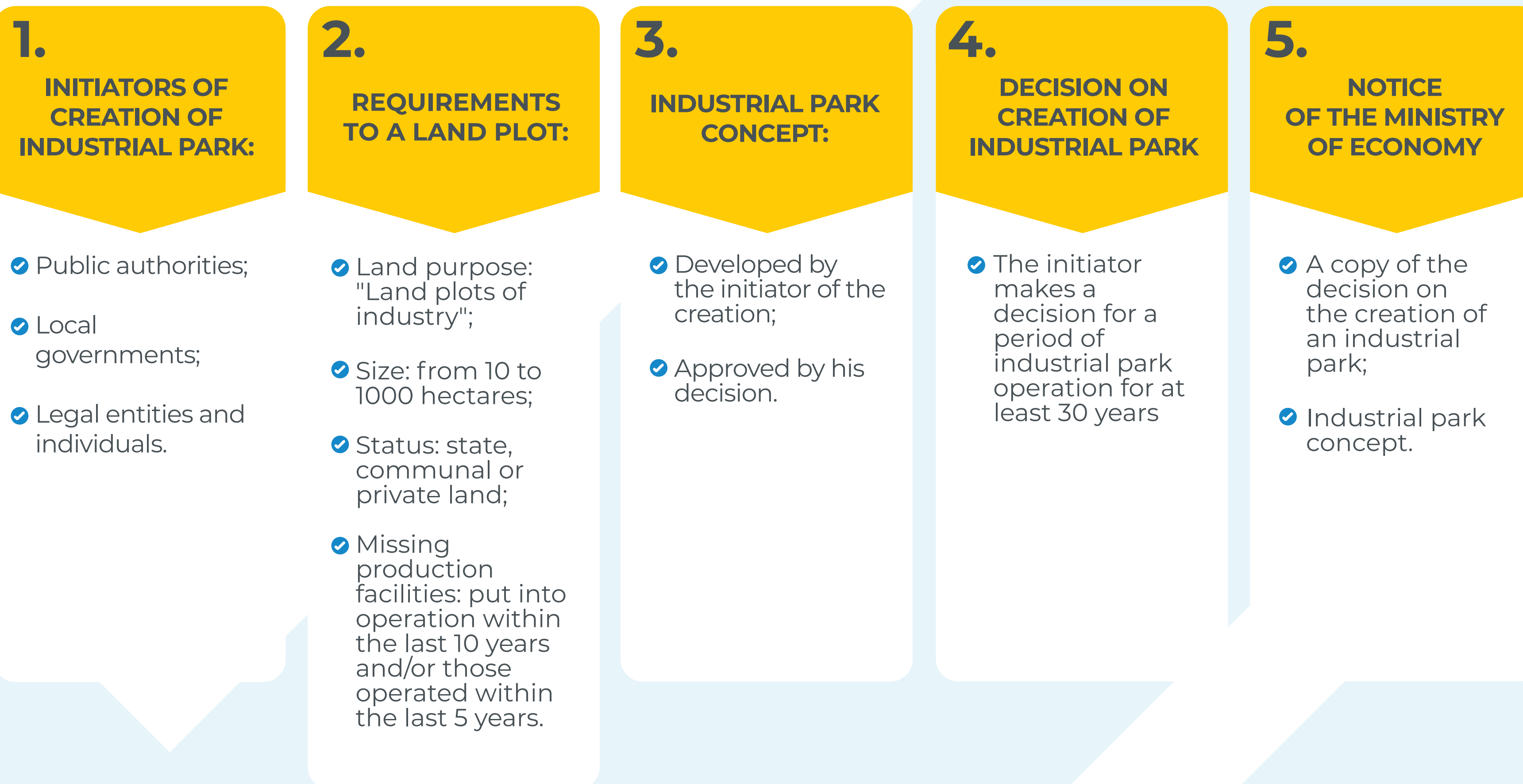


CREATION OF INDUSTRIAL PARKS AND INCLUSION TO THE REGISTER OF INDUSTRIAL PARKS

*in accordance with the Law of Ukraine
"On Industrial Parks" (with amendments)*



6. AGREEMENT ON CREATION AND FUNCTIONING OF INDUSTRIAL PARK

- ✓ Selection of the management company;
- ✓ Conclusion of an agreement on the creation and operation of an industrial park;
- ✓ Written notification of the Ministry of Economy of "Ukraine"

7. INDUSTRIAL PARK REGISTRATION

- ✓ Submission of documents to the Ministry of Economy (list of documents in accordance with Article 15 of the Law on Industrial Parks).

