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Russian Business Optimism Plunges Amid Tax Hike and Rising Costs – Survey

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Sergei Kiselev / Moskva News Agency

The share of Russian companies that view the domestic economy positively fell to just 4% in January, a sharp drop from 14% in December, a survey by the Russian Union of Industrialists and Entrepreneurs (RSPP) cited by Forbes has said.

The survey of top executives in large companies found that one in three firms reported falling demand (31%), while roughly one in four (26%) said their counterparties were increasingly failing to meet obligations.

Two-thirds of companies said procurement costs were rising, up from half in December, and one in four said they planned to raise prices to offset higher expenses.

The mood among companies has turned "pessimistic," said Alexander Kalinin, president of Opora Russia, an organization representing small and medium-sized enterprises.

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He noted that December's optimism had been buoyed by budget contract settlements, but January's business sentiment was hit by a tax reform that raised VAT to 22% and subjected more small businesses to the tax.

"Indicators have declined across nearly all categories, and the share of firms forced to raise prices has grown," Kalinin said.

He added that worsening communication with authorities is also weighing on sentiment.

An Opora Russia survey conducted in late December suggested that up to one-third of small and medium-sized companies could close this year due to higher taxes.

A separate survey by the Institute of National Economic Forecasting of the Russian Academy of Sciences (IPN RAN) conducted in November-December showed that 71% of companies complained of insufficient demand, the highest level since the survey began in 1999.

The proportion of firms reporting sanctions-related damage also rose to 71.2% in 2025, up from 65.2% in 2024 and 60.6% in 2023.

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