INVESTMENT PASSPORT

of the Republic
of Khakassia
The Republic of Khakassia is a region in the south of Eastern Siberia, surrounded by the powerful mountain systems: Kuznetsk Alatau, Eastern and Western Sayan mountains. Our region is rich in various natural landscapes, minerals, unique cultural and archaeological monuments.

Khakassia is the very place where Russian archeology originates, as the first scientific excavations were carried out here by Daniel Gottlieb Messerschmidt almost 300 years ago. Nowadays, the territory of the republic hosts about 25 thousand ancient monuments of different eras and cultures, among those, there are burial mounds, petroglyphic drawings, fortresses.

Our republic has an advantageous geographical location with large transport corridors passing through it. Khakassia has the potential to increase the volume of processing and industrial production, as well as energy. About 90 large enterprises are operating in the republic, including the Sayano-Shushenskaya HPP named after P.S. Neporozhy, aluminum plants, coal mining enterprises, and ironworks. Copper, iron, gold, marble are mined here.

Khakassia takes an active part in national projects, which contributes to the construction of social facilities, development of transport infrastructure, creation of favourable conditions to support entrepreneurship, investment, and export potential of the republic.

Export of services is a new direction for the region, which appears to be very promising. We plan not only to expand the sales geography of the Khakas goods but also to attract our manufacturers to tap into foreign sales markets.

Khakassia has taken part in the Yenisei Siberia complex investment project, which opens up great opportunities for interregional economic cooperation. Within the framework of the project, it is planned to create new enterprises, develop the southern route of the Trans-Siberian Railway, promote tourism and agro-industrial complex.

Historically, Khakassia has been a favourable region for farming. The vast areas provide unlimited opportunities for the development of this industry. The republic with its unique climate, natural diversity, historical and cultural heritage is attractive for the development of the tourism industry. These are priority areas that are reflected in the Development Strategy of Khakassia, aimed at increasing human capital and increasing the competitiveness of the republican economy.

Khakassia is working to improve the mechanisms for supporting business, investment initiatives and is always open to effective interaction and partnership.

We will be glad to welcome you to our hospitable and sunny republic.
Khakassia has a sufficiently developed transport infrastructure, which is represented by rail, air (international airport), and road transport.

The most important element of the air transport infrastructure of the Republic of Khakassia is the international airport “Abakan”, which serves the population of the Republic of Khakassia, the southern regions of the Krasnoyarsk Territory, and the Republic of Tuva. The modern runway surfacing allows receiving aircraft of various categories. The key transport is the railway, as it accounts for 99% of the freight turnover and 79% of the passenger turnover in the Republic of Khakassia. The railway communication links 33 settlements of the Republic of Khakassia.

OVERVIEW

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Transport communication

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**Advantages of starting a business in the Republic of Khakassia**

**1. Reduced tax rates for taxpayers applying a simplified taxation system (STS)**

- **STS "Income"**
  - process manufacturing: 4%
  - STS "Income minus expenses":
    - mining: 7.5%

**2. Tax incentives**

- **Regional investment project**
  - income tax incentives: up to 10%
  - property tax incentive: up to 0%

- **Priority investment project**
  - property tax incentive: up to 0%

- **Large-scale investment project**
  - provision of a land plot with no tendering process
  - minimum requirements:
    - the volume of investments in the field of tourism – from 8 million rouble
    - in the field of manufacturing (excluding metallurgical production), information and communications – 15 million roubles
    - in the field of mining, transportation and storage – 1 billion roubles
    - other industries – 0 million roubles

**3. Available infrastructure of business support organizations**

**4. The Republic of Khakassia is a rapidly developing region, which in 2020 was ranked 10th in Russia in terms of housing commissioning, which creates conditions for the development of related economy sectors**