8. PROCESSING DOCUMENTS AND INCLUSION TO THE REGISTER

- ✓ Review of documents by the Ministry of Economy and other bodies;
- ✓ Approval of the draft order of the Cabinet of Ministers of Ukraine;
- ✓ Decision to include the industrial park in the register.

9. TENANTS OF INDUSTRIAL PARKS

- ✓ The business entity is registered on the territory of the IP;
- ✓ Acquired the right to a land plot and/or other real estate object;
- ✓ Signed an agreement with the management company on the implementation of economic activity;
- ✓ Carries out activities exclusively in the field of processing industry.

INITIATORS OF INDUSTRIAL PARKS CREATION OF INDUSTRIAL PARKS

(Clause 4 of the first part of Article 1, Article 13 of the Law)

National authorities

(on state-owned land plots)

Local governments

(on land plots of communal property)

Legal entities and individuals — tenants placed on land plots
Of state, communal and private property

Legal entities and individuals — owners of private land plots

IMPORTANT! The law provides that:

- initiator of the creation cannot be a tenant of the industrial park;
- management company cannot conduct business activities similar to the activities of industrial park tenants.

RESTRICTIONS REGARDING CREATION OF INDUSTRIAL PARKS

(Article 71 of the Law)



- Initiator of creation
- Management company
- Tenant
- Another subject

cannot be created/ founded by individuals/citizens of **state-aggressor** recognized by the Verkhovna Rada of Ukraine an aggressor state, an occupying state, legal entity, related persons registered with the state, recognized by the Verkhovna Rada of Ukraine as an aggressor state, an occupying state, in respect of which sanctions have been applied in accordance with the legislation of Ukraine or international law,
legal entities — owners of 10 percent or more of shares and/or **ultimate beneficial owner (controller)** who is a resident of a state recognized by the Verkhovna Rada of Ukraine as an aggressor state, an occupying state, a state recognized by the Verkhovna Rada of Ukraine as an aggressor state or an occupying state, an occupying state, a state recognized by the Verkhovna Rada of Ukraine as an aggressor state, an occupying state,
and/or **by economic entities connected by economic ties with the aggressor state** within the meaning of the Tax Code of Ukraine.

REQUIREMENTS FOR INDUSTRIAL PARK TERRITORY FOR INCLUSION TO THE REGISTER OF INDUSTRIAL PARKS

(Clause five of Article 14 of the Law)

An industrial park can be included in the Register of Industrial Parks, if it is provided that at the time of inclusion on its territory (within the limits) there are no:

- **Accepted into operation during the last 10 years until the decision to create an industrial park was made completed constructions of objects for the production purpose;**

the date of registration of the declaration on the facility's readiness for operation or the issuance of a certificate.

and/or

- **Objects of the production purpose, that were exploited during the last five years until the decision to create an industrial park was made.**

notification of objects of taxation or objects related to taxation or through which activities are carried out, according to form No. 20-ОПП

The restrictions of this article do not apply to the production facilities of the coal mining enterprise and/or its separate (adjacent) subdivision, which does not have the status of a legal entity, which has been liquidated, is in the stage of liquidation (termination) or is planned for liquidation

REQUIREMENTS FOR INDUSTRIAL PARK LAND PLOTS

(Article 8 of the Law)

The plot of land, the use of which is planned for the creation and operation of an industrial park, can be located within or outside the boundaries of settlements and must meet the following requirements:

- 1. belong to industrial lands;**
- 2. be suitable for industrial use, taking into account the conditions and restrictions established by the relevant urban planning documentation;**
- 3. the area of the land plot or the total area of adjacent land plots must be at least 10 hectares and no more than 1,000 hectares.**

The location between land plots of the industrial park of land plots on which engineering and transport infrastructure objects are located or are expected to be located in accordance with the urban planning documentation is allowed

INDUSTRIAL PARK CONCEPT

(Article 17 of the Law)

Concept is developed by the initiator of industrial park creation and approved by their decision.

