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Revealed: wife of Putin's spokesman faces questions over US tax affairs

Former Olympic champion Tatiana Navka may have underreported income, claimed wrong status and owed unpaid property tax

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Questions have been raised about the US tax affairs of the wife of Vladimir Putin's spokesman, after records suggested she may have failed to declare her true income to US regulators and not disclosed foreign bank accounts.

Tatiana Navka, a former Olympic ice dancing champion, also appears to have wrongly claimed a potentially beneficial US tax status, according to an investigation by the Guardian.

Court papers suggest she separately built up tens of thousands of dollars in unpaid property taxes on a house she told US authorities she had already sold. Navka lived and trained in the US for more than a decade.

In 2015, having returned to Russia, she married Dmitry Peskov, Putin's longtime press secretary and the Kremlin's deputy chief of staff.

On Wednesday the investigative unit Dossier Center, together with the Guardian, revealed that Navka had accumulated a property portfolio worth at least \$10m (£7.7m).

Navka declined to answer specific questions from the Guardian about her US tax affairs. She said: "In your previous newspaper article you didn't use my answers and commentary, which I sent. Apparently, your newspaper doesn't strive for objectivity. Consequently I don't see the point of further answering your questions.

"Your assertions contain a whole series of untrue and inaccurate details. Moreover, there is much personal information, publication of which is prosecutable under Russian, US and UK law."

Navka moved to the US in the 1990s with her then husband and coach Alexander Zhulin. The couple based themselves in New Jersey and bought several properties there and in neighbouring New York.

In 2004, they purchased a loft apartment in Donald Trump's "Trump Parc" complex beside Central Park in Manhattan. The following year, they bought a two-bedroom apartment in The Milan, a luxury block on Second Avenue.



Tatiana Navka, a former Olympic ice dancing champion, appears to have wrongly claimed a potentially beneficial US tax status.
Photograph: Bernd Thissen/EPA

Navka, 43, was a permanent US resident from at least 2006 until September 2015, when she notified the Department of Homeland Security she had left for Moscow.

During this period she was still obliged to file annual tax returns in the US and to declare her global earnings. That included income from Russian sources.

Records indicate that between 2006 and 2013, Navka and Zhulin paid only \$1,168 in federal taxes to the US on a combined income - spanning wages, business profits, rental property revenue and gains from property sales - of \$3.4m. While some of the income was taxed in Russia instead, they also reduced their US bills with tax credits and generous write-offs legally available to landlords.

In July 2009, Navka and Zhulin announced that they had separated. In 2010, Zhulin confirmed the split. Their divorce took place that July at Moscow's Khamovnichesky district court.

Yet tax records appear to suggest they continued to file US tax returns as a married couple for several more years. Married couples in the US may pool their allowances and benefit from some tax breaks that are unavailable to single people.

The pair appear to have continued filing tax returns as if they were married until at least 2013, and appeared to make use of child tax credits and tax-free allowances for rental properties at the higher rates offered to married couples. It is not clear whether or not they would have owed more tax if they had filed as single.

Bill Parish, an Oregon-based investment adviser who has worked as a tax consultant to US government investigators, said married taxpayers are treated very differently than single filers.

"There is huge amounts of law based around that," said Parish. "Millions of ordinary taxpayers who get divorced have to go through the pain of untangling their finances to resume filing as single."

Navka and Zhulin also declared to the IRS in 2009 that they had sold a house they owned in New Jersey that year for \$1.2m. The stated price was lower than the \$1.35m they had paid for the home three years earlier, allowing the couple to declare a loss.

Yet records from local authorities suggest that the couple did not actually sell the property, and continued to own it until it was finally repossessed by their bank on 4 January this year.

Court filings in the repossession case said that by then, Navka and Zhulin owed more than \$128,000 for a decade's unpaid property taxes, in addition to a \$1.3m mortgage, and \$120,000 in utility bills, insurance premiums and other charges.

Navka appears to have grown increasingly worried about her US tax situation. In February 2016, she hired a Russian-speaking accountant based in New York, Ilya Bykov, to review her tax status and to sell her Manhattan flat.

