



LT in Focus

Procedure for charging the environmental duty

Environmental duty

- Federal Law №458-FZ of 29 December 2014, which amended the law No 89-FZ “On production and consumption of waste”, introduced an environmental duty to be paid for the goods to be recycled upon their use.
- The payers of the environmental duty are manufacturers or importers of the respective goods, which must either pay the environmental duty or recycle goods by themselves (should the producer or importer be unable to achieve the established waste disposal ratio, the environmental duty will be calculated based on the difference between the established and actual waste disposal ratio).
- Goods produced for export or that are not intended to be used domestically in Russia are not subject to environmental duty.
- As of today, the Russian government has approved most of the documents regulating the payment of the environmental duty; in particular, the government has approved the [list of goods](#), including packaging, subject to recycling upon their use, established a [waste disposal ratio](#) for each group of products according to this list and approved the [procedure](#) for charging the environmental duty.
- However, some documents have not yet been approved and are still under consideration, such as the [reporting](#) on environmental duty and the environmental [duty](#).

Duty structure

- Environmental duty is calculated as follows:

$$\text{Duty} = \text{Quantity (weight or number)} \times \text{Rate} \times \text{Waste disposal ratio}$$

2015	Rate not established yet	0%
2016	Rate not established yet	0 – 20%
2017	Rate not established yet	0 – 30%

- The waste disposal ratio set by the Russian government depends on the product group
- For 2015, the waste disposal ratio for all product groups is set to 0%, meaning that the environmental duty will not be charged this year.
- The environmental duty rates have not been approved yet but considering the suggested rates in the draft order (ranging from RUB 2,000 to RUB 30,000 per ton on average) we may assume that the actual size of the environmental duty may be material, and may significantly impact COGS and profitability.
- Instead of paying the environmental duty, manufacturers and importers may independently dispose of waste, but this disposal requires a license, and the procedure for obtaining such a license is unclear.

Reporting date

- The first reporting period will be in 2016, and the payment of the duty is due by **15 April 2017**.
- The reporting form has not been approved yet, and the respective draft order is under consideration.
- The Federal Supervisory Natural Resources Management Service will control the calculation and payment of the duty.

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