

INFORMATION ON BENEFITS AND PREFERENCES FOR KALUGA INDUSTRIAL SPECIAL ECONOMIC ZONE RESIDENTS

FEDERAL TAX BENEFITS

No.	Benefits/Preferences	Rate	Benefit/Preference Validity Term	Legal Grounds for Provision of Benefits/Preferences
1	Corporate property tax	SEZ residents are exempt from property tax provided the property: <ul style="list-style-type: none"> - is included in the resident's balance sheet; - is produced or purchased for business activities within SEZ; - is used within SEZ in accordance with agreement on SEZ establishment; - is located in SEZ 	10 years following the relevant property registration date	Article 381 para. 17 of the Tax Code of the Russian Federation
2	Land tax	SEZ residents are exempt from land tax (for land plots located within SEZ boundaries)	5 years following the date of title acquisition for each land plot	Article 395 para.9 of the Tax Code of the Russian Federation
3	Corporate income tax	for all types of activities 3% (by 31.12.2020) 2% (after 31.12.2020)	Article 284 of the Tax Code of the Russian Federation	
4	VAT and customs duties	Free customs area is a customs regime providing for placement and use of goods within SEZ boundaries without paying customs duties and taxes		
5	<p>Other corporate income tax benefits during the period of the special economic zone existence (49 years)</p> <p>Expences associated with R&D programs, including failed ones are registered in the reporting (tax) period when they are borne in the amount of actual costs.</p> <p>Special increasing coefficient (no mre than 2) may be applied in respect of fixed assets' depreciation rate (Article 262 para.2, Article 259 para. 1 subpara. 3 of the Tax Code of the Russian Federation)</p>			
6	<p>Personal income tax at a rate of 13% applies to income of foreign citizens employed by SEZ residents and belonging to a category of highly qualified personnel (Article 224, para.3 of the Tax Code of the Russian Federation). Personal income tax at a rate of 30% applies to income of foreign citizens, who are not tax residents of the Russian Federation and working beyond SEZ. Individuals residing in the Russian Federation for at least 183 calendar days during 12 consecutive months are regarded as tax residents of the Russian Federation.</p> <p>Apart from that, the afore-mentioned persons may use a simplified migration regime pursuant to the Russian legislation on legal status of foreign individuals.</p>			

REGIONAL TAX BENEFITS

No.	Benefits/Preferences	Rate	Benefit/Preference Validity Term	Legal Grounds for Provision of Benefits/Preferences
1	Corporate income tax	<p>For economic activities:</p> <p>1. Manufacturing of machinery and equipment</p> <p>2. Timber processing and manufacturing of products from timber</p> <p>3. Manufacturing of motor vehicles/vehicle engines' parts and components</p>	<p>0% for 5 years starting from the tax period when the taxpayer obtained SEZ resident status</p> <p>3% for 4 years, from 6th till 9th tax period (incl.) starting from the year when the taxpayer obtained SEZ resident status</p> <p>5% for 2 years, from 10th till 11th tax period (incl.) starting from the year when the taxpayer obtained SEZ resident status</p> <p>8% for 2 years, from 12th till 13th tax period (incl.) starting from the year when the taxpayer obtained SEZ resident status</p> <p>10% for 2 years, from 14th till 15th tax period (incl.) starting from the year when the taxpayer obtained SEZ resident status</p> <p>13,5% from 16th tax period starting from the year when the taxpayer obtained SEZ resident status</p> <p>For all other types of business activities:</p> <p>5% for 10 years starting from the year when the taxpayer obtained SEZ resident status</p> <p>9% for 5 years, from 11th till 15th tax period (incl.) starting from the year when the taxpayer obtained SEZ resident status</p> <p>13,5% starting from the 16th tax period following the year when the taxpayer obtained SEZ resident status</p>	Kaluga Region Law No. 621-OZ of 29.12.2009 On Reduction of Corporate Tax Rate in Respect of Taxes Transferred to Kaluga Region Budget for Separate Categories of Taxpayers
2	Transport tax	0% for trucks and other self-propelled tracked or pneumatic-tired vehicles and equipment registered with and included in the balance sheets of relevant organizations following their registration as SEZ residents	for 10 years following a vehicle registration date	Article 5 para. 1, subpara. 1 of Kaluga Region Law No. 156-OZ of 26.11.2002 On Transport Tax in Kaluga Region

GUARANTEES AGAINST UNFAVORABLE CHANGES IN TAX LEGISLATION

Tax and customs benefits are provided to holders of certificates confirming the company's registration as a SEZ resident issued by the Ministry for Economic Development of the Russian Federation. Legislation acts on taxes and levies affecting then standing of taxpayers being SEZ residents, except for legislation acts of the Russian Federation on taxes and levies related to excise goods shall not be applied to SEZ residents throughout the validity period of agreements on industrial activities.

(Article 38 of Federal Law No. 116-FZ of 22.07.2005 On Special Economic Zones in the Russian Federation)