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Rosneft Head Appeals to Putin to Drop Oil Tax Reforms, Report Says

By The Moscow Times

November 11, 2014



Igor Sechin, head of Russia's Rosneft.

Igor Sechin, head of Russia's biggest oil producer Rosneft, has asked President Vladimir Putin to scrap planned changes to the country's oil tax regime, business daily Kommersant reported Tuesday.

The changes, known as the "tax maneuver," foresee cuts to export duties on light oil products such as gasoline and a hike in a duty on fuel oil along with an increase in the mineral extraction tax with the aim of increasing budget revenues.

It has met with opposition from crude oil producers, with some saying it will negatively impact oil production. For Rosneft, the biggest fuel oil producer in the country, it also means the need for costly refinery upgrades.

Sechin, in a letter to Putin at the end of last month, proposed abandoning the changes

and lowering an export duty on fuel oil, Kommersant said, citing four unnamed sources familiar with the text.

Rosneft declined to comment on the letter but said "the oil sectors' principles of operation" were subject to "ongoing discussions between the ministries."

Russia's lower house of parliament, the State Duma, approved the changes to the tax regime last month in a first reading. The second, main reading is scheduled to be held later this month and the changes are expected to be enforced after Jan. 1, 2015.

It also needs to be passed in a third reading and then signed into law by Putin.

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