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# Notional interest deduction rates for new capital to finance assets in Russia revised



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## Corporate Tax, Cyprus

The Tax Department recently revised reference rates used to calculate the notional interest deduction under Article 9B of the Income Tax Law for new capital used to finance assets employed in Russia.

The reference rate for Russian government 10-year bonds at December 31 2014 – which is used to calculate the notional interest deduction for capital introduced in 2015 – had been set at 13.73%. The corresponding rate at December 31 2015, which is used to calculate the notional interest deduction for capital introduced in 2016, had been set at 9.57%.

In a revised announcement published on the Tax Department's website on July 9 2016, these rates were reduced to 6.58% and 6.60%, respectively.

Consequently, applying the prescribed uplift of three percentage points, the notional interest deduction for new capital introduced in 2015 to finance assets employed in Russia will be calculated at a rate of 9.58%. For capital introduced in 2016, the notional interest deduction will be calculated at a rate of 9.6%.

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