<table>
<thead>
<tr>
<th>Industry</th>
<th>Indicator</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Industrial production</td>
<td>103,1%</td>
<td></td>
</tr>
<tr>
<td>Mineral extraction index of production</td>
<td>104,1%</td>
<td></td>
</tr>
<tr>
<td>Processing sector index of production</td>
<td>101,3%</td>
<td></td>
</tr>
<tr>
<td>Housing construction</td>
<td>116,1%</td>
<td></td>
</tr>
<tr>
<td>Nominal average monthly salary</td>
<td>43 579 ₽</td>
<td></td>
</tr>
</tbody>
</table>

| Position in the Siberian Federal District | 2 |
| Position in Russia | 14 |
**LOYAL**

Government loan for small business

- **1%** per annum for the first three months
- **4,25%** per annum
- **24** months
- **up to 700 thousand roubles**

**DEVELOPMENT**

Government loan for small business

- **1% and 3%** per annum for process manufacturing industries
- **2,125%** per annum for tourism and agriculture
- **4,25%** per annum for priority projects in monotowns
- **4,25%** per annum for other entrepreneurs

- **24** months
- **from 700 thousand roubles**
- **up to 3 million roubles**

**UNSECURED**

Government loan for small business

- **deferred payment** up to 3 months
- **4,25%** per annum
- **up to 18 months**
- **up to 300 thousand roubles**

**ROLLOVER**

Government loan for small business

- **4,25%** per annum
- **24** months
- **from 150 thousand roubles**
- **up to 3 million roubles**

**EASY START**

Government loan for small and medium-sized businesses that are newly registered or operating up to 1 year

- **2,125%** per annum for the monotown of the Republic of Khakassia
- **4,25%** per annum for the territory of the Republic of Khakassia
- **24** months
- **from 150 thousand roubles**
- **up to 1 million roubles**

**Microloans:**

Provided for the purpose of:

- working capital financing;
- investment in non-current assets;
- for the first instalment (advance payment) stipulated by the leasing agreement for equipment (including devices, mechanisms, vehicles (excluding aircraft), machine tools, instruments, apparatus, units, installations, machines;
- refinancing.

**Bank guarantees for small and medium-sized business entities**

- from **150 thousand roubles**
- up to **3 million roubles**
- deferred payment of the primary loan up to **11 months**

- for the period of the high alert regime (Decree of the Government of the Republic of Khakassia dated March 13, 2020 No. 102) - up to 2 years

**Banking products for small and medium-sized businesses**

- **Loan for salary** from 0%
- **Preferential lending** from 11%
- **Investment lending** from 8,5%
- **Revolving lending** from 7,75%
- **Opening of an account** free of charge

Provided microloans to small and medium-sized businesses in 2020 in the amount of **237,1 million roubles**
The centre “My Business” was created in the region on December 16, 2019. Using the “one stop-shop” approach, it unites regional institutions for supporting entrepreneurship in one place.

Khakassia Development Fund is the single governing body for the infrastructure organizations to support small and medium-sized business entities.

The centre is a union of all organizations that provide government support or interact with entrepreneurs, geographically at one site.

### Structure and services of Centre “My Business”

#### BUSINESS SUPPORT CENTRE
The Centre carries out the organization and implementation of activities aimed at promoting entrepreneurship and starting own business, as well as the development of already functioning small and medium-sized businesses, by means of providing consulting services, organizing and conducting round-table discussions, conferences, seminars, trainings and webinars. Services in the Business Support Centre are provided for small and medium-sized businesses free of charge.

#### EXPORT SUPPORT CENTRE
The Centre coordinates measures aimed at support and development of non-resource export in the Republic of Khakassia. It provides informational and analytical, consulting and organizational support for foreign economic activity of small and medium-sized businesses, promoting attraction of investments and international expansion of export-oriented small and medium-sized businesses.

#### INVESTMENT SUPPORT CENTRE
The Centre specializes in consulting support of business entities interested in investing financial resources within the framework of an investment project in the Republic of Khakassia, as well as support of investment projects using the “one stop-shop” approach.

