

Excise Taxes Could Drop

By [The Moscow Times](#)

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The government could freeze or lower excise taxes on alcohol and tobacco starting in 2015, Kommersant [reported](#), citing two anonymous sources that attended a meeting dealing with the issue chaired by Prime Minister Dmitry Medvedev last week.

The heads of the Finance, Economic Development, Agriculture and Health Ministries, as well as the Federal Service for Regulating the Alcohol Market participated in the meeting. The officials were directed to look into the details of freezing or lowering the excise taxes, and research what impact such a move would have on the budget and public health, a source from the Finance Ministry said.

Last month President Vladimir Putin approved the existing plan for excise tax increases over the next three years. The levy on beverages containing more than 9 percent alcohol will go up from the current 400 rubles (\$12) per liter of ethyl alcohol to 500 rubles in 2014, 600 rubles in 2015, and 660 rubles in 2016.

Tobacco, now taxed at a rate of 550 rubles per 1,000 cigarettes in addition to 8 percent of the

estimated maximum retail value, will be taxed at 800 rubles in 2014 plus 8.5 percent of the retail price in 2014. This amount will grow to 1,200 rubles plus 9.5 percent in 2016 with the total levy being no less than 1,600 rubles.

Russian alcohol companies have complained that the planned indexation of the excise duties for the coming three years could lead to an uncontrolled flow of illegal alcohol and cigarettes to Russia from the Customs Union countries, where prices for such products are lower.

The share of illegal vodka in Russia is now estimated to be as high as 50 percent while the share of black market cigarettes is 1 percent.

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