**GOVERNMENT OF THE RYAZAN REGION**

**RESOLUTION**

**№ 212 of 12 August, 2009.**

**ON APPROVAL of REGULATIONs concerning estimation of effectiveness**

**OF TAX REDEMPTION PROVIDED (intended)**

**RECIPIENTS OF STATE SUPPORT who are involved**

**IN IMPLEMENTATION OF INVESTMENT PROJECTS**

(published as Resolution of the Government of the Ryazan Region

№ 27 of 01.03.2011)

In order to increase effectiveness of tax redemption, provided (intended) according to Law of the Ryazan Region "On Tax Redemption", the Government of the Ryazan Region decrees:

1. To approve the [Regulations](#Par33) on estimating the effectiveness of tax redemptions, provided (intended) to recipients of state support, involved in implementation of investment projects (hereinafter referred to as the Regulations), in accordance with the Appendix.

2. The Ministry of Economic Development and Trade of the Ryazan Region is to ensure annual re-evaluation of effectiveness of tax redemptions provided, in accordance with the present [Regulations](#Par33), approved by this Resolution, before 1 August of the year after the year of reporting.

(published as Resolution of the Government of the Ryazan Region № 27 of 01.03.2011)

3. To appoint First Deputy Governor of the Ryazan Region A.V. Revyakin as the officer in charge of monitoring the enforcement of the present Resolution.

(published as Resolution of the Government of the Ryazan Region№ 27 of 01.03.2011)

Governor of the Ryazan Region

O.I. KOVALYOV

Appendix

To: Resolution

of the Government of the Ryazan Region

№ 212 of 12 August, 2009.

**REGULATIONS**

**On procedures of estimating effectiveness of TAX REDEMPTION,**

**PROVIDED (INTENDED) to recipients Of state support**

**who are INVOLVED IN IMPLEMENTATION OF**

**INVESTMENT PROJECTS**

(published as Resolution of the Government of the Ryazan Region

№ 27 of 01.03.2011)

1. General regulations

1.1. The present Regulations defines the procedure and criteria of estimation of effectiveness of tax redemption, provided (intended), according to Law of the Ryazan Region "On tax redemption", to recipients of state support, involved in implementation of investment projects as governed by Law of the Ryazan Region "On state support of investor activities on the territory of the Ryazan Region" (hereinafter referred to as the taxpayers), on corporate property tax payment and reduced tax rate on corporate profit tax (payments to the regional budget) (hereinafter referred to as the tax redemptions).

1.2. Notions and terms, used in the present Regulations:

estimation of effectiveness — procedure of correlation between the results of tax redemptions provided to taxpayers with indicators of budget and economic effectiveness;

budgetary effectiveness — influence of tax redemptions on generation of formation of revenues of the consolidated budget of the Ryazan Region, resulting from the use of such redemption by the taxpayers;

economic effectiveness - economic outcomes that show improvement of financial and economic activity of the taxpayers provided with tax redemption.

2. Procedure of estimation of effectiveness from provided

(intended) tax redemption

2.1. Estimation of budgetary and economic effectiveness of tax redemption, provided (intended) to taxpayers, is to pursue the following objectives:

minimization of losses and generation of revenues to the regional budget, related to provision of regional tax redemption;

ensuring controllability of results due to tax redemption;

implementation of an effective social policy and its correspondence to interests of the community.

2.1.1. Estimation of budgetary effectiveness is performed on the basis of computation that defines the expected effect for the consolidated budget of the Ryazan Region, such as increase of tax revenues as a result of implementation of the investment project in comparison to the tax foregone from the regional budget, because the tax redemption was provided.

Estimation of budgetary effectiveness of tax redemption provided (intended) also includes calculation of the quotient of budgetary effectiveness from tax redemption for each taxpayer. The results of such estimation of budgetary effectiveness of tax redemption provided (intended) are to be recorded as shown in [Appendix № 1](#Par106) to the present Regulations.

The quotient of budgetary effectiveness from tax redemption (Q budg. eff.) is to be calculated according to the following formula:

 TGn

 Q budg. eff. = --------,

 SUM RFn

Explanation:

n – number of years corresponding to the validity term of the investment agreement;

TGn – growth of tax revenues to the consolidated budget of the Ryazan Region during the validity term of the investment agreement or during the reporting period;

SUM RFn – sum (amount) of revenues foregone (budgetary loss) from the regional budget, due to the provision of tax redemption to a taxpayer during the validity term of the investment agreement or during a reporting period. The budgetary loss is calculated for each type of tax according to the formula:

RFn = TGn (TRln - СНrn),

where

TBn – tax base for the validity term of the investment agreement or for the reporting period;

TRln – tax rate established according to laws of the Russian Federation and laws of the Ryazan Region on taxes during the validity term of the investment agreement or during the reporting period;

TRrn – tax rate established with consideration of the tax redemptions during the validity term of the investment agreement or during the reporting period.

tax redemption demonstrates positive budgetary effectiveness, if the quotient of effectiveness of provided (intended) tax redemption exceeds 1.

