

Tax Deductions for Home Sales Could Be Restricted

By [The Moscow Times](#)

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An amendment to the Tax Code now under discussion in the Finance Ministry would limit deductions received by owners of multiple properties and seriously affect individual investment in real estate, Vedomosti reported Thursday.

The current system levies no tax on the sale price of a residence that has been in its owner's possession for more than three years. If they have owned the property for a shorter period, then all income over a million rubles (\$31,000) or on profit made over the purchase price is subject to taxation.

The proposed amendment would make these conditions substantially more restrictive: only persons selling a single residence that they have owned for more than three years would escape taxation, while all other sales would be subject to the taxation system described.

Under the new scheme regional administrations could extend the required period

of ownership for a tax-free sale up to 15 years, but will also have the right to increase the deduction on sales of additional properties up to 5 million rubles, said Dmitry Kostalgin, a partner at Taxadvisor.

The amendment falls in the line with the Finance Ministry's tax policy for 2014 to 2016, which aims to encourage investment in the stock market by limiting exemptions on more traditional investments, such as real estate and certificates of deposit.

Director of the Finance Ministry's tax department Ilya Trunin said that the amendment was under discussion but said that no decision had been reached.

However, another official said the Finance Ministry had already approved the new system, and two federal officials confirmed that the ministry supported the concept. Moscow authorities are lobbying for the amendment, one official added.

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