

25
YEARS

B1
NEW CHALLENGES
NEW SOLUTIONS

DOING BUSINESS IN BELARUS

JANUARY 2025



The report presents information as at 1 January 2025.

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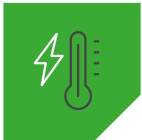
01 GENERAL INFORMATION



GEOGRAPHY

Belarus is situated in the heart of Europe, at the crossroads of multiple trade routes. The shortest transport routes between the CIS and Western Europe run across the country. Belarus is bordered by Lithuania and Latvia in the north, Ukraine in the south, Russia in the east and Poland in the west, and is strategically positioned as a transport corridor between west and east and between north and south. From Minsk, it is 500 kilometers to Warsaw, 700 kilometers to Moscow, 1,060 kilometers to Berlin and 1,300 kilometers to Vienna.

Belarus covers a total area of 207,600 square kilometers, stretching 560 kilometers from north to south and 650 kilometers from west to east. It is larger than Austria, Ireland, Portugal and Greece. The country's capital, Minsk, is on the same latitude as Hamburg and Dublin. Belarus's highest peak is Dzerzhinsky Hill in the Minsk Region (345 meters above sea level). Its lowest point is the Neman Valley in the Grodno Region (80-90 meters above sea level). Administratively, the territory is divided into six regions.



CLIMATE

Belarus has a moderate continental climate featuring mild winters with frequent thaws and rainy, warm summers. It has average temperatures of -6°C in January and $+18^{\circ}\text{C}$ in July and an average annual precipitation of 550-700 millimeters.



TIME ZONE

Belarus is in the FET time zone (UTC+3). It has abolished daylight saving time.



LANGUAGE

The official languages of Belarus are Belarusian and Russian. The languages most commonly used for business are Russian, English and German.



NATIONAL CURRENCY

The Belarusian ruble (BYN, or BYR until 1 July 2016) is the official monetary unit of the Republic of Belarus.



PUBLIC, NATIONAL AND OTHER HOLIDAYS

Holidays marked in bold are official non-working days in Belarus.

Public holidays:

- ▶ Constitution Day — 15 March
- ▶ Day of Unity of the Peoples of Belarus and Russia — 2 April
- ▶ **Victory Day — 9 May**
- ▶ Day of the State Coat of Arms and State Flag of the Republic of Belarus — second Sunday in May
- ▶ **Independence Day (Republic Day) — 3 July**
- ▶ National Unity Day — 17 September

National holidays:

- ▶ **New Year — 1, 2 January**
- ▶ Day of Defenders of the Fatherland and the Armed Forces of the Republic of Belarus — 23 February
- ▶ **Women's Day — 8 March**
- ▶ **Labor Day — 1 May**
- ▶ **October Revolution Day — 7 November**

Religious holidays:

- ▶ **Orthodox Christmas — 7 January**
- ▶ Easter — according to the Orthodox and Catholic calendars
- ▶ **Radunitsa — according to the Orthodox calendar**
- ▶ Remembrance Day — 2 November
- ▶ **Catholic Christmas — 25 December**

If an official non-working public holiday falls on a weekend, additional days of rest are not normally granted. If one of the above-mentioned public holidays falls on a Tuesday or Thursday, the Monday immediately preceding or Friday immediately following it usually becomes an official non-working day, while the Saturday nearest to the holiday date as a rule becomes a working day.



FINANCIAL SYSTEM

The regulator of banks and non-bank credit and financial institutions

The National Bank of the Republic of Belarus (the NBRB) regulates the activities of banks and non-bank credit and financial institutions, and is responsible for licensing banking activities. A banking license entitles banks to carry out banking operations, including raising funds from individuals and/or legal entities as deposits, opening and maintaining bank accounts for individuals and/or legal entities, providing cash and settlement services to individuals and/or legal entities, performing currency exchange transactions, issuing bank guarantees, and engaging in fiduciary management of funds and factoring. Certain types of banking operations are subject to special requirements.

The government authority regulating stock exchanges and the securities market

The Securities Department of the Ministry of Finance of the Republic of Belarus (the Ministry of Finance) performs executive, controlling, coordinating and regulatory functions as part of the government regulation of the securities market. The department also controls the issuance of, trading in, and redemption of, securities, supervises activities of the professional participants of the securities market, and ensures that the Ministry of Finance carries out its powers as the regulator of securitization relations and investments funds.

02

**PREFERENTIAL
REGIMES FOR
DOING BUSINESS**



THE GREAT STONE CHINA-BELARUS INDUSTRIAL PARK

The Great Stone China-Belarus Industrial Park (the CBIP) was established in 2012 with support from China as a hub for firms at the cutting edge of innovation and technology. The CBIP is located 25 kilometers from Minsk, occupying a total area of 112.5 square kilometers.

The territory of the CBIP is designated as a special economic zone which has its own tax regime and rules on the use of land and other natural resources and in which the free customs zone procedure is applied.

CBIP residents

To obtain CBIP resident status a Belarusian company must establish its operations in the park and submit a plan for implementing an investment project that meets the following criteria:

- ▶ The company plans to engage in economic activities in the park in priority areas, including establishing and expanding manufacturing facilities in areas such as electronics, telecommunications, pharmaceuticals, medical devices, fine chemistry, biotechnology, machine building, new materials, integrated logistics, electronic commerce, big data storage and processing, and R&D
- ▶ Declared investment in the project must be not less than USD 5 million, or not less than USD 500,000 if the entire amount is invested within three years or in the case of an R&D project

Other Belarusian legal entities based in the park may take advantage of some benefits and preferences available to CBIP residents if they are registered as innovative companies of the CBIP. Such registration

may be granted for a period of up to two years on condition that the applicant, a legal entity, plans to engage in innovation in line with the park's priority areas of activity.

Tax benefits

The CBIP tax regime remains in effect for 50 years. The main tax benefits granted to CBIP residents are as follows:

- ▶ Exemption from CIT on profits from the sale of goods or services/work produced by the resident in the CBIP, for 10 years after the first recognition of gross profit
- ▶ A zero tax rate on dividends paid by CBIP residents to their founders or shareholders/members, for five years starting from the first year in which dividends are paid. If a CBIP resident is committed to invest at least USD 50 million within five years in its investment project in the park, the 0% tax rate on dividends applies for 10 years counted from the first year in which dividends are distributed. CBIP residents are also exempt from the offshore levy on dividends paid to persons in offshore jurisdictions
- ▶ Exemption from RET on property located in the park, and from land tax on land parcels within its boundaries
- ▶ Exemption from VAT and import duty on goods (equipment, components and spare parts, raw materials and other materials) brought into Belarus solely for use in investment projects involving the construction and fitting-out of CBIP facilities

- ▶ Exemption from VAT on the purchase of services/work and property rights from foreign companies where the location of the buyer is taken as the place of supply for VAT purposes
- ▶ Full deduction of VAT charged on purchases of goods, services/work and property rights in Belarus (or paid upon importation into Belarus) for use in constructing and fitting out CBIP facilities, regardless of amounts of VAT charged on sales
- ▶ 5% withholding tax until 1 January 2027 on remuneration received by foreign companies from CBIP residents for rights to information relating to industrial, commercial or scientific experience, including know-how, licenses, patents, drawings, utility models, schemes, formulas, industrial prototypes or processes
- ▶ A beneficial tax rate of 9%, instead of the general tax rate, on personal income received by individuals from CBIP residents under employment contracts
- ▶ Compulsory social security contributions are calculated based on the part of employees' salaries not exceeding the average wage in Belarus. Foreign employees are exempt from compulsory social security contributions on their income
- ▶ The right to store and use goods in the CBIP under the free customs zone procedure pursuant to customs regulations, i.e., exempt from customs duties, taxes and special anti-dumping and countervailing duties
- ▶ Exemption from VAT imposed by the customs authorities on good placed under the release for domestic consumption customs procedure if they were manufactured by CBIP residents using foreign goods placed under the free customs zone procedure
- ▶ Exemption from the requirements and restrictions of Belarusian laws governing foreign currency transactions
- ▶ Visa-free travel to and from Belarus for persons hired by CBIP residents for investment projects in the park and for founders and shareholders/members of CBIP residents and their employees
- ▶ Exemption from the requirement to obtain special work permits for foreign executives and highly skilled workers

In addition, a grandfather clause has been adopted for the period until 1 January 2027 to guarantee CBIP residents that they will continue with activities under the CBIP regime effective at the time of their registration as a CBIP resident regardless of any unfavorable changes in Belarusian tax legislation.

Other benefits and incentives

In addition to tax benefits, CBIP residents are eligible for other benefits and incentives regarding land use, construction, employment, migration rules, and currency and customs regulations, including:

THE HI-TECH PARK

The Hi-Tech Park (the HTP) was established in Minsk in 2005 to promote IT in Belarus. It offers a special legal regime for IT firms until 2049.

The HTP Supervisory Board is in charge of general coordination, management and control of the HTP. The HTP Supervisory Board is supported in its work by the HTP Supervisory Board Secretariat, which is a government agency reporting to the Council of Ministers.

HTP residents

Belarusian companies based either within or outside the park may apply for HTP resident status if they carry on certain types of activity, namely:

- ▶ Analysis, design and software support of IT systems, including development and deployment of IT systems or software, provision of related implementation and support services, and database creation
- ▶ Data processing using software
- ▶ Technical or cryptographic data protection
- ▶ Development and deployment of software technologies for the financial sector and financial IT
- ▶ Software publishing and promotion
- ▶ Online advertising and intermediary services using software developed with the involvement of an HTP resident
- ▶ Development, maintenance and sale of software or hardware based on or using blockchain technology
- ▶ Operation of crypto trading platforms and cryptocurrency exchanges, mining, creation and offering of own digital tokens, and other activities involving digital tokens
- ▶ Data center services
- ▶ Development and deployment of unmanned vehicle systems
- ▶ Development, implementation and deployment of IoT technology
- ▶ Education programs in ICT and cybersports
- ▶ Other activities listed in the law

To join the HTP, applicants must submit a package of documents to the HTP Supervisory Board Secretariat. The key document is the business project that the applicant intends to implement as an HTP resident.

The decision on whether to register an applicant as an HTP resident is made by the HTP Supervisory Board based on the potential significance of the proposed business project for the development of new and advanced technologies.

Tax benefits

HTP residents are required to contribute 1% of their revenue to the HTP Supervisory Board Secretariat. Accordingly, they are mostly exempt from CIT and from VAT on sales of goods, services/work and property rights in Belarus, except for 9% CIT on certain interest income, income from the sale of equity interests and securities, and dividends from sources outside Belarus.

HTP residents are exempt from import duties and VAT on certain kinds of equipment imported into Belarus for use in investment projects involving permitted types of activity. They may also qualify for RET and land tax benefits in relation to buildings and land parcels within the boundaries of the HTP.

Compulsory social security contributions are calculated and paid based not on an employee's actual salary, but on the national average wage, which is substantially less than the pay level in the Belarusian IT industry.

HTP residents are also exempt from the offshore levy on dividends paid to their founders/shareholders or members registered in offshore jurisdictions. Tax on dividends paid by HTP residents is charged at 9% on individuals and at 5% on foreign companies, unless they are entitled to more favorable treatment under a double taxation treaty.

In addition, HTP residents are exempt from Belarusian VAT on licenses and certain services that play an important role in the IT business, such as advertising, marketing, consulting and database creation services, when acquired from foreign providers. A zero WHT rate applies to income earned by foreign companies from rendering services to HTP residents, such as data processing, web hosting, advertising and intermediary services, as well as to interest and royalty income. HTP residents are entitled to use simplified documentation procedures in accounting for transactions with non-residents.



Other benefits and incentives

HTP residents are entitled to enter into non-competition agreements with their employees and non-solicitation agreements with third parties.

Foreign nationals who are hired by HTP residents under employment contracts or who are founders of HTP residents or are employed by such founders are eligible for visa-free entry into Belarus for stays of up to 180 days in the course of a year.

Foreigners entering into employment contracts with HTP residents do not require a permit to work in Belarus and may apply for a temporary residence permit for the duration of the contract.

For the purpose of regulating corporate relationships, shareholders/members of HTP residents are entitled to enter into shareholders'/members' agreements governed by foreign law and refer disputes arising under such agreements to foreign courts and arbitration tribunals.

FREE ECONOMIC ZONES

A free economic zone (FEZ) is a bounded territory in Belarus with a special regime comprising a set of incentives and benefits to encourage business activity.

Belarus has six FEZs, established for the period until 31 December 2049: Brest FEZ, Minsk FEZ, Gomel-Raton FEZ, Vitebsk FEZ, Mogilev FEZ and Grodnoinvest FEZ.

FEZ residents

To benefit from the FEZ regime, a Belarusian company must establish its operations in a FEZ and make a pledge to invest at least EUR 1 million in the project, or at least EUR 500,000 over a three-year period.

Tax benefits

FEZs are designed to encourage investors to produce export-oriented or import-substituting goods or services in Belarus. FEZs offer their residents a number of tax incentives with respect to the sale of such goods or services for export and to other FEZ residents.

The special tax regime provides for the following tax benefits:

- ▶ Exemption from CIT from the sale of goods and services produced by the FEZ resident
- ▶ Exemption of properties that are located in the FEZ from RET on condition that the company is engaged in activity covered by the FEZ tax regime; in the first three years after registration as a FEZ resident, the company is exempt from RET on properties acquired or created during this three-year period regardless of whether it engages in any activity covered by the FEZ tax regime in this period
- ▶ Exemption from land tax and rent on government-owned land plots located within the boundaries of the FEZ, which are granted for construction purposes, for the period until the last asset under

construction has been commissioned, but for no longer than five years after registration as a FEZ resident

- ▶ Exemption from land tax and from rent on government-owned land plots located within the boundaries of the FEZ regardless of their designated use, provided that the resident is engaged in an activity covered by the FEZ tax regime

Customs benefits

A free economic zone is also a free customs zone, where FEZ residents can keep and use goods (including goods produced by foreign and EAEU manufacturers) without paying customs duties, taxes or special, anti-dumping and countervailing duties. Any subsequent customs clearance procedures, duties and taxes are conditional on the status of goods manufactured from the goods placed under the free customs zone procedure, and their destination country. For instance, goods manufactured in a FEZ solely from EAEU-made goods are deemed EAEU-made goods that are placed under the re-import procedure when moved outside of the FEZ elsewhere in the customs territory of the EAEU and are not subject to customs duty or tax in this case.

If goods manufactured in a FEZ are deemed foreign goods, they are placed under the re-export procedure when moved outside of the FEZ and are not subject to customs duty or tax either. If goods manufactured in the FEZ and recognized as goods of foreign origin are taken out of the FEZ elsewhere to the EAEU customs territory, they become subject to import duties but are exempt from VAT under the customs procedure of goods release into internal circulation.

BUSINESSES IN MEDIUM AND SMALL-SIZED CITIES AND RURAL AREAS

Businesses set up in medium and small-sized cities and rural areas are eligible for many benefits. Medium and small-sized cities and rural areas in Belarus are settlements of a size smaller than the regional capital cities (Brest, Gomel, Grodno, Minsk, Mogilev and Vitebsk) and several other big cities such as Bobruisk, Zhlobin and Lida.

Businesses in such areas are exempt from corporate income tax and RET for seven years after registration of their local properties, provided that they produce goods or deliver services, which must be certified by the Belarusian Chamber of Industry and Trade.

Apart from these tax exemptions, local businesses are eligible for other benefits as well. They include exemption from import duty on certain types of equipment not older than five years, which is brought into Belarus as a non-monetary contribution to the equity of a newly established entity.

For the period until 31 December 2028, development incentives have been introduced for retail and catering businesses and community services operating in rural areas and small towns, the list of which is determined by regional councils. In particular, local retailers selling through retail outlets, markets and fairs along with catering businesses and community services are eligible for:

- ▶ 50% reduction from the statutory rate of corporate income tax (i.e., a 10% tax) on income from the sale of goods (services/work) in rural areas
- ▶ Exemption from RET on properties used in the underlying operations in rural areas, and from land tax or rent on government-owned land on which they are located

03

COMPANIES



LEGAL FORMS

A foreign company may operate in Belarus through:

- ▶ A separate legal entity in Belarus
- ▶ A representative office of a foreign company
- ▶ A branch of a foreign company (from 19 November 2024)

The most common forms of legal entities in Belarus are limited liability companies, closed joint-stock companies and unitary enterprises.

Limited liability companies

A limited liability company (LLC or “ООО” in Russian) is the most common corporate form in Belarus. In practice, the majority of foreign companies starting activities in Belarus prefer to establish an LLC.

The authorized capital of an LLC is formed from its members' contributions. There is no minimum authorized capital requirement for an LLC. Contributions may be made in cash and/or in kind (in the form of shares in other companies, etc.). An LLC may have up to 50 members. An LLC may be founded by one person or have one member.

The articles of association of an LLC may contain restrictions on the transfer of members' rights, including, for example, a prohibition on the full or partial sale of equity interest to third parties. A member in an LLC may not withdraw from the LLC if this would leave the LLC with no members, including in the case of an LLC with a sole member. When a member withdraws, its interest passes to the LLC, while the withdrawing member is paid the actual value of its equity interest in the LLC plus a proportional amount of the profits earned by the LLC between the withdrawal date and the settlement date.

A sole LLC member is not allowed to sell its interest in the authorized capital to the LLC itself.

Currently, restrictions are in force in Belarus on the disposal of equity interests in and assets of LLCs owned by members from “unfriendly” countries (for more details, see *Restrictions on companies with owners from “unfriendly” countries*).

The governing bodies of an LLC are the general meeting of members, the supervisory board (optional) and the executive body. The supervisory board is established by decision of, and is accountable to, the general meeting of members and deals with matters relating to the general administration of the LLC's activities. The individual executive body (director, managing director, management company) or collective executive body (managing board) is responsible for the day-to-day running of the LLC. The members in an LLC are not liable for the LLC's obligations and bear the risk of losses associated with its activities only within the limits of their capital contributions.

Unitary enterprise

A unitary enterprise (“УП” in Russian) is another common corporate form in Belarus, the main difference from an LLC being that a unitary enterprise's founder remains the direct owner of its assets. However, since 26 January 2016, when rules allowing the registration of an LLC with a single founder came into force, the number of unitary enterprises being registered has fallen significantly. The assets of a unitary enterprise are indivisible and cannot be divided into contributions (equity interests or units). Assets of a unitary enterprise may be privately



owned either by an individual (or spouses jointly) or a legal entity and are possessed by the unitary enterprise under the right of economic management. Shared ownership of a unitary enterprise's assets is prohibited.

A unitary enterprise may sell any assets held by it under economic management except for immovable property (unless the founder establishes other restrictions in the articles of association). Any disposal of immovable property (including sale, lease, mortgage, etc.) is subject to the founder's prior approval.

There is currently no minimum authorized capital requirement for a unitary enterprise. Contributions to the authorized capital may be both in cash and in kind (shares in other companies, equipment, etc.).

The governing body of a unitary enterprise is the director, who must be appointed by the owner of the enterprise's assets.

A unitary enterprise is liable for its obligations to the extent of all the assets that it holds under economic management. It is not liable for the obligations of the owner of its assets.

Joint-stock company

A joint-stock company (JSC or "AO" in Russian) may appear to be a more complicated business structure. JSCs generally fall into two categories: closed and open. The difference between them is that in an open JSC, shares may be freely sold to third parties, while in a closed JSC, share transfers are subject to the preemptive rights of other shareholders. The minimum authorized capital requirement for incorporation is currently:

- ▶ 100 base units (approximately USD 1,200) for a closed JSC
- ▶ 400 base units (approximately USD 4,900) for an open JSC

A JSC's shares may be held by one person. JSCs may have an unlimited number of shareholders, but closed JSCs may limit the number of shareholders by the articles of association. Joint-stock companies can issue two types of shares: ordinary (voting) and preference shares. The owner of a preference share is entitled to fixed dividends and a portion of the company's assets upon its liquidation, but may not vote on management matters. The nominal value of preference shares must not exceed 25% of the company's authorized capital. A JSC is obliged to comply with various disclosure requirements.



