



Industrial  
Development  
Fund

# **Mechanism for Special Investment Contracts (SPIC)**

Resolution No. 708 of the Government of the Russian Federation dated July 16, 2016

# SPECIAL INVESTMENT CONTRACT (SPIC) (RESOLUTION NO. 708 OF THE RF GOVERNMENT)



SPIC is an agreement between an industrial investor and the state which sets forth

- the guarantees for stable tax and regulatory conditions and provision of incentives in the industrial sector
- the obligations of the investor to create (or modernize) industrial production facilities and set up production within the timeframe stipulated by the contract



## SPIC Types

- creation or modernization of industrial production facilities
- implementation of the best available techniques
- mastering industrial production which is unique for Russia



Industrial Development Fund acts as an operator for executing the SPIC



Duration of the SPIC = time for the project to become operationally profitable + 5 years (but not more than 10 years)



The minimum amount of investments (to conclude a SPIC with the participation of the RF) is 750 mln. RUB. (VAT excluded)



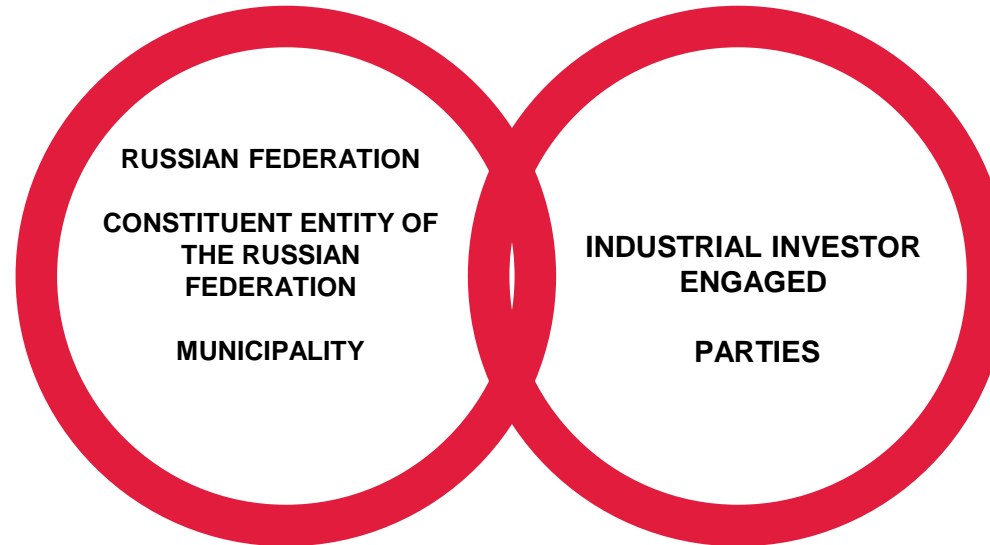
## Investor's benefits from the SPIC

- stable tax and regulatory business conditions
- special federal and regional incentives for the SPIC parties

# SPIC: A MUTUALLY BENEFICIAL FORMAT OF STATE-BUSINESS COOPERATION

## STATE OBLIGATIONS

- stable tax and regulatory business conditions
- special federal and regional incentives for the SPIC parties



## INVESTOR'S OBLIGATIONS

- creation/modernization of and mastering industrial production
- investments in the amount of not less than 750 mln. RUB



### RUSSIAN MADE PRODUCT

expedited and simplified procedure of obtaining the status of a Russian manufacturer\*



### FACILITATED ACCESS TO GOVERNMENT CONTRACTS

opportunity to receive the single product supplier status for products manufactured under the SPIC (participation in state purchase contracts on a non-competitive basis)\*\*



### TAX BENEFITS

non-deterioration of tax conditions\*\*\*

possible reduction of the profit tax rate to 0%\*\*\*

opportunity to reduce the rates of regional and municipal taxes (property tax, land tax, etc. depending on the regional or municipal legislation)



### ACCELERATED DEPRECIATION OF FIXED ASSETS

provision of certificates to product purchasers confirming the opportunity to apply accelerated depreciation\*\*\*



### OTHER INCENTIVES (with respect to industry regulations and legislation of a constituent entity of the RF)

a lease contract for a land plot being the state-owned or municipal property without bidding for parties to a SPIC (for the project implementation under a SPIC)\*\*  
infrastructural obligations

simplified procedures to participate in subsidies (for example, Resolutions of the RF Government No. 416, No. 417, No. 418, No. 419, No. 420, No. 421 dated 16.05.2016, No. 1432 dated 27.12.2012 and No. 496 dated 26.04.2017)

\* subject to the Order No. 3568 of the Ministry of Industry and Trade of the Russian Federation dated 12.11.2015

