



Research & Development and Government Incentives March News

30 March 2017

Court practice: application of tax incentives

Case No. A65-30815/2016: A first instance court disallowed the application of a corporate property tax incentive for highly energy-efficient facilities with respect to reconstructed buildings, where one of the buildings was a cultural heritage site. Denying the incentive, the court cited that (i) energy efficiency requirements do not apply to such properties; (ii) class B (high) is not sufficient to qualify for the incentive.

Case No. A57-16659/2016: A first instance court disallowed the application of a regional corporate property tax incentive for entities engaged in the production and processing of agricultural products from own produce. The court established that the taxpayer processed the raw material (milk) it purchased from third parties rather than produced internally, i.e. the taxpayer did not meet the incentive's fundamental condition.

Case No. A26-11202/2015: The Russian Supreme Court denied the case escalation to the Supreme Court's Panel on Economic Disputes, noting that the Company had inappropriately applied the corporate property tax incentive for highly energy-efficient facilities with respect to flats in a block of flats, failing to provide the required documentary proof of the high energy efficiency.

23 March 2017

Perm Region creates a new Territory of Advanced Social and Economic Growth (TASEG)

Perm Region has established a new TASEG "Chusovoy". Among the requirements for TASEG residents are the following: within a year of receiving the resident's status, investors must invest at least five million rubles and create at least 20 new permanent jobs.

23 March 2017

Legislation governing special investment contracts amended

Sverdlovsk Region has defined a procedure to monitor investors' compliance with their obligations under special investment contracts (SPIC), signed with the region. Under this procedure, in the end of the reporting period and the term of the SPIC, investors must provide reports on the completion of their respective obligations and the results of project implementation. Furthermore, the procedure defines a list of indicators to assess investors' performance and achievement of the SPIC's goals by. Such indicators include the amount of investment, production volume, number of jobs created, taxes paid, tax incentives used, etc.

22 March 2017

Regions continue to amend laws governing applicability of tax incentives

Tyumen Region has reduced the share of corporate profit tax payable to the regional budget for entities engaged in ore mining from horizontal wells using multiphase and cluster hydraulic fracturing technologies with estimated capacity of at least 300,000 tonnes per year; the benefit is available in 2017 and there are plans to keep it in 2018.

The Republic of Altai has amended the regional laws that regulate awarding the status of an investment project. Now an investment agreement may only be signed after the republican government issues a directive assigning the regional status to the investment project, which slows the signing process (earlier there was no need to wait for such a directive to be issued). Also, an investment project can now be stripped of its status by a decision of the Head of the Republic of Altai, if the status was assigned to the project without completing a tendering process and signing an investment agreement.

A draft law has been introduced to the State Council of the Republic of Tatarstan, extending the corporate profit tax incentive as per Item 25, Article 381 of the Tax Code with respect to movable property beyond 1 January 2018. Tatarstan is the first region to introduce to its legislature a draft law, providing for this type of incentive.

14 March 2017

Kaluga Region approves new terms of granting subsidies for investment projects

Kaluga Region has approved the new terms and procedure for subsidising the costs of investment project implementation. In particular, the procedure for the calculation of the subsidy amount depends on the type of activity performed by the recipient as part of the investment project. Previously, the subsidised amount was equal to the corporate profit tax paid to the regional budget in a fiscal year, regardless of the type of activity. That process was in breach of the federal budgetary legislation.

01 March 2017

Krasnoyarsk Region approves a new procedure to subsidise some of the costs incurred in creating agro-industrial facilities

Krasnoyarsk Region has approved a selection procedure to identify the investment projects eligible for subsidies to cover some of the direct costs incurred when setting up facilities for the storage, processing and reclamation of agricultural produce and farm animal waste. The selection criteria include the share of equity in the structure of financing, stability of tax base growth, payback period of the investment project, and the number of jobs created. No cap is set on the subsidy size.

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:



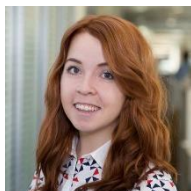
Vasily Markov

Director

+7 (812) 703 71 06,
ext. 2556

+7 (911) 840 80 77

vmarkov@deloitte.ru



Natalia Vagina

Consultant

+7 (495) 787 06 00,
ext. 1599

+7 (916) 456 04 24

nvagina@deloitte.ru

TaxSmart app



Deloitte.

deloitte.ru

About Deloitte

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee ("DTTL"), its network of member firms, and their related entities. DTTL and each of its member firms are legally separate and independent entities. DTTL (also referred to as "Deloitte Global") does not provide services to clients. Please see www.deloitte.com/about for a more detailed description of DTTL and its member firms.

Deloitte provides audit, consulting, financial advisory, risk management, tax and related services to public and private clients spanning multiple industries. Deloitte serves four out of five Fortune Global 500[®] companies through a globally connected network of member firms in more than 150 countries bringing world-class capabilities, insights, and high-quality service to address clients' most complex business challenges. To learn more about how Deloitte's approximately 244,000 professionals make an impact that matters, please connect with us on [Facebook](#) or [Twitter](#).

This communication contains general information only, and none of Deloitte Touche Tohmatsu Limited, its member firms, or their related entities (collectively, the "Deloitte Network") is, by means of this communication, rendering professional advice or services. Before making any decision or taking any action that may affect your finances or your business, you should consult a qualified professional adviser. No entity in the Deloitte Network shall be responsible for any loss whatsoever sustained by any person who relies on this communication.