

# LAW OF THE REPUBLIC OF KAZAKHSTAN

## **On special economic zones in the Republic of Kazakhstan** *(with amendments and additions as of December 29, 2014)*

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This Law regulates social relations arising at establishment, operation and abolishing of special economic zones in the territory of the Republic of Kazakhstan.

### **Chapter 1. General Provisions**

#### **Article 1. Basic concepts used in this Law**

This Law uses the following basic concepts:

- 1) Special Economic Zone means a part of the territory of the Republic of Kazakhstan with precisely defined boundaries, where a specific legal regime of special economic zone applies to implement priority activities;
- 2) Regulatory body of the special economic zone is a management company, government agency of the local executive body of the capital or a standalone cluster fund;
- 3) Unified Register of members of the special economic zone means register of members of all special economic zones, established in the territory of the Republic of Kazakhstan, which is maintained by the competent authority;
- 4) Special legal regime of the special economic zone means a set of conditions for functioning of a special economic zone in

accordance with this Law, **Tax, Customs and Land legislation** of the Republic of Kazakhstan, as well as the Employment legislation of the Republic of Kazakhstan;

5) Member of the special economic zone means a legal entity implementing priority activities in the territory of special economic zone and included in the Unified Register of members of the special economic zone;

6) Management company means a legal entity created under this Law in the legal form of joint-stock company to ensure functioning of the special economic zone;

7) “Single window” principle means a form of provision of public services in the special economic zone, aimed at minimizing the applicant's participation in collection and preparation of documents and limiting their direct contact with the public services providing entities;

8) Objects of infrastructure means objects of real estate, which are parts of facilities for production and transfer of heat and electric power, water and gas supply, waste water disposal, transport communications, communication services and other facilities in accordance with the feasibility study and approved master-plan for the special economic zone creation;

9) Agreement on implementation of activities as a member of the special economic zone (hereinafter - the agreement on implementation of activities) means agreement between a member or multiple members of the special economic zone and the governing body of the special economic zone, stipulating types of activities of a member or members of the special economic zone to implement in the territory of the special economic zone, conditions for implementation of such activities, rights, obligations and responsibilities of the parties;

10) Priority activities means types of activities corresponding to the objectives of creating the special economic zone, to which the special legal regime of the special economic zone apply;

11) Ancillary activities means types of activities necessary to ensure operation of members of the special economic zone, implemented in the territory of special economic zone by individuals who are not its members;

12) Persons engaged in ancillary activities means individual entrepreneurs and legal entities engaged in ancillary activities in the

territory of the special economic zone, to which the special legal regime of the special economic zone in accordance with this Law does not apply;

13) Critical level of failure to achieve target indicators means a range of economic, technical, social and/or other performance indicators of the special economic zone, which does not allow to realize the main purposes underlying the creation of special economic zone;

14) Applicant means a person who submits an application to the management company of the special economic zone to implement priority or ancillary activities;

15) The expert council – the interdepartmental advisory body created by the authorized body for consideration of the issue of expediency of creation or abolition of a special economic zone;

16) Authorized body means central executive authority regulating, on behalf of the government, the establishment, functioning and abolition of special economic zones.

## **Article 2. Legislation of the Republic of Kazakhstan on special economic zones**

1. The legislation of the Republic of Kazakhstan on special economic zones is based on the Constitution normative legal acts **Constitution** of the Republic of Kazakhstan and consists of this Law and other **regulatory legal acts** of the Republic of Kazakhstan.

2. If an international agreement ratified by the Republic of Kazakhstan establishes rules other than those contained in this Law, the rules of the international agreement shall apply.

## **Article 3. Purposes of creating of special economic zone**

A special economic zone is created in order to accelerate the development of modern high-performance, competitive industrial facilities, to attract investments and new technologies in industries and regions, as well as to increase number of jobs.

## **Chapter 2. State regulation in the sphere of the establishment, functioning and abolition of special economic zone**

### **Article 4. Competence of the Government of the Republic of Kazakhstan**

The sphere of competence of the Government of the Republic of Kazakhstan includes:

- 1) development of main areas of state policy in the sphere of creation and functioning of special economic zones;
- 2) approval of regulations governing the operation of special economic zones;
- 3) appointing the authorized body;
- 4) submission of proposal to the President of the Republic of Kazakhstan regarding the establishment or abolition of the special economic zone;
- 5) making decision on establishment of a management company;
- 6) participation in the management company;
- 7) - 8-2) are excluded according to the Law of the RK of 29.09.14 No. 239-V;
- 9) perform other functions assigned to the Government by the Constitution, this Law and other laws of the Republic of Kazakhstan and the acts of the President of the Republic of Kazakhstan.

