



On approval of the Rules for establishment and functioning of small industrial zones

Unofficial translation

Order of the Minister of Industry and Infrastructural Development of the Republic of Kazakhstan dated September 3, 2019 no. 693. Registered with the Ministry of Justice of the Republic of Kazakhstan on September 9, 2019 no. 19355.

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In accordance with sub-clause 20) of article 11 of the Law of the Republic of Kazakhstan dated April 3, 2019 "On special economic and industrial zones" I HEREBY ORDER:

1. To approve the attached Rules for establishment and functioning of small industrial zones

2. The Committee of Industrial Development and Industrial Safety of the Ministry of Industry and Infrastructural Development of the Republic of Kazakhstan in accordance with the procedure established by the law shall ensure:

1) state registration of this order with the Ministry of Justice of the Republic of Kazakhstan;

2) Posting this order on the Internet resource of the Ministry of Industry and Infrastructural Development of the Republic of Kazakhstan.

3. Control over execution of this order shall be entrusted to the supervising vice-minister of Industry and Infrastructural Development of the Republic of Kazakhstan.

4. This order shall come into force upon expiry of ten calendar days from the date of its official publication.

Minister

R. Sklyar

"AGREED"

Ministry of Finance

of the Republic of Kazakhstan

Approved by the order of the
Minister of Industry and
Infrastructural Development of the
Republic of Kazakhstan
dated September 3, 2019 no. 693

Rules for establishment and functioning of small industrial zones

Chapter 1. General provisions

1. These Rules for establishment and functioning of small industrial zones (hereinafter referred to as the Rules) have been developed in accordance with sub-clause 20) of article 11

of the Law of the Republic of Kazakhstan dated April 3, 2019 "On special economic and industrial zones in the Republic of Kazakhstan" (hereinafter referred to as the Law) and shall determine the procedure for establishment and functioning of small industrial zones.

2. Definitions used in these Rules, are given in the meanings stated in the Law.

3. Small industrial zones may be formed in the territory of the industrial zone of the republican or regional significance.

4. The area of small industrial zones shall not exceed 100 (hundred) hectare.

Chapter 2. Procedure of establishment of small industrial zones

5. Proposal on establishment of a small industrial zone shall be submitted to a local executive body by the regional Chamber of entrepreneurs or by state or non-state legal entity, attaching the concept of establishment of a small industrial zone.

6. The concept of establishment of a small industrial zone shall include the following:

- 1) goals of establishment of a small industrial zone;
- 2) list of project selection criteria of a small industrial zone;
- 3) estimated financial, economic and social consequences;
- 4) general layout of a small industrial zone;

5) calculations of the amount of financing for the implementation of measures in the context of each component and the possibility of achieving direct and final results;

6) draft development of a small industrial zone.

7. Regional coordination council (hereinafter referred to as the RCC) shall provide a recommendation on the appropriateness of creating a small industrial zone based on a consideration of the concept.

8. The decision to establish a small industrial zone shall be made by the local executive body after a positive decision by the RCC.

9. The local executive body shall be allowed to repurchase property complexes, buildings, premises and structures from private owners for the purpose of creating a small industrial zone.

Repurchase of facilities, indicated in this clause shall be carried out in accordance with budget legislation.

The local executive body shall be allowed to carry out reconstruction, overhaul or maintenance of the facility in order to establish of a small industrial zone in the manner prescribed by budget legislation at the expense of the local budget.

10. The establishment of a small industrial zone from the local budget shall be funded in accordance with budget legislation.

11. The local executive body within ten working days from the date of establishment of a small industrial zone shall inform thereof the uniform coordination center.

12. The local executive body shall be allowed to establish (to determine) management companies for small industrial zones.

In the event that a small industrial zone is established on the territory of the industrial zone, the management company of this industrial zone shall act as the management company of a small industrial zone.

13. Provision of land plots for establishment of a small industrial zone shall be carried out in accordance with regulations of the Land Code of the Republic of Kazakhstan dated June 20 , 2003, regulating the procedure of providing land plots for establishment of industrial zones.

Chapter 3. Procedure for operation of small industrial zones

14. State-owned land plots on which a small industrial zone is being established shall be provided to a management company of a small industrial zone for temporary reimbursable land use (rent), in accordance with the land legislation of the Republic of Kazakhstan.

15. The management company shall be allowed to:

- 1) transfer buildings, premises and structures to participants of a small industrial zone;
- 2) sell to participants buildings, premises and structures of a small industrial zone not earlier than 3 (three) years of conducting uninterrupted activities;
- 3) carry out other activities, stipulated by the legislation of the Republic of Kazakhstan.

16. Infrastructure facilities established in full or in part at the expense of budgetary funds on state-owned land plots transferred for temporary paid land use (lease) can be transferred to the management company of a small industrial zone in property lease (rent), trust management, as well as on account of replenishment of the authorized capital in accordance with the legislation of the Republic of Kazakhstan.

