

On special economic and industrial zones

Unofficial translation

Law of the Republic of Kazakhstan dated April 3, 2019 No. 242-V.

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This Law shall regulate social relations arising in establishment, operation and abolition of special economic and industrial zones in the territory of the Republic of Kazakhstan.

Chapter 1. BASIC PROVISIONS

Article 1. Basic concepts used in this Law

The following basic concepts shall be used in this Law:

1) excluded by Law of the Republic of Kazakhstan No. 177-VII of 30.12.2022 (shall be enforced ten calendar days after the date of its first official publication);

2) a special economic zone is a part of the territory of the Republic of Kazakhstan with precisely delineated borders, where a special legal regime of a special economic zone applies for the implementation of activities hereunder;

3) a management company of a special economic zone - a legal entity, established or determined in accordance with this Law and the Law of the Republic of Kazakhstan "On innovation cluster "Park of innovative technologies" to ensure the functioning of the special economic zone;

4) a participant in a special economic zone - a legal entity that performs priority types of activities in the territory of a special economic zone and is included in the single register of participants of special economic zones.

Wherein:

participants of a special economic zone "Park of innovative technologies" shall be allowed to carry out priority types of activities outside the territory of this special economic zone;

participants of a special economic zone, the boundaries of which fully or partially coincide with the sections of the customs border of the Eurasian Economic Union, may be individual entrepreneurs who carry out priority types of activities in the territory of the said special economic zone;

5) priority activities - activities covered by the list of priority activities undertaken within special economic zones, falling under the special legal regime of the special economic zone;

5-1) non-core activities - activities not covered by the list of priority activities belonging to the manufacturing industry, related to the processing of raw materials, materials, substances, components for a new product;

5-2) a person engaged in non-core activities - a person recorded in the unified register of persons engaged in non-core activities and carrying out such activities on the territory of a special economic zone;

5-3) agreement on non-core activities - an agreement concluded between a person engaged in non-core activities or several persons engaged in non-core activities and the management company of a special economic zone setting out terms and conditions for conducting activities on the territory of the special economic zone, rights, obligations and responsibilities of the parties;

6) "one window" principle - a form of rendering of state and other services in the territories of special economic and industrial zones, providing for minimization of participation of applicants in the collection and preparation of documents and restriction of their direct contact with the subjects of the provision of state and other services;

7) unified technological process - a combination of technologically interrelated and sequential activities (works) performed in the process of production within one priority and (or) non-core activity. A set of activities within a single technological process shall be an integral part of the priority and/or non-core activities and form a single whole therewith;

7-1) a special industrial zone is a type of private industrial zone established by natural and/or non-state entities, in the territory of which the direct application of international building regulations and international regional standards and standards of foreign countries is permitted;

7-2) management company of a special industrial zone - a legal entity established or designated by the owner of a land plot of a special industrial zone to ensure the functioning of the special industrial zone;

8) project - a set of measures envisaging the creation of modern, highly productive, competitive production facilities and services for the implementation of priority or non-core activities by a potential participant, applicant, participant in a special economic zone or a person engaged in non-core activities, as well as for the implementation of business activities by a potential participant, applicant or participant in an industrial zone;

9) an industrial zone - a territory, provided with the engineering and communication infrastructure given to private business entities for locating and operating of business facilities, including in the industry, agriculture, tourism industry, transport logistics, waste management, in the manner, prescribed by the legislation of the Republic Kazakhstan;

10) industrial zone management company - a legal entity, established or determined in accordance with this Law to ensure the functioning of the industrial zone;

11) a participant in an industrial zone - an individual entrepreneur, a legal entity engaged in the arrangement and operation of business facilities in the territory of the industrial zone in the manner, established by the legislation of the Republic of Kazakhstan, with which the industrial zone management company has concluded a contract on activities;

12) infrastructure facilities - facilities that are part of the facilities for production and (or) transfer of heat and electricity, water and gas, sewage, transport communications, communication services and other objects of a special economic or industrial zone;

13) auxiliary types of activities - activities necessary to serve the activities of participants of a special economic zone, carried out by persons who are not members of a special economic zone in its territory;

14) persons, engaged in auxiliary types of activities - individual entrepreneurs or legal entities who are not participants of a special economic zone, carrying out auxiliary types of activities in accordance with this Law;

15) a contract on activities - an agreement, concluded between a participant or several participants in a special economic or industrial zone and the management company of a special economic or industrial zone, establishing the conditions for carrying out activities in the territory of a special economic or industrial zone and (or) in their legal regime, rights, duties and responsibilities of the parties;

16) regional coordinating council - a consultative and advisory body headed by the governor of a region, city of republican significance, the capital or his deputy, performing functions in accordance with this Law and other functions, defined by the legislation of the Republic of Kazakhstan;

17) applicant - a person applying to the management company of a special economic zone to perform priority or non-core or ancillary activities or an application to the management company of an industrial zone to perform business activities as a participant in an industrial zone;

18) an expert council - a permanent interdepartmental consultative and advisory body that examines the feasibility of creating, extending the term of operation and the abolishing of special economic zones, as well as the feasibility of creating, extending the term of functioning and abolishing of industrial zones of republican significance in accordance with this Law;

19) an authorized body - the central executive body that carries out state regulation in the field of establishment, functioning and abolition of special economic and industrial zones.

Footnote. Article 1 as amended by Law of the RK No. 26-VII dated 01.04.2021 (shall come into force ten calendar days after its first official publication); No. 177-VII of 30.12.2022 (shall be enacted ten calendar days after the date of its first official publication).

Article 2. Legislation of the Republic of Kazakhstan on special economic and industrial zones

1. The legislation of the Republic of Kazakhstan on special economic and industrial zones shall be based on the Constitution of the Republic of Kazakhstan and shall consist of this Law and other regulatory legal acts of the Republic of Kazakhstan.

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

Article 3. The scope of this Law

The effect of this Law shall extend to state and local executive bodies, as well as to individuals and legal entities that are subjects of social relations arising from the establishment, operation and abolition of special economic and industrial zones in the territory of the Republic of Kazakhstan.

Article 4. Principles of state regulation of special economic and industrial zones

1. State regulation of special economic and industrial zones in the Republic of Kazakhstan shall be based on the principles of a balance of interests, fairness, transparency, and stimulation of production.

2. The legislation of the Republic of Kazakhstan on special economic and industrial zones cannot contradict the principles provided for by this Law.

Article 5. Principle of balance of interests

This Law shall provide for a balance of interests of all subjects of social relations arising from the establishment, operation and abolition of special economic and industrial zones in the territory of the Republic of Kazakhstan.

For the purposes of this Law, the balance of interests shall be a state of legal relations in which the rights and obligations of the parties are proportionate and the parties have equal opportunities to realize their legitimate interests.

Article 6. Principle of justice

Potential participants in special economic and industrial zones shall be provided with equal opportunities for access to carry out activities on the territory of such zones, subject to compliance with the requirements for carrying out such activities.

Article 7. Principle of transparency

The principle of transparency shall be to ensure transparent, open and public procedures in establishing special economic and industrial zones, as well as in carrying out the activities of participants in special economic and industrial zones and allowing new members to operate in such zones.

Article 8. Principle of stimulating of production

The principle of stimulating of production shall be to support domestic producers of goods, as well as domestic suppliers of works and services to the extent that does not contradict international treaties, ratified by the Republic of Kazakhstan.

Article 9. Purposes of establishment of special economic and industrial zones

1. A special economic zone shall be established in order to boost development of modern high-performance, competitive industries, to form a qualitatively new level of service provision, attract investment, introduce new technologies in industries and regions, as well as to increase employment.

2. A special economic zone, the boundaries of which fully or partially coincide with the sections of the customs border of the Eurasian Economic Union, shall be also established for

development of border trade and the economy of adjacent border territories, development of transport infrastructure, tourism and cultural interaction of the border territories of the Republic of Kazakhstan.

3. An industrial zone shall be established in order to ensure infrastructure development of entrepreneurship in the regions.

Chapter 2. COMPETENCE OF THE GOVERNMENT, CENTRAL STATE AND LOCAL EXECUTIVE BODIES

Article 10. Competence of the Government of the Republic of Kazakhstan

The competence of the Government of the Republic of Kazakhstan shall include:

1) development of the main directions of state policy in the field of establishment and functioning of special economic and industrial zones;

2) decision making:

on establishment of a special economic zone, including the determination of its goals, the approval of its regulations and target indicators;

on the extension of the term of operation of a special economic zone with the establishment of the conditions for such an extension;

on the abolition of the special economic zone;

on the establishment or determination of a management company of a special economic zone or industrial zone of republican significance;

on changing the name of the special economic zone;

3) excluded by the Law of the Republic of Kazakhstan dated 19.04.2023 No. 223-VII (shall be enforced ten calendar days after the date of its first official publication);

4) excluded by the Law of the Republic of Kazakhstan dated 19.04.2023 No. 223-VII (shall be enforced ten calendar days after the date of its first official publication);

5) excluded by the Law of the Republic of Kazakhstan dated 19.04.2023 No. 223-VII (shall be enforced ten calendar days after the date of its first official publication);

6) performance of other functions, assigned to it by the Constitution, this Law, other Laws of the Republic of Kazakhstan and acts of the President of the Republic of Kazakhstan.

Footnote. Article 10 as amended by Law of the Republic of Kazakhstan No. 177-VII of 30.12.2022 (shall be put into effect ten calendar days after the date of its first official publication); dated 19.04.2023 No. 223-VII (shall be enforced ten calendar days after the date of its first official publication).

Article 11. Competence of an authorized body

The competence of an authorized body shall include:

1) formation and implementation of the state policy in the field of creation and functioning of special economic and industrial zones;

2) implementation of inter-sectoral coordination of the activities of state bodies and management companies of special economic and industrial zones in the field of establishment, functioning and abolition of special economic and industrial zones;

3) developing and approving rules for maintaining a list of priority activities conducted in the territories of special economic zones;

3-1) maintaining a list of priority activities implemented in the territories of special economic zones;

4) coordination of the decision on the establishment, extension of the term of operation or the abolition of the industrial zone of republican significance;

5) development and approval of the following model contracts and forms:

model contracts of temporary paid land use (lease) of state-owned land plots on which a special economic or industrial zone is established;

model contracts of secondary land use (sublease) of state-owned land plots on which a special economic or industrial zone is established;

model contracts of temporary use (lease) of privately owned land plots on which a special economic or industrial zone is established;

model contracts of temporary secondary use (sublease) of privately owned land plots on which a special economic or industrial zone is established;

model contracts on activities;

model contracts for the proper performance of the functions of managing companies of special economic zones, industrial zones of republican and regional significance;

application forms and questionnaires for registration as a participant of a special economic or industrial zone;

the form of the act of non-fulfillment by the participant of a special economic or industrial zone of obligations, determined by the contract on activities;

standard contracts for non-core activities;

6) development and approval of model regulations on the industrial zone of republican and regional significance;

7) approval of requirements for the concepts of establishment of special economic and industrial zone;

8) excluded by Law of the Republic of Kazakhstan No. 177-VII of 30.12.2022 (shall come into force ten calendar days after the date of its first official publication);

9) establishment of an expert council and approval of the regulation on it;

10) submission of proposals to the Government of the Republic of Kazakhstan on establishment, extension of the term of operation or abolition of the special economic zone;

11) development and approval of rules for submission of reports by the management company of a special economic and industrial zone;

12) development and approval of rules for issuing a certificate, certifying the registration of a person as a participant of a special economic zone;

13) assessment of the effectiveness of the activity of a special economic zone in accordance with the methodology for assessing the effectiveness of the activity of special economic and industrial zones;

14) developing and approving rules for the unified register of participants in special economic zones and the unified register of persons engaged in non-core activities;

15) on an annual basis, submission to the Administration of the President of the Republic of Kazakhstan and the Government of the Republic of Kazakhstan of the analytical information on the results of the activities of special economic and industrial zones;

16) development and approval of rules for maintaining a single register of industrial zones ;

17) development and approval of rules and criteria for selection of projects;

18) development and approval of rules for the competitive selection of persons to manage the management companies of special economic zones and state industrial zones, as well as the qualification requirements for these persons;

19) development and approval of a methodology for assessment of the effectiveness of activities of special economic and industrial zones in coordination with the central authorized body for state planning;

20) development and approval of rules for establishment and functioning of small industrial zones;

21) development and approval of a list of documents for admission of persons to the implementation of auxiliary types of activities;

22) excluded by the Law of the Republic of Kazakhstan dated 19.04.2023 No. 223-VII (shall be enforced ten calendar days after the date of its first official publication);

23) excluded by the Law of the Republic of Kazakhstan dated 19.04.2023 No. 223-VII (shall be enforced ten calendar days after the date of its first official publication);

24) development and approval of rules for the distribution of land plots by the management company of a special economic or industrial zone between participants of a special economic or industrial zone;

24-1) defining a unified coordination center;

25) exercising other powers provided for 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.

Footnote. Article 11 as amended by Law of the Republic of Kazakhstan No. 177-VII of 30.12.2022 (shall come into force ten calendar days after the date of its first official publication); dated 19.04.2023 No. 223-VII (shall be enforced ten calendar days after the date of its first official publication).

