December 29, 2009 No.621-OZ

**KALUGA REGION**

**LAW**

**ON THE REDUCTION OF THE RATE OF THE CORPORATE INCOME TAX
PAYABLE TO THE REGIONAL BUDGET
BY INVESTORS INVESTING IN KALUGA REGION AND BY ENTITIES-RESIDENTS OF SPECIAL ECONOMIC ZONES ESTABLISHED AT THE TERRITORY OF KALUGA REGION**

Adopted

by Resolution No.1512 of December 24, 2009

of the Kaluga Region Legislative Assembly

(edited by Kaluga Region Laws No.333-OZ of October 26, 2012,
No.397-OZ of March 28, 2013 and N 427-ОЗ of June 03, 2013)

In accordance with the Tax Code of the Russian Federation, this Law establishes a reduced rate of the corporate income tax payable to the regional budget by investors investing in Kaluga Region and by entities-residents of special economic zones established at the territory of Kaluga region

(as edited by Kaluga Region Law No 427-OZ of June 03, 2013)

Article 1

For purposes of implementation of this Law, the term investors implies organizations that are payers of the corporate income tax and that are implementing (have implemented) investment projects in Kaluga Region in the form of capital investments using their own and (or) recruited funds.

Terms and definitions used in this Law shall have meanings established by the Tax Code of the Russian Federation, Federal Law No.39-FZ of February 25, 1999 “On Investment Activities in the Russian Federation Executed in the Form of Capital Investments” and Kaluga Region Law No.31-OZ of December 16, 1998 “On State Support of Investors in Kaluga Region”.

Article 2

1. The rate of the corporate income tax payable to the regional budget in accordance with clause 1 of article 284 of the Tax Code of the Russian Federation by investors that are implementing (have implemented) investment projects in Kaluga Region is established in the following amounts for the following categories of taxpayers:

1.1. The rate of the corporate income tax is established in the amount of 13.5%.

The reduced tax rate established by this clause can be applied by investors that are implementing (have implemented) investment projects included in the register of investment projects and that made capital investments in the following amounts in the first three years of investment project implementation in the following number of consecutive tax periods:

|  |  |
| --- | --- |
| Total volume of actual capital investments made in the first three years of investment project implementation (RUR millions) | Period of application of the reduced tax rate (consecutive tax periods)  |
| From 100 to 500, inclusive  |  1  |
| Over 500 up to 1000, inclusive  |  2  |
| Over 1000 up to 2000, inclusive  |  3  |
| Over 2000 |  4  |

If in the first three years of investment project implementation an investor that is implementing (has implemented) an investment project included in the register of investment projects achieves the total volume of capital investments entitling the investor to apply the reduced tax rate during more consecutive tax periods, the reduced tax rate is provided for the number of tax period reduced by the number of tax periods in which the reduced tax rate was already applied.

1.2. The corporate income tax rate is established in the following amounts for the following number of consecutive tax periods:

|  |  |
| --- | --- |
| Tax rate | Period of application of the reduced tax rate (consecutive tax periods) |
| 13.5%  |  4  |
| 14.6%  |  1  |
| 15.7%  |  1  |
| 16.8%  |  1  |

The right to apply the reduced tax rate in accordance with this sub-clause is granted to investors that are implementing (have implemented) investment projects included in the register of investment projects that meet all of the following criteria:

1) investors that in the first three years of investment project implementation made capital investments of RUR 3000 million (inclusive) or more;

2) investors that are involved in types of economic activity that are subject to priority state support in accordance with the Kaluga Region Law “On State Support of Investors in Kaluga Region”.

If in the first three years of investment project implementation an investor that is implementing (has implemented) an investment project included in the register of investment projects that is applying a reduced tax rate in accordance with [sub-clause 1.1](#Par31) of this clause achieves a total volume of capital investments entitling the investor to apply the reduced tax rate established in [sub-clause 1.2](#Par51) of this clause, and if the investor is involved in types of activity that are subject to priority state support in accordance with the Kaluga Region Law “On State Support of Investors in Kaluga Region”, the reduced tax rate is provided for the number of tax periods reduced by the number of tax periods in which the reduced tax rate was already applied.

Sub-clause 1.3 of clause 1 of article 2 shall lose force on January 1, 2016 ([article 6](#Par137) of this document).

1.3. For investors whose production modernization programs are included in the register of production modernization programs, the corporate income tax rate is established in the following amounts, depending on the amount of capital investments made in reconstruction, technical upgrading, modernization and/or refitting of production in accordance with the production modernization program:

|  |  |
| --- | --- |
| Amount of capital investments accrued from January 1, 2013 to December 31, 2015 (RUR millions) | Reduced tax rate (%) |
| From 10 to 30, inclusive  |  15  |
| From over 30 to 70, inclusive  |  14  |
| Over 70 |  13.5 |

In case of compliance with the conditions established in [article 3](#Par98) of this Law, an investor included in the register of production modernization programs is entitled to apply the reduced tax rate when calculating corporate income tax for the tax period, in which the amount of capital investments achieved the amount required for the rate.

