VAT rules for B2C e-services in Belarus
Effective 1 January 2018, the Belarusian value-added tax (VAT) rules for business-to-consumer (B2C) e-services came into force. These rules introduce an obligation for foreign companies to register with the Belarusian tax authorities and pay VAT at 20% if they supply e-services to individuals in Belarus or are intermediaries directly involved in settlements with such individuals.

**What are e-services?**

E-services mean electronic services delivered over the Internet that are automated with the aid of information technologies. The Tax Code of Belarus provides an exhaustive list of e-services. Examples of e-services are:

- Supply of software (including games) and their updates, as well as making databases available;
- Accessing or downloading music, films, videos, images, e-books or other digitized publications;
- Advertising services on the Internet, including the provision of advertising space on a webpage;
- Placing offers to purchase or sell goods/services on the Internet;
- Accessing online search engines;
- Services providing or supporting a business or personal presence on the Internet;
- Web-based platform services for concluding transactions between buyers and sellers;
- Data storage with access to data through the Internet;
- Cloud computing;
- Domain name registration and webhosting services;
- Website statistics;
- Online gambling.

**When are e-services deemed to be supplied to individuals in Belarus?**

Belarus is the place of supply of e-services to individuals if at least one of the following conditions is met:

- Belarus is the place where such individual customers reside;
- Belarus is the place where the bank or electronic money operator processing the payment for e-services is registered;
- The IP address of the device used to buy e-services is allocated to Belarus;
- The country code of the telephone number used to buy e-services is assigned to Belarus.
What are the main compliance requirements?

Foreign companies supplying e-services to individuals in Belarus must register with the Belarusian tax authorities by the end of the quarter in which the taxable event arose. There is no revenue threshold for this requirement. Tax registration applies for VAT purposes only.

After tax registration, the foreign company will receive a login and password for its online account on the Portal of the Ministry of Taxes and Duties of the Republic of Belarus. Once it has a password to access its online account, the foreign company can submit VAT returns in e-form.

VAT returns are submitted on a quarterly basis. The tax base is the sales revenue including advance payments received from individual customers in the quarter. VAT must be paid no later than the 22nd of the month following the reporting quarter.

The foreign company supplying e-services to individuals in Belarus must also keep records with respect to its sales revenue in Belarus and data confirming that Belarus is the place of supply of e-services. The Belarusian tax authorities may request this information during an in-house tax audit.

How EY can help

**Risk assessment**
- Analysis of the nature of the services supplied, including assessing whether a service falls within the definition of e-services for Belarusian tax purposes and whether VAT registration is required
- Analysis of contractual relationships with the end customers and intermediaries and determination of the party which is liable for VAT registration in Belarus
- Quantification of the risk exposure and provision of risk-mitigation recommendations

**Registration and compliance**
- Assistance with VAT registration with the Belarusian tax authorities
- Assistance with ongoing compliance (preparation and filing of VAT returns with respect to supplied e-services, communication with the Belarusian tax authorities)
- Advisory support during tax audits, preparation of responses to inquiries of the Belarusian tax authorities

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