

Big business will feel Putin's tax squeeze

By **ALEX FRIEDRICH**
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MOSCOW — Strengthened by this month's parliamentary elections, Russian President Vladimir Putin is tightening his grip on big business and ordering it to share the wealth.

In the past two weeks, Putin's administration has accused the nation's largest oil corporation of evading billions of dollars in taxes. He's warned that some companies face investigations questioning their very existence. And he's ordered oil companies to pay more in taxes.

The moves worry those who see a state strong-arming a supposedly free market. But they reflect a populace that deeply resents those who got rich through rigged privatization deals in the 1990s.

Business owners are figuring out "they must play by the Kremlin's rules," said Lilia Shevtsova, senior associate at the Carnegie Moscow Center, a public policy research center.

Putin says he has no intention of rolling back privatizations, taxing big business to death or crippling low-profit enterprises. But he's made it clear that with 1 in 5 Russians living below the poverty line he wants to close the loopholes that have allowed some corporations to avoid paying as much as \$3 billion a year in taxes.

Putin began his blitz Dec. 18 on a nationwide talk show, when he criticized oil tycoons for blocking tax proposals for their industry.

"We have to stop the stealing of national resources and bring order to how they are used," he told viewers.

Putin next cracked the whip at a meeting Dec. 23 with executives at the Russian Chamber of Commerce. He warned that his promise not to review past privatization deals "does not apply to people who did not abide by the law." Then last Friday, the state budgetary auditor announced that privatization cases from the last decade would be reviewed for illegalities.

As is usual with Putin and his administration, the announcements have been vague and suspects unnamed.

But everyone is familiar with his main target: Yukos, the country's largest oil corporation. Once a political and economic force, it is slowly being dismantled.

Its founder, Michael Khodorkovsky, Russia's richest man, was arrested Oct. 25 on charges of fraud and tax evasion and is sitting in a Moscow jail. Key Yukos shareholder Platon Lebedev is in jail on similar charges. The state has investigated them for months on suspicion of committing fraud in their purchase of 20 percent of the state fertilizer company OAO Apatit in 1994.

Many think Putin jailed the two because he saw Khodorkovsky as a political threat and thought Yukos was becoming too powerful. Since then, the company's share price has plunged, and Yukos' much-trumpeted merger with rival Sibneft has been aborted.

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