Doing Business in Belarus
January 2019
Foreword

This report is based on data collected as of 1 January 2019.
We are glad to present our eighth Doing Business in Belarus - From Traditions into the Future report. The foundations for modern Belarus have been built century after century, and now we are building its future. The Belarusian people have traditions and values passed down through generations such as hospitality, hard work, peace and stability.

Expanding into a foreign market is always a challenging decision that should be based on a thorough knowledge of the country's business environment. It is also important with respect to Belarus to understand that its business climate and legal framework continue to develop across many areas. Business executives should be prepared to hear a great diversity of opinions about the situation in Belarus. But you may rest assured that Belarus' openness and its commitment to improving regulations and law enforcement practices provide solid grounds for viewing our country as an accommodating host that can create the necessary conditions for doing business.

New factors influencing strategic decision-making continue to emerge amid ongoing integration and disintegration processes, information overload and the rapid advancement of technology. Trust - in information, your business partner and your team - has become critical today.

EY has been successfully working in Belarus since 2000. The insights and quality services we deliver help build trust in the capital markets and in economies the world over. EY’s Minsk office today employs more than 500 people who provide a broad range of professional services, including audit and advisory, in the local market.

EY prepares this annual report to give business executives a brief overview of the Belarusian tax system, corporate forms, business practices, as well as accounting and financial reporting principles.

We hope that this report will give you a comprehensive idea of business opportunities and prospects in Belarus.

Pavel Laschenko
EY Belarus Managing Partner
We would like to present this year’s Doing Business in Belarus report that will help you learn more about our country.

Belarus boasts well-developed industries, including manufacturing, services and agriculture, as well as extensive logistics opportunities and rich intellectual resources. We have links with more than 200 countries across the world through investment projects and bilateral trade. Belarusian-made petroleum products, fertilizers, metals, machines, agricultural produce and furniture are in high demand outside the country.

We have progressed from 124th to 37th in the World Bank’s Ease of Doing Business Index since our first entry, ranked regularly among the top five reformers. Belarus is in the high human development group, 53rd in the UN rankings.

Preferential regimes cover almost the entire territory of Belarus. Every investor has wide opportunities to choose the most appropriate conditions, depending on the specifics of the project.

Turning to the IT industry, our Hi-Tech Park is definitely attractive. Further, Belarus offers exceptionally favorable treatment to residents of the Great Stone China-Belarus Industrial Park. Special tax regimes are in place in six free economic zones and more than 180 small and medium-sized cities. Finally, it is easy to pay us a visit, as we have a 30-day visa-free regime for citizens of 74 countries.

We are open for dialogue and mutually beneficial projects with businesses that see our country as the right place to bring their great ideas to life!

Dmitry Krutoy
Minister of Economy of the Republic of Belarus
Belarus is an open country with an export-oriented economy, and is an active player in international trade. This motivates us to keep innovating and apply leading international practices to grow our industries, foreign trade and investment activity.

Efforts by the Belarusian Government to liberalize the economy, create favorable conditions for the growth of private entrepreneurship and small and medium-sized businesses, and involve business associations in decision-making have not escaped the attention of the international expert community. According to the World Bank's 2019 Ease of Doing Business Index, Belarus regained the position of 37th among 190 countries in 2018.

Breakthrough ideas on public-private partnerships, reflected in Decree No. 8 of the President of the Republic of Belarus “On the Development of the Digital Economy,” the existing legal framework for attracting foreign investments, progress on the path toward accession to the World Trade Organization and the extension of the visa-free regime for citizens of 74 countries to 30 days, contribute to strengthening Belarus’ international image as a modern, open and fast-growing country.

The safety, predictability, political and economic stability that Belarus can boast of help our country attract investors with bold and ambitious projects.

I am confident that this Doing Business in Belarus report will provide valuable insights for investors and trading partners who have chosen Belarus to implement their business plans.

Andrey Yevdchenko
First Deputy Minister of Foreign Affairs
of the Republic of Belarus
Attracting foreign direct investment is a top priority for driving Belarusian economic growth. In recent years, Belarus has seen increased investment activity from foreign direct investors. Reforms implemented in Belarus to improve the business climate have played an important role.

Belarus has adopted a new Tax Code to significantly simplify tax administration and offer stronger incentives to investors in a drive to provide an impetus for further business development.

As part of continued efforts to create a favorable entrepreneurial environment, the Ministry of Finance maintains consistent focus on enhancing financial regulations and increasing the transparency and reliability of financial statements in line with international best practice.

Belarus has adopted International Financial Reporting Standards (IFRS) and determined a range of organizations that must implement them. Efforts are being made to increase the adoption of IFRS and update the national financial accounting rules on their basis. Work is also underway to develop a conceptual framework for non-financial statements.

To increase the reliability of financial statements, steps are being taken to promote the adoption of International Standards on Auditing (ISA) among Belarusian auditing firms. Legislative initiatives are being gradually implemented to enhance quality control systems for auditors, including through the establishment of a special register and a single self-regulatory organization, in order to provide safeguards for foreign investors.

The Ministry of Finance would like to note with great satisfaction that representatives of professional associations and business community are directly involved in all these processes. I, personally, would like to express gratitude to EY for its active role in improving the national regulatory framework and its big contribution to the development of new technologies and the accounting and auditing professions.

Dmitry Kiyko
Deputy Minister of Finance of the Republic of Belarus
Belarus is steadily strengthening its reputation as a country with big opportunities for starting and doing business. This reputation is bolstered by a progressive legislative framework for investments, a favorable tax climate, direct access to the EAEU market with a population of 183 million people, well-developed logistics infrastructure and highly skilled labor.

Our country offers various preferential regimes to foreign investors. New opportunities emerged last year to drive the digital economy. I think they will enable Belarus to remain a leading IT nation in Eastern Europe and break new grounds.

The introduction of a visa-free regime for citizens of 74 countries - an unprecedented decision - is just another step toward expanding business relationships.

Our great spots in global rankings testify to our successful economic policies. Belarus is among the top 25 trading countries. It is ranked 29th worldwide for ease of starting a business. In the Global Manufacturing Competitiveness Index, Belarus ranks 47th among 180 nations.

EY’s Doing Business in Belarus report, published annually, offers detailed information about how to do business in Belarus and why it is beneficial. I am confident that this report, which provides a fair presentation of Belarusian market prospects, can encourage investment activity and stimulate new business ideas.

The Belarusian Chamber of Commerce and Industry remains committed to helping local and foreign companies establish mutually beneficial ties, strengthen their cooperation and pursue specific projects.

Welcome to Belarus!

Vladimir Ulakhovich
Chairman of the Belarusian Chamber of Commerce and Industry
Doing Business in Belarus
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General information

Population
9.5 million people

Total area
207,600 square kilometers

Capital city
Minsk

Geography
Belarus is situated in the heart of Europe, at the crossroads of trade routes from west to east and north to south. The shortest transport routes between the CIS and Western Europe run across the country. Belarus borders on Lithuania and Latvia in the north, on Ukraine in the south, on Russia in the east and on Poland in the west. Belarus has a strategically important geographic position as a transport link between west and east as well as 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 or Greece. The country's capital, Minsk, is on the same latitude as Hamburg and Dublin. Belarus' highest point, Dzerzhinsky Hill (345 meters above sea level), is in the Minsk Region. The country's lowest place 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. The average temperature in January is -6°C, and in July it is +18°C. The average annual precipitation is 550-700 millimeters.

Population
The territory of Belarus is populated by about 9.5 million people. Belarus is a multinational country with an urban population of 70%.

Language
Belarus’ official languages include Belarusian and Russian. The most common languages for business are Russian, English and German.

Time zone
Belarus uses Further-eastern European Time (FET): UTC+3. Belarus does not observe Daylight Saving Time (DST), using UTC+3 all year round.

The table below shows the flight time between Minsk and some major cities in the world.

<table>
<thead>
<tr>
<th>City</th>
<th>Flight time, hours</th>
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<tr>
<td>Frankfurt</td>
<td>2.25</td>
</tr>
<tr>
<td>London</td>
<td>3</td>
</tr>
<tr>
<td>Moscow</td>
<td>1.20</td>
</tr>
<tr>
<td>Paris</td>
<td>3</td>
</tr>
</tbody>
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Government, public and other holidays
The following government and public holidays are observed in Belarus. The holidays marked in bold are officially non-working days in Belarus.

Government 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 Flag of the Republic of Belarus – the second Sunday in May
- Independence Day (Republic Day) – 3 July

Public holidays:
- New Year – 1 January
- Day of Defender 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 – by the Orthodox and Catholic calendars
- Radunitsa – by the Orthodox calendar
- Memorial Day – 2 November
- Catholic Christmas – 25 December

If any national holiday which is an official non-working day falls on a weekend, there are usually no extra days off. If any of such holidays falls on a Tuesday or Thursday, the preceding Monday or the following Friday, respectively, is as a rule an official non-working day, while the Saturday nearest to the holiday is a working day.

Foreign organizations in Belarus, including embassies and consulates, usually observe the national holidays of their countries in addition to Belarusian national holidays.
Belarusian economy
Exports/imports

Belarus currently trades with more than 200 countries. Belarus shipped 72% of its exports to five countries in 2018, and 20 countries accounted for 90% of total exports, with Russia's share accounting for 55%. This demonstrates that Belarusian exports are heavily dependent on both the global market environment and the economies of major trading partners. Russia accounts for 50% of agricultural, equipment, vehicle and textile exports. However, the export destinations of minerals and chemicals are more diversified.

Belarus' trade in goods and services totaled USD 83.2 billion in 2018, with exports amounting to USD 41.9 billion and imports to USD 41.3 billion, which was 114.1%, 114.9% and 113.3%, respectively, of the 2017 levels at current prices. Exports and imports of goods increased by 4.8% and 6.9% year-on-year in physical terms, respectively, in 2018.

Belarus imports and exports a wide range of goods, but mostly chemical products, machinery, equipment, vehicles, and ferrous and non-ferrous metals. In 2018, Belarus mainly exported minerals (25.9% of total exports), chemicals (13.7%), machinery, equipment and vehicles (15.5%), and food products and agricultural produce (15.3%).

Imports were dominated by minerals (29.6% of total imports), machinery, equipment and vehicles (22.4%), food products and chemicals (11.3%).

Belarus' export and import performance largely depends on Russia, its major trading partner. This dependence is compounded by the structure of Belarusian exports, which are traditionally dominated by petroleum products made from Russian crude.

Russia accounts for 46.8% of Belarus' total foreign trade. The European Union is the second-largest trading partner. In 2018, Russia accounted for 35.3% of Belarusian exports and for 58.4% of Belarusian imports. Exports to Russia dropped in 2013-15 due to the devaluation of the Russian ruble, which reduced demand for higher priced Belarusian products in the neighboring country. However, Belarusian exports to Russia increased in 2016-17 on the back of the stronger Russian ruble.

The structure of Belarus' trade with non-CIS countries has remained unchanged over the last five years. Belarus' non-CIS exports mostly consisted of commodities, which made up over 90% of the country's total exports in the period. Energy (petroleum products, crude and liquefied gas) together with fertilizers accounted for more than 70% of commodities shipped abroad. Belarus also exported other commodities, including ferrous metals, raw timber and other wooden products.

Belarus' foreign trade, 2011-18

Source: National Statistical Committee, 2018
Belarus' key priorities in recent years have focused on stabilizing the national currency, slowing down inflation and improving its balance of trade. With this in view, the Belarusian government and the National Bank of the Republic of Belarus (NBRB) took a number of measures to gradually lower the refinancing rate, reduce rates for liquidity management instruments, assess the quality of assets across Belarus' major banks, and reform the national currency by redominating the Belarusian ruble in a ratio of 1:10,000 in July 2016. The authorities also gradually relaxed the foreign currency exchange requirement for businesses to abolish it altogether in August 2018.

These steps helped strengthen the Belarusian ruble as GDP increased by 2.5% in 2017 after falling by 2.5% in the previous year. Inflation also significantly slowed down, to 4.6% in 2017 compared with 10.6% in 2016.

However, Belarus continued to accumulate foreign debt, which totaled BYN 42.2 billion as of 1 January 2018, up BYN 5.2 billion or 14.1% compared with 1 January 2017. Belarus’ foreign debt increased year-on-year by BYN 3.2 billion, or 7.6%, to BYN 45.4 billion on 1 January 2019.

After two years’ recession and GDP growth recovery in 2017, Belarus’ economy entered an upswing stage, primarily driven by external factors and increased focus on stimulating investment demand and household consumption.

GDP grew by 3% year-on-year in comparable prices in 2018, within the government’s target band.

On 27 June 2018, the refinancing rate was lowered from 10.5% to 10% per annum, a record low, while rates for liquidity management instruments, including instruments that are permanently available and bilateral instruments, dropped from 11.75% to 11.5% per annum.

Annual inflation was 5.6% in 2018. According to the NBRB, annual inflation slowed down and is projected to remain within a target band given the economic outlook, including for foreign trade and the situation in the currency and deposit markets. An important priority for the authorities is to keep inflation close to the current level in the next couple of years to prevent prices from growing higher than the targeted 5% in 2020.

**Leading industries**

Belarus’ GDP structure has undergone a number of changes over the last four years, echoing wider economic trends in the country: the services sector became the leading contributor to Belarusian GDP in 2015 for the first time in its independent history. This can be attributed to dedicated efforts taken by the authorities and the rapid development of industries such as IT, telecommunications, retail and wholesale. Belarus’ dependence on its major trading partner for commodities, the recent fall in energy prices and the contraction in Belarus’ industrial output...
in the wake of the economic downturn in Belarus and Russia were also key factors. Belarus’ industrial output totaled BYN 110.1 billion at current prices in 2018. The industrial production index was 105.7% in 2018 compared with 2017.

Belarus’ manufacturing industry by sector in 2018

The manufacturing industry plays a critical role in the country’s industrial sector, accounting for 89% of total industrial output in 2018.

Industrial output in 2018 was primarily driven by higher output in industry sectors such as coke and petroleum products (up 30%) and wood and paper products, vehicles and equipment, and machinery and equipment not included in other categories (up 28% in each sector). Other industry sectors had an insignificant impact on the sum total in 2018.

Financial system

Regulator of banks and non-banking financial institutions

The NBRB is the principal regulator of banks and non-banking financial institutions in Belarus, in charge of issuing banking licenses. The NBRB’s licenses allow banks to engage in various banking activities, including taking deposits from individuals and/or legal entities, maintaining accounts for individuals and/or legal entities, providing settlement and cash services to individuals and/or legal entities, performing currency exchange operations, issuing bank guarantees, and providing fiduciary management and factoring services. There are special requirements for certain types of banking operations.

Regulator of stock exchanges and the securities market

The Securities Department of the Ministry of Finance of the Republic of Belarus (hereinafter, the “Finance Ministry”) is in charge of policing the securities market, vested with executive, supervision, coordination and regulation functions. It supervises the issuance, trading and redemption of securities and the activities of professional market participants. It also provides support to the Finance Ministry in regulating securitization transactions and investment funds.

The functions of the Securities Department are:

- Developing regulations governing the securities market, securitization transactions and investment funds, which are adopted by the Finance Ministry
- State registration of newly issued shares and bonds, and handling the state registration process for investment units
- Maintaining the state registers of securities and investment funds
- Participating in the licensing procedure for professional and stock exchange activities involving securities
- Accrediting securities market specialists
- Supervising the issuance, trading and redemption of securities
- Supervising the activity of professional participants of the securities market

Source: National Statistical Committee, 2018
Currency controls

General principles
Currency controls have historically been a source of uncertainty for foreign investors operating in Belarus. At the same time, they have become more relaxed over the last couple of years, with measures taken to liberalize currency relations and de-dollarize the national economy.

As a rule, payments between residents must be in Belarusian rubles. Exceptions where residents may use foreign currency (securities or payment documents denominated in foreign currency) in transactions are set forth in the Belarusian Law “On Currency Regulation and Currency Control” of 22 July 2003 No. 226-3 (hereinafter, the “Currency Control Law”), Resolution of the NBRB Management Board No. 72 “On the Approval of Currency Transactions Rules” of 30 April 2004 (hereinafter, “Resolution No. 72”) and other regulations. Residents may determine a contract’s price in any foreign currency, but they still must make payments in Belarusian rubles only (unless currency legislation explicitly permits otherwise).

Nonresidents under currency legislation
Under Belarusian currency legislation, nonresidents include:
- Foreign citizens and stateless persons (except for those holding Belarusian residency permits)
- Legal entities incorporated in accordance with the laws of a foreign jurisdiction and registered outside of Belarus, as well as their branches and representative offices in Belarus and other countries
- Unincorporated entities established in accordance with the laws of a foreign
Restrictions on transactions between residents and nonresidents

In accordance with the Currency Control Law, all transactions in foreign currency or Belarusian rubles (transactions involving securities or payment documents in foreign currency or Belarusian rubles) between Belarusian residents and nonresidents are considered currency transactions that are divided into current transactions and capital transactions.

There is a finite list of current transactions. Capital currency transactions comprise all currency transactions between Belarusian residents and nonresidents, except for those regarded as current under currency legislation.

According to important amendments recently made to Resolution No. 72 as part of economic liberalization measures, all current currency transactions between Belarusian residents and nonresidents are not subject to any restrictions since 1 March 2019.

