



Moscow  
Government

2017



## New investment project support measures



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# 1. Moscow's appeal for new investments

Moscow provides attractive tax, administrative, staff and infrastructure conditions for investments in the industrial and innovative sectors, while also paying special attention to further developing the public-private partnership (PPP) mechanism and concession agreements.

## The biggest sales market



**€ 148.7<sup>bn</sup>**  
consumer spending



**17%**  
of Russia's retail turnover



**€ 8.1<sup>bn</sup>**  
value of municipal orders  
in 2015



**€ 17<sup>bn</sup>**  
value of the Targeted Investment  
Programme (TIP) in 2015–2018

## High staff and scientific potential



**11 m people**  
the number of the Moscow agglomeration economically  
active population



**50%** the percentage of the employed people with a higher education



**30%** of Russia's academic staff

## Convenient conditions for doing business



One of the leaders in the rating of Russia's investment climate



Leader of national ratings:

- development of PPP
- transparency of state procurement

**30-50%**

reduction in business costs  
(in currency equivalent compared with 2014)

## Extended investment infrastructure



- **over 20** prepared land plots for launching production (over 60 ha in size)
- **over 8,000 ha** of industrial areas



**27** technoparks and technopolises

**1,867,000**<sup>sq m</sup>  
of premises

**580**<sup>ha</sup>  
of land plots



The number of technoparks in the city is rising, as are the opportunities for locating new projects on special sites with an extended infrastructure of business support.

## Zelenograd special economic zone

**160**<sup>ha</sup> +  
overall area of land plots



Free customs zone

In October 2015, Moscow passed laws on industrial policy and investment policy regulating support for new investment projects within the city.

## 2. Purposes for supporting new investment projects

1. Stimulating launch of new investment projects in creating industrial production units.
2. Creating favourable conditions for manufacturing products with high value added and export potential in Moscow.
3. Developing the city's innovative and industrial infrastructure through increasing the number of technoparks and industrial parks.

**Support from the Moscow Government is being carried out by granting the status of an investment priority project of the Moscow City (hereinafter, IPP).**

IPP status can be granted to the following investment projects:

- for creation, modernisation and (or) mastering of the manufacture of industrial products\*;
- for creation of an industrial complex;
- for creation of an industrial park;
- for creation of a technopark;
- projects carried out on concession agreements and PPP agreements.

IPP status allows investors to receive regional tax relief and benefits related to lease of land plots. The tax burden reduction can be up to **25%**.



\* Hereinafter, IPP for the launch of industrial production units.

### 3. What support measures are provided

#### Profit tax to the Moscow treasury

Reduction by **26%**

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Reduced rate of **12,5%**

Current rate: 17%

#### Property tax

Reduction by **100%**

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Released from tax on real estate

Current rates:

1,4% of cadastral value (for trade and office facilities) in 2017

2,2% of the book value (for other facilities)

#### Land tax

Reduction by **99,3%**

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**0.7%** of the calculated tax is due to be paid

Current rate:  
up to 1.5% of cadastral value

#### Ground rent

Reduction by **99,3%**

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Reduced rate of **0.01%** of cadastral value

Current rate:  
up to 1.5% of cadastral value

The status is granted for a period of up to **10 years** and is subject to mandatory annual confirmation.

## 4. Terms for gaining the benefit







### To create an industrial park

### INVESTOR'S obligations:



To create an industrial park to accommodate industrial companies.



To invest **at least € 44 m** within a period of five years (but not less than € 5,5 m/ha).



To reach target economic indicators within seven years (for more detail, see page 12).



To sign a special investment contract with the Moscow Government.



### To create a technopark

### INVESTOR'S obligations:



To create a technopark to accommodate companies in the spheres of research, IT, communications and industrial production.



To invest **at least € 13.8 m** within a period of five years (but not less than € 6,9 m/ha).



To reach target economic indicators within seven years (for more detail, see page 12).



To sign a special investment contract with the Moscow Government.



