
SHORT NEWS

Russia - New Rules for Special Investment Contracts

On August 2, 2019 the Russian President signed three federal laws introducing new rules on special investment contracts (SPIC). The special investment contracts represent an important support measure for production localisation investments in Russia.

The most important changes can be divided into three groups:

1. The budget legislation has been supplemented with the provision regarding the possible receipt of long-term subsidies for projects implemented on the basis of special investment contracts. Previously, the subsidies could only be granted for one year.

2. The important basic provisions on SPIC in the Federal Law "On Industrial Policy in the Russian Federation" were changed, in particular:

- requirement regarding the minimum investment volume was abolished;
- the maximum contract term (currently 10 years) was extended considerably – 15 years for investments under 50 billion rubles and 20 years for investments over 50 billion rubles;
- investors shall be protected from future legal changes that restrict or prevent the exercise of their rights under SPIC;
- SPICs shall be concluded upon results of the competitive selection process;
- the project key figures shall be included into the contract, whereby the investor is liable for the failure to reach them, for example: if the state does not receive more than 50% of the planned investment from the project, the benefits shall be revoked;
- the requirement for separate accounting of revenues and expenditures from the SPIC-project and from other activities was introduced.

3. The tax legislation has been adjusted to provide clear rules on the application of profit tax advantages by investors: the use of the zero tax rate in relation to the federal profit tax share and the receipt of benefits in relation to the regional profit tax share.

Our experts will be happy to advise you on further questions regarding investments in Russia:

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