

NEW CUSTOMS EXEMPTIONS FOR BUSINESS JETS IN RUSSIA

July 11, 2011

To Our Clients and Friends:

Effective July 17, 2011, business jets that have 19 or fewer passenger seats and basic operating weight between 2 and 20 tons will enjoy a full conditional exemption from customs duty and import VAT in Russia. Such aircraft are currently subject to zero rate customs duty and 18% VAT.

The new exemption applies if the aircraft is owned by foreign persons and operated within the Customs Union of the Russian Federation, Belarus and Kazakhstan on non-scheduled flights performed outside of commercial flight schedules without receiving income. This broadly refers to typical private flights that business jets perform.

The free temporary import period may not exceed 30 consecutive days and 180 days in a calendar year. Subsequently, the aircraft must be re-exported or placed under another customs procedure such as a temporary import with partial conditional exemption from customs payments (with payment by 3% monthly installments) or release for domestic consumption (with payment of all customs payments outright).

The exemption should apply to many popular business jets such as the Gulfstream G200, Challenger 605, Learjet 60XR, Cessna Citation XLS+ and Legacy 600.

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We will keep you updated and will be most happy to answer any of your queries regarding the above or any other aviation issues.

Geoffrey P. Burgess
+44 20 7786 9075
gpburgess@debevoise.com

Alan V. Kartashkin
+7 495 956 3858
avkartashkin@debevoise.com

Victor A. Snegirev
+7 495 956 3858
vasnegirev@debevoise.com

Dmitry A. Karamyslov
+7 495 956 3858
dakaramyslov@debevoise.com

Anastasia V. Aboeva
+7 495 956 3858
avaboeva@debevoise.com