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Committee on Subsidies and Countervailing Measures

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SUBSIDIES

REPLIES TO QUESTIONS POSED BY AUSTRALIA¹ REGARDING THE NEW AND FULL NOTIFICATION OF THE RUSSIAN FEDERATION²

The following communication, dated 25 December 2013, is being circulated at the request of the Delegation of the Russian Federation.

Page 11, Amur region, Implementation of Investment Projects

Could Russia please clarify and provide more information on the type of "organizations" which are the recipients of the tax exemptions, state guarantees and grants?

Reply

In accordance with the Law of the Amur region No. 266-RL of 28 November 2003 "On Property Tax for organizations on the territory of the Amur region" tax incentives are provided for organizations, based on priorities, established in the strategy for social and economic development of the region, main tax policy objectives for the coming year and respective requests from taxpayers. Categories of taxpayers, engaged in implementation of investment projects and eligible for tax incentives, include organizations, classified under the following types of economic activity: "agriculture, hunting and forestry", "extraction of limestone, gypsum and chalk", "production of food products, including beverages", "textile and clothing manufacture", "production of leather, leather goods and shoes", "woodworking and production of wooden goods", "paper manufacturing; publishing and printing activities", "production of fertilizers and nitrogen compounds", "production of rubber and plastic goods", "production of other non-metallic mineral products", "machinery manufacturing", "production of electrical, electronic and optical equipment", "production of transport vehicles and equipment", "furniture production", "extraction of ores and sands of precious metals (gold, silver and platinum metals)", "building of objects for travel industry".

Could Russia also elaborate on the eligibility criteria of investment projects for subsidies?

Reply

In accordance with the Law of the Amur region No. 266-RL of 28 November 2003 "On Property Tax for organizations on the territory of the Amur region" organizations, engaged in implementation of investment projects and classified under the following types of economic activity: "agriculture, hunting and forestry", "extraction of limestone, gypsum and chalk", "production of food products, including beverages", "textile and clothing manufacture", "production of leather, leather goods and shoes", "woodworking and production of wooden goods", "paper manufacturing; publishing and printing activities", "production of fertilizers and nitrogen compounds", "production of rubber and plastic goods", "production of other non-metallic mineral products", "machinery manufacturing", "production of electrical, electronic and optical equipment", "production of transport vehicles and equipment", "furniture production", are eligible for tax incentives from the moment of putting into operation of the object of investments by the end of the payback period of such projects, but not

¹ G/SCM/Q2/RUS/3.

² G/SCM/N/253/RUS.

more than for three years with regard to the property, created during the implementation of investment projects, under the condition of granting freed from taxation funds for the purposes, provided by such investment projects.

Organizations, engaged in implementation of investment projects and classified under the "extraction of ores and sands of precious metals (gold, silver and platinum metals)" economic activity, are eligible for tax incentives if such projects are of the value no less than 5 billion rubles in terms of property, created during the implementation of investment projects, for a period not exceeding two consecutive tax periods, under the condition for granting freed from taxation funds for development of transport infrastructure in the framework of public-private partnership.

Organizations, engaged in implementation of investment projects and classified under the "building of objects to travel industry" economic activity, are eligible for tax incentives from putting into operation of the object of investments to the end of the payback period of such projects, but not more than for three years with regard to the property, created during the implementation of investment projects, under the condition of granting freed from taxation of funds for the purposes provided by the data of investment projects.

Page 16, Kamchatsky Krai, "On property tax for certain organizations in Kamchatka"

This programme provides support for fishermen facing negative consequences from the auctioning of fish quotas. This programme provides for renewal and modernization of fishing fleets.

Could Russia please clarify the eligibility criteria for such support?

Reply

In accordance with the Law of the Kamchatsky Kray No. 688 of 22 November 2007 "On property tax of organizations in the Kamchatsky Kray" eligibility criteria for such support depends upon organization's type and return from its main economic activity (minimum return should be not less than 70%).

Could Russia also clarify the mechanism for the auctioning of the quotas?

Reply

Above mentioned law of the Kamchatsky Kray does not regulate the mechanism for the auctioning of quotas on fish catching.