\*\* Federal Law No. 365-FZ dated 03.07.2016 "On amendments to the Federal Law "On the contract system of the federal and municipal procurement of goods, work and services" and certain legislative acts of the Russian Federation"

\*\*\* Federal Law No. 144-FZ dated 23.05.2016 "On amendments to the Tax Code of the Russian Federation"

# PRODUCTION LOCALIZATION IN THE RF. BENEFITS FOR FOREIGN INVESTORS



## STATE PURCHASE CONTRACTS

Access to state purchase contracts in accordance with the Federal Law **No. 44-FZ** dated 05.04.2013 “On the contract system of the federal and municipal procurement of goods, work and services”



## PURCHASE CONTRACTS OF STATE COMPANIES

Priority for purchase contracts of state companies in accordance with the Federal Law **No. 223-FZ** dated 18.07.2011 “On procurement of goods, work and services by certain types of legal entities”



## ACCESS TO SECTORIAL INCENTIVES (subsidies and regulatory measures)

For enterprises in mechanical engineering branches:



○ Automobile construction, Resolution of the RF Government No. 496 dated 26.04.2017



○ Agricultural engineering, Resolutions of the RF Government No. 416, No. 418, No. 420 dated 16.05.2016, No. 1432 dated 27.12.2012



○ Special machines, Resolutions of the RF Government No. 417, No. 419, No. 421 dated 16.05.2016



## SUPPORT TO THE PRODUCTION LOCALIZED IN THE RF BY THE INDUSTRIAL DEVELOPMENT FUND AND OTHER DEVELOPMENT INSTITUTIONS

# REQUIREMENTS FOR LOCALIZATION (Resolution No. 550 of the RF Government) AND DETERMINATION THE ABSENCE OF ANALOGUES MANUFACTURED IN THE RF (Order No. 3568)



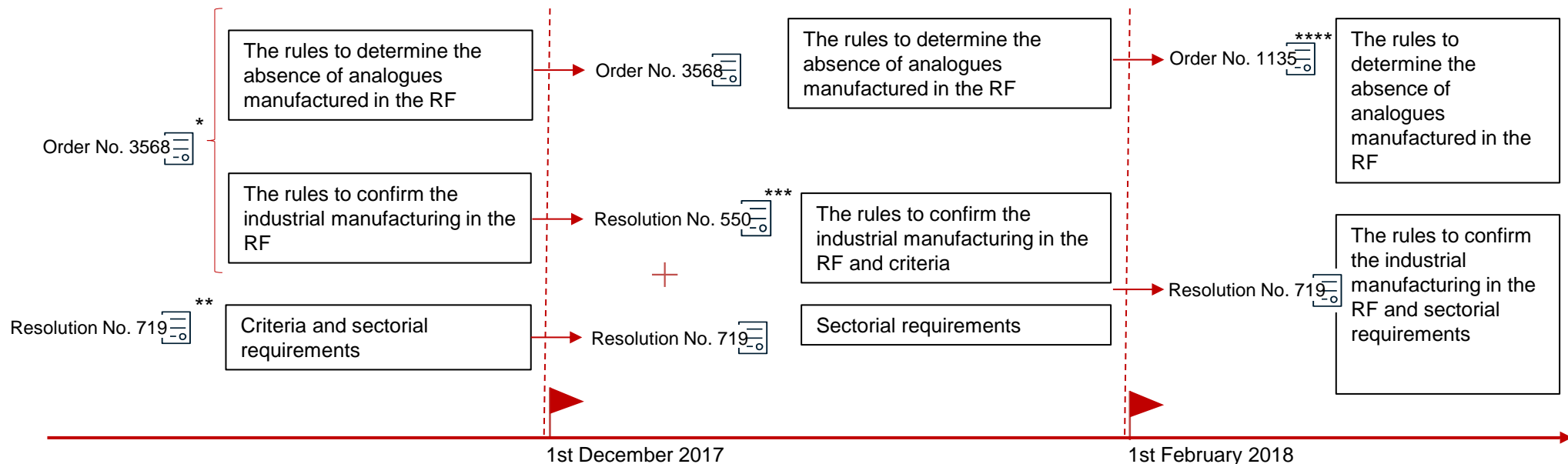
From 01.12.2017, the rules and criteria to receive a statement from the Ministry of Industry and Trade of the Russian Federation confirming the industrial manufacturing in the RF will change



- SPIC with the Russian Federation and the obligation on the gradual fulfilment of requirements to the industrial production under the Resolution No. 719 of the RF Government or the Rules for determining the country of origin for products in the CIS from the commencement date of the industrial production but not later than 3 years after that date
- An expert confirmation report from the Chamber of Commerce and Industry of the RF on the compliance of the manufactured industrial products with the requirements set forth by the Resolution No. 719 of the RF Government
- Availability of the ST-1 certificate on the origin of products (goods)