The right to apply the reduced tax rate in accordance with this sub-clause is granted to taxpayers included in the register of production modernization programs, if the taxpayer is involved in activities indicated in section D of the All-Russia Classifier of Economic Activities. Income from such activities must also account for at least 70% of all income earned in the relevant tax period.

The amount representing the difference between the rate calculated in accordance with the tax rate established in paragraph three of clause 1 of article 284 of the Tax Code of the Russian Federation, and the tax calculated in accordance with the tax rate established in this sub-clause for the tax period cannot exceed 50% of the amount of actual capital investments in reconstruction, technical upgrading, modernization and/or refitting of production in accordance with the production modernization program made in the relevant tax period.

2. Removal from the register of investment projects of Kaluga Region or the register of production modernization programs invalidates the right to apply the reduced tax rate established by this Law.

3. For purposes of application of [sub-clauses 1.1](#Par31) and [1.2](#Par51) of this article, the date of the beginning of an investment project is the date of adoption of the resolution on including the investor in the register of investment projects. For investors that executed agreements on cooperation (investment agreements) with the Government of Kaluga Region before the effective date of this Law, the date of the beginning of an investment project is the agreement execution date, unless otherwise established in the agreement on cooperation (investment agreement) with the Government of Kaluga Region.

4. In case of succession after reorganization of a legal entity, the new investor is included in the register of investment projects. In this case the date of the beginning of the investment project is the date of the beginning of the investment project previously established for the legal entity that was reorganized.

5. An investor can claim the reduced tax rate established in [sub-clauses 1.1](#Par31) and [1.2 of clause 1](#Par51) of this article in four consecutive tax periods after the date of the beginning of the investment project.

6. The period of application of the reduced tax rate is calculated from the 1st day of the tax period, for which the reduced tax rate was claimed in accordance with [sub-clauses 1.1](#Par31) and [1.2 of clause 1](#Par51) of this article, and until the expiry of the established period of application of the reduced tax rate.

Article 3

To apply the reduced tax rate established by [clause 1 of article 2](#Par30) of this Law, investors must meet all of the following requirements:

1) lack of tax debts, including unpaid advance payments, dues and other mandatory payments to budgets of all levels and state off-budget funds, and also overdue debts relating to monetary obligations to Kaluga Region at the end of the tax period, in which the taxpayer claims a tax benefit;

2) the taxpayer is not in the process of liquidation of reorganization, was not subjected to a bankruptcy procedure at the end of each report (tax) period, in which the taxpayer applied the reduced tax rate;

3) the average monthly salary in the taxpayer’s organization is at least five times greater than the subsistence level established by the Government of the Kaluga Region for working population in Kaluga Region for the quarter corresponding to the report (tax) period, in which the taxpayer applied the reduced tax rate (for investors indicated in [sub-clauses 1.1](#Par31) and [1.2 of clause 1 of article 2](#Par51) of this Law);

4) transfer (payment) in full of all accrued and withheld individual income tax at the end of each report (tax) period, in which the taxpayer applied the reduced tax rate, in accordance with transfer (payment) terms established for the report (tax) period.

Article 4

1. The following documents confirm the taxpayer’s entitlement to apply the reduced tax rate established by [sub-clause 1 of article 2](#Par30) of this Law:

- decision of the authorized executive agency of Kaluga Region responsible for the implementation of the state investor support policy to include the investment project in the register of investment projects, or decision of the authorized executive agency of Kaluga Region responsible for the implementation of the state investor support policy to include the production modernization program in the register of production modernization programs. This document is provided with the taxpayer’s statement of entitlement to tax benefits;

- for real estate objects – certificate of transfer and acceptance of a building (structure, construction) executed in accordance with the procedure established by legislation, and certificate of state registration of right confirming state registration ownership rights to the real estate object (objects) (or their duly certified copies);

- for other objects, excluding real estate objects – certificate of transfer and acceptance of a fixed asset and (or) certificate of transfer and acceptance of a group of fixed assets executed in accordance with the procedure established by legislation (or their duly certified copies);

- documents confirming the taxpayer’s other costs in the form of capital investments incurred in the first three years of implementation of an investment project or production modernization program registered in accordance with the legislation of Kaluga Region (or their duly certified copies);

- document confirming lack of tax debts, including unpaid advance payments, dues and other mandatory payments to budgets of all levels at the end of the tax period, in which the taxpayer applied the reduced tax rate, issued by the relevant tax authority of Kaluga Region;

- document confirming lack of overdue debts relating to monetary obligations to Kaluga Region at the end of the tax period, in which the taxpayer applied the reduced tax rate, issued by the relevant financial authority of Kaluga Region;

- documents confirming lack of debts associated with insurance payments to state off-budget funds at the end of the report period, in which the taxpayer applied the reduced tax rate, certified by heads of branches of relevant funds;

- documents confirming the size of the average monthly salary at the taxpayer’s organization, completed in accordance with the established procedure for the quarter preceding the date of submission of the tax calculation for the advance payment of the tax (tax statement) to the tax authority, the relevant federal state statistical monitoring form certified by the statistics agency (only for investors indicated in [sub-clauses 1.1](#Par31) and [1.2 of clause 1 of article 2](#Par51) of this Law);

- certificate signed by the senior executive of the organization indicating the amounts of individual income taxes calculated, withheld and transferred (paid) in the report (tax) period, in which the taxpayer applied the reduced tax rate;

Paragraph 11 of clause 1 of article 4 shall lose force on January 1, 2016 ([article 6](#Par138) of this document).

