



Research & Development and Government Incentives July News

28 July 2016

Russian regions continue to pass laws granting tax incentives to residents of TASEGs

Residents of Territories of Advanced Social and Economic Growth (TASEGs) located within monotowns in the Republic of Karelia are now entitled to apply a [reduced profit tax rate](#) of 5 percent for a five-year period starting from the fiscal period in which the first operating profit is generated and recorded, and a reduced profit tax rate of 12 percent over the next five years. Residents of TASEGs will also be exempt from corporate property tax for a five-year period. It should be noted that none of the monotowns in the Republic have acquired the status of a TASEG so far.

Residents of the [Yuzhnaya](#) TASEG in Sakhalin Region are [exempt](#) from land tax for a three-year period.

In addition to profit tax benefits, residents of the TASEGs located within Amur Region are also entitled to apply [reduced property tax rates](#): a zero rate over the first five years starting from the date of registration as a TASEG resident, and a 1.1-percent rate over the next five years.

28 July 2016

Changes in tax incentives for companies implementing investment projects in the Republic of Karelia

Companies implementing investment and priority investment projects are now entitled to [tax benefits](#) in the form of a reduced profit tax rate of 15.5 percent and a zero-rated property tax.

The tax benefits will be available during payback periods not exceeding five years for regular investment projects or seven years for priority investment projects.

28 July 2016

More regions accept SPIC rules and introduce tax incentives for parties to SPICs and RIPs

Reduced profit tax rates have been introduced in the [Jewish Autonomous Region](#) for the following taxpayer categories:

- Parties to SPICs: 0 percent during the effective period of the relevant SPIC starting from the fiscal period in which the first operating profit is generated, but no longer than ten years;
- RIP entities for which inclusion in the register of RIP entities is not obligatory: 0 percent for a five-year period starting from the fiscal period in which the first operating profit is generated, and 10 percent over the next five years.

The authorities of [Khabarovsk Krai](#) have established a contracting process for SPICs. The amount of investment in the construction or upgrading of fixed assets should be

no less than RUB 300 million. Investors may select their preferred incentives out of those stipulated in the local law governing industrial policy. However, the procedure prevents investors from including regional tax benefits, subsidies or guarantees in the provisions of their SPICs.

Companies entering into SPICs in [Novosibirsk Region](#) are now entitled to tax benefits as well. Investors that are parties to a SPIC will be exempt from corporate property tax during the effective period of their SPICs and will be entitled to apply a reduced rate of the regional profit tax component of 13.5 percent during the effective period of their SPICs. In the meantime, the SPIC procedure has not yet been formalised in the regional legislation.

18 July 2016

Tax incentives for investors in Yuzhno-Sakhalinsk

Companies that implement investment projects included in the List of Priority Investment Projects in the City of Yuzhno-Sakhalinsk will be exempt from [land tax](#) for a three-year period.

15 July 2016

Tax incentives for residents of special economic zone in Tula Region

Residents of the Uzlovaya industrial-type special economic zone (SEZ) are now entitled to [profit tax incentives](#). Specifically, they are entitled to apply a reduced profit tax rate of 2 percent for a five-year period starting from the fiscal period in which the first operating profit was generated and recorded, a 7-percent rate over the next five years, and a 15.5-percent afterwards.

Residents of this SEZ will also be exempt from the transport tax on HGVs for a ten-year period following the registration of the vehicle.

7 July 2016

Tax incentives for oil companies operating in Krasnoyarsk Territory

Companies engaged in the production of crude oil and petroleum (associated) gas are now entitled to apply reduced rates for the following taxes:

- [Property tax](#) at a rate of 0.2 percent on real estate recorded on the books after 31 December 2015 if annual volumes of crude oil production in Krasnoyarsk Territory do not exceed 7 million tonnes;
- [Profit tax](#) at a rate of 15.5 percent, provided that the share of revenues from crude oil and petroleum (associated) gas is no less than 50 percent and the company does not belong to a consolidated group of taxpayers.

Tax benefits are also available for companies specialising in the production of petroleum products. These companies are entitled to apply a reduced property tax rate of 1.1 percent if the annual volume of oil processed in Krasnoyarsk Territory is no less than 6 million tonnes.

30 June 2016

Changes in tax benefits for companies implementing investment projects in Novgorod Region

Companies that implement investment projects approved by the Novgorod Regional Government will be entitled to apply the following [tax benefits](#):

- A reduced property tax rate of 0 percent;
- A reduced profit tax rate of 15.5 percent;
- A 50-percent cut in transport tax.

These changes were made in pursuance of the new regional law adopted in March 2016 which divides all regional investment projects into three categories: strategic projects, priority projects and other projects.

The tax benefits may be applied during the actual payback period of an investment project. However, companies will only enjoy them until 31 December 2018.

Investors cease to be entitled to these benefits if the actual volume of capital investment falls below 70 percent of the amount approved for the project.

Contacts

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