Article 12. Competence of the central authorized body for state planning

The competence of the central authorized body for state planning shall include:

1) implementation within its competence of state policy in the field of establishment and functioning of special economic and industrial zones;

2) participation within its competence in the development and coordination of draft regulatory legal acts of the Republic of Kazakhstan, regulating the activities of special economic and industrial zones;

3) coordination of the methodology for assessment of the effectiveness of activities of special economic and industrial zones;

4) coordination of the list of priority types of activities to which the special legal regime of the special economic zone applies;

5) excluded by Law of the Republic of Kazakhstan No. 177-VII of 30.12.2022 (shall enter into force ten calendar days after the date of its first official publication);

6) exercising other powers, provided for 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.

Footnote. Article 12 as amended by Law of the Republic of Kazakhstan No. 177-VII of 30.12.2022 (shall take effect ten calendar days after the date of its first official publication).

Article 13. Competence of the authorized state body, managing in the field of provision of tax revenues and other mandatory payments to the budget

The competence of the authorized state body responsible for managing the provision of tax revenues and other mandatory payments to the budget shall include:

1) implementation within its competence of the state policy in the field of establishment and functioning of special economic and industrial zones;

2) participation within its competence in development and coordination of draft regulatory legal acts of the Republic of Kazakhstan, regulating the activities of special economic and industrial zones;

3) coordination of the list of priority types of activities for which the special legal regime of the special economic zone applies;

4) excluded by Law of the Republic of Kazakhstan No. 177-VII of 30.12.2022 (shall be enforced ten calendar days after the date of its first official publication);

5) exercising other powers provided for 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.

Footnote. Article 13 as amended by Law of the Republic of Kazakhstan No. 177-VII of 30.12.2022 (shall take effect ten calendar days after the date of its first official publication).

Article 14. Competence of local executive bodies of regions, cities of republican significance, the capital

The competence of local executive bodies of regions, cities of republican significance, the capital shall include:

- 1) implementation, within its competence, of the state policy in the field of functioning of special economic and industrial zones;
- 2) making decisions on the establishment, extension of the term of operation or the abolition of the industrial zone of republican significance in coordination with the authorized body;
- 3) making decisions on the establishment, extension of the term of operation or the abolition of the industrial zone of regional significance, as well as the small industrial zone;
- 4) coordination of the concept of establishment of private industrial zones;
 - 4-1) approval of the concept for the creation of special industrial zones with the assignment of special industrial zone status;
 - 4-2) deciding whether to revoke the status of a special industrial zone;
- 5) establishment of a regional coordination council with the participation of representatives of business entities at least fifty percent of the total number;
- 6) approval of the regulation on the industrial zone of republican or regional significance on the basis of the model regulation of the industrial zone of republican or regional significance;
- 7) examination of projects for establishment of an industrial zone, including the concept of establishment of an industrial zone, as well as ensuring the conduct of a comprehensive non-departmental examination of design and estimate documentation for construction of infrastructure for the industrial zone being established;
- 8) elaboration of draft plans for development of industrial zones;
- 9) determination of management companies of industrial zones;
- 10) provision of land plots for placement of special economic and industrial zones in the manner, established by the Land Code of the Republic of Kazakhstan, and conclusion of contracts with management companies of special economic and industrial zones on temporary paid land use (rental) of the state-owned land plots, on which a special economic or industrial zone is established, based on model contracts for temporary paid land use (lease) of state-owned land plots;
- 11) attraction of potential participants of special economic and industrial zones;
- 12) conclusion with the management company of a special economic or industrial zone of a contract on the proper performance of the functions of the management company of an industrial zone of regional significance;
 - 12-1) conclusion of an agreement with the management company of the special economic zone, in the creation of which a non-governmental legal entity participates, on the proper performance of the functions of the management company of the special economic zone in coordination with the authorized body;
 - 12-2) conclusion of an agreement with the management company of the industrial zone of republican significance, in the creation of which a non-governmental legal entity participates,

on the proper performance of the functions of the management company of the industrial zone of republican significance in coordination with the authorized body;

13) monitoring the compliance of participants in special economic or industrial zones with the terms and conditions of activity agreements, the performance of persons engaged in non-core activities, as well as the analysis of monitoring data;

13-1) conclusion of an agreement on temporary compensatory land use (lease) with a participant in a special economic zone or a person engaged in non-core activities of land plots in state ownership where a special economic zone is created due to alienation of the right to temporary land use from a special economic zone management company in favour of a participant in a special economic zone or a person engaged in non-core activities, simultaneously being a private individual;

14) in the interests of local government, exercising of other powers, imposed on local executive bodies by the legislation of the Republic of Kazakhstan.

Footnote. Article 14 as amended by Law of the RK No. 399-VI dated 02.01.2021 (shall come into effect on 01.10.2020); No. 26-VII dated 01.04.2021 (shall go into effect ten calendar days after its first official publication); No. 177-VII of 30.12.2022 (shall be promulgated ten calendar days after the date of its first official publication); dated 19.04.2023 No. 223-VII (shall be enforced ten calendar days after the date of its first official publication).

Chapter 3. ESTABLISHMENT, FUNCTIONING AND ABOLITION OF SPECIAL ECONOMIC ZONES

Article 15. Procedure for establishment of a special economic zone

1. A proposal to establish a special economic zone shall be made to the authorized body by the central or local executive bodies, legal entities, interested in establishment of a special economic zone, with a concept for establishing a special economic zone submitted.

2. Within five working days from the date of the proposal to establish a special economic zone, the authorized body shall verify the concept for establishing a special economic zone for compliance with the requirements for the concepts of establishing special economic and industrial zones. According to the results of the verification of the concept, the authorized body, within three working days, shall send a notice to the applicant on submission of the submitted materials to the expert council for consideration or shall return them in connection with the concept's inconsistency with the specified requirements.

The expert council shall prepare a conclusion within a period not later than twenty working days from the date of submission of the proposal on the establishment of a special economic zone.

3. The expert council shall issue a negative conclusion in the following cases:

- 1) the economic inexpediency of establishing a special economic zone;
- 2) inconsistency of the proposal to establish a special economic zone with the priorities of the state economic policy;

3) inconsistency of the proposal to establish a special economic zone with the requirements in the field of environmental protection;

4) the need to protect the life and health of people, especially protected natural territories, the threat of destruction and damage to the objects of historical and cultural heritage and the national security of the country.

4. After the expert council issues a positive conclusion, the authorized body shall develop and submit a draft resolution of the Government of the Republic of Kazakhstan for consideration by the Government of the Republic of Kazakhstan on the establishment of a special economic zone with the attached conclusion of the expert council.

In case of a negative conclusion of the expert council, the authorized body shall:

1) within five working days from the date of the conclusion of the expert council, return the proposal to establish a special economic zone, indicating the reasons for such a return;

2) submit a draft resolution of the Government of the Republic of Kazakhstan for consideration by the Government of the Republic of Kazakhstan on establishment of a special economic zone with the attached conclusion of the expert council.

Article 16. Procedure for changing the boundaries and (or) area of territory of a special economic zone

1. A proposal to change the boundaries and (or) area of the territory of a special economic zone shall be submitted to the authorized body by the central or local executive bodies, legal entities, interested in changing the boundaries and (or) area of the territory of the special economic zone, with submission of a justification (financial and economic calculations) of changes in the boundaries and (or) area of the territory of the special economic zone.

A proposal may be submitted jointly by several legal entities.

2. The issue of the feasibility of a proposal to change the boundaries and (or) area of the territory of the special economic zone shall be considered by the authorized body within fifteen working days from the date of submission of such a proposal.

The authorized body shall reject the proposal to change the boundaries and (or) area of the territory of the special economic zone in the following cases:

1) inconsistency of the proposal to change the boundaries and (or) area of the territory of the special economic zone with the priorities of the state economic policy;

2) inconsistency of the proposal to change the boundaries and (or) area of the territory of the special economic zone with the requirements in the field of environmental protection;

3) the need to protect the life and health of people, especially protected natural areas, the threat of destruction and damage to the objects of historical and cultural heritage, the national security of the country;

4) weakness of the proposal to change the boundaries and (or) area of the territory of the special economic zone;

5) availability on the land plot to be removed from the land plots, located in the territory where the special legal regime of the special economic zone is in effect, of the infrastructure

facilities or land plots used by the participant of this special economic zone to carry out activities on its territory.

The rejection of the proposal to change the boundaries and (or) area of the territory of the special economic zone shall not be an obstacle to the subsequent proposal to change the boundaries and (or) area of the territory of the special economic zone.

3. A preliminary decision on changing the boundaries and (or) area of the territory of the special economic zone shall be made by the authorized body in coordination with the relevant local executive body of the region, the city of republican significance, the capital.

4. Within twenty working days after the adoption of the decision, referred to in paragraph 3 of this article, the authorized body shall submit to the Government of the Republic of Kazakhstan a proposal to change the boundaries and (or) area of the territory of the special economic zone.

The decision to change the boundaries and (or) area of the territory of the special economic zone shall be made by the Government of the Republic of Kazakhstan.

4-1. Transfer of a public-private partnership facility together with a land plot within the boundaries of a special economic zone shall not constitute grounds for changing the boundaries and/or area of a special economic zone.

A public-private partnership facility located on land within the boundaries of special economic zones shall remain within the special economic zone.

5. The assignment of lands, released in case of reducing the area of special economic zones, to the categories of lands shall be carried out in the manner, determined by the Land Code of the Republic of Kazakhstan.

Footnote. Article 16 as amended by Law of the RK No. 399-VI of 02.01.2021 (shall be put into effect on 01.10.2020).

Article 17. Conditions for functioning of a special economic zone

1. A special economic zone shall be established for a period of up to twenty-five years for its participants to carry out priority types of activities that correspond to a specific section of the general classifier of types of economic activity, approved by the authorized body in the field of standardization.

By the decision of the Government of the Republic of Kazakhstan, the period of functioning of the special economic zone, specified in part one of this paragraph, may be extended.

For participants of a special economic zone who have concluded an investment agreement in compliance with Article 295-2 of the Entrepreneurial Code of the Republic of Kazakhstan providing for investments in an amount not less than fifteen million times the monthly calculation index established by the law on the republican budget and in force as of 1 January of the relevant financial year, the duration of the special legal regime of the special economic zone, the rights and obligations of the participants in the special economic zone shall be preserved for the duration of the investment agreement.

2. Special economic zones shall be established on the land plots, owned by the state, and not provided for land use or on land plots that are forcibly alienated from land owners and land users for the state needs in accordance with the Land Code of the Republic of Kazakhstan.

Special economic zones shall also be established on land plots that are privately owned by citizens and (or) non-state legal entities.

Special economic zones shall also operate on land plots acquired by participants in special economic zones under paragraph 3-2 of this Article.

3. Land plots owned by the state, where a special economic zone is being established, designated for implementation of priority activities, construction of infrastructure facilities, as well as auxiliary and non-core activities, shall be granted for temporary compensation land use (lease) to a management company of a special economic zone under the Land Code of the Republic of Kazakhstan for a period of establishing a special economic zone.

The management company shall transfer the state-owned land plots:

1) participants of the special economic zone engaged in priority activities under agreements on the implementation of activities, persons engaged in non-core activities under agreements on the implementation of non-core activities, on a free-of-charge basis;

2) to the persons, carrying out auxiliary types of activities, on a paid-for basis.

The combined area of the territory of a special economic zone designated for ancillary and non-core activities shall not exceed fifty per cent of the overall area of the special economic zone.

Meanwhile, the division of land plots for granting to participants of special economic zones and persons engaged in non-core activities shall be performed by the management company of the special economic zone.

Under the activity agreements or non-core activity agreements, the management company of the special economic zone must reserve the part of the land plot designated for the project in compliance with the stages specified therein. Herewith, the land plots so reserved may not be transferred to other persons or otherwise alienated by the management company without the consent of the special economic zone participant or the person engaged in non-core activities with whom the respective agreement was concluded, excluding cases when such participant or person has not fulfilled obligations for stage-by-stage implementation of the project.

Infrastructure objects, established fully or partially at the expense of budget funds on the state-owned land plots, transferred for temporary paid land use (rent) can be transferred to the management company for property rental (rent), trust management, and also for replenishment of the authorized capital in accordance with the legislation of the Republic of Kazakhstan.

Persons involved in ancillary or non-core activities and (or) participants in a special economic zone may be leased (rented) or subleased (subleased) by the management company

to infrastructure facilities created fully or partially at the expense of budgetary funds on state-owned land plots transferred to secondary land use (subleased).

3-1. The management company of the special economic zone shall alienate the rights of temporary compensatory land use to the participant of the special economic zone for transferring to the public partner in line with the conditions of the public-private partnership agreement, in case the constructed facility of the public-private partnership is transferred to public ownership. The alienation of the right of temporary compensatory land use in conformity with this Article shall be the ground for terminating the secondary land use (subletting) contract of the state-owned land plots on which the special economic zone is established.

3-2. Land plots owned by the state, where a special economic zone is being created, may be granted to participants of a special economic zone, excluding foreign legal entities, given easements under the Land Code of the Republic of Kazakhstan.

Upon the expiry of the agreement on the exercise of activities, such plots shall be withdrawn from the lands located in the territory where a special legal regime of a special economic zone applies, under Article 16 hereof.