- documents confirming achievement of the required volume of sales of goods in accordance with section D of the All-Russian Classifier of Economic Activities (only for investors indicated in [sub-clause 1.3 of clause 1 of article 2](#Par75) of this Law).

The words “and eleven” shall lose force on January 1, 2016 ([article 6](#Par139) of this document).

2. Documents indicated in [paragraphs three, four, five](#Par110) and [eleven of clause 1](#Par121) of this article are submitted by the taxpayer with the claim of the reduced tax rate and also attached to the tax filing for each tax period. Documents indicated in [paragraphs six, seven](#Par113) and [eight of clause 1](#Par115) of this article are attached to the tax filing for the tax period. Documents indicated in [paragraphs nine, ten of clause 1](#Par116) of this article are attached to the tax calculation for the advance tax payment (tax filing) for the upcoming report (tax) period.

Article 5

If its budget and socio-economic efficiency is evaluated as low, the reduced tax rate established by [clause 1 of article 2](#Par30) of this Law can be suspended or cancelled by Kaluga Region legislation.

Evaluation of budget and socio-economic efficiency of the reduced tax rate established by [clause 1 of article 2](#Par30) is performed in accordance with the procedure and within terms established by the executive agency of Kaluga Region responsible for tax benefits authorized by the Government of Kaluga Region.

If the Kaluga Region Law indicated in [paragraph one](#Par129) of this article comes into effect, the reduced rate of the corporate income tax payable to the regional budget in accordance with clause 1 of article 284 of the Tax Code of the Russian Federation established by this Law can be applied by investors participating in legal relations associated with its application without any changes until expiry of the term of its application.

(paragraph introduced by Kaluga Region Law No.397-OZ of March 28, 2013)

Article 5.1

(sub-clause introduced by Kaluga Region Law No.427-OZ of June 03, 2013)

1. Rate of the corporate income tax payable to the regional budget pursuant to paragraph 1 of Article 284 of the Tax Code of the Russian Federation is established for entities-residents of special economic zones regarding income generated from activities performed at the territory of special economic zones established at the territory of Kaluga region in the following amounts:

1.1. For entities-residents of special economic zones, performing any kind of economic activities specified by codes 20; 29; 34.3 of the All-Russian Classifier of Economic Activities, rate of the corporate income tax is established in the following amounts:

0 per cent – until December 31, 2017;

3 per cent – for the period from January 1, 2018 till December 31, 2020;

5 per cent - for the period from January 1, 2021 till December 31, 2022;

8 per cent - for the period from January 1, 2023 till December 31, 2024;

10 per cent - for the period from January 1, 2025 till December 31, 2026;

13.5 per cent – from January 1, 2027.

In addition, the amount of revenue from performing activities indicated in [paragraph](#Par142) 1 of the present sub-clause should be at least 70 per cent of the total amount of the taxpayer’s revenue from sales of goods (works, services) received at the territory of special economic zone established at the territory of Kaluga region for the relevant tax period.

1.2. For entities-residents of special economic zones, excluding those indicated in [sub-clause 1.1, clause 1](#Par142) of the present Article, rate of the corporate income tax is established in the following amounts:

5 per cent – until December 31, 2022;

9 per cent - for the period from January 1, 2023 till December 31, 2026;

13.5 per cent - from January 1, 2027.

2. The taxpayer’s entitlement for the use of reduced tax rate pursuant to the present Article arises from day 1 of the reporting period following reporting (tax) period, when the entity in conformity with the legislation of the Russian Federation obtained the status of resident of special economic zone. Taxpayer loses entitlement for the use of the said tax rate from day 1 of the reporting (tax) period, when the entity in conformity with the legislation of the Russian Federation lost the status of resident of special economic zone.

3. Reduced rate is provided on the basis:

- copy of entity's registration as a resident of special economic zone;

- documents confirming amount of the taxpayer’s revenue established by [paragraph 8, sub-clause 1.1](#Par149) of the present Article from sales of goods (works, services) received from any kind of economic activity, specified by codes 20; 29; 34.3 of the All-Russian Classifier of Economic Activities (only for entities-residents indicated in [sub-clause 1.1, clause1](#Par142) of the present Article).

Article 6

The following clauses shall lose effect on January 1, 2016:

- [sub-clause 1.3 of clause 1 of article 2](#Par75) of this Law;

- [paragraph eleven of clause 1 of article 4](#Par121) of this Law;

- words “and eleven” in [clause 2 of article 4](#Par125) of this Law.

A.D. Artamonov
Governor of Kaluga Region

Kaluga

December 29, 2009

No.621-OZ