

Legislative Tracking



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17 December 2015

Vedomosti

<http://www.vedomosti.ru/economics/articles/2015/12/17/621357-minfin-podgotovil-reformu-nalogooblozheniya-dobichi-nefti>

The Russian Ministry of Finance is developing a new tax initiative for oil companies (added income tax)

The Russian Ministry of Finance is developing a new tax initiative for the oil industry called added income tax (AIT). The AIT rate will presumably be set at 70%, and the tax base will be the nominal revenue (based on prices and not actual profits) minus operational costs of extraction, capital investments, nominal transportation expenses, MET and duty. Additionally, the ministry suggests limiting the expenses that can be deducted from the tax base to no more than \$20 per barrel. According to the suggestion, AIT will be charged after capital investments reach the break-even point and the internal rate of return is at least 6%.

The draft law on the introduction of AIT has not yet been officially published.

The Russian State Duma is reviewing an alternative draft law, 862141-6, which proposes introducing a special taxation system in the form of a tax on the profit from selling extracted oil (for more details, see the LT editions of [3 August 2015](#) and [17 August 2015](#)).

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