

Responsible tax policy

GRI 207-1, 207-2, 207-3

Russian Railways is a key contributor to Russia's budget as well as social and economic growth. As a systemically important company, a large employer and a major taxpayer, we are aware of our responsibility towards the government, shareholders, and employees, and are committed to fulfilling our tax liabilities in good faith.

We calculate and pay all applicable taxes, insurance fees, levies and charges required by the Russian laws, in particular VAT, corporate income, property, land, and transportation taxes, insurance fees, MET and others.

The Company adopted the Declaration on Tax Strategy Objectives and Principles¹ ([tax strategy](#)) in line with the Russian Railways Group's values, mission, strategic priorities, and growth targets.

In managing its liabilities, the Company complies with all tax laws and relies on the following principles:

Taxpayer's good faith

As a responsible taxpayer we take all steps to comply with tax laws, among other things by fulfilling the obligation to pay all applicable taxes and levies in time and in full. We file tax accounts and other documents within the prescribed time frames.

Tax disclosure

We disclose tax information in accordance with the laws of our countries of operation and international treaties.

Higher tax transparency

We take every effort to improve our tax transparency, including through tax monitoring to ensure accurate calculation (withholding), and full and timely payment of taxes, levies and insurance fees.

Tax risk management

Russian Railways has put in place a comprehensive system to identify, in time and in full, assess and manage tax risks by taking adequate response measures.

Consistency of tax accounting methodology

Russian Railways seeks to adopt consistent approaches to taxation to ensure the consistency of tax accounting for its business transactions and fair presentation of taxes in its reporting.

We do our best to mitigate tax risks and liaise with tax authorities, among other things by requesting clarifications from relevant government agencies and reasoned opinions of tax authorities as part of tax monitoring.

Tax burden planning

The Company has a tax planning system in place to have tax authorities informed of planned tax accruals and to ensure the complete and timely payment of taxes and levies across its operations as required by applicable laws. The Company collaborates with the Russian government agencies to determine a fair tax burden on the rail transportation industry taking into account the need to strike a balance between the interests of different stakeholders.

¹ Russian Railways' Order No. 1309/r dated 15 June 2021.

Due diligence and mitigating risks of unjustified tax benefits

Russian Railways exerts every effort to stay within the limits as regards the right for determining tax base and calculating taxes when entering into transactions with its counterparties. We check whether actual business transactions are correctly classified

for tax purposes to avoid any risk of having such transactions qualified as designed to obtain unjustified tax benefits. The Company has put in place internal controls and procedures for collecting and analysing documents and transaction terms to mitigate tax risks.

Tax function automation and digitalisation

In its efforts to enhance performance and relieve employees of routine tasks, Russian Railways seeks to improve its tax management processes by means of continuous automation and digitalisation.

Taxes and insurance fees paid in 2021

The total amount of taxes and insurance fees accrued in accounting statements for 2021 stood at RUB 321.1 bn, or 108.9% of the previous year's figure, including:

- RUB 27.7 bn (148.8%) owed to the federal budget;
- RUB 128.9 bn (108.3%) owed to regional and local budgets;
- RUB 164.5 bn (104.7%) owed to extra-budgetary funds.

📄 For more details on taxes and insurance fees see [Russian Railways' 2021 Annual Report \(Annex 6\)](#)