In addition, since 1 March 2019, the NBRB’s approval is no longer required for capital transactions conducted by Belarusian residents, but they have to be registered. In particular, parties to capital transactions are now allowed to conduct them:

- Either without the NBRB’s approval and exempt from the registration or reporting requirements (the list of such transactions is finite); or
- Subject only to the registration requirement (the list of such transactions is finite); or
- Subject only to the reporting requirement (the list includes all other capital currency transactions)

Current currency transactions

Current currency transactions include the following transactions between residents and nonresidents:

- The export and/or import of goods (excluding cash, securities and immovable property), protected information, exclusive rights to intellectual property, or services (work)
- Operational and/or finance lease of immovable property
- Transfer and receipt of dividends and other income on investments
- Non-trade transactions (cash transfer and receipt for the payment of salaries or pensions, cash from an inheritance, cash transfers for state fees, etc.)

Capital currency transactions subject only to the registration requirement starting 1 March 2019

The registration requirement for capital currency transactions means that Belarusian residents must register an export/import contract that provides a basis for this transaction. The procedure is the same as for the registration of the export/import transaction under such contracts.

Below are some capital transactions that are subject only to the registration requirement starting 1 March 2019:

- Acquisition of property in a foreign jurisdiction that is considered immovable property under Belarusian legislation, except for movable property considered the same as immovable property in accordance with legislation
- Placement of cash with nonresident banks or cash transfer to nonresidents (except for nonresident banks) for trust management
- Provision of loans
- Settlement of liabilities owed by residents to nonresidents under surety or guarantee agreements where such residents act as the trustor or guarantor
- Receipt of loans
Opening of a resident's accounts with nonresident banks

To open an account with a nonresident bank, Belarusian residents (except for banks) are required to obtain the NBRB's approval, except as follows:

- No approval from the NBRB is required to open loan accounts or accounts for Belarus' diplomatic, consular or other missions.
- Starting 1 March 2019, representative offices of Belarusian residents (except for banks) are subject only to the reporting requirement to open a bank account.

Specific requirements for export/import contracts

Registration of export/import contracts

Export/import contracts require registration with a bank if the amount of consideration for goods under the contract, including all appendices, equals EUR 3,000 or more.

Export/import contracts involving the transfer of protected information, exclusive intellectual property rights or services (work) are not subject to registration with banks. Banks do not charge fees for registration (re-registration) of such contracts.

Obligations pursuant to export/import contracts

Residents must fully complete any export/import transaction within the following time frames:

- Export contracts: within 180 calendar days of the date the goods or services, including protected information and exclusive rights to intellectual property, were supplied.
- Import contracts: within 90 calendar days of the date a payment was made. This requirement applies only when the resident has made a prepayment.

These time frames may be extended by the NBRB's decision subject to requirements determined by the Council of Ministers and the NBRB.

The Council of Ministers and the NBRB have set longer closure deadlines for certain export/import transactions, including a manufacturer's exports of pharmaceutical products, with the deadline for residents to ensure the performance by nonresidents of contractual obligations set at 365 calendar days of the shipment date.

Mandatory exchange of foreign currency

On 3 August 2018, Belarus lifted the requirement for Belarusian residents to exchange a share of their foreign currency revenue into Belarusian rubles.

Penalties for currency law violations

The Belarusian Code of Administrative Offenses sets out currency legislation violations that are usually penalized with varying amounts of fines. Such fines can be considerable.
Below are examples of currency legislation violations:

- Illegal acceptance by an individual of foreign currency as a means of payment or any other illegal use of securities and payment documents denominated in foreign currency is penalized by a fine ranging from 50 to 100 times the Base Rate (approximately USD 590 to USD 1,180, the Base Rate equals approximately USD 12), with or without the confiscation of the illegal sum. The same offense committed by an individual entrepreneur or a legal entity is penalized by a fine ranging from 100 to 200 times the Base Rate (approximately USD 1,180 to USD 2,360), with or without the confiscation of the illegal sum.

- Failure by an individual entrepreneur or a legal entity to comply with the registration or reporting requirements for a capital currency transaction as stipulated by legislation is penalized by a fine of 10 times the Base Rate (approximately USD 120).

- Opening by a company official or an individual entrepreneur of a bank account in a foreign jurisdiction and the performance of transactions using this bank account without the NBRB's approval where it is necessary is penalized by a fine ranging from 20 to 50 times the Base Rate (approximately USD 237 to USD 593).

- Transfer by an individual entrepreneur or a legal entity of revenue from exports of goods or services (work) to accounts other than the exporter's account without the relevant permission is penalized by a fine in the amount of cash transferred.

- Failure by a company official to either (i) receive revenue or complete otherwise as stipulated in legislation a foreign trade transaction for export of goods/protected information, intellectual property rights or services (work) in good time or (ii) receive goods/protected information, intellectual property rights or services (work) or complete otherwise as provided by legislation a foreign trade transaction for imports in good time is penalized by a fine of up to 30 times the Base Rate (approximately USD 356). Fines for individual entrepreneurs or legal entities are equivalent to up to 0.5% of the amount of the foreign trade transaction for every day of the delay, but no more than the total amount of the foreign trade transaction.

Some offenses may also lead to criminal liability for officials of a violating legal entity. That is why it is necessary to thoroughly consider currency regulations before entering into any transaction.
Investment legislation and key incentives
Investment legislation


Pursuant to the Law “On Investments,” investments are any assets or other subject-matters of civil rights that belong to an investor by right of ownership or on other legal grounds allowing the investor to dispose of such assets and that are invested in Belarus as envisaged by this law for the purpose of earning profit (income) and/or achieving other significant results or for other purposes unrelated to personal, family, household or other such use, including:

- Movable and immovable property, including shares, equity interest or units in a company established in Belarus and money, including loans and other debt
- Receivables with a monetary value
- Other subject-matters of civil rights with a monetary value, except for assets that are not permitted to be in circulation (items withdrawn from circulation)

In Belarus, investments may be made:
- By establishing a company
- By acquiring or creating immovable property, including by means of construction
- By acquiring intellectual property rights
- By acquiring shares, equity interest or units in a company, including in the form of capital contributions
- On a concession basis
- In other ways permitted by law

Also, the Law “On Investments”:
- Sets out the basic principles for carrying out investment activities in Belarus
- Sets out the criteria for compensation paid to investors for expropriated assets that are investments or were created under an investment project
- Designates agencies authorized to resolve disputes between foreign investors and Belarus

Below is an overview of how investment activity is regulated in Belarus depending on its type.

Investment agreement with the Republic of Belarus

An investment agreement is a type of contract concluded to provide additional government support for investment projects. Foreign or domestic investors sign investment agreements with the Council of Ministers or another central governmental body representing Belarus.

Investment agreements may be concluded only for the purpose of implementing projects in industries designated with investment priority status by the Council of Ministers.

Two levels of investment agreements

Investment agreements may be concluded pursuant to the respective decision by any of the following competent authorities:
- Central governmental bodies, other governmental agencies subordinated to the Council of Ministers, the Administrative Affairs Office of the President of the Republic of Belarus (hereinafter, the “President”), or the Minsk city and regional executive committees
- The Council of Ministers, subject to approval by the President

Incentives under investment agreements

Regardless of the contracting authority representing Belarus, all types of investment agreements provide for a number of incentives that can be granted based on the agreement. The most important of them are:
- The option to break down the scope of a construction project into stages and carry out construction work simultaneously with design work for the next stages, provided that the investor has obtained approval for the project’s design concept
- Access to land on the list of land plots designated for investment projects, granted without bidding at auction for the right to lease the land plot, the right to design and construct a
permanent building on the plot, or the right to buy the plot

- The right to remove vegetation during the construction stage without paying compensation
- Full deduction of Belarusian VAT charged on the purchase of goods, services (work) or property rights to construct and equip facilities under the investment agreement (or charged on their importation for this purpose)
- Selection of contractors/project documentation developers, suppliers of goods or providers of services for the construction or reconstruction of facilities exempt from procedures prescribed by legislation (except for public procurement of goods or services)
- Exemption from customs duty and VAT on the importation of production equipment (its components and spare parts) for their exclusive use in Belarus under the investment project
- Exemption from fees for the right to conclude a land lease without auction for the purpose of constructing facilities under the investment agreement
- Exemption from state duty for the issue (extension) of permits for the employment of foreign workers in Belarus and special work permits issued for foreigners and stateless persons hired to work in Belarus under the investment project; in addition, such foreigners and stateless persons are exempt from state duty for Belarusian temporary residence permits
- Exemption from compensation for losses sustained by the agriculture and/or forestry industries due to the use of a land plot under the investment agreement
- Exemption from land tax on land plots in government or private ownership and from rent on land plots in government ownership provided for the purpose of constructing facilities under the investment agreement, for the period starting from the first day of the month in which the investment agreement took effect until 31 December of the year following the year in which the last of the facilities planned under the investment agreement began operating

Investors are entitled to other incentives stipulated in Belarusian legislation and provided on grounds other than investment agreements.

**Incentives granted by the President**

Investment agreements concluded upon decision of the Belarusian Council of Ministers with the permission of the President may offer additional incentives and benefits not expressly provided for in legislation. Such incentives are provided on a case-by-case basis.

**Free economic zones**

A free economic zone (hereinafter, a “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, GomelRaton 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 invest at least EUR 1 million in the project or at least EUR 500,000 if the entire sum is invested during 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 residents a number of tax incentives with respect to the sale of such goods or services for export and to other FEZ residents.

Tax incentives include:
• Exemption from CIT on income received by producers from selling their goods or services (work)
• Exemption from RET on property located in the taxpayer’s FEZ, provided that the resident is engaged in an activity covered by the FEZ tax regime. In addition, FEZ residents are exempt from RET in the first three years after their registration as such with respect to property acquired or created during this three-year period regardless of whether they were engaged in an 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 of construction of all planned assets, 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 designated as a free customs zone where goods produced by foreign or EAEU producers may be stored and handled by FEZ residents not subject to customs duties, taxes or special, anti-dumping or countervailing duties pursuant to customs legislation. Any subsequent customs clearance procedures, duties or taxes depend on the status of 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 such goods are moved outside of the FEZ elsewhere in the customs territory of the EAEU, they are placed under the customs procedure for release into internal consumption subject to import duty but exempt from VAT.

Great Stone China-Belarus Industrial Park
The Great Stone China-Belarus Industrial Park (hereinafter, 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 112.47 square kilometers.

The CBIP is a territory with free economic zone policies that encompass tax and other benefits, special rules for the use of land and other natural resources and free customs zone procedures.

CBIP resident status
To obtain CBIP resident status, a Belarusian company must be established or operate in the park to implement an investment project meeting the following criteria:
• The project must focus on setting up operations in the park in areas such as electronics, telecommunications, pharmaceuticals, fine chemistry, biotechnologies, machine building, new materials, integrated logistics, electronic commerce, big data storage and processing, social and cultural events or R&D
• Minimum investment must be either USD 5 million or, if a R&D project is pursued, USD 500,000.
Tax benefits
A special tax regime is granted for 50 years. The following main tax benefits are in place for CBIP residents:

- Exemption from CIT on income 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
- Zero tax rate on dividends paid by CBIP residents to their founders or shareholders/participants, for five years since the first accrual of dividends. CBIP residents are also exempt from offshore taxes on dividends paid to persons in offshore jurisdictions
- Exemption from RET on property located in the park, and from land tax on land plots within its boundaries
- Exemption from VAT and import duty on goods, including equipment, components, spare parts and raw and other materials, brought into Belarus solely for the purpose of an investment project to build and equip CBIP facilities
- Exemption from VAT on the purchase of services (work) or property rights from foreign companies where the place of supply is determined based on the place of the buyer for VAT purposes
- Full deduction of Belarusian VAT imposed on the purchase of goods, services (work) or property rights in Belarus to construct and equip CBIP facilities or paid on such imports regardless of the amount of VAT on turnover
- Withholding tax at 5% until 1 January 2027 on remuneration received by foreign companies from CBIP residents for the rights to information relating to industrial, commercial or scientific expertise, including know-how, licenses, patents, drawings, useful models, schemes, formulas, industrial prototypes or processes
- Personal income tax at a reduced rate of 9% on employees of CBIP residents until 1 January 2027. Mandatory social security contributions may be calculated based on the average salary in Belarus, rather than with reference to the employees’ salaries. Foreign citizens participating in investment projects in the CBIP are exempt from mandatory social security contributions on their income

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 tax 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
Apart from tax benefits, CBIP residents are eligible for other benefits and incentives regarding land use, construction, employment, migrant workers, and currency and customs regulations, including:

- The right to store and handle goods in the CBIP under the free customs zone procedure pursuant to customs
regulations, i.e. exempt from customs duties, taxes or special, anti-dumping or countervailing duties

- Exemption from VAT imposed by the customs authorities on goods admitted for release into internal consumption with respect to goods manufactured or processed from foreign goods placed under the free customs zone procedure
- Exemption from requirements set forth in Belarus' currency legislation for currency transactions
- The right to conduct foreign trade transactions not subject to restrictions set forth in Belarus' foreign trade legislation, including deadlines for when such transactions must be completed
- Visa-free movement for persons involved in CBIP residents’ investment projects in the park as well as for the founders and shareholders/participants of CBIP residents and their employees
- Restrictions on regulatory audits of CBIP residents without approval from the CBIP Administration

**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 CIT and RET for seven years after registration on their local properties, provided that they produce goods or 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.

Local business in the retail sector, food services or domestic services set up in small-sized cities and rural areas (on the list determined by the regional councils) are entitled to additional incentives as for the period until 31 December 2022. In particular, local companies engaged in retail at markets and fairs, providers of domestic services as well as restaurants and cafes are eligible for:

- Exemption from VAT on the sale of goods or services (work) in rural areas as well as CIT at 6%
- Exemption from RET on properties in rural areas and land tax and rent on government-owned land on which they are located

Legal entities registered in the Orsha district and engaged in the production of goods or services (work) in its territory are entitled to a number of benefits until 31 December 2023. In particular, they may apply a reduced rate of 24% for compulsory pension insurance contributions and bigger investment deductions for CIT purposes (30% for buildings and structures and 50% for machinery and equipment). They are also entitled to VAT exemption for the import of production equipment and components that are subject to import duty at a zero rate in accordance with national legislation. Closure deadlines for export/import transactions will not apply to companies resident in the Orsha district. Residents will also be exempted from regulatory audits, except as otherwise provided by regulations.

**Hi-Tech Park**

The Hi-Tech Park (hereinafter, the “HTP”) was established in Minsk in 2005 to promote IT in Belarus by offering IT firms a special regime until 2049. The HTP Supervisory Board is in charge of the overall coordination, management and control of the HTP, while day-to-day management functions are vested with the HTP Administration, a government institution.

**HTP residents**

Belarusian companies may apply for the HTP regime regardless of whether they are based in the park, provided that they are engaged in the following business activities:

- Analysis, design and software support of IT systems, including their development and deployment, as
well as implementation, support and database creation services

- Data processing using software
- Technical and/or cryptography systems for data protection
- Development and deployment of IT for finance/financial technologies
- Software publishing and promotion
- Online advertising and intermediary services using software developed by the HTP resident
- Development, maintenance and deployment of software and hardware using blockchain technology
- Cryptocurrency operators and cryptocurrency exchange, mining, creation of tokens, coin/token offerings and other activities involving the use of tokens
- Data center services
- Development and deployment of unmanned vehicles
- Development, implementation and deployment of Internet of Things technologies
- Education programs in ICT and cybersports
- Other business activities as set forth in legislation

To join the HTP, applicants must submit a package of documents, with a key document being a business project that they intend to implement as a resident. The HTP Supervisory Board is in charge of making a registration decision based on how strongly the business project is focused on the development of new and high technologies.

**Tax benefits**

Since HTP residents are required to pay 1% of their revenue to the HTP Administration, they are exempt from CIT and VAT on the sale of goods, services (work) or property rights in Belarus. Tax exemption exceptions include interest income, income from the sale of equity interest or securities and dividends from sources outside Belarus, which are subject to 9% CIT.

HTP residents are exempt from customs duty and VAT on certain kinds of equipment imported into Belarus to be used in investment projects involving permitted types of activities. They may also qualify for immovable property tax and land tax preferences with respect to buildings and land within the boundaries of the HTP.

Personal income tax for employees of HTP residents is set at 9%. Compulsory social insurance contributions are calculated and paid not on an employee's actual pay, but on the national average, which is a fraction of that in the Belarusian IT industry.

HTP residents are also exempt from offshore tax on dividends paid to their founders/participants 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 benefit from more favorable provisions of the relevant double tax treaty.
In addition, HTP residents are exempt from Belarusian VAT on licenses and some services that play an important role in the IT business, including advertising, marketing, consulting and database creation, when they are acquired from foreign providers. Income earned by foreign companies from rendering HTP residents services, such as data protection, web hosting, advertising and intermediary services, as well as their interest income and royalties, is subject to WHT on foreign companies at 0%.

**Other benefits and incentives**

HTP residents are entitled to enter into convertible loan agreements, option contracts and options to enter into agreements, execute an irrevocable power of attorney and take advantage of certain legal mechanisms, including indemnity and warranties and representations provisions. For the purpose of regulating relationships between shareholders/participants, HTP residents are entitled to enter into shareholders'/participants' agreements governed by the laws of a foreign jurisdiction and refer disputes arising under such agreements to courts and arbitration in the foreign jurisdiction.

HTP residents are also 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 are founders of HTP residents or are employed by such founders are eligible for visa-free entry into Belarus for a stay of up to 180 days during 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.

HTP residents are entitled to conduct foreign trade transactions not subject to restrictions set forth in Belarus’ foreign trade legislation, including when and how such transactions must be completed. HTP residents are entitled to simplified documentation rules to account for transactions with nonresidents. HTP residents must comply only with the reporting requirement with respect to capital currency transactions, which are subject to the NBRB's approval in line with national legislation. Regulatory bodies are not allowed to audit HTP residents without the prior consent of the HTP Administration.

