



Research & Development and Government Incentives January News

[The Russian Ministry of Finance](#) has released a letter, for the first time acknowledging the applicability of corporate tax incentive to energy-efficient real estate.

Challenging the applicability of the tax benefit in principle will now be trickier for the tax authorities, and we believe that the focus of tax audits may shift towards the quality of supporting documents. For more details, please refer to our [Issue](#) of 13 February 2017.

26 January 2017

Changes in regional tax incentives regulations

In January, the regions continued amending the laws governing the applicability of tax incentives:

- [Tambov Region](#) approved the investment roadmap for 2017. Bidding for government support, including tax benefits and subsidies, is open for projects in prioritised sectors;
- As of 1 January 2017, [Smolensk Region](#) is granting lower tax rates to IT companies using the simplified tax regime (the option where the tax is charged on the company's income).

- [Kurgan](#) and [Murmansk Regions](#) are lowering corporate profit tax rates due to the changes in tax distribution between the federal and regional budgets. Lower tax rates will apply in the Kurgan Region in 2017, and in the Murmansk Region - until 2020.
- According to the new law of the [Republic of Bashkortostan](#), the minimum capital investment in the prioritised projects implemented as part of the comprehensive programs of economic or socio-economic development of Bashkortostan's municipal territories, is lowered from RUB 30 million to RUB 10 million; the corporate property tax and the corporate profit tax benefits for investors in such projects have been extended from one to three years.

23 January 2017

Tatarstan considers granting lower tax rates on movables

The State Council of Tatarstan is considering a [draft law](#) that proposes corporate property tax exemptions for movable property effective 2018, the first initiative of this kind among the regions.

20 January 2017

Court practice concerning application of tax incentives

[Cases No. A76-14019/2016](#) and [No. A76-14021/2016](#): the courts of first and cassation instances have denied the application of lower tax rates to movable corporate property recognised in 2014 as a result of restructuring.

[Case No. A68-9545/2015](#): the court of appeal has denied the taxpayer the application of a lower corporate property tax rate, as this tax incentive was introduced by a law of Tula Region which came into force after the commissioning of the subsidised asset, and has no retroactive effect. It should be noted, that the ruling contradicts the court practice in similar cases, concerning the corporate profit tax incentives, envisaged by the same law.

[Case No. A21-2305/2016](#): the court of first instance has denied the company the application of a 0-percent corporate property tax rate on the grounds that the company misinterpreted the legal provisions governing the inception of the tax benefit for the residents of the Kaliningrad Region's special economic zone.

18 January 2017

Light industry producers to receive subsidies

[The rules for](#) subsidising interest on investment loans to light industry businesses have been approved.

To qualify for a subsidy, the loan must be issued by a Russian credit institution during 2013-2017; besides, the investment project itself must meet certain criteria: it must create and/or modernise at least 10 high-productivity jobs, and loan financing must not exceed 80% of its value.

Subsidies will be distributed on the basis of a competitive selection.

12 January 2017

Legislation governing special investment contracts and regional investment projects amended

In January 2017, the regions passed the following amendments to the special investment contracts (SPIC) regulations:

- [Stavropol](#) and [Krasnodar](#) Regions, as well as [Khanty-Mansiysk Autonomous District](#), approved the SPIC set-up procedure; the minimum capital investment in the project shall amount to RUB 300 million in Stavropol and Khanty-Mansiysk Regions, and to RUB 150 million in Krasnodar Territory;
- [Nizhny Novgorod Region](#) has approved a draft law granting a corporate property tax exemption and lower corporate profit tax rates to SPIC participants;
- [In Kurgan Region](#), the corporate profit tax rates for companies entering into SPIC with the Region will be lowered to a new minimum in 2017 due to the changes in the distribution of tax between the federal and regional budgets.

The Russian Ministry of Industry and Trade has finalised the [draft](#) Resolution of the Russian Government which approves the procedure for setting up and maintaining a register of special investment projects.

The Ministry will set up and maintain the register, providing free access to it at the Ministry's website.

The Russian Federal Tax Service [has approved](#) the form and the format of applications for tax benefits to be filed by the companies implementing regional investment projects ("RIP") which are not required to be included in the registry of RIP participants, as well as the electronic filing procedure. A respective Order entered into force on 5 February 2017.

It should be noted that Only RIP participants operating in 15 regions of Siberia and the Far East may apply tax privileges without a special RIP registration.

10 January 2017

Residents of territories of advanced social and economic development to enjoy tax benefits

Tax incentives are granted to the residents of the territories of advance social and economic development located in [Murmansk](#) and [Samara](#) Regions. Thus, the residents of the above-mentioned territories will be entitled to apply lower corporate profit tax rates for ten years starting from their first profit record. Furthermore, the residents of those territories will enjoy a lower corporate property tax during ten years starting from the 1st day of the month, in which such property was recognised as a fixed asset.

Contacts

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