### **Article 5. Competence of the Authorized Body**

The sphere of competence of the **Authorized Body** includes:

- 1) implementation of state policy in the sphere of establishment and functioning of special economic zones;
- 2) coordination of activities of state agencies and management companies in the sphere of establishment, functioning and abolition of special economic zones, except for the special economic zone "Astana - new city";
- 3) development of regulatory legal acts governing operation of special economic zones;
- 4) development and approval of the **forms** of application and questionnaire to register as a member of special economic zone;
- 5) approval of Model Agreements on implementation of activities;
- 6) excluded according to the Law of the RK of 29.09.14 No. 239-V;

7) maintaining the Unified Register of members of the special economic zone on the basis of information submitted by the management bodies of the special economic zone;

8) approval of **requirements** to the feasibility study to create a special economic zone;

8-1) adoption of the provision on the expert council;

8-2) adoption of the standard contract of temporary paid use (rent) of the land plots being private property, at which the special economic zone is created;

8-3) adoption of the standard contract of temporary paid secondary use (sublease) of the land plots being private property, at which the special economic zone is created;

9) submission to the Government of the Republic of Kazakhstan of proposal on creation or abolition of a special economic zone;

10) determination of the **procedure and timing** of submission periodical reporting by the management company of special economic zone;

11) excluded according to the Law of the RK of 29.09.14 No. 239-V;

12) provision, on an annual basis, of analytical information on the performance of the special economic zones to the Administration of the President of the Republic of Kazakhstan and the Government of the Republic of Kazakhstan;

13) exercising of other powers provided by this Law, other laws of the Republic of Kazakhstan, acts of the President of the Republic of Kazakhstan and the Government of the Republic of Kazakhstan.

## **Article 6. Competence of local executive bodies of the Province, city of republican status and the capital city**

1. The sphere of competence of the local executive bodies of the Province, city of republican status and the capital city includes:

1) implementation of the state policy in the sphere of functioning of special economic zones;

2) making proposals to the authorized body to establish a special economic zone;

3) participation in the management company in the manner prescribed in this Law;

4) provision of land for the special economic zone in the manner prescribed by the land legislation of the Republic of Kazakhstan; and conclusion of lease agreements for land and infrastructure facilities developed out of public funds.

4-1) involvement of participants of the special economic zone for participation in the activity of the special economic zone;

4-2) implementation of monitoring of compliance with the conditions of contracts on activity implementation, and also analysis of the monitoring data;

5) exercising other powers, in the interests of local government, delegated to local executive authorities by the legislation of the Republic of Kazakhstan.

2. The sphere of competence of the local executive authority of the capital city additionally include:

1) ensuring cooperation between the state authorities and management company of the special economic zone in the area of operation and the abolition of the special economic zone of the capital city;

2) involvement of members of the special economic zone “Astana - new city”;

3) registration of members of the special economic zone “Astana - new city”;

4) implementation of monitoring of compliance with the conditions of contracts on activity implementation, and also analysis of the monitoring data.

### **Chapter 3. Establishment, functioning and abolition of the special economic zone**

#### **Article 7. Procedure for creation of special economic zone**

1. The offer on creation of the special economic zone is submitted to the authorized body by the central or local executive bodies, legal entities interested in creation of the special economic zone, along with submission of the concept of creation of the special economic zone issued according to the requirements approved by the authorized body.

2. The question of reasonability of establishment of special economic zones or rejection of the proposal shall be considered by the

authorized body within thirty working days after submission of the proposal.

The proposal to establish a special economic zone shall be forwarded by the authorized body to the Experts' Council for consideration within ten working days from the date of submission. The Experts' Council shall be created right after submission to the authorized body of proposal to establish a special economic zone.

The members of the Experts' Council shall be approved taking into account peculiarities of the activity for which a special economic zone should be created.

No later than within twenty working days from the date of submission of proposal to create a special economic zone by the authorized body, the Experts' Council prepares a report.

3. Within three working days from the date of making relevant decision, the authorized body shall notify the person who made a proposal to establish a special economic zone, with the rationale for the decision.