Comparison of a limited liability company, a unitary enterprise and a closed joint-stock company

LIMITED LIABILITY COMPANY	CLOSED JOINT-STOCK COMPANY	UNITARY ENTERPRISE
Standard registration procedures	Standard registration procedures plus registration of shares with the Securities Department of the Ministry of Finance	Standard registration procedures
Profit may be distributed either proportionately or disproportionately to equity interest, if directly permitted by the articles of association	Profit may be distributed only in proportion to equity interests, excluding preference shares	Profit is distributed by the owner in the owner's favor
Transfer of equity interest to a third party may be restricted/prohibited by the articles of association	Transfer of shares in a closed joint-stock company to third parties is only permitted with the consent of the other shareholders	Since the enterprise is wholly owned by one or more persons, transfer takes place by means of alienation of the asset portfolio
The registration procedure is not very complicated and usually takes about two weeks	The registration procedure is more complicated than for an LLC because of the requirement to issue shares and register the issue	The registration procedure is the same as for a limited liability company

Representative offices

Foreign companies may also operate in Belarus without creating a legal entity by establishing a representative office.

A representative office is regarded as an autonomous subdivision of a foreign company that represents its interests in Belarus, and not as a separate legal entity.

Representative offices of foreign companies are not permitted to engage in business activity. A foreign company may open a representative office in Belarus only to carry out preparatory and auxiliary activities on behalf of the foreign company, including the following activities:

- ▶ Researching goods and services markets in Belarus
- ▶ Studying investment opportunities in Belarus
- ▶ Establishing business entities in Belarus in partnership with foreign investors

Branches

Foreign companies may operate in Belarus by establishing branches.

An autonomous subdivision of a foreign company is deemed to be a branch if it performs all or some functions of the company, including representation functions. A branch of a foreign company is not a separate legal entity.

In contrast to representative offices, branches of foreign companies may engage in business activities. Restrictions on business and other activities carried out by a foreign company via its branch may be imposed by legislation.

Registering a company or opening a representative office or a branch in Belarus

Companies must be registered with the state registration authority, which arranges subsequent registration with the tax authorities, the Social Security Fund, statistical agencies, Belgosstrakh (the Belarusian National Unitary Insurance Enterprise), etc. During the registration process, the state authority may also send information to a bank to enable the opening of a current (settlement) account.

Opening a branch or a representative office is subject to a respective decision made by the relevant executive committee or the CBIP (depending on the location of the branch/representative office).

If any documents submitted for registration purposes do not meet the official requirements, they may have to be re-submitted. A newly established company (representative office, branch) must take additional steps to become fully operational, such as opening bank accounts, making a corporate seal (optional) or registering a share issue with the securities authorities (only applies to JSCs).

	LEGAL ENTITY	REPRESENTATIVE OFFICE OF A FOREIGN COMPANY	BRANCH OF A FOREIGN COMPANY
Registration time (actual)	Around 2-3 weeks	Around 1-2 months	Around 1 month
State duty	1 base unit (approximately USD 12)	65 base units (approximately USD 800)	Exempt

LICENSING

A special permit (license) is required for certain business activities. Currently, there are more than 35 such activities (comprising almost 300 types of services/work). They include banking operations, the gambling industry, the manufacture and wholesale of alcoholic beverages and tobacco products, retail of alcoholic beverages and tobacco products, wholesale and retail of petroleum products, and health care services. Licensing authorities usually issue licenses within 15 working days of receiving all the required documents.

MERGERS AND ACQUISITIONS

Anti-monopoly control

Under competition law, certain transactions (including M&A, the creation of new entities and the purchase and sale of shares and/or assets) are subject to anti-monopoly scrutiny. In this case, the approval of the anti-monopoly authorities must be obtained before a transaction is concluded or a new entity is registered. A subsequent notification of the transaction already made rather than a prior approval of the anti-monopoly authorities is required in certain cases.

Restrictions applicable to strategic companies

Investments are not allowed in legal entities holding a dominant position in the commodity markets of the Republic of Belarus unless approved by the anti-monopoly authorities (in cases stipulated by anti-monopoly law), nor in activities prohibited by Belarusian legislation.

Investments may also be legislatively restricted in the interests of national security (including protection of the environment and heritage assets), public order, morality, public health and the rights and liberties of individuals.

Restrictions on companies with owners from “unfriendly” countries

Currently, restrictions are in force in Belarus on the disposal of equity interests (shares) in and assets of companies owned by members from “unfriendly” countries.

“Unfriendly” countries include all member states of the European Union, some other European countries, as well as the US, Canada, Australia and New Zealand.

The current restrictions apply to commercial entities (OOO, ODO, AO) and other legal forms, including unitary enterprises, and are summarized as follows:

- ▶ Real property held by unitary enterprises, equity interests, shares, or bundles of assets belonging to owners from “unfriendly” countries (regardless of the size of their interest in such entities) may not be sold unless permission from the Council of Ministers is first obtained and a duty of no less than 25% of the value of the interest/shares/real property being sold is paid to the local government
- ▶ The sale of real property by a legal entity that is at least 25% owned by members from “unfriendly” countries is subject to permission from the Council of Ministers and a duty of no less than 25% of the value of the property being sold payable to the local government
- ▶ Permission from the Council of Ministers is also required for reorganization of legal entities of any type with members from “unfriendly” countries, as well as for such foreign members to exit (regardless of the size of their equity interest in the entity)

Failure to comply with these requirements will result, in particular, in the underlying transactions being annulled and state registration of the incorporation or reorganization of the entity, or amendments to the entity’s articles of association, being canceled.

CORPORATE AGREEMENTS

Under Belarusian legislation, shareholders of a company may conclude a shareholders' agreement or, if it is a limited liability company, a members' agreement. Through such agreements, shareholders/members may agree to exercise their rights in a certain manner and/or refrain from exercising their rights, including by voting in a certain manner at the general meeting of shareholders/members, coordinating voting choices or coordinating other actions relating to the management of the company or its establishment, operations, reorganization or liquidation.

TEMPORARY EXTERNAL ADMINISTRATION

Effective 17 January 2023 through 31 December 2025, a business entity whose members (shareholders, asset owners) are persons of foreign countries, can be placed in temporary external administration for up to 18 months, based on a decision by government authorities. This can be possible in the following cases:

- ▶ If the executive body and/or other management bodies have actually ceased to manage the business entity
- ▶ If the executive body and/or other management bodies perform economically unjustified actions that can lead to the actual termination of activities, liquidation and/or bankruptcy of the business entity or cause damage to it
- ▶ If the owner of the business entity's assets has actually ceased to take part in the management of its operations
- ▶ If the owner of the business entity's assets performs economically unjustified actions that can lead to the actual termination of activities, liquidation and/or bankruptcy of the business entity or cause damage to it

Temporary external administration is exercised by an administrator who receives the powers of the executive body and/or other management bodies of a business entity. The powers of such bodies are suspended as of the date of placing the entity in temporary external administration and the members of these bodies are barred from work, unless otherwise stipulated by the decision on temporary external administration.

FINANCIAL REPORTING AND AUDITING

According to the general provisions of Belarusian accounting legislation, including Law No. 57-Z of 12 July 2013 "On Accounting and Reporting," the main purpose of accounting is to provide complete and accurate information about a company's operations and its assets and liabilities.

The Law "On Accounting and Reporting" applies to Belarusian legal entities, representative offices of foreign and international organizations, and simple partnerships (parties to a joint venture agreement). Belarusian representative offices of foreign companies are required to adopt accounting policies based on the accounting and reporting principles laid down in the Law "On Accounting and Reporting."

The Law does not, however, extend to entities that apply the simplified taxation system.

Conceptual framework

Accounting and reporting concepts and principles recognized in Belarus include going concern, business entity, accrual, matching, accuracy, substance over form, prudence, neutrality, completeness, understandability, comparability and relevance.

However, the way in which these principles are applied in Belarus often depends on accounting specifics. In practice, form sometimes takes precedence over

substance, as in the case of supporting documents for transactions, for which Belarusian legislation prescribes very specific forms.

The going concern assumption has important implications for Belarus's developing market, as some companies may find that their financial position at a given point in time makes it difficult for them to carry on doing business.

Accounting methods

Belarusian companies are required to keep accounting records in accordance with their accounting policies, which must be signed by a company's chief accountant and chief executive or by an accounting services provider and approved by the company's chief executive and/or other individuals/bodies authorized to do so by legislation or the company's foundation document. The policies must set out the types of accounting estimates, the chart of accounts, the templates of source documents designed by the company, the form of accounting used by the company, the procedure for stock-taking of its assets and liabilities, and other methods and techniques used to organize and maintain accounting.

Companies apply only the accrual method to account for revenue from sales of goods and services/work, meaning that revenue is recognized in the reporting period in which the respective transaction actually occurred, regardless of when payment is made/received.

Foreign currency transactions

Accounting entries must be made and financial statements must be prepared in Belarusian rubles.

Companies (except for the NBRB and banks) must translate foreign currency-denominated monetary assets and liabilities into the Belarusian national currency at the official exchange rate of the Belarusian

national currency to the respective foreign currency set by the NBRB as at the date of the foreign currency transaction and as at the reporting date.

The NBRB sets the exchange rates of the Belarusian ruble against major foreign currencies based on the results of trading sessions on the Belarusian Currency and Stock Exchange.

Fixed assets

Fixed assets shall be recognized at historical cost or a revalued amount and are depreciated using one of the following methods:

- ▶ The linear method
- ▶ The non-linear method (using the sum-of-years digits method or the reverse sum-of-years digits method or the declining balance method with an acceleration factor of 1 to 2.5)
- ▶ The production method

A company has discretion in its choice of the depreciation method but must specify its choice in its accounting policies.

The most commonly used depreciation method is the linear method. The useful life of a fixed asset is determined on the day of its acquisition and is often based on the period for which it is expected to be used. This can be adjusted to reflect changes in the condition of the asset.

Companies may determine the useful life of fixed assets themselves, subject to statutory thresholds.

Fixed assets, income-bearing investments in tangible assets and equipment for installation (which are considered non-current assets) (property) are revalued in accordance with the procedure defined by the Ministry of Economy, the Ministry of Finance, the Ministry of Architecture and Construction in compliance with the Revaluation Edict:

- ▶ Buildings, structures and transmitters – annually by all organizations
- ▶ Other types of property – by decision of the head of the company

Revaluation of fixed assets takes place as at 1 January of the year following the reporting year and covers the period from the date of the previous revaluation until 31 December of the reporting year. It must be carried out using one of the following three acceptable methods:

- ▶ The direct valuation method
- ▶ The indexation method
- ▶ Adjustment of foreign currency value

Similar items of fixed assets cannot be revalued more than once a year.

The following are not revalued:

- ▶ Property located in an evacuation zone (exclusion zone), priority resettlement zone or subsequent resettlement zone from which the population has been resettled and in which the access control regime has been established
- ▶ Land and other natural resource sites; housing and library stocks; movie stocks; heritage and cultural assets; theatrical equipment and supplies; leased property; and residential and utility premises in residential buildings
- ▶ Assets of consumers' cooperatives involved in the construction and/or operation of parking lots and individual garages; assets of housing cooperatives and other developers, owners' associations and dacha and gardening associations (cooperatives)
- ▶ Assets designated for disposal, from the date the decision to dispose was made in accordance with legislation until the date the assets are actually disposed of or the decision is revoked
- ▶ Construction in progress, except for installed equipment and ready-to-use equipment forming

part of construction in progress revalued by decision of the organization or the owner of the assets

- ▶ Property of Belarusian diplomatic missions and consulates

When permitted by law, companies may decide to revalue:

- ▶ All assets
- ▶ Fixed assets and income-bearing investments in tangible assets falling within a particular group or subgroup or a particular fixed asset classification code
- ▶ Individual fixed assets and income-bearing investments in tangible assets
- ▶ Equipment for installation, installed equipment and ready-to-use equipment forming part of construction in progress, which will be recorded as separate items of fixed assets or income-bearing investments in tangible assets and assigned to a particular group, subgroup or fixed asset classification code

Inventory

Inventory is recorded in accounting at historical cost. The date for recording inventory is determined using the procedure established by the company's accounting policies, taking into account the company's activities and the terms and conditions of agreements it has made.

When inventory is released to manufacturing or otherwise disposed of, it is valued using one of the following methods:

- ▶ Average cost
- ▶ First in, first out (FIFO)
- ▶ Cost per unit

A company must apply one method in relation to a group/type of inventory throughout the reporting year. That method must be specified in the company's accounting policies.

The actual cost of inventory items should comprise the cost of acquiring them at a purchase price and other costs directly related to their acquisition, such as customs duties, transportation and shipping costs, including costs to load and deliver inventory to the company not included in their purchase price, costs to store inventory at acquisition sites, railway stations, in ports and at temporary storage warehouses, as well as other costs directly related to the acquisition of inventory items.

Disclosure requirements

Companies must prepare annual financial statements and, where required by Belarusian legislation, interim (quarterly or monthly) financial statements.

Annual and interim (except for monthly) financial statements of business entities must include:

- ▶ Balance sheet
- ▶ Income statement
- ▶ Statement of changes in equity
- ▶ Cash flow statement
- ▶ Notes to the financial statements as required by Belarusian law

Monthly financial statements of business entities consist of the balance sheet.

The format for presentation of financial statements is prescribed by the Ministry of Finance. Financial statements are prepared in the Belarusian and/or Russian languages. The reporting currency is the national currency of Belarus — the Belarusian ruble.

Financial reporting requirements

The annual reporting period is the calendar year from 1 January to 31 December, except for newly established, re-organized or wound-up companies. For newly established companies, the first annual reporting period is the period from the date of their registration to 31 December.

A company must submit annual financial statements no later than 31 March of the year following the reporting year to:

- ▶ Owners of the company's assets
- ▶ State bodies and companies with a controlling stake in the company
- ▶ Other entities as required by Belarusian law



Companies are also obliged to submit annual financial statements prepared in accordance with Belarusian law to their local tax authorities by the above date.

Annual financial statements are subject to review and approval in the manner prescribed by the company's foundation documents.

Belarusian banks must prepare IFRS financial statements along with Belarusian statutory financial statements. The NBRB uses IFRS financial statements to gain a thorough understanding of financial and non-financial risk management, ownership structure, related party transactions and other aspects of banks' activities.

Public interest entities (open joint-stock companies that are founders of unitary enterprises and/or parents of subsidiary companies, banks and non-bank financial institutions, insurance companies, joint-stock investment funds and management companies of investment funds) are required to prepare IFRS annual consolidated financial statements in the national currency. The annual financial statements of such entities must be submitted together with an auditor's report to the Ministry of Finance (or the NBRB in the case of banks) by 30 June of the year following the reporting year and published on the entity's website by 31 July of the year following the reporting year.

A technical regulatory framework is in place in Belarus comprising 42 IFRS standards and 26 Interpretations issued by the International Financial Reporting Standards Foundation. This means that many Belarusian entities are required by law to apply IFRS, which helps to increase the transparency of the corporate sector for investors and lenders.

The following are required to make their annual financial statements available to the public:

- ▶ Banks and non-bank financial institutions
- ▶ Insurance and reinsurance companies and insurance brokers

- ▶ Open joint-stock companies
- ▶ Issuers of securities

All companies registered with the Belarusian Currency and Stock Exchange must submit quarterly financial statements and additional information to the Ministry of Finance within 35 calendar days after the end of a quarter. They must also submit annual financial statements not later than 30 April of the year following the reporting year.

Effective 1 January 2027, the legal and methodological framework of accounting and requirements for the preparation and presentation of statutory financial statements and/or financial statements change significantly following the enactment of amendments to the law regulating the above matters.

Statutory financial statements will denote only financial statements that are prepared in accordance with the national accounting and financial reporting standards and other accounting and financial reporting regulations, whereas financial statements prepared in accordance with IFRS will be deemed to be financial statements.

The definition of a public interest entity will also change and such entities will be required to prepare financial statements in accordance with IFRS.

Public interest entities will include banks and non-bank credit and financial institutions, insurance companies, joint-stock investment funds, management companies of investment funds, including parents of bank holding companies that are not banks themselves, and other listed companies whose securities are admitted to trade in a trading system of a securities trade organizer by inclusion in the quotation list. Public interest entities will also include certain state-owned entities, whose list will be determined by the Council of Ministers.

Open joint-stock companies that are founders of unitary enterprises and/or parents of subsidiary

companies will be excluded from the category of public interest entities.

Banking sector entities (the NBRB, banks, including those that are parents of banking groups and bank holding companies as well as parents of bank holding companies that are not banks themselves) are released from the requirement to prepare financial statements in accordance with the national accounting standards, that is statutory financial statements, starting from 1 January 2027.

A new procedure for the presentation of financial statements will also apply.

Audit requirements

The following entities are required to have their statutory financial statements audited:

- ▶ Joint-stock companies that are required by Belarusian law to disclose information on the joint-stock company in accordance with securities legislation
- ▶ The NBRB
- ▶ Banks, banking groups and bank holding companies
- ▶ Exchanges
- ▶ Insurance companies and insurance brokers
- ▶ Hi-Tech Park residents
- ▶ Institutions that make deposit insurance indemnity payments to individuals
- ▶ Professional participants in the securities market
- ▶ Joint-stock investment funds
- ▶ Management companies of investment funds
- ▶ Special financial organizations
- ▶ Other legal entities whose revenue from sales of goods and services/work in the last reporting year exceeded 500,000 base units (as at 31 December of the preceding reporting year)

IFRS annual financial statements are subject to compulsory audit where the preparation of such financial statements is required by Belarusian law.

The entities listed above, except for the NBRB, banks, banking groups and bank holding companies, joint-stock investment funds and management companies of investment funds, are released from the requirement to undergo an audit of their Belarusian statutory annual consolidated financial statements if a compulsory audit has been carried out of their IFRS annual consolidated financial statements for the period concerned.

Differences between IFRS and Belarusian statutory accounting principles

Companies operating in Belarus are subject to requirements based on the Civil Code, the Law “On Accounting and Reporting” and the standard chart of accounts, as well as accounting regulations issued by the Ministry of Finance and the NBRB.

Some requirements are formally in line with IFRS but may be interpreted and applied very differently in practice. Despite the existence of accounting standards for the banking system and relevant requirement in regulations of the Ministry of Finance, accounting methods and approaches in Belarus are determined by numerous orders and guidance letters issued by the Ministry of Finance and the NBRB.

These and other factors may result in significant departures from standard requirements, which leads to further inconsistencies with IFRS (in addition to those outlined below).

The major differences are as follows:

- ▶ Differences in the determination of reporting currency and functional currency (statutory financial statements must be prepared in the Belarusian national currency)

- ▶ Source documents used for statutory and tax accounting purposes must be in prescribed formats
- ▶ The impact of hyperinflation is not reflected in the Belarusian accounting system
- ▶ Inconsistent application of guidance requiring parent companies with one or more subsidiaries to prepare both consolidated and separate financial statements; under IFRS, consolidation is mandatory
- ▶ Current regulations allow the revaluation of both entire classes and certain items of fixed assets to be carried out in accordance with national accounting principles

- ▶ Differences in the accounting treatment of authorized capital and provisions

Differences between national and IFRS accounting principles increase costs for companies striving to raise capital in different markets, as they have to prepare multiple sets of financial statements under different accounting frameworks. Companies benefit from preparing two reporting packages as they meet the requirements of a wider range of users and help to raise capital in foreign markets.



TAX OVERVIEW

Tax policy

The Ministry of Finance develops the fiscal and tax policy in Belarus. The Ministry of Taxes and Levies and its local offices are responsible for monitoring tax compliance, including for verifying tax returns and enforcing the full and timely payment of taxes and levies.

Types of taxes and levies/duties

Belarus has a two-tier tax system comprising national taxes and levies/duties and local taxes and levies as set forth in its Tax Code. The payment of national taxes and levies/duties is mandatory across the country, while local taxes and levies are established by local self-government bodies (local councils of deputies) and are payable only in the territories concerned.

Special taxation regimes apply to some categories of taxpayers engaged in particular activities. This means that their taxes are calculated and paid according to different rules from those normally applicable and they pay a special tax payment.

Apart from taxes and levies/duties, other mandatory payments in Belarus include state social security contributions payable by employers to the Social Security Fund of the Republic of Belarus, rent for plots of land owned by the state and some other payments.