For further details about Belarus’ IT industry, please see EY’s report “The IT Industry in Belarus: 2017 and Beyond.” The report can be found at ey.com/by/it.
Legal forms

A foreign company can operate in Belarus either through:
- A separate Belarusian legal entity, or
- A representative office of a foreign company

The most common forms of business structure in Belarus are limited liability companies, closed joint-stock companies and unitary enterprises. Other legal forms (e.g., full or limited partnerships) are theoretically available to foreign investors, but they are more rarely used.

Limited liability company

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

The charter capital of an LLC consists of the nominal values of its participants' contributions. There is no minimum charter capital requirement for an LLC. Contributions may be made in cash and/or in kind (shares of other companies, assets, equipment, etc.). Capital contributions made to LLCs differ from the shares of joint-stock companies, as such contributions are not securities and do not require registration with a governmental body.

The number of participants in an LLC can be up to 50. An LLC may be incorporated by one person or have one participant. An LLC's charter may contain a prohibition on the full or partial sale of equity interest to third parties. A participant may not withdraw from the LLC, if such withdrawal leaves the LLC without a single participant. The withdrawal of a sole participant is not permitted either. In case of a participant's withdrawal, its interest goes to the LLC, while the withdrawing participant is paid the actual value of its equity interest in the charter capital of the LLC, as well as profit attributable to that interest and received by the LLC in the period between the withdrawal date and the settlement date. The sole participant in an LLC is not allowed to sell its interest in the charter capital to the LLC.

The governing bodies of an LLC comprise the general meeting of participants, the board of directors (optional) and an executive body. An individual executive body (director) is responsible for day-to-day operations: there can also be a collective executive body (managing board or director) performing this function.

The members of an LLC are not responsible for the LLC's obligations and bear the risk of loss only within the limits of their equity interest.

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

<table>
<thead>
<tr>
<th>Limited liability company</th>
<th>Closed joint-stock company</th>
<th>Unitary enterprise</th>
</tr>
</thead>
<tbody>
<tr>
<td>Standard registration procedures</td>
<td>Standard registration procedures plus registration of shares with the Securities Department of the Finance Ministry</td>
<td>Standard registration procedures</td>
</tr>
<tr>
<td>Profit can be allocated both proportionately and disproportionately to equity interest, if directly permitted by the charter</td>
<td>Profit can be allocated only in proportion to shares (except for preference shares)</td>
<td>Profit is distributed by the owner in the owner's favor</td>
</tr>
<tr>
<td>Transfer of equity interest to a third party can be restricted/prohibited by the charter</td>
<td>Transfer of shares of a closed joint-stock company to third parties is only permitted with the other shareholders' consent</td>
<td>Since the enterprise is 100% owned by one person, transfer is carried out through the disposal of the asset portfolio</td>
</tr>
<tr>
<td>The registration procedure is not very complicated and usually takes about two weeks</td>
<td>The registration procedure is more complicated than for an LLC because of the requirement to issue shares and register the issue</td>
<td>The registration procedure is the same as for a limited liability company</td>
</tr>
</tbody>
</table>
Unitary enterprise
A private unitary enterprise (UE or “УП” in Russian) is also a very popular corporate form in Belarus. The main difference from an LLC is that a UE’s founder remains the direct owner of its property.

The property of a UE is indivisible and may not be divided into contributions (equity interest or shares). Both an individual (or spouses jointly) and a legal entity can privately own the assets that belong to a UE by right of economic management. Common ownership of a UE’s assets is prohibited.

The UE has the right to dispose of all the property that belongs to it by right of economic management except for real estate (if other restrictions are not set by the founder in the charter). Any disposal of real estate (including sale, lease, mortgage, etc.) is subject to the founder's prior approval.

There is no minimum charter capital requirement for a UE. Payments into the charter capital may be both in cash and in kind (shares of other companies, assets, equipment, etc.). The maximum number of participants in a UE is one.

The governing body of a UE is the director, appointed by the property owner.

A UE is liable for its obligations, with all the property belonging to it by right of economic management. It does not bear liability for the obligations of the owner of its property.

Joint-stock company
A joint-stock company (JSC or “АО” in Russian) might 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 charter capital requirement for incorporation is currently:
- 100 times the Base Rate (approximately USD 1,185) for a closed JSC
- 400 times the Base Rate (approximately USD 4,740) for an open JSC

The maximum number of shareholders cannot exceed 50 for a closed JSC but is unlimited for an open JSC. The JSC may be founded by one person or consist of one participant.

Joint-stock companies can distribute two types of share: ordinary (voting) and preference shares. The owner of preference shares 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 charter capital.

An open JSC must comply with a number of disclosure requirements.

Representative offices
Foreign companies may also operate in Belarus without creating a legal entity by establishing a representative office. A representative office is understood to be a unit of a foreign legal entity that represents the company’s interests in Belarus, and not a separate legal entity.

Representative offices of foreign companies are not permitted to engage in business activity.

Unless otherwise provided for in international agreements signed by Belarus, a foreign company may open a representative office in Belarus only for preparatory and auxiliary activities on behalf of the foreign company, including the following activities:
- Study of Belarusian markets
- Study of investment opportunities in Belarus
- Establishment of a company in partnership with foreign investors in Belarus
Registration of companies in Belarus

Companies must be registered with the state registration authority, which takes care of further registration with the tax authorities, the Social Security Fund, statistics agencies, Belgosstrakh - Belarusian National Unitary Insurance Company, etc. During the registration process, the government body may also send details to a bank for the opening of an account for the company.

At the same time, a representative office must register itself with the tax authorities, the Social Security Fund, statistics agencies and Belgosstrakh - Belarusian National Unitary Insurance Company, after obtaining approval from the regional executive committee or the Minsk City Executive Committee.

Overall, the opening procedure for a representative office is more complicated.

If any documents attached to the registration application are unsatisfactory, the applicant may be asked to re-file them. Also, certain registration procedures must take place in a prescribed sequence; thus, a delay at one stage of the process can delay subsequent stages.

A newly created company or a representative office should take additional steps to be fully operational, e.g., open bank accounts, manufacture a corporate seal (at its discretion) or register the share issue (for JSCs only) with the securities authorities.

Licensing

A special permit (license) is required for certain business activities. Currently, there are 36 such activities that comprise around 200 types of services (work). The most important are banking transactions, gambling, 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.

The licensing authorities have 15 working days to process an application for licensing after the receipt of all required documents.

<table>
<thead>
<tr>
<th>Legal entity</th>
<th>Representative office of a foreign company</th>
</tr>
</thead>
<tbody>
<tr>
<td>Application processing times (actual)</td>
<td>~ 1.5-2 weeks ≈ 2-3 months</td>
</tr>
<tr>
<td>State duty</td>
<td>One time the Base Rate (~ USD 12)</td>
</tr>
<tr>
<td></td>
<td>195 times the Base Rate (~ USD 2,310) each time of issuance of a representative office permit that must be extended every three years</td>
</tr>
</tbody>
</table>
Mergers and acquisitions

Antitrust control
In accordance with competition legislation, certain transactions (including M&A, business incorporation and the sale/purchase of shares or assets) are subject to antitrust scrutiny. The antitrust authorities' approval must be obtained before the contemplated transaction is closed or a new business is registered.

Restrictions applicable to strategic companies
Investments in legal entities holding a dominant position on Belarus' goods markets require the antitrust authorities' approval in cases stipulated by antitrust law. The same is true for investments in activities prohibited by Belarusian legislation.

Investments may also be legislatively restricted in the interests of national security (including to protect the environment and sites protected for their historical and cultural value), public order, morality, public health and the rights and liberties of individuals.

Shareholders' agreements
Under Belarusian legislation, shareholders of a company may conclude shareholders' agreements or, if it is a limited liability company, participants' agreements.

Such agreements enable shareholders/participants to agree on the exercise of their rights and/or withholding from exercising such rights. In particular, they may agree on a voting process for a general meeting of shareholders/participants, voting choices or concerted actions related to the establishment, management, operation, reorganization or liquidation of the company.

There are, however, restrictions under Belarusian legislation that stipulate that not all shareholders/participants of a company may enter into the same shareholders' agreement.

Tax overview

Tax policy
The President, the National Assembly (Belarus' parliament) and the Finance Ministry are responsible for determining and developing the country's tax policy. The Belarusian Tax and Duties Ministry and its local offices are responsible for the ongoing monitoring of tax compliance.

There is a ban, effective until 2020, on increases in tax rates, except for their adjustment for inflation, and the introduction of new taxes, unless such decisions are necessary for Belarus to comply with its international commitments.

Type of taxes
Belarus has a two-tier tax system, comprising national and local taxes.

National taxes are established by the Tax Code of the Republic of Belarus (hereinafter, the "Tax Code") and presidential decrees and must be paid by all taxpayers in Belarus.

Local taxes are established by local councils (local government bodies) and must be paid only by local taxpayers.

### National taxes include:
- Corporate income tax (CIT)
- Withholding tax (WHT)
- Personal income tax (PIT)
- Value-added tax (VAT)
- Excise tax
- Real estate tax (RET)
- Land tax
- Environmental tax
- Mineral extraction tax
- Offshore tax
- Stamp duty
- Consular fees
- State duty
- Patent fees
- Customs duties
- Car recycling tax

### Local taxes include:
- Dog tax
- Resort fees
- Tax on processors of products grown wild
Pursuant to the Tax Code, taxpayers engaged in certain business activities are eligible for special tax regimes. Special tax regimes include a simplified tax regime, gambling tax and unified tax on imputed income.

Apart from taxes, there are also compulsory social security contributions, paid by employers into the Belarusian Social Security Fund.

**Tax audits**

Tax audits are prohibited on newly established companies for two years after their state registration. Subsequently, companies may face sample audits run by the tax authorities according to schedule using a risk-based approach. Under this approach, audits are planned and conducted based on the assessment of the probability that the company is non-compliant. Sample audits are run on taxpayers that are included in a high-risk group following a risk assessment conducted by the tax authorities based on certain criteria. Extraordinary audits may also be performed, but there must be reasonable grounds.

Information on planned sample audits is published every six months on the site of the State Control Committee no later than 15 December/no later than 15 June.

**Statute of limitations for tax collection**

The statute of limitations for the tax authorities to collect taxes from a legal entity expires five years after their due date. There are, however, exceptions that give the tax authorities more years.

**Corporate income tax**

**Taxpayers. Scope of taxation and tax base**

CIT payers include (i) Belarusian companies and (ii) foreign companies operating in Belarus through a permanent establishment.

Belarusian companies pay tax on income earned in Belarus or abroad, while foreign companies are subject to CIT only with respect to income earned through their Belarusian-based permanent establishments.

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

If a branch has its own balance sheet and bank account opened by the company for the branch's transactions, this branch assesses and pays the company's taxes.

Revenue from the sale of goods, services (work) or property rights is recognized based on the accrual accounting principle as specified in legislation no matter when the cash is received.

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### Rates of main taxes

<table>
<thead>
<tr>
<th>Tax</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>CIT</td>
<td>18%</td>
</tr>
<tr>
<td>VAT</td>
<td>20%</td>
</tr>
<tr>
<td>WHT:</td>
<td></td>
</tr>
<tr>
<td>Dividends</td>
<td>12%</td>
</tr>
<tr>
<td>Interest</td>
<td>10%</td>
</tr>
<tr>
<td>Royalty</td>
<td>15%</td>
</tr>
<tr>
<td>PIT</td>
<td>13%</td>
</tr>
<tr>
<td>RET</td>
<td>1%</td>
</tr>
</tbody>
</table>

Compulsory social security contributions:

| Pension insurance contributions (retirement, disability and loss of breadwinner benefits) | 29%* |
| Social insurance contributions (temporary disability, maternity, under three-year-old-child care and other benefits) | 6%   |

* 1% of this amount is payable by the employee, but the contribution is withheld and paid by the employer
## Gross Profit

\[
\text{GROSS PROFIT} = \text{Income from the sale of goods, services (work) or property rights} + \text{Non-operating income} - \text{Non-operating expenses}
\]

\[
\text{Income from the sale of goods, services (work) or property rights} = \text{Revenue from the sale of goods, services (work) or property rights} - \text{Expenses deducted from the tax base}
\]

### Permanent establishments of foreign companies

A foreign company's permanent establishment in Belarus is defined as follows:

<table>
<thead>
<tr>
<th>Fixed place of business</th>
<th>A foreign company is engaged in business or other activity in Belarus, except for preparatory and auxiliary activities</th>
</tr>
</thead>
</table>
| Dependent agent         | A legal entity or an individual:  
  - is engaged in activities on behalf of a foreign company and/or in its interests  
  - and/or has and exercises the foreign company's authority to enter into contracts or agree on their material terms |

The place of supply of services by a foreign company in Belarus is deemed to be its permanent establishment if it has engaged in the provision of such services for 180 days continuously or in the aggregate in any 12-month period beginning or ending in the respective tax period.

A construction, installation or assembly site is also deemed a foreign company's permanent establishment if this site has been in existence in Belarus for more than 180 days in any 12-month period beginning or ending in the respective 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.
**Deductible expenses**

**General**

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

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

- Goods (intangible assets) failed to arrive or services were not rendered (work was not performed or property rights were not transferred)
- Services were rendered (work was performed) by an individual entrepreneur who has entered into an employment contract with the taxpayer, in circumstances where such services should be rendered as part of this individual’s employment duties
- Services were rendered to (work was performed for) the taxpayer by a company that is a founder of, or participant in, the taxpayer or vice versa, if such services were rendered as part of the employment duties of an employee who has entered into an employment contract with the taxpayer

In practice, form often prevails over substance in the tax authorities’ audits and, therefore, certain expenses may be declared to be non-deductible if the taxpayer fails to produce supporting documents, such as a contract, an acceptance certificate or an invoice.

**Partly deductible expenses**

According to Belarusian legislation, the following expenses are only partially deductible:

<table>
<thead>
<tr>
<th>Partly deductible expenses</th>
<th>Deductible percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Business travel expenses</td>
<td>Different percentages apply</td>
</tr>
<tr>
<td>• Fuel expenses</td>
<td>No more than 1% of revenue and rental income from property, including VAT</td>
</tr>
<tr>
<td>• Losses from the shortage and/or damage of goods</td>
<td>No more than 1% of revenue and rental income from property, including VAT</td>
</tr>
<tr>
<td>• Expenses on management services provided by individual entrepreneurs or legal entities applying special tax regimes</td>
<td>No more than 1% of revenue and rental income from property, including VAT</td>
</tr>
<tr>
<td>• Expenses on controlled debt</td>
<td>No more than 1% of revenue and rental income from property, including VAT</td>
</tr>
</tbody>
</table>

**Provisions for doubtful debts**

Provisions for doubtful debts, recognized in accounting records, are included in non-operating expenses but in the amount of no more than 5% of revenue from the sale of goods or services (work), property rights or intangible assets, including VAT, and are calculated as follows:

<table>
<thead>
<tr>
<th>Age</th>
<th>Percentage of debt included in expenses</th>
</tr>
</thead>
<tbody>
<tr>
<td>&gt; 90 calendar days</td>
<td>100%</td>
</tr>
<tr>
<td>45 to 90 calendar days</td>
<td>50%</td>
</tr>
<tr>
<td>&lt; 45 calendar days</td>
<td>0%</td>
</tr>
</tbody>
</table>
**Investment deduction**

Investment deduction is determined based on the historical cost of a fixed asset used in business operations and the book value of investment in its reconstruction, upgrade or renovation.

Taxpayers qualify for the following investment deductions, i.e. the immediate deduction of the historical value of a fixed asset and the book value of investment in its reconstruction, upgrade or renovation for the CIT purpose as follows:

- No more than 15% for buildings and structures
- No more than 30% for machinery, equipment and vehicles

Despite any investment deductions, fixed assets continue to be depreciated based on their historical cost.

---

**Thin capitalization rules**

The thin capitalization rules that came into force in 2013 limit the deductibility of expenses on controlled debt due to a foreign or Belarusian founder/participant.

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

Types of controlled debt/expenses deductible under the thin capitalization rules:

- Loans payable (excl. commercial loans)
- Cost of engineering, marketing, consulting, management, intermediary, information services, HR services (staff recruitment, selection or outstaffing/outsourcing) and remuneration for the transfer of property rights to industrial property
- Fines, penalty interest and other sanctions, including damages for contractual breaches

The thin capitalization rules do not apply if as of the end of a tax period the taxpayer has a ratio of controlled debt to equity at 3:1 in respect of all debt obligations.