4. The authorized body shall reject the proposal to establish a special economic zone in the following cases:

- 1) not reasonability of establishment of special economic zones;
- 2) non-conformity of the proposal to establish a special economic zone with the priorities of the state economic policy;
- 3) incompleteness or inaccuracy of the submitted materials;
- 4) non-conformity of the proposal with the requirements in the field of environmental protection;
- 5) need to protect the specially protected natural areas, lives and health of people, threat of destruction and damage to objects of historical and cultural heritage and ensuring national security of the country.

Rejection of the proposal to establish a special economic zone is not an obstacle for future application with the proposal to establish a special economic zone.

5. Within six months from the date of receipt of notification regarding feasibility of establishment of special economic zone, the person who applied with the proposal to establish a special economic zone, shall provide preparation of a feasibility study to create a special economic zone with the environmental impact assessment. This prepared feasibility study should contain projections of financial,

economic and social implications, rationale, reasonability and evaluation of results of creation of a special economic zone.

The feasibility study must meet the following criteria:

1) reasonability - compliance of events provided by the feasibility study with the strategic documents;

2) validity - availability of evidences, supported by calculations, of availability of funding for implementation of events with breakdown on each component;

3) performance - availability of evidence, confirmed by calculations, of possibility to achieve direct and final results.

In case of submission of the proposal to establish a special economic zone by central or local agencies, the budgetary funds for development of feasibility study shall be allocated in accordance with the **budget legislation** of the Republic of Kazakhstan.

6. The authorized body shall forward the feasibility study of special economic zone to be established to the concerned state authorities to carry out relevant assessments in accordance with the laws of the Republic of Kazakhstan. Investors can conduct independent due diligence examinations.

Expert analysis of the feasibility study of special economic zone to be established shall be completed by the state authorities within no more than forty-five calendar days from the date of submission of the feasibility study to the authorized body.

7. Within sixty calendar days after receipt of opinion of experts examinations of the feasibility study, the authorized body submits to the Government of the Republic of Kazakhstan a proposal regarding creation of special economic zone including the concept feasibility study of corresponding special economic zones to be established together with assessment of environmental impact and findings of the Experts' Council.

8. The decision to establish a special economic zone and its priority activities, consistent with all the purposes underlying the creation of special economic zone, shall be made by the President of the Republic of Kazakhstan on the proposal of the Government of the Republic of Kazakhstan.

Regulations on Special Economic Zone, target performance indicators of this particular special economic zone and the critical level of failure to achieve the target indicators, shall be approved by the President of the Republic of Kazakhstan.



## **Article 8. Conditions for functioning of special economic zone**

1. Special economic zone is established for the period of twenty-five years.

2. Special economic zones are established on the land parcels owned by the state and not allocated for use or on the land parcels forcibly alienated from land owners and land users for public use in accordance with the **Land Legislation** of the Republic of Kazakhstan.

Special economic zones are also established on the land parcels privately owned by citizens and/or non-government entities.

3. Land plots owned by the government, on which the special economic zone is to be located, intended for the implementation of priority activities, are provided for temporary paid land-use (lease) to a participant of the special economic zone pursuant to the land legislation of the Republic of Kazakhstan for the period of the special economic zone.

Land plots owned by the government, on which the special economic zone is to be located, intended for construction of infrastructure facilities, as well as for performance of ancillary activities, are provided for temporary paid land-use (lease) to a management company, standalone cluster fund pursuant to the land legislation of the Republic of Kazakhstan for the period of the special economic zone.

Management Company, standalone cluster fund shall be entitled to transfer persons performing ancillary activities, land plots specified in the second part of this paragraph, to the secondary land-use (sublease) pursuant to the land legislation of the Republic of Kazakhstan.

Infrastructure facilities developed wholly or partly out of the public funds on the land plots owned by the government, provided for temporary paid land use (lease) may as well be leased to a management company, a standalone cluster fund.

A management company, a standalone cluster fund may transfer infrastructure facilities developed wholly or partly out of the public funds on the land plots owned by the government, provided for a secondary land use (sub-lease) to persons engaged in ancillary activities.

4. Land parcels in which the special economic zone is established, shall be provided with infrastructure facilities at the expense of state budget funds and/or other sources not prohibited by the legislation of

the Republic of Kazakhstan in accordance with the feasibility study of the special economic zone.

The procedure of financing the construction or reconstruction of infrastructure at the expense of state budget shall be in accordance with the **budget legislation** of the Republic of Kazakhstan.

The members of special economic zone or person implementing ancillary activities are entitled to construct infrastructure facilities necessary for them in the land parcels provided to them for temporary paid land use (lease) or secondary land use (sublease).