The concept of the industrial park must include:

1. Name of the industrial park;
2. Initiator of the creation of the industrial park;
3. Purpose, task of creation and functional purpose of the industrial park;
4. Location and size of the land plot (not less than 10 hectares and not more than 1000 hectares);
5. Term for which the industrial park is created;
Important! Term begins from the date of the initiator's adoption of the decision to create an industrial park
6. Requirements for industrial park tenants;
7. Information on the approximate total volume of consumption of energy resources, water, etc., as well as on the necessary transport infrastructure and the plan for providing the industrial park with relevant resources;
8. Industrial park development plan;
9. Approximate resources necessary for the creation and functioning of the industrial park, expected sources of their attraction;
Important! In the Concept, it is expedient to mention the intention to obtain appropriate forms of state incentives
10. Organizational model of industrial park functioning;
11. Expected results of the operation of the industrial park;
12. Other information at the discretion of the initiator of creation.

NOTICE ON THE CREATION OF THE INDUSTRIAL PARK

(part two of Article 14 of the Law)

Initiators of the creation of industrial parks are **obliged** to notify the Ministry of Economy about the creation of an industrial park, to provide within **five calendar days** from the date of the decision to create an industrial park:

- **copy of the decision on the creation of an industrial park;**
- **concept of an industrial park.**

Information about the created industrial parks is public, access to it is provided by the authorized state body by placing it on its official website.

IMPORTANT!

Submitting a notification on the creation of an industrial park is not a basis for including the industrial park in the Register of Industrial Parks

SELECTING THE MANAGEMENT COMPANY OF THE INDUSTRIAL PARK

(Article 18 of the Law)

Selection of the management company of the industrial park, created **on the lands of state or communal property** carries out the initiator of the creation of such a park on a competitive basis by organizing and conducting an open competition in the manner specified by this Law.

If the land plots intended for the creation of an industrial park are **privately owned**, the management company is determined by the initiator of the creation independently.

If the initiator of the creation **is the lessee of the land plot**, the management company of such a park is determined by him independently with a written notification of this to the relevant state authority, local self-government body and the lessor no later than three working days.

ACQUISITION AND LOSS OF INDUSTRIAL PARK MANAGEMENT COMPANY STATUS

(Article 24 of the Law)

A legal entity **acquires the status** of a management **company from the day of agreeing on the creation and operation of an industrial park**, about which the initiator of the creation is obliged to notify the Ministry of Economy in writing within three working days.

*The authorized state body enters information on the legal entity acquiring the status of the management company of an industrial park included in the Register of Industrial Parks in the Register of Industrial Parks and places it on its official website no later than **three working days** from the date of receipt of such notification from the initiator of creation.*

A legal entity **loses the status** of a management company **from the day of termination of the agreement on the creation and operation of the industrial park**, about which the initiator of the creation is obliged to notify the authorized state body within the same day.

*Information about the loss of the status of the management company of an industrial park included in the Register of Industrial Parks by a legal entity is entered by the authorized state body in the the Register of Industrial Parks and posted on its official website **no later than one working day** from the date of receipt of such notification from the initiator of creation.*

MAIN DOCUMENTS NECESSARY FOR INCLUSION OF INDUSTRIAL PARK IN THE REGISTER OF INDUSTRIAL PARKS

(Article 15 of the Law)



application for inclusion of an industrial park in the Register of Industrial Parks;

initiator's decision to create an industrial park;

industrial park concept;

extract from the State Land Cadastre regarding the land plot and title documents for real estate objects located on it;

name of the management company and members (if available)

PROCEDURE FOR INCLUSION OF INDUSTRIAL PARKS IN THE REGISTER OF INDUSTRIAL PARKS

(Clause one and five of Article 16 of the Law)

The inclusion of the industrial park in the Register takes place within 45 working days from the moment of receipt of the application from the initiator of creation to the Ministry of Economy.