From 01.02.2018, the rules to determine the absence of analogues manufactured in the RF will be arranged by Resolution No. 1135, the rules to confirm the industrial manufacturing in the RF and sectorial requirements - Resolution No. 719



\* Order No. 3568 of the Ministry of Industry and Trade of the Russian Federation dated 12.11.2015

\*\* Resolution No. 719 of the Russian Federation Government dated 17.07.2015

\*\*\* Resolution No. 550 of the Russian Federation Government dated 10.05.2017

\*\*\*\* Resolution No. 1135 of the Russian Federation Government dated 20.09.2017

# FACILITATED ACCESS TO GOVT. CONTRACTS (under the Federal Law No. 365 dated 03.07.2016\*)



The RF Government is entitled to appoint a SPIC party as a single product supplier for federal and municipal procurements



## CONDITIONS

- SPIC is concluded with the Russian Federation
- investment volume exceeds 3 bln. RUB
- product manufacturing in the RF will be performed by a Russian legal entity
- country of product origin is the RF (product manufacturing in the RF shall be confirmed\*\*)

## ADDITIONAL CONDITIONS

- within a year, the manufacturer shall supply under state contracts not more than 30% of manufactured products under a SPIC (within a calendar year)
- penalty for exceeding the above quantity of products under state contracts (50% of the value of such an excess)
- manufacturer's responsibility to place a report on the compliance with the product quantity requirements in the unified information system



## PROCEDURE FOR DETERMINING A PRICE LIMIT VALUE FOR A PRODUCT UNIT\*\*\*

If the product is subjected to the price state regulation:

- the price is determined in accordance with regulatory document provisions
- the price limit value cannot exceed the price set forth by the law

If the product is not subjected to the price state regulation:

- the price cannot exceed the price calculated based on the comparable price method
- if the product is sold through exchange auctions, then the price cannot exceed the price achieved at the exchange auctions



Within 60 calendar days from the date of the SPIC containing such a condition, a draft resolution of the RF Government on appointing a SPIC party as a single supplier is developed

The term for determining a price limit value for a product unit cannot exceed one month from the date of the decision on the commencement date from which customers are entitled to conclude contracts with the product manufacturer



Re-calculation of the price limit value for a product unit shall not be less frequently than once a year and shall not be more frequently than once per 6 months

\* Federal Law No. 365 dated 03.07.2016 amends the Federal Law No. 44 dated 05.04.2013 "On the contract system of the federal and municipal procurement of goods, work and services" and certain legislative acts of the Russian Federation"

\*\* In accordance with the Order No. 3568 of the Ministry of Industry and Trade of the Russian Federation dated 12.11.2015 in pursuance of the Resolution No. 719 of the RF Government dated 17.07.2015

\*\*\* In accordance with the Resolution No. 121 of the RF Government dated 02.02.2017 "On approval of general requirements ... "

## TAX INCENTIVES (in accordance with the Federal Law No. 144 dated 23.05.2016)



Non-application of those provisions of legislation on taxes and charges which deteriorate conditions for parties to a SPIC before the SPIC expiry date / before the expiry dates of privileges stipulated as of the date of entry into the SPIC

- Application of this incentive is possible for those investors only who have signed the SPIC with the Russian Federation



An opportunity to reduce the rate of the profit tax to be credited to the federal budget and budgets of constituent entities of the RF down to 0%

- Application of the preferential rate is possible for those investors only who have signed the SPIC with the Russian Federation and a constituent entity of the Russian Federation (subject to appropriate regulations to be enacted by the region)



Reduced to 0% profit tax rate to be credited to the federal budget and budgets of constituent entities of the RF is possible if the following conditions are met:

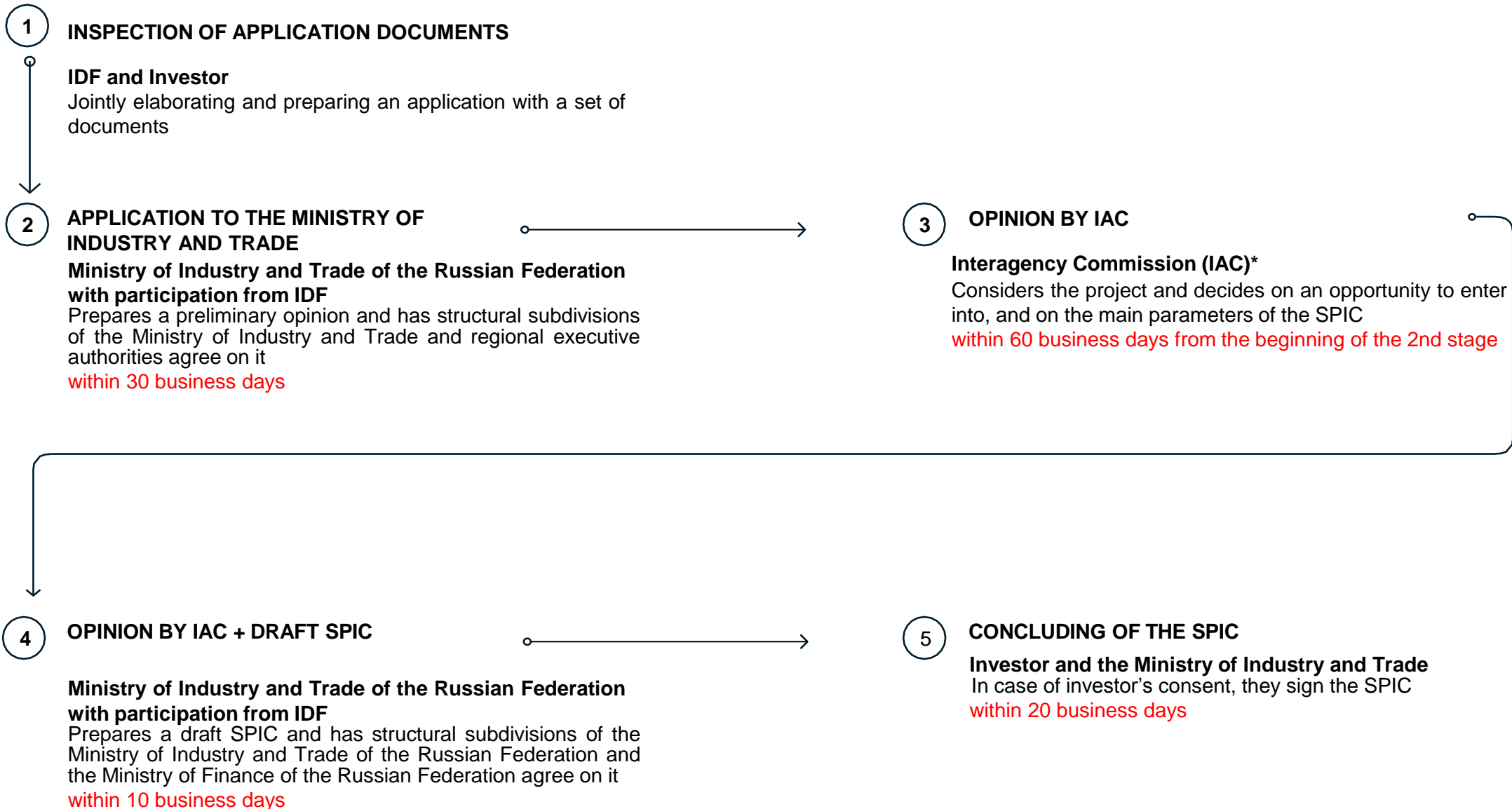
- sales income of products manufactured under a SPIC being no less than 90% of the total income considered for the determination of the investor's tax base
- legal entity registration in the Russian Federation



For purchasers of products: accelerated depreciation (equalling index 2 at the most) to fixed assets manufactured in accordance with conditions of a SPIC and included into depreciation groups 1 to 7

- The manufacturer has the right under the SPIC to issue certificates to purchasers of its products manufactured under the SPIC for the application of accelerated depreciation\*

# MECHANISM OF ENTRY INTO A SPIC WITH THE RUSSIAN FEDERATION





## ACTIVITY STATUS FOR FEDERAL SPIC CONCLUSION



### SIGNED

#### **MAZDA SOLLERS Manufacturing Rus LLC – Primorye Territory**

Establishment of a plant for manufacturing of motor vehicle engines for export

#### **CLAAS LLC – Krasnodar Territory**

Modernization of the CLAAS agricultural machinery plant in Krasnodar

#### **DMG MORI AG Group – Ulyanovsk Region`**

Construction of the Ulyanovsk machine-tool plant

#### **HMS Livgidromash JSC – Orel Region**

Localization of manufacturing of pumps for oil refining

#### **Tomskie Technologii Mashinostroeniya LLC – Tomsk Region**

Mastering the manufacture of domestic blowoff and control valves, electric drives and electric devices

#### **EuroChem-VolgaKaliy LLC – Volgograd Region**

Mining processing and concentration plant with a capacity of 2.3 mln tons per annum of 95% KCL from the Gremyachinskoe deposit