4-1. Land plots under private ownership, on which the special economic zone is to be located, intended for the implementation of priority and (or) ancillary activities can be transferred by owners to a management company for temporary paid use (lease) in accordance with a Contract for temporary paid use (lease) of privately owned land, on which the special economic zone is to be created.

Management Company shall be entitled to transfer privately owned land where the special economic zone is to be created, intended for the implementation of priority and (or) ancillary activities, for temporary paid secondary use (sublease) to participants of the special economic zone, or persons performing ancillary activities in accordance with a Contract for temporary paid secondary use (sublease) of privately owned land, on which the special economic zone is to be located.

Contracts for temporary paid use (lease) of privately owned land, where the special economic zone is to be located, and contracts for temporary paid secondary use (sublease) of privately owned land, where the special economic zone is to be located, shall be entered into according to standard contracts for temporary paid use (lease) of privately owned land, on which the special economic zone is to be located, and standard contracts for temporary paid secondary use (sublease) of privately owned land, on which the special economic zone is to be located, respectively.

Terms of contracts for temporary paid use (lease) of privately owned land, on which the special economic zone is to be located, and contracts for temporary paid secondary use (sublease) of privately owned land, on which the special economic zone is to be located shall not exceed the period for which the special economic zone is created.

Any owner of a land plot shall have the right to operate on the territory of the special economic zone as a participant of the special economic zone or a person performing ancillary activities, in accordance with the requirements of this Act (Law). However no contract for temporary paid use (lease) of privately owned land, on which the special economic zone is to be located, shall be concluded with such land owner.

5. The provisions of paragraphs 2, 3 and 4 of this Article shall not apply to land parcels privately owned by the members of the special economic zones established before the enactment of this Law.

6. In the territory of the special economic zones the public services shall be provided under the principle of “single window” which ensures:

- 1) timely and high-quality provision of public services;
- 2) provision of information regarding public services.

7. The “single window” public services in the special economic zone shall be provided by the centers for services in accordance with the **legislation of the Republic of Kazakhstan**.

The Centers for services in the special economic zone shall be provided with the necessary infrastructure facilities to place and operate in accordance with paragraph 4 of this Article.

### **Article 9. Requirements for applicants**

1. The applicant applying to implement activities as a member of special economic zone must have financial security in an amount equal to the feasibility study.

Financial security of the applicant submitting the application to operate as a member of the special economic zone may be formed in the following ways:

- 1) by cash (money);
- 2) bank guarantee;
- 3) guarantee;
- 4) pledge of property;
- 5) insurance contract.

The applicant applying to act as a member of special economic zone, has the right to choose any way of financial security, including by combining two or more ways.

2. The following entities do not belong to the applicants:

- 1) **subsoil users**;

2) organizations producing **excisable goods**, except for organizations engaged in manufacturing, assembly (packing up the set) of excisable goods covered by **subparagraph 6) of Article 279** of the Code of the Republic of Kazakhstan “On taxes and other obligatory payments to the state budget” (Tax Code);

3) organizations applying **special tax regimes**;

4) organizations applying **investment tax preferences**;

5) **organizers of gambling**.

**Article 10. Documents to be submitted by the applicant to implement activities as a member of the special economic zone and his registration in the Unified Register of members of the special economic zone**

1. The member of the special economic zone shall implement his activities in accordance with the **agreement** on implementation of the activities.

2. The **application** shall be accompanied by the following documents in hard copy and/or on electronic media:

1) The applicant’s questionnaire completed in the **form approved by the authorized body**;

2) certificate of state registration (re-registration) of a legal entity;

3) copy of the identity document of the CEO of the applicant;

4) copy of the document containing the identification number;

5) copy of the Charter of the legal entity;

6) copy of the decision of the supreme body of the legal entity regarding implementation of activity in the territory of the special economic zone;

7) copy of the financial statements as of the last reporting date, signed by the CEO of the applicant or his deputy, and the chief accountant (accountant);

8) feasibility study of the project that meets the **requirements**, established by the authorized body;

9) excerpt issued by the servicing bank on movement of money in the bank accounts of the applicant (absence of entries in the card file) and the credit report from the credit bureau containing entire or part of information available in the credit history;

10) certificate from the tax authority at the place of registration regarding availability or absence of tax arrears and other obligatory payments to the budget;

11) documents proving the availability of financial security of the applicant.

If, at the time of filing documents, the entity is not a resident of the Republic of Kazakhstan and is not registered as a taxpayer in the Republic of Kazakhstan, than the copy of certificate of absence of state registration as a taxpayer in the tax authorities of the Republic of Kazakhstan shall be submitted.

