The Moscow Times
30 YEARS
INDEPENDENT NEWS FROM RUSSIA

Officials Plan Tax Breaks to Get Russians Saving for Retirement

March 10, 2017

Kirill Kukhmar / TASS

Russian officials could soon raise income taxes for workers who don't make payments to a private pension fund in a bid to encourage Russians to save for retirement.

The new plans put forward by Russia's Economic Development and Trade Ministries would see taxes rise from 13 to 15 percent for workers not contributing to an individual pension fund, the Vedomosti newspaper reported Friday.

Russians saving at least 10 percent of their income for retirement would, in turn, be rewarded with a 3 percent tax break. Anyone paying between 4 percent and 9 percent would see their income tax remain at a flat 13 percent rate.

The proposals have not yet been finalized, but a draft agreement has already been approved by Deputy Prime Minister Igor Shuvalov, Vedomosti reported.

Russians have generally been forced to cut back on savings amid the country's economic

crisis, data from Moscow's Higher School of Economics suggests.

A quarter of Russians started saving less or stopped saving altogether in 2016 while 12 percent were forced to spend their savings.

More than half said that they had no savings at all, Vedomosti reported.

Original url:
https://www.themoscowtimes.com/2017/03/10/officials-plan-tax-breaks-to-encourage-russians-to-save-for-retirement-a57389