

Compromise Seen On Eurobond Tax

By [The Moscow Times](#)

February 09, 2012

The  Moscow Times

Russia will find a mutually acceptable system for tax payments on eurobonds, Finance Minister Anton Siluanov said, after concerns that a new levy may increase corporate borrowing costs and discourage issuance.

"We're ready to meet halfway with the business community and create the most comfortable regime for eurobond sales," Siluanov said Thursday at a forum organized by the Russian Union of Industrialists and Entrepreneurs, the nation's big-business lobby.

The Finance Ministry said in a statement on its website Jan. 27 that it is preparing legislation this year that would allow it to collect tax on eurobond interest payments. The plan would exclude holders from countries that have a double taxation agreement with Russia, while eurobonds issued before Jan. 1, 2012, may get a tax break, according to the statement.

The government may levy a 20 percent withholding tax on bond coupons paid by companies to nonresidents through foreign special-purpose vehicles, Deputy Finance Minister Sergei Shatalov said on Jan. 26. Moody's Investors Service estimates the tax may cost Russian

companies \$1.5 billion. Economic Development Minister Elvira Nabiullina said Feb. 3 that she had "big doubts" about applying the tax.

The authorities plan a meeting this week with investors and consultants to seek a "solution that satisfies all sides," Siluanov said.

Original url:

<https://www.themoscowtimes.com/2012/02/09/compromise-seen-on-eurobond-tax-a12508>