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Depardieu Might Avoid Paying Taxes in Russia

By Alexander Bratersky

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Gerard Depardieu, a French actor turned Russian citizen, might avoid paying taxes in Russia if he resides in the country only occasionally, tax experts said.

Depardieu renounced his homeland's citizenship after protesting a 75 percent income tax on annual incomes above 1 million euros imposed in France.

Under Russia's Tax Code, Depardieu will be eligible to pay the income tax only if he lives in the country for at least 183 days per year, thus becoming a tax resident.

"As a resident, Depardieu will be obliged to pay taxes on all kinds of profits earned in the Russian Federation or abroad," Anton Sonichev, a legal expert at tax consulting company Nalogovik, told The Moscow Times.

It is unclear if Depardieu, who was recently offered an apartment in the republic of Mordovia,

is planning to stay

in the country. Russian media reported last week that Depardieu intended to run vineyards in the Krasnodar region but he has not yet confirmed this.

Even if Depardieu does not reside in the country permanently, he will be obliged to pay taxes on income earned from performing in Russian-made films or shows, according to current law.

Sonichev said that Depardieu can still avoid paying taxes

in Russia if his business is registered in another European country.

"Everything depends on where his business is located," said Sochenkov, adding that many Russian-owned companies are registered abroad to avoid taxation in Russia.

As opposed to progressive taxation in most European countries, Russia has a flat 13 percent income tax. Tax cuts introduced during the early years of Putin's presidency were intended to boost tax collection.

The president has several times rejected proposals by left-wing parties to increase the income tax on the wealthiest individuals.

Putin said in 2011 that the government would not raise the tax in the near future.

But experts said that Depardieu might not welcome a new luxury tax that the government plans to introduce.

The tax is expected to target individuals who own expensive cars, mansions or planes and might amount to 1 percent for a property estimated at 300 million rubles ($9.5 million) according to the initial statement by Finance Ministry spokesman Sergei Razgulin.

Putin called on the government to draft proposals on the new tax by the first half of the year.

Meanwhile, the corporate tax amounts to 20 percent in Russia. In France, it stands at 33.33 percent.

While Depardieu is the first major Western actor to be given Russian citizenship, he is not the first foreign star to consider opening a business in Russia.

In 1996, Depardieu, alongside Arnold Schwarzenegger, Sylvester Stallone and several other U.S. film stars, unveiled the Planet Hollywood restaurant in Moscow.

The restaurant was part of a chain that later went bankrupt and closed most of its restaurants overseas. The Moscow restaurant was shut down in 2001.

Also in 1996, U.S. actor and martial artist Chuck Norris opened the Beverly Hills casino in Moscow together with a Russian partner. The joint venture did not survive for long

and was closed in 2000 after lengthy court battles between the partners.

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