

Approved
By the Resolution of the Government
of the Republic of Kazakhstan
dated December 29, 2015 # 1120

Rules of granting investment subsidies

1. General provisions

1. These Rules of granting investment subsidies (hereinafter - the Rules) are developed in accordance with paragraph 7 of Article 291 of the Entrepreneurial Code of the Republic of Kazakhstan dated October 29, 2015, and determine the procedure and conditions for granting investment subsidies.
2. Terms and definitions used in these Rules:
 - 1) investment subsidies - a kind of budget subsidies provided as investment preferences on a free and irrevocable basis to a legal entity of the Republic of Kazakhstan that signed an investment contract for implementation of a priority investment project;
 - 2) legal entity of the Republic of Kazakhstan - a legal entity, including a legal entity with foreign participation, created in accordance with the legislation of the Republic of Kazakhstan;
 - 3) authorized body on investments (hereinafter - the authorized body) - a government authority, designated by the Government of the Republic of Kazakhstan for conclusion of investment contracts and control of their implementation;
 - 4) priority investment project - an investment project, implemented by a newly created legal entity for certain priority activities, a list of which is approved by the Government of the Republic of Kazakhstan, and providing investments in the amount of at least two million-fold size of the monthly calculation index established by the Law on the Republican Budget and valid as of the date of filing an application for granting investment preferences (hereinafter - the application);
 - 5) investment contract - a contract for implementation of an investment project involving carrying out investments and granting investment preferences.
3. An investment subsidy is granted under a priority investment project to a newly created legal entity of the Republic of Kazakhstan, provided that:
 - 1) the recipient is a newly created legal entity of the Republic of Kazakhstan operating as of the date of filing the application, that makes investments in the amount of at least two million-fold amount of the monthly calculation index established by the Law on the Republican Budget and being valid as of the date of filing the application, except for:
autonomous institutions of education in accordance with the tax legislation of

the Republic of Kazakhstan and the legislation of the Republic of Kazakhstan on education;

organizations operating within the territory of the special economic zone in accordance with the tax legislation of the Republic of Kazakhstan and the Law of the Republic of Kazakhstan on special economic zones;

- 2) share of the state and/or of a subject of quasi-public sector as the founder and/or the participant (shareholder) in a legal entity of the Republic of Kazakhstan does not exceed twenty five per cent.

The participation of the state and/or the subject of quasi-public sector as the founder and/or the participant (shareholder) of a legal entity of the Republic of Kazakhstan does not exceed the term of five years from the date of registration of an investment contract. Within five years, the state and/or the subject of quasi-public sector are obliged to withdraw from membership in the founder and/or the participant (shareholder) of a legal entity of the Republic of Kazakhstan, and in case of failure to meet this requirement, the granting of investment preferences shall be suspended until his (their) full withdrawal from membership in the founder and/or the participant (shareholder) of a legal entity of the Republic of Kazakhstan for a period not exceeding one year.

Failure to fulfill the conditions of withdrawal from membership in the founder and/or the participant (shareholder) of a legal entity of the Republic of Kazakhstan during the period of suspension shall entail early termination of the investment contract and return of previously granted investment preferences;

- 3) budgetary funds shall not be attracted for implementation of the priority investment project as sources of financing or guarantees;
 - 4) investment activities shall be implemented beyond the framework of a public-private partnership agreement, as well as beyond the concession agreement.
4. For the purposes of applying the investment subsidy for priority investment project, a newly created legal entity of the Republic of Kazakhstan shall be considered a legal entity that complies with the following conditions:
- 1) the legal entity was officially registered not earlier than twenty four calendar months prior to the date of filing the application;
 - 2) the legal entity carries out activities that are included in the list of priority activities identified for priority investment projects;
 - 3) implementation of the priority investment project is carried out exclusively under a one investment contract.

2. Procedure for granting investment subsidies

5. To get an investment subsidy, a legal entity of the Republic of Kazakhstan shall send an application to the competent authority in the form prescribed by the competent authority.

