

Putin Backs Sales Tax Proposal Again

By [The Moscow Times](#)

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President Vladimir Putin has reiterated his support for a government initiative to introduce a new sales tax from 2015, Vedomosti reported Thursday.

The law is intended to help local governments overburdened by social obligations, including those foisted upon them by Putin's 2012 decrees to increase the pay of doctors and school teachers: The Financial Ministry has estimated that the regions' total budget deficit will reach 857 billion rubles (\$25 billion) in 2014 — 33.5 percent higher than in 2013.

The new measure will give each Russian region the right to impose a sales tax of up to 3 percent, raising about 200 billion rubles (\$14.8 billion) annually according to the ministry.

Putin approved the sales tax plan last month, and restated his support for it during a meeting with ministers on Wednesday, the newspaper reported, citing unidentified officials.

The Cabinet is due to make the final decision on whether to impose the levy, which was abolished in 2004, later this month.

The move is opposed by several ministries, including the Economic Development Ministry, the Finance Ministry and the Industry and Trade Ministry, the report said.

Wary of rising inflation, the Central Bank has warned that government policies, including the sales tax, could "provoke" it into raising interest rates, a move that would likely hit already weak Russian economic growth.

Inflation was spurred last month by food price rises following the Kremlin's decision to impose a ban on food imports from the U.S. and many European countries in tit-for-tat sanctions.

The Central Bank, which is mandated to fight consumer price rises, predicts that inflation in 2014 could be as much as 7.5 percent, significantly above its target figure of 5 percent.

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