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Lobby Wants Officials to Pay Luxury Tax

By The Moscow Times

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A leading business association has called for the proposed luxury tax to be extended to legal entities and property acquired through state tenders in a bid to crack down on officials leveraging public property to make their lives more comfortable.

"We propose considering a luxury tax not only on private individuals, but on legal entities and also extend this to state procurement, so that it would be immediately visible if officials are living it up," said Alexander Shokhin at a round table on the proposed tax Tuesday.

Prime Minister Vladimir Putin first touted a luxury tax in an article outlining the economic plank of his platform prior to the March 4 election.

Putin described the intended tax as a symbolic levy on those who prefer to spend their wealth on conspicuous consumption instead of investing in something more productive, and he said it should only affect private individuals so as not to create a burden on business.

Tax lawyers have questioned that provision, pointing out that the super rich could easily

transfer taxable property to a trust or holding company in order to avoid the tax.

The Economic Development Ministry, charged with fleshing out Putin's idea, has revealed proposals to introduce an increased transportation tax on cars with more than 200 to 250 horsepower and a higher property tax on real estate of more than 1,000 square meters.

Shokhin said Wednesday that he would like the proposed tax to be levied on properties acquired since 1991 worth not less than 50 million rubles ($1.7 million). Under his group's proposals, apartments that would be affected by the tax must have at least 150 square meters of space per person and houses must either be more than 300 square meters per person or have a total floor space of more than 1000 square meters.

The group would like the threshold value for luxury cars, which will likely face an increased transportation tax, at 3.5 million to 4 million rubles, Shokhin said, but added that the suggestions are "not a final proposal."

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