4. Land plots on which a special economic zone is established must be provided with infrastructure facilities at the expense of budget funds and (or) other sources not prohibited by the legislation of the Republic of Kazakhstan.

The procedure for financing the construction or reconstruction of infrastructure facilities at the expense of budget funds shall be determined by the budget legislation of the Republic of Kazakhstan.

Participants of a special economic zone or persons involved in ancillary or non-core activities shall be entitled to construct, at their own expense, infrastructure facilities required by them outside the boundaries of the plots granted to them within the territory of the special economic zone provided that such construction is agreed with the participants of the special economic zone or persons involved in ancillary or non-core activities, whose plots are affected by such construction and management.

5. Land plots in private ownership where a special economic zone is being established, designated for priority and/or ancillary activities, may be transferred by their owners to the management company for temporary use (lease) under an agreement on temporary use (lease) of land plots in private ownership where a special economic zone is being established.

The management company shall possess the right to transfer the privately owned land plots where a special economic zone is being established, designed to implement priority and/or ancillary activities, for temporary secondary use (sublease) to participants of the special economic zone or persons performing ancillary or non-core activities, under a temporary secondary use (sublease) agreement with the privately owned land plots where a special economic zone is established.

Agreements for temporary use (lease) of privately owned land plots where a special economic zone is being established and for temporary secondary use (sublease) of privately owned land plots where a special economic zone is being established shall be executed for a period not exceeding the period of establishment of such special economic zone, as per the standard agreements for temporary use (lease) of privately owned land plots where a special economic zone is being established.

An owner of a land plot shall enjoy the right to engage in activities on the territory of a special economic zone as a participant in a special economic zone or as a person engaged in ancillary or non-core activities, under the requirements hereof. However, an agreement for temporary use (lease) of privately owned land plots where a special economic zone is being established shall not be signed with the owner of the land plot.

6. The provisions of paragraphs 2, 3 and 4 of this article shall not apply to the land plots that are privately owned by participants in special economic zones, established prior to the enactment of this Law.

7. On the territory of special economic zones, when providing state and other services, the principle of "one window" shall be applied, which ensures:

- 1) timely and high-quality rendering of state and other services;
- 2) provision of information assistance on the state and other services rendered.

8. The state services on the principle of "one window" shall be rendered on the territory of a special economic zone by the State Corporation "Government for Citizens" in accordance with the legislation of the Republic of Kazakhstan.

Other services on the principle of "one window" can be rendered by the management company of the special economic zone.

9. Setting out the time limits within which participants of special economic zones or persons engaged in ancillary or non-core activities must carry out construction and commissioning of facilities required for activities in the special economic zone shall be an obligatory condition in agreements:

- 1) on the implementation of activities;
- 2) on the implementation of non-core activities;
- 3) temporary compensatory land use (lease) and secondary land use (sublease) of state-owned land plots where a special economic zone is being established, concluded between the management company and the participant in the special economic zone or a person engaged in ancillary or non-core activities;

4) temporary use (lease) and temporary secondary use (sublease) of privately owned land plots where a special economic or industrial zone is being established, signed between the owner of the land plot and the participant in the special economic zone or a person engaged in ancillary or non-core activities.

Footnote. Article 17 as amended by Law of the RK No. 399-VI of 02.01.2021 (see Art. 2 for the enactment procedure); No. 177-VII of 30.12.2022 (shall enter into force ten calendar days after the date of its first official publication).

Article 18. Procedure for the examination of applications to engage in activities as a participant in a special economic zone or as a person engaged in non-core activities

1. Activities of a participant in a special economic zone or a person engaged in non-core activities shall be implemented under an agreement to perform activities or an agreement to perform non-core activities, for the conclusion whereof the applicant shall submit an appropriate application to the management company of the special economic zone as provided for in this Article.

2. Applicants for activity as a participant in a special economic zone shall not include:

1) subsoil users;

2) organisations producing excisable goods, excluding organisations producing, assembling (completing) excisable goods specified in sub-paragraph 6) of Article 462 of the Code of the Republic of Kazakhstan “On Taxes and Other Obligatory Payments to the Budget” (Tax Code);

3) organisations and individual entrepreneurs applying special tax regimes;

4) organisations applying investment tax preferences - under contracts in progress concluded with the authorised state investment body prior to January 1, 2009;

5) organisations implementing (having implemented) an investment priority project and an investment strategic project under the legislation of the Republic of Kazakhstan on investments;

6) organisations engaged in gambling activities.

Applicants in respect of a special economic zone the limits thereof coincide wholly or partially with the customs border of the Eurasian Economic Union shall not include foreign natural persons and legal entities.

3. Until otherwise envisaged by paragraph 4 of this Article, the following paper and/or electronic documents shall be attached to the application for engaging in activities as a participant in a special economic zone or as a person engaged in non-core activities:

1) an applicant's questionnaire in the form approved by the competent authority;

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

3) a copy of a document certifying the identity of the first head of the applicant;

4) a copy of the statutes of the legal person;

5) a copy of the decision of the supreme body of the legal entity on conducting activities in the special economic zone;

6) a copy of the financial statements for the last financial year, signed by the applicant's chief executive or deputy chief executive and chief accountant (bookkeeper).

Should the applicant undertake activities for less than 12 months prior to the date of application, the financial statements shall be submitted as of the last accounting date, if any;

7) a feasibility study of the project that complies with the requirements established by the competent authority.

A project justification shall be enclosed with the application for participation in the special economic zone in the field of information, communication and innovative technologies;

8) a bank statement of the applicant's bank accounts and a credit report from a credit bureau;

9) a certificate from the state revenue authority at the place of registration confirming the presence or absence of arrears of taxes and other compulsory payments to the budget;

10) confirmation of the financial security of the project under paragraphs 16 and 17 of this Article;

11) draft design of the area if the implementation of the project will require the construction of facilities (buildings, structures, constructions).

Should a legal entity at the time of submission of documents not be a resident of the Republic of Kazakhstan and not registered as a taxpayer of the Republic of Kazakhstan, a copy of the certificate of absence of state registration as a taxpayer with the state revenue authorities shall be submitted.

Foreign legal entities shall submit legalised documents listed in sub-paragraphs 2), 4) and 5) of part one of this paragraph, a legalised extract from the commercial register or other legalised document certifying that the foreign legal entity is a legal entity under the laws of a foreign state, with notarised translation into the Kazakh and Russian languages.

4. The following paper and (or) electronic documents shall be enclosed to the application for conducting activities as a participant of a special economic zone or a person engaged in non-core activities, the limits whereof fully or partially coincide with the sections of the customs border of the Eurasian Economic Union:

1) for an individual entrepreneur:

an applicant questionnaire in the form approved by the competent authority;

a copy of an identity document of a natural person who is registered as an individual entrepreneur;

a certificate from the state revenue authority at the place of registration confirming the presence or absence of arrears of taxes and other compulsory payments to the budget;

proof of financial support for the project under paragraph 16 of this Article (for persons engaged in non-core activities);

draft design of the area if the implementation of the project will require the construction of facilities (buildings, structures, constructions);

2) for a legal entity:

applicant's questionnaire in the form approved by the competent authority;

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

a copy of the document proving the identity of the first head of the applicant;

a copy of the articles of association;

a copy of the decision of the supreme body of the applicant legal entity on conducting activities in the special economic zone;

a copy of the financial statements for the last financial year, signed by the first head of the applicant or his/her deputy as well as the chief accountant ('bookkeeper'). In the event that the applicant has been active for less than 12 months prior to the date of application, the financial statements shall be provided as of the last accounting date, if any;

a certificate from the state revenue authority at the place of registration certifying the presence or absence of arrears in taxes and other compulsory payments to the budget;

proof of financial support for the project under paragraph 16 of this Article (for persons engaged in non-core activities);

draft design of the area if the implementation of the project will require the construction of facilities (buildings, structures, constructions).

5. When the applicant files an application, the management company of the special economic zone shall:

1) register the application in the application register and post it on the one-stop-shop website on the day it is filed;

2) verify the integrity of the package of documents filed.

6. The management company of the special economic zone shall review the applications under the rules and criteria for project selection.

7. The management company of a special economic zone shall reject the applicant's conclusion of an agreement on the exercise of activities in cases of non-compliance of the declared type of activities, including activities within the framework of a single technological process, with the objectives of the special economic zone, priority types of activities, criteria for selection of applicant projects and (or) submitted documents with the requirements established by paragraph 3 or 4 of this Article.

8. The management company of a special economic zone shall decline the applicant's conclusion of an agreement on non-core activities if the declared type of activity does not comply with the criteria for the selection of applicant projects and (or) the presented documents with the requirements established by paragraph 3 or 4 of this Article.

9. A decision to reject the conclusion of an activity agreement or a non-core activity agreement with the grounds for its adoption shall be forwarded in writing by the management company of a special economic zone to the applicant and published on the website of the unified coordination centre within ten working days from the date of submission of the application.

10. In view of the requirements prescribed in paragraphs 7 and 8 of this Article, the management company of a special economic zone shall, within ten working days from the date of filing an application, sign an agreement on the performance of activities or an agreement on the performance of non-core activities.

11. No later than the next working day after the conclusion of the agreement on the performance of activities or the agreement on the performance of non-core activities the management company of a special economic zone shall forward a copy of the agreement on the performance of activities or the agreement on the performance of non-core activities to the unified coordination centre and publish information on the conclusion of the agreement on the website of the unified coordination centre.

12. Within five working days after receipt of a copy of the relevant agreement, the unified coordination centre shall enter information on the applicant into the unified register of participants of special economic zones and issue a certificate confirming the registration of the person as a participant of a special economic zone, or into the unified register of persons engaged in non-core activities without issuing a certificate.

During one working day from the day of entering information into the unified register of participants of special economic zones or into the unified register of persons engaged in non-core activities, the unified coordination centre shall inform such persons and the management company of a special economic zone on acquisition of the status of participant of a special economic zone or a person engaged in non-core activities. The unified coordination centre shall also inform the state revenue authorities of the entry of the person into the unified register of special economic zone participants.

Details on the inclusion of these persons in the unified register of participants in special economic zones or in the unified register of persons engaged in non-core activities shall be placed on the website of the unified coordination centre.

13. Once a participant in a special economic zone receives a certificate confirming the registration of a person as a participant in the special economic zone, the participant in the special economic zone shall be entitled to tax incentives in the implementation of priority activities in the territory of the special economic zone following the procedure provided for by the tax legislation of the Republic of Kazakhstan.

14. State revenue authorities, upon receipt of a notification from a single coordination centre, shall record the participant in a special economic zone under the procedure set forth by the legislation of the Republic of Kazakhstan.

15. An activity agreement or a non-core activity agreement shall be terminated:

- 1) upon abolition of a special economic zone;
- 2) upon expiry or early termination of an activity agreement or a non-core activity agreement;
- 3) in other circumstances envisaged hereunder, civil legislation of the Republic of Kazakhstan or an agreement on the performance of activities, or an agreement on the performance of non-core activities.

The management company of a special economic zone shall inform the unified coordination centre and the state revenue authorities of the termination of an activity

agreement or a non-core activity agreement no later than five working days from the date of termination of the relevant agreement.

16. On the date of the filing of an application to conduct activities as a participant in a special economic zone or as a person engaged in non-core activities, applicants must prove the financial security of at least ten per cent of the value of the project in one of the following ways:

- 1) money;
- 2) a bank guarantee;
- 3) by a surety, accompanied by proof of financial means of the surety in the ways provided for in this paragraph for the applicant;
- 4) a pledge of property;
- 5) an insurance contract.

The applicant may select any of the methods of financial support including a combination of several methods.

The provisions of this paragraph shall not apply to participants in a special economic zone whose limits coincide fully or partially with those of the customs border of the Eurasian Economic Union.

17. A participant in a special economic zone or a person engaged in non-core activities shall prove the financial security for the remaining part of the project cost within two years from the moment of becoming a participant in a special economic zone or a person engaged in non-core activities, excluding the case provided for in part two of this paragraph.

A participant of a special economic zone or a person involved in non-core activities whose project amount exceeds fifteen million times the monthly calculation index stipulated by the law on the republican budget and effective as of January 1 of the respective financial year shall certify the financial security within three years of obtaining the status of a participant of a special economic zone or a person involved in non-core activities.

Financial security under this paragraph shall be presented by a participant in a special economic zone or a person engaged in non-core activities for the part of the project value remaining unrealised at the time of presentation of the financial security.

Footnote. Article 18 as reworded by Law of the Republic of Kazakhstan No. 177-VII of 30.12.2022 (shall be enacted ten calendar days after the date of its first official publication).

Article 19. Procedure for inclusion of a type of activity in the list of priority types of activity in the context of special economic zones

1. A potential participant of a special economic zone or a management company of a special economic zone shall reserve the right to apply to the competent authority for inclusion of an activity in the list of priority activities.

Following examination by the competent authority of an application for inclusion of an activity in the list of priority activities, the relevant decision and the application shall be

forwarded by the competent authority to the public authorities concerned for the provision of an opinion.

2. The application for inclusion of an activity in the list of priority activities shall be accompanied by a project passport, an analysis of the social and economic impact assessment of the project and calculations of conditional losses of the national and local budgets.

