



## Research & Development and Government Incentives July News

1 August 2017

### Government sets up new Territories of Advanced Social and Economic Growth (TASEG) and establishes tax benefits for their residents

[Perm Region](#) offers reduced regional corporate profits tax rates for residents of the Territories of Advanced Social and Economic Growth (TASEG) established in single-industry municipalities. Residents are eligible for a reduced tax rate for 10 years after they recognise their first income for tax accounting purposes. Residents are entitled to an exemption from corporate property tax for a period starting from the month following the month in which qualifying property is initially recognised and ending when the taxpayer is no longer a TASEG resident.

[Ryazan Region](#) has introduced a reduced regional corporate profits tax rate for TASEG residents and a reduced corporate property tax rate for the property recognised as

fixed assets on or after 1 January 2017. TASEG residents may apply these tax rates for a period of 10 years.

[Orenburg](#), [Ulyanovsk](#) and [Vologda](#) regions, as well as [the Republic of Buryatia](#) have established Novotroitsk, Dimitrovgrad, Cherepovets and Selenginsk TASEGs, respectively. These TASEGs have certain requirements in place as regards the categories of business activities and the level of investments. Novotroitsk and Cherepovets require a minimum investment of RUB 20 million. For Dimitrovgrad and Selenginsk, the minimum levels are set at RUB 10 million and RUB 5 million, respectively.

The State Duma is considering a [draft law](#) extending the period after which taxpayers included in the TASEG register or in the register of the Free Port of Vladivostok and that have not generated income within a period established by the Russian Tax Code, may use income tax benefits.

## **22 July 2017**

### **Tver Region introduces tax benefits for SEZ residents**

[Tver Region](#) has introduced a reduced regional profits income tax for the residents of Zavidovo, a touristic and recreational SEZ in the municipality of Konakovo District. Separate accounting for income (expense) is one of the requirements for obtaining the tax benefit. Residents may apply a reduced tax rate for 10 years after obtaining a SEZ residency. In July 2017, the authorities reviewed 15 applications for a SEZ residency in Zavidovo. However, up to date no company has received the residency status.

## **19 July 2017**

### **Tax benefits for organizations engaged in touristic and recreational activities in the Far Eastern Federal District**

Organisations engaged in touristic and recreational activities in the Far Eastern Federal District may apply a zero profits tax [rate](#) for the period from 1 January 2018 until 31 December 2022. To qualify for this tax benefit, a taxpayer must (i) be engaged in activities specified in the Government-approved list of touristic and recreational activities; (ii) hold an ownership title to a hotel or another accommodation facility (iii) have no branches outside the Far Eastern Federal District.

## **14 July 2017**

### **Regions continue to amend tax benefit regulations**

[The Republic of Kalmykia](#) has lowered a minimum investment level required for a project to be included in the register of investment projects entitled to government support from RUB 50 million to RUB 10 million.

[The Republic of Chuvashia](#) has developed a selection procedure for the regional target investments program. To qualify for inclusion, manufacturing or agricultural investment projects need to involve the construction or renovation of utility/transportation infrastructure that is integral to their implementation. The key requirements for an investment project include the creation of a new production site and the minimum investment of RUB 400 million. The project must also fall within one of the priority areas for government investment support.

Companies that pass the selection process will qualify for government financing of up to RUB 300 million for the implementation of their projects.

**7 July 2017**

### **Regions continue amending their SPIC and RIP regulations**

[Omsk Region](#) has introduced a reduced corporate property tax rate for a 5-year period for RIP and SPIC participants, as well as a reduced corporate profits tax rate payable to the regional government.

While RIP participants may apply the reduced profits tax rate before the period in which their tax savings become equal to capital investment made, investors entered into SPICs may apply this rate until the expiry of their SPIC, but no later than 2025.

[Ivanovo Region](#) offers SPIC participants the exemption from corporate property tax with respect to facilities manufacturing industrial products covered by SPIC. The exemption is valid for the term of an investment contract.

With effect from 1 January 2018, [Moscow](#) has introduced reduced rates for income tax payable by RIP and SPIC participants to the local government. As one of the requirements for the tax benefit, an investment must be at least RUB 300 million and RUB 500 million over three and five years, respectively.

[Ryazan Region](#) has established tax benefits for SPIC participants. This includes reduced rates for profits tax payable to the regional government, as well as reduced rates for corporate property tax. These tax benefits are valid for the term of a SPIC, but no later than 2025.

[Orlov Region](#) offers RIP participants a reduced rate for profits tax payable to the regional government. For taxpayers included in the RIP register before 2026, the reduced tax rate will continue to apply until the year in which total tax savings resulting from the tax benefit become equal to a total amount of investment made as part of the capital project. For taxpayers included in the RIP register after 2026, the reduced tax rate will continue to apply until the year in which tax savings achieve a level of 50 percent of total investments made as part of the capital project.

# Contacts

Should you have any questions on any issues covered in this guide, please email/call your tax consultant or to the Research & Development and Government Incentives group:



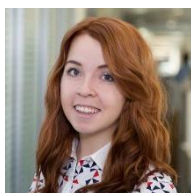
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## TaxSmart app



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