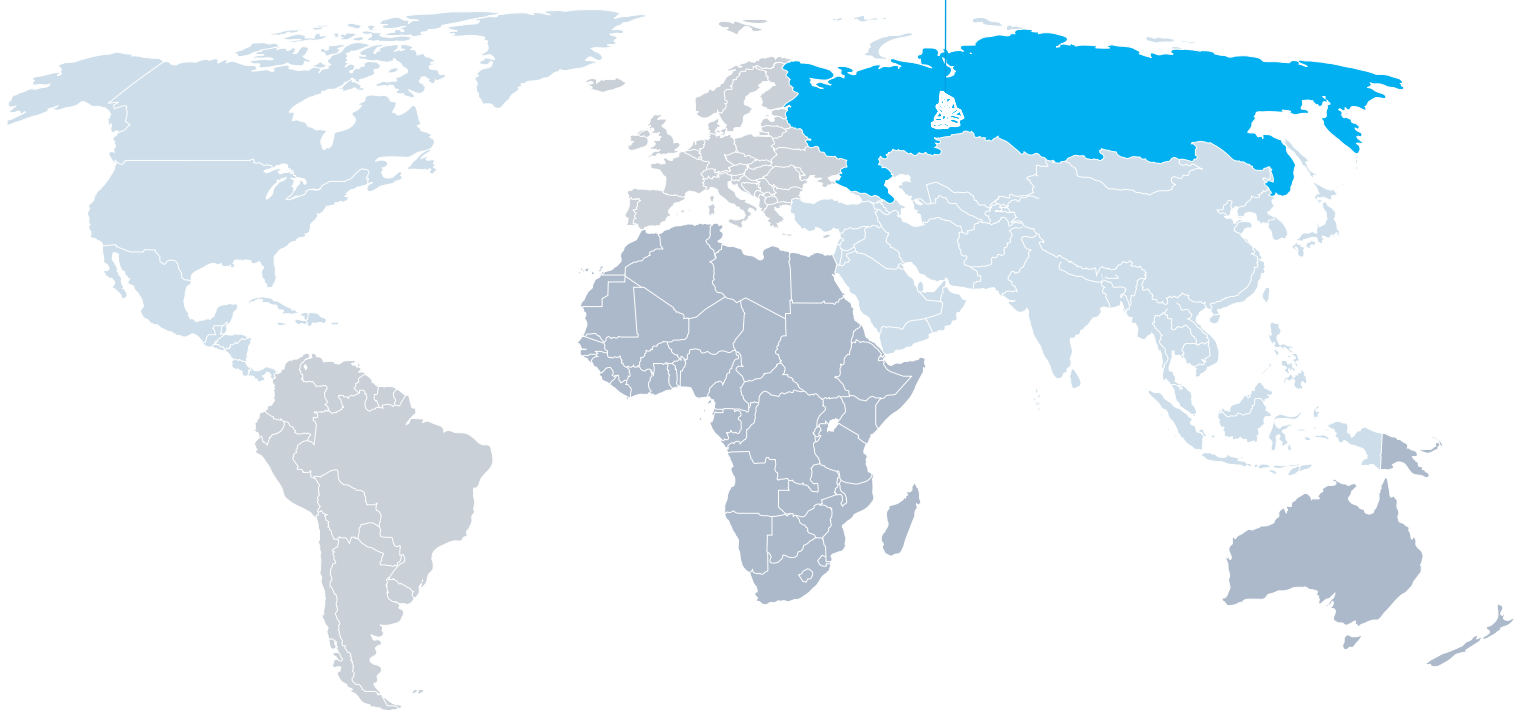




Government Support Measures

Sverdlovsk Region





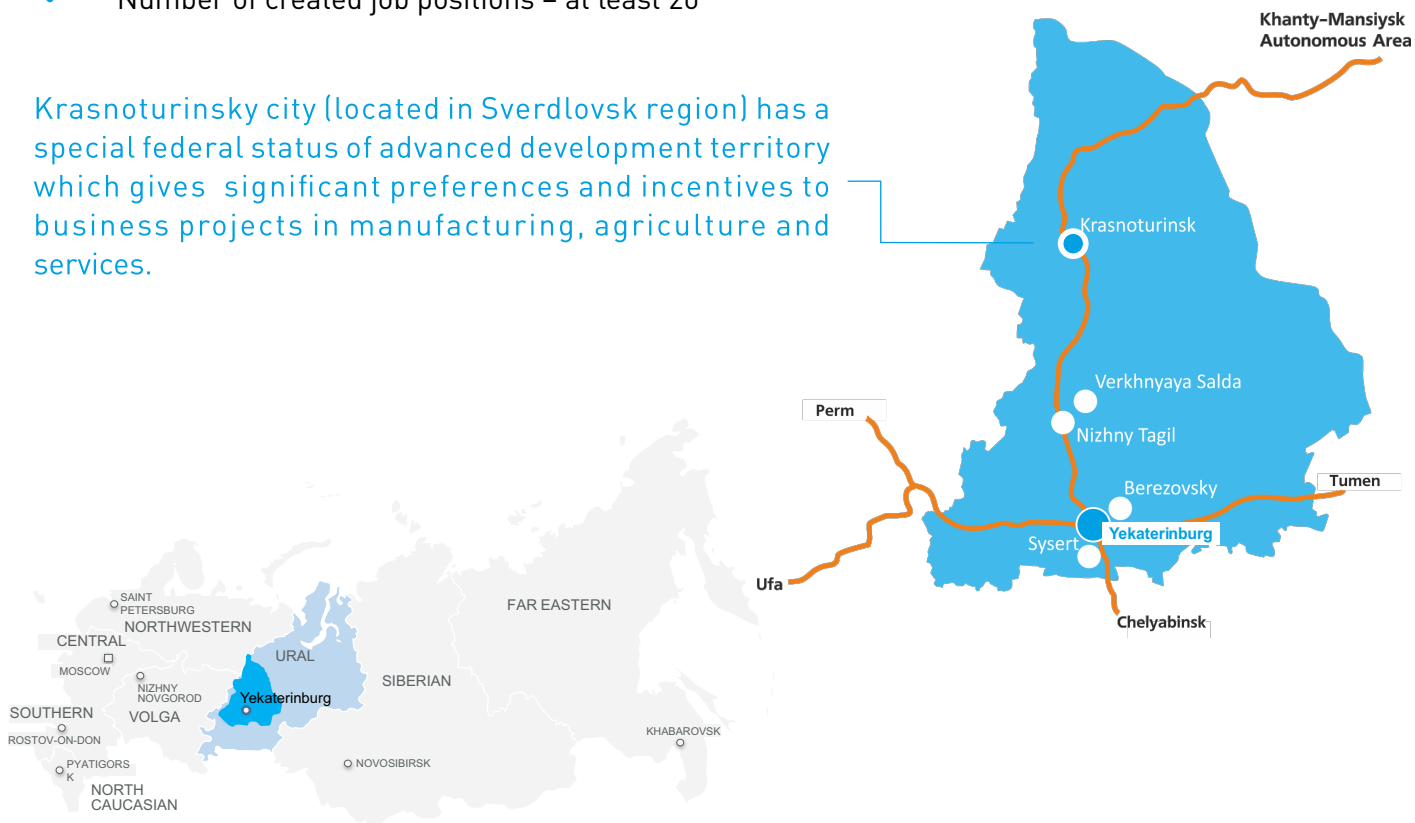
Advanced Economic Development Area

Advanced economic development area (Krasnoturinsk)	Current applicable rate in Russia, %	Preferential rate, %
Profit tax	20	13,5
Property tax	2,2	0
Land tax	1,5	0
Insurance contributions to payroll fund	30	7,6

Basic requirements:

- Minimum amount of investments – 5 million rubles
- Number of created job positions – at least 20

Krasnoturinsky city (located in Sverdlovsk region) has a special federal status of advanced development territory which gives significant preferences and incentives to business projects in manufacturing, agriculture and services.