3. The procedure and terms of examination of the application for inclusion of activities in the list of priority activities shall be reviewed under the rules for maintaining a list of priority activities conducted on the territory of special economic zones.

4. Should public authorities, referred to in paragraph 1 of this Article, give a positive opinion on the inclusion of an activity in the list of priority activities, the competent authority shall include the declared activity in the list of priority activities performed on the territory of special economic zones.

The list of priority activities shall be published on the official website of the unified coordination centre.

Footnote. Article 19 as amended by Law of the Republic of Kazakhstan No. 177-VII of 30.12.2022 (shall be put into effect ten calendar days after the date of its first official publication).

Article 20. Procedure for the revocation of the status of a participant in a special economic zone or a person engaged in non-core activities

1. Should a participant of a special economic zone or a person engaged in non-core activities fail to comply with the requirements specified in paragraphs 16 and 17 of Article 18 hereof, an agreement on performance of activities or an agreement on performance of non-core activities with such participant or person shall be subject to termination under the procedure prescribed herein, the civil legislation of the Republic of Kazakhstan and an agreement on performance of activities or an agreement on performance of non-core activities

2. Should a participant of a special economic zone or a person engaged in non-core activities fail to comply with the terms and conditions of the agreement and (or) requirements of the legislation of the Republic of Kazakhstan affecting the implementation of the project, the management company of the special economic zone shall compile a corresponding act establishing a term for elimination of the revealed violations not exceeding sixty calendar days and shall send it to such participant or person.

3. The management company of a special economic zone shall unilaterally cancel an activity agreement or a non-core activity agreement in the event of the following material breaches of obligations under the agreement by a participant in a special economic zone or a person engaged in non-core activities:

1) failure by the participant or person to comply with the deadlines for design, construction and assembly work and commissioning of the facilities stipulated in the agreement without a valid excuse for more than six consecutive calendar months;

2) suspension of the activities of a participant or person for more than two calendar months without the approval of the management company of the special economic zone;

3) failure by the participant or person to remedy breaches of the terms of the contract and (or) the requirements of the legislation of the Republic of Kazakhstan within the time limits specified in the act under paragraph 2 of this Article.

4. Termination of an agreement on the grounds envisaged in paragraph 3 of this Article shall also entail termination of a secondary land use (sublease) agreement or an agreement for temporary secondary use (sublease) of a land plot.

5. During two working days from the day of termination of an activity agreement or a non-core activity agreement, the management company of a special economic zone shall inform the state revenue authority, the unified coordination centre as well as the local executive body of a region, a city of republican significance, the capital city thereof.

Footnote. Article 20 as reworded by Law of the Republic of Kazakhstan No. 177-VII of 30.12.2022 (shall become effective ten calendar days after the date of its first official publication).

Article 21. Requirements for persons, applying for auxiliary types of activities in the territory of a special economic zone

1. Auxiliary types of activities shall be carried out in accordance with the contract on activities concluded by the management company of the special economic zone with the person, carrying out the auxiliary types of activities in the territory of a special economic zone

2. Persons applying for auxiliary types of activities in the territory of a special economic zone must comply with the following requirements:

1) to be a Kazakhstani manufacturer of goods, works, services;

2) must be registered as an individual entrepreneur or a legal entity in the manner, established by the legislation of the Republic of Kazakhstan.

3. If the requirements, specified in paragraph 2 of this article, are met, the persons, applying for auxiliary types of activities shall submit an application to the management company of a special economic zone about the admission as a person carrying out an auxiliary type of activity.

Documents on paper and (or) electronic media shall be attached to the application in accordance with the list of documents for admission of persons to auxiliary types of activities.

Article 22. Grounds and procedure for admission of persons to auxiliary types of activity

1. When applying for admission as a person carrying out an auxiliary type of activity, the management company of the special economic zone shall:

1) verify the compliance of the submitted documents with the list of documents for admission of persons to the auxiliary types of activities;

2) register an application for admission as a person carrying out an auxiliary type of activity in the register log of applications. The date of registration of the application for

admission as a person carrying out an auxiliary type of activity shall be the day of its submission.

2. If the submitted documents comply with the list of documents for admission of persons to the auxiliary types of activities, the management company of the special economic zone, within three working days from the date of registration of the application, shall conclude a contract on activities and notify the public revenue authority, in the zone of activity of which the special economic zone operated, about the admission of a person to the auxiliary types of activity in the territory of a special economic zone.

3. Persons applying for auxiliary types of activities in the territory of the special economic zone may also sign a contract with a participant of the special economic zone in agreement with the management company of the special economic zone to receive such right to perform certain types of work and services.

4. In the event that the submitted documents do not comply with the list of documents for admission of persons to auxiliary types of activities, the management company of the special economic zone shall return an application for admission as a person carrying out the auxiliary types of activity within three working days from the date of registration of such an application . Returning of an application for admission as a person carrying out an auxiliary type of activity shall not deprive a person of the right to make a second application after the elimination of the shortcomings.

Article 23. Provision of communal public services in the territory of a special economic zone

Providers, supplying the territory of the special economic zone with electric, thermal energy, gas, water and providing utility services must provide access to such services, similar to other consumers of such services.

Article 24. Abolition of a special economic zone

1. A special economic zone shall be abolished upon the expiration of the term for which the special economic zone was established.

2. Participants of a special economic zone holding the right to secondary land use (sublease) of land plots in the territory of a special economic zone shall enjoy the right to purchase them pursuant to the procedure and on the grounds established by the Land Code of the Republic of Kazakhstan, with due regard for limitations envisaged for granting land plots located in the frontier zone and the frontier strip of the Republic of Kazakhstan.

Furthermore, the territory of such a special economic zone shall gain the status of an industrial zone of national importance, its management company shall gain the status of an industrial zone management company, and the participants of such a special economic zone and persons engaged in ancillary or non-core activities shall gain the status of participants of an industrial zone.

Footnote. Article 24 as amended by Law of the Republic of Kazakhstan No. 177-VII of 30.12.2022 (shall take effect ten calendar days after the date of its first official publication).

Article 25. Transfer of the right to participate in a special economic zone

1. Within the scope of this article, the right to participate in a special economic zone shall mean the right of a legal entity recorded as a participant in a special economic zone and included in the unified register of participants in special economic zones to engage in priority and (or) non-core activities in the territory of a special economic zone.

2. When a legal entity that has the right to participate in a special economic zone is merged with legal entities that have the same right, the right to participate in a special economic zone shall be re-registered in the manner, specified in this article.

In the case of a merger of a legal entity that has the right to participate in a special economic zone with other legal entities, the right to participate in a special economic zone shall be re-registered to the legal entity that has emerged as a result of the merger in accordance with paragraph 3 or 4 of Article 18 of this Law.

3. When transforming a legal entity of one type that has the right to participate in a special economic zone, into a legal entity of another type, the right to participate in a special economic zone shall be subject to re-registration to a newly emerged legal entity in the manner, prescribed by this article, except when for the legal form of a legal entity that has emerged as a result of the transformation of a legal entity, any of the types of activities in the special economic zone is prohibited by the laws of the Republic of Kazakhstan.

4. When a legal entity that has the right to participate in a special economic zone joins another legal entity, the right to participate in a special economic zone shall be subject to re-registration to the legal entity that has newly emerged as a result of the accession of the legal entity in accordance with paragraph 3 or 4 of Article 18 of this Law.

If a legal entity that has the right to participate in a special economic zone joins a legal entity that has the same right, the right to participate in a special economic zone shall be re-registered in the manner, prescribed by this article.

5. When one or several legal entities are separated from a legal entity that has the right to participate in a special economic zone, the right to participate in a special economic zone shall be subject to re-registration to the newly emerged legal entities in accordance with paragraph 3 or 4 of Article 18 of this Law, subject to the consent of the reorganized legal entity.

6. When a legal entity that has the right to participate in a special economic zone is divided, the right to participate in a special economic zone shall be subject to re-registration to the legal entities that have emerged as a result of the separation in accordance with paragraph 3 or 4 of Article 18 of this Law, subject to the consent of the reorganized legal entity.

7. The re-registration of the right to participate in a special economic zone in the cases provided for in part one of paragraph 2, paragraph 3, and part two of paragraph 4 of this article shall be carried out on the basis of an application of the newly established legal entity to the management company of the special economic zone with the attached documents confirming the reorganization.

The re-registration of the right to participate in a special economic zone in other cases provided for by this article shall be allowed, provided that the requirements specified by this Law are met.

Footnote. Article 25 as amended by Law of the Republic of Kazakhstan No. 177-VII of 30.12.2022 (shall be put into effect ten calendar days after the date of its first official publication).

Chapter 4. ESTABLISHMENT AND FUNCTIONING OF INDUSTRIAL ZONES

Article 26. Types of industrial zones

Industrial zones shall be divided into public and private ones.

State industrial zones shall be divided into the following types:

- 1) industrial zone of republican significance;
- 2) industrial zone of regional significance;
- 3) a small industrial zone.

Article 27. General provisions on establishment of an industrial zone

1. Unless otherwise established by paragraph 2 of this article, an industrial zone of regional significance shall be an industrial zone if it is intended to be fully or partially financed from the local budget.

2. An industrial zone of republican significance shall be:

- 1) an industrial zone if it is intended to be fully or partially financed from the republican budget;
- 2) an industrial zone, which acquired a status after abolition of the special economic zone in accordance with Article 24 of this Law.

3. The local executive body, within twenty working days from the moment of establishment of an industrial zone provided for in paragraph 1 or 2 of this article, shall inform the single coordinating center about this.

4. A private industrial zone shall be established by individual or non-state legal entities at their own expense, private investment, loans.

Construction (reconstruction) of internal engineering infrastructure (utilities) on the territory of a special industrial zone shall be financed by the owner(s) of the land plot of the special industrial zone from their own funds, private investments, loans.

Financing of construction (reconstruction) of infrastructure facilities to the border of a private industrial zone shall be carried out in the manner, determined by the Government of the Republic of Kazakhstan.

At the same time, individual or non-state legal entities - owners of private industrial zones within twenty working days from the moment of establishment of the industrial zone shall inform the single coordination center about this.

5. A small industrial zone shall be established and shall function in accordance with the rules for establishment and functioning of small industrial zones.

At the same time, a small industrial zone should be located on the territory of the commissioned production and other buildings (premises), which are transferred to small and medium-sized businesses in accordance with the legislation of the Republic of Kazakhstan.

6. To establish the industrial zones of republican and regional significance, private investment may be attracted in accordance with the legislation of the Republic of Kazakhstan.

7. All transactions in the industrial zone related to the use of its status shall be valid after the industrial zone is included in the unified register of industrial zones.

8. Participants shall be admitted to carry out activities in the territory of the industrial zone on the basis of contracts on activities, concluded between the management company of the industrial zone and the participants in the industrial zone.

Such contracts shall be drawn up on the basis of a standard contract on activities. All participants of industrial zones, regardless of their type, shall be guaranteed the stability of the concluded contracts in accordance with their conditions.

The standard form of the contract on activities shall provide for mandatory and unchanged conditions for all types of industrial zones and conditions that can be changed by agreement of the parties.

Footnote. Article 27 as amended by Law of the RK No. 26-VII dated 01.04.2021 (shall take effect upon expiry of ten calendar days after its first official publication).

Article 28. Procedure for establishment of an industrial zone of republican significance

1. A proposal for the establishment of an industrial zone of national importance, with a concept attached, shall be presented by the local authority of a region, a city of national importance or the capital to the competent authority.

2. Within five working days from the date of submission of the proposal to establish an industrial zone of republican significance, the authorized body shall verify the concept of establishing an industrial zone of republican significance for compliance with the requirements for the concepts of establishing special economic and industrial zones. According to the results of the verification of the concept, the authorized body within three working days shall notify the local executive body about the submission of the concept to the expert council for consideration or shall send a reasoned refusal due to the non-compliance of the concept with the specified requirements.

The expert council shall prepare the conclusion within a period not later than twenty working days from the date of submission of the proposal on the establishment of an industrial zone of republican significance.

3. In the event that the expert council gives a positive conclusion, the authorized body, within five working days after such a conclusion is made, shall give a written consent for the establishment of an industrial zone of republican significance.

Such consent shall be the basis for a decision of the local executive body of the region, the city of republican significance, the capital on the establishment of an industrial zone of republican significance.

4. In the event that the expert council makes a negative conclusion, the authorized body shall reject the proposal to establish an industrial zone of republican significance.

The expert council shall issue a negative conclusion in the following cases:

- 1) the economic inexpediency of establishing an industrial zone of republican significance ;
- 2) inconsistency of the proposal to establish an industrial zone of republican significance with the priorities of the state economic policy;
- 3) inconsistency of the proposal with the requirements in the field of environmental protection;
- 4) the need to protect the life and health of people, especially protected natural territories, the threat of destruction and damage to the objects of historical and cultural heritage and the national security of the country.

A motivated refusal on the grounds provided for in part two of this paragraph shall be sent by the authorized body to the local executive body of the region, the city of republican significance, the capital, in writing, within three working days from the date of the issuance of the conclusion by the expert council.

Rejection of a proposal to establish an industrial zone of republican significance shall not be an obstacle to the subsequent appeal with the same proposal.