<table>
<thead>
<tr>
<th>Debt obligations classed as controlled debt</th>
<th>Due to a founder/participant whose direct or indirect equity interest in the taxpayer is 20% or more as of the end of the tax period</th>
<th>Due to related parties of this founder/participant</th>
<th>Due to other persons where this related party and/or this founder/participant acts as a surety or guarantor or has otherwise undertaken to guarantee the repayment of the taxpayer’s controlled debt</th>
</tr>
</thead>
</table>

The maximum deductible amount of expenses/interest is calculated as:

\[
\text{Maximum deductible amount of expenses/interest} = \frac{\text{All categories of expenses/interest on controlled debt in the tax period}}{\text{Capitalization ratio}}
\]

Where, the capitalization ratio is:

\[
\text{Capitalization ratio} = \frac{\text{Controlled debt in the tax period (total debts due to all persons)}}{\text{Equity at the end of the tax period}} / 3
\]
Tax benefits
CIT exemption applies to:

- Income (in the amount of up to 10% of gross profit) donated to (i) companies to construct and/or reconstruct sports facilities, (ii) government-funded health care, educational, cultural or sports organizations, (iii) religious organizations, (iv) social services providers or (v) selected public associations

- Income from the sale of prosthetic or orthopedic appliances or rehabilitation and support equipment for the disabled

- Income (except for income from procurement or intermediary activities) received by companies that employ disabled people, if the average share of disabled employees is at least 50% of the average headcount

- Income received by manufacturers of food for infants and preschool children from sales

- Income received by manufacturers of innovative products on the list approved by the Council of Ministers from sales

- Income received by manufacturers of cars and spare parts from sales, provided that they have entered into a relevant agreement with the Ministry of Industry

- Income from bonds issued by Belarusian companies either between 1 April 2008 and 1 January 2015 or since 1 July 2015, income from state securities issued by the Ministry of Finance and bonds issued by the NBRB

- Other income as determined by the President

Tax rates

<table>
<thead>
<tr>
<th>Rate</th>
<th>Taxpayers</th>
</tr>
</thead>
<tbody>
<tr>
<td>18%</td>
<td>All companies (this is the standard tax rate)</td>
</tr>
<tr>
<td>10%</td>
<td>Companies engaged in the production of high-tech products (on the list approved by the Council of Ministers)</td>
</tr>
<tr>
<td></td>
<td>High-tech parks, technology transfer parks and residents of high-tech parks</td>
</tr>
<tr>
<td>12%</td>
<td>Belarusian companies paying dividends</td>
</tr>
<tr>
<td>25%</td>
<td>Banks, insurers and certain microfinance lenders</td>
</tr>
</tbody>
</table>

Reduced rates also apply in many other instances.

Dividends
Dividends received by Belarusian companies from residents or nonresidents are subject to CIT at 12%. A reduced rate may apply if the Belarusian company has not paid any dividends to Belarusian residents (participants/shareholders) for several consecutive years.

<table>
<thead>
<tr>
<th>The number of consecutive years that profits have remained undistributed</th>
<th>Reduced rate on dividend income</th>
</tr>
</thead>
<tbody>
<tr>
<td>3 years</td>
<td>6%</td>
</tr>
<tr>
<td>5 years</td>
<td>0%</td>
</tr>
</tbody>
</table>
Dividends distributed by Belarusian companies are taxed at source. Tax on income from dividends is withheld and paid by 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 recognized in each month in which dividends are distributed and is paid no later than the 22nd of the following month.

### Profit/loss from capital gain

Income from the sale of a fixed or intangible asset is determined as sales revenue less the following: taxes, costs to sell and the net book value of the asset, if it is depreciable, or the acquisition cost of the asset, if it is not depreciable (e.g., construction in progress or a land plot). Losses from the sale of fixed and intangible assets reduce the tax base. Income from the sale of securities (except for cases indicated in the “Tax benefits” section) is taxed at the standard rate. There are special rules for calculating income from REPO transactions.

### Tax filing and paying

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

### Deadlines for tax return filing and payment

<table>
<thead>
<tr>
<th>Quarter</th>
<th>I</th>
<th>II</th>
<th>III</th>
<th>IV</th>
</tr>
</thead>
<tbody>
<tr>
<td>Filing deadline (no later than)</td>
<td>20 April</td>
<td>20 July</td>
<td>20 October</td>
<td>20 March of the following year</td>
</tr>
<tr>
<td>Payment deadline (no later than)</td>
<td>22 April</td>
<td>22 July</td>
<td>22 October</td>
<td>22 December* and 22 March of the following year**</td>
</tr>
</tbody>
</table>

* Two-thirds of the CPT liability determined for the third quarter
** Subsequent adjustment of the CPT liability for the fourth quarter to correct tax underpayments or overpayments for the entire tax period

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

### Tax accounting

Tax accounting is based on financial accounting with necessary adjustments. The tax accounting process must be stipulated in the taxpayer's accounting policies.

Deferred tax assets and liabilities arise when the 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 the financial accounts in accordance with the Finance Ministry's guidelines.

Deferred tax assets and liabilities normally 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 incurring a loss in a tax period to carry it forward entirely or partially to a future tax period, reducing the tax base in the future tax period by the entire or partial amount of the loss.

Losses can be carried forward for 10 years, starting with losses incurred in 2011 (the rules took effect in 2012).

Such losses do not include losses from the sale of goods, services (work) or property rights incurred:

- From activities outside of Belarus in which the Belarusian company is engaged as a foreign tax resident; or
- In a tax period (tax periods or a part of a tax period) in which the Belarusian company was entitled to CIT exemption in more than one tax period

Losses are carried forward by type of transaction against the respective type of income:
Transfer pricing
Transfer pricing rules entered into force in Belarus in 2012.
Transactions are considered at arm’s length with no subsequent adjustments required to the CIT base, if their prices are within the market range.

Controlled transactions

<table>
<thead>
<tr>
<th>Transaction type</th>
<th>Annual threshold values (excluding VAT and excise tax) for transactions with the same party to be considered controlled, Belarusian rubles</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Large taxpayers</td>
</tr>
<tr>
<td>Foreign trade transactions</td>
<td></td>
</tr>
<tr>
<td>• with related parties</td>
<td>2,000,000</td>
</tr>
<tr>
<td>• related to the sale/purchase of strategic goods*</td>
<td>2,000,000</td>
</tr>
<tr>
<td>• with residents in offshore jurisdictions</td>
<td>400,000</td>
</tr>
<tr>
<td>Transactions with Belarusian residents</td>
<td></td>
</tr>
<tr>
<td>• with related parties</td>
<td>2,000,000</td>
</tr>
<tr>
<td>• that do not assess or pay CIT/are exempt from CIT</td>
<td></td>
</tr>
<tr>
<td>Transactions involving the sale/purchase of immovable property or housing bonds</td>
<td></td>
</tr>
<tr>
<td>• with related parties</td>
<td>No threshold</td>
</tr>
<tr>
<td>• with taxpayers applying special tax regimes</td>
<td>No threshold</td>
</tr>
</tbody>
</table>

* The list of strategic goods is approved by Directive of the Council of Ministers No. 470 of 16 June 2016. The list includes crude oil and petroleum products, associated gas and other hydrocarbon gas, raw timber, potassium chloride, and iron and non-alloy steel bars.

The following methods are used in sequence when determining, for tax purposes, the conformity of transaction prices to market prices:
- Comparable uncontrolled price method
- Resale price method
- Cost plus method or comparable profit method
- Profit split method

For the purpose of controlling transfer prices, starting 1 January 2016 taxpayers are required to notify the tax authorities of all transactions made in a tax period by providing the respective details in electronic VAT invoices (irrespective of the value of the transactions) and submit transfer pricing documentation upon the tax authorities’ request to support the arm’s-length nature of their transactions.
### Pricing agreements with the Tax and Duties Ministry

<table>
<thead>
<tr>
<th>Purpose of the agreement</th>
<th>Determining prices for tax purposes and or agreeing on the arm's length principle</th>
</tr>
</thead>
<tbody>
<tr>
<td>Eligibility</td>
<td>Large taxpayers and taxpayers that have performed controlled transactions for a total of more than BYN 2 million during a year</td>
</tr>
<tr>
<td>Agreement term</td>
<td>Up to three calendar years with an option to extend by up to two years</td>
</tr>
<tr>
<td>Documentation processing times</td>
<td>The Tax and Duties Ministry has three months to process documents submitted by taxpayers (an application, a draft agreement and other documents). This period may be extended to six months if the ministry needs to obtain additional information from a foreign country</td>
</tr>
<tr>
<td>Fee</td>
<td>State duty for the handling of a pricing agreement application is set at 500 times the Base Rate (~ USD 5,900)</td>
</tr>
<tr>
<td>Advantages</td>
<td>Exemption from transfer pricing documentation requirements and lower risks of additional CIT liabilities</td>
</tr>
</tbody>
</table>

* Pricing agreements are concluded between taxpayers and the Tax and Duties Ministry to set out pricing principles for tax purposes or agree on the arm's length principle with respect to one or more homogeneous transactions contemplated by the taxpayer.*
Withholding tax

Taxpayers
Foreign companies, including unincorporated entities, that do not have a permanent establishment in Belarus but receive Belarusian-sourced income are subject to this tax.

Scope of taxation
The following Belarusian-sourced income is taxable:
- Dividends
- Income from debt obligations of any type, including loans and interest-bearing and discount securities
- Royalties
- Income from the disposal in Belarus of immovable property, a company as a portfolio of assets, securities or equity interest (units or shares) in Belarusian companies
- Income from consulting, accounting, audit, marketing, legal, engineering, intermediary, management, advertising or education services, as well as HR services (staff recruitment, selection or outstaffing/outsourcing for operations in Belarus)
- Income from fines, penalty interest or other sanctions for contractual breaches
- Other income from sources in Belarus as provided for in the exhaustive list prescribed by law

Tax rates

<table>
<thead>
<tr>
<th>Type of income</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income from debt obligations involving loans provided to Belarus, the Belarusian Government or Belarusian residents against government guarantees, income from debt obligations involving Belarusian government securities, income from their sale or redemption and some other types of income</td>
<td>0%</td>
</tr>
<tr>
<td>Transport, freight, demurrage or other charges paid for shipments, including international shipments, as well as charges for forwarding services</td>
<td>6%</td>
</tr>
<tr>
<td>Income from debt obligations of any type, including loan interest</td>
<td>10%</td>
</tr>
<tr>
<td>Dividends and income from the disposal of shares/equity interest in a Belarusian company</td>
<td>12%</td>
</tr>
<tr>
<td>Royalties and other taxable Belarusian-sourced income of foreign companies</td>
<td>15%</td>
</tr>
</tbody>
</table>

Belarus’ double tax treaties may provide for more favorable tax treatment (see Appendix 4).

Tax base
The tax base is usually determined as total income. It is calculated as total income less documented expenses in many instances, including the sale of immovable property or equity interest in a Belarusian company.

Tax agents
WHT is calculated, withheld and paid in Belarus 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 in Belarus
- Income from selling shares/equity interest in a Belarusian company
- Income from property in Belarus (finance or operating leases, other uses)
- Income from the use, or transfer of the right to use in Belarus, property rights to works of literature, art or science, software or other works covered by copyright and/or related rights law
- Income from the sale/redemption of securities in Belarus
WHT liability date

The WHT liability date is the earliest of the following:

- The date the tax agent accounted for the provision of services (performance of work), the acquisition of immovable property or shares/equity interest or the payment of fines, penalty interest or other sanctions for contractual breaches
- The date the tax agent accounted for liabilities to pay income such as dividends, income from debt obligations, royalties or income from the sale/redemption of securities (except for shares) or from the sale of goods under agency, commission or similar agreements
- The date the tax agent accounted for the payment of income

The WHT liability date with respect to income from debt obligations under loans is either the recognition date of the liability to pay such income or the recognition date of this payment as the tax agent may choose at its discretion.

Double tax treaties

To apply relief provisions of a double tax treaty, a nonresident must obtain confirmation that it is a resident in a foreign jurisdiction with which Belarus has an effective double tax treaty.

Such confirmation may be provided in the form of an extract from certain international guides or catalogs, a statement as prescribed by the Belarusian Tax and Duties Ministry or agreed upon with the competent authorities in the foreign jurisdiction, or in a form that the taxpayer may find appropriate. In the latter case, such confirmation must contain the following information:

- Issue day (term of validity)
- Full name of the foreign company and its registered address
- Confirmation that the foreign company was/is a tax resident in a foreign jurisdiction for the purpose of applying the double tax treaty between this jurisdiction and Belarus in the respective period

The confirmation must be submitted to the tax authorities either directly or through the tax agent. If a foreign company has failed to present it, the tax agent withholds and pays tax at rates set by the Belarusian Tax Code, not subject to any exemptions. This tax, however, may be recovered after the foreign company presents the necessary documents.

Beneficial owner of income

A foreign company claiming relief under a double tax treaty with respect to Belarusian-sourced income may be required to present documentary evidence that it meets Belarus' beneficial ownership requirements.

A foreign company is considered the beneficial owner of Belarusian-sourced income for tax relief purposes if it receives such income from business activities, is its actual beneficiary and may use such income in its sole discretion. Beneficial ownership criteria for foreign companies include the functions that they perform to receive such income, their powers and risks.

Tax filing and paying

The tax period is the quarter in which the tax liability arises.

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

Value-added tax

Taxpayers

VAT payers in Belarus include both Belarusian and foreign companies.

Tax registration

Companies are registered for all taxes, including VAT, upon their state registration or the state registration of their permanent establishment in Belarus.

There is no separate tax registration for VAT purposes, unless a foreign company provides electronic services to individuals in Belarus (see below).

Scope of taxation

VAT is paid on:

- Sale of goods, services (work) or property rights in Belarus, including the transfer of goods by an employer to employees through exchange, donation or sale, asset lease and transfer of intellectual property rights
- Importation of goods into Belarus

The sale of goods, services (work) or property rights means their transfer by one person to another for consideration or free of charge irrespective of the way the rights to the goods, deliverables or property rights have been acquired or the form of the transaction.

**Exempt items**

VAT exempt items include:

- Insurance services and banking transactions
- Property rights to inventions, utility models, design solutions, selective breeding results, integrated circuit layouts and know-hows
- Goods and services (work) produced by companies in which disabled employees account for at least 50% of the headcount
- Medicines and medical equipment on the list approved by the President if such goods are on state registers or have permits issued by the Ministry of Health

The following imports are also exempt from VAT:

- Goods produced by a vendor under a sale-and-purchase agreement with a lessor that buys them to transfer abroad under a lease-purchase agreement, both being Belarusian tax residents

**Tax base**

<table>
<thead>
<tr>
<th>Scope of taxation</th>
<th>Tax base</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sale of goods, services (work) or property rights</td>
<td>The base is determined based on prices/tariffs and (for excisable goods) excise tax, net of VAT</td>
</tr>
<tr>
<td>Importation of goods from non-EAEU* countries</td>
<td>The base includes the customs value of the goods, customs duty and (for excisable goods) excise tax</td>
</tr>
<tr>
<td>Importation of goods from EAEU countries</td>
<td>The base is determined as the cost of the goods (i.e. the amount of the transaction payable to the supplier) and (for excisable goods) excise tax</td>
</tr>
</tbody>
</table>

* Eurasian Economic Union
Tax rates

The standard VAT rate applied to most goods, services and property rights sold in Belarus and imported goods is 20%.

Other rates are provided in the table below.

<table>
<thead>
<tr>
<th>Scope of taxation</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exportation of goods</td>
<td></td>
</tr>
<tr>
<td>Exportation of transportation services</td>
<td>0%</td>
</tr>
<tr>
<td>Exportation of toll manufacturing services</td>
<td></td>
</tr>
<tr>
<td>Sale of Belarusian-made agricultural produce, and importation and/or sale of agricultural produce made in other EAEU countries</td>
<td>10%</td>
</tr>
<tr>
<td>Importation and/or sale of food products and children's goods on the list approved by the President</td>
<td></td>
</tr>
<tr>
<td>Sale of telecommunication services</td>
<td>25%</td>
</tr>
</tbody>
</table>
or outstaffing/outsourcing in the place of the buyer’s operations); database development and access support; software development, modification, testing and technical support, search for, and/or provision of, consumer data; and some other services.

In other cases, Belarus is considered the place of supply of services (work) or property rights, excluding intellectual property rights, if the seller operates or is a resident in Belarus.

**Time of supply**
The tax point for the supply of goods, services (work) or property rights is normally the date they were shipped or performed in a reporting period regardless of when the cash was received.

<table>
<thead>
<tr>
<th>Goods</th>
<th>The tax point for goods is:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• The date the goods were released to the customer (the recipient or carrier), provided that the seller is not responsible for transporting the goods or paying the transport costs</td>
</tr>
<tr>
<td></td>
<td>• The date as determined according to the taxpayer’s accounting policies, but no later than the day the goods were shipped (in other cases)</td>
</tr>
</tbody>
</table>

| Services (work)        | The tax point for services is the date the services were performed in accordance with supporting documents (acceptance certificates or similar documents). Different rules apply to construction services, rental services, services whose deliverables the client may use as the services are being provided, and some other services |

| Property rights        | The tax point for property rights is one of the following dates, chosen at the taxpayer’s discretion: |
|                        | • The last calendar day of the month in which the property right is transferred; or |
|                        | • The day the property right is transferred as documented in a primary accounting document |

**Accounting for VAT and deductions**
VAT is assessed on all transactions that involve the sale of goods, services (work) or property rights whose time of supply was in the respective reporting period. The amount of VAT payable is determined as the tax base multiplied by the tax rate. It may be reduced by VAT amounts that are deducted for tax purposes.

Taxpayers may deduct:
• VAT charged by sellers that are Belarusian tax residents and taxpayers on the purchase of goods, services (work) or property rights in Belarus
• VAT paid on imports of goods into Belarus
• VAT paid on the purchase in Belarus of goods, services (work) or property rights from nonresident companies with no permanent establishment in Belarus

Taxpayers may not deduct:
• VAT amounts taken to expenses for CIT purposes, since such amounts are attributed to VAT-exempt transactions
• VAT included in the cost of goods, services (work) or property rights
• VAT not recognized in the accounts or, where applicable, in a personal ledger
• VAT on goods in the event of their damage or loss, except for force majeure events
• Some other cases

As a general rule, deductible VAT amounts are limited by the amount of tax assessed on sales. In some cases stipulated by the Tax Code and the President, VAT amounts may be fully deductible irrespective of the amount of tax assessed on sales.