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Special Economic Zone

Titanium Valley Special Economic Zone	Current applicable rate in Russia, %	Preferential rate, %
Profit tax	20	13,5
Property tax	2,2	0
Land tax	1,5	0
Transport tax	X (depends on engine power)	0
Import duty	5 to 20	0
Value added tax	10 to 18	0

Basic requirements:

- 2% – during 10 years of business activity after receipt of taxable profit;
- 7% – during the period from the 11th year to the 15th year of business activity after receipt of taxable profit;
- 15.5% – starting the 16th year of business activity after receipt of taxable profit;

SEZ Titanium Valley is one of 8 territories in Russia where special conditions for the development of industrial production have been created.

The zone has several specializations among which are: production of titanium parts, production of high-technology equipment for metallurgy, machinery, aerospace and aviation industries, as well as production of construction materials.

More than 250 ha of territory with ready-for-use infrastructure and special tax conditions.





Priority Project Status

The project that has been awarded the status of Priority Project of Sverdlovsk region	Current applicable rate in Russia, %	Preferential rate, %
Profit tax	20	15,5
Property tax	2,2	0
Land tax	1,5	0

Basic requirements:

- Minimum amount of investments per capita in the locality where the project is implemented –20 to 300 million rubles of investments depending on the given locality;
- At least 20 job positions should be created as a result of the project implementation;
- Average monthly salary of the employees should equal at least 150% of the average monthly salary of the workers in the municipality where the project is implemented, it is around 45 thousand rubles in average depending on the given locality



Special investment contract

Conclusion of Special Investment Contract (SPIC)	Current applicable rate in Russia, %	Preferential rate, %
Profit tax	20	13,5
Property tax	2,2	0
Land tax	1,5	0

Basic requirements:

- Minimum amount of investments – at least 750 million rubles



Soft Loans and Interest Rate Subsidies

Opportunities for soft financing and interest rate subsidies

1) Financing of the project by a special-purpose government fund – the Industry Development Fund:

- loan amount – 50 to 500 million rubles;
- interest rate – 5% per annum;
- loan term – up to 5 years;

2) An opportunity to receive financing under the specially designated program from the authorized banks (namely, Sberbank of Russia, VTB Bank, etc.) with the interest rate of 11.5% per annum provided that the project is approved by the Ministry of industry and trade of the Russian Federation.

3) Subsidies for the costs related to payment of interests under the loans received by the initiative organizations from the Russian lending institutions and/or the Bank for Development and Foreign Economic Affairs (Vnesheconombank), State Corporation

Amount of subsidy:

- **If the loan is given in Russian rubles:**
at a rate of 7.35% provided that the loan interest rate exceeds or equals the base rate of the Central Bank of Russia;
0.7 of the amount of the costs related to payment of the loan interests provided that the loan interest rate is less than the base rate of the Central Bank of Russia.
- **If the loan is given in a foreign currency:**
0.9 of the amount of the company's costs related to payment of the loan interests but not more than the value calculated on the basis of the loan interest in the amount of 4% per annum.



Subsidies and benefits for certain industries

Machinery Industry

Target segment of manufacturers	Type of support	Amount of subsidies
Manufacturers of wheeled vehicles	Compensation of up to 90% of the costs related to energy use by energy-consuming enterprises	The maximum amount of the subsidies for the costs depends on the type and number of the vehicles produced in a quarter (up to 1.5 billion rubles per quarter)
Manufacturers of wheeled vehicles	Compensation of up to 90% of the costs related to manufacturing of and warranties for the vehicles that conform to Euro-4 and Euro-5 standards Such costs mean the expenses related to manufacturing of the vehicles and support of warranties for such vehicles minus expenses related to payroll, energy use and R&D activities	The maximum amount of the subsidies depends on the type and number of the vehicles produced in a quarter.
Manufacturers of wheeled vehicles	Up to 90% of the employment costs (salary and wages costs, compulsory social insurance contributions, insurance premiums for compulsory health insurance, and contributions to the Pension Fund of the Russian Federation).	The maximum amount of the subsidies for the costs depends on the type and number of the vehicles produced in a quarter (up to 2.2 billion rubles per quarter)



