

Putin Says Gas Producers May Pay More Tax

By [The Moscow Times](#)

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Gas producers may have their tax burden increased, Vladimir Putin said Tuesday. Above, a Gazprom office. **Denis Grishkin**

President-elect Vladimir Putin urged the government to raise taxes for producers of resource wealth, particularly natural gas, without stifling spending to develop new deposits.

"There are sectors where the low tax burden is economically unjustified and often not fair socially," Putin, the prime minister, said Tuesday at a government meeting, singling out gas producers. The government must act carefully and "in no way undermine our resource companies' investment plans."

Russia is seeking additional funds to pay for Putin's electoral promises to raise salaries and pensions. Oil and gas contributed half of the country's budget revenue last year.

Increases in the gas extraction tax may add 200 billion rubles (\$6.8 billion) to the budget

in 2013 and 2014, Vedomosti reported Monday, citing Deputy Finance Minister Sergei Shatalov. Both Gazprom and independent producers that sell gas only in the domestic market, such as Novatek, will have to pay higher levies, the newspaper reported.

Gazprom's mineral extraction tax rate rose 61 percent last year and doubled this year. The Finance Ministry has planned to boost Gazprom's tax rate by 14 percent next year and by 7 percent in 2014.

In February, Gazprom said the higher levy would shave 64 billion rubles from profit this year alone and eat up all the gain as the government increases regulated prices at home.

"Gas taxes for Gazprom appear to be set to rise substantially not from 2015, the conventional wisdom on the street, but from 2013, and the independents may well be swept along with Gazprom," Ron Smith and Alexander Bespalov, analysts at Citigroup, said in a research note Monday.

The government may raise the mineral extraction tax on July 1, 2013, to provide an additional 50 billion rubles for the budget that year, and twice in 2014, adding 150 billion rubles, Shatalov said, according to Vedomosti.

"The 2013 budget debate cannot get started in May without clarity on what gas sector taxation as this is a major budget revenue line," Luis Saenz, chief executive officer of the U.S. unit of Moscow-based brokerage Otkritie Financial wrote in a note Monday. "The visibility on gas sector taxation is uncomfortably low."

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