5. After the decision on the establishment of an industrial zone of republican significance is made, the local executive body of the region, the city of republican significance, the capital, at the place of the planned establishment of an industrial zone of republican significance, shall establish or define a management company of the industrial zone of republican significance with provision of a land plot for placement of such an industrial zone in the manner, established by the Land Code of the Republic of Kazakhstan.

6. The relevant local executive body within ten working days from the date of the provision of the land plot for the placement of an industrial zone of republican significance shall inform the single coordination center about it.

7. The requirements of this article shall not apply to the cases of establishment of an industrial zone of republican significance in the manner, provided for by article 24 of this Law.

Footnote. Article 28 as amended by Law of the Republic of Kazakhstan No. 177-VII of 30.12.2022 (shall come into force ten calendar days after the date of its first official publication).

Article 29. Procedure for establishment of an industrial zone of regional significance

1. The decision to establish an industrial zone of regional significance shall be taken by the local executive body of the region, the city of republican significance, the capital.

In parallel with the decision-making by the relevant local executive body, the concept of establishing an industrial zone of regional significance shall be developed with its placement on the Internet resource of the local executive body.

2. The concept of establishing an industrial zone of regional significance should contain:
 - 1) the purpose of establishing an industrial zone;
 - 2) a list of criteria for selection of projects of the industrial zone;
 - 3) environmental impact assessment;
 - 4) the expected financial, economic and social consequences;
 - 5) the location map of the industrial zone;
 - 6) data on the compliance of the measures provided for in the concept with the documents of the state planning system;
 - 7) calculations of the amount of funding for the implementation of activities in the context of each component and the possibility of achieving direct and final results;
 - 7-1) information on the construction of finished production facilities;
 - 8) a draft plan for development of the industrial zone and its infrastructure.

3. The draft decision of the local executive body on the establishment of an industrial zone of regional significance shall be submitted for consideration on the mandatory basis to the Public council of the relevant administrative and territorial unit.

4. After the decision on establishment of an industrial zone of regional significance is made, the local executive body of the region, the city of republican significance, the capital, at the place of the planned establishment of an industrial zone of regional significance shall establish or define a management company of the industrial zone or allocate a land plot in accordance with the procedure, established by the Land Code of the Republic of Kazakhstan.

5. The relevant local executive body within ten working days from the moment of provision of the land plot for placement of an industrial zone of regional significance shall inform the single coordination center about it.

Footnote. Article 29 as amended by Law of the Republic of Kazakhstan No. 177-VII of 30.12.2022 (shall become effective ten calendar days after the date of its first official publication).

Article 30. Procedure for establishment of a private industrial zone

1. Private industrial zones shall be established by individual or non-state legal entities that are owners:

- 1) of land plots that obtain the status of a private industrial zone;
- 2) of infrastructure facilities on these land plots necessary for carrying out business activities on their territory.

2. Owners of private industrial zones shall, without fail, coordinate with the local executive body of the region, the city of republican significance, the capital, the concept of establishing a private industrial zone, including:

- 1) the purpose of establishing an industrial zone;
- 2) environmental impact assessment;
- 3) the scheme of the proposed location of the industrial zone.

In addition to the requirements stipulated in part one of this paragraph, the concept of a special industrial zone shall include:

a plan for attracting investment to the Special Industrial Zone, including the stages and timing of project implementation;

a protocol of intent with the potential management company in the case of involvement of a non-governmental legal entity with experience in the creation and development of industrial zones based on international quality management system standards;

participation of the special industrial zone in the socio-economic development of the region concerned.

3. The local executive body of the region, the city of republican significance, the capital within ten calendar days from the moment of receipt of the concept of establishing a private industrial zone shall consider this concept for compliance with the general development plan of the relevant settlement and the requirements of the environmental legislation of the Republic of Kazakhstan.

4. After coordination of the concept of establishment of a private industrial zone with a local executive body of the region, the city of republican significance, the capital, the owner of a private industrial zone must register or define a legal entity in the form of a limited liability partnership or joint-stock company in order to operate as the management company of the industrial zone.

5. The owners of private industrial zones within twenty working days from the date of registration of the management company of the private industrial zone shall inform the single coordination center about this.

6. Management companies of private industrial zones must conclude contracts on activities with the participants of industrial zones in accordance with paragraph 8 of Article 27 of this Law.

Footnote. Article 30 as amended by Law of the RK No. 26-VII dated 01.04.2021 (shall come into force upon expiry of ten calendar days after its first official publication).

Article 31. Procedure for changing the boundaries and (or) area of the territory of industrial zones

1. A proposal to change the boundaries and (or) area of the territory of industrial zones shall be submitted:

1) for industrial zones of republican significance - to the authorized body by the local executive body of the region, the city of republican significance, the capital;

2) for industrial zones of regional significance - to the relevant local executive body of the region, the city of republican significance, the capital by individual or legal entities interested in changing the boundaries and (or) area of the territory of the industrial zone.

After registration of the title documents for the land plot, the local executive body of the region, the city of republican significance, the capital, shall notify the single coordination center of the changes made.

2. Changing the boundaries and (or) area of the territory of a private industrial zone shall be carried out by decision of its owner in accordance with the Land Code of the Republic of Kazakhstan. After registration of the title documents on land plot, the owner of the private industrial zone shall notify the single coordination center of the changes made.

3. The proposal to change the boundaries and (or) area of the territory of industrial zones shall be attached with:

1) the concept of proposed changes, including justifications and financial and economic calculations;

2) environmental impact assessment.

4. The issue on the rationale for changing the boundaries and (or) area of the territory of industrial zones of republican or regional significance shall be considered within twenty working days from the date of making such a proposal. After this period, the initiator of such a proposal shall receive a conclusion on the outcome of the consideration of the proposal to change the boundaries and (or) area of the territory of industrial zones.

5. In case of approval of the change of boundaries and (or) area of the territory of the industrial zone of republican or regional significance, the local executive body of the region, city of republican significance, the capital shall register the land plot in accordance with the Land Code of the Republic of Kazakhstan at the location of such industrial zone.

6. The decision to change the boundaries and (or) area of the territory of a private industrial zone shall be taken by its owner.

Article 32. Grounds for rejection of proposals on changing boundaries and (or) area of the territory of industrial zones

1. A proposal to change the boundaries and (or) area of the territory of the industrial zone of republican or regional significance may be rejected in the following cases:

1) inconsistency of the proposal to change the boundaries and (or) area of the territory of the industrial zone with the priorities of the state economic policy;

2) inconsistency of the proposal to change the boundaries and (or) area of the territory of the industrial zone with the requirements in the field of environmental protection;

3) the need to protect the life and health of people, especially protected natural areas, the threat of destruction and damage to the objects of historical and cultural heritage, the national security of the country;

4) the groundlessness of the proposal to change the boundaries and (or) area of the territory of the industrial zone.

2. The local executive body may reject the registration of title documents for a land plot when changing boundaries and (or) area of the territory of a private industrial zone in the following cases:

1) inconsistency of the proposal to change the boundaries and (or) area of the territory of the industrial zone with the requirements in the field of environmental protection;

2) the need to protect the life and health of people, especially protected natural areas, the threat of destruction and damage to the objects of historical and cultural heritage, the national security of the country;

3) the absence of title documents, confirming the ownership of the initiator of the application for land plots to which it is planned to extend the status of a private industrial zone;

4) the lack of consent of the owner (land user) of the land plot in whose territory the part of the territory of the private industrial zone is planned to be located when changing the boundaries and (or) area of the territory of a private industrial zone.

3. The rejection of the proposal to change the boundaries and (or) area of the territory of the industrial zone shall not be an obstacle to the subsequent appeal with the proposal to change the boundaries and (or) area of the territory of the industrial zone.

Article 33. Conditions of functioning of industrial zones

1. Industrial zones of republican and regional significance shall be established for a period of not less than twenty years on the state owned land plots and not provided for land use in accordance with the Land Code of the Republic of Kazakhstan.

2. The period of functioning of the industrial zone, specified in paragraph 1 of this article, may be extended by the decision of the local executive body.

3. State-owned land plots on which an industrial zone is being established shall be provided for temporary paid land use (rent) to the management company of the industrial zone in accordance with the Land Code of the Republic of Kazakhstan for the period of establishment of the industrial zone.

The management company shall transfer the land plots to the participants of the industrial zone of republican or regional significance on the basis of contracts on activities in accordance with this Law.

In this case, the division of land plots among the participants of the industrial zone shall be carried out by the management company of the industrial zone. Selective approach shall not be allowed in such division.

The right of temporary use (lease) to the land plot, used to locate a private industrial zone shall be granted to the management company of the private industrial zone for a period determined by the owner of the land plot.

Land plots shall be provided to the participants of a private industrial zone for a period, defined in the contract, concluded between them and the management company of the industrial zone, for temporary secondary use (sublease) of privately owned land plots on which the industrial zone is being established.

In accordance with the contracts on activities, the management company shall be obliged to reserve a part of the land plot provided for implementation of the project of a participant in the industrial zone in accordance with the steps, defined in it. At the same time, the land plots reserved in this way cannot be transferred to other persons or otherwise alienated by the

management company without the consent of a participant in the industrial zone with whom the specified contract is concluded, unless such participant has not fulfilled the obligations for the phased implementation of the project.

4. Infrastructure facilities established fully or partially at the expense of budget funds on the state-owned land plots transferred for temporary paid land use (rent) may be transferred to the management company of the industrial zone into the property rent (lease), trust management, and for replenishment of the authorized capital in accordance with the legislation of the Republic of Kazakhstan.

The management company of the industrial zone can transfer the infrastructure facilities to the participants of the industrial zone for property rent (lease) or sublease (sublet), established fully or partially at the expense of budget funds on the state-owned land plots, transferred for temporary use under the conditions, stipulated in the contracts of trust management or property rental (lease).

5. Land plots on which an industrial zone of republican or regional significance is being established should be provided with the infrastructure facilities at the expense of budget funds and (or) other sources not prohibited by the legislation of the Republic of Kazakhstan.

The procedure for financing the construction or reconstruction of infrastructure facilities at the expense of budget funds shall be carried out in accordance with the budget legislation of the Republic of Kazakhstan.

The participants of the industrial zone shall be entitled to build at their own expense the necessary infrastructure facilities on the territory of the land plot, transferred to them. The construction of such facilities shall be carried out in agreement with the management company of the industrial zone.

5-1. An owner of a land plot shall enjoy the right to operate in the territory of a state-owned industrial zone as a participant in a state-owned industrial zone under the requirements herein. However, no agreement on temporary use (lease) of privately owned land plots, on which a state industrial zone is being created, shall be concluded with the owner of the land plot.

6. Privately owned land plots on which a private industrial zone is being established shall be transferred by their owners to the management company for temporary use (rental) or gratuitous temporary use on the basis of contracts for temporary use (lease) of privately owned land plots on which an industrial zone is being established, and by the management company to the participants of the industrial zone – on the basis of contracts for temporary secondary use (sublease) of privately owned land plots on which an industrial zone is being established.

The owner of the land plot shall be entitled to carry out activities in the territory of a private industrial zone as the founder of the management company and (or) participant in the

private industrial zone in accordance with the requirements of this Law. At the same time, a contract of temporary use (lease) of privately owned land plots, on which a private industrial zone is being established, shall not be concluded with the owner of the land plot.

Where the owner of a land plot of a special industrial zone is a non-governmental legal entity with experience of establishing and developing industrial zones based on international quality management system standards, such an owner shall be entitled to designate itself as the management company of the special industrial zone.

The owner of a land plot of a special industrial zone shall be entitled to sell land plots to the participants of the special industrial zone once all the facilities envisaged by the project of the participant in the special industrial zone have been commissioned.

7. The provisions of paragraph 6 of this article shall not apply to privately owned land plots of participants of private industrial zones, established prior to the enactment of this Law.

8. On the territory of industrial zones in the provision of state and other services, the principle of "one window" shall be applied, ensuring:

- 1) timely and high-quality provision of state and other services;
- 2) provision of information assistance on the state and other services rendered.

9. The state services on the principle of "one window" shall be rendered on the territory of the industrial zone of republican or regional significance by the State Corporation "Government for Citizens" in accordance with the legislation of the Republic of Kazakhstan.

Rendering of other services on the principle of "one window" can be carried out by the management company of the relevant industrial zone.

10. The management company of a special industrial zone shall be entitled to carry out the following activities: energy supply, water supply and drainage, heat supply, gas supply, provision of telecommunication services to the participants of the special industrial zone.

The operations of the management company of the special industrial zone shall be carried out in compliance with international quality management system standards.

Footnote. Article 33 as amended by Law of the RK No. 26-VII dated 01.04.2021 (shall come into force upon expiry of ten calendar days after its first official publication); No. 177-VII of 30.12.2022 (shall be put into force ten calendar days after the date of its first official publication).

Article 33-1. Functioning of special industrial zones

1. The conditions for the operation of a special industrial zone, in addition to those laid down in this Law, shall provide that:

1) the owner of a land plot of a special industrial zone shall be entitled to designate him/herself/itself as the management company of the special industrial zone;

2) the management company of a special industrial zone may be the owner of the land plot of the special industrial zone to be divided.

