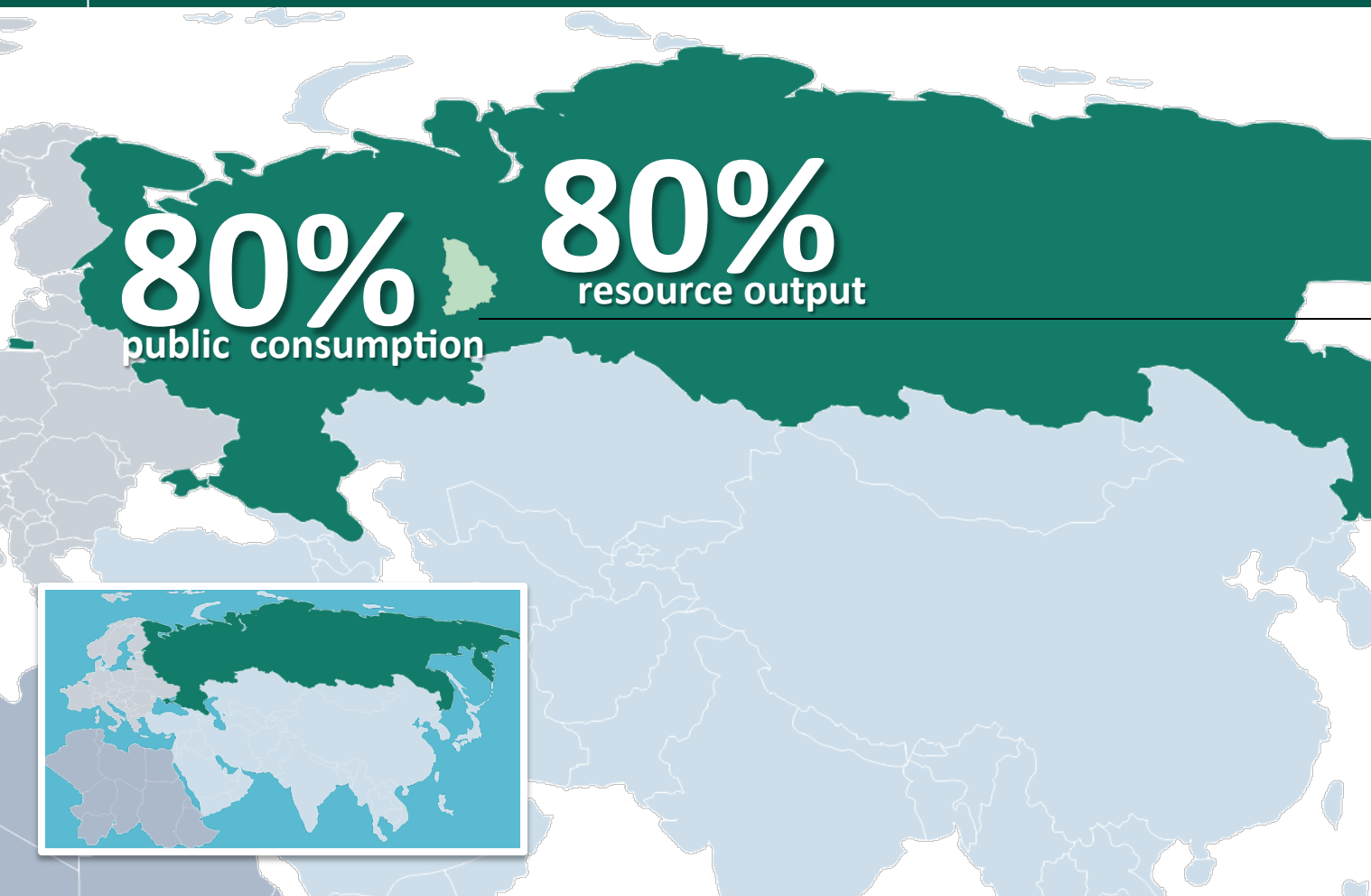


# TAD vs SEZ: pros and cons

# Sverdlovsk Region

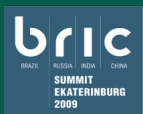
## Geographical Location and Key Facts



# Yekaterinburg

## Capital and Business Center of the Urals and Siberia

14 consulates and 12 honorary foreign consulates  
visa centers of more than 20 countries



# Sverdlovsk Region

Level of industrial production is

**4 times**

higher than the  
All-Russian level

# Who Already Works in Sverdlovsk Region



# Titanium Valley Special Economic Zone

Favorable economic environment and infrastructure for Russian and foreign entrepreneurs

**Best suited for** manufacturing machinery and equipment, as well as titanium based aircraft parts and medical equipment

**Located in** Verkhnyaya Salda – **170 km** from Yekaterinburg;  
**30 km** from the city of Nizhny Tagil

**Total area:** 584 hectares

**Hazard class:** III – V

## Special tax treatment:

**Income tax - 2%** (compared to 20% across Russia)

**Property tax - 0%** (compared to 2.2% across Russia)

**Land tax - 0%** (compared to 1.5% across Russia)

**Reduced vehicle tax rate**

**Import duty - 0%** (compared to 5-20% across Russia)

**VAT - 0%** (compared to 10-18% across Russia)



# Bogoslovsky Industrial Park

Industrial territory with well-developed infrastructure offering tax incentives and zero connection charges

**Best suited** for metal-intensive productions, manufacturers of construction materials and other manufacturers catering to the oil and gas extraction regions of Russia

**Located** in the town of Krasnoturyinsk—**380 km** from Yekaterinburg;

**700 km** from Khanty-Mansiysk

**Total area:** 86 hectares

**Hazard class:** I - V (1000 m protective zone)

## Special tax treatment:

**Income tax** - 5%–10% (compared to 20% across Russia)

**Property tax** - 0% (compared to 2.2% across Russia)

**Land tax** - 0% (compared to 1.5% across Russia)

**Insurance premiums** - 7.6% (compared to 30% across Russia)



# SEZ vs TAD

## Why TAD?

- **Lower operating costs** because of **lower social security payments** and taxes (corporate, property);
- TOR is a territory of the monotown in a whole – you can make a **JV with existings companies.**
- No problems with staff – people already live nearby;
- **Agriculture projects are allowed;**
- **Preferencial funding** of Fund for monotowns development
  - co-investing;
  - 5% interest rate loans.

# SEZ vs TAD

## Why SEZ?

- **Lower costs for equipment on investment stage** – no VAT and import Duties;
- **Better procedures** – more than 10 years of practice with SEZ vs less than 2 years with TAD;
- Better for export;
- **"Ready for use"**- most of SEZ have completed infrastructure construction (and it's new!)

# 3 mistakes investors do

easy check-list for your project at very beginning

**1) Do not focus only on industrial park/business park in TAD - you can choose any site you want:**

- TAD is status for a whole city, not for special site;
- it's a common mistake because regions mostly promote industrial parks.

**2) Check that your project could be implemented in SEZ/TADA you have chosen**

- extremely dangerous production is not allowed in SEZ
- each TAD has **its own specific** list of industries for which incentives will be provided (for example, you cant refine oil in any TAD)

**3) Pay attention on staff for your project:**

- TADs are usually full of staff with the same specialization as city-forming enterprise need – define with region administration special training programs;
- SEZs are usually far from cities – discuss with region administration how to provide housing for staff

# One more tip

for your project



## **Combine your SEZ/TAD status with other incentives:**

- special investment contract;
- federal and regional subsidies;
- special funds and organization which provide preferential funding.

# Contacts

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