

Russia Unveils New Bill to Transform Crimea Into Tax Haven

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The annexed peninsula of Crimea could be transformed into a tax haven under new legislation set to appear before the Russian parliament.

The law would allow overseas residents to stash their funds in the region anonymously and offer an array of financial incentives for regional investors, [Russia's Kommersant newspaper reported Friday](#).

The new legislation would offer fast-track citizenship for major investors and the chance for banks and insurance brokers to operate in Crimea without a Russian license.

The plans focus on the creation of three new legal entities on the peninsula: international trusts, international companies, and family foundations.

These entities will receive “non-resident” status if registered elsewhere for tax purposes and will remain outside of Russian government control.

Those wishing to invest in an international trust will also be able to do so without publicly disclosing their name or other details, Kommersant reported.

The bill's author, politician Alexei Chepa, said officials wanted would-be investors to do business in the region without fear of international sanctions.

He told Kommersant that some problems still needed to be resolved before the bill was formally presented to parliament, but stressed that the measures were needed to "combat the sanctions threatening businesses in Crimea."

Georgy Muradov, Crimea's deputy prime minister, also defended the move.

He told Kommersant that “every major state had similar tax havens,” including Delaware in the United States and the British Virgin Islands.

"It is difficult to say how quickly this work will be done, but I hope that it will help big companies such as banks who otherwise might be 'embarrassed' to work in Crimea."

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Other proposals designed to entice investors include the creation of an “international transit zone.”

The scheme would exempt businesses from VAT, income and property taxes in return for an annual fee of 1,500 euro.

Foreign banks, insurance companies, pension funds are also being offered special incentives, including the chance to operate in Crimea without a Russian license.

Investors who invest more than 1 million euro in Crimean government bonds will also qualify for a "simplified procedure" should they wish to obtain Russian citizenship.

Attracting investment to Crimea has been a government priority since 2015 when Moscow introduced the Crimean free economic zone. Companies in the region already enjoy a number of tax benefits and are exempt from paying corporation tax to the federal budget.

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