A management company of a special industrial zone may, at its own discretion, provide land plots of a special industrial zone by sale, transfer to property lease (rent), trust

management, as well as on account of the replenishment of the authorised capital in compliance with the legislation of the Republic of Kazakhstan.

2. In the case of a sale, the land plot shall be leased to the participants of the special industrial zone for a period until the construction facility is put into operation, with restrictions on its pledge and sublease to third parties and with the exclusive right to purchase this land plot after the construction facility is put into operation.

In this case, the sale of land plots of a special industrial zone to the participants of the special industrial zone shall take place only subject to the right of first refusal to buy the land plot being sold under the terms and conditions of the activity agreement and the land plot sale and purchase agreement.

3. The management company of a special industrial zone shall be entitled to terminate the agreement on the performance of activities of a participant in a special industrial zone in case of repeated violation by the participant in the special industrial zone of the terms and conditions of project implementation on the territory of the special industrial zone and in the manner prescribed by the agreement on the performance of activities and the civil legislation of the Republic of Kazakhstan.

Pursuant to the activity agreements, the management company shall reserve a part of the land plot provided for the implementation of the special industrial zone participant's project in compliance with the stages determined therein. The land plots so reserved may not be transferred to other persons or otherwise alienated by the management company without the consent of the participant of the special industrial zone with which the said agreement is concluded, unless such participant has not duly fulfilled the obligations for the phased implementation of the project.

4. The owner of a special industrial zone shall independently finance, construct, operate and maintain the internal engineering infrastructure (utilities) of the special industrial zone.

5. The management company of a special industrial zone shall perform other functions, including power supply, water supply, water disposal, gas supply, provision of communication services to the participants of the special industrial zone based on permits and licences obtained by the management company pursuant to the procedure established by the legislation of the Republic of Kazakhstan.

6. The management company shall monitor the activities of the participants on the territory of the special industrial zone.

The rules and procedures for the operation and functioning of a special industrial zone shall be established and approved by the management company of the special industrial zone and shall be binding on the participants of the special industrial zone.

7. The standard forms of documents specified in this Law shall not apply to special industrial zones.

8. The owner of a special industrial zone shall independently organise the activities of the non-governmental fire brigade in the territory of the special industrial zone.

9. The following activities shall be prohibited in the special industrial zone:
- 1) production that does not meet environmental and occupational safety requirements;
 - 2) production of arms and ammunition, trade in arms and ammunition;
 - 3) production of nuclear materials and ionising radiation sources, trade in nuclear materials and ionising radiation sources;
 - 4) production of cement, cement clinker, coal products, lime and gypsum;
 - 5) recycling, decomposition, incineration, gasification, chemical treatment, final and/or temporary storage and/or burial underground of all types of waste;
 - 6) placement of oil refineries, nuclear power plants, nuclear installations, radiation sources, facilities and installations designed for the storage, disposal and processing of spent nuclear fuel, radioactive substances and waste, and other radioactive waste.

10. When designing and constructing facilities in special industrial zones, contractors carrying out design and construction work must comply with fire and industrial safety requirements in line with the legislation of the Republic of Kazakhstan on civil protection.

11. When designing and constructing facilities on the territory of special industrial zones, contractors performing design and construction and installation works shall comply with environmental safety requirements in conformity with the environmental legislation of the Republic of Kazakhstan. Environmental impact assessment shall be carried out in concordance with the environmental legislation of the Republic of Kazakhstan.

12. No more than one management company may operate on the territory of an special industrial zone.

Footnote. Chapter 4 as supplemented by Article 33-1 in obedience to Law of the Republic of Kazakhstan No. 26-VII of 01.04.2021 (shall be enforced ten calendar days after its first official publication).

Article 34. Performance of activities as a participant in the industrial zone of republican or regional significance

1. The activity of a participant in an industrial zone of republican or regional significance shall be carried out in accordance with a contract on activities, for the conclusion of which the applicant submits an application to the management company of an industrial zone of republican or regional significance in accordance with the rules and criteria for selection of projects for special economic and industrial zones.

2. The management company of the industrial zone of republican or regional significance shall conclude contracts on activities with potential participants subject to a positive decision on admission of such persons to the industrial zone by the relevant regional coordination council.

3. The contract on activities shall be terminated:

- 1) upon expiration or early termination of the contract on activities;
- 2) in other cases, stipulated by this Law, civil legislation of the Republic of Kazakhstan or a contract on activities.

4. The management company of the industrial zone of republican or regional significance shall terminate a contract on activities in the event of a violation by the participant of the industrial zone of the essential conditions, determined by the contract on activities. In case of detection of non-fulfillment of obligations by the participant of the industrial zone, the acts shall be drawn up on non-fulfillment of obligations by a participant of a special economic or industrial zone, determined by a contract on activities.

The management company of the industrial zone of republican or regional significance shall notify the participant of the industrial zone about non-fulfillment of obligations, defined by the contract on activities, and the need to eliminate violations in a period of not more than sixty calendar days.

In case of failure to take measures to eliminate such violations by a participant of the industrial zone, the management company of the industrial zone shall notify the participant in the industrial zone not less than ten working days before the termination of the contract on activities and (or) a contract of temporary secondary use (sublease) of the land plot.

5. A participant of an industrial zone of republican or regional significance shall have the right to purchase a land plot into ownership in the manner and on the grounds, established by the Land Code of the Republic of Kazakhstan.

Article 35. Abolition of an industrial zone of republican or regional significance

1. An industrial zone of republican or regional significance shall be abolished upon the expiration of the period for which this industrial zone was established.

The period of activity of the industrial zone of republican or regional significance shall be determined by the relevant decision of the local executive body of the region, the city of republican significance, the capital on the establishment of such an industrial zone.

2. After the abolition of the industrial zone of republican or regional significance, participants in such an industrial zone shall have the right to purchase land plots in the manner and on the grounds, established by the Land Code of the Republic of Kazakhstan, subject to the restrictions, specified for the provision of land plots, located in the border zone and boundary strip of the Republic of Kazakhstan.

If a participant of the industrial zone of republican or regional significance does not complete the construction of real estate objects and (or) the related buildings (structures) at the time of the abolition of the industrial zone of republican or regional significance, the local executive authorities shall be granted the right for temporary paid land use (lease) for a period not exceeding three years.

3. From the moment of the abolition of the industrial zone of republican or regional significance, the contracts on activities concluded with the participants of such an industrial zone shall cease to apply.

The management company of the industrial zone, being abolished, shall be subject to liquidation in accordance with the civil legislation of the Republic of Kazakhstan.

Article 35-1. Revocation of special industrial zone status

1. Revocation of the status of a special industrial zone shall be carried out by a decision of:
 - 1) the local executive body;
 - 2) the owner of the special industrial zone.
2. The decision to revoke the status of a special industrial zone shall be taken by the local executive body in cases of:
 - 1) protection of human life and health, protection of the environment, ensuring national security and defence capacity of the country;
 - 2) when the owner of a special industrial zone fails to fulfil the obligations set out in the concept for a special industrial zone.
3. A private industrial zone deprived of its special industrial zone status shall continue to operate on general grounds in compliance with this Law.

Footnote. Chapter 4 as supplemented by Article 35-1 in line with Law of the Republic of Kazakhstan No. 26-VII of 01.04.2021 (shall be enacted upon expiry of ten calendar days after its first official publication).

Chapter 5. SINGLE COORDINATION CENTER

Article 36. Single coordination center

1. A single coordination center shall be a legal entity that coordinates the activities of special economic and industrial zones.
2. The tasks of the single coordination center shall be the development, promotion and increase of the investment attractiveness of special economic and industrial zones.
3. For the purpose of effective and stable development of special economic and industrial zones in the Republic of Kazakhstan, a single coordination center shall have the right to attract and use sources of financing that are not prohibited by the legislation of the Republic of Kazakhstan.
4. In its activities, the single coordination center shall be accountable to the authorized body.

The leadership of the single coordination center shall be appointed and dismissed by the authorized body.

Article 37. Competence of the unified coordination centre

The competence of the unified coordination centre shall include:

- 1) interaction with public authorities, participants (shareholders) of management companies, management companies of special economic and industrial zones, participants in special economic and industrial zones, persons engaged in non-core activities, regarding the registration of such participants and persons and the development of infrastructure of special economic and industrial zones;
- 2) proposals to the competent authority to enhance the legislation of the Republic of Kazakhstan on special economic and industrial zones;

- 3) fiduciary management of state-owned stakes in the authorised capital (shares) of management companies of special economic and industrial zones;
- 4) maintaining a unified register of participants in special economic zones;
- 5) maintaining a single register of persons engaged in non-core activities;
- 6) issuing a certificate confirming the registration of a person as a member of a special economic zone;
- 7) maintaining a unified register of industrial zones;
- 8) monitoring the fulfilment of the terms and conditions of activity agreements and non-core activity agreements in special economic and industrial zones;
- 9) monitoring the state of infrastructure facilities in special economic and industrial zones;
- 10) monitoring the achievement by the management company of the special economic zone or industrial zone of the target indicators outlined in the development strategy;
- 11) providing services for the development and promotion of special economic and industrial zones, including:
 - designing and implementing a management model, internal business processes and corporate documents in the management companies of special economic and industrial zones;
 - elaboration of recommendations (proposals) on elaboration of development strategy of special economic and industrial zones, criteria for project selection for special economic zones, planning of financing of special economic and industrial zones management companies, elaboration of financing plans (budgeting and consolidation) of special economic and industrial zones;
 - training for the staff of management companies of special economic and industrial zones;
 - performing market research and advising special economic and industrial zone management companies on developing a marketing strategy for special economic and industrial zones;
 - performing targeted marketing;
 - carrying out project analysis;
 - ensuring the promotion of domestic special economic and industrial zones on the international market;
 - ensuring information support for the activities of potential participants in special economic and industrial zones and persons engaged in non-core activities;
 - assisting in attracting potential investors to special economic and industrial zones;
- 12) assisting in the achievement of the target indicators of the authorised body's strategic documents.

Footnote. Article 37 as reworded by Law of the Republic of Kazakhstan No. 177-VII of 30.12.2022 (shall become effective ten calendar days after the date of its first official publication).

Chapter 6. MANAGEMENT OF SPECIAL ECONOMIC ZONES

Article 38. Establishment of a management company of a special economic zone

1. After the enactment of the resolution of the Government of the Republic of Kazakhstan on establishment of a special economic zone, the Government of the Republic of Kazakhstan or the local executive body of the region, the city of republican significance, the capital should decide on establishment and (or) participation in establishment of a management company of a special economic zone in the organizational and legal form of a joint stock company or limited liability partnership.

2. The founders of a management company in case of establishment of a special economic zone may be:

- 1) the Government of the Republic of Kazakhstan;
- 2) the local executive body of the region, the city of republican significance, the capital.

The management company can also be established with the participation of a non-state legal entity, including a foreign legal entity, having experience in managing special economic zones in other countries or the Republic of Kazakhstan, taking into account the specifics, established by the legislation of the Republic of Kazakhstan on joint-stock companies.

At the same time, the state in the established management company should own not more than twenty-six percent of the shares in the authorized capital (voting shares) of the management company.

The procedure of sale to a non-state legal entity, including a foreign legal entity, of a state-owned shareholding of joint-stock companies or shares in the authorized capital of limited liability partnerships shall be carried out in the manner, prescribed by Article 105 of the Law of the Republic of Kazakhstan "On state property".

Shares in the authorized capital (voting shares) of the management companies owned by the state can be transferred to trust management of a single coordination center.

3. A management company of a special economic zone may be a non-state legal entity, including a foreign legal entity, provided that the state owns not more than twenty-six percent of the shares in the authorized capital (shares) of such a management company.

The procedure for transfer to the state of the shares in the authorized capital (shares) of management companies, determined by the Government of the Republic of Kazakhstan, shall be carried out in the manner, established by the legislation of the Republic of Kazakhstan on state property.

4. The authorized body shall conclude a contact with the management company of a special economic zone, in the establishment of which a non-state legal entity participates, on proper performance of the functions of the management company of the special economic zone.

5. In the event that such a management company fails to fulfill the obligations, imposed on it within the framework of a contract on proper performance of its functions, the authorized body shall have the right to terminate the contract in accordance with the Civil Code of the Republic of Kazakhstan.

6. By the decision of the founder of the management company of the special economic zone, it shall be allowed that one management company operates in several special economic zones.

7. The management company of the special economic zone can simultaneously manage an industrial zone.

8. The first constituent assembly (signing of the memorandum of association, decision of the sole founder) of the management company must be held (conducted) not later than thirty calendar days from the date of the adoption of the decision of the Government of the Republic of Kazakhstan on participation of the state in the establishment of the management company.

9. The management company of the special economic zone shall be registered at the place of location of the special economic zone in accordance with the procedure, established by the Law of the Republic of Kazakhstan “On state registration of legal entities and record registration of branches and representative offices”.

10. The shareholders (participants) shall elect an independent director (member of the supervisory board) to the board of directors (supervisory board) of the management company from among persons recommended by the National Chamber of Entrepreneurs of the Republic of Kazakhstan, who shall be ex officio chairman of the board of directors committee on strategic planning (is the chairman of the supervisory board) of the management company, an independent director (supervisory board member) from among persons recommended by the unified coordination centre, as well as an independent director from among those with experience in implementing investment projects recommended by the national investment promotion company.