Foreign legal entities submit legalized documents referred to in subparagraphs 2), 5) and 6) of this paragraph, legalized excerpt from the Commercial Register or other legalized document certifying that the foreign entity is a legal entity under the laws of a foreign country, together with notarized translation into Kazakh and Russian languages.

### **Article 11. Procedure for consideration of application for the implementation of activities as a member of the special economic zone**

1. When submitting the application by the applicant, the management company of the special economic zones shall:

1) register the application in the Applications Register on the day of filing;

2) verify the completeness of package of documents submitted;

3) return the application without consideration on the day of its filing in the case of non-conformity of the documents submitted to the established list. Return of the application does not deprive the applicant of the right to apply to the management company of the special economic zone with re-application after recovery of deficiencies.

2. The management company of the special economic zone refuses to conclude an agreement on the implementation of activities with the applicant in the event of non-compliance of the claimed activity with the priority activities.

3. If the claimed activity complies with the priority activities, the management company of the special economic zone, within ten working days concludes an agreement on implementation of activities.

4. On the dating of signing a contract for implementation of activities, Management body of the special economic zone shall

notify the competent authority hereof with providing a copy of a contract for implementation of activities.

The competent authority shall enter the information on any new participant of the special economic zone into the Unified register of participants (members) of the special economic zone. The date of entering into contract for implementation of activities shall be the date of entering into the unified register of participants (members) of the special economic zone.

5. The management company of the special economic zone, within two working days from the date of conclusion of agreement on the implementation of activities, shall notify the tax authorities and customs authorities of this.

6. Upon receipt of notification from the management company of the special economic zone on conclusion of agreement on implementation of activities, the tax authorities and customs authorities shall register the member of the special economic zone in accordance with the procedure established by the **legislation of the Republic of Kazakhstan**.

7. On the basis of the concluded agreement on implementation of activities in the special economic zone, the members shall cease operation of its separate subdivisions outside the special economic zone.

The members of the special economic zone implementing information and innovation activities are allowed to operate outside the territory of the special economic zone, unless otherwise is provided by this Law.

8. The agreement on implementation of activities will be cancelled in the case of:

- 1) abolition of the special economic zone;
- 2) expiration or early termination of the agreement on implementation of activities;
- 3) other cases stipulated by the **Civil Legislation** of the Republic of Kazakhstan or the **agreement** on implementation of activities.

The management company of the special economic zone shall notify the tax authorities and customs authorities regarding cancellation of the agreement on implementation of activities.

## **Article 12. Requirements to the persons applying for implementation of ancillary activities in the territory of the special economic zone**

Persons claiming to implement the ancillary activities in the territory of special economic zone shall comply with the following requirements:

- 1) be a **Kazakhstani producer of works and services**;
- 2) be an individual entrepreneur or legal entity registered in accordance with the procedure established by the **legislation of the Republic of Kazakhstan** by the relevant registration authority (justice, tax authorities and statistics authority) in the Republic of Kazakhstan.

If the persons applying for implementation of ancillary activities meet the above requirements, they are obliged to conclude agreement in accordance with the established procedure with the member of the special economic zone to perform certain types of subcontract works and services.

The nature of works and services undertaken by the subcontractors under ancillary activities, may not coincide with the priority activities.

## **Article 13. Documents to be submitted by the persons to be admitted to implement the ancillary activities**

1. Ancillary activities shall be implemented in accordance with the agreement concluded with a member of the special economic zone.

2. Individual entrepreneurs and legal entities shall submit the application to the management company of the special economic zone to be admitted to perform the ancillary activities, within three working days after conclusion of the agreement on implementation of activities with a member of the special economic zone.

3. The application shall be accompanied by the documents in hard copy and/or on electronic media according to the **list** to be approved by the Government of the Republic of Kazakhstan.

## **Article 14. Basis and procedure for admission of persons to the implementation of ancillary activities**

1. In filing of application to admit the person to implement the ancillary activity, the management company of the special economic zone shall:

1) checks compliance of the submitted documents to the list of documents approved by the authorized body;

2) register the application in the register of applications. The date of filing the application is the date of its registration.

2. If the submitted documents correspond to the list of documents approved by the Government of the Republic of Kazakhstan, the applicant shall be deemed admitted for the implementation of ancillary activity in the territory of the special economic zone.