Bykov's clients include Aras Agalarov, the Azeri-Russian property tycoon who hosted Donald Trump during his 2013 visit to Moscow for the Miss Universe contest. Navka and Peskov have hired a US architect, Bob Zampolin, to design a riverside palace on Agalarov's exclusive Moscow estate.

According to documents seen by the Guardian, Bykov and his firm Protax Services agreed to help sell Navka's New York condominium.

He gave a likely valuation of \$2.3m. But in June 2016 Navka fell out with Bykov. She was unhappy with his revised sale price of \$2m and pulled out of a deal with two buyers. Bykov urged her to accept a quick offer and warned authorities might "seize the property" as part of a claim against her for back taxes, documents show.

He also said her apparent failure to declare foreign bank accounts on time could be a "serious violation".

This may have been a reference to three Swiss bank accounts that documents show Navka opened in February 2014. The accounts were with the Zurich branch of the Banque Internationale à Luxembourg and in dollars, euros and roubles. Last week Navka told Moscow's TV Rain channel: "I don't have an active account abroad."

Also in February 2014, she set up an offshore company in the British Virgin Islands, a tax haven. The company, Carina Global Assets, was revealed in the Panama Papers leak. At that time Navka denied having any offshore companies or accounts: "I don't know who could have done it. I would like myself to understand what happened."

Navka's investment needs were taken care of by Leon Semenenko, a Moscow fund manager.

In 2015 the US Department of Justice fined Navka's Luxembourg bank for failing to disclose the "US-related accounts" of some of its customers. It is not known if Navka was one of them, or if she ultimately informed the IRS of her foreign accounts.

After her quarrel with Bykov, Navka hired different accountants. She relied on the services of Zlata Dikaya, a New Jersey-based friend, who acted as her agent.

According to Dossier, Navka told the IRS her "gross" or global income for 2015 was \$81,341, derived from her Russia-based company, OOO Eventica.

This sum covered the nine months up to 22 September 2015, when she ceased being a US resident and said she had moved back to Moscow permanently.

The earnings Navka reported to the US for 2015 appear out of step with those she declared in Russia that year.

As a top government official, Peskov was obliged to publicly report his wife's income as well as his own. According to an official website, Navka earned \$1.4m in all of 2015. Peskov earned \$577,000.

Navka did not respond to a request to explain the discrepancy. It was not clear whether her income grew sharply in the final quarter of 2015.

Her earnings increased to \$1.7m in 2016 and \$3.3m in 2017, according to the official Russian disclosures.



Navka owns a luxury property in Rubylovka, the wooded area west of Moscow which is home to members of Russia's elite. Photograph: Handout

Navka and her former husband may face other questions over whether they were inconsistent in reporting their income to US authorities. In 2007, they told the IRS in an annual summary that they were paid \$166,700. But more detailed records in the same filing put their combined earnings at \$323,032.

Records show that after leaving the US for Russia, Navka and Zhulin rented out their properties in New York and New Jersey, generating as much as \$190,000 annually in rent, which they declared to the IRS.

But they were consistently able to declare losses and write off this income for tax purposes, thanks to a tax break for landlords from which Trump has also benefited.

The rule allows building owners to account for a theoretical depreciation in their property's value, even as actual property prices continue to rise.

In summer 2018, Navka sold the New York apartment at The Milan for \$1.7m. This brought to an end a threat of foreclosure which had hung over the property since 2013. Deutsche Bank in New York, the trustee for her original mortgage lender, hired a debt collector after loan payments were not paid.

Navka and Zhulin also failed to pay outstanding service charges on the apartment, amounting to more than \$3,000. The bill was later settled.

Navka sought to dispose of the New York home after buying a luxury property in Rubylovka, the wooded area west of Moscow which is home to members of Russia's elite, and where she and Peskov live. In 2012 it was offered for sale at \$15.6m. Navka bought it two years later for \$7.1m, saying that the purchase took place at a time when prices "began to plummet".

The Moscow house purchase was funded via a large private loan. Navka declined to give details, saying: "This does not concern you."

The Dossier Center is funded by Mikhail Khodorkovsky, the exiled Kremlin critic.

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