



Association
of European
Businesses

Press-release
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European investors are concerned about planned tax changes

The Association of European Businesses (AEB) is concerned about the government's intention to make a number of changes to Russian tax legislation, such as a provision for a regional law levying sales.

The AEB prepared and sent a letter to the First Deputy Prime Minister Igor Shuvalov and expressed its concern about the proposal of the Ministry of Finance on granting rights to the regions to levy sales tax without assessing the consequences of such a step for the development of the Russian economy.

The Association believes that the levying sales tax and the value added tax will amount to double taxation. A sales tax was adjudged unconstitutional under the Constitution of the Russian Federation in 2001 and 2003. That indicates the legal dubiousness of the introduction of this tax in the country.

At the same time, the introduction of a sales tax will conflict with the agreement on the establishment of the Eurasian Economic Union (EAEU) on 29 May 2014, according to which the Member States define the directions and forms and procedures for the harmonization of legislation concerning the taxes that affect mutual trade, so as not to violate the terms of competition and impede the free movement of goods, works and services at the national level and at the level of the EAEU.

"Such administration will destroy the consistency and predictability of tax policy. It will worsen the conditions for doing business in Russia" said AEB CEO, Frank Schauff.

European investors are hoping to organize a special meeting to discuss the planned tax measures involving all ministries and departments, as well as representatives of business associations.

**For further information, contact Svetlana Kuskova, AEB Press Secretary/
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