The management company of the special economic zone, within three working days from the date of registration of the application, shall notify the person filing the application, as well as the customs authority in the jurisdiction of which the special economic zone is located, on the admission of a person to implement the ancillary activity in the territory of the special economic zone.

3. In the case of non-compliance of the submitted documents to the list of documents approved by the Government of the Republic of Kazakhstan, the management company of the special economic zone returns the application to the applicant within three working days from the date of filing of the application. Return of the application does not deprive a person of the right to re-apply after the recovery of the deficiencies.

### **Article 15. Provision of communal services in the territory of the special economic zone**

Suppliers, implementing supply of electric, thermal energy, gas, water and providers of utility services in the territory of the special economic zone are required to provide access to such services, similar to that available for other consumers of such services.

### **Article 16. Abolition of the special economic zone**

1. The special economic zone shall be abolished at the end of the period for which this special economic zone was established. Validity of the special economic zone shall be defined by the relevant act of the President of the Republic of Kazakhstan on establishment of the special economic zone.

2. In the event of failure to achieve the critical level of target indicators, the special economic zone shall be abolished ahead of time by the President of the Republic of Kazakhstan on the proposal of the Government of the Republic of Kazakhstan.



3. After the abolition of the special economic zone, the members of the special economic zone and those implementing the ancillary activities, who leases the land parcels in the special economic zone, in the sale of these land parcels, have the right to purchase them in accordance with the procedure established by the **Land Legislation** of the Republic of Kazakhstan.

## **Chapter 4. Management of special economic zone**

### **Article 17. Establishment of management company of special economic zone**

1. After enactment of the act of the President of the Republic of Kazakhstan on establishment of the special economic zone, the Government of the Republic of Kazakhstan or the local executive authority of the Province, city of republican status or of the capital city shall make decision on establishment and/or participation in the establishment of the management company of the special economic zone.

2. The management company of the special economic zone of the capital city in the legal form of a public institution shall be established in accordance with the **legislative acts of the Republic of Kazakhstan**.

3. The following persons may act as founders of the management company in the case of a special economic zone on their own initiative:

- 1) Government of the Republic of Kazakhstan;
- 2) local executive authorities of the city of republican status, of the capital city;
- 3) non-governmental legal entities;
- 4) foreign legal entities having the experience of management of special economic zones in other countries or in the Republic of Kazakhstan.

4. In the case of establishment of the special economic zone on the initiative of central executive authorities or local executive authorities of the Province, the city of republican status, the capital city, more than fifty percent of the voting shares issued by the management company must be owned by the State, unless otherwise provided by

the act of the President of the Republic of Kazakhstan on establishment of the special economic zone.

In the case of establishment of the special economic zone on the initiative of non-governmental legal entities, at least twenty-six per cent of voting shares issued by the management company must be owned by the State.

5. First constituent meeting of the management company must be held no later than thirty calendar days after the date of the decision of the Government of the Republic of Kazakhstan regarding participation of the state in the establishment of the management company.

6. The management company of the special economic zone shall be registered at the location of the special economic zone in accordance with the procedure established by the **legislation** of the Republic of Kazakhstan on state registration of legal entities and record registration of branches and representative offices.

7. Shareholders shall elect an independent director as the member of the managing company Board of Directors among persons recommended by the National Chamber of Entrepreneurs of the Republic of Kazakhstan, who according to the position shall head the strategic planning committee of the managing company BOD.

### **Article 18. Functions of the management company of the special economic zone**

Functions of the management company of the special economic zones include:

1) interaction with the state authorities on the issues of functioning of special economic zones;

2) provision of land for secondary land-use or use (sublease) and provision of infrastructure facilities for lease (sublease) to persons engaged in ancillary activities;

3) conclusion and termination of agreements on the implementation of activities;

4) reporting, on the basis of the annual reports of participants in special economic zones, to the authorized body on the results of operation of the special economic zones in accordance with the procedure established by the authorized body;

5) attracting members of the special economic zone;

6) attracting investment for the construction of infrastructure facilities and implementation of other activities in the special economic zones;

7) construction of infrastructure facilities in accordance with the approved feasibility study on the land parcels not transferred to the members of the special economic zone;

8) arrangement of location for the center of services to provide services on the principle of “single window”;

9) proving actual consumption of imported goods in the implementation of activities meeting the purposes underlying the creation of special economic zones;

10) monitoring of fulfilling the agreements on implementation of activities.