#### **EuroChem UKK LLC – Perm Territory**

Establishment of industrial production: Usolskiy Potash Plant

#### **Mercedes-Benz RUS JSC – Moscow Region**

Establishment and development of manufacturing of "Mercedes Benz" wheeled vehicles

#### **Transneft – Siberia JSC – Tyumen Region**

Mastering the manufacture of equipment for the operation of trunk oil pipeline facilities

#### **Vilo Rus LLC – Moscow Region**

Modernization and mastering the manufacture of pumping equipment

#### **AstraZeneka Industries LLC – Kaluga Region**

Modernization and mastering the manufacture of pharmaceuticals, which have no analogues manufactured in the RF

#### **Sanofi Russia JSC – Orel Region**

Modernization and mastering the manufacture, which have no analogues manufactured in the RF



### APPROVED BY IAC

#### **GEROPHARM LLC – Saint Petersburg**

Establishment of production of insulin and organotherapeutic pharmaceuticals, which have no analogues manufactured in the RF

#### **Hamilton Standart-Nauka CJSC - Tver Region**

Establishment and mastering the manufacture of heat-exchange units for environmental and thermocontrol system of Boeing aircraft

# Appendix 1

# REQUIREMENTS TO THE PRODUCTION LOCALIZATION IN THE RF (Resolution No. 719 of the RF Government dated 17.07.2015)



Meeting the requirements according to the appendix to the Resolution No. 719. of the RF Government. The accomplishment is confirmed by the Ministry of Industry and Trade of RF in accordance with its Order No. 3568 of the dated 12.11.2015, and from 01.12.2017 Resolution No. 550 of the RF Government dated 10.05.2017



## Groups of requirements

- Possession by the legal entity - being tax resident of the EurAsEC countries - of rights for the design and technical documentation in the volume sufficient for the production, modernization and development of the appropriate products for the period of not less than 5 years
- Availability of a service centre which is authorized to provide repair services, after-sale and warranty services in the territory of one of the EurAsEC countries
- Compliance with the percent share of foreign components for the production of goods - not more than N percent of the total quantity of the components required for product manufacturing
- Performance of N production operations in the RF



## Conclusion of a Special Investment Contract (SPIC) with the following conditions:

- SPIC is concluded with the Russian Federation
- the investor shall perform process and production operations by stages\* as required by the Resolution No. 719 of the RF Government
- in case of the product's absence in the Resolution No. 719 of the RF Government, a scheduled localization – in accordance with the requirements of the Agreement on determining the country of origin for products in the CIS dated 20.11.2009.



The country of origin for the product is deemed a state being a party to the Agreement in whose territory the product has been fully manufactured or has been subject to sufficient processing in accordance with the following criteria:

- change of the product position according to the Foreign Economic Activity Commodity Nomenclature at the level of at least first four digits due to processing efforts
- meeting the required conditions, performance of process and production operations which allow to consider the territory of such operations as a country of origin for the product
- ad valorem share rule when the cost of used materials of foreign origin reaches a fixed percent value in the price of the final product



Also a cumulative approach may be applied (product's origin as a result of consecutive processing/recycling in states being parties to the Agreement is determined by the country of the final product manufacturing)

\* but not more than during 3 years from the commissioning of the production equipment

# SPECIAL CONDITIONS FOR THE PARTICIPATION IN PROCUREMENTS FOR NON-LOCALIZED PRODUCTIONS

## PROCUREMENT MODE FEDERAL LAW NO. 44-FZ DATED 05.04.2013 “ON THE CONTRACT SYSTEM OF THE FEDERAL AND MUNICIPAL PROCUREMENT OF GOODS, WORK AND SERVICES”



### Customer

- Russian Federation / RF constituent entities / municipal entities
- Budget-funded entities
- State, municipal unitary enterprises
- President and Government of the Russian Federation
- Federal executive bodies
- Rosatom and Roscosmos state corporations



### Benefits/prohibitions/restrictions

- Priority for Russian made goods (or made in EurAsEC countries) (food, medicine, computers, paper, furniture, etc.) - Order No. 155 of the Ministry of Economic Development of Russian Federation dated 25.03.2014
- Prohibition on procurement for certain foreign goods, work and services (products for defence needs – Resolution No. 9 of the RF Government dated 14.01.2017; mechanical engineering – Resolution No. 656 of the RF Government dated 14.07.2014; consumer goods manufacturing – Resolution No. 791 of the RF Government dated 11.08.2014, furniture, woodwork and timber industry – Resolution No. 1072 of the RF Government dated 05.09.2017)
- State procurement restrictions for certain foreign goods, work and services (medicines – Resolution No. 1289 of the RF Government dated 30.11.2015 radioelectronic products – Resolution No. 968 of the RF Government dated 26.09.2016; medical goods – Resolution No. 102 of the RF Government dated 31.01.2017)

