

Pop Star Targeted in Tax Inquiry

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May 26, 2011

The  Moscow Times

Pop star Dima Bilan was the country's sixth best-paid performer in 2009, raking in \$3.7 million, according to Forbes magazine's Russian edition. But Bilan's tax consultant told Komsomolskaya Pravda that the singer made just 2 million rubles (\$71,000) that year. The Federal Tax Service noticed the discrepancy.

Tax inspectors searched Bilan's downtown Moscow office on Wednesday as part of an investigation into the singer's tax declarations, Bilan's producer Yana Rudkovskaya said Thursday. "No violations have been found," she said.

Tax service spokeswoman Larisa Katysheva said it was the tax service's policy not to comment on specific cases. But she added: "Some people have the opinion that if they are stars, they can avoid paying taxes. This is wrong."

Another tax official, speaking on condition of anonymity, said the investigation was opened after tax auditors noticed that the singer's declarations contained contradictory information.

He pointed to the interview that Bilan's tax consultant Valentina Postnikova gave to Komsomolskaya Pravda last year in which she said the singer earned just 2 million rubles in 2009. "This statement really harmed them," he said, adding that the inquiry would last three months.

Bilan won the Eurovision Song Contest in 2009, becoming the first Russian to triumph at the flamboyant annual event.

Tax lawyers said the music industry flows with cash payments that are easy to hide from tax authorities. In addition to performing at large concerts, many singers perform at birthday parties and private concerts, where payments are usually made in cash. "Taking into account the fact that artists receive cash most of the time, there are good possibilities to avoid taxes," said Anton Sonichev, a lawyer with the Nologovik law firm, which specializes in taxes.

The spotlight first shifted to celebrities' taxes in 1997, when then-Tax Minister Alexander Pochinok invited pop stars including Alla Pugachyova and Filipp Kirkorov to his office for an interview on their tax-paying habits. During the meeting, Pugachyova appealed for a two-year tax holiday to allow her to save up enough money for retirement.

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