

Kudrin Says Oil Tax Breaks May Be Extended

By [The Moscow Times](#)

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The government may extend tax breaks for Rosneft at the Vankor field, the country's largest new oil development, Finance Minister Alexei Kudrin said, possibly saving the company \$4 billion a year.

The Finance Ministry will review a request from Deputy Prime Minister Igor Sechin, who is also Rosneft's chairman, to prolong the reduced tax rates at Vankor beyond this year after costs rose, Kudrin said.

"Right now we are concentrating only on Vankor because there is a proposal on Vankor in particular to extend breaks for a little bit longer," Kudrin told reporters this weekend in Washington, where he took part in the International Monetary Fund's annual meeting.

Rosneft has lobbied for tax relief for Vankor, one of a new generation of remote Siberian deposits, saying it needs longer breaks on the export duty to boost output and supply a

pipeline being built to supply the Asia and Pacific regions. A select number of deposits in eastern and northern Siberia enjoy lower tax rates.

“If they do get longer breaks on the export duty, at current oil prices, they could save about \$4 billion a year,” Artyom Konchin, an oil and gas analyst at UniCredit, said Monday.

Rosneft shares closed in Moscow on Monday at 212.96 rubles, up more than 2 percent.

LUKoil will receive export tax breaks for Caspian Sea oil similar to those given to deposits supplying the East Siberian–Pacific Ocean pipe, Kudrin said.

“The discount rate will be exactly like East Siberia, only their duration will be somehow fixed,” Kudrin said.

Vankor and other oil fields in East Siberia had enjoyed exemption from an export duty until July 1. A normal rate for the duties for Vankor next year could cut Rosneft’s earnings before interest, taxes, depreciation and amortization by about 20 percent from the level under the exemption, Lev Snykov and Svetlana Grizan, oil analysts at VTB Capital, said in June.

LUKoil began production at Russia’s first large oil project in the Caspian Sea earlier this year.

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