### **Article 19. Selection of individuals to manage the management company**

1. The authorized body shall carry out the competitive selection of individuals to control the management company after making proposal by the Government of the Republic of Kazakhstan on establishment of the special economic zone to the President of the Republic of Kazakhstan in accordance with **Article 7** of this Law.

2. Competitive selection of individuals to control the management company shall be held by the authorized body in conjunction with the relevant government authorities within sixty calendar days from the date of making proposal regarding establishing of the special economic zone to the President of the Republic of Kazakhstan.

3. The Procedure of carrying out competitive selection of persons for management of the management company, and also requirements to them are defined by the authorized body.

### **Article 20. Rights and obligations of members of the special economic zone**

1. The members of the special economic zone are entitled to:

1) use the guarantees of legal protection, tax and other benefits established by the legislative acts of the Republic of Kazakhstan for the members of the special economic zones;

2) obtain the land parcels and build the infrastructure facilities to implement the priority activities in accordance with the procedure established by this Law;

3) in the process of implementation of the priority activities, involve persons engaged in ancillary activities;

4) determine the ancillary activities [necessary to support their activities];

5) exercise other rights provided by the legislative acts of the Republic of Kazakhstan.

2. The members of the special economic zone are obliged to:

1) submit annual report on their activities to the management company of the special economic zone;

2) faithfully and properly perform the obligations prescribed by the laws of the Republic of Kazakhstan and the agreement on the implementation of activities.

### **Article 21. Monitoring of implementation of terms of agreement on implementation of activities**

The authorized body shall carry out monitoring of the implementation of agreements on implementation of the activities on the basis of information provided by the governing bodies of the special economic zone in the form of reports, as well as information about the members of the special economic zones in accordance with this Law.

Monitoring provided for in **subparagraph 10) of Article 18** of this Act, shall be implemented by the governing bodies of the special economic zones on a regular basis.

### **Article 22. Funding for the management company of the special economic zone**

1. Funding for the management company of the special economic zone, established in the legal form of a public institution, shall be provided in accordance with the **legislative acts of the Republic of Kazakhstan**.

2. Funding of the activities of the management company shall be provided for the account of:

1) remuneration for the services provided by the management company to the members of the special economic zone;

2) targeted debt financing;

3) income from the lease and/or sublease of infrastructure, land and other property;

4) other sources of income of the management company not prohibited by the legislation of the Republic of Kazakhstan.

3. Financing of activities of the regulatory body of the special economic zone created in the incorporation form of a stand-alone cluster fund shall be in accordance with the Law of the Republic of Kazakhstan "On the Innovation Cluster "Park of Innovative Technologies".

### **Article 23. Elimination of the management company of the special economic zone**

1. After the expiry or making decision on early abolition of the special economic zone, the management company of the special economic zone established in the legal form of public institution shall be liquidated (reorganized) in accordance with the **legislative acts of the Republic of Kazakhstan**.

2. After the expiry of the special economic zone or making decision on early abolition of the special economic zone, the general meeting of shareholders shall make the decision on voluntary liquidation of the management company. It shall determine the liquidation procedure in agreement with the creditors and under their control in accordance with the **legislative acts of the Republic of Kazakhstan**.

If the shareholders of the management company fail to make decision on voluntary liquidation, the management company shall be eliminated by enforcement.

Forced liquidation of the joint-stock company shall be carried out in accordance with the **Civil Code** of the Republic of Kazakhstan.

## **Chapter 5. Legal regime and conditions of functioning of special economic zone**

### **Article 24. Special legal regime of the special economic zone**

In the territory of the special economic zone a special regime shall apply for the members of the special economic zone established by this law, **Tax, Customs, Land legislation** of the Republic of Kazakhstan as well as the **legislation** of the Republic of Kazakhstan on employment.

### **Article 25. Taxation of members of the special economic zone**

The members of the special economic zone are subject to taxes and other obligatory payments to the budget in accordance with the **Tax legislation** of the Republic of Kazakhstan.

### **Article 26. Customs regulations in the special economic zones**

1. In the territory of the special economic zone or in its part, the customs procedure of customs-free zone is applied.

The boundaries of the special economic zone, within which the customs procedure of customs-free zone is applied, shall be determined in accordance with the act of the President of the Republic of Kazakhstan on establishment of the special economic zone.

2. The customs procedure of customs-free zone is applied in accordance with the **Customs legislation** of the Customs Union and/or the **Customs legislation** of the Republic of Kazakhstan.

3. The territory of the special economic zone is a part of the customs territory of the Customs Union.

4. The territory of the special economic zone in which the customs procedure of customs-free zone is applied, is the customs control zone.

