

On approval of Rules for investment grant

Invalidated Unofficial translation

Resolution of the Government of the Republic of Kazakhstan No.1120 dated December 29, 2015. It became invalid by the Decree of the Government of the Republic of Kazakhstan dated 25.10.2021 No. 764 (effective from the date of its first official publication).

Unofficial translation

Footnote. It became invalid by the Decree of the Government of the Republic of Kazakhstan dated 25.10.2021 No. 764 (effective from the date of its first official publication).

In compliance with paragraph 7 of Article 291 of the Entrepreneur Code of the Republic of Kazakhstan dated October 29, 2015, the Government of the Republic of Kazakhstan **DECREES:**

1. Attached hereto regulations for the provision of investment grant shall be approved.

The following shall be deemed of no longer in effect:

1) Resolution of the Government of the Republic of Kazakhstan No. 1175 dated November 4, 2014 "On approval of the Rules for investment grant" (Collected Acts of the President and the Government of the Republic of Kazakhstan, 2014, No. 68, Art. 626);

2) subparagraph 2) of paragraph 1 of the Resolution of the Government of the Republic of Kazakhstan No. 210 dated April 9, 2015 "On Amendments and Addenda to the Resolutions of the Government of the Republic of Kazakhstan No. 436 dated May 8, 2003 "On some Issues of Implementation of the Law of the Republic of Kazakhstan "On Investments" and No. 1175 dated November 4, 2014 "On Approving the Rules for Investment Grants " (Collected Acts of the President and the Government of the Republic of Kazakhstan of the Republic of Kazakhstan, 2015, No. 21, Art. 115).

3. This resolution enters into force on January 1, 2016 and is subject to official publication.

*Prime Minister
of the Republic of Kazakhstan*

K. Massimov

Approved
by the Decree of the Government
of the Republic of Kazakhstan
No. 1120 dated
December 29, 2015

Rules for investment grant 1. General provisions

1. Present Rules for investment grant (hereinafter referred to as the Rules) are developed in accordance with paragraph 7 of Article 291 of the Entrepreneur Code of the Republic of Kazakhstan dated October 29, 2015 and determine the procedure for investment grant.

2. Terms and definitions used in present Rules:

1) investment grant - a type of budget grant provided as investment preference on non reimbursable and non repayable basis to a legal entity of the Republic of Kazakhstan who has entered into an investment contract providing for investments in the amount not less than five million times the monthly calculated indicator established by the law on the republican budget and valid on the date application for the provision of investment preferences (hereinafter - the application) and the implementation of the investment priority project;

2) a legal entity of the Republic of Kazakhstan - a legal entity, including a legal entity with foreign participation, established in the manner state by the legislation of the Republic of Kazakhstan;

3) an authorized investment body (hereinafter referred to as an authorized body) is a state body determined by the Government of the Republic of Kazakhstan to conclude investment contracts and monitor their performance;

4) investment priority project with the provision of investment grant - an investment project to create new industries, providing for a legal entity to invest in the construction of new production facilities (mill, factory, workshop) in the amount of at least five million times the monthly calculated indicator established by the law on the republican budget and valid on the filing date of the Application;

5) investment contract - an agreement for the implementation of an investment project, providing for the implementation of investments and the provision of investment preferences.

Footnote. Paragraph 2 as amended by the Government of the Republic of Kazakhstan No. 468 dated July 27, 2018 (comes into effect from the date of its first official publication).

3. An investment grant shall be provided for an investment priority project subject to the following conditions:

1) the recipient shall be a legal entity of the Republic of Kazakhstan;

2) a legal entity shall make investments in an amount not less than five millionth (to create new industries) of the size of the monthly calculation index established by the law on the republican budget and valid at the date of filing the application;

3) a legal entity shall carry out the activities included in the list of priority activities identified for the implementation of investment priority projects;

4) a legal entity shall not be:

an autonomous educational organization in accordance with the tax legislation of the Republic of Kazakhstan and the educational legislation of the Republic of Kazakhstan;

an organization carrying out activities on the territory of special economic zone in accordance with the tax legislation of the Republic of Kazakhstan and the legislation of the Republic of Kazakhstan on special economic zones;

5) the share of the state and (or) subject of the quasi-public sector, which is a legal entity of the Republic of Kazakhstan, as the founder and (or) participant (shareholder) of a legal entity of the Republic of Kazakhstan, shall not exceed twenty-six percent.

The participation of the state and (or) subject of the quasi-state sector, which is a legal entity of the Republic of Kazakhstan, as the founder and (or) participant (shareholder) of a legal entity of the Republic of Kazakhstan is not more than five years from the date of registration of the investment contract. Within five years, the state and (or) the quasi-state sector entity shall be required to withdraw from the composition of founders and (or) participants (shareholders) of the legal entity of the Republic of Kazakhstan. If this condition is not fulfilled, the application of investment preferences is suspended until its (their) full withdrawal from the founders and (or) participants (shareholders) of a legal entity of the Republic of Kazakhstan, but not more than one year.