The management company may transfer to the participants a small industrial zone into property lease (rent) or sublease (sub-rent) the infrastructure facilities, established in full or partially at the expenses of budget funds on the state-owned land plots, transferred to temporary use under the terms and conditions, stipulated in trust management or property lease (rent).agreements.

17. The land plots on which a small industrial zone is being established shall be provided with infrastructure facilities, buildings / premises at the expense of the local budget and (or) other sources not prohibited by the legislation of the Republic of Kazakhstan.

18. The procedure for financing the construction or reconstruction of buildings / premises and infrastructure facilities at the expense of the local budget shall be carried out in accordance with the budget legislation of the Republic of Kazakhstan.

19. Participants of a small industrial zone shall be allowed to:

- 1) implement investment projects in the manufacturing industry and related types of productive services provided for by the State Program of industrial and innovative development of the Republic of Kazakhstan for 2015-2019;

- 2) rent buildings, premises and structures in accordance with the established prices;
- 3) carry out, at their own expense, current and (or) overhaul of infrastructure facilities transferred to them on a leasehold basis in agreement with the management company, at the same time, the funds invested in the above work shall be set off against the rent;
- 4) repurchase buildings, premises and structures not earlier than three years of continuous activity;
- 5) carry out other activities, stipulated by the legislation of the Republic of Kazakhstan.

Chapter 4. Procedure for consideration of projects pretending for being located in a small industrial zone

20. An entrepreneur, wishing to implement its project in the territory of a small industrial zone, shall submit an application to the management company in the form according to Annex 1 to these Rules, attaching documents, confirming:

- 1) legal capacity (for legal entities) and civil capacity (for an individual entrepreneur);
- 2) solvency, non-tax indebtedness over 3 (three) months;
- 3) that the entrepreneur is not subject to the procedure of bankruptcy or liquidation, the property of the entrepreneur should not be seized; his financial and economic activities should not be suspended in accordance with the legislation of the Republic of Kazakhstan.

Additionally, the entrepreneur shall provide a business plan for the investment project (in case the existing production is relocated, a business plan is not required), in accordance with the structure of the business plan of the investment project according to Annex 2 to these Rules.

21. The management company shall not later than 5 (five) working days send the business plan of the investment project with confirmation of the technical feasibility of the investment project in the territory of a small industrial zone to the relevant local executive body for consideration at the next RCC meeting (it is possible to establish separate review commissions projects involving representatives of the Akimat, the regional chamber of entrepreneurs or its branch (hereinafter - the Commission));

22. The RCC or the Commission, no later than 7 (seven) working days from the receipt of the package of documents, shall consider the investment project and shall make a positive or negative decision indicating the reasons for the refusal.

23. After consideration of the investment project, the Commission within 2 (two) working days shall sign a protocol based on the results of the consideration of the projects and submits it to the management company.

24. The management company within 1 (one) working day from the receipt of the RCC protocol (or the Commission) shall send it to the entrepreneur;

25. The management company within 5 (five) working days shall prepare a draft agreement for carrying out activities in the territory of a small industrial zone.

26. The entrepreneur within 5 (five) working days shall prepare a draft plan / schedule of work performance, which is an integral part of the agreement for carrying out activities in the territory of a small industrial zone.

27. The management company and the entrepreneur within 3 (three) working days shall enter into agreement for carrying out activities in the territory of a small industrial zone with a draft plan / schedule of work performance.

28. The entrepreneur within 15 (fifteen) working days upon signing an agreement for carrying out activities in the territory of a small industrial zone shall start its activities according to the plan / schedule of work performance.

Chapter 5. Final provisions

Relations not regulated by these Rules, shall be regulated by the Law and other regulatory legal acts of the Republic of Kazakhstan.

Annex 1
to the Rules for establishment and
operation of small industrial zone
Form

(indicate the name of management
company)
from

Name: _____
(legal entity/individual)

BIN/IIN: _____

Type of activities: _____

Surname, name, patronymic (if any) and position
of the applicant:

Address of location of the entrepreneur: _____

Contact phone: _____

Email: _____

APPLICATION

for implementation of a project in the territory of a small industrial zone _____

_____ (name of a legal entity or an individual) kindly
ask you to consider an opportunity to implement our project named "
_____ "
_____ " (project name) in the territory of the small industrial zone _____.

Date: " ____ " _____ 201_

Signature of the entrepreneur

Annex 2
to the Rules for establishment and
operation of small industrial zones

Structure of an investment project business plan

The structure of a business plan shall include the following sections:

1. Description of the enterprise and industry
2. Description of products (services)
3. Marketing and marketing of products (services)
4. Technical section
5. Investment plan
6. Production plan
7. Organizational plan
8. Financial plan and project effectiveness
9. Risk Analysis
10. Social section
11. Environmental section
12. SWOT analysis
13. Conclusion
14. Applications