2.1.2. Estimation of economic effectiveness is performed on the basis of dynamics of the indicators of financial and economic activity of taxpayers during the validity term of the investment agreement:

Revenues generated from sale of products, delivery of work and services (№1);

revenue growth (N2);

increase of average monthly salary (N3);

growth of new workplaces (N4);

growth of average staff size (N5);

growth of amount of investment in capital assets (N6).

A positive change for each indicator is recorded as “1”, and a negative one, as “0”.

Estimation of economic effectiveness of tax redemption provided (intended) also includes calculation of the quotient of economic effectiveness from tax redemption for each specific taxpayer. The estimation of economic effectiveness from provided tax redemptions is to be recorded as defined in [Appendix № 2](#Par163) to the present Regulations.

The quotient of economic effectiveness from tax redemption (Q econ. eff.) is calculated as the sum total of the economic indicator (N1...N6).

Tax redemptions demonstrates positive economic effectiveness, if the quotient of economic effectiveness of provided tax redemption equals “3” or higher.

2.2. Calculations during the estimation procedure of effectiveness of tax redemption are to be performed on the basis of tax and statistical data, and other veritable information, submitted by taxpayers to the Ministry of Economic Development and Trade of the Ryazan Region.

(published as Resolution of the Government of the Ryazan Region № 27 of 01.03.2011)

2.3. If upon the estimation procedure according to [Clause 2.1](#Par53) of the present Regulation it is found that tax redemption demonstrates negative budgetary or economic effectiveness, the Ministry of Economic Development and Trade of the Ryazan Region is to submit suggestions to the Council for Investment of the Ryazan Region on the advisability of prolongation or withdrawal of tax redemption.

(published as Resolution of the Government of the Ryazan Region № 27 of 01.03.2011)

Appendix № 1

To: Regulations on the procedures

 of estimation of efficiency

of tax redemption provided (intended)

to recipients of state support, who are involved

in implementation of investment projects

Taxpayer’s Name

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

RESULTS

of estimation of budgetary effectiveness of tax redemption,

provided (intended) for years 200\_ - 200\_

 (thousand RUR)

|  |  |  |
| --- | --- | --- |
| №№ | Indicators | Amount |
| 200\_ | 200\_ | 200\_ |
|  1  |  2  |  3  |  4  |  5  |
|  1.  | Overall loss from the regional budget due to granting of tax redemption |  |  |  |
|  | including:  |  |  |  |
| 1.1. | corporate profit tax  |  |  |  |
| 1.2. | corporate property tax  |  |  |  |
|  2.  | Overall growth of tax revenues to consolidated budget of the Ryazan Region |  |  |  |
|  | including:  |  |  |  |
| 2.1. | corporate profit tax  |  |  |  |
| 2.2. | corporate property tax  |  |  |  |
| 2.3. | individual income tax |  |  |  |
| 2.4. | transport tax  |  |  |  |
| 2.5. | other revenues  |  |  |  |
|  3.  | Quotient of effectiveness of tax redemption  |  |  |  |

Appendix № 2

To: Regulations on the procedures

 of estimation of efficiency

of tax redemption provided (intended)

to recipients of state support, who are involved

in implementation of investment projects

Taxpayer’s Name

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

 RESULTS

of estimation of budgetary effectiveness of tax redemption,

provided (intended) for years 200\_ - 200\_

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| №№ |  Indicators  | Unit of measurement | Duration of use of tax redemption | Expected duration of tax redemption |
| 1  |  2  | 3 | 4 | 5 |
| 1. | Revenues (net) from sale of products, performance of work, and delivery of services(minus VAT, excise duty and other mandatory payments)  | thousand RUR |  |  |
| 2. | Net income before tax | thousand RUR |  |  |
| 3. | Average number of staff members, total | people |  |  |
| 4. | Number of created workplaces | jobs |  |  |
| 5. | Average salary per employee  | RUR |  |  |
| 6. | Total investment in basic assets | thousand RUR |  |  |