

# Bill to Tax Foreign Films Withdrawn

By [The Moscow Times](#)

October 02, 2013



Hollywood's increasing presence in the Russian market has affected local fare, which has seen its share decline in recent years. **Marco Sparmberg**

A bill calling for movie theaters that show foreign films to be charged value-added tax has been withdrawn from the State Duma by its own authors, a news report said Wednesday.

Sergei Zheleznyak, a Duma deputy for United Russia, submitted the bill in December 2012 with the intention of protecting Russia's film industry.

Removal of the tax benefit would cost domestic cinemas 6 billion rubles (\$187 million) annually. In 2012 cinemas in Russia and the former Soviet republics excluding Ukraine, took in 39.4 billion rubles, kinometro.ru reported. Of that sum, 33.3 billion rubles came from foreign films.

However, all nine United Russia deputies who supported the bill removed their signatures in September after several Duma committees criticized it, Kommersant reported.

The bill was set for its first reading in the Fall session, but in June it got a negative write up from the Duma's Culture Committee, which is headed by film director Stanislav Govorukhin.

Another bone of contention is that the WTO forbids members from imposing discriminatory tax rates on foreign products. Zheleznyak said that during the government's consideration of the bill, it came to the Duma's attention that Turkey had tried to introduce different tax rates from domestic and foreign films several years ago and the decision was assailed by the WTO.

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