

Russia to Make Crimea Special Economic Zone With Zero Tax Rate

By [The Moscow Times](#)

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SIMFEROPOL, Crimea — Russia will make Crimea a special economic zone offering tax breaks and reduced bureaucracy to attract investors, Prime Minister Dmitry Medvedev said Monday.

"Our aim is to make the peninsula as attractive as possible to investors, so that it can generate sufficient income for its own development," Medvedev told a government meeting on the Black Sea peninsula, which Moscow has annexed from Ukraine.

"We will endeavor to bring federal taxes [in Crimea] down to zero," Economic Development Minister Alexei Ulyukayev said, RIA Novosti reported.

The absorption of Crimea and its 2 million residents creates an added financial burden on Russia, which is struggling with slow growth and facing Western sanctions over what the U.S. and European Union say is an illegal land grab.

Medvedev said pensions for Crimeans would be raised gradually over the coming months until they reach the national level, and promised upgrades of the peninsula's roads and other infrastructure.

But his remarks indicated the Kremlin hopes Crimea, which he said had "colossal prospects" for tourism income, will become self-sufficient in fairly short order.

"There are opportunities for this — we have taken everything into consideration," Medvedev said. He said the special economic zone "will allow for the use of special tax and customs regimes in Crimea, and also minimize administrative procedures."

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