Breach of condition of withdrawal from the founders and (or) participants (shareholders) of a legal entity of the Republic of Kazakhstan during the suspension period shall entail the early termination of the investment contract and the return of previously granted investment preferences.

The provisions of this subparagraph shall not apply when a quasi-state sector entity in which the share of the state and (or) quasi-state sector entity as a founder and (or) participant (shareholder) of the legal entity of the Republic of Kazakhstan is less than fifty percent, operates within the framework of the implementation of the investment priority project for the coalbed methane extraction;

6) for the realization of an investment priority project, budgetary funds are not attracted as sources or guarantees of financing, with the exception of money allocated under conditions of repayment, maturity and payment, including leasing financing and lending through financial institutions;

7) investment activity shall not carry out within the framework of a public-private partnership contract, including concession contract.

Footnote. Paragraph 3 as amended by Resolution of the Government of the Republic of Kazakhstan No. 468 dated July 27, 2018 (comes into effect from the date of its first official publication).

4. Excluded by the Resolution of the Government of the Republic of Kazakhstan No. 468 dated July 27, 2018 (shall be enforced from the date of its first official publication).

2. The procedure for investment grant

5. To receive an investment grant, a legal entity of the Republic of Kazakhstan sends an application to the authorized body in the form established by the authorized body.

An application for investment grant is accepted and registered when available:

- 2) certificate of state registration (re-registration) of the legal entity;
- 2) a copy of the charter of the legal entity, certified by the signature of the head and the seal of the legal entity (if any);
- 3) business plan of the investment project, drawn up in accordance with the requirements established by the authorized body.
- 4) the state examination review of pre-project and (or) project documentation in the manner prescribed by the legislation of the Republic of Kazakhstan, certified by the signature of the head, the seal of the legal entity (if any).

Footnote. Paragraph 5 as amended by Resolution of the Government of the Republic of Kazakhstan No. 468 dated July 27, 2018 (comes into effect from the date of its first official publication).

6. Authorized body within 10 (ten) working days from the moment of filing the application shall:

- 1) check the compliance of a legal entity of the Republic of Kazakhstan with the conditions for investment grant specified in paragraph 3 of these Rules;
- 2) analyze the documents on the investment project.

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

8. If the requirements of paragraph 3 of these Rules are met, 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 the provision of investment grant to legal entity of the Republic of Kazakhstan.

9. Investment grant is given on the basis of decision of the Government of the Republic of Kazakhstan

10. The authorized body from the date of introduction of the decision of the Government of the Republic of Kazakhstan on the provision of investment grant registers the application in the registration log and shall send the applicant a response in writing within 3 (three) working days from the date of registration of the application.

11. The authorized body within 10 (ten) working days from the date of the decision of the Government of the Republic of Kazakhstan on the provision of investment grant shall prepare investment contract for signing, taking into account the provisions of the model contract.

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

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

13. An investment grant shall be provided by reimbursing up to thirty percent of the cost of construction and installation work and purchase of equipment without value-added tax and excise taxes provided in the work program of the investment contract.

The payment of investment grant at the actual costs of construction and installation works and the purchase of equipment shall be carried out on the basis of supporting documents, but shall not exceed the cost stipulated by the pre-project documentation having a state expert opinion in the manner prescribed by the legislation of the Republic of Kazakhstan.

Maximum amount of investment grant shall be established and modified by a joint order of the authorized bodies for investment and development, state and budget planning of the Republic of Kazakhstan within the funds provided in the republican budget for reimbursement of the actual costs of construction and installation works and purchase of equipment.

Footnote. Paragraph 13 as amended by Resolution of the Government of the Republic of Kazakhstan No. 468 dated July 27, 2018 (comes into effect from the date of its first official publication).

14. The payment of an investment grant shall be made on agreement with the local executive body of the region, cities of republican significance and the capital at the place of project implementation after production shall be fully commissioned, subject to the performance indicators set by the investment contract.

Footnote. Paragraph 14 as amended by Resolution of the Government of the Republic of Kazakhstan No. 468 dated July 27, 2018 (comes into effect from the date of its first official publication).

15. The schedule and annual payments of investment grant shall be established within the framework of an investment contract by distributing an investment grant in equal shares for a period not less than three years, but not more than the duration of the investment contract.

Footnote. Paragraph 15 as amended by Resolution of the Government of the Republic of Kazakhstan No. 468 dated July 27, 2018 (comes into effect from the date of its first official publication).

7. After completion of the implementation of the work program, legal entity of the Republic of Kazakhstan that has entered into an investment contract, within two months, submits to the authorized investment body an audit report, which shall contain:

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

The audit report should be compiled by an audit organization that meets the minimum requirements established by the authorized body in the field of auditing activities.

Footnote. Paragraph 16 as amended by Resolution of the Government of the Republic of Kazakhstan No. 468 dated July 27, 2018 (comes into effect from the date of its first official publication).

17. The authorized body within 2 (two) working days after taking a decision on the payable amount of the investment grant, sends a written notification to the investor.

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