Subsidies and benefits for certain industries

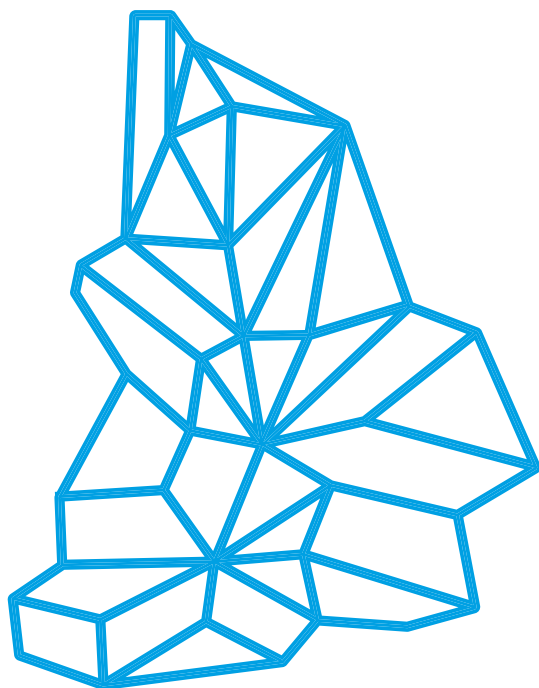
Machinery Industry

Target segment of manufacturers	Type of support	Amount of subsidies
Manufacturing of efficient self-propelled machines and towed vehicles (agricultural tractors, combine harvesters, self-propelled forage harvesters, etc., agricultural self-propelled machines, agricultural trailers)	Subsidies for the costs related to manufacturing of and warranties for the efficient self-propelled machines and towed vehicles. Such costs mean the expenses related to manufacturing of the vehicles and support of warranties for such vehicles minus expenses related to payroll and energy use. On condition that the manufacturer has entered into a Special Investment Contract with the Ministry of Industry and Trade of the Russian Federation	Examples of maximum subsidies per production unit: agricultural wheeled and crawler tractors – 1,360 thousand rubles; combine harvesters – 1,850 thousand rubles; self-propelled forage harvesters – 2,170 thousand rubles; other self-propelled agricultural machines – 2,450 thousand rubles; agricultural trailers – 410 thousand rubles
Manufacturing of efficient self-propelled machines and towed vehicles (agricultural tractors, combine harvesters, self-propelled forage harvesters, etc., agricultural self-propelled machines, agricultural trailers)	Compensation of the costs related to payroll fund Employment costs mean the expenses related to: - payment of salaries and wages according to the average number of personnel in a reporting period; - insurance premiums for compulsory health insurance. On condition that the manufacturer has entered into a Special Investment Contract with the Ministry of Industry and Trade of the Russian Federation	Subsidies are granted in the amount of up to 90% of the costs



Subsidies and benefits for certain industries

Target segment of manufacturers	Type of support	Amount of subsidies
Manufacturing of efficient self-propelled machines and towed vehicles (forestry machines and equipment (forestry tractors, timber loaders, etc.), snowmobiles, four-wheelers, motor graders, bulldozers, crawler tractors, wheeled loaders, excavators, road-rollers, self-propelled machines and trucks equipped with a crane, crawler cranes, vehicles for utilities and road maintenance, pipe-layer cranes, trailers (except for agricultural ones)	Subsidies for the costs related to manufacturing of and warranties for the efficient self-propelled machines and towed vehicles. Such costs mean the expenses related to manufacturing of the vehicles and support of warranties for such vehicles minus expenses related to payroll and energy use. On condition that the manufacturer has entered into a Special Investment Contract with the Ministry of Industry and Trade of the Russian Federation	Subsidies are granted in the amount of up to 90% of the costs. Examples of maximum subsidies per production unit: <ul style="list-style-type: none">- forestry machines and equipment – 2,750 thousand rubles;- bulldozers – 2,255 thousand rubles;- self-propelled machines and trucks equipped with a crane 4 550 thousand rubles- Etc.
Timber Industry	If a project is included in the list of priority investment projects in the sphere of forest exploitation, it can be granted subsidies for payment of forest resources	Payment of forest resources at a rate of 0.5



SVERDLOVSK REGION

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