National taxes and levies/duties include:

- ▶ Corporate income tax
- ▶ Withholding tax
- ▶ Personal income tax
- ▶ Value added tax
- ▶ Excise tax
- ▶ Real estate tax
- ▶ Land tax

- ▶ Environmental tax
- ▶ Mineral extraction tax
- ▶ Offshore levy
- ▶ Stamp duty
- ▶ Consular fee
- ▶ State duty
- ▶ Patent fees
- ▶ Customs duties and levies
- ▶ Recycling levy
- ▶ Transport tax
- ▶ Levy on placement/dissemination of advertisements

Local taxes and levies include:

- ▶ Tax on dog owners
- ▶ Resort levy
- ▶ Levy on harvesters of wild-growing food
- ▶ State border crossing levy on vehicle owners

Special taxation regimes include:

- ▶ Tax under the simplified taxation system
- ▶ Unified tax on entrepreneurs and other individuals
- ▶ Unified tax for agricultural producers
- ▶ Gaming tax
- ▶ Tax on income from lottery activities
- ▶ Tax on income from the organization of online interactive games
- ▶ Levy on craft businesses
- ▶ Levy on agritourism/ecotourism businesses
- ▶ Tax on professional income

Rates of main taxes

TAX	RATE
Corporate income tax (CIT)	20%
Value added tax (VAT)	20%
Withholding tax (WHT):	
▶ Dividend income	25%
▶ Interest income	10%
▶ Royalty income	15%
Personal income tax (PIT)	13%
Real estate tax (RET)	1%
Compulsory social security contributions:	
▶ Pension insurance contributions (retirement, disability and survivor benefits)	29%*
▶ Social security contributions (temporary disability, maternity, childcare and other benefits)	6%

* This includes 1% payable by the employee but withheld and remitted by the employer.

Tax registration

Upon state registration, legal entities are registered for all taxes levied in Belarus.

Tax audits

Belarusian law prohibits tax authorities from auditing new companies until two years after state registration. After that, companies may face selective field audits scheduled by the tax authorities according to a risk-based approach. This means that audits are specifically targeted at taxpayers deemed, based on the established criteria, to have a high probability of committing tax violations. Unscheduled field audits are also possible in some circumstances.

Regular remote desk audits are performed where tax authorities review tax returns, other documents and information on taxpayers.

Statute of limitations for tax collection

As a rule, taxes and duties/levies cannot be collected from legal entities if no payment demand was presented within five years after the due date.

General anti-avoidance rule

The tax authorities have the right when conducting an audit to adjust the amount payable by the taxpayer if the main purpose of a transaction was to avoid paying tax or to secure a tax refund from the budget. The adjustment of tax payable is based in each individual case on evidence collected and actual information about taxable activities and items. The real substance and actual circumstances of transactions take precedence over the way in which they are formalized in primary accounting and other documents.

CORPORATE INCOME TAX

Taxpayers. Scope of taxation and tax base

The payers of CIT are:

- ▶ Belarusian companies
- ▶ Foreign companies operating in Belarus through a permanent establishment

Belarusian companies pay tax on profit earned both in Belarus and abroad, while foreign companies only pay tax on profit earned through a permanent establishment located in Belarus.

There is no tax consolidation option for groups of companies in Belarus: each group entity is treated as a standalone taxpayer.

TAXPAYER	SCOPE OF TAXATION
Belarusian companies	<ul style="list-style-type: none"> ▶ Gross profit ▶ Dividends and similar income payable by Belarusian companies
Foreign companies operating in Belarus through a permanent establishment	<ul style="list-style-type: none"> ▶ Gross profit earned through a permanent establishment in Belarus

$$\text{GROSS PROFIT} = \text{Profit from sales of goods, services/work and property rights} + \text{Non-operating income} - \text{Non-operating expenses}$$

$$\text{Profit from sales of goods, services/work and property rights} = \text{Revenue from sales of goods, services/work and property rights} - \text{Deductible expenses}$$



If a branch has its own balance sheet and a bank account opened by a Belarusian company and has control over the use of funds in that account, the branch is responsible for assessing and paying the Belarusian company's taxes.

Revenue from sales of goods, services/work and property rights is recognized on an accrual basis (i.e., according to the date on which a supply is recorded rather than the date on which payment is made), subject to special considerations laid down in the law.

Permanent establishment of a foreign company

The following forms of presence in Belarus constitute a permanent establishment of a foreign company:

- ▶ A branch of a foreign company or another fixed place of business through which a foreign company carries on entrepreneurial and other activities in Belarus (other than activities of a preparatory and auxiliary nature)
- ▶ A dependent agent, being a company or an individual, that carries on activities on behalf of or in the interests of a foreign company or has and habitually exercises authority from a foreign company to conclude contracts or negotiate material terms of contracts

The place of delivery of services by a foreign entity in Belarus is deemed to be its permanent establishment if the entity has engaged in this activity for 180 days continuously or in the aggregate in any 12-month period beginning or ending in the respective tax period, including if it delivered its services at different places.

A construction, installation or assembly site is also deemed to constitute a permanent establishment if the site has been in existence in Belarus for more than 180 days in any 12-month period beginning or ending in the relevant tax period.

Foreign companies are required to keep accounting records and prepare financial statements in accordance with Belarusian laws and regulations in respect of activities that give rise to a permanent establishment in Belarus and are taxable on that basis.

Deductible expenses

General provisions

The list of deductible expenses is not exhaustive. All expenses (except for those that are non-deductible for tax purposes or are deductible within prescribed limits) may be fully deducted if they are economically justified and were incurred in connection with the production/sale of goods, services/work or property rights or if they are classed as non-operating expenses.

Expenses may not be recognized as economically justified if any of the following conditions is met:

- ▶ Goods (intangible assets) were not received, services/work were not performed, property rights were not transferred
- ▶ Services/work were performed by an individual entrepreneur who is at the same time an employee of the taxpayer, and the services/work form part of the employment duties of the person concerned
- ▶ Services/work were performed for the taxpayer by a company that is a founder of, or shareholder/member in, the taxpayer or vice versa, and the services/work in question fall within the scope of duties of an employee of the taxpayer
- ▶ Payments are associated with secondment of related party personnel to the company and are made after the company enters into an employment contract with the seconded employee (a civil contract with an individual)

In practice, in audits conducted by the tax authorities, some expenses may be declared non-deductible if the taxpayer fails to produce supporting documents (i.e., a contract, acceptance certificate, invoice, etc.).

Partly deductible expenses

The following expenses are tax-deductible within set limits.

PARTLY DEDUCTIBLE EXPENSES	LIMITS ON DEDUCTION
<ul style="list-style-type: none"> ▶ Business trip expenses ▶ Fuel expenses ▶ Losses due to shortage of or damage to goods and inventory ▶ Expenses for management services provided by individual entrepreneurs or entities that apply special taxation regimes ▶ Expenses relating to controlled debt (see the "Thin capitalization rules" section) 	Limits set for each type of expense
<ul style="list-style-type: none"> ▶ Certain other expenses, such as fees or expenses of members of the board of directors, entertainment expenses, interest on past due payments of principal amounts of loans 	Deductible within an aggregate limit of no more than 1% of sales revenue

Doubtful debt provisions

Doubtful debt provisions are recorded as non-operating expenses but must amount to no more than 5% of revenue from sales of goods, services/work, property rights and other assets, inclusive of VAT, calculated as follows:

AGE	PERCENTAGE OF DEBT INCLUDED IN EXPENSES
> 90 calendar days	100%
45-90 calendar days	50%
< 45 calendar days	0%

Investment deduction

An investment deduction is an amount determined based on the historical cost of fixed assets (including those acquired under leases that contain a purchase option (except for leaseback arrangements)) used in

business operations and the book value of investment in their reconstruction, upgrade, renovation or retrofitting.

A taxpayer may apply the following investment deductions, meaning the immediate deduction for CIT purposes, within two years from the first depreciation and amortization charge, of a part of the historical cost of fixed assets and a part of the book value of investment in their reconstruction, upgrade or renovation:

- ▶ No more than 20% for production buildings and structures
- ▶ No more than 40% for machinery, equipment and vehicles (except for passenger cars other than special purpose vehicles and vehicles used to provide taxi and short-term rental services)

The application of an investment deduction does not affect how fixed assets are depreciated (depreciation is calculated based on historical cost).

Thin capitalization rules

The thin capitalization rules that came into force in 2013 limit the deductibility of certain types of costs where the taxpayer has controlled debt to a foreign or Belarusian founder/shareholder or member. The thin capitalization rules apply if the taxpayer's debt-to-equity ratio (for all controlled debt) at the end of the tax period is at 3:1.

The thin capitalization rules do not apply to banks, insurers or lessors, including property lessors that receive more than 50% of their total revenue from leasing activity.

The thin capitalization rules apply to the following types of controlled debt:

- ▶ Loans payable (excluding commercial loans)
- ▶ Amounts payable for engineering, marketing, consulting, management and intermediary services, information services and personnel recruitment and supply services, and consideration for the transfer of industrial property rights
- ▶ Fines, penalty interest and other sanctions, including damages for contractual breaches
- ▶ Liabilities arising from the performance of a guarantee obligation to repay the above debt

DEBT OBLIGATIONS CLASSED AS CONTROLLED DEBT

Debt due to a founder/shareholder or member whose direct or indirect equity interest in the taxpayer is 20% or more as at the end of the tax period

Debt due to a related party of the founder/shareholder or member provided that party is still related on the last day of the respective tax period

$$\text{Maximum amount of deductible expense/interest} = \frac{\text{Total of all items of controlled debt in the tax period}}{\text{Capitalization ratio}}$$

Where the capitalization ratio is:

$$\text{Capitalization ratio} = \frac{\text{Controlled debt in the tax period (total amount due to all persons)}}{\text{Equity at the end of the tax period}} \div 3$$



Tax benefits

The corporate income tax exemption applies to:

- ▶ Profit (not exceeding 10% of gross profit) donated to (i) companies for the construction or reconstruction of sports facilities, (ii) government-funded health care, educational, cultural and sports organizations, (iii) religious organizations, (iv) social services providers and (v) certain public associations
- ▶ Profit (subject to restrictions applied to types of activity) received by companies that employ disabled persons, if the average proportion of disabled employees is at least 30% of the headcount, and total compensation payable to disabled employees makes up at least 20% of the total payroll costs for that period
- ▶ Income from transactions involving bonds issued by Belarusian companies either between 1 April 2008 and 1 January 2015 or since 1 July 2015, and income from transactions involving state securities issued by the Ministry of Finance and bonds issued by the NBRB

Taxpayers have discretion to decide whether to use any tax benefits they are legitimately entitled to. They are not required to submit any supporting documents to the tax authorities if they decide to apply them (unless such documents are required during a tax audit).

CIT rates

RATE	TAXPAYER
20%	All companies (this is the standard tax rate)
25%	All companies whose CIT base for the reporting period exceeds BYN 25 million calculated as a cumulative total since the beginning of the fiscal period
12%	Belarusian companies when paying dividends (applicable to the amount of dividends paid)
25%	Banks, insurers and forex companies
30%	Mobile operators and commercial microfinance institutions

Dividends

Dividends received by Belarusian companies from residents or non-residents are subject to CIT at 12%.

Dividends distributed by Belarusian companies are taxed at source. Tax on income from dividends is withheld and paid by the companies that distribute them.

Dividends paid by a foreign company may be taxed in the foreign jurisdiction. The amount of tax withheld in a foreign jurisdiction may be offset against CIT due in Belarus (see the “Offset of taxes paid in foreign jurisdictions” section).

Tax on income from dividends distributed by Belarusian companies is assessed in each month in which dividends are distributed and must be paid no later than the 22nd of the following month.

Capital gains and losses

Gains derived from the sale of fixed and intangible assets are determined as revenue from the sale less taxes, net book value (in the case of depreciable assets) or acquisition cost (in the case of non-depreciable assets, such as construction in progress and land parcels), and selling costs.

Losses on sales of fixed and intangible assets reduce the tax base for CIT.

Gains derived from sales of securities (except in cases indicated in the “Tax benefits” section) are taxed at the standard rate.

Tax filing and payment

The tax period for CIT is a calendar year. The reporting period for CIT is a calendar quarter. The reporting period for CIT on dividends distributed by Belarusian companies is a calendar month. The amount of CIT for a reporting period is calculated on a cumulative basis from the beginning of the tax period.

Deadlines for filing a return and paying tax

Tax returns (except for returns for tax on dividend income) must be filed even when there is no taxable income or assets.

QUARTER	I	II	III	IV
Filing deadline (no later than)	20 April	20 July	20 October	20 March of the following year
Payment deadline (no later than)	22 April	22 July	22 October	22 December* and 22 March of the following year**

* Two-thirds of the amount of tax determined for Q3.

** Subsequent adjustment of tax for Q4 and payment of outstanding amount or refund of overpayment.

Tax accounting

Tax accounting is based on financial accounting with appropriate adjustments. The tax accounting process must be set out in the taxpayer's accounting policy.

Deferred tax assets and liabilities arise when amounts of income (expenses) are the same for both financial and tax accounting purposes, but they are recognized in different reporting periods. Deferred tax assets and liabilities must be recorded in statutory accounts in accordance with the Ministry of Finance's guidelines.

Deferred tax assets and liabilities typically arise when the taxpayer:

- ▶ Carries losses forward (see the "Loss carry forward" section)
- ▶ Receives gratuitous aid

Deferred tax assets and liabilities are recognized in the reporting period in which the temporary differences arise.

Loss carry forward

Loss carry forward is a mechanism that allows companies that have incurred a loss in a tax period to carry it forward entirely or partially to future tax periods, reducing the tax base in the future tax periods by all or part of the amount of the loss.

Losses may be carried forward for 10 years, starting with losses incurred in 2011, and for five years in the case of losses incurred in 2022 onwards.

The carry forward mechanism does not apply to losses incurred:

- ▶ As a result of activities outside Belarus in which the Belarusian company engaged as a foreign tax resident, or
- ▶ In a tax period (tax periods or part of a tax period) in which the Belarusian company was entitled to CIT exemption for more than one tax period

Losses are carried forward by type of transaction against corresponding items of income:

- ▶ Group 1 — transactions involving financial instruments and securities, including derivatives
- ▶ Group 2 — disposals of fixed assets, construction in progress, uninstalled equipment or an enterprise as a portfolio of assets

Remaining losses are then carried forward regardless of the transaction or activity that gave rise to them.

To apply loss carry forwards, a company must maintain separate accounting records and keep documents confirming amounts of losses incurred.

Offset of taxes paid in foreign jurisdictions

Belarusian companies are also subject to Belarusian CIT on profits from activities in foreign jurisdictions in which they engage as foreign tax residents. To avoid double taxation, tax paid by a Belarusian company abroad may be offset against tax due in Belarus. The offset amount may not exceed the amount of tax payable in Belarus.

Belarusian companies that pay tax abroad are required to submit to the Belarusian tax authorities a certificate issued by the tax authorities in the foreign jurisdiction confirming the amount of tax paid there.

They may also be required to submit other supporting documents prescribed by the tax or other competent authorities in the foreign jurisdiction as proof that they have paid tax in that jurisdiction.



TRANSFER PRICING

Transfer pricing rules have been in force in Belarus since 2012 and apply to the income tax base.

Transactions are considered at arm's length for tax purposes with no subsequent adjustments required to the CIT base if their prices are within the market range.

Controlled transactions

Transactions with related parties and those deemed to be related parties are subject to transfer pricing control if the amount of sale/purchase transactions with a party during a year exceeds the threshold set by law.

Banking transactions are included in controlled transactions starting 1 January 2019.

Transactions that involve granting/obtaining loans are also included in controlled transactions starting 1 January 2022. The transaction price for transactions involving granting/obtaining loans is the amount of the loan.

Transfer pricing methods

The following methods are used to determine whether transaction prices are at arm's length:

- ▶ Comparable uncontrolled price method
- ▶ Resale price method
- ▶ Cost plus method
- ▶ Comparable profits method
- ▶ Profit split method

Notification of controlled transactions

Taxpayers must notify the tax authorities of all transactions made in a tax period on a monthly basis by providing relevant details in electronic VAT invoices (irrespective of the value of the transactions).

Transfer pricing documentation

Taxpayers must submit transfer pricing documentation and support the arm's length nature of their transactions if requested by the tax authorities.

TRANSACTION TYPE	ANNUAL THRESHOLD VALUES (EXCLUDING VAT AND EXCISE TAX) FOR TRANSACTIONS WITH THE SAME PARTY TO BE CONSIDERED CONTROLLED, BYN		
	For large taxpayers	For other taxpayers	
Foreign trade transactions	▶ with related parties	2,000,000	400,000
	▶ involving the sale or purchase of strategic goods*	2,000,000	
	▶ with residents of offshore jurisdictions	400,000	
Transactions with Belarusian residents – legal entities	▶ with related parties that do not assess or pay CIT/are exempt from CIT	2,000,000	400,000
Transactions involving immovable property or housing bonds	▶ with related parties	No threshold	
	▶ with taxpayers that apply special tax regimes	No threshold	
Transactions involving shares, units, equity interests in companies	▶ with related parties	400,000	
	▶ with taxpayers that apply special tax regimes	400,000	
Loan transactions			

* The list of strategic goods is approved by Council of Ministers Resolution No. 470 of 16 June 2016. The list includes crude oil and petroleum products, petroleum gases and other gaseous hydrocarbons, timber, potassium chloride, iron and non-alloy steel bars, etc.

TYPE OF TRANSFER PRICING DOCUMENTATION	TRANSACTIONS SUBJECT TO DOCUMENTATION REQUIREMENTS	FILING DEADLINE	WHEN DOCUMENTATION MAY BE REQUESTED	EXEMPTION FROM DOCUMENTATION REQUIREMENT
Comprehensive TP documentation*	<ul style="list-style-type: none"> ▶ Foreign trade transactions of large taxpayers ▶ Foreign trade transactions involving strategic goods 	<p>To be filed only if requested by the tax authorities:</p> <ul style="list-style-type: none"> ▶ Within 10 working days if requested in the course of a desk audit ▶ Within the time limit specified in the request, which must be not less than 2 working days, if requested in the course of a field audit 	<p>May be requested not earlier than 1 August of the year following the reporting year</p>	<p>No documentation requirement for:</p> <ul style="list-style-type: none"> ▶ Transactions for which an advance pricing agreement has been concluded ▶ Transactions yielding income that is exempt from corporate income tax; transactions made on an exchange, except for transactions with related parties and residents of offshore jurisdictions
Simplified TP documentation (economic justification)	<ul style="list-style-type: none"> ▶ All other types of controlled transactions 	<p>May be requested after the end of the reporting year</p>	<p>May be requested after the end of the reporting year</p>	<ul style="list-style-type: none"> ▶ Transactions with a related party which cannot be grouped into a group of homogeneous transactions and the total amount of which with one counterparty within one calendar year is no more than 10% of the established thresholds ▶ Transactions in securities in the organized securities market

* The TP documentation or economic justification must be prepared in special formats prescribed by Resolution No. 2 of the Belarusian Ministry of Taxes and Levies of 3 January 2019.

Advance Pricing Agreement with the Ministry of Taxes and Levies

Starting 1 January 2019, taxpayers may enter into advance pricing agreements (APAs) with the Ministry of Taxes and Levies* in relation to certain controlled transactions.

APAs free taxpayers from the need to prepare transfer pricing documentation, enable taxpayers and the tax authorities to agree in advance on the approach to determining arm's length prices and help minimize tax risks associated with compliance with transfer pricing requirements in relation to transactions covered by the agreement.

Purpose of the agreement	Agreeing on pricing principles for tax purposes and/or applicable methods for determining arm's length prices
Eligibility	Large taxpayers and taxpayers that have concluded controlled transactions totaling more than BYN 2 million in the course of a year
Agreement term	Up to 3 calendar years with an option to extend by up to 2 years
Documentation processing times	The Ministry of Taxes and Levies has 3 months to process documents submitted by taxpayers (application, draft agreement, etc.). This period may be extended to 6 months if the Ministry needs to obtain additional information from a foreign country
Fee	State duty for the consideration of a pricing agreement application is set at 500 base units (~ USD 6,000)
Advantages	Exemption from transfer pricing documentation requirements and lower risk of additional CIT liabilities

* An advance pricing agreement is an agreement between a taxpayer and the Ministry of Taxes and Levies setting out pricing principles for taxation purposes and/or establishing methods to be applied in determining arm's length prices in relation to a particular transaction or group of similar transactions contemplated by the taxpayer.