**Purchases from foreign organizations**
When goods, services (work) or property rights are supplied by foreign companies that do not have a permanent establishment in Belarus and are not registered as Belarusian taxpayers, VAT must be accounted for and paid in Belarus by their buyers registered as Belarusian tax residents, including both companies or individual entrepreneurs.

VAT paid by Belarusian companies and individual entrepreneurs in Belarus may be deducted in accordance with the generally established procedure.
Electronic VAT invoices

An electronic VAT invoice is an electronic document that must be submitted by all VAT payers, giving rise to VAT deductions. Electronic VAT invoices are created, billed, received, signed and stored via the Electronic VAT Invoice website run by the Belarusian Tax and Duties Ministry. Electronic VAT invoices are signed by taxpayers with a digital signature.

Electronic VAT invoices are intended to provide details on payable VAT to the tax authorities. Taxpayers are required to issue an electronic VAT invoice on each transaction involving the sale of goods, services (work) or property rights and either send this invoice to the purchaser or, as the case may be, upload it to the ministry’s website. As a rule, electronic VAT invoices should be issued no later than the 10th of the month following the date the goods are shipped or the services are performed.

Tax filing and paying

The tax period is one calendar year. VAT payers must submit VAT returns monthly or quarterly (at the taxpayer’s discretion) 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.

Imports from other EAEU countries

The application of VAT to trade in goods between EAEU member countries is based on the destination principle: exports are free of VAT, 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 are able to present documentary evidence that they have taken the goods out of 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 recognition of the imports.

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

VAT on electronic services provided by foreign companies

Foreign companies providing electronic services to individuals, including individual entrepreneurs, in Belarus or acting as an intermediary that receives payments from 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.

Electronic services are services that are provided with the aid of information technologies via the Internet. Such services include the transfer of rights to use software, databases, e-books, visual images, music and audiovisual works online, online advertising, access to online search engines and online gambling.

Individuals are considered buyers of electronic services in Belarus if one of the following conditions is met:

- Belarus is the place where the individual actually stays
- Belarus is the place where the bank or electronic money operator processing payments for the services is registered
- The IP address of the device used to buy the services is allocated to Belarus
- The country code of the telephone number used to buy the services is assigned to Belarus

Real estate tax

Taxpayers

Companies may be subject to RET as stipulated by Belarusian tax legislation.

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 operating management
- Buildings, structures or parts thereof in Belarus acquired from a Belarusian company under a finance lease agreement where the company no longer owns the property according to its books
- Buildings, structures or parts thereof in Belarus acquired from foreign companies with no permanent establishment in Belarus or individuals under lease agreements or other arrangements for consideration or free of charge
- 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.

<table>
<thead>
<tr>
<th>Scope of taxation</th>
<th>Tax base</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buildings, structures or parts thereof recognized in the accounts as fixed assets or income-bearing investments in tangible assets</td>
<td>Net book value</td>
</tr>
<tr>
<td>Other buildings, structures or parts thereof</td>
<td>Book value</td>
</tr>
</tbody>
</table>

### Tax benefits

RET exemptions apply to:
- Buildings and structures designated as historical and cultural heritage on the list approved by the Council of Ministers
- Buildings and structures which are used or are designed to be used for agriculture
- Buildings and structures designated for environmental protection and enhancement purposes on the list approved by the President
- Newly commissioned buildings and structures, for one year after their commissioning date
- Buildings and structures mothballed as prescribed by the Council of Ministers
- Other assets as set forth in legislation

### Tax rates

The rate is 1% for companies.

Buildings, structures or parts thereof completed after 1 January 2019 are exempted from RET in the first year after their commissioning date and are subsequently taxed at 0.2%, 0.4%, 0.6% and 0.8% in the second, third, fourth and fifth year, respectively.

The Minsk city and regional councils (local government bodies) may raise or reduce RET rates for certain categories of taxpayer, but no more than 2.5-fold in 2019 and no more than twofold in 2020 and beyond.

### Other taxes

#### Land tax

Legal entities that either hold the permanent or temporary use rights to land or own land are subject to land tax. The land tax base is determined on the basis of the land plot’s cadastral value, its designated use and size.

The Minsk city and regional councils (local government bodies) may raise or reduce land tax for certain categories of taxpayer, but no more than 2.5-fold in 2019 and no more than twofold in 2020 and beyond.

The tax period is one calendar year. Tax returns must be filed no later than 20 February of the current year. Tax is paid either once a year no later than 22 February of the current year or in quarterly installments no later than the 22nd of the second month of each quarter.

#### Environmental tax

Companies may be subject to environmental tax. The tax base is determined based on the actual amount of environmental damage caused by the taxpayer, including:
- Air pollutants
Waste water

Industrial waste that must be stored or buried

Tax rates established by the Tax Code differ depending on the type of waste. They vary from BYN 0.1 (approximately USD 0.05) to BYN 870.78 (approximately USD 405) per metric ton or cubic meter of the pollutant. In some cases, reduced rates apply.

The tax period is one calendar quarter. Taxpayers must file tax returns no later than the 20th of the month following the last quarter and pay the tax no later than the 22nd of the month following the last quarter.

**Offshore duty**

Belarusian companies are subject to offshore tax on the following transactions:

- Payment of cash to an offshore resident or another person (toward obligations owed to the offshore resident), or to an account opened in an offshore jurisdiction
- The performance of non-cash obligations owed to an offshore resident, unless they are performed in return for cash paid to the Belarusian resident’s account
- Transfer of property rights and/or obligations due to a change of parties bound by a contract between the Belarusian taxpayer and an offshore resident

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

Tax is paid at a fixed rate of 15%. The tax period is one calendar month. Offshore tax must be paid either prior to a cash payment or no later than the day following the day non-cash obligations were performed or parties to a contract were changed. Tax returns must be filed no later than the 20th of the month following the reporting period.

Taxpayers may be exempt from offshore tax. For instance, it is not imposed on loan principal and interest paid by taxpayers to offshore residents.

**Excise tax**

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

Excise tax is paid on:

- Excisable goods produced and sold by the taxpayer in Belarus
- Excisable goods imported into Belarus
- Excisable imports upon their sale in Belarus
- Gas sold in Belarus as a motor fuel
- Certain excisable goods used (sold or transferred) for purposes other than initially designated

Excise tax rates are fixed, set under the Tax Code per unit of the product (specific rates) or as a percentage of their value (ad valorem rates).

The tax period is one calendar month. Taxpayers must file tax returns no later than the 20th of the month following the reporting month and pay the tax no later than the 22nd of the month following the reporting month. Excise tax reporting and paying rules are different for imports.

**Special taxation regimes**

**Single tax on agricultural produce**

To qualify for single tax, a company must meet the following requirement: revenue from the sale of its agricultural products in the previous calendar year must be at least 50% of its total revenue. Alternatively, this requirement may be met by their branches or stand-alone business units engaged in agriculture, provided that they maintain their own balance sheet and bank account. The tax rate is 1% of gross revenue. The single tax is paid instead of CIT, RET and land tax.

**Gambling tax**

Gambling tax applies to game tables, slot machines, betting pools (parimutuel betting and bookmaking) and positive differences between bets accepted and winnings paid (bet refunds). It is collected at different rates that are fixed. Taxpayers are required to obtain registration certificates for all types of taxable gambling assets they have (except for positive differences between bets accepted and winnings paid). Income earned by taxpayers from the gambling business is not subject to CIT or VAT.
**Simplified tax regime**

The simplified tax regime is available for companies meeting simultaneously headcount and annual gross revenue requirements. Simplified tax replaces CIT and may replace VAT. The tax base is determined as the amount of gross revenue, including income from the sale of goods, services (work) or property rights and non-operating income.

<table>
<thead>
<tr>
<th>Simplified tax regime</th>
<th>Rate</th>
<th>Average headcount</th>
<th>Gross revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>Simplified tax plus VAT</td>
<td>3%</td>
<td>No more than 100 employees</td>
<td>No more than BYN 1,949,208 (approximately USD 903,000)</td>
</tr>
<tr>
<td>Simplified tax without VAT</td>
<td>5%</td>
<td>No more than 50 employees</td>
<td>No more than BYN 1,337,415 (approximately USD 620,000)</td>
</tr>
</tbody>
</table>

**Other special tax regimes**

The Tax Code also provides for the following special tax regimes: tax on income from electronic interactive games, lottery tax, single tax on individual entrepreneurs and other individuals, tax on craft businesses, tax on rural tourism businesses, and a single tax on imputed 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 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). Belarus is expected to enter the World Trade Organization (hereinafter, the “WTO”). In addition, Belarus is a party to the Eurasian Economic Union (EAEU).

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

The EAEU Customs Code came into force on 1 January 2018, incorporating key customs provisions that were introduced in the EAEU by the Customs Union’s Customs Code. In particular, goods made or released for domestic consumption in an EAEU member country may freely move in the EAEU exempt from customs duty and without any customs clearance formalities or any other economic restrictions. Such goods are not subject to any customs procedures.

In addition, the new Code provides for the introduction of mandatory electronic customs declarations, which have replaced written declarations that are now used only on rare occasions, along with an automated customs declaration registration procedure.

Import duty
Imported goods are generally subject to import duty and VAT. Certain categories of goods, such as alcohol, tobacco and gasoline, 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. VAT is payable at the standard rate of 20%, which is calculated on the basis of the customs value, customs duty and, if applicable, excise tax. VAT paid on the importation of goods or services is mostly offset against output VAT.

Currently, zero import duty applies to books, some medicines, innovative equipment and some 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’ customs valuation rules are based on WTO principles. The customs value of imported goods is usually determined as the value of the goods as indicated in the invoice plus certain other costs related to the importation of the goods, but 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 or other payments for the use of intellectual property, the cost of materials provided free of charge by the purchaser to the seller, etc. This method of calculation of the customs value of imported goods is called the transaction value method.

Normally, the customs value is based on CIP delivery terms (Incoterms 2010 - Carriage and Insurance Paid To). If the customs value cannot be estimated using the transaction value method, other methods may apply: the price of a transaction involving identical or similar goods, the deduction cost method, the summation cost method, or the reserve method.

Customs coding
At present, the Unified Customs Nomenclature of the Eurasian Economic Union applies in Belarus. This nomenclature 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. However, the customs authorities can issue a binding decision concerning the classification of goods.
**Customs procedures**

Any transfer of goods, including vehicles, across the Belarusian border is subject to customs procedures prescribed by the EAEU's legislation. Customs procedures have different clearance requirements, which has a considerable effect on the tariff and non-tariff barriers under import and export transactions. Below is a summary of the main customs procedures.

**Release for domestic consumption**

The customs procedure for release for domestic consumption 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 the most straightforward procedure. Under this procedure, after the payment of customs duty, import VAT and customs clearance fees, the goods are released for free circulation in the customs territory of the EAEU.

**Bonded warehouse**

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

Goods kept in a customs bonded warehouse must remain in an unchanged condition, i.e., it is prohibited to manufacture, assemble or transform goods stored in a customs bonded warehouse. The ownership or use rights to the goods placed under the bonded warehouse procedure may be transferred to another party wholly or partly.

The period of storage of goods in a customs warehouse cannot exceed three years. After the expiration of the storage period, the goods must be placed under another customs procedure. If the goods are released for domestic consumption, customs duty and VAT are due. If the goods are re-exported outside of the EAEU, no customs duty or VAT are due.

**Free warehouse**

Unlike a customs warehouse, a free warehouse is intended for processing goods placed under the free warehouse procedure to add value or obtain a new product.

Owners may transfer the ownership, use and management rights to goods placed under the free warehouse procedure and products made from such goods.

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

**Temporary importation**

The temporary importation procedure is a customs procedure where goods may be temporarily used in the customs territory of the EAEU under the temporary importation procedure for up to two years (or 34 months for leased fixed assets).

Full exemption is granted in limited cases for goods that are intended to be used in non-sales operations. Typical examples of temporary importation with full exemption are the importation of goods for an exhibition or for testing in the customs territory of the EAEU.

Partial exemption is granted in other instances where goods are to stay in the customs territory of the EAEU for a limited period of time to be subsequently re-exported. In such instances, the importer makes customs payments in monthly installments of 3% of the total amount that will be payable as if the goods had been released for free circulation. These amounts are not refunded if the goods are re-exported.

Once the period of temporary importation has expired, the goods can be either re-exported out of the EAEU or released for domestic consumption in the customs territory of the EAEU. If the goods are released for domestic consumption, accrued customs payments and penalty interest must be paid.

This procedure is widely used in practice, in particular, in cases of importation for
leasing in Belarus, as well as by general contractors for construction projects.

**Customs processing procedures**

There are three processing procedures.

- **Customs processing procedure in the customs territory.** Companies use this procedure if their business involves processing goods in the customs territory of the EAEU. Under certain conditions, they are not subject to customs duty and VAT with respect to goods imported into the customs territory of the EAEU for processing. Once the goods have been converted into finished products, they should be exported. If the finished products are released for domestic consumption in the customs territory of the EAEU, customs duty and VAT, determined based on the value of the raw materials, and penalty interest must be paid.

- **Processing of goods for domestic consumption.** Under this customs procedure, customs duty is payable only if 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. Raw materials imported for processing are exempt from customs duty but are subject to VAT. This procedure applies only to certain types of goods as determined by legislation.

- **Processing of goods outside the customs territory.** The customs procedure for the processing of goods outside of the customs territory of the EAEU allows the exporting of goods for processing and the subsequent re-importation of finished goods into the customs territory of the EAEU. Customs duty and VAT are due only on the added value, not 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 very convenient for goods that need to be exported for repair outside of the customs territory of the EAEU.

**CIS free trade regime**

Under the free trade regime that is currently in force in the CIS, the importation of goods originating from the CIS countries into Belarus is exempt from customs duty. It is necessary to import goods from another CIS country under an agreement between two CIS residents in order to use this benefit. VAT and excise taxes are charged in this respect.

Eight CIS countries (Armenia, Belarus, Kazakhstan, Kyrgyzstan, Moldova, Russia, Tajikistan and Ukraine) signed the Free Trade Zone Treaty in St. Petersburg on 18 October 2011. Uzbekistan also
announced its intention to be a party to the treaty. The treaty took effect on 20 September 2012. On 31 May 2013, the parties signed a protocol with Uzbekistan on the implementation of the Free Trade Zone Treaty.

The Free Trade Zone Treaty abolishes import and export duties. It provides guarantees of the non-discriminatory application of non-tariff regulations and the national regime.

The document also provides for the abolition of quantitative restrictions in mutual trade and grants the parties equal rights to participation in public procurement processes. It also envisages freedom of transit and the possibility to apply special protective 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 the member countries.

The treaty differs significantly from the agreements effective in the CIS because it has an instrument obliging parties to honor their commitments if they do not meet their contractual obligations. The rules for resolving disputes, which are in the appendix to the treaty, comprise this instrument.

Financial reporting and auditing

According to Belarus’ accounting legislation, including Law of the Republic of Belarus No. 57-3 "On Accounting and Reporting" of 12 July 2013, the main purpose of accounting is to provide complete and accurate information about the company’s operations, assets and liabilities.

The Law "On Accounting and Reporting" applies to Belarusian legal entities, their branches, representative offices and other units maintaining their own balance sheets, as well as foreign companies’ representative offices, groups of companies, holding companies and simple partnerships (parties to a joint venture agreement).

Belarusian-based offices of foreign companies are required to adopt accounting policies that meet the accounting and reporting requirements stipulated in the Law “On Accounting and Reporting.”

This law, however, does not apply to taxpayers covered by the simplified tax regime.

The new Chart of Accounts and instructions on its application, as well as other regulatory documents based on International Financial Reporting Standards (IFRS), took effect on 1 January 2012. They are designed to provide a framework for a gradual transition to a new accounting methodology and the convergence of Belarus’ national accounting principles with IFRS.

Key concept

The basic principles of accounting and financial reporting include the going concern assumption, business entity concept, accruals, matching, accuracy, substance over form, prudence, neutrality, completeness, comprehensibility, comparability and relevance.

These principles, however, may be applied in Belarus in a way than differs from international practices. In particular, accounting practices in Belarus may focus on form rather than substance to comply with legislative requirements, which, for instance, are very specific as to the form of primary accounting documents.

The going concern assumption is an issue that often causes concern for businesses in Belarus, as some companies may encounter financial difficulties in this emerging market with continuing their operations.

Accounting methods

Belarusian companies are required to keep accounting records in accordance with their accounting policies, signed by the chief accountant and the chief executive of the company or the individual entrepreneur providing accounting and financial reporting services, and approved by the chief executive of the company. Such policies are adopted to outline the accounting principles and rules the company will follow throughout the year, including types of accounting estimates, the structure of the chart of accounts,
templates of source documents, the form of the accounting ledger and procedures for stock-taking of assets and liabilities.

Effective from 1 January 2013, companies use only the accrual method to recognize revenue from sale of goods and services (work), under which they are required to recognize it in the reporting period in which the transaction was actually made, not when the cash was received.

**Foreign currency transactions**

Accounting entries and financial statements must always be in Belarusian rubles.

For accounting purposes, foreign currency-denominated cash, financial investments (except for financial investments in the equity of another company), receivables and liabilities (except for advances received and issued, and prepayments) must be converted into Belarusian rubles at the NBRB’s exchange rate as of the date of the transaction and as of the reporting date. The NBRB sets the Belarusian ruble’s exchange rates against major foreign currencies on the basis of quotes on the Belarusian Currency and Stock Exchange on the trading day.

**Fixed assets**

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

- Linear method
- Nonlinear method (calculated by the direct sum-of-the-years’ digit method, the inverse sum-of-the-years' method or the diminishing balance method with an acceleration multiplier of 1 to 2.5)
- Production method

A company has the discretion to choose between the depreciation methods but must specify its choice in its accounting policies.