**Participation  
in a concession  
/ PPP**



**An INVESTOR**, that has signed a concession agreement or a PPP agreement meeting the relevant requirements since January 1 2016

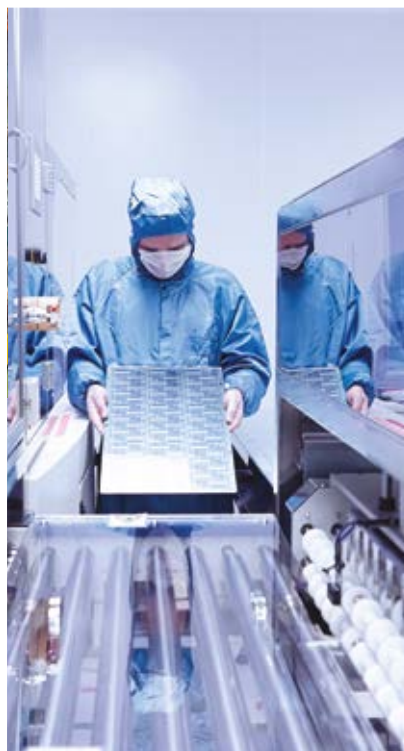


The subject of the agreement is activity in the areas of priority for the city\*.



The value of investment is **at least € 27,7 m.**

\* The subjects of agreements in the priority areas are facilities of the transport infrastructure, healthcare, culture, sports, etc.



## 5. What requirements are to be met by an applicant to gain IPP status

### General requirements

1. Registration as a taxpayer in Moscow.
2. No tax arrears.
3. No liquidation or bankruptcy proceedings.
4. No arrears related to lease of land plots owned by the City of Moscow.
5. Confirmation of financial solvency to implement the project.

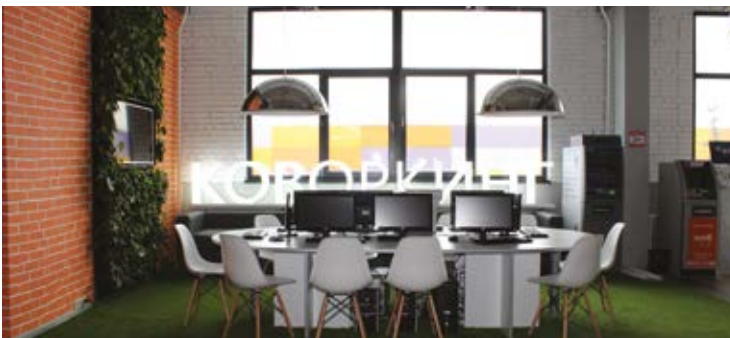
### Additionally:

6. Regarding a IPP for creating an industrial park:

a record of the industrial park and its management company must be available on the Ministry of Industry and Trade's register of industrial parks.

7. Regarding a IPP for creating an industrial park and technopark:

preliminary agreements with potential residents.



## Economic requirements

To obtain IPP status and receive related benefits, an investor undertakes obligations to reach the following target economic indicators:

Indicator	IPP for developing industrial production	IPP for creating an industrial complex	IPP for creating an industrial park	IPP for creating a technopark
Type of economic activity	Manufacturing		Production and science	Science and production
Payroll budget of at least	€345.6/m <sup>2</sup> *	€1.4m/ha		€2.8m/ha
Proceeds of at least	€1037/m <sup>2</sup> *	€4.2m/ha	€6.2m/ha	€8.3m/ha
Average monthly salary of at least	€705**		€777**	€843.3**
Investment	At least €10m – over 3 years	At least €13.8m (but no less than €6.9m per 1 ha) – over 5 years	At least €44m (but no less than €5.5m per 1 ha) – over 5 years	At least €13.8m (but no less than €6.9m per 1 ha) – over 5 years

- Compliance with economic indicators should be assessed taking into account the indicators of both owners and tenants pursuing core activities.
- The economic requirement figures are set for 2016 and are subject to annual indexation.

\* The indicators are calculated for 1 m<sup>2</sup> of occupied area.

\*\* The indicator is tied to the monthly average income from labour activities in Moscow (published officially).

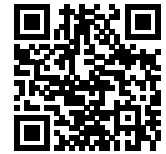
# 6. Procedure for granting the status



\* The status takes effect when the SPIC is signed.

## 7. How to lodge an application and where to apply

- Register with the Moscow Investment Portal [www.investmoscow.info](http://www.investmoscow.info).
- Upon registering in the Personal Account the applicant completes an application form and attaches documents to it.



### Submission of documents in hard copy

- Apply to the Moscow City Investment Agency for a consultation.
- Complete an application form and send it, together with the relevant documents, to the Department of Science, Industrial Policy and Entrepreneurship of Moscow.

### Your aides:



Industrial Policy Division of the Moscow Department of Science,  
Industrial Policy and Entrepreneurship

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