WITHHOLDING TAX

Taxpayers

This tax is payable by foreign companies, including unincorporated entities, that do not have a permanent establishment in Belarus but receive income from Belarusian sources.

Scope of taxation

The following Belarusian-source income is taxable:

- ▶ Dividends
- ▶ Income from debt obligations of any kind, including loans and securities that generate interest (discount) income
- ▶ Royalties
- ▶ Income from the sale of immovable property situated in Belarus, the sale of an enterprise as a portfolio of assets and the sale of securities and equity interests (units or shares) in Belarusian companies
- ▶ Income from consulting, accounting, audit, marketing, legal, engineering, intermediary, management, advertising or educational services and from services involving the recruitment and supply of personnel for activities in Belarus
- ▶ Income from services involving the installation, set-up, inspection, maintenance, measurement or testing of lines, mechanisms, equipment, instruments, appliances, structures and intangible assets in Belarus
- ▶ Income from performance of work or provision of services of any type to a related party in Belarus
- ▶ Income from fines, penalty interest or other sanctions for contractual breaches
- ▶ Other income from sources in Belarus covered by the exhaustive list prescribed by law

Tax base

The tax base is usually determined as total income. In some cases, the tax base is calculated as income minus relevant documented expenses (for example, in the case of the sale of immovable property or equity interests in Belarusian companies).

Tax agents

Withholding tax (WHT) is calculated, withheld and paid by legal entities and individual entrepreneurs that pay income to foreign companies. Individuals may also be considered tax agents under certain circumstances.

Foreign companies may be required to file tax returns and pay tax in Belarus if other foreign companies receive the following types of income from them:

- ▶ Income from selling immovable property situated in Belarus
- ▶ Income from the sale of shares and equity interests in Belarusian companies
- ▶ Income from the rental, leasing or licensing for use of property situated in Belarus
- ▶ Income from the use or transfer of the right to the use in Belarus of literary, artistic or scientific works, computer software and other works covered by copyright or related rights
- ▶ Income from the sale/redemption of securities in Belarus

Tax rates

Statutory WHT rates for different types of income are provided below. Double tax treaties signed by Belarus may provide more favorable tax treatment (see *the Appendix*).

TYPE OF INCOME	RATE
Income from loans granted to Belarus, the Government or Belarusian residents against government guarantees; income on Belarusian state securities and income from the sale or redemption thereof, and certain other types of income	0%
Transport, freight, demurrage or other charges paid for shipments, including international shipments, as well as charges for forwarding services	6%
Income from debt obligations of any kind, including interest on loans	10%
Income from the disposal of shares/equity interests in Belarusian companies	15%
Royalties and all other taxable income (except for dividends) from sources in Belarus, including income from services	15%
Dividends	25%

Liability date for WHT

Withholding tax liability arises on the earliest of the dates of the recognition in the tax agent's accounts of:

- ▶ The performance of work/rendering of services, the acquisition of immovable property and shares/equity interests or liability for fines, penalty interest or other sanctions for contractual breaches
- ▶ Obligations to pay income in the form of dividends, income from debt obligations, royalties or income from the sale/redemption of securities (except for shares) or from commission sales
- ▶ The payment of income

The liability date for withholding tax on income from loans is, at the tax agent's choice, either the date of recognition of the obligation to pay the income or the date of recognition of the actual payment of income.

Double tax treaties

To claim relief under a double tax treaty, a non-resident must obtain confirmation that it is a resident of a foreign jurisdiction with which Belarus has an effective treaty (a tax residency certificate).

That confirmation may be provided as an extract from certain international guides or as a standard statement in the form prescribed in the foreign jurisdiction, or in the form prescribed by the Belarusian Ministry of Taxes and Levies or agreed upon with the competent authorities of the foreign jurisdiction, or in any convenient form.

In the latter case, the confirmation must contain the following information:

- ▶ Date of issue (or period of validity)
- ▶ Full name and registered address of the foreign company



- ▶ Confirmation that the foreign company was/is a tax resident of the respective jurisdiction in the period concerned for the purposes of the application of the relevant double tax treaty between Belarus and that jurisdiction

The confirmation may be submitted to the tax authorities either directly or through the tax agent. If the confirmation is not provided, the tax agent must withhold and pay tax at the rates set by the Belarusian Tax Code without applying any exemptions. However, excess payments of withholding tax may be refunded if the foreign company submits the necessary documents.

Beneficial owner of income

Where relief under a double tax treaty is conditional on beneficial ownership of income received from a Belarusian source, a foreign company is required to submit a tax residency certificate and a confirmation that it is the beneficial owner of income.

The confirmation of beneficial ownership status is submitted using the form approved by the Ministry of Taxes and Levies and is deemed valid during the calendar year when it is submitted. The confirmation is not required if the withholding tax not reported in the tax return due to the relief applied does not exceed a total of BYN 40 thousand for the calendar year.

In addition to the confirmation, a foreign company may also be requested to provide other supporting documents. A foreign company is considered the beneficial owner of Belarusian-source income for tax relief purposes if it:

- ▶ Carries out entrepreneurial activity in the jurisdiction of registration
- ▶ Is the actual beneficiary of the income
- ▶ Is free to use the income at its own discretion
- ▶ Is not an entity engaged primarily in financial and/or investment activity performed directly by members of management bodies without hiring other individuals who possess the necessary qualification

Beneficial ownership criteria include the functions a foreign company performs to receive the income concerned, the powers it has and the risks it assumes.

Tax filing and payment

The tax period is the quarter in which the tax liability date falls.

Tax returns must be filed by tax agents no later than the 20th of the month following the tax period. Tax must be paid no later than the 22nd of the month following the tax period.



VALUE ADDED TAX

Taxpayers

VAT payers in Belarus include Belarusian and foreign companies.

Tax registration

There is no separate tax registration for VAT purposes except for foreign companies that provide electronic services to individuals in Belarus or engage in electronic distance sale of goods (see *below*).

Scope of taxation

VAT is payable on:

- ▶ Sales of goods, services/work and property rights in Belarus, including exchange, donation, sales of goods by a company to its own employees, the rental/leasing of assets and the transfer of intellectual property rights
- ▶ The importation of goods into Belarus

Tax base

SCOPE OF TAXATION	TAX BASE
Sale of goods, services/work or property rights	The base is determined based on prices/tariffs and (in the case of excisable goods) excise tax, net of VAT
Importation of goods from non-EAEU countries	The tax base includes the customs value of the goods, customs duty and (in the case of excisable goods) excise tax
Importation of goods from EAEU countries	The tax base is determined as the cost of the goods (i.e., the price payable to the supplier) and (in the case of excisable goods) excise tax

Sale of goods, services/work or property rights means transfer by one person to another for consideration or free of charge, irrespective of how rights to goods, deliverables or property rights are acquired or the form of the transaction.

Exempt items

VAT-exempt items include:

- ▶ Insurance services and banking transactions
- ▶ Rights to inventions, utility models, design solutions, selective breeding results, integrated circuit topographies and trade secrets (know-how)
- ▶ Goods and services/work produced by companies in which disabled employees account for at least 30% of the headcount, and total compensation accrued to disabled employees for the previous quarter makes up at least 20% of total payroll costs for that quarter
- ▶ Medical and veterinary services
- ▶ Work/services performed/provided by foreign entities or individual entrepreneurs for Belarusian entities or individual entrepreneurs to certify the compliance of processes, products and other items with the requirements of regulations of Belarus in the area of technical standardization or requirements established by legislation of a foreign state or international standards
- ▶ Services provided by foreign entities or individual entrepreneurs to Belarusian entities or individual entrepreneurs to arrange for their participation in conferences, forums, summits, symposiums and congresses held remotely, whether involving training or not

The following items are exempt from VAT when imported into Belarus:

- ▶ Goods received as foreign aid or international technical assistance according to the rules prescribed by legislation
- ▶ Equipment, devices, materials and components for R&D purposes which are imported by Belarusian residents according to the rules prescribed by legislation

Place of supply

Belarus is considered the place of supply of goods if:

- ▶ The goods are in Belarus and are not dispatched or transported to the buyer
- ▶ The goods are in Belarus at the beginning of dispatch or transportation to the buyer
- ▶ The goods are in Belarus at the end of transportation (irrespective of transportation mode) in the case of an electronic distance sale to a Belarusian buyer

Belarus is considered the place of supply of services/work or property rights if:

- ▶ The services/work are directly related to immovable property (including construction in progress) situated in Belarus (except for aircraft, marine and inland vessels and spacecraft). This rule also applies to the following:
 - Rental and leasing of immovable property, other types of transfer of rights to property
 - Services provided by experts and agents to appraise immovable property and manage immovable property, except for investment immovable property, as well as engineering, design, designer and technical supervision and surveying services directly related to such immovable property
 - Services to mediate immovable property sale or lease transactions as well as the transfer of property rights to immovable property, except for intermediary services to book space for temporary residence, if the intermediary acts on behalf and in the interests of another person
 - Legal services relating to the transfer (official registration) of title to immovable property, property registration, the confirmation and transfer of property rights to immovable property

- ▶ The services/work are related to movable property situated in Belarus, with the exception of the rental and leasing of movable property, including vehicles
- ▶ The services are actually provided in Belarus in the areas of culture, art, education (excluding remote services), sports, tourism, entertainment and leisure (excluding remote services), and arrangement or holding of fairs and exhibitions in Belarus
- ▶ The buyer of services/work or intellectual property rights operates in Belarus and/or is a Belarusian resident

The latter rule applies to intellectual property rights; audit, consulting, marketing, legal, accounting, engineering services (other than engineering services directly related to immovable property),

advertising and design services; information collection and processing services; remote leisure/entertainment services; services involving the rental/leasing of movable property, excluding vehicles; HR services involving the supply and recruitment of personnel to work at the buyer's place of business; database development and access support; software development, modification, testing and technical support; search for, and/or provision of, consumer data; electronic services; and certain other services.

In all other cases, Belarus is considered the place of supply of services/work or property rights (other than intellectual property rights) if the seller operates and/or is situated in Belarus.

Tax rates

The standard VAT rate applied to most goods, services/works and property rights sold in Belarus and imported goods is set at 20%. Other VAT rates are provided in the table below.

TAXABLE ACTIVITY	RATE
Export of goods and sale of self-produced goods to an owner of a duty-free shop	
Export of transportation services	0%
Export of toll manufacturing services	
Sale of Belarusian-made agricultural produce, and import and/or sale of agricultural produce made in other EAEU countries	
Import and/or sale of food products and children's goods on the list stipulated in the Tax Code	10%
Import and/or sale of medicines and medical supplies on the territory of the Republic of Belarus	
Sale of telecommunication services	25%

VAT calculation and deductions

VAT is assessed on all transactions involving the sale of goods, services/work or property rights for which the time of supply falls in the relevant reporting period. The amount of VAT payable is determined as the tax base multiplied by the tax rate. The total amount payable may be reduced by deductible VAT amounts.

Deductible VAT amounts include:

- ▶ VAT charged by sellers that are Belarusian tax residents and taxpayers on purchases of goods, services/work and property rights in Belarus
- ▶ VAT paid on imports of goods into Belarus
- ▶ VAT paid on purchases of goods, services/work and property rights in Belarus from foreign companies and foreign individual entrepreneurs that are not registered with the Belarusian tax authorities

The following VAT amounts are not deductible:

- ▶ VAT taken to expenses for CIT purposes, since such amounts relate to VAT-exempt transactions
- ▶ VAT included in the cost of goods, services/work and property rights
- ▶ VAT not recognized in accounts or a purchase ledger (if the taxpayer keeps such a ledger)
- ▶ VAT on goods in the event of their damage or loss, excluding force majeure situations
- ▶ VAT charged on purchases or paid on imports of goods, services/work and property rights, expenses for which have been regarded as economically unjustified
- ▶ Certain other cases

As a rule, the deduction of VAT is limited to the amount assessed on sales. In certain cases, as prescribed by legislation, VAT is fully deductible irrespective of tax assessed on sales.

VAT on purchases from foreign companies or individual entrepreneurs

Where goods, services/work or property rights are supplied in Belarus by foreign companies that are not tax-registered in Belarus due to the existence of a permanent establishment or branch, as well as by foreign individual entrepreneurs that are not registered with the Belarusian tax authorities, VAT must be assessed and paid by the Belarusian companies and individual entrepreneurs that purchase the goods, services/work or property rights.

VAT paid by Belarusian companies and individual entrepreneurs in Belarus (if they are VAT payers) may be re-claimed in the normal manner.

Electronic VAT invoices

An electronic VAT invoice is an electronic document that must be submitted by all VAT payers and serves as a basis for applying VAT deductions. Electronic VAT invoices are created, issued, received, signed and stored via the Electronic VAT Invoice Portal maintained by the Belarusian Ministry of Taxes and Levies. Electronic VAT invoices are signed by taxpayers with a digital signature.

Electronic invoices provide information to the tax authorities on assessed and deductible amounts of VAT. Taxpayers are required to issue an electronic VAT invoice for each transaction involving the sale of goods, services/work or property rights and either send the invoice to the purchaser or, in certain cases, upload it to the Portal.

As a rule, electronic VAT invoices must be issued no later than the 10th of the month following the month in which the goods, services/work or property rights were supplied.

Tax filing and payment

The tax period for VAT is a calendar year. VAT payers must submit VAT returns monthly or quarterly (at their choice) on a cumulative basis no later than the 20th of the month following the reporting period.

VAT must be paid no later than the 22nd of the month following the reporting period.

Time of supply

The time of supply of goods, services/work or property rights is usually determined as the day of the reporting period on which they were shipped/performed/transferred, irrespective of when payment was made for them.

Goods	<p>The day of the shipment of goods is:</p> <ul style="list-style-type: none"> ▶ The day on which they are released to the buyer (recipient or carrier), unless the seller delivers/ transports the goods or pays the cost of delivering/transporting them ▶ The day determined in accordance with the taxpayer's accounting policies, but not later than the date on which transportation begins, in other cases
Services/work	<p>For a service that can be consumed during the course of provision, the date of supply is:</p> <ul style="list-style-type: none"> ▶ The service completion date (if the service period starts and ends in the same calendar month) ▶ The last day of each calendar month during the provision of the service or the service completion date (if the service period exceeds one calendar month) <p>For (a stage of) work or (a stage of) a service that cannot be consumed before the completion of that (stage of) work or (stage of) service, the date of supply is:</p> <ul style="list-style-type: none"> ▶ The date of completion of the (stage of) work or (stage of) the service specified in the primary accounting document (PAD) (if the date is specified) ▶ The last day of performance of the (stage of) work or provision of the (stage of) service specified in the PAD (if the period is specified) ▶ In other circumstances not covered above, the earliest date specified in the PAD (apart from the date of the agreement (other instrument) and the date of payment) <p>There are special rules for construction work, leasing and certain other types of services.</p>
Property rights	<p>The date of transfer of property rights is, at the taxpayer's choice:</p> <ul style="list-style-type: none"> ▶ The last calendar day of each month in which the property right is transferred, or, if the transfer of property rights is completed before the end of the month, the last day of transfer ▶ The day of the transfer of the property rights as stated in a PAD <p>There are special rules for factoring.</p>

Imports from non-EAEU countries

VAT on goods imported to Belarus from non-EAEU countries is charged by the customs authorities. The procedure and time limits for payment are laid down in customs law.

Imports from other EAEU countries

In trade between EAEU member countries, VAT is levied according to the destination principle, whereby exports are zero VAT rated while imports are taxed at standard rates. This means that Belarusian companies export goods to other EAEU member countries free of VAT (provided that they submit documentary evidence that the goods have been removed from Belarus) and pay VAT on imports from other EAEU countries. In this case, VAT is charged by the tax authorities and must be paid no later than the 20th of the month following the accounting recognition of the imported goods.

VAT on work and services is collected in the EAEU member country that is considered the place of supply under EAEU law. The tax base, VAT rates, relief and collection procedures are determined in accordance with local law.

VAT on electronic services provided by foreign companies

Foreign companies that provide electronic services to individuals (including individual entrepreneurs) in Belarus or act as intermediaries and receive payments directly from such individuals for electronic services provided to them are required to register as tax residents in Belarus, pay VAT at 20% and file quarterly VAT returns.

A foreign company becomes obliged to register with the tax authority when the sales of its electronic services to individuals in Belarus in the current calendar year exceed the equivalent of EUR 10,000 (excluding VAT).

Electronic services are services provided using information technologies via the Internet. They include:

- ▶ The online transfer of rights to use software for electronic devices of all types, databases, e-books, visual images and musical and audio-visual works
- ▶ Online advertising and marketing services
- ▶ Access to Internet search engines
- ▶ Online gaming

TV and audio broadcasting and other telecommunication services are treated as electronic services for VAT purposes.

Individuals are deemed to acquire electronic services in Belarus if one of the following conditions is met:

- ▶ Belarus is where the individuals are actually located
- ▶ Belarus is where the bank or electronic money operator through which payment is made for services is actually located
- ▶ The IP address of the device used to buy the services is a Belarusian address
- ▶ The country code of the telephone number used to buy the services is the code for Belarus

VAT on electronic distance sales of goods by foreign entities

Electronic distance sales are the sale of goods to buyers in Belarus in which all of the following conditions are met:

- ▶ A buyer orders goods using electronic trading platform services
- ▶ Payment and delivery terms are published/offered on an electronic trading platform

Foreign entities must register with the Belarusian tax authorities to engage in electronic distance sales and pay VAT at a rate of 20% or 10% (depending on the goods category) and file quarterly VAT returns.

The requirement applies to foreign entities engaged in electronic distance sales of goods or mediating transactions involving individual buyers in Belarus if the place of delivery of the goods is situated in Belarus.

A foreign company becomes obliged to register with the tax authority when its electronic distance sales of goods to buyers in Belarus in the current calendar year exceed the equivalent of EUR 10,000 (excluding VAT).

REAL ESTATE TAX

Taxpayers

Companies may be liable to pay real estate tax.

Scope of taxation

RET is charged on:

- ▶ Buildings, structures or parts thereof that are owned by the taxpayer or are under the taxpayer's economic or operational management
- ▶ Buildings, structures or parts thereof that are situated in Belarus and were leased from a
 - ▶ Belarusian company under a finance lease if the lessor no longer records the facilities on its balance sheet
 - ▶ Buildings, structures or parts thereof that are situated in Belarus and were rented or leased under lease agreements or other arrangements, for consideration or free of charge, from foreign companies that have no permanent establishment in Belarus, or from individuals
 - ▶ Buildings, structures or parts thereof in some other cases

Tax base

The tax base is determined by taxpayers based on whether they had buildings, structures or parts thereof as of 1 January.

SCOPE OF TAXATION	TAX BASE
Buildings, structures or parts thereof recognized in accounts as fixed assets or income-bearing investments in tangible assets	Net book value
Buildings, structures or parts thereof that are situated in Belarus and were rented or leased by entities under lease agreements or other arrangements, for consideration or free of charge, from individuals, foreign companies that have no permanent establishment in Belarus	Contractual value, but not less than the value determined based on: <ul style="list-style-type: none"> ▶ Their value stated in the independent appraisal report on the market value as of 1 January of the year for which RET is calculated ▶ Estimated value
Other buildings, structures or parts thereof	Book value

Tax relief

The following are exempt from RET:

- ▶ Buildings and structures designated as heritage assets included in the state list of heritage assets of the Republic of Belarus set by the Culture Ministry
- ▶ Buildings and structures that are used or designated for use by organizations for agricultural production
- ▶ Buildings and structures designated for environmental protection and enhancement purposes according to an approved list
- ▶ Newly commissioned buildings, structures and parts thereof for one year after their commissioning date
- ▶ Buildings and structures of scientific institutions and hi-tech parks
- ▶ Other assets specified by law

Tax rates

The rate of RET for companies is 1%.

A rate of 0.1 % applies to buildings and structures or parts thereof that are:

- ▶ Occupied by garage co-operatives and co-operatives involved in running car parks, horticultural partnerships, housing and construction

or other consumer co-operatives established to manage residential accommodation, to the extent attributable to their member individuals

- ▶ Used to support the commercial operations of republican unitary mailing company Belpochta
- ▶ Mothballed in accordance with the procedure prescribed by the Council of Ministers

Buildings, structures or parts thereof completed after 1 January 2019 are exempt from RET in the first year after their commissioning date; in the second, third, fourth and fifth year, entities are entitled to reduced rates of 0.2%, 0.4%, 0.6% and 0.8%, respectively.