11. The authorized body shall conclude a contract with the management company of the special economic zone, under which the latter assumes obligations for the proper performance of the functions of the management company of the special economic zone and achievement of key indicators.

12. The management company of the special economic zone within two months from the date of its establishment or determination shall approve, in coordination with the authorized body, the development strategy of the special economic zone for a three-year period, including annual target indicators.

The competent authority and the unified coordination centre shall examine the development strategy for the special economic zone within twenty working days of its receipt.

Should there be comments and suggestions from the competent authority and the unified coordination centre, the finalised development strategy for the special economic zone shall be presented again to the competent authority and the unified coordination centre for approval within five working days.

This strategy shall be subject to re-approval every three years, taking into account the dynamics of development of the special economic zone.

The management companies of the special economic zone, subsequently attracted, shall operate in accordance with the previously approved development strategy of the special economic zone.

Footnote. Article 38 as amended by Law of the Republic of Kazakhstan No. 177-VII of 30.12.2022 (shall enter into force ten calendar days after the date of its first official publication).

Article 39. Functions of the management company of a special economic zone

The functions of the management company of a special economic zone shall comprise:

- 1) liaising with government agencies on the operation of special economic zones;
- 2) granting of land plots for temporary compensated land use (lease), secondary land use (sublease), temporary use (lease) or temporary secondary use (sublease) and granting for property lease (rent) or sublease (sublease) of infrastructure facilities to participants of the special economic zone engaged in priority activities and persons engaged in ancillary or non-core activities;
- 3) alienation of the right of temporary compensated land use in favour of the participant of the special economic zone, being a private partner under a public-private partnership agreement, if the constructed public-private partnership facility is transferred to public ownership;
- 4) concluding and terminating activity agreements and non-core activity agreements;
- 5) reporting to the competent authority and the unified coordination centre on the results of the special economic zones based on the annual reports of the participants in the special economic zones, pursuant to the procedure to be established by the competent authority;
- 6) involving potential participants in the special economic zone and non-core activities;
- 7) raising investment for the construction of infrastructure and other activities of special economic zones;
- 8) construction of infrastructure facilities as per the approved feasibility study on land plots that have not been transferred to the participants of the special economic zone;
- 9) organising a reception area for the functioning of the Government for Citizens State Corporation on a single-window basis;
- 10) monitoring the implementation of the activity and non-core activity agreements;
- 11) undertaking market research for the creation of new production facilities in the special economic zone;
- 12) undertaking activities for the development and promotion of special economic zones;
- 13) ensuring information support for potential participants of special economic zones, applicants, participants of special economic zones, including organisation of meetings of potential participants of special economic zones, applicants, participants of special economic zones with representatives of public authorities, associations of private business entities;
- 14) raising investment for industrial-innovation and investment projects in the special economic zone;

15) liaising and working with potential participants in special economic zones, applicants, participants in special economic zones based on the " single window " principle and representing the interests of participants in special economic zones as part of the implementation of this principle, including when interacting with public authorities when receiving public services and with other organisations when receiving other services;

16) provision of public utilities, logistics and services;

17) participation in public-private partnership projects;

18) offering services for the development of business plans, feasibility studies, design and estimate documentation and other project documentation;

19) performing construction and installation work within the special economic zone and rendering such services to participants of the special economic zone or persons engaged in non-core activities;

20) landscaping and maintenance work in the special economic zone;

21) offering consultancy and marketing services to members of the special economic zone and persons engaged in non-core activities;

22) implementation of technical supervision and offering engineering services in architectural, urban planning and construction activities for infrastructure and business facilities to be built in the special economic zone;

23) other functions not contradicting the legislation of the Republic of Kazakhstan.

Footnote. Article 39 - as reworded by Law of the Republic of Kazakhstan No. 177-VII of 30.12.2022 (shall become effective ten calendar days after the date of its first official publication).

Article 40. Selection of persons to manage a management company of a special economic zone

1. In case a management company of a special economic zone is established by the Government of the Republic of Kazakhstan or a local executive body, the head of the management company of the special economic zone shall be appointed on the basis of the competitive selection, conducted by the authorized body together with the relevant interested state bodies and the single coordination center, within sixty calendar days from the adoption of the decision by the Government of the Republic of Kazakhstan to establish a special economic zone.

2. A positive decision of the competition commission shall be the basis for conclusion of an employment contract with the person who has passed the competitive selection.

In case of a positive decision of the competition commission, the single coordination center within ten calendar days from the date of summing up the competition results shall submit a proposal to the meeting of the board of directors of the management company to appoint the person who has passed the competitive selection to the position of the head of the management company.

The board of directors (the decision of the sole participant or the general meeting of participants) of the management company shall make a decision to conclude an employment contract with the person who has passed the competitive selection, which should contain the key indicators of his activity.

3. Failure to achieve key performance indicators shall be the basis for termination of labor relations with the head of the management company of the special economic zone.

4. In the event that the first head of the management company fails to achieve key performance indicators, the authorized body shall submit a recommendation to the board of directors on termination of the employment contract.

If the board of directors fails to take appropriate measures to terminate the employment contract, the contract on the proper performance of the functions of the management company of the special economic zone shall be terminated with such a management company.

Article 41. Rights and obligations of participants of a special economic zone

1. Participants of the special economic zone shall be entitled:

1) to enjoy the guarantees of legal protection, tax and other benefits, provided for by the laws of the Republic of Kazakhstan;

2) to receive land plots and build infrastructure facilities for performance of priority activities in the manner, established by the Land Code of the Republic of Kazakhstan and this Law;

3) to determine in a contract on activities the types of activities that are part of a single technological process and correspond to the goals of establishing of a special economic zone and priority types of activities;

4) in the process of performance of priority activities to involve the persons, carrying out an auxiliary type of activity;

5) to define auxiliary types of activities;

6) to enjoy other rights, provided for by the laws of the Republic of Kazakhstan.

2. Participants of the special economic zone shall be obliged:

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

2) to fulfill in good faith and properly the obligations, stipulated by the laws of the Republic of Kazakhstan and the contract on activities.

Article 41-1. Rights and obligations of persons engaged in non-core activities

1. Persons engaged in non-core activities shall enjoy the right to:

1) benefit from the guarantees of legal protection afforded by the laws of the Republic of Kazakhstan;

2) obtain land plots and construct infrastructure facilities for non-core activities under the procedure stipulated by the Land Code of the Republic of Kazakhstan and this Law;

3) enjoy other rights prescribed by the laws of the Republic of Kazakhstan.

2. Persons engaged in non-core activities must:

1) present an annual report on its activities to the management company of the special economic zone;

2) comply in good faith and properly with the obligations under the laws of the Republic of Kazakhstan and the agreement on non-core activities.

Footnote. The Law as supplemented by Article 41-1 under Law of the Republic of Kazakhstan No. 177-VII of 30.12.2022 (shall be enacted ten calendar days after the date of its first official publication).

Article 42. Monitoring of compliance with the terms and conditions of activity agreements and non-core activity agreements in the territory of a special economic zone

The terms and conditions of activity agreements and contracts for non-core activities shall be monitored by:

managing companies of special economic zones on a continuous basis within the framework of performance of the agreement on performance of activities and agreement on performance of non-core activities based on primary documentation, as well as annual reports of participants of special economic zones and persons engaged in non-core activities;

by local executive bodies of oblasts, cities of national importance, the capital and the unified coordination centre based on information provided by management companies of special economic zones in the reporting form as well as information on participants of special economic zones and persons engaged in non-core activities, as provided herein.

Footnote. Article 42 as reworded by Law of the Republic of Kazakhstan No. 177-VII of 30.12.2022 (shall take effect ten calendar days after the date of its first official publication).

Article 43. Financing of activities of a management company of a special economic zone

Financing of activities of a management company shall be carried out at the expense of:

1) remuneration for services, rendered by the management company to the participants of the special economic zone;

2) target debt financing;

3) income from the lease of property (rent) and sublet (sublet) of infrastructure facilities, land plots, and other property;

4) funds, contributed as replenishment of the authorized capital;

5) budget funds;

6) other income from the activities of the management company not prohibited by the legislation of the Republic of Kazakhstan.

Subparagraph 5) of part one of this article shall apply only to the management company of the special economic zone, one hundred percent of the shares of which in the authorized capital (shares) belong to the state.

Chapter 7. MANAGEMENT OF INDUSTRIAL ZONES

Article 44. Establishment of a management company of an industrial zone

1. After enactment of the decision of the local executive body on the establishment of a state industrial zone, the local executive body must decide on the establishment and (or) participation in the establishment of a management company of the industrial zone. The management company of the industrial zone, except for the management company of the private industrial zone, shall be established in the organizational and legal form of a joint stock company or limited liability partnership.

2. The founders of the management company of the industrial zone may be:

1) the Government of the Republic of Kazakhstan - the management company of the industrial zone of republican significance;

2) the local executive body of the region, the city of republican significance, the capital - the management company of the industrial zone of republican or regional significance;

3) the owner of a private industrial zone in accordance with this Law.

3. The management company of an industrial zone of republican or regional significance may also be established with the participation of a non-state legal entity, including a foreign legal entity, having experience in managing industrial zones in other countries or the Republic of Kazakhstan, taking into account the specifics, established by the legislation of the Republic of Kazakhstan on joint-stock companies.

At the same time, the state in the established management company should own not more than twenty-six percent of the shares in the authorized capital (voting shares) of the management company.

The procedure of the sale to a non-state legal entity, including a foreign legal entity, of a state-owned shareholding of joint-stock companies or shares in the authorized capital of limited liability partnerships shall be carried out in the manner, prescribed by Article 105 of the Law of the Republic of Kazakhstan "On state property".

Shares in the authorized capital (voting shares) of management companies owned by the state can be transferred to trust management of a single coordination center.

4. A non-state legal entity, including a foreign legal entity, may be designated as the management company of an industrial zone, provided that the state should own not more than twenty-six percent of the shares in the authorized capital (shares) of such a management company.

The procedure for transfer to the state of the shares in the authorized capital (shares) of management companies, determined by the Government of the Republic of Kazakhstan shall be carried out in the manner, established by the legislation of the Republic of Kazakhstan on state property.

5. The management company of the industrial zone shall be registered at the place of location of the industrial zone in the manner, prescribed by the Law of the Republic of Kazakhstan "On state registration of legal entities and record registration of branches and representative offices".

6. By the decision of the founder of the management company of the industrial zone, one management company may operate in several industrial zones.

7. The selection of persons to manage the management companies of industrial zones of republican and regional significance shall be carried out by the local executive body of the region, the city of republican significance, the capital.

In this case, the selection of persons to manage the management companies of industrial zones of republican significance shall be carried out in agreement with the authorized body.

8. The management company of the industrial zone within two months from the date of its establishment or determination shall approve the development strategy of the industrial zone of republican or regional significance for a three-year period, including the annual target indicators.

This strategy shall be subject to re-approval every three years, taking into account the dynamics of development of the industrial zone of republican or regional significance.

The development strategy of the industrial zone of republican significance shall be coordinated with the authorized body, the industrial zone of regional importance - with the local executive body.

The management companies of the industrial zone, subsequently attracted, shall operate in accordance with the previously approved development strategy of the industrial zone.

The competent authority and the local executive body of the region, city of national importance or capital city shall examine the development strategy of the respective industrial zone within twenty working days of its receipt.

Should there be comments and suggestions from the competent authority and the local executive body of the region, city of national importance or capital city, the finalised strategy for the development of an industrial zone of national or regional importance shall be presented again to the competent authority and the local executive body of the region, city of national importance or capital city for approval within five working days.

9. In the event that the first head of the management company of the industrial zone of republican significance fails to achieve the key performance indicators, the authorized body shall submit a recommendation to the board of directors on termination of the employment contract.

If the board of directors fails to take appropriate measures to terminate the employment contract, the contract on the proper performance of the functions of the management company of the industrial zone shall be terminated with such a management company.

10. In the event that the first head of the management company of the industrial zone of regional significance fails to achieve the key performance indicators, the local executive body shall submit a recommendation to the board of directors on termination of the employment contract.

If the board of directors fails to take appropriate measures to terminate the employment contract, the contract on the proper performance of the functions of the management company of the industrial zone shall be terminated with such a management company.

Footnote. Article 44 as amended by Law of the Republic of Kazakhstan No. 177-VII of 30.12.2022 (shall come into force ten calendar days after the date of its first official publication).

