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Russia to Hike Taxes on Cigarettes and Alcohol

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Russia's Finance Ministry has proposed doubling excise duty on wine and raising taxes on cigarettes, the Kommersant newspaper reported Wednesday.

The plan will raise excise duty on foreign wines from nine rubles ($0.14) to eighteen rubles ($0.28) per liter. Taxes on Russian wines will increase from five rubles ($0.08) to ten rubles ($0.16).

The president of Russia's Abrau-Durso winery, Pavel Titov, called it a "180 degree U-turn" in the government's policy of supporting Russian producers.

He said that such a rise would cause the price of Russian wine to increase by 15 to 20 percent, leading to decreased demand.

Titov also claimed the move would would prevent investment in the industry.

The Finance Ministry is also set to increase cigarette tax by 10 percent, from 1250 rubles ($20) per 1,000 cigarettes to 1560 rubles ($25). This will make an average pack of cigarettes cost 109 rubles ($1.74), Vice President of Corporate Relations for the JTI tobacco company, Sergei Kiselyev, told Kommersant.

Government officials predict the taxes will bring in 243 billion rubles ($3.8 billion) to the public purse.

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