

Prosecutor Finds Tax Violations in Luzhniki Rentals

By [The Moscow Times](#)

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The Moscow Prosecutor's Office has discovered numerous irregularities following an audit of property management at the Luzhniki sports complex, after the city purchased the facility for 10 million euros (\$14 million) last week.

The Prosecutor General's Office made public the audit of the Luzhniki Olympic Complex company performed by the city prosecutor. Gulnara Penkova, spokeswoman for the Mayor's Office and city government, said the audit was performed at the request of the city administration.

According to the prosecutor, more than 100 fixed commercial structures and 3,500 non-stationary structures have been on the territory of the sports complex since the 1990s. Over the years, the buildings were incorporated into the capital assets of the 19 legal entities that were registered as founders of Luzhniki Olympic Complex at various times.

None of those companies, the prosecutor said, are engaged in trade. For the most part, they issue subleases for the spaces they own at below-market prices for a single month, renewed repeatedly.

"This arrangement does not require government registration and makes it possible to evade taxes and fees, resulting in unofficial financial accounts between leaser and lessee," the prosecutor said in a statement.

In March 2011, according to the prosecutor, one company received about 90 million rubles (\$3.2 million) in this manner, while the sports complex itself received less than 3 million rubles. There are seven suits now in court demanding the removal of illegally erected buildings and retail outlets.

An employee of Svyaznoi said the cellular communications retail chain rents a site at Luzhniki on a monthly sublease basis. Tsvetochny Tsentr flower market at Luzhniki rents out spaces on monthly contracts. Spokesmen for seven other stores contacted said they are operating as usual, but did not specify the terms of their rental terms.

The city prosecutor has suggested that Mayor Sergei Sobyanin annul property contracts at the sports complex to protect the interests of the city. Neither Vladimir Alyoshin, the primary owner of Luzhniki, nor Alexander Pronin, its general director, were available for comment.

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