#### MULTIFUNCTIONAL CENTRE FOR BUSINESS
Gratuitous provision of a whole range of services, including assistance in the preparation and submission of documents to various state structures and institutions to obtain state and municipal services.

#### NON-PROFIT ORGANIZATION “GUARANTEE FUND - MICROCREDIT COMPANY OF THE REPUBLIC OF KHAKASSIA”
Providing guarantees for loan agreements, leasing agreements and bank guarantees for small and medium-sized businesses.

#### REGIONAL FUND FOR THE DEVELOPMENT OF INDUSTRY OF THE REPUBLIC OF KHAKASSIA
Providing concessional loans (from 1% to 5%) for the development of industrial entities implementing investment projects in the manufacturing sector.

The Republic of Khakassia is a part of the Yenisei Siberia complex investment project.

The total volume of investments is 330 billion roubles

- 172.3 billion roubles
  Transportation and storage
- 100.4 billion roubles
  Mining
- 22.3 billion roubles
  Power industry
- 17.9 billion roubles
  Process manufacturing
- 11.1 billion roubles
  Tourism
- 5.9 billion roubles
  Agriculture

The total investment capacity of the project is 290 billion roubles
The number of projects from the Republic of Khakassia is 13
It is planned to create more than 7000 jobs
**Investment offers**

- **Metallurgy**

  - Creation of an enterprise for the production of pig iron, steel and steel products
    - **27 billion₽** | **Abaza**
    - Advantages: high energy security of the republic; availability of a local raw material base (Abakanskoe and Teiskev deposits) with Fe content in raw ore; availability of power-generating coals of the Beysky coal deposit, suitable for the manufacture of cast iron; availability of a developed transport and logistics infrastructure (railway, roads, airport); opportunity to use the Abaza territory of priority social and economic development as a site for manufacturing organization. The information is confirmed by calculations reflected in the Feasibility Study for the construction of a pig iron production plant (developer: Federal State Unitary Enterprise Central Research Institute for Ferrous Metallurgy named after I.P. Bardin).

  - Creation of a production for steel wire ropes in the monotown of Abaza
    - **250 billion₽** | **Abaza**
    - Advantages: an advantageous location between large industrial regional centres of the country (Krasnoyarsk Territory, Kemerovo and Irkutsk Regions) makes it possible to supply rope at competitive prices due to the lack of expensive logistics; availability of industrial sites, availability of the necessary infrastructure; opportunity to use the Abaza territory of priority social and economic development as a site for manufacturing organization.

- **Light industry**

  - Creation of a computer-aided garment manufacturing
    - **200 billion₽** | **Sayanogorsk**
    - Advantages: a favourable geographic location will allow for import substitution of products from China, Turkey for the regions of Siberia and the Far East. The available site situated within the city and provided with an engineering infrastructure. Sayanogorsk is a monotown town with federal support measures envisaged for production. Low cost of electricity – 4.5 roubles / kW·hour.

- **Mineral resources processing**

  - Creation of cement plants
    - **12,8 billion₽** | **Bogradsky district**
    - Advantages: availability of a raw material base with good physical and mechanical properties in the vicinity of the transport and logistics infrastructure; absence of competitors in the Republic of Khakassia and the neighbouring regions relatively remote from other market players (Republic of Tuva, Republic of Altai); stable high demand for cement.

  - Organization of production of gypsum construction materials. Integrated development of the Khamkhazskoe gypsum deposit
    - **150 million₽** | **Askizsky district, in the future - the industrial park «Chernogorsky»**
    - Advantages: preferences for residents of the industrial park «Chernogorsky».
INVESTMENT OFFERS

Agriculture

Creation of a cluster for selection, cultivation and processing of fiber crop

3,125 billion ₽  Abakan and Chernogorsk, Bograsky district

Advantages: climatic conditions for cultivation of industrial hemp are similar to those of Krasnodar Territory. Variety zonation does not require large costs, southern varieties perfectly take root in the territory of Khakassia. Large research base: Federal State Budgetary Scientific Instituton “Research Institute of Agrarian Problems of Khakassia”, Federal State Budgetary Educational Organization of Higher Education “Khakas State University named after N.F. Katanov”, Krasnoyarsk State Medical University named after professor V.F. Voino-Yasenetsky.