## PROCUREMENT MODE FEDERAL LAW NO. 223-FZ DATED 18.07.2011 “ON PROCUREMENT OF GOODS, WORK AND SERVICES BY CERTAIN TYPES OF LEGAL ENTITIES”



### Customer

- State corporations / state companies / public companies
- Natural monopoly entities
- Organizations in the regulated sectors of business in the sphere of electricity, gas, heat and water supply, water disposal, sewage water treatment, solid waste treatment, reclamation, detoxification and disposal
- Autonomous institutions
- Business entities, with the participation of RF / RF constituent entities / municipal entities (with over 50% share)



### Benefits/prohibitions/restrictions

- Priority for Russian made goods, work and services – Resolution No. 925 of the RF Government dated 16.09.2016

# PRIORITY FOR GOODS IN CASE OF PROCUREMENTS BY CERTAIN TYPES OF LEGAL ENTITIES\* (Resolution No. 925 of the RF Government dated 16.09.2016)



## MECHANISM 1

- Tender “winner selection by one (the least price) or several criteria (assessment and comparison)”
- The application contains a Russian made product
- Application assessment and comparison on price criteria are conducted based on the stated in the application contract price reduced by 15%.
- The contract is concluded based on the contract price offered by the participant



The product made in a EurAsEC country is not treated as the Russian made product  
Should the Application miss the country of origin for the product, such Application is considered as one containing foreign products



Example: IMCP\*\* = 100 RUB

Participant No. 1 = 90 RUB

Participant No. 2 = 100 RUB (Russian made goods, work, services)



## Without priority:

- Participant No. 1 =  $(90/90) * 100 = 100$  points
- Participant No. 2 =  $(90/100) * 100 = 90$  points

## With priority:

- Participant No. 2 =  $(100 - 15\% \backslash 85) * 100 = 100$  points
- Participant No. 1 =  $(85/90) * 100 = 94.44$  points



## MECHANISM 2

- Auction or auction analogue (reverse auction) “IMCP reduction by increment amount set forth in the procurement documentation”
- If the winner application doesn’t contain offers for Russian made goods, then the contract is concluded based on the price reduced by 15% of the amount offered by the winner
- Example: Winner contract price: 100 RUB (no Russian made goods) – Contract price is 85 RUB
- If the IMCP is reduced down to zero and than to the stage of the forward auction, the contract with the winner is concluded based on the price increased by 15% of the amount offered by the winner)

\* - In accordance with the Federal Law No. 223-FZ dated 18.07.2011 “On procurement of goods, work and services by certain types of legal entities”

\*\* - Initial (maximum) contract price

# SECTORIAL STATE SUPPORT INCENTIVES

(Resolutions No. 416, No. 417, No. 418, No. 419, No. 420, No. 421 of the RF Government dated 16.05.2016)

## SUBSIDIES FOR AGRICULTURAL AND SPECIAL MACHINERY ENTERPRISES



**Resolution No. 416 of  
the RF Government**

**Resolution No. 417 of  
the RF Government**

Compensation of expenses associated with the issue and support of guarantee obligations (up to 90% of expenses for machine production and support of guarantee obligations less wages, electric power costs)

### Requirements:

- manufacturer performs required production operations
- manufacturer has concluded a SPIC with an obligation for the localization\*
- manufacturer uses R&D under a state contract with the Ministry of Industry and Trade of the Russian Federation \*\*
- manufacturer acts on the RF territory not less than 3 years and uses materials and component parts from EurAsEC countries and has an agreement with service organizations from not less than 40 constituent entities of the RF



**Resolution No. 418 of  
the RF Government**

**Resolution No. 419 of  
the RF Government**

Compensation for a part of expenses for keeping jobs (up to 90% of expenses)

### Requirements:

- manufacturer performs required production operations
- manufacturer has concluded a SPIC with an obligation for the localization\*
- manufacturer acts on the RF territory not less than 3 years and uses materials and component parts from EurAsEC countries and has an agreement with service organizations from not less than 40 constituent entities of the RF



**Resolution No. 420 of  
the RF Government**

**Resolution No. 421 of  
the RF Government**

Compensation for a part of expenses for the use of energy resources by energy-consuming enterprises (up to 90% of expenses)

### Requirements:

- manufacturer performs required production operations
- manufacturer has concluded a SPIC with an obligation for the localization\*

\* In accordance with the requirements of the Resolution No. 719 of the RF Government dated 17.07.2015 or other regulatory legal acts