Article 45. Functions of a management company of an industrial zone

The functions of the management company of the industrial zone shall include:

- 1) interaction with state bodies on the issues of functioning of industrial zones;
- 2) provision of land plots and provision of infrastructure facilities to the property lease (rental) or sublet (subleasing) to the participants of the industrial zone;
- 3) conclusion and termination of contracts on activities;
- 4) submission to the authorized body and the single coordinating center of reporting on the results of the activities of industrial zones in the manner, determined by the authorized body, based on the quarterly reports of participants of the industrial zones;
- 5) attraction of potential participants of the industrial zone;
- 6) attraction of investments for construction of infrastructure facilities and performance of other types of activities of industrial zones;
- 7) construction of infrastructure facilities in accordance with the approved design and estimate documentation on the land plots that are not transferred to the participants of the industrial zone;
- 8) organization of the place of reception for the functioning of the State Corporation "Government for Citizens" on the principle of "one window" and other organizations, rendering services to the participants of the industrial zones;
- 9) monitoring the fulfillment of the terms of contracts on activities;
- 10) conduct of marketing research on the establishment of new productions in the industrial zone;
- 11) performance of activities for development and promotion of industrial zones;
- 12) provision of information support for potential participants of the industrial zones, applicants, participants of the industrial zones, including organization of meetings of potential participants of the industrial zones, applicants, participants of the industrial zones with representatives of state bodies, associations of entities of private entrepreneurship;
- 13) attracting investment for industrial-innovation and investment projects in the industrial zone;
- 14) interaction and work with potential participants of industrial zones, applicants, participants of industrial zones on the principle of "one window";
- 15) provision of utilities, logistics and maintenance services;
- 16) participation in public-private partnership projects;

17) provision of services for the development of business plans, feasibility studies, design and estimate documentation and other project documentation;

18) performance of construction and installation work on the territory of the industrial zone and provision of such services to the participants of the industrial zone;

19) performance of works on the improvement and maintenance of the territory of the industrial zone;

20) provision of consulting and marketing services to the participants of the industrial zone;

21) implementation of technical supervision and provision of engineering services in the field of architectural, urban planning and construction activities on infrastructure facilities and business activity, built in the territory of the industrial zone;

22) representation of the interests of the participants of industrial zones in the framework of "one-window" principle, including when interacting with state bodies in obtaining state services and other organizations in obtaining other services;

22-1) performing a comprehensive non-departmental expert assessment of the pre-project and project documentation of facilities intended for construction on the territory of the special industrial zone based on the relevant accreditation;

22-2) monitoring progress of all projects on the territory of the special industrial zone at any stage;

22-3) adopting appropriate measures in respect of the participants of the special industrial zone under the current legislation of the Republic of Kazakhstan in the event of a violation of the rules and procedures for the operation and functioning of the special industrial zone approved by the management company and binding on the participants;

23) other functions not contradicting the legislation of the Republic of Kazakhstan.

Footnote. Article 45 as amended by Law No. 26-VII of the RK dated 01.04.2021 (shall go into effect upon expiry of ten calendar days after its first official publication); No. 87-VII of 27.12.2021 (shall enter into force ten calendar days after the date of its first official publication).

Article 46. Rights and obligations of participants of an industrial zone

1. Participants of the industrial zone shall be entitled:

1) to enjoy the guarantees of legal protection, provided for by the laws of the Republic of Kazakhstan;

2) to receive land plots and build infrastructure facilities for carrying out their activities in the territory of the industrial zone in the manner, prescribed by the Land Code of the Republic of Kazakhstan and this Law;

3) to enjoy other rights, provided for by the laws of the Republic of Kazakhstan.

2. Participants of the industrial zone shall be obliged:

1) to submit an annual report on their activities to the management company of the industrial zone;

2) to fulfill in good faith and properly the obligations, stipulated by the laws of the Republic of Kazakhstan and the contract on activities.

Article 47. Monitoring the fulfillment of the terms of contracts on activities in the territory of an industrial zone

Monitoring the fulfillment of the terms of the contracts on activities shall be conducted:

by management companies of industrial zones constantly in the framework of the execution of the contract on activities on the basis of primary documentation, as well as annual reports of participants of industrial zones;

by local executive bodies of regions, cities of republican significance, the capital and a single coordination center based on the information provided by the management companies of industrial zones in the form of reports, as well as information on the participants of such industrial zones in accordance with this Law.

Article 48. Financing of activities of a management company of an industrial zone

Financing of activities of a management company of an industrial zone shall be carried out at the expense of:

1) remuneration for services, rendered by the management company to the participants of the industrial zone;

2) target debt financing;

3) income from the lease of property (rent) and sublet (sublet) of infrastructure facilities, land plots, as well as other property;

4) funds, contributed as replenishment of the authorized capital;

5) budget funds;

6) other income from the activities of the management company of the industrial zone not prohibited by the legislation of the Republic of Kazakhstan.

Subparagraphs 4) and 5) of part one of this article shall apply only to the management company of the industrial zone, one hundred percent of the shares of which, in the authorized capital (shares), belong to the state.

Article 49. Liquidation of a management company of an industrial zone

The decision on the voluntary liquidation of the management company of the industrial zone shall be taken by the general meeting of participants (shareholders), which determines the liquidation procedure by agreement with creditors and under their control in accordance with the laws of the Republic of Kazakhstan.

Chapter 8. SPECIAL LEGAL REGIME OF SPECIAL ECONOMIC ZONE AND CONDITIONS OF FUNCTIONING OF SPECIAL ECONOMIC AND INDUSTRIAL ZONES

Article 50. Special legal regime of special economic zone

On the territory of a special economic zone, there shall be a special legal regime that is a set of conditions for the functioning of the special economic zone for participants in the

special economic zone in accordance with this Law, tax, customs, land legislation of the Republic of Kazakhstan, as well as the legislation of the Republic of Kazakhstan on employment.

Article 51. Taxation of participants and management companies of special economic zones, management companies of industrial zones

1. Participants and management companies of special economic zones, management companies of industrial zones shall apply tax preferences in accordance with the Code of the Republic of Kazakhstan “On Taxes and Other Obligatory Payments to the Budget” (Tax Code).

2. Participants of special economic zones shall apply tax preferences depending on the cost of the project in the following categories:

1) category A – project cost up to 3,000,000 times the monthly calculation index established by the law on the republican budget and valid as of January 1 of the corresponding financial year;

2) category B – project cost from 3,000,000 to 14,500,000 times the monthly calculation index established by the law on the republican budget and valid as of January 1 of the corresponding financial year;

3) category C – project cost from 14,500,000 times the monthly calculation index established by the law on the republican budget and valid as of January 1 of the corresponding financial year.

At the same time, participants of special economic zones operating in the industries of food production, textiles, clothing, leather, and related products, computer production, electronic and optical equipment, and electrical equipment production shall be assigned category B with a project cost of 1,000,000 -up to 14,500,000 times the monthly calculation index established by the law on the republican budget and valid as of January 1 of the corresponding financial year.

Footnote. Article 51 is in the wording of the Law of the Republic of Kazakhstan dated 12.12.2023 No. 46-VIII (shall be enforced from 01.01.2024).

Article 52. Customs regulation in special economic zones

1. On the territory of the special economic zone or its part, the customs procedure of the free customs zone shall be in force.

The boundaries of the special economic zone, within which the customs procedure of the free customs zone operates, shall be determined in accordance with the resolution of the Government of the Republic of Kazakhstan on establishment of a special economic zone.

2. The customs procedure of the free customs zone shall be applied in accordance with the customs legislation of the Eurasian Economic Union and (or) the customs legislation of the Republic of Kazakhstan.

3. The territory of the special economic zone shall be part of the customs territory of the Eurasian Economic Union.

4. The territory of the special economic zone on which the customs procedure of the free customs zone is applied shall be the customs control zone.

Customs control on the territory of the special economic zone, where the customs procedure of the free customs zone is applied, shall be exercised by the state revenue authorities in accordance with the customs legislation of the Eurasian Economic Union and (or) the customs legislation of the Republic of Kazakhstan.

Article 53. Goods placed under the customs procedure of a free customs zone

Goods, imported into the territory of the special economic zone in which the customs procedure of the free customs zone is applied, shall be placed under the customs procedure of the free customs zone in the manner and on the conditions, determined by the customs legislation of the Eurasian Economic Union and (or) the customs legislation of the Republic of Kazakhstan, and shall be considered as those being outside the customs territory of the Eurasian Economic Union for the purpose of applying customs duties, taxes, and non-tariff regulation measures.

Article 54. Attraction of foreign labor to work in the territory of a special economic or industrial zone

Attraction of foreign labor to work in the territory of a special economic or industrial zone shall be carried out in accordance with the legislation of the Republic of Kazakhstan on employment.

Article 55. Guarantees of legal protection of participants in special economic and industrial zones

1. The participants of the special economic and industrial zones shall be guaranteed the protection of rights and interests, which is ensured by the Constitution of the Republic of Kazakhstan, this Law and other regulatory legal acts of the Republic of Kazakhstan, as well as international treaties, ratified by the Republic of Kazakhstan.

2. Forced seizure of property of participants of special economic and industrial zones (nationalization, requisition) for the state needs shall be allowed in exceptional cases and in the manner, provided for by the laws of the Republic of Kazakhstan.

3. Participants of special economic and industrial zones shall have the right, at their own discretion, to use revenues after paying taxes and other obligatory payments to the budget in accordance with the tax legislation of the Republic of Kazakhstan.

Article 56. Public-private partnerships in special economic and industrial zones

Public-private partnerships in special economic and industrial zones shall be carried out under this Law and the legislation of the Republic of Kazakhstan in the field of public-private partnerships.

Footnote. Article 56 – as reworded by Law of the RK No. 399-VI of 02.01.2021 (shall be enforced ten calendar days after the date of its first official publication).

Chapter 9. FINAL AND TRANSITORY PROVISIONS

Article 57. Liability for violation of the legislation of the Republic of Kazakhstan on special economic and industrial zones

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

Article 58. Transitional provisions

1. Special economic zones, established prior to the enactment of this Law, shall retain their status until a decision is made by the Government of the Republic of Kazakhstan.

For participants of a special economic zone in the field of information and communication technologies and innovative technologies, the requirement to carry out activities in the territory of a special economic zone shall not be a mandatory condition until January 1, 2028 for the following types of activities:

1) design, development, introduction and production of databases and hardware, design, development, introduction and production of software (including prototypes);

2) services for the storage and processing of information in electronic form using server information and communication equipment (data center services);

3) conduct of research and development works on creation and introduction of projects in the field of information and communication technologies.

2. Industrial zones, established by the decision of the local executive body of the region, the city of republican significance, the capital before the enactment of this Law, shall retain their status. At the same time, the local executive body that made the decision to establish such an industrial zone, within thirty working days after the enactment of this Law, must decide on the type of industrial zone based on the criteria provided for in paragraphs 1 and 2 of Article 27 of this Law.

After a decision is made on determining the type of industrial zone in the manner, prescribed by part one of this paragraph, the legal entities that actually perform the functions of the management company of the industrial zone shall obtain the status of the management company of the industrial zone of republican or regional significance.

Individual entrepreneurs and legal entities carrying out the placement and operation of objects of entrepreneurial activity on the territory of such industrial zones on the basis of contracts with legal entities, specified in part two of this paragraph, shall obtain the status of participants of an industrial zone of republican or regional significance.

3. Contracts, concluded between management companies and participants of industrial zones, specified in paragraph 2 of this article, stipulating the conditions for carrying out activities in the territory of an industrial zone, the rights, obligations and responsibilities of the parties, shall obtain the status of contracts on activities and remain valid until the expiration of their term. Further conclusion of contracts on activities shall be carried out in the manner, prescribed by this Law.

4. Persons who have entered into agreements with the International Center for Cross-Border Cooperation Khorgos Joint-Stock Company for construction of facilities,

intended specifically for the types of activities, provided for the special economic zone, the boundaries of which fully or partially coincide with the sections of the customs border of the Eurasian Economic Union, prior to the establishment of such a special economic zone, shall be recognized as the participants of a special economic zone, the boundaries of which fully or partially coincide with the sections of the customs border of the Eurasian Economic Union, from the date of enactment of this Law.

The persons referred to in part one of this paragraph, within six months after the day of the enactment of this Law, must bring their activities into conformity with the requirements of the laws of the Republic of Kazakhstan, imposed on participants in a special economic zone, the boundaries of which fully or partially coincide with the sections of the customs border of the Eurasian Economic Union.

5. Participants in special economic zones who have entered into agreements for the implementation of activities prior to the enactment of this Law shall retain their status and operate as participants of a special economic zone until the expiration of contracts on activities, but not more than the period of validity of the special economic zone, defined in the relevant act of its establishment prior to the enactment of this Law.

6. The provisions of part two of section 51 hereof shall become effective on January 1, 2024.

Footnote. Article 58 as amended by Law of the Republic of Kazakhstan No. 177-VII of 30.12.2022 (shall be put into effect ten calendar days after the date of its first official publication).

Article 59. Procedure for enactment of this Law

1. This Law shall enter into force upon the expiry of ten calendar days after the day of its first official publication.

2. To recognize the Law of the Republic of Kazakhstan dated July 21, 2011 "On special economic zones in the Republic of Kazakhstan" invalid (Bulletin of the Parliament of the Republic of Kazakhstan, 2011, No. 15, Article 119; 2012, No. 2, Article 14; No. 21-22, Article 124, 2013, No. 3, Article 19; No. 15, Article 81; No. 21-22, Article 114; 2014, No. 11, Article 63; No. 19- I, 19-II, Article 96; No. 21, Article 122; No. 23, Article 143; 2015, No. 19 -I, Article 99; No. 20-IV, Article 113; No. 20-VII Article 117, No. 22-II, Article 145, No. 22-V, Article 156, 158, 2017, No. 14, Article 51, No. 22-III, Article 109, No. 23-III, Article 111; 2018, No. 10, Article 32).

*President of the
Republic of Kazakhstan*

K. TOKAYEV