



USDA Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Template Version 2.09

Voluntary Report - public distribution

Date: 10/24/2006

GAIN Report Number: RS6058

Russian Federation

Trade Policy Monitoring

Russia Exempts VAT on Pedigree Livestock

2006

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Report Highlights:

Russia's State Duma Committee on Budget and Taxes adopted an amendment that will exempt importers of pedigree cattle, hogs, horses, sheep and goats from paying the current 10 percent value added tax for a 3-year period beginning January 1, 2007. In addition, Duma members plan to include livestock genetics in the list of commodities eligible for the VAT exemption.

Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
Moscow [RS1]
[RS]

Summary

Russia's State Duma Committee on Budget and Taxes adopted an amendment to the current tax code that would exempt the Value Added Tax (VAT) on all imports of pedigree animals including cattle, horses, hogs, sheep and goats for a three-year period as of January 1, 2007. In addition, Duma members plan to include livestock embryos and semen in the list of commodities eligible for the VAT exemption. The current VAT tax on all these commodities is 10 percent.

Russian Duma Recommends Exempting Pedigree Animals from VAT

On October 18, the State Duma adopted an amendment to the current tax code that exempts importers of pedigree livestock cattle, swine, sheep and goats from paying VAT for a three-year period as of January 1, 2007. In addition, Duma members plan to include livestock embryos and semen in the list of commodities eligible for the VAT exemption. Sergey Chizhov, a representative of the Duma's Committee on Budget and Taxes stated in a recent press conference that the current 10 percent VAT on the above-mentioned commodities is discouraging many businessmen from buying much needed pedigree animals and genetics from abroad.

In fall 2005, President Vladimir Putin included agriculture in his list of four national priorities. An additional quarter billion dollars was made available to the Ministry of Agriculture in 2006 for revitalization of the Russian livestock industry, expansion of rural credit, and rural development. The Agriculture National Priority Project aims, among other things, to increase domestic production of livestock by importing 100,000 head of genetically superior livestock from abroad in 2006-2007.