Local government bodies (regional councils and the Minsk city council) may no more than double RET rates and cut them by no more than half for certain taxpayer categories.

Tax filing and payment

The tax period is the calendar year.

RET returns must be submitted to the tax authorities no later than 20 March of the reporting year.

Companies may opt to pay the entire amount for the year by 22 March of the reporting year or pay quarterly installments no later than the 22nd of the third month of each quarter.



OTHER TAXES

Land tax

Legal entities that possess land under a permanent or temporary right of use or under private ownership, or are unauthorized occupiers, are liable to pay land tax.

The tax base for land tax is determined based on the cadastral value, area and designated use of the land parcel.

Local government bodies (regional councils and the Minsk city council) may no more than double land tax rates and cut them by no more than half for certain taxpayer categories. The tax period for land tax is a calendar year.

A tax return for land tax for the reporting period must be filed no later than 20 February of the year following the reporting period, as follows:

- ▶ The tax authorities send a pre-filled land tax return for the reporting period based on available data to companies, except for certain categories of companies, such as those undergoing liquidation, via the portal of the Ministry of Taxes and Levies, no later than 30 January of the year following the reporting period
- ▶ Companies make amendments, where necessary, to the pre-filled tax return they have received from the tax authorities, sign the tax return with an electronic signature and file it with the tax authorities, no later than 20 February of the year following the reporting period

In addition, companies must file with their local tax authorities notifications of land parcels in prescribed formats in the form of an electronic document, subject to the procedure set by the Ministry of Taxes and Levies, no later than 1 December of the current tax period.

To pay land tax, companies, except for certain categories, such as government-funded organizations, make advance tax payments amounting to one

quarter of the land tax calculated for the previous tax period, no later than 22 May, 22 August and 22 November of the current tax period. The difference between the amount of land tax due for the previous tax period and the advance tax payments made for that period is payable no later than 22 February of the year following the previous period.

There are special provisions for 2025 that apply to advance tax payments. Advance tax payments are payable in 2025 in the amount of one quarter of the land tax calculated for 2024, adjusted using the projected consumer price indices for 2025, no later than 22 February, 22 May, 22 August and 22 November of 2025.

Environmental tax

Companies may be liable to pay environmental tax, the tax base for which is determined as the actual volume/weight of:

- ▶ Emissions of air pollutants and/or total pollutant concentrations specified in air pollution permits or integrated pollution permits
- ▶ Wastewater discharge into the environment
- ▶ Industrial waste to be stored, buried or landfilled at disposal sites
- ▶ Crude oil and/or petroleum products conveyed in transit through the Republic of Belarus by trunk pipelines

The Tax Code sets different rates of environmental tax for each type of pollutant. In certain cases, reduction factors are applied to the environmental tax rates.

The tax period for the environmental tax is one calendar quarter. Tax returns must be submitted no later than the 20th of the month following the end of a quarter. Tax must normally be paid by the 22nd of the month following the end of a quarter.

Offshore levy

Belarusian companies are liable to pay the offshore levy on the following:

- ▶ The transfer of funds to a person registered in an offshore jurisdiction, or to another person in connection with an obligation to a resident of an offshore jurisdiction, or to an account held in an offshore jurisdiction
- ▶ The fulfillment of non-cash obligations to offshore residents, except for fulfillment by offshore residents of counter-obligations by transferring cash to the taxpayer's account
- ▶ The transfer of property rights and/or obligations in connection with the substitution of the parties in an obligation where the parties are the levy payer and an offshore entity

The list of offshore jurisdictions includes the British Virgin Islands, Gibraltar, Liechtenstein, the US state of Delaware, and others.

The levy is payable at a fixed rate of 15%. The tax period is a calendar month.

The offshore levy must be paid either before money is transferred or no later than the day after the fulfillment of a non-cash obligation or the substitution of parties to an obligation takes place. Tax returns must be filed no later than the 20th of the month following the reporting month.

The Tax Code establishes certain kinds of offshore levy relief. For example, it is not charged on loan repayments or interest charges paid by Belarusian entities to offshore residents.

Excise tax

Companies may be subject to excise tax on various transactions involving excisable goods, such as alcoholic products, tobacco products, motor fuel, etc.

Excise tax is payable on:

- ▶ Excisable goods, excluding crude oil, produced and sold by taxpayers in Belarus
- ▶ Excisable goods imported into Belarus, excluding crude oil
- ▶ Excisable goods imported into Belarus when they are sold
- ▶ Gas sold in Belarus as a motor fuel
- ▶ Certain excisable goods used/sold/transferred other than for their designated purpose
- ▶ Crude oil produced in Belarus and received/recognized by a taxpayer that meets the criteria set by the Tax Code
- ▶ Crude oil imported into Belarus from Russia and received/recognized by a taxpayer that meets the criteria set by the Tax Code

The Tax Code sets excise tax rates as a fixed amount per unit in which excisable goods measurement data is shown (specific rates) or as a percentage of their value (ad valorem rates).

The tax period for excise tax is a calendar month. As a rule, tax returns are filed no later than the 20th of the month following the reporting month and tax is paid no later than the 22nd of the month following the reporting month. Tax returns for excise tax on crude oil must be filed no later than the 5th of the second month following the reporting month and excise tax on crude oil must be paid no later than the 5th of the second month following the reporting month.

Special filing and payment deadlines are prescribed for excisable imports.

Transport tax

Companies may be subject to transport tax.

Transport tax is charged on vehicles:

- ▶ Registered with the State Directorate for Traffic Safety of the Ministry of Internal Affairs

- ▶ Owned by companies as a result of purchase under finance lease (sublease) agreements concluded before 21 January 2019, but not registered in the name of their owners with the State Directorate for Traffic Safety

The tax period for transport tax is a calendar year.

Transport tax is calculated based on the number of vehicles and the tax rate.

Transport tax rates are established by the Tax Code depending on the gross vehicle weight, or the number of seats, or per vehicle.

Luxury vehicles included on the Council of Ministers list stating their age from the year of manufacture are subject to transport tax (including advance payments) at 10 times the standard rate.

Vehicles held under finance leases (subleases) entered into before 21 January 2019 and not re-registered to the new owner with the traffic police when the purchase is completed are subject to transport tax (including advance payments) at 2 times the standard rate.

Tax returns must be filed no later than 20 February of the year following the reporting period, in accordance with the following procedure:

- ▶ The tax authorities send a pre-filled transport tax return for the reporting period based on available data to companies, except for certain categories of companies, such as those undergoing liquidation, via the portal of the Ministry of Taxes and Levies, no later than 30 January of the year following the reporting period
- ▶ Companies make amendments, where necessary, to the pre-filled tax return they have received from the tax authorities, sign the tax return with an electronic signature and file it with the tax authorities, no later than 20 February of the year following the reporting period

During the current tax period, advance payments for the first, second and third quarters of the current tax period must be made no later than the 22nd of the

third month of the quarter for which the advance payment is calculated. Advance tax is calculated and paid with no transport tax relief being allowed.

Additional transport tax for the tax period must be paid no later than 22 February of the year following the expired tax period.

Levy on placement/dissemination of advertisements

Belarusian companies and individual entrepreneurs acting as advertisers as well as advertising agencies are liable to pay a levy on the placement/dissemination of advertisements if they provide such services to foreign advertisers.

The levy is charged on:

- ▶ Advertisement placement/dissemination services provided to an advertiser in Belarus, including via the Internet
- ▶ Services provided by an advertising distributor to an advertising agency involving placement/dissemination of advertisements of a foreign advertiser in Belarus, including via the Internet

The tax base for the levy is determined on the basis of the cost of advertisement placement/dissemination services actually provided, net of VAT.

The levy rates are set as follows:

- ▶ 10% for placing outdoor advertisements and placing/disseminating advertisements on transport vehicles, including in public transport
- ▶ 20% in other cases

The reporting period for the levy is a calendar quarter. If a taxpayer is engaged in activities subject to the levy, the taxpayer must submit a report to the tax authorities in the form prescribed by the Ministry of Taxes and Levies, no later than the 20th of the month following the reporting quarter. The levy must be paid no later than the 22nd of the month following the reporting quarter.

SPECIAL TAXATION REGIMES

Tax under the simplified taxation system

The simplified taxation system is available for companies that simultaneously meet headcount and annual gross revenue criteria. Simplified tax generally replaces corporate income tax and VAT. The tax base is determined as the amount of gross revenue, including revenue from sales of goods, services/work, property rights and non-operating income.

SIMPLIFIED TAXATION SYSTEM	TAX RATE	AVERAGE HEADCOUNT	GROSS REVENUE
Simplified taxation system without payment of VAT	6%	No more than 50	No more than BYN 3,500,000 (approximately USD 1,000,000)

Gaming tax

Gaming tax is levied on:

- ▶ Gaming tables, slot machines
- ▶ Betting pools (totalizators and bookmakers)
- ▶ Gaming yield

Fixed rates of gaming tax are set for each taxable item, other than gaming yield. The tax rate for gaming yield from gaming activities that involve operating a casino, a slot machine hall, a bookmaker's office, or a totalizator is 4% and for gaming yield from gaming activities that involve operating a virtual gaming facility it is 10%.

Income received by taxpayers from gaming activities is not subject to CIT or VAT.

Other special tax regimes

The Tax Code provides for the following special tax regimes in addition to those mentioned above: tax on income from the organization of electronic interactive games; tax on income from lottery activities; the unified tax on individual entrepreneurs and other individuals; the levy on craft businesses; the levy on agritourism/ecotourism businesses; and tax on professional income.



CUSTOMS REGULATION

Overview

Customs regulation in Belarus is based on international standards. Belarus is a member of the World Customs Organization, the International Convention on the Harmonized Commodity Description and Coding System (Brussels, 1983), the Convention on Temporary Import (Istanbul, 1990) and the International Convention on the Simplification and Harmonization of Customs Procedures (Kyoto Convention, Kyoto, 1973). It is also a member of the Eurasian Economic Union (the EAEU).

The EAEU Customs Code

The agreement on the establishment of the EAEU took effect on 1 January 2015. The EAEU member countries are Armenia, Belarus, Kazakhstan, Kyrgyzstan and Russia.

The EAEU Customs Code came into force on 1 January 2018, incorporating key elements of the customs regulations applied in the EAEU member countries and previously established by the Customs Union's Customs Code. In particular, goods produced or released for domestic consumption in an EAEU member country may be freely moved within the EAEU exempt from customs duties and without any customs clearance formalities or other economic restrictions. Such goods are not placed under any customs procedure.

In addition, the new Code provides for the introduction of mandatory electronic customs declarations in place of written declarations (which are now only used in exceptional cases) and the automatic registration of customs declarations.

Import duty

Most imported goods are subject to import duty and VAT. Certain categories of goods, such as alcohol, tobacco and petrol, are also subject to excise taxes (see the "Other taxes" section above).

Customs duty rates vary from 0% to 80% of the customs value of the goods. The standard VAT rate is 20%. It is charged on the sum of the customs value, customs duty and, where applicable, excise tax. VAT paid on the importation of goods or services is usually offset against output VAT.

A zero import duty rate currently applies to books, some medicines, innovative equipment and a number of other goods. Humanitarian aid, goods imported for the management of natural or manmade disasters and goods imported by diplomatic missions are exempt from customs duty.

Export duty

Certain categories of goods, including crude oil and petroleum products, are subject to export duty.

Customs value

Belarus's customs valuation rules are in line with WTO principles. The customs value of imported goods is usually determined as the invoice value of the goods plus certain import-related costs that are not included in the transaction price.

These additional costs typically include the cost of delivery of the goods to the border (e.g., transportation and insurance costs), royalties and other payments for the use of intellectual property, the cost of materials provided free of charge by the buyer to the seller, etc. This method of determining the customs value of imported goods is known as the transaction value method.

Normally, the customs value is determined based on CIP delivery terms (Incoterms 2020 — Carriage and Insurance Paid To). If the customs value cannot be determined using the transaction value method, other methods may be applied: transaction value of identical or similar goods method, deductive value method, computed value method, or fall-back method.

Commodity coding

Belarus currently uses the Unified Customs Nomenclature of the Eurasian Economic Union, which is based on the Harmonized Commodity Description and Coding System. In theory, the first six digits of the commodity code should be identical in Belarus and in the EU, but they may differ in practice. The customs authorities can issue binding decisions on the classification of goods.

Customs procedures

Any conveyance of goods, including vehicles, across the Belarusian border is subject to customs procedures prescribed by EAEU legislation. Different customs procedures have different clearance requirements, which has a significant bearing on tariff and non-tariff regulation of import and export transactions. Further on, we provide a summary of the main customs procedures.

Release for domestic consumption

The release for domestic consumption customs procedure is used when goods are imported into the customs territory of the EAEU without the intention to re-export them. This is the most frequently used and most straightforward procedure. Under this procedure, once customs duty, import VAT and customs clearance fees have been paid, goods are in free circulation in the customs territory of the EAEU.

Customs warehouse

When imported goods are placed under the customs warehouse procedure, they are kept in a special customs warehouse under the supervision of the customs authorities. The goods are stored under the terms of the procedure until they are sold to end buyers, used in the customs territory of the EAEU or re-exported out of the EAEU. The payment of customs duty and import VAT is postponed until the goods are sold to end buyers in the customs territory of the EAEU and removed from the customs warehouse.

Goods kept in a customs warehouse must remain unchanged, i.e., they cannot undergo any manufacturing or assembly operations or operations that would alter the state of the goods. Owners may transfer the right of ownership, use and/or disposal of some or all goods placed under the customs warehouse procedure.



Goods may be stored in a customs warehouse for no more than three years. They must be placed under another customs procedure before that period expires. If the goods are released for domestic consumption, customs duty and VAT must be paid. No customs duty or VAT is due if the goods are re-exported out of the EAEU.

Free warehouse

In contrast to the customs warehouse procedure, the free warehouse customs procedure allows goods placed under that procedure to be processed or used in manufacturing new products.

Owners may likewise transfer the right of ownership, use and/or disposal of goods placed under the free warehouse procedure and products made from those goods.

Foreign goods are stored and used at free warehouses exempt from customs duty, taxes or special, anti-dumping or countervailing duties but subject to prohibitions, limitations and conditions imposed on foreign goods under this customs procedure.

Temporary importation (admission)

Temporary importation (admission) is a customs procedure whereby goods may be temporarily used in the customs territory of the EAEU either partially or fully exempt from customs duty and VAT.

Full exemption from customs duty and taxes is granted in limited cases for goods not intended for commercial sale. Typical examples of temporary importation with full exemption are when goods are imported for display in an exhibition or for testing in the customs territory of the EAEU.

Partial exemption is granted in other cases where goods are expected to remain in the customs territory of the EAEU for a limited period of time before being re-exported. In this case, the importer must make monthly customs payments equal to 3% of the total

amount that would have been payable if the goods had been released for domestic consumption. These amounts are not refunded if the goods are re-exported.

Generally, the period of temporary importation may not exceed two years. For some goods, however, this period may be shorter or longer, e.g., 34 months for certain categories of leased fixed assets. Once the temporary importation period has expired, the goods are either re-exported out of the EAEU or released for domestic consumption in the customs territory of the EAEU. In the latter case, additional customs duties are charged and interest is accrued on that additional amount, as if it were deferred or paid in installments from the date the goods were placed under the temporary importation (admission) procedure.

This customs procedure is widely used in practice, particularly when importing equipment under lease arrangements and in connection with construction projects.

Customs processing procedures

There are three customs processing procedures:

► Inward processing

This procedure is used by companies that process goods in the customs territory of the EAEU. Subject to certain conditions, goods may be imported into the customs territory of the EAEU for processing without customs duty or VAT being paid. Finished products obtained as a result of processing the goods must be exported. If the finished products are released for domestic consumption in the customs territory of the EAEU, customs duty and VAT are charged based on the value of the original materials, as well as interest as if that amount were deferred or paid in installments from the date the goods were placed under the temporary importation (admission) procedure.

► **Processing for domestic consumption**

Under this procedure, customs duty is payable only after finished products are released for domestic consumption in the customs territory of the EAEU. Customs duty is determined based on the customs value of the finished products. Materials imported for processing are exempt from customs duty but are subject to VAT, unless eligible for VAT relief. This procedure applies only to certain types of goods as determined by legislation.

► **Outward processing**

Under the outward processing procedure, EAEU goods may be temporarily exported for processing and the finished products may then be re-imported into the customs territory of the EAEU. In this case, customs duty and VAT are charged only on the added value obtained as a result of processing the goods (i.e., on the value of the processing activity) rather than on the value of the imported goods. A bank guarantee may be required for the payment of customs duty and taxes in case of non-compliance. This procedure is convenient when exporting goods for repair outside the customs territory of the EAEU.

CIS free trade regime

Under the free trade regime currently in force in the CIS, the importation of goods originating from the CIS countries into Belarus is exempt from customs duty. To qualify for this benefit, goods must be imported from another CIS country under an agreement between two CIS residents. VAT and excise taxes are still charged.

The Free Trade Zone Treaty was signed in St. Petersburg on 18 October 2011. Eight CIS countries signed the treaty: Armenia, Belarus, Kazakhstan, Kyrgyzstan, Moldova, Russia, Tajikistan and Ukraine. The treaty took effect on 20 September 2012. Uzbekistan acceded to the treaty under a protocol signed on 31 May 2013.

In addition to abolishing import and export duties, the Free Trade Zone Treaty includes commitments by its parties to ensure the non-discriminatory application of non-tariff regulations and grant national treatment.

The document also provides for the abolition of quantitative restrictions in mutual trade, grants the parties equal rights to participation in public procurement processes, establishes freedom of transit and allows the application of special safeguard measures in mutual trade. It regulates issues such as subsidies, technical barriers to trade, sanitary measures and the introduction of restrictions to protect the balance of payments.

The Free Trade Zone Treaty replaced bilateral and multilateral free trade agreements between CIS countries.

One important difference between the treaty and CIS agreements is that the treaty contains a mechanism to compel parties in breach of agreements to fulfill their obligations. This is achieved through dispute resolution rules contained in an appendix to the treaty.

Relations with Azerbaijan, as a CIS member state that has not acceded to the Free Trade Zone Treaty, continue to be governed by the Moscow free trade zone treaty of 1994.

CURRENCY CONTROL

General principles

Currency control has historically been a source of uncertainty for foreign investors operating in Belarus. However, state control in this area is being gradually relaxed through measures designed to ease currency restrictions, including reduced penalties for currency violations, and de-dollarize the Belarusian economy.

As a rule, payments between residents must take place in Belarusian rubles. Exceptional cases in which foreign currency (or securities or payment instruments in foreign currency) may be used in payments between residents are laid down in Law No. 226-Z of 22 July 2003 “On Currency Regulation and Currency Control” and other regulatory acts. Residents may express the price of a contract in any foreign currency, but payments must still be made in Belarusian rubles only, unless currency law explicitly permits otherwise.

Entities classed as non-residents under currency law

Non-residents include:

- ▶ Individuals who are foreign citizens and stateless persons (other than persons holding Belarusian residence permits), and citizens of Belarus who have a document confirming their right to reside permanently in a foreign country and have actually spent a total of 183 days or less in Belarus in the calendar year
- ▶ Legal entities and unincorporated organizations established under the laws of foreign states and located outside Belarus, and branches and representative offices thereof located in Belarus and other countries



Currency transactions between residents and non-residents

Currency transactions in Belarusian rubles can be made between residents and non-residents in a non-cash form without limitation, unless specifically restricted by Article 7 of Law No. 226-Z of 22 July 2003 "On Currency Regulation and Currency Control."

Currency transactions in foreign currency can be made between resident and non-resident legal entities in a non-cash form without limitation as well.

Currency transactions in cash between resident and non-resident legal entities are prohibited, except as otherwise provided by law. In addition, resident legal entities that are parties to foreign currency-denominated contracts with non-resident legal entities or non-resident individual entrepreneurs have been entitled until 31 December 2025 by a Belarusian Government Resolution to receive foreign currency (US dollars, euros, Chinese yuans) in cash from such counterparties as part of export-related transactions within the timeframes established by the respective contract.