The authorized state body, by the procedure approved by the Cabinet of Ministers of Ukraine, reviews the documents within 21 working days from the date of receipt of the documents from the initiator of the creation.

The authorized state body submits a draft decision to the Cabinet of Ministers of Ukraine

or
on the inclusion of the industrial park in the Register
on the refusal to include the industrial park in the Register

The authorized state body is obliged, within three working days from the day of the Cabinet of Ministers of Ukraine's adoption of the decision to include the industrial park in the Register, to include the corresponding industrial park in the Register, to notify in writing the initiator of the creation, the management company, the relevant local state administrations and local self-government bodies, as well as to place relevant information on its official website.

THE DECISION ON INCLUDING THE INDUSTRIAL PARK IN THE REGISTER IS MADE TAKING THE FOLLOWING CRITERIA INTO ACCOUNT

(Clause two of Article 16 of the Law)

- availability of labor resources necessary for the development of the industrial park according to the concept;
- the availability and/or possibility of involvement by the initiator of the creation of financial, material and technical resources necessary for the development of the industrial park according to the concept;
- support of the industrial park by local self-government bodies and local executive bodies;
- expected results of the functioning of the industrial park by the concept of attracting investments, creating new jobs, exporting products and attracting small and medium-sized business entities.

DECISION ON REFUSAL TO INCLUDE THE INDUSTRIAL PARK IN THE REGISTER

(Clause three of Article 16 of the Law)

A decision on refusal to include an industrial park in the Register of Industrial Parks is made in the event of:

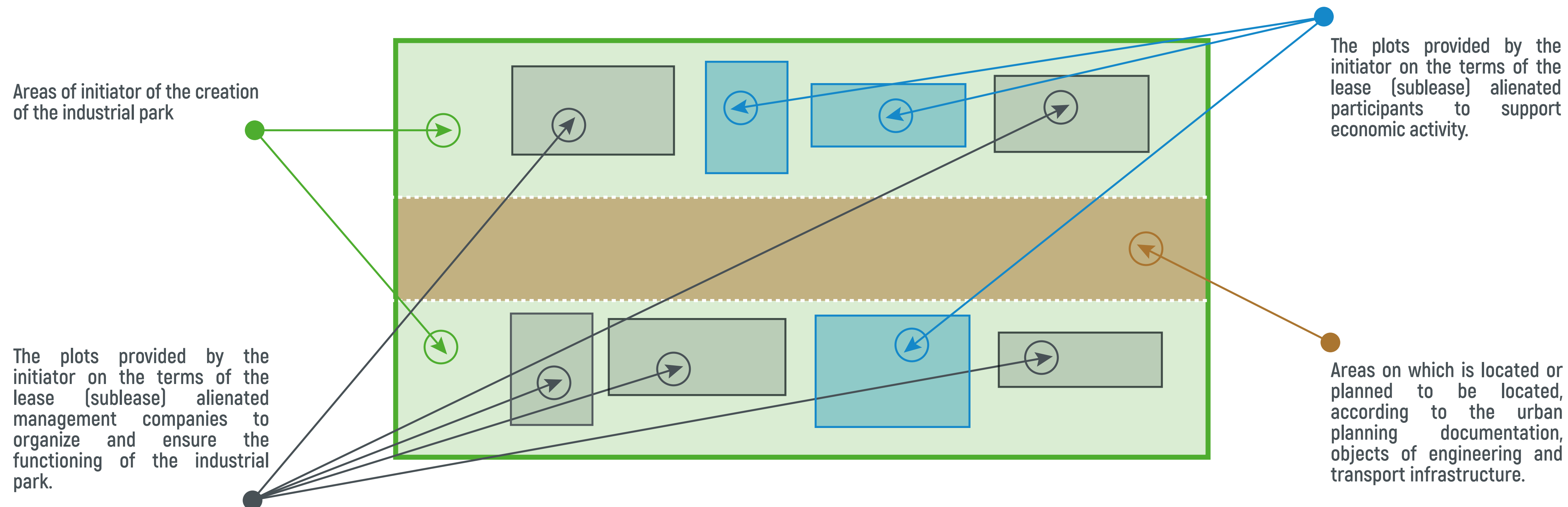
if the land plot, the use of which is planned for the creation and operation of the industrial park, does not meet the requirements established by Article 8 of this Law;