The linear method is used most often. Companies determine a fixed asset's useful life on the date of its acquisition and normally based on its estimates, which can be adjusted for changes in the condition of the fixed asset.

Companies may determine the useful lives of fixed assets on their own, subject to statutory thresholds.

Whether there is a need to revalue fixed assets, construction in progress or uninstalled equipment (which are considered non-current assets) is determined based on the index published by the Belarusian National Statistical Committee. If this index attains the level of 100% or more, a reappraisal is carried out:

- For buildings, structures and transmitters - by all companies
- For other fixed assets, construction in progress and uninstalled equipment - by decision of the company or the owner of its assets

Fixed assets are revalued as at 1 January of the year following the reporting year and cover the period between the date of the previous revaluation and 31 December of the reporting year. A company must use one of the following acceptable methods:

- Direct method
- Index method
- Currency value conversion method

The revaluation of homogeneous groups of fixed assets may be performed not more than once a year.

Revaluation is not permitted for:

- Land and other environmental facilities, residential houses and libraries, movie stock, heritage and cultural items, theatrical equipment and supplies, leased property or residential premises in apartment buildings
- Property located in areas contaminated by the Chernobyl nuclear accident
- Assets of consumers' cooperatives involved in the construction and/or operation of parking sites and individual garages which belong to housing cooperatives, and other tenants’ associations, constructors, horticultural societies and gardeners’ partnerships (cooperatives)
- Disposable assets in the period from the date of the disposal decision until the actual disposal or the revocation of the disposal decision
- Construction in progress, except for installed equipment and ready-to-operate equipment within construction in progress
Where the law allows, companies may revalue the following assets:

- All properties
- Selected fixed assets, income-bearing investments in tangible assets which belong to certain groups and subgroups or which are classified by certain fixed asset codes
- Certain other fixed assets and income-bearing investments in tangible assets
- Equipment for installation, installed equipment and ready-to-operate equipment within construction in progress, which will be recorded as separate fixed asset inventory items or income-bearing investments in tangible assets and assigned to a certain group, subgroup or fixed assets code

**Inventories**

Companies recognize inventories at their actual cost.

When inventories are consumed for production or other purposes, they are recognized using one of the following methods:

- Average cost
- FIFO (first in, first out)
- Cost of each unit

Companies use one method for a group/type of inventory items throughout the reporting year, as determined in the company’s accounting policies.

The actual cost of inventories must be based on their acquisition cost, including customs duties and other charges, and actual expenses incurred by the company to deliver the inventories and bring them to the condition suitable for use.

**Disclosure requirements**

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

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

- Balance sheet
- Income statement
- Statement of changes in equity
- Statement of cash flows
- Notes to the financial statements, as stipulated by Belarusian legislation

Monthly financial statements prepared by companies comprise a balance sheet.

The format of financial reporting is determined by the Belarusian Ministry of Finance. Financial statements are prepared in Belarusian or Russian. The reporting currency is the national currency of Belarus – Belarusian ruble.

**Financial reporting requirements**

The reporting year for all (except newly established, reorganized or wound-up) companies is the calendar year from 1 January to 31 December. For newly established companies, it is from the date of their registration to 31 December of the same year.

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

- The owner of the company’s assets
- Governmental bodies and any company with a controlling stake
- Other entities as stipulated by Belarusian legislation

Starting 2014, companies have also been obliged to submit annual financial statements prepared in accordance with Belarusian legislation to the local tax authorities by the above date.

Annual financial statements are subject to review and approval as prescribed in the company's founding documents.

According to Directive No. 185 of the NBRB of 27 September 2007, starting 2008, Belarusian banks must prepare annual financial statements in accordance with IFRS along with statutory financial statements in accordance with Belarusian legislation. The NBRB relies on IFRS financial statements to gain a comprehensive understanding of the company’s financial and non-financial risk management, ownership structure, related-party transactions and other aspects of its business.

Public interest entities (open joint stock companies that are either the founders of unitary enterprises and/or parents of subsidiary companies, banks and nonbanking credit and financial institutions, and insurance companies) must prepare annual IFRS consolidated
financial statements in the national currency, with the first reporting year being 2016. Such entities, excluding banks, must submit their annual financial statements along with the auditor's report by 30 June of the year following the reporting year to the Belarusian Ministry of Finance. Banks are required to file them with the NBRB. All of them are required to publish their financial statements on their websites by 31 July of the year following the reporting year.

The NBRB issued Directive No. 657/20 on 19 August 2016 to introduce a technical legislative framework on 1 January 2017 comprising 42 standards and 26 Interpretations issued by the International Financial Reporting Standards Foundation. Thus, Belarus has established the statutory requirement for a number of Belarusian companies to prepare their financial statements in compliance with IFRS in an attempt to increase corporate reporting transparency for investors and lenders.

The following companies must make their annual financial statements available to the public:
- Banks and nonbanking credit and financial institutions
- Insurance and reinsurance companies, insurance brokers
- Open joint-stock companies
- Issuers of securities

All companies registered with the Belarusian Currency and Stock Exchange must submit quarterly financial statements (a balance sheet, an income statement, etc.) and additional information to the Ministry of Finance within 30 calendar days after the quarter ends. They must also submit annual financial statements within 30 calendar days after the end of the financial year.

Audit requirements

The following entities are subject to statutory audit of financial statements:
- Joint-stock companies that must release annual reports for the general public in accordance with Belarusian legislation
- National Bank of the Republic of Belarus
- Banks, banking groups and bank holding companies
- Stock exchanges
- Insurance companies and insurance brokers
- HTP (high-tech park) residents
- Institutions that provide individual deposit insurance coverage
- Professional participants of the securities market
- Other companies whose revenue in the previous reporting year exceeds the equivalent of EUR5 million at the NBRB's exchange rate on 31 December of the previous reporting year

Annual IFRS financial statements are subject to statutory audit, if such financial statements must be prepared in accordance with Belarusian legislation.


**Differences between IFRS and Belarus’ statutory accounting principles**

In their accounting practices, companies must comply with their chart of accounts as well as the Civil Code and the Law "On Accounting and Reporting" that incorporate accounting regulations issued by the Ministry of Finance and the NBRB. While a number of regulatory requirements are formally in line with IFRS, their application and interpretation may be materially different.

Although there are accounting standards in Belarus, including standards for the banking sector and regulations issued by the Ministry of Finance, compliance is also required with various orders and letters issued by the Ministry of Finance and the NBRB to prescribe accounting methods and approaches.

As a result, departures from standard requirements may be significant, which leads to more inconsistencies with IFRS in addition to those outlined below. The major differences are as follows:

- Differences in the definition of reporting and functional currency (financial statements for statutory purposes must always be prepared in the national currency)
- A national requirement to prepare source documents in a prescribed format for both accounting and tax purposes
- The absence of a national requirement to recognize any impact of hyperinflation
- Inconsistent compliance with national guidelines that require parent companies having one or more subsidiaries to prepare separate and consolidated financial statements. For instance, there is a materiality threshold for banking groups and holding companies to include certain subsidiaries in the scope of consolidated financial statements or exclude them. Under IFRS, the preparation of consolidated financial statements is compulsory for groups
- A legal option under current regulations to revalue entire classes of fixed assets on a regular basis based on national accounting principles
- Differences in authorized share capital and provision accounting principles

Differences between IFRS and Belarus’ national accounting principles also give rise to additional costs for companies striving to raise capital across markets, which need to prepare more than one set of financial statements under different principles. Such differences may also lead to confusion as to which financial results should be relied on.

A gradual transition to IFRS under the guidance of the Council of Ministers as well as the adoption of new laws on the preparation of consolidated financial statements in accordance with IFRS are extremely important steps for the further development of accounting regulations in Belarus and their harmonization with international standards.
Industrials
Employment

There is a critical shortage of highly qualified workers across industries, causing intense competition for them. There are a number of contributing factors, including Belarus’ dwindling population and a deterioration in the quality of education, which have led to a drop in the share of highly qualified labor in Minsk and across regions.

The Belarusian Labor Code

The Belarusian Labor Code outlines a legal framework for labor relations in Belarus. It sets out procedures for the recruitment and dismissal of employees and contains provisions on working time, vacations, business trips, salaries, etc. The Labor Code is primarily aimed at protecting the rights and interests of employees. Labor relations are also governed by Presidential Decree No. 29 of 26 July 1999, which outlines rules for fixed-term employment agreements.

Belarusian labor legislation extends not only to Belarusian citizens but also to expatriates working under employment agreements entered into in Belarus.

In Belarus, the normal working day is eight hours and the normal working week is 40 hours. There are strict rules on overtime. Under the Labor Code, employers must obtain an employee’s consent to work overtime and must either compensate them at increased rates or provide extra days off for such work. The maximum number of overtime hours that an employee may work during a year is 180 hours, with the number of such hours per working week limited to 10 hours. A working day, including overtime, may not be longer than 12 hours. Employees may work irregular working hours but in this case they must be compensated for them with additional leave of up to seven days per year.

In general, the minimum period of paid annual leave is 24 calendar (as opposed to working) days.

Female employees are generally entitled to 126 calendar days of maternity leave. Allowances are paid out of the Social Security Fund in the amount of 100% of average pay but may not be higher than three times the average pay in Belarus in the month preceding maternity leave. Upon giving birth to a child, mothers are entitled to a one-time allowance of approximately USD 1,000 or more (depending on the number of children in the family). Employees are also eligible to take childcare leave for children under three years of age. Monthly allowances paid to employees on such leave by employers and financed out of the Social Security Fund amount to about USD 168 or more (depending on the number of children in the family and certain other factors) starting 1 February 2019.

Employees are also paid compensation for periods of illness out of the Social Security Fund, which totals 80% of their average salary for working days in a period comprising the first 12 calendar days of the illness and 100% for subsequent days of the illness.

Labor regulations in Belarus guarantee additional paid leave and some other benefits to individuals working in hazardous and/or dangerous conditions.

Recruitment

To hire a new employee, employers must sign a written employment agreement and issue an internal document – a hiring order, stating the name, position and date of employment of the new employee. Under labor legislation, employment agreements are normally entered into for an indefinite term.

However, it is more common for employers to conclude fixed-term employment agreements under Decree No. 29, which give them certain advantages, including the possibility of concluding such agreements for one year (and up to five years) irrespective of the industry or the nature of the employee’s job and broader grounds for the termination of the contract on the employer’s initiative.

According to the general rule, an employer may establish a probationary period of up to three months for a new employee.

The employer is also responsible for accurately updating the employee’s employment record book. If the new hire starts work as an employee for the first time, the employer must arrange for the issue of an employment record book and a social security certificate for the employee.

Termination

An employee may be terminated for reasons listed in the Labor Code. Termination procedures are also set out in the Labor Code and should be strictly followed to reduce the risk of court litigation. The Labor Code provides for
the following grounds for employment termination:

- Mutual consent of the parties
- The 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 (force majeure events) and other reasons

Employers may initiate the termination of an employment agreement only in certain circumstances, including violations committed by the employee or a repeated failure by the employee to perform his or her job duties properly. They may also terminate employment agreements in events such as the liquidation of the company, staff reduction and the unsuitability of the employee for the position held or work performed. However, the unsuitability must be confirmed through performance assessment procedures prescribed in legislation.

The Labor Code entitles employers to terminate an employment agreement with an employee on a probationary period if the employee’s performance during this period was unsatisfactory. The employer must give at least three days’ notice in case of early termination. It is also permissible to give notice on the last day of the probation period.

### Compensation

Compensation of employees depends on their qualifications as well as the complexity, nature and general conditions of the job. There are no compensation limits in Belarus.

Belarus also has the System of Unified Wage Rates, which may be applied at the discretion of the employer.

The System of Unified Wage Rates is a tool for setting wage rates on the basis of wage classes and rate multipliers. Employers use this system to set a unified first-class rate which is subsequently multiplied by the rate multiplier to determine an employee’s wages.

At present, employers may have the flexibility to use compensation methodologies other than those tied to the System of Unified Wage Rates (e.g., by setting wages in conventional units or foreign currency, which, however, must always be paid in an equivalent amount in Belarusian rubles).

### Work under civil law agreements

Besides an employment agreement, an employee may also enter into a civil law agreement for providing services (performing work). The Labor Code does not apply to such agreements. The Civil Code and Presidential Decree No. 314 of 6 July 2005 regulate civil law agreements and the legal relations arising from them. Certain guarantees provided under the Labor Code, including paid leave, do not apply to relations that arise from civil law agreements.

A civil law agreement must be in writing and specify, inter alia, the following:

- A procedure for settlements by the parties, including payable amounts
- The obligation of the client (the employer) to pay social security contributions for the individual (the employee)
- Obligations of the parties to ensure safe working conditions and liability for failing to provide them
- Grounds for early termination
- Late payment charges paid by the client in the amount of least 0.15% of the outstanding amount for every day of the delay

### Migration legislation

#### Entry and stay in Belarus for foreign citizens

To enter Belarus, a foreign citizen must obtain a visa. Different types of visa are outlined below.

Belarus has introduced visa-free travel for citizens of 74 countries, including EU member states.

The visa-free procedure is in effect for foreigners entering Belarus for a temporary stay of up to 30 days via a border crossing at Minsk National Airport. The visa-free rules do not extend to foreigners arriving in Belarus on flights from Russia or flying to Russia from Belarus, as passengers on such flights, considered to be “internal” flights, are not subject to border controls.
According to the general rule, foreigners arriving in Belarus are required to register within five days of the entry date, excluding Sundays and public holidays that are official non-working days, with the Belarusian Ministry of Foreign Affairs, the local police station, their hotel, spa center or other place of temporary stay. They also may register online, at the website portal.gov.by, if they have entered Belarus via a border crossing point. Russian citizens are exempt from the registration requirement if they stay in Belarus for fewer than 90 days after the entry date. For citizens of Armenia, Kazakhstan, Kyrgyzstan, Latvia, Lithuania, the UAE and Ukraine, this period is 30 days.

Foreign citizens who have a valid permanent residency permit do not need to obtain any visa to enter or exit Belarus.

I. Entry visas

The 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 classified into transit visas (issued for travel in transit through Belarus), short-term visas (issued for up to 90 days) and long-term visas (issued for up to one year with the right to stay for 90 days). There are single, double and multiple-entry visas.

A short-term entry visa (category “C") is issued for a period of no more than 90 days, inter alia, for the following purposes:

- A business trip, on the basis of an invitation from a Belarusian legal entity
- Private matters, on the basis of, inter alia, an invitation from an individual
- Work (the right to be employed), on the basis of a notarized copy of a special work permit

A long-term entry visa (category “D") is issued for multiple entries into Belarus, inter alia, for the following purposes:

- Maintaining business contacts, on the basis of a request from a Belarus legal entity and other visa-support documents confirming the existence of business contacts with the host company
- Private matters, on the basis of, inter alia, an invitation from an individual
- Work (the right to be employed): for citizens of “migration safe countries”, on the basis of a relevant request from the Belarusian representative office of a foreign company (including a bank), as well as a notarized copy of a special work permit and other documents

II. Temporary residency permit

A temporary residency permit is a document that allows a foreign citizen to reside in Belarus during its validity.

A foreign citizen may obtain a temporary residency permit, inter alia, if he or she comes to Belarus to work or carry out entrepreneurial activity. A temporary residence permit is given for a period of up to one year and allows foreign citizens to stay in Belarus without a visa. A temporary residence permit may also be issued to family members of a foreign citizen who has received a temporary residence permit, provided that there is a legal source of income that will allow the foreign citizen and his or her family members to maintain a minimum subsistence level as established in Belarus during his or her temporary residence.
III. Visa for exiting and entering Belarus

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

If an entry visa has expired, a foreigner can receive an exit-entry visa. It is issued by the local citizenship and migration office of the Ministry of Internal Affairs at the place 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 for no longer than the validity period of the temporary residency permit.

Employment of foreign individuals

The employment of a foreign national who has no permanent residency permit and intends to come to Belarus for the purpose of employment is a multi-stage process for both the employer and the foreign national.

This process includes the following steps:

- The employer applies for a permit to hire a foreign worker (see the “Permits to hire foreign workers” section below)
- The employer applies for individual work permits for foreign workers (see the “Individual work permits” section below)
- The employer concludes an employment agreement with the employee and applies for its registration (see the “Registration of employment agreements” section below)
- The employee applies for a Belarusian entry visa (see the “Entry visas” section above)
- The employee applies for registration at the local police station upon arrival in Belarus. Subsequently, the employee may apply for a permanent residence permit (see the “Temporary residency permit” section above)

I. Permits to hire foreign workers

To hire more than 10 foreign workers, excluding highly skilled workers and a founder of a company hired to fill the position of CEO at this company, the employer must apply for a permit to employ foreign workers in Belarus.

To receive this permit, the employer must submit original and notarized copies of all required documents to the Citizenship and Migration Department of the Ministry of Internal Affairs. The permit is valid for one year.

II. Individual work permits

After obtaining the above permit (if required), the Belarusian employer must apply for individual work permits for all foreign employees which entitle them to work as an employee in Belarus. If a foreign national plans to work for more than one Belarusian employer, he or she must obtain work permits for each contract.

Such permits are issued by the citizenship and migration offices of the Minsk city and regional police departments for a period of one year with the option of extension by one year. For highly skilled foreign workers, such permits may be granted for two years and may be extended for the same period.