The general rule is that currency transactions between a resident legal entity and a non-resident individual, a non-resident legal entity and a resident individual, and a resident individual and a non-resident individual are prohibited. However, this prohibition does not apply to currency transactions that are directly stipulated in law.

Opening of accounts by resident entities with non-resident banks

As a rule, residents are allowed without limitation to open accounts in Belarusian rubles and foreign currency with foreign banks, unless specifically restricted by Article 7 of Law No. 226-Z of 22 July 2003 "On Currency Regulation and Currency Control."

A Belarusian entity opening an account with a non-resident bank is required by tax legislation to notify its local tax authority accordingly.

Specific requirements for foreign currency-denominated contracts

Registration of foreign currency-denominated contracts

Foreign currency-denominated contracts between residents and non-residents must be registered at the web portal of the NBRB if the following two conditions are met simultaneously:

Condition I: the amount of monetary obligations under the contract is not determined or, at the contract date, equals or exceeds the equivalent of:

- ▶ 2,000 base units for contracts made by resident individuals (approximately USD 24,600)
- ▶ 4,000 base units for contracts made by resident legal entities or resident individual entrepreneurs (approximately USD 49,200)

Condition II: certain currency transactions are carried out under the contract, as specified in the respective resolution of the NBRB, for example, involving:

- ▶ Settlement for exports and/or imports, such as receipt and/or transfer of goods, assets for lease, including finance lease, undisclosed information, exclusive rights to intellectual property, property rights, work performed, services rendered
- ▶ Monetary contribution by a resident to the authorized capital of a non-resident legal entity
- ▶ Monetary contribution by a non-resident to the authorized capital of a resident legal entity
- ▶ Other transactions

Banks do not charge a fee for the registration of foreign currency-denominated contracts.

Foreign currency-denominated contracts do not have to be registered if one of the parties to the contract is the Republic of Belarus, the NBRB, the Ministry of Finance, a Belarusian bank or certain other entities.

Fulfillment of obligations under export/import contracts denominated in foreign currency

Import/export transactions are deemed to denote for currency regulation purposes the receipt by a resident from a non-resident or the transfer by a resident to a non-resident for consideration of:

- ▶ Goods, including under transactions that do not involve the conveyance of goods across the state border of Belarus
- ▶ Assets for lease, including under transactions that do not involve the conveyance of goods across the state border of Belarus
- ▶ Undisclosed information
- ▶ Exclusive rights to intellectual property
- ▶ Property rights
- ▶ Work performed
- ▶ Services rendered

The general rule for these transactions is that resident legal entities must credit to their accounts with Belarusian banks (i.e., repatriate) the funds due to them for exports, or the funds paid as prepayment for imports, in the case the non-resident fails to fulfill its obligations in full or in part. The list of cases in which residents are allowed not to repatriate funds is established in Law No. 226-Z of 22 July 2003 “On Currency Regulation and Currency Control,” however, alternative rules may be determined by tax legislation.

A resident legal entity can itself determine the timeframe for repatriation based on the provisions and the actual terms of performance of obligations under the respective export/import contract denominated in foreign currency.

Currency restrictions

Currency restrictions can be imposed for no longer than one year based on Article 7 of Law No. 226-Z of 22 July 2003 “On Currency Regulation and Currency Control” in the case of a danger to the economic security of Belarus, including to the stability of its financial system, if no other economic policy measures can help improve the situation. Currency restrictions may include:

- ▶ A prohibition to carry out currency transactions and currency exchange transactions
- ▶ Limits on the amounts, quantities and timeframes of currency transactions and currency exchange transactions, payment currency, provisioning for part or the whole or a multiple of the amount of a currency transaction
- ▶ A requirement to obtain from the NBRB special permission to carry out currency transactions
- ▶ A requirement for resident legal entities to sell foreign currency they receive
- ▶ Restrictions on residents opening and maintaining accounts in foreign banks

Such currency restrictions are imposed by the NBRB in consort with the Government of Belarus.

04

INDIVIDUALS



EMPLOYMENT

The Belarusian Labor Code

The Belarusian Labor Code serves as the legal framework for labor relations in Belarus. It sets out procedures for hiring and terminating employees and contains provisions on working time, vacations, business trips, compensation, and so on. The Labor Code is primarily aimed at protecting the rights and interests of employees.

Belarusian labor legislation applies not only to Belarusian citizens but also to foreign citizens working in Belarus.

As a rule, the standard working day in Belarus is eight hours and the standard working week is 40 hours. There are strict rules on overtime. Under the Labor Code, employers must normally obtain an employees' consent to work overtime and must either compensate them at increased rates or give them extra days off. The maximum amount of overtime that an employee may work during a year is 180 hours, with a limit of 10 such hours per working week. A working day, including overtime, may not be longer than 12 hours. Employers in certain industries may increase the maximum amount of overtime by agreement with the employee and trade union (if any). Employees may work irregular working hours, but in this case they must be compensated with additional leave of up to seven days per year. In general, the minimum period of paid annual leave is 24 calendar days per year, unless otherwise provided by legislation.

Female employees are generally entitled to 126 calendar days of maternity leave, during which they receive an allowance financed from the Social Security Fund amounting to 100% of average pay, but not more than three times the average wage in Belarus in the month preceding the beginning of the maternity leave. After childbirth, mothers are entitled to a one-time allowance of approximately USD 1,300 or more (depending on the number of children in the family). Employees are entitled to childcare leave for children under three years of age, which may be granted to either the mother or the father according to the wishes of the family. The childcare allowance is paid to the employee by his or her employer out of the Social Security Fund and amounts to the equivalent of around USD 250 or more depending on the number of children in the family and other factors.

Sickness benefits are also payable out of the Social Security Fund at 80% of the average pay for days during an illness if contributions to the Social Security Fund have been made by individuals or in their name for less than 10 years, or at 100% of the average pay if such contributions have been made for 10 years or more.

Belarusian labor law grants additional leave and various other benefits for individuals who work in harmful and/or dangerous conditions.

Recruitment

Hiring an employee requires the preparation of a written employment agreement and an internal document in the form of an official appointment order stating the name, position and date of appointment of the new employee. An employment agreement may be concluded for an indefinite term or for a term stated in the agreement. One type of fixed-term employment agreement is a contract.

The conclusion of contracts is more common because they give employers a number of significant advantages, such as the ability to conclude a contract for one year (and up to five years), irrespective of the industry in which the employer operates and the nature of the duties involved, as well as broader scope for the termination of the contract on the employer's initiative.

Belarusian law also allows the conclusion of remote working employment agreements. Remote working means that the employee works away from the employer's premises using information technology to perform work and communicate with the employer.

Legislation permits remote working without any in-person office presence, as well as hybrid arrangements where remote working hours alternate with in-office work (e.g., an employee may work from home three days a week and spend two days a week working from the employer's office). Remote working (both full-time and hybrid arrangements) may be practiced on a permanent or temporary basis (continuously during a fixed period not exceeding six months in a calendar year).

An employee may normally be hired subject to a probationary period of up to three months.

The employer is responsible for updating the employee's employment record book. Where a new hire is employed for the first time, the employer must arrange for an employment record book and a social insurance certificate to be issued for him or her.

Termination of employment

An employment agreement may only be terminated on grounds provided for in the Labor Code. The Code sets out termination procedures, which must be strictly observed to minimize the risk of litigation.

The grounds provided for in the Code for the termination of an employment agreement are as follows:

- ▶ Mutual consent of the parties
- ▶ Expiry of the term of the employment agreement (in the case of a fixed-term agreement)
- ▶ The employee's initiative
- ▶ The employer's initiative
- ▶ Circumstances beyond the parties' control and certain other grounds

Termination at the employer's initiative may occur only under certain circumstances. An employer may terminate an employment agreement if the employee commits particular violations or routinely fails to perform his or her duties. Other cases in which termination may be initiated by the employer is when a company is liquidated, staff reductions are made or the employee is not suitably qualified for the position held or work performed, as must be confirmed by the results of an assessment procedure (which is also regulated by law).

The Labor Code allows employers to terminate an employment agreement before the end of a probation period if the employee's performance up to that point has been unsatisfactory. In this case the employer must give the employee at least three days' notice of the termination of their employment (notice may also be given on the last day of the probation period).

Compensation

Compensation depends on the complexity, nature and characteristics of the work, general working conditions and the employee's qualifications. Minimum compensation as of 1 January 2025 amounted to USD 212. There are no upper limits on compensation. It is allowed to set salaries pegged to foreign currency. Regardless of how compensation is determined, it must be paid in Belarusian rubles at least twice a month.

Work under civil contracts

Besides employment agreements, individuals may also be hired to perform work or render services under a civil contract.

Civil contracts and the relationships that arise from them are governed not by the Labor Code but by the Civil Code and Edict No. 314 of 6 July 2005. This means that some of the guarantees (such as paid leave) granted to an employee under the Labor Code do not apply to arrangements under a civil contract.

A civil contract must be concluded in writing and specify, inter alia:

- ▶ Payment procedures, including amounts payable
- ▶ The obligation of the client (employer) to pay social security contributions on behalf of individuals (employees)
- ▶ Obligations of the parties to ensure safe working conditions and liability for failing to do so
- ▶ Grounds for early termination



MIGRATION LEGISLATION

Entry and stay of foreign citizens in Belarus

To enter Belarus a foreign citizen must obtain a visa. Information on the different types of visas is given below.

Belarus has introduced a visa-free entry-exit regime for citizens of 76 countries, including EU member states. The visa-free regime is available to foreign citizens entering Belarus via Minsk National Airport (international arrivals area) and the Brest, Vitebsk, Gomel, Grodno and Mogilev airports for a temporary stay of up to 30 days. The visa-free regime does not apply to persons arriving in Belarus on flights from Russia or intending to fly to Russia from Belarus, since such flights are classed as internal and are not subject to border controls.

The Governments of Belarus and Russia have signed an Agreement on Mutual Recognition of Visas and Other Matters Related to the Entry of Foreign Citizens and Stateless Persons into the Member Countries of the Union State. The agreement will come into force after all requisite internal procedures are completed by the member countries and will make entry into Belarus easier for persons holding a Russian visa.

According to the information published on the official website of the Border Committee of the Republic of Belarus, the country has introduced visa-free travel for citizens of Latvia (and Latvian residents with non-citizen status), Lithuania and Poland for a period from 2022 to 31 December 2025. Lithuanian citizens and citizens (non-citizens) of Latvia are only allowed to travel in and out of Belarus through international border crossing points at the Belarus-Lithuania or Belarus-Latvia border. Polish citizens are free to travel in and out of Belarus through any international border crossing point at the Belarus-EU border. The visa-free regime allows an unlimited number of trips, as long as the total number of days spent in Belarus during a calendar year does not exceed 90.

According to the information published on the official website of the Border Committee of the Republic of Belarus, from 19 July 2024 through 31 December 2025, visa-free entry is also granted to citizens of EU countries (and stateless persons who permanently reside in Estonia), Andorra, Bosnia and Herzegovina, Vatican, the UK and Northern Ireland, Iceland, Lichtenstein, Monaco, Norway, San Marino, North Macedonia, Switzerland and Sweden. Citizens of the above countries may spend in Belarus up to 90 days during a calendar year, or up to 30 days in a row.

Different visa-free timeframes and conditions may be agreed on in bilateral and multilateral treaties.

As a rule, foreigners arriving in Belarus are required to register within 10 days with the local citizenship and migration office at the location of their temporary stay in Belarus.

If foreigners have booked a hotel or resort, they are not required to register, as those establishments will submit information on foreigners to internal affairs bodies on their own account.

Foreigners entering Belarus through border crossing points may also register online through the e-services portal (portal.gov.by).

Foreigners arriving in Belarus from the Russian Federation cannot register at the place of their temporary stay via the Internet. Bilateral and multilateral international treaties may stipulate more lengthy periods for foreigners to stay in the Republic of Belarus without registration at the place of their temporary stay (for example, Russian citizens are exempt from the registration requirement if they stay for fewer than 90 days).

Foreign citizens holding a valid residence permit do not need a visa to enter or leave Belarus.

Entry visa

An entry visa gives a foreign citizen the right to enter, stay in and leave Belarus. As a rule, it is issued by Belarusian diplomatic missions and consulates in foreign countries. A foreign citizen may also apply for a Belarusian visa in the airport upon arrival.

Entry visas are divided into transit visas (issued for travel in transit through Belarus), short-term visas (issued for up to 90 days with the right to stay for up to 90 days per calendar year) and long-term visas (issued for up to five years with the right to stay for up to 90 days per calendar year). There are single-entry, double-entry and multiple-entry visas.

Short-term entry visas (category C) and long-term entry visas (category D) are issued, inter alia, for the following purposes:

- ▶ A business trip, on the basis of an application from a Belarusian legal entity or the representative office of a foreign entity in the Republic of Belarus, as provided by legislation
- ▶ Private matters, including on the basis of an invitation from an individual
- ▶ Employment, on the basis of a notarized copy of a special work permit, as well as on the basis of an application from a Belarusian legal entity or the representative office of a foreign entity in the Republic of Belarus, where a category D visa is received

Temporary residence permit

A temporary residence permit is a document that allows a foreign citizen to reside in Belarus while it is in force.

It is issued, inter alia, to foreigners who have come to Belarus to work or engage in entrepreneurial activity. A temporary residence permit is granted for a period of up to one year and allows foreign citizens to stay in Belarus without a visa.

Highly-skilled workers may apply for a temporary residence permit valid for up to two years (*see below for information on who is classified as a highly-skilled worker*).

A temporary residence permit may also be issued to family members of a foreign citizen who is due to receive or has received a temporary residence permit, provided that there is a legal source of income sufficient to maintain the foreign citizen and his or her family members at the minimum subsistence level established in Belarus, for a period not exceeding the validity of the temporary residence permit received or to be received by the foreigner.

Exit-entry visa

A foreigner who has a temporary residence permit may periodically leave Belarus and re-enter if he or she has a valid visa.

A foreigner whose entry visa has expired may obtain an exit-entry visa issued by the local citizenship and migration office of the Ministry of Internal Affairs at the location of the foreigner's temporary residence.

A multiple exit-entry visa is issued to foreign citizens who have received a temporary residence permit for one year, but not for longer than the validity period of the temporary residence permit.

Employment of foreign citizens

The hiring of a foreign citizen who does not have a permanent residence permit and intends to come to Belarus to work is a multi-stage process in which both the employer and the foreign citizen are involved.

The process consists of the following steps:

- ▶ The employer obtains an individual work permit for each foreign worker (*see the "Individual work permit" section below*)
- ▶ The employer and the employee conclude an employment agreement of which the employer



notifies the citizenship and migration office (see the “Conclusion of employment agreements” section below)

- ▶ The employee receives a Belarusian entry visa (see the “Entry visa” section above)
- ▶ The employee registers with local internal affairs authorities on arriving in Belarus. The employee may then apply for a temporary residence permit (see the “Temporary residence permit” section above)

Individual work permit

The employer must apply for individual work permits for all foreign employees, entitling them to work in Belarus. If a foreign citizen plans to work for more than one Belarusian employer, he or she must obtain work permits for each contract.

Nevertheless, in some instances specified in legislation, employers may be exempted from the requirement to obtain special permits for some categories of foreigners. In addition, the Ministry of Labor approves annually a list of professions and positions that may be staffed by foreigners not holding a permanent residence permit in Belarus without first obtaining a special permit to work in Belarus. In 2025, the list includes, in particular, the following professions and jobs: car driver, cook, computer programmer/IT engineer, specialist doctor (all medical specializations).

Permits are issued by citizenship and migration offices of the Minsk city and regional internal affairs departments for a period of one year, extendable by a further year. For highly-skilled foreign workers, permits may be granted for two years and extended by the same period.

A foreign citizen or stateless person is considered a highly-skilled worker if they have certified professional expertise, skills and abilities and at least five years’ relevant work experience, and their monthly pay under the employment agreement exceeds five times the statutory minimum wage in Belarus, i.e., exceeds around USD 1,100 a month.

Conclusion of employment agreements

After obtaining a special work permit, the employer is required to enter into a fixed-term employment agreement with the foreigner to set out certain mandatory provisions required by law. The term of the employment agreement may not be longer than the validity period of the work permit. The employer is required to notify the citizenship and migration office appropriately of the employment agreement with the foreigner within three business days after the agreement is signed.



PERSONAL INCOME TAX

Taxpayers

Personal income tax (PIT) is payable by individuals.

Taxable income

The following types of income are subject to PIT:

- ▶ Income received by tax residents of Belarus from sources in Belarus and elsewhere
- ▶ Income received from sources in Belarus by individuals who are not tax residents of Belarus

Individuals are tax residents of Belarus if they spend more than 183 days in Belarus in a calendar year.

Income from sources in Belarus

Income from sources in Belarus includes:

- ▶ Remuneration for the performance of employment or other duties or the performance of work or services, which is received from Belarusian companies or individual entrepreneurs, from foreign entities operating in Belarus through a permanent establishment or from Belarusian representative

offices of foreign entities, irrespective of where the duties were performed or the source from which the remuneration was paid

- ▶ Pensions, benefits, stipends and other similar income received in accordance with Belarusian law
- ▶ Dividends and interest received from a Belarusian company and interest received from a Belarusian individual entrepreneur
- ▶ Insurance indemnity and/or benefits received upon the occurrence of an insured event from a Belarusian insurance company
- ▶ Income from the use of intellectual property in Belarus
- ▶ Income from the renting, leasing or other use of property in Belarus
- ▶ Income from the sale in Belarus of shares or other securities or equity interests in foreign companies and income from the sale of shares or other securities and equity interests in Belarusian companies
- ▶ Income from the sale of immovable property situated in Belarus, and other types of income

Tax rates

The basic rate of personal income tax applicable to most types of income is 13%. Other rates are specified in the table below.

TYPE OF INCOME	RATE
Income from sources in Belarus in excess of BYN 220,000 (approximately USD 63,000) a year received in the form of dividends, under an employment agreement or a civil contract for work, services or intellectual property	25%
Income in the form of winnings (returned bets) received from gaming companies which are Belarusian legal entities	4%
Income of individual entrepreneurs amounting to BYN 500,000 (approximately USD 144,000) or less a year	20%
Income of individual entrepreneurs amounting to more than BYN 500,000 (approximately USD 144,000) a year	30%
Income estimated by a tax authority in accordance with legislation based on the excess of an individual's expenses over income as well as income of an individual where it is discovered that a tax agent has failed to account for a taxable activity or item	26%

Tax payments

In most cases, personal income tax is calculated, withheld and paid by tax agents. Tax agents are Belarusian companies and individual entrepreneurs, foreign companies operating in Belarus through a permanent establishment and Belarusian representative offices of foreign companies from which an individual has received income.

Tax agents normally pay personal income tax no later than the day on which income is paid to an individual.

Tax agents are required to file personal income tax returns with the local tax authority every quarter no later than the 20th of the month following the reporting quarter. Tax agents are also required to file information on taxable personal income of individuals,

subject to the approved list, annually no later than 1 April of the year following the reporting year.

In some cases, the Tax Code requires individuals who are Belarusian tax residents to submit tax returns and pay tax themselves, for example:

- ▶ Where income is received from individuals or entities that are not tax agents
- ▶ Where income is received from sources outside the country
- ▶ Where income is taxed at a higher-than-standard tax rate of 25%

In such cases, individuals must submit an annual tax return no later than 31 March of the year following the reporting year and pay tax no later than 1 June of the year following the reporting year.

Tax deductions

Taxable income may be reduced by amounts of tax deductions. PIT payers may apply the following deductions:

- ▶ Amounts of tuition fees paid by individuals for first higher, first secondary professional or first vocational education at Belarusian educational institutions and repayments of bank loans used for those purposes
- ▶ Amounts paid by individuals to Belarusian insurance companies or refunded to the tax agent as insurance contributions under voluntary life insurance or additional pension agreements concluded for a term of at least three years, or under voluntary medical insurance agreements or supplementary accumulative pension insurance
- ▶ Expenses incurred by individuals who are registered as persons in need of improved housing for the construction or purchase of a single family house or apartment in Belarus or for the repayment of bank loans used for those purposes
- ▶ Documented expenses incurred by individuals in connection with the acquisition or sale of property

These deductions are granted by the tax agent or by the tax authorities when the taxpayer files a tax return. Taxpayers may also claim a number of standard tax deductions, such as a standard deduction of BYN 192 (approximately USD 55) per month if their income does not exceed BYN 1,164 (approximately USD 335) per month and a deduction of BYN 56 (approximately USD 16) per month for each child under 18 years old and/or each dependent, and BYN 730 (approximately USD 210) per month for those holding young specialist status.