\*\* In respect of the Resolution No. 416 of the RF Government dated 16.05.2016

# SECTORIAL STATE SUPPORT INCENTIVES (Resolution No. 1432 of the RF Government dated 27.12.2012)

## Subsidizing discounts for agricultural equipment

### SUBSIDIZING DISCOUNTS FOR AGRICULTURAL EQUIPMENT



The program provides for the compensation of expenses to agricultural equipment manufacturers for sales to purchasers and leasing companies with a 15-20% discount to the product price (implemented by the Ministry of Agriculture of the Russian Federation)



#### Subsidy amount:

- 15% of the agricultural equipment price (VAT excluded), but not more than the subsidy limit value for an equipment unit\*
- 20% of the agricultural equipment price (VAT excluded), but not more than the subsidy limit value for an equipment unit\* (in case of agricultural equipment sales by manufacturers of the Siberian, Far Eastern Federal Districts, Republic of Crimea, Sevastopol, Kaliningrad Region)



#### Requirements to manufacturers:

- legal entity, RF tax resident for not less than 3 years, manufacturing agricultural equipment
- possession of rights for the design and technical documentation
- agreements with service organizations in not less than 40 constituent entities of the Russian Federation for equipment maintenance support\*\*
- manufacturer performs production operations in the territory of the Russian Federation in accordance with the Resolution No. 1432 of the RF Government



#### Exclusions with respect to production operation compliance in accordance with the Resolution No. 1432 of the RF Government:


- agricultural equipment developed as a result of R&D under a state contract concluded with the Ministry of Industry and Trade of the Russian Federation
- agricultural equipment manufactured under a SPIC concluded in accordance with the established procedure with the Ministry of Industry and Trade of the Russian Federation which sets forth a requirement for a gradual achievement of the production operation level in the territory of the RF (Resolution No. 719 of the RF Government)

\* The subsidy amount limit for an equipment unit is defined in the Appendix to the Resolution No. 1432 of the RF Government dated 27.12.2012

\*\* This requirement applies to tractors, grain and forage harvesters

# SECTORIAL STATE SUPPORT INCENTIVES (Resolution No. 496 of the RF Government dated 26.04.2017)

## COMPENSATION OF EXPENSES ON PRODUCT TRANSPORTATION

 Russian Export Centre JSC – agent of the RF Government in respect of subsidies acting under the contract with the Ministry of Industry and Trade of the Russian Federation



### Requirements:

- subsidy recipient – manufacturer or supplying affiliated entity
- subsidy recipient – legal entity registered in the Russian Federation
- expenses incurred under contracts for product supply
- transportation was:
  - not earlier than the 1st of October of the year preceding the current financial year from a departure point in the Russian Federation
  - by a motor transport of ecological class not lower than the 3rd / by railways / by water / under its own power
- the share of legal entities registered in low-tax jurisdictions doesn't exceed 50% of the authorized capital



### The subsidy amount depends of the subsidization coefficient:

0.8 – coefficient is applied in case that an organization:

- manufactures products in accordance with the requirements of the Resolution No. 719 of the RF Government (except for automobile construction organizations)
- has concluded a SPIC with the Russian Federation
- manufactures products in accordance with the requirements of the Resolution No. 719 of the RF Government (expert examination report from the Chamber of Commerce and Industry of the RF) and presents a certificate of origin for a batch of wheeled vehicles \*
- manufactures products in accordance with the requirements of the Resolution No. 719 of the RF Government (expert examination report from the Chamber of Commerce and Industry of the RF) and presents a certificate of origin for a batch of wheeled vehicles\* and has concluded an industrial assembly agreement\*\*
- presents a document proving the Russian Federation origin (russian made product certificate) in respect of the product (bodies, assemblies and parts of motor vehicles and automobile components)
- is a party to an industrial assembly agreement\*

0.6 – coefficient is applied in case that an automobile construction organization:

- manufactures or manufactured as of January 1, 2015 wheeled vehicles, their assemblies and parts and (or) automobile components in accordance with an industrial assembly agreement\*, and manufactures products in accordance with the requirements of the Resolution No. 719 of the RF Government (expert examination report from the Chamber of Commerce and Industry of the RF)

\* In accordance with the categories set forth in the Resolution No. 496 of the RF Government dated 26.04.2017 (as amended by the Resolution No. 702 of the RF Government dated 13.06.2017)

\*\* Resolution No. 166 of the RF Government dated 29.03.2005 "On changes to customs duty rate of the Russian Federation in respect of automobile components imported for the industrial assembly"



# SECTORIAL STATE SUPPORT INCENTIVES (Resolution No. 426 of the RF Government dated 03.06.2008)

## RENEWABLE ENERGY SOURCES GENERATING OBJECT QUALIFICATION



The qualification considers, among other criteria, the localization degree in the RF territory of the main and (or) secondary generating equipment for the electric power production using RES



