

100Bln Rubles of Defense Contractor Debt Could Be Written Off

By [The Moscow Times](#)

March 26, 2012



Military hardware makers claim tax debts caused contract signing delays. **Igor Tabakov**

The possibility of restructuring 100 billion rubles (\$3.4 billion) in tax debts for companies in the military-industrial sector has been written into the 2012 budget, Vedomosti [reported](#) Monday.

The concept has also been incorporated into fiscal plans for 2013 and 2014, sources said.

The decision to move ahead with the restructuring has already been taken and will be enacted this year, two unnamed federal officials close to the discussions told Vedomosti.

According to the new plan, the federal government could cancel or extend payment for tax debts, fines and interest owed by strategic companies that fulfill state defense contracts.

The officials could not say what portion of the debts would be eliminated under the law, which applies to debts owed as of Sept. 1, 2011.

It's not surprising that military goods manufacturers have debts, said Oleg Siyenko, general manager of tank maker Uralvagonzavod, with their huge numbers of employees and big expenses for heat and lighting.

Mikhail Barabanov, editor of the Moscow Defense Brief journal, told Vedomosti that the move was a clear step to take, as problems with reporting and payment of taxes resulted from a prolonged allocation of funds for state defense orders in 2011. Disagreements about prices for purchases of equipment totaling 373 billion rubles caused contract signing delays, prompting Prime Minister Vladimir Putin in late August 2011 to order Deputy Prime Minister Igor Sechin to conclude all contracts by Sept. 1.

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