Exempt income

Individuals who are Belarusian tax residents are exempt from tax on the following types of income:

- ▶ Unemployment benefits and state social security benefits (such as maternity and childcare (for children under three years) benefits), except for temporary disability allowances
- ▶ Pensions paid in accordance with Belarusian or foreign legislation
- ▶ All types of monetary compensation provided for in Belarusian legislation and resolutions of the Council of Ministers (except for compensation for unused annual leave or for the depreciation of vehicles or equipment belonging to an employee)
- ▶ Income of up to BYN 11,516 (approximately USD 3,300) received from individuals as a gift from all sources combined in one tax period
- ▶ Income from the sale of one house, one apartment, one summer cottage or one land parcel (or other similar properties) during a period of five calendar years
- ▶ Income from the sale of one car during a calendar year
- ▶ Income from the sale of inherited property
- ▶ Income from participation in investment funds registered in Belarus, for a period till 1 January 2030
- ▶ Income from the sale of other property (subject to limitations specified by the law) and certain other types of income

PAYROLL TAXES

Example payroll tax calculation

Below is an example of a payroll tax calculation for a qualified welder whose annual gross pay is USD 30,000.

EXPENSES	USD
1. Employer's expenses	
1.1. Compulsory social security contributions (pension and social insurance) Calculated at 34% of the monthly contribution base, which is gross salary, but not more than USD 3,880 (the average monthly wage in Belarus multiplied by five)*	10,200
1.2. Professional pension insurance contributions Calculated at a maximum rate of 9% of the monthly contribution base, which is gross salary, but not more than USD 2,328 (the average monthly wage in Belarus multiplied by three)*	2,514
1.3. Contributions for compulsory insurance against work-related accidents and occupational illnesses. Calculated at 0.6% of gross salary	180
1.4. Total annual expenses of the employer for one employee	12,894
2. Employee's expenses	
2.1. Compulsory social security contributions (pension insurance) Calculated at 1% of the monthly contribution base, which is gross salary, but not more than USD 3,880 per month (the average monthly wage in Belarus multiplied by five)*	300
2.2. Personal income tax withheld from the employee Calculated at 13% of gross salary	3,900
3. Employee's net income	
3.1. Net annual income per employee	25,800

* Calculations made using the average wage of BYN 2,693.9 for December 2024 and the exchange rate of USD 1 = BYN 3.4735 set by the NBRB on 1 January 2025.

Compulsory social security contributions

Payers of compulsory social security contributions (pension and social insurance) are:

- ▶ Employers: Belarusian legal entities and representative offices and branches thereof with a separate balance sheet; Belarusian representative offices of foreign companies and foreign companies operating in Belarus through a permanent establishment; individual entrepreneurs who hire individuals under employment agreements or civil contracts; individuals who hire other individuals under employment agreements
- ▶ Employed individuals: Belarusian citizens, foreigners and stateless persons working under employment agreements or civil contracts or on the basis of membership of (participation in) legal entities of any kind
- ▶ Individuals who are the owners (shareholders/ members, founders) of a company and act as managers of the company
- ▶ Individuals who pay compulsory social security contributions independently (this category is not covered in this report)

Base for compulsory social security contributions

Contributions are paid by employers and individuals on all income, both in cash and in kind, regardless of its source. The list of types of income that are exempt from compulsory social security contributions is approved by the Council of Ministers.

The total monthly base for compulsory social security contributions is limited to five times the average monthly wage in Belarus in the month preceding the month in respect of which the contributions are paid. Foreign citizens working in Belarus are subject to compulsory state insurance on the same terms as Belarusian citizens.

Rates of compulsory social security contributions

Compulsory social security contributions are paid as a single payment (35%) consisting of:

Compulsory social security contributions for retirement, disability and survivor insurance (pension insurance), including:	29%
▶ Employer contributions	28%
▶ Employee contributions withheld by the employer from the employee's pay	1%
Compulsory social security contributions for temporary disability, maternity, childcare (for children under three years), etc. (social insurance)	6%

Some categories of payers are entitled to reduced pension insurance contributions, such as employers in the agricultural industry, disability associations, etc.



Payment and reporting

Compulsory social security contributions are paid into the Belarusian Social Security Fund. Reports on such contributions must be filed quarterly, no later than the 20th of the month following the reporting quarter.

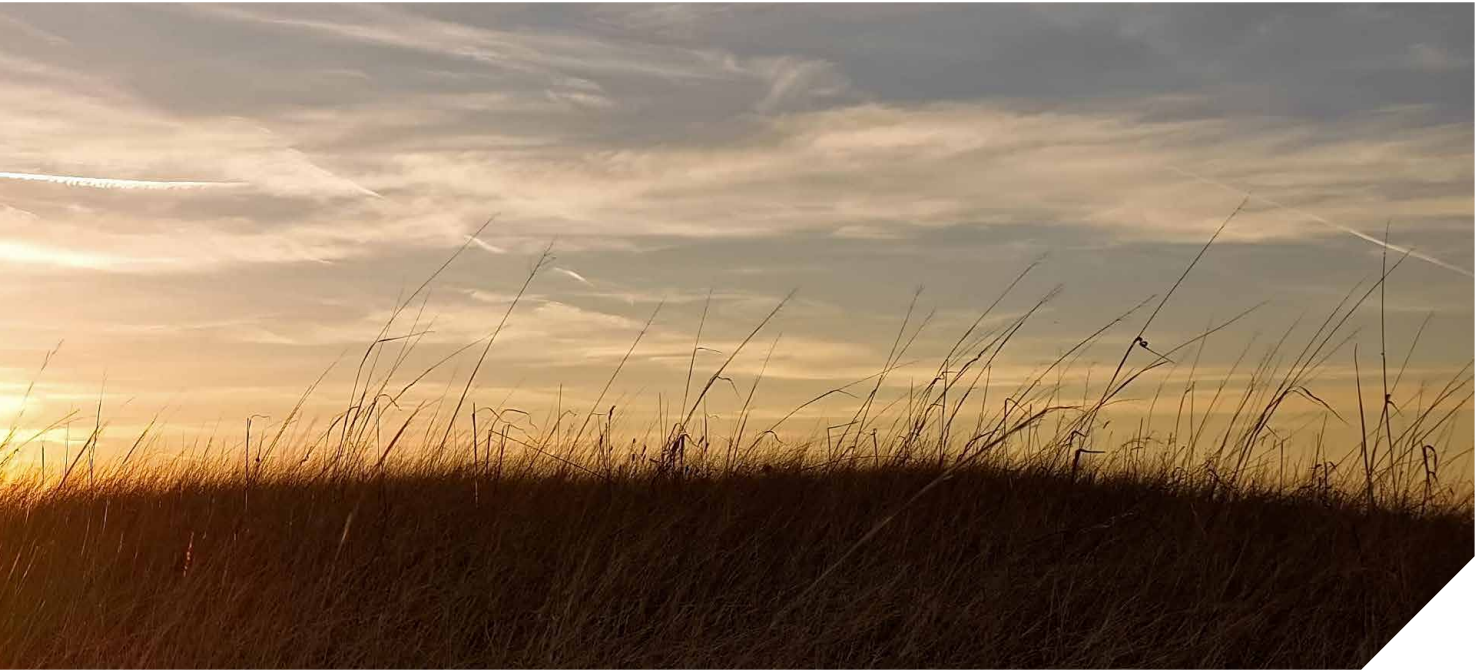
Employers that employ individuals under employment agreements must pay contributions no later than the pay date for the payment of salary for the preceding month. Contributions for individuals who work under civil contracts or on the basis of membership of/participation in any kind of legal entity must be paid by the employer on days on which payments are made to them, but no later than the pay date for the payment of salary for the preceding month. If the pay date is later than the 20th of the following month, contributions must be paid no later than the 20th of the following month.

Companies with an average headcount of up to 100 employees for a calendar year must pay contributions at least once a quarter not later than the 20th of the month following the reporting quarter.

Professional pension insurance contributions

Employers must pay professional pension insurance contributions for certain categories of workers, including full-time workers who work underground or in especially harmful or physically demanding jobs.

Contributions are paid on all kinds of payments made to an employee in cash and in kind. The contribution base is limited to three times the average monthly wage in Belarus in the month preceding the month for which contributions are paid.



The rate of professional pension insurance contributions ranges from 4% to 9%. Payment and reporting requirements and exemptions are the same as for compulsory social security contributions.

Contributions for compulsory insurance against work-related accidents and occupational illnesses to Belgosstrakh (the Belarusian National Unitary Insurance Enterprise)

Contributions are paid on all types of payments to individuals subject to compulsory insurance against work-related accidents or occupational illnesses, regardless of the source of financing. This type of compulsory insurance applies not only to Belarusian citizens, but also to foreign citizens.

The rate is 0.6%. Belgosstrakh may increase or reduce the rate for payers depending on the occupational risk class. Contributions must be paid no later than the 25th of the month following the reporting quarter in which payments were made to employees.

05

DISPUTE
RESOLUTION



STATE COURTS

The judicial system of Belarus consists of the Constitutional Court and courts of general jurisdiction. Courts of general jurisdiction have a duty to protect the rights and legitimate interests of both individuals and legal entities in both civil and commercial trials.

Belarusian courts of general jurisdiction include district/municipal courts, regional/Minsk city courts, regional/Minsk city commercial courts and the Supreme Court of the Republic of Belarus.

Disputes arising from entrepreneurial or other business activities are adjudicated by commercial courts of the relevant region or Minsk.

Applying to a regional or Minsk city commercial court involves paying a state fee the size of which depends on the nature of the dispute and the amount claimed (the amount in dispute). For example, property claims attract a fee ranging from 1% to 5% depending on the amount in dispute, but no less than 25 base units (approximately USD 300).

Certain matters of a non-contentious nature may also be resolved in writ (summary) proceedings instead of being litigated. A summary procedure has several advantages over litigation, including a shorter timescale (2 weeks), a lower state fee (2-7 base units, or approximately USD 25-85) and the absence of a requirement to attend court hearings, because summary proceedings are decided without investigation and without summoning the parties.

NOTARIES

For certain categories of cases, notaries may issue a notarial order which serves as a writ of enforcement. A notarial order is subject to certain conditions; in particular, the claim must be non-contentious and there must be documentary evidence to support that. A notary order is the fastest way of obtaining a writ of enforcement.

ARBITRATION

Upon mutual agreement of the parties, some disputes may be referred to international arbitration (tribunal) or an arbitration court in Belarus.

International arbitration can be used to resolve civil law disputes arising between any parties from their foreign trade or other international commercial activities, if the place of business or residence of at least one of the parties is outside the Republic of Belarus, as well as other commercial disputes, provided that the parties have agreed to refer such disputes to international arbitration and to the extent not prohibited under Belarusian legislation.

Currently, there are two international arbitration institutions in Belarus: International Arbitration Court of the Belarus Chamber of Commerce and Industry, and The Chamber of Arbitrators at the Union of Lawyers, as well as 42 standing arbitration tribunals.

An award rendered by international arbitration does not in itself constitute a writ of enforcement. If the debtor refuses to abide by the award voluntarily, the creditor will have to turn to a court to seek enforcement.



FOREIGN COURTS

Subject to certain conditions being met, disputes involving foreign parties may be referred to foreign courts, i.e., international commercial arbitration and foreign state courts. Foreign courts have no jurisdiction to hear cases that come within the exclusive jurisdiction of Belarusian commercial courts, specifically:

- ▶ Disputes over real property situated in Belarus
- ▶ Disputes over the formation, registration or liquidation of incorporated and unincorporated businesses in Belarus and appeals against decisions made by corporate bodies
- ▶ Insolvency proceedings for companies and individual entrepreneurs with a place of business or residence in Belarus

International commercial arbitration

A dispute may not be referred to international commercial arbitration unless there is an agreement to that effect between the parties in the form of a standalone contract or an arbitration clause.

Awards of international commercial arbitration courts are enforceable in Belarus provided that the states where they were made are signatories to the New York Convention on the Recognition and Enforcement

of Foreign Arbitral Awards 1958, or on a reciprocal basis. To date, 172 countries have signed up to the Convention.

Foreign state courts

In the absence of an arbitration agreement between the parties, the dispute should be referred to a foreign state court unless it falls within the exclusive jurisdiction and competence of Belarusian courts.

Judgments of foreign state courts are enforceable in Belarus as long as there is a judicial assistance treaty between Belarus and the country where the judgment was made providing for the recognition and enforcement of such judgment. Currently Belarus is a party to several international treaties, including those with Armenia, China, Cuba, Cyprus, the Czech Republic, Georgia, Hungary, Russia, etc.

MEDIATION

Mediation is an alternative dispute resolution method that can be used both before and after the commencement of court proceedings. Mediation is a procedure whereby the parties can settle their dispute with the assistance of an independent mediator who has no authority to impose a specific solution on the parties.



The mediation process results in a mediation agreement which is not legally binding.

In case of a breach of a mediation agreement, either party may go to court for its enforcement.

Since 2021, international mediation agreements have been recognized and enforceable by commercial courts in the Republic of Belarus in accordance with the United Nations Convention on International Settlement Agreements Resulting from Mediation 2018.

ENFORCEMENT

In Belarus, the enforcement of judicial decisions is the responsibility of the main enforcement agency of the Ministry of Justice and local enforcement agencies.

Belarus has a publicly available register of enforcement notices containing information on outstanding enforcement procedures, their reference numbers and dates. More details can be obtained from the enforcement proceedings database that, in particular, includes information on the substance of the underlying claim, the amount owed (both paid and outstanding), the outcome and the end date of the enforcement action.

There is also an automated information system in place in Belarus to monitor the performance of monetary obligations (AIS IDO), which greatly facilitates the debt recovery process. After receiving a request from the judgment creditor's bank, AIS IDO collects information on the funds (including foreign currency) available in the debtor's accounts and e-wallets. Any available funds are reserved and debited in the order of precedence.

Since 2022, Belarus has suspended the enforcement of decisions in favor of foreign residents whose countries commit "unfriendly" actions against Belarusian companies and/or nationals. The list of countries is determined by the Council of Ministers and includes all EU member states, several other European countries, as well as the US, Canada, Australia and New Zealand.

APPENDIX



WITHHOLDING TAX RATES UNDER DOUBLE TAX TREATIES

Belarus has double tax treaties with the following countries and territories: Armenia, Austria, Azerbaijan, Bahrain, Bangladesh, Belgium, Bulgaria, China, Croatia, Cyprus, the Czech Republic, Ecuador, Egypt, Estonia, Finland, Georgia, Germany, Hong Kong, Hungary, India, Indonesia, Iran, Ireland, Israel, Italy, Kazakhstan, Kuwait, Kyrgyzstan, Laos, Latvia, Lebanon, Lithuania, Moldova, Mongolia, the Netherlands, North Korea, North Macedonia, Oman, Pakistan, Poland, Qatar, Romania, Russia, Saudi Arabia, Singapore, the Slovak Republic, Slovenia, South Africa, South Korea, Spain, Sri Lanka, Sweden, Switzerland, Syria, Tajikistan, Thailand, Turkey, Turkmenistan, the UK, the United Arab Emirates, Uzbekistan, Venezuela, Vietnam and Yugoslavia (effective for Serbia).

Belarus has double tax treaties with the following countries as a legal successor of the Soviet Union: Denmark, France, Japan, Malaysia and the US. According to the Ministry of Taxes and Levies, similar treaties with Canada and Norway are no longer in force, and the treaty with Ukraine has been terminated. Belarus has signed double tax treaties with Libya, Sudan, Zimbabwe and Equatorial Guinea, but they have not yet taken effect.

By resolution of the Government, Belarus has partially suspended the application of double tax treaties with “unfriendly” countries until 31 December 2026. The list of countries that commit unfriendly actions against Belarusian companies and individuals includes 39 states, including all EU countries, the US, the UK and Switzerland. The suspension applies only to those treaty provisions that regulate the taxation procedure and rates for income in the form of dividends, interest on debt obligations and income from disposal of assets.

The table below provides an overview of withholding tax rates for foreign companies under Belarus's double tax treaties and under its national tax legislation.

	DIVIDENDS, %	INTEREST, %	ROYALTIES, %
Armenia	10/15 (a)	0/10 (v)	10 (tt)
Austria*	5/15 (e)	0/5 (gg)	5 (uu)
Azerbaijan	15 (ww)	0/10 (v)	10 (tt)
Bahrain	5 (ww)	0/5 (vv) (xx)	5 (uu)
Bangladesh	10/12 (fff)	0/7.5 (vv) (xx)	10 (tt)
Belgium*	5/15 (e)	0/10 (z)	5 (uu)
Bulgaria*	10 (ww)	0/10 (v)	10 (tt)
China	10 (ww)	0/10 (u)	10 (tt)
Croatia*	5/15 (e)	10	10 (tt)
Cyprus*	5/10/15 (d)	5 (xx)	5 (uu)
Czech Republic*	5/10 (jj)	0/5 (vv) (xx)	5 (uu)
Denmark (q)*	15	0	0
Ecuador	5/10 (jj)	0/10 (vv)	10 (tt)
Egypt	15 (vvv)	10	15
Estonia*	10 (ww)	0/10 (s) (vv)	10 (tt)
Finland*	5/15 (e)	0/5 (hh)	5 (uu)
France (q)*	15	0/10 (r)	0
Georgia	5/10 (jj)	0/5 (hhh)	5 (uu)
Germany*	5/15 (dd)	0/5 (ee)	3/5 (ff)
Hong Kong	0/5 (iii)	0/5 (iii)	3/5 (jjj)
Hungary*	5/15 (e)	5 (xx)	5 (uu)
India	10/15 (g)	0/10 (bb) (vv)	15
Indonesia	10 (ww)	0/10 (lll)	10 (tt)
Iran	10/15 (g)	0/5 (v) (xx)	5 (uu)
Ireland*	0/5/10 (oo)	5 (ggg)	5 (uu)
Israel	10 (ww)	0/5/10 (t)	5/10 (cc)
Italy*	5/15 (e)	0/8 (mm)	6 (zz)
Japan (q)	15 (vvv)	0/10 (ss)	0/10 (n)
Kazakhstan	15 (ww)	0/10 (v)	15
Kuwait	0/5 (x)	0/5 (vv) (xx)	10 (tt)
Kyrgyzstan	15 (ww)	0/10 (v)	15
Laos	5/10 (aaa)	0/8 (bbb)	5 (uu)
Latvia*	10 (ww)	0/10 (s) (vv)	10 (tt)
Lebanon	7.5 (ww)	0/5 (v) (xx)	5 (uu)
Lithuania*	10 (ww)	0/10 (s) (vv)	10 (tt)
Malaysia (q)	15	0/10 (s) (v) (bb)	10 (o)

	DIVIDENDS, %	INTEREST, %	ROYALTIES, %
Moldova	15 (ww)	0/10 (bb)	15
Mongolia	10 (ww)	0/10 (nn)	10 (tt)
Netherlands*	0/5/15 (e) (w)	0/5 (yy) (xx)	3/5/10 (f)
North Korea	10 (ww)	0/10 (s) (v)	10 (tt)
North Macedonia*	5/15 (e)	10	10 (tt)
Oman	0/5 (ii)	0/5 (ii)	10 (tt)
Pakistan	11/15 (g)	0/10 (s) (v) (bb)	15
Poland*	10/15 (a)	0/10 (bb)	0
Qatar	5 (ww)	0/5 (v) (xx)	5 (uu)
Romania*	10 (ww)	0/10 (v)	15
Russia	15	0/10 (v)	10 (tt)
Saudi Arabia	5 (ww)	5 (xx)	10 (tt)
Singapore	0/5 (ccc)	0/5 (ddd)	5 (uu)
Slovak Republic*	10/15 (g)	0/10 (v)	5/10 (i)
Slovenia*	5 (ww)	0/5 (pp) (xx)	5 (uu)
South Africa	5/15 (e)	0/5/10 (ll)	5/10 (m)
South Korea	5/15 (e)	0/10 (p)	5 (uu)
Spain*	0/5/10 (b)	0/5 (y)	5 (uu)
Sri Lanka	7.5/10 (eee)	0/10 (vv)	10 (tt)
Sweden*	0/5/10 (b)	0/5 (rr)	3/5/10 (c)
Switzerland*	5/15 (e)	0/5/8 (aa)	3/5/10 (c)
Syria	15 (ww)	10	15
Tajikistan	15 (ww)	0/10 (bb)	15
Thailand	10 (ww)	0/10 (qq)	15
Turkey	10/15 (g)	0/10 (v)	10 (tt)
Turkmenistan	15 (ww)	0/10 (v)	15
UK*	5/15 (mmm)	0/5/10 (kkk)	5 (uu)
United Arab Emirates	5/10 (j)	0/5 (s) (xx)	5/10 (k)
US (q)*	25	0	0
Uzbekistan	15 (ww)	0/10 (v) (bb)	15
Venezuela	5/15 (e)	0/5 (kk)	5/10 (ll)
Vietnam	15 (ww)	0/10 (v)	15
Yugoslavia (effective for Serbia)	5/15 (e)	8 (h)	10 (tt)
Countries with no double tax treaty with Belarus	25	10	15

* Countries with which double tax treaties have been suspended by Belarus as applicable to dividend and interest income.

