



THE GOVERNMENT HAS APPROVED THREE NEW PRIORITY DEVELOPMENT AREAS (PDA)

FAO executives and head of legal planning to develop business in the Far East and so-called Russian 'monotowns'

Pepeliaev Group advises that on 28 January 2016 the Russian Government adopted a resolution to establish first priority development areas (PDAs) in monotowns¹ in Russia and a new priority development area in the Far East².

The Resolutions supplement the already existing list of priority development areas (PDAs) which was established based on Federal Law No. 473-FZ dated 29 December 2014, which came into effect on 31 March 2015.

We remind you that the PDA legal regime presupposes:

- various tax benefits;
- the applicability of the free customs zone procedure;
- PDA residents may be legal entities established by both Russian and foreign investors;
- a special procedure for audits to be conducted by supervisory authorities;
- a simplified procedure for obtaining land plots and other real estate by PDA residents and concluding lease agreements or sale and purchase contracts with a Management Company;
- a simplified procedure for hiring foreign personnel;
- other specific aspects facilitating business processes.

The Bolshoy Kamen PDA was created within the urban district of Bolshoy Kamen, Primorie Territory.

The Gukovo PDA was created within the urban district of Gukovo, Rostov Region.

The Naberezhnye Chelny PDA was created within the municipality of Naberezhnye Chelny City, Republic of Tatarstan.

The following lines of business are covered by the preferential regime of business in the above mentioned PDAs, such as³

The Bolshoy Kamen PDA:

- water transport
- the manufacture of finished metal products, electric equipment, cars and equipment, not included in other groups
- the manufacture of cars and other vehicles and equipment, and trailers and semi-trailers

¹ Single-industry municipalities.

² The Russian Government's Resolutions No. 43, 44 and 45 dated 28 January 2016.

³ Below are the types of business activity that we regard as the most interesting; some of them are grouped together. A complete list of such businesses is given in the Russian Government's Resolutions Nos. 43, 44 and 45 dated 28 January 2016.

The Gukovo PDA:

- the extraction of certain minerals
- food production
- the manufacture of electric equipment
- the manufacture of cars, trailers and semi-trailers
- woodworking and the production of articles made of wood and cork (other than furniture) and of articles made of straw and matting materials.

The Naberezhnye Chelny PDA:

- the manufacture of chemical substances and chemical products
- the manufacture of rubber and plastic products
- metallurgical production
- the manufacture of finished metal products, other than vehicles and equipment
- the manufacture of cars, trailers and semi-trailers (other than manufacture of trucks)
- the manufacture of other vehicles and equipment.

Please note that, Gukovo and Naberezhnye Chelny PDAs are the first PDAs established in monotowns. Such PDAs may be established in municipalities with a more complicated economic and social environment, the List of which has been approved by the Russian Government⁴.

The PDAs earlier established in the Far East

	PDA	Place where established
1	Kamchatka	Elizovskoye urban district, Paratunskoye, Nikolaevskoye and Novovavachinskoye rural settlements included in Elizovskoye municipality, Petropavlovsk-Kamchatskiy urban district, Kamchatka Region
2	Belogorsk	Belogorsk urban district, Amursk Region
3	Priamurskaya	Blagoveschenskiy and Ivanovski Districts, Amursk Region
4	Kangalassy Industrial Park	Yakutsk, the Sakha Republic (Yakutia)
5	Mikhailovskiy	Mikhailovskiy, Spasskiy and Chernigovskiy municipalities, Primorie Region
6	Beringovskiy	Anadyrskiy municipality and Anadyr urban district, Chukotka Autonomous District
7	Komsomolsk	Komsomolsk-on-Amur and Amursk, Khabarovsk Region
8	Khabarovsk	Khabarovsk, Khabarovsk municipality and Rakitnenskoye rural settlement, Khabarovsk Region
9	Nadezhdinskaya	Nadezhdinskiy municipality, Primorie Region

⁴ Russian Government's Resolution No. 1398-r dated 29 July 2014.

Pepeliaev Group will keep you informed on further developments of the investment mechanism for the Far East and establishment of PDAs in other Russian regions.

Help from your advisor

Pepeliaev Group is ready to provide full-fledged legal support, including in obtaining the status of a PDA resident and challenging decisions denying the status of a PDA resident; in concluding agreements with a Management Company regarding the business conducted within the PDA; including sale and purchase contracts and lease agreements regarding land plots and other real estate; in customs clearance and customs operations, including when goods produced are exported outside the PDA; and any legal assistance in further business operations.

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