



## Cargo Transportation through Russia Will be Cheaper

**From 2020, the VAT rate for the transit of empty containers and wagons through the territory of the Russian Federation from a foreign country that is not a member of the Eurasian Economic Union (EAEU) will be reduced from 20% to 0%.**

At present, transit of empty containers and wagons is subject to VAT, and the final recipient, who is not in Russia, cannot claim a tax deduction.

This measure significantly increases the attractiveness of Russian railroad transportation for foreign freight forwarders, actually providing a foreign carrier with the tax conditions of an EAEU member.

### **What does this mean for business?**

It is expected that the reduction of the rate will lead to an increase in the income of freight forwarding companies and will create more favorable conditions for foreign shippers.

Many transit routes from Europe to the Asia-Pacific region run through Russia. The main direction of transit of empty containers through Russia is China. Previously, European companies used Kazakhstan as the main transit corridor, which also had a zero rate of VAT on the transportation of empty containers. With the introduction of this measure in Russia, European carriers will be able to optimize their logistics and choose more efficient corridors. In addition, it will reduce the transit time of transportation.

### **How can SCHNEIDER GROUP help?**

SCHNEIDER GROUP can help in analysing potential opportunities to reduce transport costs, assisting in selecting contractors for transportation, and offering full legal support in building contractual relations with them.