- (a) A 10% rate applies if the recipient is the beneficial owner of the dividends and owns at least 30% of the capital of the company paying the dividends. A 15% rate applies in all other cases where the recipient is the beneficial owner of dividends.
- (b) A 5% rate applies if the recipient is the beneficial owner of the dividends and owns at least 30% (Sweden) or at least 10% (Spain) of the capital of the company paying the dividends. A 10% rate applies in other cases where the recipient is the beneficial owner of the dividends.
- But in the case of Sweden dividends are not taxed if the beneficial owner is a company (other than a partnership) owning 100% of the capital of the company paying the dividends, provided that the dividends are derived from income from industrial or manufacturing activities, farming, forestry or fishing activities, or from tourism (including restaurants and hotels) provided that this income is not exempt from tax. In the case of Spain, dividends are not taxed if the beneficial owner is a company (other than a partnership) that directly owns at least 10% of the capital of the company paying the dividends, and its ownership amounts to at least EUR 1 million.
- (c) A 3% rate applies if the recipient is the beneficial owner of the royalties paid for the use of, or the right to use, any patent, secret formula or process, or for information concerning industrial, commercial or scientific experience. A 5% rate applies if the recipient is the beneficial owner of the royalties paid for the use of, or the right to use, any industrial, business or scientific equipment. A 10% rate applies in all other cases where the recipient is the beneficial owner of the royalties.
- (d) A 5% rate applies if the recipient is the beneficial owner of the income and has invested at least EUR 200,000 in the capital of the company paying the income. A 10% rate applies if the recipient is the beneficial owner of the income and owns at least 25% of the capital of the company paying the income. A 15% rate applies in all other cases where the recipient is the beneficial owner of the income.
- (e) A 5% rate applies if the beneficial owner is a company that owns at least 25% of the capital of the company (other than a partnership) paying the dividends.
- A 15% rate applies in other cases where the recipient is the beneficial owner of the income (in the case of the Netherlands, please also refer to note [w]).
- (f) A 3% rate applies to amounts paid to the beneficial owner for the use of, or the right to use, any patent, trademark, design or model, plan, secret formula or process, or for information concerning industrial, commercial or scientific experience. A 5% rate applies to payments to their beneficial owner for the use of, or the right to use, industrial, commercial or scientific equipment (including road transport). A 10% rate applies to amounts paid to the beneficial owner for the use of, or the right to use, any copyright of literary, artistic or scientific work, including motion picture films and films or tapes for radio and television broadcasting.
- (g) A 10% rate (11% in the case of Pakistan) applies if the recipient is the beneficial owner of the income and owns at least 25% of the capital of the company paying the income. A 15% rate applies in all other cases where the recipient is the beneficial owner of the income.
- (h) An 8% rate applies if the recipient is the beneficial owner of the interest.
- (i) A 5% rate applies to amounts paid to the beneficial owner for the use of any copyright of literary, artistic or scientific work, including motion picture films, films or tapes and other means of sound and image transmission. A 10% rate applies to amounts paid to the beneficial owner for the use of, or the right to use, any patent, trademark, design, drawings, model, plan, secret formula or process; for information

- concerning industrial, commercial or scientific experience; or for the use of, or the right to use, industrial, commercial or scientific equipment or vehicles.
- (j) A 5% rate applies if the beneficial owner is a company owning USD 100,000 or more in the company paying the dividends. A 10% rate applies in other cases where the recipient is the beneficial owner of the dividends.
- (k) A 5% rate applies to amounts paid to the beneficial owner for the use of, or the right to use, any copyright of scientific work, any patent, trademark, design or model, plan, secret formula or process; for the right to use information concerning industrial, commercial or scientific equipment or vehicles, or for information concerning industrial, commercial or scientific experience. A 10% rate applies to amounts paid to the beneficial owner for the use of, or the right to use, any copyright of literary or artistic work, including motion picture films and films or tapes for radio and television broadcasting.
- (l) A 0% rate applies to interest paid to a government, a state body or a wholly state-owned entity. A 5% rate applies to interest beneficially owned by a bank or any other financial institution. A 10% rate applies in other cases where the recipient is the beneficial owner.
- (m) A 5% rate applies to royalties paid to the beneficial owner for industrial, commercial or scientific equipment or vehicles. A 10% rate applies in all other cases where the recipient is the beneficial owner.
- (n) A 0% rate applies to amounts paid to the beneficial owner for the use of, or the right to use, any copyright of literary, artistic or scientific work, including motion picture films and films or tapes for radio and television broadcasting. A 10% rate applies to amounts paid to the beneficial owner for the use of, or the right to use, any patent, trademark, design, drawing, model, plan, secret formula or process; for information concerning industrial, commercial or scientific experience; or for the use of, or the right to use, industrial, commercial or scientific equipment.
- (o) A 10% rate applies if the recipient is the beneficial owner of the royalties in relation to amounts paid for the use of, or the right to use, any patent, trademark, design or model, plan, secret formula, process or copyright of scientific work; for the use of, or the right to use, industrial, commercial or scientific equipment; or for the use of, or the right to use, information concerning industrial, commercial or scientific experience.
- (p) A 0% rate applies to interest from the sale on credit of industrial, commercial or scientific equipment, or if the interest is paid to a government, a central bank, a local authority or a financial institution performing functions of a governmental nature, or if the interest is paid on a loan guaranteed or indirectly financed by any of the above bodies and institutions. A 10% rate applies in other cases where the recipient is the beneficial owner of the interest.
- (q) Belarus observes double tax treaties concluded by the former USSR with this state. The table shows tax rates under those treaties.
- (r) A 0% rate applies to interest on loans from banks and commercial loans. A 10% rate applies in all other cases.
- (s) A 0% rate applies to interest on government-guaranteed loans.
- (t) A 0% rate applies to interest paid to a government, a local authority or a central bank. A 5% rate applies to interest paid to and beneficially owned by a bank or another financial institution or interest paid in connection with the sale on credit of any industrial, commercial or scientific equipment. A 10% rate applies in other cases where the recipient is the beneficial owner of the income.

- (u) A 0% rate applies to interest paid to a government, a local authority, a central bank or any wholly state-owned financial institution. A 10% rate applies in other cases where the recipient is the beneficial owner of the interest.
- (v) A 0% rate applies to interest paid to a government or a central bank (in the case of Turkey, a 0% rate also applies to interest arising in Belarus and paid by Turkish Eximbank on loans to finance the purchase of industrial, commercial, trade, medical or scientific equipment). In other cases where the recipient is the beneficial owner, higher rates apply.
- (w) A 0% rate applies if one of the following conditions is met:
- ▶ The recipient that is the beneficial owner of the dividends owns more than 50% of the capital of the company paying the dividends, provided that the recipient's contribution to the capital of the company is at least EUR 250,000, or
 - ▶ The recipient that is the beneficial owner of the dividends owns more than 25% of the capital of the company paying the dividends, provided that the recipient's contribution to the capital of the company is guaranteed or secured by a government
- (x) A 0% rate applies to dividends paid to a government, a central bank or other governmental agencies or financial institutions. A 5% rate applies in all other cases where the recipient is the beneficial owner of the dividends.
- (y) A 5% rate applies if the recipient is the beneficial owner of the interest. But a 0% rate applies to interest paid to its beneficial owner if:
- ▶ The recipient of the interest is the state, its government, the central (national) bank, a constituent political entity or a local authority
 - ▶ The interest is paid by the state, its government, a constituent political entity or a local authority or its legitimate body
- ▶ The interest is paid on loans due to or issued, guaranteed or insured by the state, its government, a constituent political entity or a local authority or a state export financing institution
 - ▶ The recipient of the interest is a financial institution
 - ▶ The recipient of the interest is a pension fund approved by another state for tax purposes
- (z) A 0% rate applies if one of the following conditions is met:
- ▶ The loan was approved by a government
 - ▶ The interest is charged in connection with the sale on credit of industrial, medical or scientific equipment and related services
 - ▶ The loan that was made to stimulate exports and is related to the supply of industrial, medical or scientific equipment and related services was issued or is secured or guaranteed by a government
- A 10% rate applies in all other cases where the recipient is the beneficial owner.
- (aa) A 0% rate applies if one of the following conditions is met:
- ▶ The loan was approved by a government
 - ▶ The interest was received in connection with the sale on credit of industrial, trade, medical or scientific equipment
 - ▶ The interest income is interest earned on government securities
- A 5% rate applies to interest on bank loans. An 8% rate applies where the recipient is the beneficial owner of the interest.
- (bb) A 0% rate applies in cases where the loan was approved by a government.

- (cc) A 5% rate applies only to payments for the use of any copyright of literary, artistic or scientific work, excluding motion picture films, or for the right to use industrial, commercial or scientific equipment or vehicles. A 10% rate applies in other cases where the recipient is the beneficial owner of the royalties.
- (dd) A 5% rate applies if the recipient is the beneficial owner of the income and owns at least 20% of the capital of the company paying the income, and its contribution is at least EUR 81,806.70. A 15% rate applies in all other cases where the recipient is the beneficial owner of the income.
- (ee) A 0% rate applies to (i) interest arising in Belarus and paid to the German Government, Deutsche Bundesbank, Kreditanstalt für Wiederaufbau or Deutsche Finanzierungsgesellschaft für Beteiligungen in Entwicklungsländern; (ii) interest arising on export loans guaranteed by Hermes-Deckung and provided by the German Government; or (iii) interest paid to the beneficial owner in connection with the sale on credit of any industrial, commercial or scientific equipment or any loan made by a bank or another financial institution to finance the sale of any industrial, commercial or scientific equipment. A 5% rate applies if the recipient is the beneficial owner of the interest.
- (ff) A 3% rate applies if the recipient is the beneficial owner of the royalties for the use of, or the right to use, any copyright of scientific work; for the use of, or the right to use, any patent, trademark, design or model, plan, secret formula or process, or for information concerning industrial, commercial or scientific experience. A 5% rate applies if the recipient is the beneficial owner of the royalties paid for the use of, or the right to use, any copyright of literary or artistic work, including motion picture films and films or tapes for radio and television broadcasting, or for the use of, or the right to use, any type of equipment and vehicles.
- (gg) A 0% rate applies if the recipient is the beneficial owner of the interest and one of the following conditions is met: (1) the interest is paid to a contracting state, a local authority or a central bank; (2) the interest is paid on a government-approved loan; or (3) the interest is paid on a loan that was issued, guaranteed or secured by a governmental agency (including Österreichische Kontrollbank Aktiengesellschaft) for the purpose of stimulating exports and relates to the supply of industrial, trade, medical or scientific equipment. A 5% rate applies in other cases where the recipient is the beneficial owner of the interest.
- (hh) A 0% rate applies to interest paid to a government or a central bank, FINNFUND or FINNVERA. A 5% rate applies if the recipient is the beneficial owner of the interest.
- (ii) A 0% rate applies where the recipient of the income is a government, a central bank or the State General Reserve Fund of the Sultanate of Oman or, in the case of interest, any wholly or mainly state-owned entity. A 5% rate applies in all other cases where the recipient is the beneficial owner of the income.
- (jj) A 5% rate applies if the beneficial owner of the income is a company (other than a partnership) that owns at least 25% of the capital of the company paying the income. A 10% rate applies in all other cases where the recipient is the beneficial owner of the income.
- (kk) A 0% rate applies if the recipient is the beneficial owner of the interest and one of the following conditions is met:
- ▶ The recipient of the income is a government or government body, a central bank or an entity that is wholly or partially state-owned, or
 - ▶ The interest is paid on a government-guaranteed loan, or

- ▶ The interest is paid on a loan that is intended to stimulate exports and relates to the supply by a company in the other contracting state of any types of equipment or vehicles, or
- ▶ The interest is paid in connection with the sale on credit of any types of equipment or vehicles

A 5% rate applies in all other cases where the recipient is the beneficial owner of the interest.

(ll) A 5% rate applies to royalties where they are received by the beneficial owner as consideration for the use of, or the right to use, a trademark or any copyright of scientific work or computer software; or for the use of, or the right to use, any types of equipment or vehicles. A 10% rate applies in all other cases where the recipient is the beneficial owner.

(mm) A 0% rate applies where one of the following conditions is met:

- ▶ The interest is paid by a government or a state body
- ▶ The interest is paid to a government, a state body or a local agency or body (including financial institutions) wholly owned by the state or a state body
- ▶ The interest is paid to any other agency or body (including financial institutions) on loans issued in connection with an agreement between the contracting states

An 8% rate applies where the recipient is the beneficial owner of the interest. A 10% rate applies in other cases.

(nn) A 0% rate applies to loans granted to a government or a central bank. A 10% rate applies in all other cases where the recipient is the beneficial owner of the interest.

(oo) A 0% rate applies to dividends received by the National Treasury Management Agency of Ireland,

the National Pensions Reserve Fund of Ireland or any entity, including an agency or an institution, wholly or mainly owned by the state. A 5% rate applies if the beneficial owner is a company that owns at least 25% of the capital of the company (other than a partnership) paying the dividends. A 10% rate applies in other cases where the recipient is the beneficial owner of the dividends.

(pp) A 0% rate applies to interest paid or received by a government, a political subdivision, a local authority or a central bank. Higher rates apply in other cases.

(qq) A 0% rate applies to interest paid to a government, a central bank or an institution whose capital is wholly owned by the state or local authorities. A 10% rate applies in all other cases.

(rr) A 0% rate applies where:

- ▶ The interest is paid or received by a government, a political subdivision, a local authority or a central bank
- ▶ The loan was approved by a government
- ▶ The loan was made and is guaranteed by a state financial authority for the purpose of stimulating exports, and was issued or is guaranteed on preferential terms
- ▶ The loan was made by a bank to stimulate exports
- ▶ The interest is paid on debt arising in connection with the sale on credit of any goods or industrial, commercial or scientific equipment

A 5% rate applies in all other cases where the recipient is the beneficial owner of the interest.

(ss) A 0% rate applies where one of the following conditions is met:

- ▶ The interest is paid to a government, a local authority, a central bank or any financial institution that is wholly government-owned

- ▶ The interest is paid in respect of debt claims guaranteed, secured or indirectly financed by a government, a local authority, a central bank or a financial institution that is wholly state-owned
- A 10% rate applies in all other cases where the recipient is the beneficial owner of the interest.
- (tt) A 10% rate applies if the recipient is the beneficial owner of the royalties.
- (uu) A 5% rate applies if the recipient is the beneficial owner of the royalties.
- (vv) A 0% rate applies if the recipient of the interest is a government, a political subdivision (in the case of Ecuador), a local authority, a central bank or another governmental agency or government-owned financial institution. In other cases where the recipient is the beneficial owner of the interest, a higher rate applies.
- (ww) A 10% rate (5% in the case of Bahrain, Qatar, Saudi Arabia and Slovenia, 7.5% in the case of Lebanon and 15% in the case of Azerbaijan, Vietnam, Egypt, Kazakhstan, Kyrgyzstan, Moldova, Syria, Tajikistan, Turkmenistan, Uzbekistan and Japan) applies if the recipient is the beneficial owner of the dividends.
- (xx) A 5% rate (7.5% in the case of Bangladesh) applies if the recipient is the beneficial owner of the interest.
- (yy) A 0% rate applies where:
- ▶ The payer or recipient of the interest is a government, a political subdivision, a local authority or a central bank
 - ▶ The loan was approved by a government
 - ▶ The loan was made and is guaranteed or secured by a government, a central bank or another state-controlled authority
 - ▶ The loan was made or is guaranteed by a financial institution to stimulate development, or the interest is paid in respect of a loan used for the purchase of industrial, commercial, trade, medical or scientific equipment
- (zz) A 6% rate applies if the recipient is the beneficial owner of the royalties.
- (aaa) A 5% rate applies if the dividends are beneficially owned by a company that directly owns at least 20% of the capital of the company paying the dividends. A 10% rate applies in other cases where the recipient is the beneficial owner of the dividends.
- (bbb) A 0% rate applies if the beneficial owner of the interest is the Government of Laos, the Bank of Laos or a local authority of Laos. An 8% rate applies in other cases where the recipient is the beneficial owner of the interest.
- (ccc) A 0% rate applies if the recipient of the dividends in Singapore is the Government of Singapore, the Monetary Authority of Singapore (the central bank), the Government of Singapore Investment Corporation, a statutory body or any institution wholly or mainly owned by the Government of Singapore as may be agreed upon from time to time by the competent authorities. A 5% rate applies where the recipient is the beneficial owner of the dividends.
- (ddd) A 0% rate applies if the recipient of the interest in Singapore is the Government of Singapore, the Monetary Authority of Singapore (the central bank), the Government of Singapore Investment Corporation, a statutory body, a bank or any institution wholly or mainly owned by the Government of Singapore as may be agreed upon from time to time by the competent authorities. A 5% rate applies where the recipient is the beneficial owner of the interest.
- (eee) A 7.5% rate applies if the beneficial owner of the dividends is a company that directly owns at least 25% of the capital of the company paying the dividends. A 10% rate applies in other cases where the recipient is the beneficial owner of the dividends.

- (fff) A 10% rate applies if the recipient is the beneficial owner of the dividends and owns at least 10% of the capital of the company paying the dividends. A 12% rate applies in all other cases where the recipient is the beneficial owner.
- (ggg) A 5% rate applies if the recipient is the beneficial owner of the interest and one of the following conditions is met: (1) the interest is beneficially owned by a government, a central bank, the National Treasury Management Agency of Ireland, the National Pensions Reserve Fund of Ireland or any wholly or mainly government-owned entity, or (2) the interest is paid on a loan guaranteed or approved by a government or a loan to finance the purchase of industrial, commercial, trade, medical or scientific equipment.
- (hhh) A 5% rate applies if the recipient is the beneficial owner of the interest. A 0% rate applies if the beneficial owner of the income is a government, a political subdivision or a local authority, a national bank or any other institution that is wholly or mainly government-owned.
- (iii) A 0% rate applies if the beneficial owner of the income is the Government of the Hong Kong Special Administrative Region, the Hong Kong Monetary Authority, the Exchange Fund, or any institution wholly or mainly owned by the Government of the Hong Kong Special Administrative Region as may be agreed upon from time to time by the competent authorities. A 5% rate applies in all other cases where the recipient is the beneficial owner.
- (jjj) A 3% rate applies if the recipient of royalties for the use of, or right to use, aircraft is the beneficial owner of the royalties. A 5% rate applies in other cases where the recipient is the beneficial owner. A 15% rate applies in all other cases.
- (kkk) A 0% rate applies if the beneficial owner of the interest is a government, a central bank, a statutory body, a bank or any institution that is wholly or mainly government-owned as may be agreed upon from time to time by the competent authorities. A 5% rate applies if the recipient of the income is the beneficial owner. A 10% rate applies in all other cases.
- (lll) A 0% rate applies where interest is paid to a government, a local authority or a central bank.
- (mmm) A 15% rate applies where the recipient is the beneficial owner of the dividends and the dividends are paid from the income received from real property by an investment company which distributes a major part of the income on an annual basis and whose income from the real property is exempt from taxation. A 5% rate applies in all other cases where the recipient is the beneficial owner of the income.

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