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Property Tax Hike to Take Hard-Up Russians Unawares

By The Moscow Times

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The tax hike comes as Russia's economy struggles to avoid a recession, with real wages falling for the first time in five years.

Over 40 percent of Russians know nothing about upcoming property tax changes that will see many homeowners' tax bills rise sharply, and most of those aware say the new rules will strain their family budgets, a survey published on Monday found.

Starting from January 2015, property taxes will be levied based on the cadastral value of property rather than its inventory price. Cadastral values are an annually renewed government-set valuation that better reflects real market property prices than hopelessly outdated inventory prices.

Almost two-thirds of the respondents to a survey by researchers Levada Center said they owned property, but 41 percent said they had no idea the tax changes were happening.

Of those who knew about the new tax regime, almost a fifth expected their tax bill to rise by 1.5 times. Seventeen percent said the tax would likely increase up to two times; 12 percent thought they would have to pay two to five times more than before; and 5 percent feared even bigger rises.

The tax hike comes as Russia's economy struggles to avoid a recession, with real wages falling for the first time in five years and the government casting around for new sources of revenue to fund spending promises.

Only 8 percent of survey respondents said the new tax rate would not be a burden on their family budget, with 14 percent saying it would be "very burdensome."

Over 1,600 citizens people across 46 Russian regions took part in the survey, which was conducted last month. The margin of error was 3.4 percent.

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