lack of support for the industrial park from local self-government bodies and local executive bodies;

the presence on the territory of the industrial park of objects of industrial purpose, defined by the fifth part of Article 14 of this Law.

Refusal to include an industrial park in the Register does not limit the possibility of the initiator of the creation to re-apply to the Ministry of Economy with the issue of including the industrial park in the Register of Industrial Parks.

Possible scheme for the implementation of land relations within the framework of the functioning of the industrial park



IMPORTANT!

The management company can rent/purchase only those plots within the industrial park, which are necessary for it to fulfill its obligations under the agreement on the creation and operation of the industrial park.

PARTICIPANTS, OTHER SUBJECTS OF INDUSTRIAL PARKS

(clauses 8 and 9 of the first part of Article 1 of the Law)

A participant of the industrial park can be:

business entity of any form of ownership, registered **on the territory (within) the industrial park**, which by the law has acquired the right to a land plot and/or another object (part of an object) of real estate within the industrial park,

concluded an agreement with the management company on the implementation of economic activities within the industrial park in accordance with the concept of the industrial park

and carries out activities exclusively in the field of processing industry, processing of industrial and/or household waste (except waste disposal), as well as scientific and technical activities, activities in the field of information and telecommunications **only on the territory (within) the industrial park.**

IMPORTANT!

A participant cannot be an individual entrepreneur, since his location is his residential address.

PARTICIPANTS, OTHER SUBJECTS OF INDUSTRIAL PARKS

(clauses 8 and 9 of the first part of Article 1 of the Law)

Another subject of the industrial park can be:

business entity of any form of ownership, which, in accordance with the law, has acquired the right to a land plot and/or another object (part of an object) of real estate within the industrial park,

concluded the relevant agreement and/or on the implementation of economic activity within the industrial park with the management company

and carries out its business activities in areas not prohibited by this Law, **on the territory (within) the industrial park.**

IMPORTANT!

Another subject of the industrial park does not have the right to receive state incentives in accordance with this Law.

ACQUIRING THE STATUS OF INDUSTRIAL PARK PARTICIPANT

(part three of article 11 and part one of article 29 of the Law)

If two or more potential participants apply for one plot of land within the industrial park, the management company is obliged to hold a competition for the selection of the participant taking into account the concept of an industrial park

The business entity acquires the status of a participant, **provided the implementation of two criteria:**

conclusion of an agreement with the management company on the implementation of economic activities within the industrial park;

acquisition of the right to a land plot on the grounds and in the manner established by the land legislation of Ukraine, and/or to another object (part of an object) of real estate within the industrial park.

IMPORTANT!

The participant must be registered on the territory (within the limits) of the industrial park and carry out activities exclusively in the spheres defined by the Law only on the territory (within the limits) of the industrial park.

WITH THE PURPOSE OF CREATING AND FUNCTIONING OF INDUSTRIAL PARKS:

Management companies and initiators of creation — subjects of management of industrial parks:

Funds are provided on a non-refundable basis under the terms of co-financing for the development of industrial parks and/or ensuring the construction of engineering and transport infrastructure objects (roads, communication lines, means of heat, gas, water and electricity supply, engineering communications, etc.) necessary for the creation and operation of industrial parks;

Partial compensation for the costs of connection to electric networks is carried out;

Participants in industrial parks are provided:

Tax incentive — exemption from income tax for 10 years on a list of types of activities, subject to reinvestment;

Customs relief — exemption from payment of import VAT and duties on equipment according to the list of UCGFEA codes.