Creation of a cluster for the cultivation and processing of rapeseed

800 million ₽  Bograsky district

Advantages: geographical proximity to the main importing countries of rapeseed and rapeseed oil from Siberia - China and Mongolia. The possibility of direct road communication with Mongolia and further to China - eliminates the chain of intermediaries in the process of exporting rape oil seeds, increasing the final profitability of the project and ensuring stable sales.

Information technologies

Creation of an innovative IT centre

600 million ₽  Abakan

Advantages: availability of high-speed fiber-optic Internet communications; favourable electricity tariffs; availability of qualified personnel; favorable tax conditions.

Construction of a Data Centre

from 800 million ₽ up to 1 billion ₽  Chernogorsk, Sayanogorsk, Ust-Abakansky district

Advantages: high energy security in the region, demand for this infrastructure. The volume of electricity consumption is from 20 to 80 MW.

Tourism

Priority tourist area Mountain Khakassia

509 million ₽  Tashtyypsky district

Advantages: the territory of the project has not yet been developed by numerous tourists; there is a potential to develop all-seasonal types of tourism; there is a unique opportunity to design and form an exemplary tourist cluster from scratch in a single architectural style, based on requests; a regional road passes through the cluster, connecting the two regions and having access to Mongolia.

Priority tourist area “Shira Lakes”

2,35 billion ₽  Shirinsky district

Advantages: possibility to connect to electricity; popular tourist attractions; transport accessibility - regional road “Achinsk - Uzhur - Shira - Troitskoie”.

Priority tourist area “Podnebesie”

17,1 billion ₽  Askizsky district

Advantages: availability of the Abakan-Askiz-Birikchul-Biskamzha Road, availability of the Abakan-Balyksa and Novokuznetsk-Balyksa railway communication; various mountain routes, possibility to connect to electrical supply network.

Priority tourist area “Priiskovy”

4 billion ₽  Ordzhonikidzevsky district

Advantages: a unique area that is very popular among freeriders and snowmobile lovers; availability of the necessary infrastructure.

Investment offer “Babik Valley” as part of the priority tourist area “Karlov Stvor”

800 million ₽  Beysky district

Advantages: Road “Abakan-Sayanogorsk-Maina-Sayan-Shushenskaya HPP”, 9 km to the Gladenkaya ski slope, breathtaking view of the Borus mountain range, plenty of excursion sites.
**Investment Structure**

**Industrial Park “Chernogorsky”**

The territory of the industrial park is an industrial zone intended for the construction of enterprises of II-V hazard class.

There have been formed 13 vacant land plots ranging from 1 to 6 hectares. The total area of the park is 40 hectares, with the possibility of expansion to 200 hectares. Industrial park concept - Greenfield.

The industrial park is fully provided with engineering and transport infrastructure, created according to a unified general layout.

### Advantages for residents

- exemption from land rent for the construction period
- shortened waiting time for processing an application to obtain a resident status
- possibility of buying out land plots

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**Public and private partnership**

**Reconstruction of the existing 3-storey building of the State Budgetary Institution of the Republic of Khakassia “Sayanogorsk Rehabilitation Centre for Children”**

- **420 million ₽**
- **Sayanogorsk**

Advantages: reconstruction of the existing 3-storey building of State Budgetary Institution of the Republic of Khakassia “Sayanogorsk Rehabilitation Centre for Children” with an area of 3888 sq. m.; design, construction and equipping of a residential complex with a swimming pool hosting at least 200 places, number of storeys – at least 3 floors; total area of at least 3300 sq. m.

Advantages: the most popular medical profile is neurorehabilitation, traumatic and orthopedic rehabilitation of children, the growing need of the population in the rehabilitation of children.

