

VEGAS LEX AT INNOPROM-2017

VEGAS LEX Partner, Head of special projects Maxim Grigoryev has discussed problems in implementing special investment contracts (SPIC) and ways to avoid them, and the potential of SPIC for migration to best available technologies (BAT) at the INNOPROM-2017 International Industrial Exhibition in Yekaterinburg.

On July 12, 2017, VEGAS LEX Partner, Head of special projects [Maxim Grigoryev](#) spoke at Russia's largest international industrial exhibition, INNOPROM-2017*, which focuses on the latest technologies and developments in industry.

Mr. Grigoryev, who was directly involved in the support of [CLAAS SPIC deal](#) and other SPICs, spoke at the roundtable organized by the Russian Union of Industrialists and Entrepreneurs, [Special Investment Contract as an effective and demanded tool of the industrial policy](#). He listed a number of problems that investors opting for this tool have faced and continue to face; he discussed them in detail during a debate with Deputy Minister of Industry and Trade **Vasily Osmakov** and put forward proposals on dealing with these problems.

The participants also discussed the experience of concluding and applying the SPIC at the federal and regional levels; the newly-adopted amendments to the Tax Code and Government Resolution No. 708 concerning: easing regulations which stipulate that 90% of the income of a legal entity entering into a SPIC should constitute revenue from the investment project; including objects of intellectual property into the list of investment destinations itemized under SPIC; extending the tax break period under SPIC (extension or waiver of the deadline stipulated under the Tax Code until 2025) and the opportunity to enter into a SPIC for the term exceeding 5 years from the date the project reaches its specified operating profit.

Other speakers included President of the Russian Union of Industrialists and Entrepreneurs **Alexander Shokhin**; Vice-President of the Russian Union of Industrialists and Entrepreneurs for Economic Policy and Competitiveness **Maria Glukhova**; First Deputy Energy Minister **Alexey Teksler**; representatives of the Ministry of Industry and Trade and the Industrial Development Fund, and representatives of major businesses including Lukoil, Inter RAO UES, Uralkali, Kamaz, ABB Russia, GeroPharm Group, Abbott Veropharm, and others.

Mr. Grigoryev also spoke at the session of the Coordination Council of the Russian Union of Industrialists and Entrepreneurs for the Ural Federal District, *Prospects and challenges of transition to best available technologies (BAT)*. In his report, *The potential of the SPIC for transition to BAT and expanding local production of equipment for introducing them*, the expert said that, with proper use, the SPIC mechanism can solve the problems of transition to BAT. Firstly, using the "regular" type of SPIC that involves creating or modernizing industrial production, it is now possible to provide substantial support for expanding local production of equipment necessary to introduce BAT. This would make such equipment more affordable/less costly. Secondly, a relevant regulation envisages a separate type of SPIC for the introduction of BAT. This type will only be used from the beginning of 2019. Theoretically, this mechanism should provide an opportunity for private parties of the SPIC to receive special preferences, different from those that industrialists who have introduced BAT are entitled to under relevant legislation. However, at the moment, there is no effective toolkit for the second type of SPIC for voluntary stimulation of introducing BAT. This mechanism still needs additional tuning.

During the meeting, the participants also discussed interaction between businesses and local, regional, and federal authorities; alleviation of regulatory pressure on businesses and other issues. The meeting was attended by leading businesses and enterprises of the Ural Federal District, representatives of federal and regional authorities.

** INNOPROM is an international industrial exhibition in Russia, held annually in Yekaterinburg since 2010. In 2012, the Russian Government awarded the exhibition federal status. Its organizers are the Sverdlovsk Regional Government and the Ministry of Industry and Trade. The exhibition is attended by Russian and foreign companies presenting their innovative developments and projects. Source: Wikipedia**

For more information on VEGAS LEX's services and support of investment projects, please go [here](#).