Customs control on the territory of the special economic zone in which the customs procedure of customs-free zone is applied, shall be implemented by the customs authorities in accordance with the customs legislation of the Customs Union and/or **Customs legislation of the Republic of Kazakhstan**.

### **Article 27. Goods placed under the customs procedure of customs-free zone**

Goods imported into the territory of the special economic zone in which the customs procedure of customs-free zone is applied, should be placed under the customs procedure of customs-free zone in the manner and subject to the conditions defined by the **Customs legislation of the Customs Union** and/or **Customs legislation of the Republic of Kazakhstan**, and should be considered as being outside the customs territory of the Customs Union for the purposes of

application of customs duties and taxes, as well as measures of non-tariff regulation.

### **Article 28. Foreign employees**

The local executive authorities of the appropriate administrative-territorial unit shall issue work permits for foreign workers under simplified procedure without seeking for appropriate candidates in the domestic labor market in accordance with the **regulations** established by the Government of the Republic of Kazakhstan.

### **Article 29. Guarantees of legal protection for the members of the special economic zone**

1. The guaranteed protection of rights and interests shall be provided to the members of the special economic zone, ensured by the **Constitution** of the Republic of Kazakhstan, this Law and other legal acts of the Republic of Kazakhstan, as well as **international agreements**, ratified by the Republic of Kazakhstan.

2. Forcible seizure of property of members of the special economic zone (nationalization, requisition) for public use is permitted in exceptional circumstances and in the manner prescribed by the **laws of the Republic of Kazakhstan**.

3. The members of the special economic zone has the right to use the proceeds derived from activities in the territory of the special economic zone on their own discretion, after payment of taxes and other obligatory payments to the budget in accordance with the **Tax legislation** of the Republic of Kazakhstan.

## **Chapter 6. Final and transitional provisions**

### **Article 30. State control over the observance of legislation of the Republic of Kazakhstan on special economic zones**

The Government shall carry out control over the observance of legislation of the Republic of Kazakhstan on special economic zones in the form of inspections and other forms.

Inspections shall be carried out in accordance with the **Law** of the Republic of Kazakhstan “On State Control and Supervision of the Republic of Kazakhstan”.

## **Article 31. Liability for violation of legislation of the Republic of Kazakhstan on special economic zones**

Violation of the legislation of the Republic of Kazakhstan on special economic zones entail liability established by the laws of the Republic of Kazakhstan.

## **Article 32. Transitional provisions**

1. Special economic zones created before the enactment of this Act shall retain their status until a decision is made on their termination or expiry of the period for which this special economic zone was established. Administration of special economic zones can act as management companies up to creation of a management company, but no more than for the **period** specified by the authorized body.

2. **Operating Companies**, employed to manage the special economic zones, established before the enactment of this Law, may act as management companies till the moment of their transfer to the newly created management company.

However, these operator companies shall perform the functions of management companies for not more than one year from the date of the enactment of this Law.

Decision regarding performance of functions of the management company for the special economic zone by the employed operating company shall be taken by the authorized body.

3. Not later than one year from the date of establishment of the management company, the administration of the special economic zone is obliged to transfer to the management company all documents and information relating to special economic zone and necessary for the implementation by the management company of functions provided by this Law. After that, this administration shall be abolished.

4. From the date of establishment of the management company, agreements concluded between the authorized body and operating companies, are subject to cancellation.

5. For participants of the special economic zone in the field of informative and innovative technologies, the requirement to perform activities in the territory of the special economic zone shall not be mandatory prior to January 1, 2015 for the following activities:



1) design, development, implementation, pilot production and production of software, databases and hardware facilities of information technology, as well data center services and online services;

2) scientific & research and development engineering works on the creation and implementation of projects in the field of information technology.

6. Provisions set forth in paragraphs 1-4 of this Article shall not apply to the special economic zone “Astana - new city”.

### **Article 33. Procedure for the enactment of this Law**

1. This Law shall enter into force after ten calendar days after its official **publication**.

2. The **Law** of the Republic of Kazakhstan dated July 6, 2007 “On special economic zones in the Republic of Kazakhstan” (Bulletin of the Parliament of the Republic of Kazakhstan, 2007, # 14, p. 104, 2010, # 15, p. 71) shall be deemed to have lost legal force.

**President  
Of the Republic of Kazakhstan**

**N. NAZARBAEV**

Astana, Akorda, June 21, 2011  
# 469-IV ZRK