A foreign citizen or stateless person is considered a highly skilled worker if they have special professional knowledge, certified skills and abilities and relevant work experience of no less than five years, while their pay under the employment agreement exceeds 15 times the statutory minimum wage (around USD 2,300 a month).
III. Registration of employment agreements

The employer must register employment agreements and any amendments to them regarding binding conditions, termination clauses, the modification or extension thereof, as well as conditions for the movement of the migrant workers to Belarus and their package (meals, accommodation and health care) within one month of the signing date. The term of the employment agreement may not be longer than that of the work permit.

Personal income tax

Taxpayers

Personal income tax (PIT) is paid by individuals.

Taxable income

The following types of income are subject to PIT:

- Income from sources inside and outside Belarus received by Belarusian tax residents
- Income from sources in Belarus received by Belarusian tax nonresidents

Belarusian tax residents are individuals who have stayed in Belarus for more than 183 days in a calendar year.

Income from sources in Belarus

Income from sources in Belarus includes:

- Compensation for the performance of job or other duties or the provision of services (the performance of work) paid to individuals by Belarusian companies, Belarusian individual entrepreneurs, foreign companies operating in Belarus through a permanent establishment or representative offices opened by foreign companies in Belarus, regardless of the place where such obligations were fulfilled or the source of such compensation
- Pension, benefits, scholarships and other similar income received by individuals in compliance with Belarusian legislation
- Dividends or interest received from a Belarusian company and/or interest received from a Belarusian individual entrepreneur and/or a foreign company operating in Belarus through a permanent establishment
- Insurance compensation and/or benefits paid in case of an insured event by a Belarusian insurance company and/or a foreign company operating through a permanent establishment in Belarus
- Income from intellectual property use in Belarus
- Income from the lease or other use of property in Belarus
- Income from the sale of shares (equity interest in) or other securities of foreign companies or Belarusian companies in Belarus
- Income from the sale of immovable property in Belarus and many other types of income

Tax rate

The standard PIT rate on most types of income is 13%. Other rates are provided in the table below.

<table>
<thead>
<tr>
<th>Type of income</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dividends from Belarusian companies, provided that income has not been distributed among participants/shareholders of this company that are Belarusian residents</td>
<td>0%</td>
</tr>
<tr>
<td>in the previous three calendar years consecutively</td>
<td></td>
</tr>
<tr>
<td>in the previous five calendar years consecutively</td>
<td>6%</td>
</tr>
<tr>
<td>Income in the form of winnings (bet refunds) received by individuals from a Belarusian-based gambling company</td>
<td>4%</td>
</tr>
<tr>
<td>Income assessed by the tax authorities as prescribed by legislation based on the amount by which expenses exceed income, and income received by individuals engaged in entrepreneurial activities without state registration in violation of applicable laws</td>
<td>16%</td>
</tr>
</tbody>
</table>
**Tax payments**

In most cases, PIT is calculated, withheld and paid by tax agents. Tax agents are Belarusian companies, Belarusian individual entrepreneurs, foreign companies operating in Belarus through a permanent establishment and Belarusian-based representative offices of foreign companies paying income to the taxpayer.

Tax agents must pay PIT no later than the day following the day on which the income was paid.

In accordance with the Tax Code, individuals may be required to file PIT returns with the tax authorities and pay PIT themselves, including in the following cases:
- When income is received from individuals or legal entities that are not tax agents
- When income is received by the Belarusian tax resident from a source outside Belarus

Individuals must file an annual PIT return no later than 31 March of the year following the reporting calendar year and pay PIT no later than 1 June of the year following the reporting year.

**Tax deductions**

Taxable income may be reduced by deductible amounts. In particular, PIT payers may apply the following tax deductions:
- Tuition fees paid for a first higher, a first secondary specialized or a first vocational technical education in a Belarusian educational institution, as well as payments toward the repayment of loans received from Belarusian banks, companies or individual entrepreneurs and spent for the above purposes
- Insurance premiums paid to Belarusian insurance companies or refunded by the taxpayer to the tax agent under voluntary life insurance or additional pension agreements with a duration of at least three years, or under agreements on the voluntary insurance of medical expenses
- Expenses incurred by the taxpayer or his or her family members who are registered as persons in need of better housing on the construction or purchase of a single-family house or apartment in Belarus or the repayment of loans received from Belarusian banks, companies or individual entrepreneurs and spent for the above purposes
- Documented expenses incurred by the taxpayer on the acquisition or sale of property for a consideration

Such deductions are granted to the taxpayer by the tax agent/primary employer or by the tax authorities when the individual files a tax return. Individuals are also eligible for a number of standard tax deductions. For example, taxpayers may apply a standard tax deduction of BYN 110 (approximately USD 50) per month with respect to income of up to BYN 665 (approximately USD 310) per month and a tax deduction of BYN 32 (approximately USD 15) per month for each child under 18 years old and/or each dependent.

**Exempt income**

Individuals who are Belarusian residents are exempt from tax on the following types of income:
- Unemployment benefits, social security benefits, except for temporary disability allowances (e.g., no income tax is imposed on benefits for maternity or care for children under three years)
- Pension paid in accordance with Belarusian or foreign legislation
- All types of compensation as provided for in legislation and resolutions of the Council of Ministers (except for compensation for unused annual leave or the depreciation of vehicles or equipment belonging to the employee)
- Income of up to BYN 6,569 (approximately USD 3,040) 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 plot (or other similar real estate) for a consideration during a period of five calendar years
- Income from the sale of one car during a calendar year for a consideration
- Income from the sale of inherited property
- Income from the sale of an equity interest in Belarusian companies that the Belarusian individual has owned continuously for at least three years,
and of shares of Belarusian companies sold no earlier than three years since their acquisition

• Income from the sale of other assets (subject to certain limitations as set out in legislation) and some other types of income

### Payroll taxes

**Sample payroll tax calculation**

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

<table>
<thead>
<tr>
<th>Expenses</th>
<th>USD</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1. Employer’s expenses</strong></td>
<td></td>
</tr>
<tr>
<td>1.1 Compulsory social security contributions (pension and social insurance)</td>
<td>10,200</td>
</tr>
<tr>
<td>The contribution is calculated at 34% of the gross monthly salary, but of no more than USD 2,582 (the average salary in Belarus multiplied by five)*</td>
<td></td>
</tr>
<tr>
<td>1.2 Professional pension insurance contributions</td>
<td>1,673</td>
</tr>
<tr>
<td>The contribution is calculated at a maximum rate of 9% of the gross monthly salary, but of no more than USD 1,549 (the average salary in Belarus multiplied by three)*</td>
<td></td>
</tr>
<tr>
<td>1.3 Contributions for compulsory insurance against work-related accidents and occupational illnesses</td>
<td>180</td>
</tr>
<tr>
<td>The contribution is calculated at 0.6% of gross income</td>
<td></td>
</tr>
<tr>
<td>1.4 Total annual expenses of the employer per employee</td>
<td>12,053</td>
</tr>
<tr>
<td><strong>2. Employee’s expenses</strong></td>
<td></td>
</tr>
<tr>
<td>2.1 Compulsory social security contributions (pension insurance)</td>
<td>300</td>
</tr>
<tr>
<td>The contribution is calculated at 1% of the gross monthly salary, but of no more than USD 2,582 (the average salary in Belarus multiplied by five)*</td>
<td></td>
</tr>
<tr>
<td>2.2 Income tax on the employee</td>
<td>3,900</td>
</tr>
<tr>
<td>Tax is calculated at 13% on the salary</td>
<td></td>
</tr>
<tr>
<td><strong>3. Employee’s net income</strong></td>
<td></td>
</tr>
<tr>
<td>3.1 Net annual income per employee</td>
<td>25,800</td>
</tr>
</tbody>
</table>

* The calculations were made based on the average salary in Belarus as of December 2018, which totaled BYN 1,115.3, with the BYN/USD exchange rate at 2.1598 on 1 January 2019
Compulsory social security contributions

Compulsory social security contributions must be paid by:

- Employers (legal entities, their representative offices, their stand-alone business units, Belarusian-based representative offices of foreign companies and foreign companies operating in Belarus through a permanent establishment), individual entrepreneurs hiring individuals under employment or civil law agreements and individuals hiring other individuals under employment agreements

- Individuals, including Belarusian citizens, foreigners and stateless persons, working under employment or civil law agreements or based on their participation in a company of any type, and individuals working as managers in a company who hold a property interest in, or are participants or founders of the company

- Individuals paying compulsory social security contributions themselves (no further details on such individuals are provided 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. Certain types of income are exempt from compulsory social security contributions, according to the list approved by the Council of Ministers. The contribution base is limited to five times the average monthly salary in Belarus in the previous month.

Foreign nationals working in Belarus must pay social security contributions in the same manner as Belarusian nationals.

Breakdown of compulsory social security contributions

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

<table>
<thead>
<tr>
<th>Compulsory contributions for retirement, disability and loss of breadwinner benefits (pension insurance), including:</th>
<th>29%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employer-sponsored contributions</td>
<td>28%</td>
</tr>
<tr>
<td>Employee-paid contributions withheld from the employee’s pay and paid by the employer</td>
<td>1%</td>
</tr>
</tbody>
</table>

| Compulsory contributions for temporary disability, maternity, child care (under three years) and other benefits (social insurance) | 6% |

Some payers are entitled to reduced pension insurance contributions, including employers in the agricultural industry and employers that are disability organizations.
Paying 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.

Contributions paid by employers must be paid no later than the pay day for the previous month. Contributions paid by employers for individuals under civil law contracts or based on their participation or membership in a legal entity of any form must be paid on the day cash is paid to the individual, but no later than the payday for the previous month. If the payday for the previous month is later than the 20th of the following month, contributions are paid no later than the 20th of the month following the previous month.

Companies with an average headcount of up to 100 employees during one calendar year must pay such contributions at least once a quarter but no 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 worker, including full-time workers performing work underground or in especially harmful or physically demanding jobs.

Contributions are paid on an employee's earnings of any type, including in cash and in kind. The contribution base is limited to three times the average monthly salary in Belarus in the month preceding the month for which such contributions are paid.

The rate of professional pension insurance contributions varies from 1.5% 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 – Belarusian National Unitary Insurance Enterprise

Contributions are paid on all types of individuals' earnings subject to compulsory insurance against work-related accidents or occupational illnesses, regardless of the source of such earnings. Contributions for compulsory insurance must be paid for foreign citizens and stateless persons, not only for Belarusian citizens.

The rate is 0.6%. Belgosstrakh may increase or reduce the rate for payers depending on job risks. Contributions must be paid no later than the 25th of the month following the reporting quarter in which the employee is paid income.
Appendices
**Appendix 1. Useful addresses and contact information**

If dialing out of Belarus, please use Belarus’ country code +375.

<table>
<thead>
<tr>
<th><strong>Presidential Administration</strong></th>
<th><strong>Ministry of Economy</strong></th>
<th><strong>State Customs Committee</strong></th>
<th><strong>Ministry of Education</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Kirova St., 43</td>
<td>Bersona St., 14</td>
<td>Mogilevskaya St., 45/1</td>
<td>Sovetskaya St., 9</td>
</tr>
<tr>
<td>Minsk 220016</td>
<td>Minsk 220030</td>
<td>Minsk 220007</td>
<td>Minsk 220010</td>
</tr>
<tr>
<td>Belarus</td>
<td>Belarus</td>
<td>Belarus</td>
<td>Belarus</td>
</tr>
<tr>
<td>Tel.: +375 (17) 222 3778</td>
<td>Tel.: +375 (17) 222 6048</td>
<td>Tel.: +375 (17) 218 9000</td>
<td>Tel.: +375 (17) 327 4736</td>
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<tr>
<td></td>
<td>economy.gov.by</td>
<td>customs.gov.by</td>
<td>edu.gov.by</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Council of Ministers</strong></th>
<th><strong>Ministry of Finance</strong></th>
<th><strong>Ministry of Justice</strong></th>
<th><strong>Ministry for Emergency</strong></th>
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</thead>
<tbody>
<tr>
<td>Sovetskaya St., 11</td>
<td>Sovetskaya St., 7</td>
<td>Kollektornaya St., 10</td>
<td>Revolyutsionnaya St., 5</td>
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<td>Minsk 220010</td>
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<tr>
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<td>Tel.: +375 (17) 229 3401</td>
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<tr>
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<td>minfin.gov.by</td>
<td>minjust.gov.by</td>
<td>mchs.gov.by</td>
</tr>
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</table>

<table>
<thead>
<tr>
<th><strong>National Agency for Investments and Privatization</strong></th>
<th><strong>Ministry of Foreign Affairs</strong></th>
<th><strong>Ministry of Agriculture and Food</strong></th>
<th><strong>National Statistical Committee</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Bersona St., 14</td>
<td>Lenina St., 19</td>
<td>Kirova St., 15</td>
<td>Partizanski Ave., 12</td>
</tr>
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<td>Minsk 220030</td>
<td>Minsk 220030</td>
<td>Minsk 220030</td>
<td>Minsk 220070</td>
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<tr>
<td>Belarus</td>
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<td>Tel.: +375 (17) 327 2922</td>
<td>Tel.: +375 (17) 327 3751</td>
<td>Tel.: +375 (17) 367 1653</td>
</tr>
<tr>
<td></td>
<td>mfa.gov.by</td>
<td>mshp.minsk.by</td>
<td>belstat.gov.by</td>
</tr>
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</table>

<table>
<thead>
<tr>
<th><strong>Belarusian Chamber of Commerce and Industry</strong></th>
<th><strong>Ministry of Internal Affairs</strong></th>
<th><strong>Ministry of Communications and Informatization</strong></th>
<th><strong>State Security Committee</strong></th>
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</thead>
<tbody>
<tr>
<td>Kommunisticheskaya St., 11</td>
<td>Gorodskoi Val St., 4</td>
<td>Nezavisimosti Ave., 10</td>
<td>Nezavisimosti Ave., 17</td>
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<tr>
<td>Minsk 220029</td>
<td>Minsk 220030</td>
<td>Minsk 220050</td>
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<td>Belarus</td>
<td>Belarus</td>
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<tr>
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<td>Tel.: +375 (17) 287 8706</td>
<td>Tel.: +375 (17) 219 9230</td>
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<tr>
<td></td>
<td>mvd.gov.by</td>
<td>mpt.gov.by</td>
<td>kgb.by</td>
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<table>
<thead>
<tr>
<th><strong>National Bank of the Republic of Belarus</strong></th>
<th><strong>Tax and Duties Ministry</strong></th>
<th><strong>Ministry of Health</strong></th>
<th><strong>State Control Committee</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Nezavisimosti Ave., 20</td>
<td>Sovetskaya St., 9</td>
<td>Myasnikova St., 39</td>
<td>K. Markska St., 3</td>
</tr>
<tr>
<td>Minsk 220008</td>
<td>Minsk 220010</td>
<td>Minsk 220048</td>
<td>Minsk 220030</td>
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<tr>
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<td>Belarus</td>
<td>Belarus</td>
<td>Belarus</td>
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<tr>
<td>Tel.: +375 (17) 306 0002</td>
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<td>Tel.: +375 (17) 327 2422</td>
</tr>
<tr>
<td></td>
<td>nalog.gov.by</td>
<td>minzdrav.gov.by</td>
<td>kgb.gov.by</td>
</tr>
</tbody>
</table>

**Appendices 65**
### Appendix 2. Currency exchange rates (as of the end of the period), adjusted for the 2016 reform of the Belarusian ruble

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>USD/BYN</td>
<td>0.2200</td>
<td>0.2863</td>
<td>0.3000</td>
<td>0.8350</td>
<td>0.8500</td>
<td>0.9510</td>
<td>1.1850</td>
<td>1.8569</td>
<td>1.9585</td>
<td>1.9727</td>
<td>2.1598</td>
</tr>
<tr>
<td>EUR/BYN</td>
<td>0.3077</td>
<td>0.4106</td>
<td>0.3972</td>
<td>1.0800</td>
<td>1.0990</td>
<td>1.3080</td>
<td>1.4380</td>
<td>2.0300</td>
<td>2.0450</td>
<td>2.3553</td>
<td>2.4734</td>
</tr>
<tr>
<td>RUB 100/BYN</td>
<td>0.7689</td>
<td>0.9466</td>
<td>0.9844</td>
<td>2.6100</td>
<td>2.7500</td>
<td>2.9050</td>
<td>2.1450</td>
<td>2.5533</td>
<td>3.2440</td>
<td>3.4279</td>
<td>3.1128</td>
</tr>
</tbody>
</table>

Source: NBRB

### Appendix 3. Economic indicators

<table>
<thead>
<tr>
<th></th>
<th></th>
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</thead>
<tbody>
<tr>
<td>Nominal GDP, USD billion</td>
<td>49.2</td>
<td>55.1</td>
<td>58.8</td>
<td>63.3</td>
<td>72.8</td>
<td>75.8</td>
<td>54.9</td>
<td>48.1</td>
<td>54.7</td>
<td>59.6</td>
</tr>
<tr>
<td>Real GDP growth rate, %</td>
<td>100.2</td>
<td>107.7</td>
<td>105.5</td>
<td>101.7</td>
<td>101.0</td>
<td>101.7</td>
<td>96.2</td>
<td>97.5</td>
<td>102.5</td>
<td>103.0</td>
</tr>
<tr>
<td>Consumer Price Index, %</td>
<td>110.1</td>
<td>109.9</td>
<td>208.7</td>
<td>121.8</td>
<td>116.5</td>
<td>116.2</td>
<td>112</td>
<td>110.6</td>
<td>104.6</td>
<td>105.6</td>
</tr>
<tr>
<td>Industrial output, %</td>
<td>96.9</td>
<td>111.7</td>
<td>109.1</td>
<td>105.9</td>
<td>95.1</td>
<td>101.9</td>
<td>93.4</td>
<td>99.6</td>
<td>106.1</td>
<td>105.7</td>
</tr>
<tr>
<td>Unemployment rate, %</td>
<td>0.9</td>
<td>0.7</td>
<td>0.6</td>
<td>0.5</td>
<td>0.5</td>
<td>0.5</td>
<td>1.0</td>
<td>0.8</td>
<td>0.5</td>
<td>0.3</td>
</tr>
</tbody>
</table>

Source: NBRB, National Statistical Committee
Belarus has double tax treaties with the following countries: 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, Macedonia, Moldova, Mongolia, the Netherlands, North Korea, Oman, Pakistan, Poland, Qatar, Romania, the Russian Federation, Saudi Arabia, Singapore, Slovakia, Slovenia, South Africa, South Korea, Sri Lanka, Sweden, Switzerland, Syria, Tajikistan, Thailand, Turkey, Turkmenistan, the UK, Ukraine, the United Arab Emirates, Uzbekistan, Venezuela, Vietnam and Yugoslavia (effective for Serbia).