In accordance with the Federal law No. 166 as of December 20, 2004 "On fishery and conservation of water biological resources" the Federal Agency for Fisheries is responsible for the auctioning. Mechanism for quotas auctioning is established at the federal level and subject to review within each 10 years. Distribution of fishing quotas depends upon historic volume of fish caught by specific vessel.

Could Russia please clarify what types of fishing vessels qualify for this assistance? For example, are vessels engaged in marine wild capture fishing eligible?

Reply

Support, envisaged under the Law of the Kamchatsky Kray No. 688 of 22 November 2007 "On property tax of organizations in the Kamchatsky Kray", are granted to legal persons, individual entrepreneurs irrespective of their types of fishing vessels.

Page 21, Murmansk region, Support of fishery industry

Could Russia please clarify the eligibility criteria for such support?

Reply

In accordance with the Decision of the Government of the Murmansk region No. 280-PP of 9 June 2012 "On state support of enterprises engaged in fish industry of the Murmansk region" subsidies in a form of partial compensation of interest rates payments for received loans are granted to organizations, involved in fish industry, on the basis of their requests and in accordance with conditions and criteria, stipulated by the regional legislation. These criteria are based on main parameters of economic performance of the applicant, such as registration as a taxpayer on the territory of the Murmansk region, pay off debts.

In accordance with the Law of the Murmansk region No. 446-01-ZMO of 26 November 2003 "On the property tax of organizations" tax incentives are granted to organizations, involved in fish industry, depending on the amount of profit obtained from this type of economic activity, and volume of supply to fish processing plants, established on the territory of the Murmansk region, from the total amount of realization.

In accordance with the Law of the Murmansk region No. 1075-01-ZMO of 3 March 2009 "On establishing differentiated tax rates, depending on the categories of taxpayers of taxes, charged in connection to the application of simplified taxation scheme" such tax rates are provided for organizations, established on the territory of the Murmansk region, depending on type of their economic activity.

Does this include enterprises engaged in marine wild capture fishing?

Reply

Enterprises engaged in marine wild capture fishing are included in the support program.

Page 25, Primorsky Krai, Support of fishery and fish processing

Could Russia please elaborate on how this support is intended to increase production capacities? For example, does the support relate to the size of fishing vessels or their engine capacities? Is this related to fish processing production capacity?

Reply

The support, adopted by the Resolution of the Administration of the Primorsky Krai No. 313-pa of 17 September, 2010 "On the territorial long term target program State support for coastal development of fish processing in the Primorsky Krai", is provided for fishery and fish processing enterprises and intended to increase production capacities by reconstruction and modernization of fishery and fish processing plants.

Such support also aims at purchase of new technical fish processing equipment, production reconstruction and equipment modernization with the use of new technologies, which as a result will improve processing plants qualitative characteristics, range of products and increase production capacity of finished fish products.

Page 27, Tatarstan Republic, Improvement of investment climate of the region

Could Russia clarify whether the fish and fish processing industries are the specific sectors which benefit under this programme? Are other industry sectors eligible?

Reply

In accordance with the Law of the Tatarstan Republic No. 53-ZRT of 2 August, 2008 "On establishing tax rates on profit tax of organizations for certain categories of taxpayers" tax rate reduction on profit tax is provided as for organizations, involved in fish and fish processing industries, and also for organizations involved in realization of investment projects in the sphere of manufacturing.

Could Russia also provide more information on the eligibility criteria for receipt of the tax incentives?

Reply

Tax rate reduction on profit tax is provided to certain categories of enterprises, depending on their general economic indicators, such as total amount of profit obtained from respective economic activity.

Page 27, Volgograd region, "Support of hunting and fisheries in the Volgograd region"
Could Russia provide more information on the eligibility criteria for the receipt of grants to this sector?

Reply

In accordance with the regional legislation state support is granted to organizations, engaged in hunting and fisheries, depending on their general economic performance, for example, total amount of products sent for processing, volume of cultivated fish, and production capacity in comparison to the previous year.

What types of organizations engaged in fisheries qualify for grants?

Reply

Under the regional legislation the following types of organizations are eligible for grants: legal entities of any forms, individual entrepreneurs and farms.
