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SPECIAL ECONOMIC ZONE ASTRAKHAN. RUSSIAN FEDERATION

Decree of the Government of the Russian Federation No 1214 “On setting up special economic zone of industrial type in the territory of the municipality “Narimanovskiy district” of Astrakhan region” was signed on November 18, 2014.

Special economic zone (SEZ) of industrial type is currently underway in Astrakhan region, based on ship-building and ship-repairing industries of the region. Companies implementing industrial projects, including ship-building, machine-building and tool-engineering, are entitled for resident status within the SEZ “Lotus”.

The SEZ is being set up within the boundaries of the Narimanovsky Municipal District of Astrakhan region. Its total area amounts to 9.8 sq. km.

Business entities will enjoy special regime conditions within the SEZ, destined to provide potential investors with a number of advantages and preferences.

Firstly, it will facilitate interaction with government regulators, making them much simpler and transparent on a "one stop" principle. The «one stop» principle is an integrated focal point to obtain all necessary documentation in order to address property issues, and all the matters relating to land acquisition, registration and registration of property rights, construction permits, technical conditions for accessing the existing engineering networks.

Secondly, prospective investors will be provided all necessary infrastructure for subsequent business development: energy, gas and water supply, telecommunications and broadband Internet. A newly built energy supply substation allows for a free hook-up to power grids.

The SEZ area is easily accessible via federal highways and railways. There is also a river quay and cargo transshipment facilities for water transport.

Incentives and preferences for the SEZ residents:

- Investors are exempt from property tax from the moment of property registration (average tax rate is 2.2%), income tax is reduced from 20% to 2%.
- Residents are exempt from land tax (about 1.5% of the land plot value) and transport tax from the moment of company incorporation (depending on motor power, tax rate varies from 0,2 to 3,1 EUR / hp.)
- Investors reserve the right to accelerated depreciation, multiplying co-efficient is set to fixed assets (but not more than 2)
- Investors are safeguarded from any adverse changes in tax legislation
- Investors are eligible for purchasing land plots at a reduced price

- No import duties on equipment, raw materials and components
- No VAT on imported equipment, raw materials and components
- No export duties on ready-made goods
- No VAT on ready-made goods when exported from the Russian Federation

SEZ residents are required to:

1. Obtain state registration as SEZ residents (a legal entity or an individual entrepreneur) within the SEZ.
2. Carry out industrial and production activities or logistics activities in the area (Industrial and production activities presuppose production and (or) processing of goods (products) and sale, logistics activities presuppose any services, providing transportation and storage of goods).
3. The following activities are not allowed:
 - exploitation (development) of mineral deposits, except for the development of mineral water deposits and other natural therapeutic resources;
 - production and processing of excise goods (except cars and motorbikes).
4. SEZ residents are not entitled for allocating branches and representative offices outside the SEZ "Lotus".
5. In keeping with Activity Implementation Agreement, SEZ residents are obliged to undertake capital investment in the amount of not less than 3 million EUR (excluding intangible assets), in addition to the above, capital investment in the amount of not less than 1 million EUR (excluding intangible assets) shall be made within three years from the date of signing the agreement mentioned above.