### Reconstruction of the State Budgetary Institution of the Republic of Khakassia “Chernogorsk Social and Health Centre named after A.I. Lebed” with a building extension of the cultural and recreational complex

- **180 million ₽**
- **Chernogorsk**

Description: reconstruction of State Budgetary Institution of the Republic of Khakassia “Chernogorsk Social and Health Centre named after A.I. Lebed” with a building extension of the cultural and recreational complex; design, preparation of the territory, reconstruction of a residential complex for 120 places, fitting with equipment.

Advantages: the most popular medical profile is neurorehabilitation, traumatic and orthopedic rehabilitation, the growing need of the population in rehabilitation.

### Construction and operation of a boiler house and heating networks in the village Priiskovoye

- **128 million ₽**
- **Ordzhonikidzevsky district, village Priiskovoye**

Advantages: the village of Priiskovoye is the centre of active development of the tourist cluster “Priiskovoye”; today there are 12 hotel complexes of various categories (up to 4 stars) which are both operating and under construction. It is planned to actively develop the territory with the construction of additional collective accommodation facilities.

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**Tourism**

**Complex investment project “Development of roadside tourist infrastructure”**

- **150 million ₽**
- **Ordzhonikidzevsky district, Shirinsky district, Ust-Abakansky district, Altaisky district, town of Sayanogorsk, Tashtypsky district, Askizsky district**

Advantages: high tourist potential, big tourist flow.

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**Transport accessibility**

- Federal Road P257 “Yenisei”
- Regional centre (Abakan)
- Airport “Abakan”
- railway loading station “Chernogorskie Kopy”

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**INVESTMENT OFFERS**

- **1514**
INVESTMENT STRUCTURE
Priority Social and Economic Development Area “Abaza”

Transport accessibility

<table>
<thead>
<tr>
<th></th>
<th>Federal Road P257 “Yenisei”</th>
<th>Regional centre (Abakan)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>189 km</td>
<td>154 km</td>
</tr>
<tr>
<td>Airport “Abakan”</td>
<td>148 km</td>
<td>0,5 km</td>
</tr>
<tr>
<td>Railway loading station “Abaza”</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Preferences for Priority Social and Economic Development Area residents

<table>
<thead>
<tr>
<th>Tax type</th>
<th>Standard scheme</th>
<th>Priority Social and Economic Development Area</th>
<th>Duration of incentives</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate income tax</td>
<td>20%</td>
<td>0</td>
<td>within 5 tax periods from the moment of receipt of the first profit</td>
</tr>
<tr>
<td>Federal budget</td>
<td>2%</td>
<td>0</td>
<td>next 5 tax periods</td>
</tr>
<tr>
<td>Regional budget</td>
<td>18%</td>
<td>10</td>
<td>10 next 5 tax periods</td>
</tr>
<tr>
<td>Corporate property tax</td>
<td>2,2%</td>
<td>0</td>
<td>10 years</td>
</tr>
<tr>
<td>Land tax</td>
<td>1,5%</td>
<td>0</td>
<td>10 years</td>
</tr>
<tr>
<td>Mineral extraction tax (exemption - the use of a decreasing coefficient (Ktd))</td>
<td>from 3,8%</td>
<td>Ktd-0</td>
<td>from the 1st to the 24th tax period</td>
</tr>
<tr>
<td></td>
<td>up to 16,5%</td>
<td>Ktd-0.2</td>
<td>from the 25th to the 48th tax period</td>
</tr>
</tbody>
</table>

Requirements for investment projects of residents

- Types of economic activity in accordance with the Decree of the Government of the Russian Federation dated July 24, 2017 No. 870
- The volume of capital investments in the first two years amounting to 5 million roubles
- The number of jobs created in the first two years – 20 units
- Attraction of foreign labour – no more than 25%
- Contracts with a city-forming enterprise, or its subsidiaries, and (or) receiving profit from the sale of goods, rendering services to the city-forming organization of a monotown or its subsidiaries, in % of project profit – no more than 50%
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