[RU] Cinematography Deprived of its Tax Benefits

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Since 1999 cinematography organizations had enjoyed preferential tax treatment in accordance with the Federal Statute on state support of cinematography in the Russian Federation of 22 August 1996 (See IRIS 1999-2: 11). But the period of validity of the legal rules under which the cinematography organizations were given tax benefits expired on 1 January 2002.

From this date on cinematography organizations shall pay full profit tax. Earlier such organizations were exempt from the part of the profit tax to be paid to the federal budget. These benefits concerned the profits from the production and screening of films.

According to the recent changes in the Tax Law, since 1 January 2002 the profit tax rate is 24 per cent, the part of the tax allocated to federal budget is 7.5 per cent. Under the aforementioned 1996 Federal Statute the profits received from completion of works and providing services on film production, film copying and distribution, as well as exhibition in cinemas were exempt from taxation on condition that the profits were directed to capital investment.

The exemption of such organizations from value added tax (VAT) remains in force.

O gosudarstvennoy podderzhke kinematografii v Rossiyskoy Federatsii, Rossiyskaya gazeta of 29 August 1996

Federal Statute on state support of cinematography in the Russian Federation, Rossiyskaya gazeta daily of 29 August 1996

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