

## Research & Development and Government Incentives May News

23 May 2016

**Russian State Duma adopts law introducing additional tax benefits for entities involved in regional investment projects and special investment contracts**

[Official Internet Resources of the Russian President](#)

On 23 May 2016, the Russian State Duma adopted **Federal Law No. 144-FZ**, which introduces material amendments to the provisions of the Russian Tax Code regulating the taxation of entities involved in regional investment projects (RIPs). The amendments lift the previously imposed restrictions limiting the applicable area of RIPs to 15 pre-defined regions of Russia. For more details, please refer to **Russian Alert “New rules of play”**.

One of the reasons to enter into special investment contracts could be investors’ introduction of best available technologies (BATs) to their industries. Starting from 2020, all entities failing to introduce BATs will be obliged to pay a charge for excessive negative environmental impact using a multiplier of 100. Find more information about best available technologies in our brochure titled **“Best Available Technologies. Caring for the Environment or Setting New Rules in Industry?”**.

20 May 2016

**Draft law providing VAT exemptions for certain categories of goods adopted at first reading**

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On 20 May 2016, the State Duma adopted at the first reading the **draft** of a Federal Law providing VAT exemptions for companies importing raw materials, parts and components intended for the manufacture of certain medical supplies into the Russian Federation. The goods subject to VAT exemptions are listed in a **Resolution** of the Russian Government. Tax exemptions may be granted in the absence of local equivalents or upon confirmation that the imported goods are to be put to a specific use.

If adopted, the Federal Law will take effect on 1 July 2016, however no earlier than one month following its official publication.

13 May 2016

**New laws establishing tax incentives adopted in Chelyabinsk Region**

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On 13 May 2016, Chelyabinsk Region Laws No. **349-ZO** and **348-ZO** were adopted to establish tax incentives for the following taxpayer categories:

- IT companies will be entitled to apply a reduced profit tax rate of 15.5 percent for a five-year period;
- Entities implementing investment projects from 1 January 2016 will be entitled to reduced profit tax and property tax rates for a five-year period;
- Residents of Territories of Advanced Social and Economic Growth (TASEG) will be entitled to a zero-rate profit tax for a five-year period starting from the fiscal period in which the first operating profit was generated and recorded, a reduced profit tax rate of 12 percent over the next five years, as well as to a reduced property tax rate for a ten-year period;
- Residents of Special Economic Zones (SEZs) will be entitled to a reduced regional component of the profit tax at 2 percent for a five-year period starting from the fiscal period in which the first operating profit was generated and recorded, 7 percent over the next five years and 13.5 percent further on.

There are currently no TASEGs or SEZs in Chelyabinsk Region. We assume that the adoption of the law providing tax benefits to the residents of these zones is consistent with plans for the strategic development of the region that envisage the creation of TASEGs or SEZs in the near future.

**4 May 2016**

**Additional tax benefits introduced for TASEG residents in Rostov Region**

[Official Portal for Legal Information of Rostov Region](#)

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On 4 May 2015, **Rostov Region Law No. 510-ZS** took effect, exempting the residents of the Gukovo TASEG from corporate property tax for a five-year period starting from the first day of the month following the recognition of the property. The residents of the TASEG will also be entitled to a zero-rate profit tax for a period of five years starting from the fiscal period in which the first operating profit was generated and recorded.

On 22 April 2016, the Government of Rostov Region adopted **Resolution No. 284** approving the procedure for entering into agreements enabling companies to operate within the Gukovo TASEG. Furthermore, the Resolution establishes requirements towards business plans and defines key performance indicators for investment projects.

**2 May 2016**

**Amendments made to desk and field auditing procedures**

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On 2 May 2015, **Federal Law No. 130-FZ** was published, introducing amendments to the procedure for conducting desk and field tax audits. The amendments:

- Reduce the period for submitting documents supporting eligibility for tax benefits from ten to five days;
- Approve the procedure for raising objections regarding the findings of additional tax control activities; specifically, the amendments limit the period for filing objections to ten days following the completion of such tax control activities;
- Add a provision according to which superior tax authorities (departments of the Federal Tax Service or the Federal Tax Service) handle claims (and appeals) with the involvement of taxpayers if, while handling such claims, inconsistencies were found between the data provided by taxpayers and the data contained in the tax files (previously, this was not possible);
- Impose the obligation on claimants and appellants to specify the actions (or inaction) of the tax authority that infringed on the rights of the taxpayer (claims filed without specifying this information will no longer be considered by superior tax authorities);
- List the options for reviewing the taxpayer's tax audit files that are subject to the relevant tax audit (visual review, preparation of copies or extracts).

For more information, please refer to [Legislative Tracking in Focus](#) of 4 May 2016.

**28 April 2016**

**Ussuriysk City District introduces land tax exemptions for residents of the Free Port of Vladivostok**

[Ussuriysk City District Duma](#)

On 28 April 2016, the Ussuriysk City District Duma adopted a **Resolution** that enables the residents of the Free Port of Vladivostok to enjoy tax exemptions on land plots used for commercial purposes for a period of five years starting from the month in which the right of ownership for each land plot originated. Residents will also be entitled to a 60 percent cut in the standard rate of land tax over the next five years.

This resolution applies to legal relations arising from 1 January 2016.

**27 April 2016**

**Tax benefits established for entities involved in SPICs in Kostroma Region**

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On 27 April 2016, the laws of Kostroma Region establishing tax benefits for entities involved in special investment contracts (SPICs) took effect. According to **Law No. 96-6-ZKO**, parties to SPICs are entitled to a reduced profit tax rate during the effective period of the relevant SPIC, provided that the period does not exceed ten years. The reduced tax rate may vary depending on the proportion of the taxable profit derived under the investment project as part of the total taxable profit of the company.

Kostroma Region also adopted **Law No. 95-6-ZKO**, which provides property tax exemptions for entities involved in SPICs during the effective period of the relevant SPIC, provided that the period does not exceed ten years.

**26 April 2016**

**Republic of Mari El reduces minimum investment threshold for corporate property tax exemptions**

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**Republic of Mari El Law No. 18-Z** took effect on 26 April 2016. According to the Law, the minimum value of investment required to qualify for corporate property tax exemptions was reduced from RUB 100 to 50 million. Tax exemptions apply to legal entities implementing investment projects within the Republic of Mari El.

# 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](mailto:vmarkov@deloitte.ru)

## Anna Vorontsova

Manager

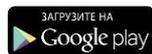
+7 (495) 787 06 00, ext. 1371  
+7 (910) 499 84 01  
[avorontsova@deloitte.ru](mailto:avorontsova@deloitte.ru)

## Natalia Vagina

Consultant

+7 (495) 787 06 00, ext. 1599  
+7 (916) 456 04 24  
[nvagina@deloitte.ru](mailto:nvagina@deloitte.ru)

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