said Maxim Reshetnikov, head of the Moscow economic policy and development department.

By 2020, Katasonov wants to replace the old system with one based on cadastral value, which is determined by the government.

Cadastral values could differ from market values by 10 to 15 percent, said Konstantin Sukhenko, from the St. Petersburg legislature's budget committee.

The tax increase would be particularly steep for international companies that do not have permanent representation in Russia, said Dmitry Kostalgin, a partner at the tax consultancy firm Taxadvisor. These companies' property taxes are presently calculated according to even lower property value estimates than other corporations.

The amendments are very likely to pass, Vedomosti reported, citing a source close to the State Duma and Kremlin leadership.

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