

Business Leaders Ask Putin to Review Tax Case Authority

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Prominent members of the business community have sent an appeal to President Vladimir Putin asking for a reevaluation of amendments to the Criminal Code, which Putin himself submitted to the State Duma on Oct. 11, Vedomosti reported Thursday.

The amendments would authorize investigators to open tax cases at their own discretion. They had this power up until 2011, when the law was amended under then-President Dmitry Medvedev to allow only the Federal Tax Service this authority.

A return to the previous system "will lead to a renewal in the use of criminal prosecution for tax crimes as an instrument of pressuring business, which will be seen as a highly negative signal and will lead to a decrease in business activity while intensifying the outflow of capital from Russia," the appeal says.

Business ombudsman Boris Titov signed the statement along with the heads of the country's

major business associations, including Alexander Brechalov of Opora Rossii, Sergei Katyrin of the Russian Chamber of Industry and Commerce, Alexander Shokhin of the Russian Union of Industrialists and Entrepreneurs and Sergei Generalov, cochairman of Delovaya Rossiya

Putin's spokesman Dmitry Peskov said that he has not seen the communication but has "heard" about it, adding that the matter is not as clear-cut as the businessmen think.

When investigators lost the ability to independently open criminal cases, the government's ability to unearth tax crimes correspondingly declined, Peskov said.

The signatories disagree. The number of tax cases opened has decreased from 13,044 cases in 2009 to 1,791 in 2011 and 1,171 in 2012, but this is a positive sign indicating a decline in illegitimate prosecutions, the businessmen say.

At the same time, conviction rates in tax cases have increased from 25 percent in 2009 to 39 percent in 2011 and 47 percent in 2012, suggesting that the cases which do make it to court now have genuine legal grounding, the statement says.

Major foreign corporations and banks are also concerned about Putin's proposal. At a meeting on Oct. 21, foreign businessmen in the Foreign Investment Advisory Council asked Prime Minister Medvedev to look into the matter, a government official said.

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