The localization degree of a generating object is to be determined as the sum of the contribution of each element of equipment and work fulfilled at the design and construction stages to the localization degree of the generating object

## LOCALIZATION DEGREE CONFIRMATION

- product origin certificate or declaration
- SPIC executed in accordance with the RF legislation

For example, contribution of wind-driven power plant blades to the localization degree - 18%

### Industrial product requirements:

- possession of rights for the design and technical documentation in the volume sufficient for the manufacturing, modernization and development of the appropriate products for the period of not less than 5 years
- performance of the following operations (if any) in the RF territory since 01.01.2017:
  - technological equipment assembly (molds)
  - textile or prepreg cutting and layout
  - vacuum infusion process
  - machining operations (milling, hole drilling, grinding)
  - painting
  - final check
- Since 1st January 2019, wind-driven power plant blade production doesn't allow for the use of foreign-made source materials (fiber, textile and prepreg) in the amount exceeding 25% of the total value of these materials (fiber, textile and prepreg)

# SECTORIAL STATE SUPPORT INCENTIVES (Resolution No. 81 of the RF Government dated 06.02.2016)

## SPECIAL PROCEDURE FOR CALCULATING AND PAYING THE DISPOSAL FEE



A regulatory incentive for organizations listed in the Register of major manufacturers of self-propelled machines and (or) trailers (the Register)



The Register entry conditions:








- compliance with the requirements of the Appendix 1 of the Order No. 406 of the Ministry of Industry and Trade of the Russian Federation dated 18.02.2016:
  1. manufacturer is a tax resident of the RF, and it has been manufacturing self-propelled machines for not less than N years
  2. possession of rights for the design and technical documentation in the volume sufficient for the production, modernization and development of the appropriate products for the period of not less than N years
  3. availability of a service centre in the RF which is authorized to provide repair services, after-sale and warranty services
  4. performance of N production operations in the RF
- availability of self-propelled machines and (or) trailers developed as a result of R&D under a state contract concluded with the Ministry of Industry and Trade of the Russian Federation
- production of self-propelled machines and (or) trailers on the base of self-propelled machines and (or) trailers manufactured by an organization listed in the Register
- the manufacturer has concluded a SPIC with the RF for the production of self-propelled machines and (or) trailers
- production in the RF for not less than 3 years with the use of raw stuff, materials, components, assemblies and units manufactured in the EurAsEC, and availability of agreements with service centres that have been co-operating with the manufacturer for not less than 1 year, in not less than 40 constituent entities of the RF

# PRODUCTION LOCALIZATION SUPPORT IN THE RUSSIAN FEDERATION BY THE INDUSTRIAL DEVELOPMENT FUND



Debt financing of projects aimed at the creation and/or modernization of production facilities for components being parts, assembly units or their collection, having structural integrity and intended for the use as part of industrial products listed in the appendix to the Resolution No. 719 of the RF Government\* (components)

## REQUIREMENTS FOR PROJECTS

 <p>Loan amount <b>50 - 500</b> mln. RUR</p>	 <p>Total allocated project budget <b>≥ 71.5</b> mln. RUR</p>	 <p>Loan term <b>5</b> years</p>	 <p>Project is implemented in the RF and is among the sector fields financed by the Fund</p>
<p>Interest rate</p>  <p><b>1%</b> first three years <b>5%</b> remaining contract term</p>	<p>Investor's co-financing</p>  <p><b>≥ 30%</b> of the project budget (equity / private investors or banks) <b>≥ 15%</b> equity</p>	<p>Loan target purpose (of the loan amount)</p>  <p><b>≤ 20%</b> general running costs <b>50%</b> pilot preproduction <b>100%</b> others costs according to the requirements of the Standard**</p>	



- Possibility to use loans along with other state support measures: subsidies, SPIC, regulatory state support measures
- The Applicant is a resident of the RF; the key contractor/equipment supplier is a resident of the RF or a foreign legal entity that is not registered in a low-tax jurisdiction
- Loan security shall be: not less than the loan amount + interest amount for the whole period
- The loan may not be used for construction, real estate purchase or R&D

\*Resolution No. 719 of the RF Government dated 17.07.2015 (as amended on 27.06.2017) "On criteria for qualification of industrial products as industrial products that have no counterparts manufactured in the Russian Federation"

\*\*Fund's standard "Project selection conditions and procedure for financing under the "Components" program", version 1.0 No. SF-I-87

# Thank you for your attention!



Consultation centre phone number

(loans, leasing, state support)

**8-800-500-7129**

**+7 495 120-24-16**

E-mail: [ask@frprf.ru](mailto:ask@frprf.ru)