
Russia loosing tax revenue on coal exports on transfer pricing - Watchdog

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Bloomberg quoted Russia's Audit Chamber said more than 80% of the coal exported from Russia is sold through offshore units that allow producers to pay less tax.

The state financial watchdog said Trading companies registered offshore accumulate significant coal revenue as Russian producers sell to them at a discount of 30% to 54% to global prices. The audit also said the grade and quality of coal exports are being ignored by customs officials.

The chamber said "The Russian budget is losing significant tax revenue." The watchdog said it sent letters to the government, interior ministry and the tax and tariffs agencies explaining its findings.

Russia's antitrust watchdog last year ordered Moscow-based OAO Mechel, the country's biggest coal supplier to steelmakers, to cut domestic prices. The move came after Mr Vladimir Putin Prime Minister of Russia said Mechel sold to a Swiss unit at a quarter of the price charged domestically.

Mr Michael Kavanagh UralSib Financial Corp analysts led by Moscow based said "The coal industry is struggling to obtain state support this year rather than pay additional taxes. We are likely to see strict rules going forward."

(Sourced from Bloomberg)

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