



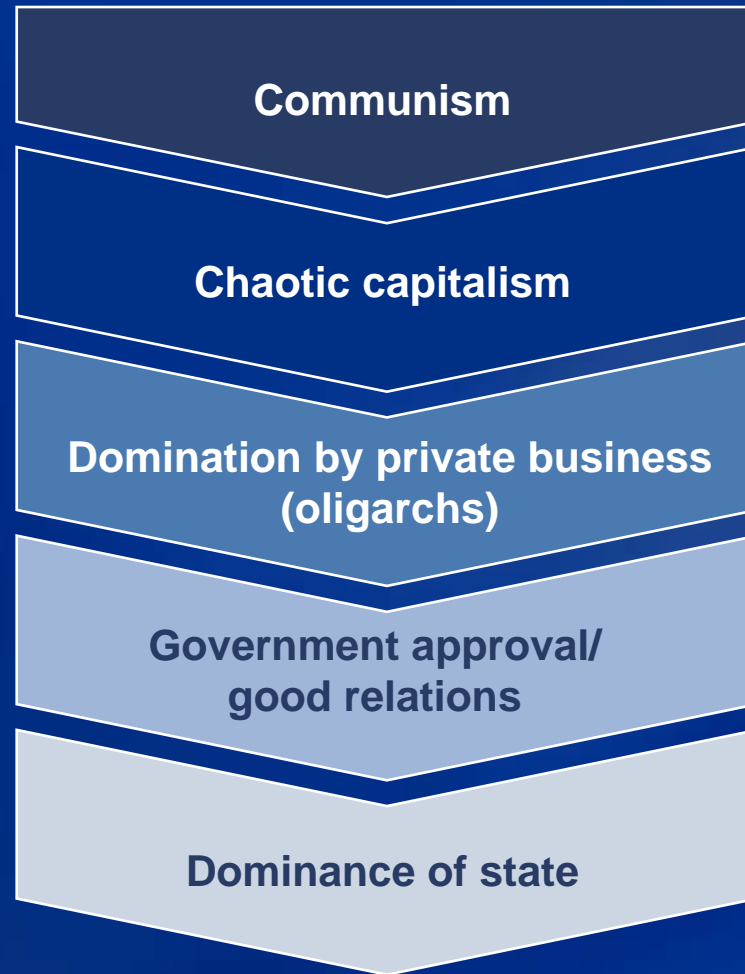
M&A TAX

# “Russia for the Russians?”

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TAX

# Rapid business changes — not static



# Taxation pattern



Note: (a) UK, USA

Note: (b) CIS?

Taxation stability

## Issues to watch

- Transfer pricing
- Import/export duties and procedures
- Economic substance

Dynamic sectors

## Profitable and attractive returns

- Natural resources
  - oil and gas
  - mining
- Heavy industry
  - steel
  - aluminium
- Telecoms
- Consumer products
- Automotive components
- Banking & consumer finance
- Retail
- Real estate

## Drive for state control

# State champions

- Oil and gas
  - Gazprom/(Sibneft)
  - Rosneft (Yuganskneftegaz)
- United Energy Systems (UES)
  - generation
    - part private (proposed)
  - transport grid
    - state
  - Distribution
    - part private (proposed)
- Ports and shipping
- Nuclear power
- Aviation
  - civil and military

## Current approach

# Major strategic industries

- Central government approval
- All completed approvals and licenses (no shortcuts)
- Benefits to Russia
  - investment
  - technology
  - knowledge
  - international experience and expertise
  - governance
  - competitive advantage
- Minority stakes
- State
  - control and distribution of money flows
  - tax and profit
- Role of advisor

# Future

- Russia
  - state champions
  - Efficiency?
- CIS
  - repeat of pattern?
  - (Ukraine, Kazakhstan, etc)
- Stability
  - next president
- Investment out of Russia
  - secure market distribution



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