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Expense of Anti-Terrorist Data Storage Will Crush Russian Mobile Operators

By The Moscow Times

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Russian mobile operators will face huge losses if amendments to anti-terrorist legislation are adopted, as they will oblige companies to store data about their users for six months, the Kommersant newspaper reported Thursday.

According to Russia's MTS mobile phone operator, the storage of voice information and other data related to subscribers for six months will cost the company 2.2 trillion rubles ($33.8 billion).

The adoption of the amendments will lead to losses for the national budget too.

“Our taxable profit for 2015 totaled 22.5 billion rubles ($364 million) and income tax totaled 4.5 billion rubles ($69 million). Taking the the expenses [on data storage] into account, we won't be able to pay taxes on profit for about 100 years, and the budget will not receive 450 billion rubles ($6.9 million),” MTS representative Dmitry Solodovnikov told Kommersant.

The Megafon and Vimpelcom operators also believe that the the cost of the equipment necessary for data storage will exceed their net profits and will mean that they will not be able to pay taxes.

The state will also have to compensate for the VAT paid on the purchase of equipment, which may total up to 36 billion rubles ($553 million), an unidentified Vimpelcom representative said.

The Russian State Duma last month passed in its first reading a package of anti-terrorist bills prepared by United Russia lawmaker Irina Yarovaya and Federation Council member Viktor Ozerov.

The documents oblige mobile phone and Internet companies to store voice and text messages, as well as images, sounds, and other user messages for up to six months.

Earlier this week, the Yandex Internet giant said the amendments will lead to the "excessive limitation of the rights of the companies and users" and will increase the expenses borne by the companies.

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