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Foreign Investors Demand 2.6 Trillion Ruble Tax Cut for Rosneft — Vedomosti

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Rosneft is negotiating with the government over a mammoth tax cut in return for developing oil production facilities in Siberia. **Valery Sharifulin / TASS**

Foreign investors have told state oil giant Rosneft they will only invest in its arctic oil extraction if the company secures significant tax exemptions from the Russian government, Russian daily Vedomosti reported.

A group of Indian investors previously agreed to invest in the project, but now it has emerged that their plans to take a 15-20% stake in Vostok Oil depend on Rosneft striking a deal for tax breaks worth up to 2.6 trillion rubles ($41 billion) over the next 30 years.

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The investment package could give the potential investors a stake in oil production facilities in a host of northern Siberian oil fields owned by Rosneft and Neftegazholding — Payakhskoye, Lodochnoye, Tagulskoye, Vankorskoye and Vostochno-Taymirskiye — as well

as a slice of one of Rosneft's joint ventures with British oil company BP.

The paper reports that Rosneft's CEO Igor Sechin — a close friend of Vladimir Putin — has been pushing the government to agree to the multi-trillion rubles package of tax breaks since the beginning of the summer. Rosneft is calling for an exemption from royalties, a reduction in business tax from 20% to 7% and a cut in insurance premiums from 30% to 7.6%, along with a complete exemption from property and land taxes.

In return, Sechin promised Rosneft would invest between five and 8.5 trillion rubles ($80-135 billion) into the project and the region by 2050.

A meeting was held earlier this week between the deputy prime minister Dmitry Kozak and minister for arctic development Alexander Kozlov to discuss the issue. The Finance Ministry has pushed back against giving the project special exemptions beyond those which are already covered in the Russian tax code for the development of oil fields.

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