The application to provide investment subsidies shall be adopted if the following documents are attached to it:

- 1) certificate of state registration (re-registration) of a legal entity;
- 2) copy of the Articles of Association of a legal entity certified by the signature of the Head and by the seal of a legal entity (if present);
- 3) the business plan of the investment project, compiled in accordance with the requirements established by the authorized body;
- 4) copies of documents, the list of which is established by the legislation of the Republic of Kazakhstan, supporting the estimated cost of construction and installation works and the cost of acquisition of fixed assets, raw materials and/or materials used at implementation of the investment project, certified by the signature of the Head and the seal of the legal entity;
- 5) certificate issued by the body of state revenue at the place of registration about absence of tax arrears, outstanding mandatory pension contributions and social contributions;

During the period of implementation of the investment priority project, the investor shall submit the conclusion of state expert examination of pre- and/or project design documentation in accordance with the legislation of the Republic of Kazakhstan, certified by signature of the Head and seal of the legal entity (if any).

6. The authorized body within ten (10) working days from the date of filing shall:

- 1) verify compliance of the legal entity of the Republic of Kazakhstan with the conditions for granting investment subsidies specified in paragraph 3 of these Rules;
- 2) carry out analysis of documents on the investment project.

7. After consideration of the application, the authorized body, within three (3) working days, shall send a written reasoned response to the investor.

8. In compliance with paragraph 3 of these Rules, the authorized body shall, in accordance with the procedure established by the legislation of the Republic of Kazakhstan, develop and submit to the Government of the Republic of Kazakhstan a draft resolution of the Government of the Republic of Kazakhstan on granting an investment subsidy to the legal entity of the Republic of Kazakhstan.

9. The investment subsidy shall be granted on the decision of the Government of the Republic of Kazakhstan.

10. After the enactment of the resolution of the Government of the Republic of Kazakhstan on granting the investment subsidy, the authorized body shall register the application in the Register and shall send a written answer to the applicant within three (3) working days from the date of filing the application.

11. The authorized body, within ten (10) working days from the day of official publication of the resolution of the Government of the Republic of Kazakhstan on granting the investment subsidy, shall prepare for signing an investment contract, based on the provisions of model contract.

12. The investment contract shall be registered by the authorized body within five (5) working days from the date of its signing and shall enter into force on the date of its registration.

The date of registration of investment contract by the authorized body shall be considered the date of its conclusion.

13. An investment subsidy shall be provided through reimbursement of up to 30 (thirty) percent of the actual cost of construction and installation works and purchase of equipment, excluding value added tax and excise duties, on the basis of supporting documents, but not exceeding the cost of expenditures provided for by the pre-project documentation, which is certified by the state expert examination in accordance with the procedure established by the legislation of the Republic of Kazakhstan.

The limit of amount of an investment subsidy to be granted shall be established and altered by a joint order of the authorized bodies for investment and development, national economy and budget planning of the Republic of Kazakhstan within the funds of the republican budget provided for the reimbursement of actual cost of construction and installation works and purchase of equipment.

14. The investment subsidies shall be paid after putting production into full operation, as established by the investment contract, provided that the investor meets his investment obligations.

15. The schedule and the annual amounts of investment subsidy to be paid shall be established under the investment contract through distribution of the investment subsidy by equal installments for a period, depending on the amount of investments and the profitability of the priority investment project, but at least for three years after putting production into operation and before expiry of the investment contract.

16. After completion of implementation of the work program, the investor shall submit an audit report to the authorized body. The report shall contain:

- 1) information on performance of the investment obligations in accordance with the work program of the investment contract;
- 2) breakdown of fixed assets acquired in accordance with the work program;
- 3) consolidated register of documents confirming implementation of the work program;
- 4) information on performance of the investment contract.

17. Within two (2) working days after taking the decision on the amount of the investment subsidy to be paid, the authorized body shall send a written notice to the investor.

18. The authorized body shall pay the investment subsidy within the limit of the funds provided in the republican budget for the relevant financial year in accordance with the budget legislation of the Republic of Kazakhstan.