As a legal successor to the Soviet Union, Belarus has double tax treaties with the following countries: Denmark, France, Japan, Malaysia, Spain and the US.

According to the Belarusian Tax and Duties Ministry, similar treaties with Canada and Norway are no longer in force. Belarus has signed double tax treaties with Libya and Sudan and a new double tax treaty with Spain, but they have not yet taken effect.

The table below provides an overview of income tax rates for foreign companies according to Belarus’ double tax treaties and national tax legislation.
<table>
<thead>
<tr>
<th>Country</th>
<th>Dividends, %</th>
<th>Interest, %</th>
<th>Royalty, %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Armenia</td>
<td>10/12 (a)</td>
<td>0/10 (v)</td>
<td>10 (tt)</td>
</tr>
<tr>
<td>Austria</td>
<td>5/12 (e)</td>
<td>0/5 (gg)</td>
<td>5 (uu)</td>
</tr>
<tr>
<td>Azerbaijan</td>
<td>12</td>
<td>0/10 (v)</td>
<td>10 (tt)</td>
</tr>
<tr>
<td>Bahrain</td>
<td>5 (ww)</td>
<td>0/5 (vv) (xx)</td>
<td>5 (uu)</td>
</tr>
<tr>
<td>Bangladesh</td>
<td>10/12 (fff)</td>
<td>0/7,5 (vv) (xx)</td>
<td>10 (tt)</td>
</tr>
<tr>
<td>Belgium</td>
<td>5/12 (e)</td>
<td>0/10 (z)</td>
<td>5 (uu)</td>
</tr>
<tr>
<td>Bulgaria</td>
<td>10 (ww)</td>
<td>0/10 (v)</td>
<td>10 (tt)</td>
</tr>
<tr>
<td>China</td>
<td>10 (ww)</td>
<td>0/10 (u)</td>
<td>10 (tt)</td>
</tr>
<tr>
<td>Croatia</td>
<td>5/12 (e)</td>
<td>10</td>
<td>10 (tt)</td>
</tr>
<tr>
<td>Cyprus</td>
<td>5/10/12 (d)</td>
<td>5 (xx)</td>
<td>5 (uu)</td>
</tr>
<tr>
<td>Czech Republic</td>
<td>5/10 (jj)</td>
<td>0/5 (vv) (xx)</td>
<td>5 (uu)</td>
</tr>
<tr>
<td>Denmark (q)</td>
<td>12</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Ecuador</td>
<td>5/10 (jj)</td>
<td>0/10 (vv)</td>
<td>10 (tt)</td>
</tr>
<tr>
<td>Egypt</td>
<td>12</td>
<td>10</td>
<td>15</td>
</tr>
<tr>
<td>Estonia</td>
<td>10 (ww)</td>
<td>0/10 (s) (vv)</td>
<td>10 (tt)</td>
</tr>
<tr>
<td>Finland</td>
<td>5/12 (e)</td>
<td>0/5 (hh)</td>
<td>5 (uu)</td>
</tr>
<tr>
<td>France (q)</td>
<td>12</td>
<td>0/10 (r)</td>
<td>0</td>
</tr>
<tr>
<td>Georgia</td>
<td>5/10 (jj)</td>
<td>0/5 (hhh)</td>
<td>5 (uu)</td>
</tr>
<tr>
<td>Germany</td>
<td>5/12 (dd)</td>
<td>0/5 (ee)</td>
<td>3/5/10 (ff)</td>
</tr>
<tr>
<td>Hong Kong</td>
<td>0/5 (iii)</td>
<td>0/5 (iii)</td>
<td>3/5 (jjj)</td>
</tr>
<tr>
<td>Hungary</td>
<td>5/12 (e)</td>
<td>5 (xx)</td>
<td>5 (uu)</td>
</tr>
<tr>
<td>India</td>
<td>10/12 (g)</td>
<td>0/10 (bb)(vv)</td>
<td>15</td>
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<tr>
<td>Indonesia</td>
<td>10/12 (ww)</td>
<td>0/10 (ll)</td>
<td>10/15 (tt)</td>
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<td>Iran</td>
<td>10/12 (g)</td>
<td>0/5 (v)(xx)</td>
<td>5 (uu)</td>
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<tr>
<td>Ireland</td>
<td>0/5/10 (oo)</td>
<td>5 (ggg)</td>
<td>5 (uu)</td>
</tr>
<tr>
<td>Israel</td>
<td>10 (ww)</td>
<td>0/5/10 (t)</td>
<td>5/10 (cc)</td>
</tr>
<tr>
<td>Italy</td>
<td>5/12 (e)</td>
<td>0/8 (mm)</td>
<td>6 (zz)</td>
</tr>
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<td>Japan (q)</td>
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<td>0/10 (n)</td>
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<td>Kazakhstan</td>
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<td>15</td>
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<td>Kuwait</td>
<td>0/5 (x)</td>
<td>0/5 (vv) (xx)</td>
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<td>Kyrgyzstan</td>
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<td>0/10 (v)</td>
<td>15</td>
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<tr>
<td>Laos</td>
<td>5/10 (aaa)</td>
<td>0/8 (bbb)</td>
<td>5 (uu)</td>
</tr>
<tr>
<td>Latvia</td>
<td>10 (ww)</td>
<td>0/10 (s) (vv)</td>
<td>10 (tt)</td>
</tr>
<tr>
<td>Lebanon</td>
<td>7,5 (ww)</td>
<td>0/5 (v) (xx)</td>
<td>5 (uu)</td>
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<tr>
<td>Lithuania</td>
<td>10 (ww)</td>
<td>0/10 (s) (vv)</td>
<td>10 (tt)</td>
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<tr>
<td>Macedonia</td>
<td>5/12 (e)</td>
<td>10</td>
<td>10 (tt)</td>
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<tr>
<td>Malaysia (q)</td>
<td>12</td>
<td>0/10 (s)(v)(bb)</td>
<td>10/15 (o)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Country</th>
<th>Dividends, %</th>
<th>Interest, %</th>
<th>Royalty, %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Moldova</td>
<td>12</td>
<td>0/10 (bb)</td>
<td>15</td>
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<tr>
<td>Mongolia</td>
<td>10 (ww)</td>
<td>0/10 (nn)</td>
<td>10 (tt)</td>
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<tr>
<td>Netherlands</td>
<td>0/5/12 (e)(w)</td>
<td>0/5 (yy) (xx)</td>
<td>3/5/10 (f)</td>
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<td>North Korea</td>
<td>10 (ww)</td>
<td>0/10(s)(v)</td>
<td>10 (tt)</td>
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<td>Oman</td>
<td>0/5 (ii)</td>
<td>0/5 (ii)</td>
<td>10 (tt)</td>
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<tr>
<td>Pakistan</td>
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<td>0/10 (s)(v)(bb)</td>
<td>15</td>
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<td>Poland</td>
<td>10/12 (a)</td>
<td>0/10 (bb)</td>
<td>0</td>
</tr>
<tr>
<td>Qatar</td>
<td>5 (ww)</td>
<td>0/5 (v) (xx)</td>
<td>5 (uu)</td>
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<tr>
<td>Russia</td>
<td>12</td>
<td>0/10 (v)</td>
<td>10 (tt)</td>
</tr>
<tr>
<td>Romania</td>
<td>10 (ww)</td>
<td>0/10 (v)</td>
<td>15</td>
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<tr>
<td>Saudi Arabia</td>
<td>5 (ww)</td>
<td>5 (xx)</td>
<td>10 (tt)</td>
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<tr>
<td>Singapore</td>
<td>0/5 (ccc)</td>
<td>0/5 (ddd)</td>
<td>5 (uu)</td>
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<td>Slovakia</td>
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<td>0/10 (v)</td>
<td>5/10 (i)</td>
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<td>Slovenia</td>
<td>5 (ww)</td>
<td>0/5 (pp) (xx)</td>
<td>5 (uu)</td>
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<td>South Africa</td>
<td>5/12 (e)</td>
<td>0/5/10 (l)</td>
<td>5/10 (m)</td>
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<td>South Korea</td>
<td>5/12 (e)</td>
<td>0/10 (p)</td>
<td>5 (uu)</td>
</tr>
<tr>
<td>Spain (q)</td>
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<td>0/5 (y)</td>
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<tr>
<td>Sri Lanka</td>
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<td>0/10 (vv)</td>
<td>10 (tt)</td>
</tr>
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<td>Sweden</td>
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<td>0/5 (c)</td>
<td>3/5/10 (c)</td>
</tr>
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<td>Switzerland</td>
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<td>0/5/8 (aa)</td>
<td>3/5/10 (c)</td>
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<td>10</td>
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<td>Tajikistan</td>
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<td>0/10 (bb)</td>
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<tr>
<td>UK (q)</td>
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<td>United Arab Emirates</td>
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<td>5/10 (k)</td>
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<td>US (q)</td>
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<td>Uzbekistan</td>
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<td>0/10 (v)(bb)</td>
<td>15</td>
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<td>Venezuela</td>
<td>5/12 (e)</td>
<td>0/5(kk)</td>
<td>5/10 (l)</td>
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<tr>
<td>Vietnam</td>
<td>12</td>
<td>0/10 (v)</td>
<td>15</td>
</tr>
<tr>
<td>Yugoslavia (effective for Serbia)</td>
<td>5/12 (e)</td>
<td>8 (h)</td>
<td>10 (tt)</td>
</tr>
<tr>
<td>Countries with no double tax treaties with Belarus</td>
<td>12</td>
<td>10</td>
<td>15</td>
</tr>
</tbody>
</table>
(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 12% rate applies in all other cases (in the case of the Netherlands, please refer to note [m]).

(b) A 5% 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 10% rate applies in other cases where the recipient is the beneficial owner of the dividends. 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 tourism (including restaurants and hotels), provided that this income is not exempt from tax.

(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, trade mark, 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, artistic or scientific work, including motion picture films and films or tapes for radio and television broadcasting.

(d) A 5% rate applies if the recipient is the beneficial owner of the income and has invested at least 200,000 ECU 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. In all other cases a 12% rate applies.

(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.

(f) A 3% rate applies to payments to their beneficial owner for the use of, or the right to use, any patent, trade mark, 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 payments to their 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 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 12% rate applies in all other cases (in the case of Pakistan and Turkey, there is no beneficial owner requirement to apply a 10% rate).

(h) An 8% rate applies if the recipient is the beneficial owner of the interest.

(i) A 5% rate applies to payments to their 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 payments to their beneficial owner for the use of, or the right to use, any patent, trade mark, design or 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 a company paying the dividends. In other cases where the recipient is the beneficial owner of the dividends, a 10% rate applies.

(k) A 5% rate applies to payments to their beneficial owner for the use of, or the right to use, any copyright of scientific work, any patent, trade mark, design or model, plan, secret formula or process, for the right to use information concerning industrial, commercial or scientific equipment or vehicles, for information concerning industrial, commercial or scientific experience. A 10% rate applies to payments to their 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 the government, a governmental body or an entity wholly owned by the government. A 5% rate applies to interest beneficially owned by a bank or any other financial institution. In other cases where the recipient is the beneficial owner, a 10% rate applies.

(m) A 5% rate applies to royalties paid to their beneficial owner for industrial, commercial or scientific equipment or vehicles. In all other cases where the recipient is the beneficial owner, a 10% rate applies.

(n) A 0% rate applies to payments to their 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 payments to their beneficial owner for the use of, or the right to use, any patent, trade mark, design or model, plan, secret formula or process, for information concerning industrial, commercial or scientific experience.
experience, or for the use of, or the right to use, industrial, commercial or scientific equipment or vehicles.

(o) A 10% rate applies if the recipient is the beneficial owner of the royalties paid for the use of, or the right to use, any patent, trade mark, design or model, plan, secret formula, process or copyright of scientific work, or 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. A 15% rate applies if the recipient is the beneficial owner of the royalties paid for the use of, or the right to use, motion picture films or tapes for radio and television broadcasting, or any copyright of literary or artistic work.

(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 the government, 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 the double tax treaty that the other contracting state concluded with the former Soviet Union. The table shows tax rates as specified in this treaty.

(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 the government, a local authority or the central bank. A 5% rate applies to interest paid and beneficially owned by a bank or any other financial institution or interest paid with respect to the sale on credit of any industrial, commercial or scientific equipment. In other cases where the recipient is the beneficial owner of the income, a 10% rate applies.

(u) A 0% rate applies to interest paid to the government, a local authority, the central bank or any other financial institution wholly owned by the government. In other cases where the recipient is the beneficial owner of the interest, a 10% rate applies.

(v) A 0% rate applies to interest paid to the government or the central bank (in the case of Turkey, a 0% rate also applies to interest arising in Belarus and paid by Turkish Eximbank on loans for financing 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 250,000 ECU, 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 the government

(x) A 0% rate applies to dividends paid to the government, the central bank, any other governmental agency or a financial institution. A 5% rate applies in all other cases where the recipient is the beneficial owner of the dividends.

(y) A 0% rate applies to payments for the use of, or the right to use, any copyright of literary, musical, artistic or scientific work, excluding motion picture films and films or tapes for radio and television broadcasting. A 5% rate applies in all other cases where the recipient is the beneficial owner of the income from copyright and licenses.

(z) A 0% rate applies to:
   - Interest paid on a government-approved loan
   - Interest paid with respect to the sale on credit of industrial, medical or scientific equipment or related services
   - Interest paid on a loan made, secured or guaranteed by the government to stimulate by financing the supply of industrial, medical or scientific equipment or related services

In all other cases where the recipient is the beneficial owner, a 10% rate applies.

(aa) A 0% rate applies to:
   - Interest paid on a government-approved loan
   - Interest paid with respect to the sale on credit of industrial, trade, medical or scientific equipment
   - Interest earned on government securities

A 5% rate applies to interest on bank loans. An 8% rate applies in other cases where the recipient is the beneficial owner of the interest.

(bb) A 0% rate applies in cases where the loan has been approved by the government.

(cc) A 5% rate applies only to payments for the use of any copyright of literary, musical, 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, with its contribution being at least EUR
81,806.70. A 12% rate applies in all other cases.

(ee) A 0% rate applies to (i) interest arising in Belarus and paid to the German Government, Deutsche Bundesbank, Kreditanstalt fur Wiederaufbau or Deutsche Finanzierungsgesellschaft fur Beteiligungen in Entwicklungslandern; (ii) interest arising on export loans guaranteed by HERMES-Deckung and provided by the German Government or (iii) interest paid to its beneficiary owner with respect to the sale on credit of any industrial, commercial or scientific equipment or any loan made by a bank or any other financial institution for financing 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, trade mark, 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 beneficiary owner of the interest and one of the following conditions is met: (1) the interest is paid to the contracting state, a local authority or the central bank, (2) the interest is paid on a government-approved loan or (3) the interest is paid on a loan made, guaranteed or secured by a governmental agency (including Österreichische Kontrollbank Aktiengesellschaft) to stimulate exports by financing 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 the government, the central bank, FINNFUND or FINNVERA. A 5% rate applies if the recipient is the beneficial owner of the interest.

(ii) A 0% rate applies to income paid to the government, the central bank or the State General Reserve Fund of the Sultanate of Oman or, in the case of interest, to any entity wholly or mainly owned by the government. In all other cases where the recipient is the beneficial owner of the income, a 5% rate applies.

(jj) A 5% rate applies if the beneficial owner is a company (other than a partnership) that owns at least 25% of the capital of the company paying the income. In other cases where the recipient is the beneficial owner of the income, a 5% rate applies.

(kk) A 0% rate applies if the recipient is the beneficial owner of the interest which is:
- Paid to the government, a governmental body, the central bank or an entity wholly or partially owned by the government, or
- Paid on a government-guaranteed loan, or
- Paid on a loan intended for stimulating exports by financing the supply by a company in the other contracting state of any equipment or vehicles, or
- Paid with respect to the sale on credit of any type of equipment or vehicles

In all other cases where the recipient is the beneficial owner of the interest, a 5% rate applies.

(II) A 5% rate applies to royalties received by their beneficial owner as a consideration for the use of, or the right to use, trade mark, any copyright of scientific work or computer software, or for the use of, or the right to use, any type of equipment or vehicles. In all other cases where the recipient is the beneficial owner, a 10% rate applies.

(mm) A 0% rate applies to:
- Interest paid by the government or a governmental body
- Interest paid to the government, a governmental body or a local agency or body (including financial institutions) wholly owned by the government or a governmental body
- Interest paid to any other agency or body (including financial institutions) on a loan issued in connection with the agreement between the contracting states

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

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

(oo) A 0% rate applies to dividends received by Ireland's National Treasury Management Agency, Ireland's National Pensions Reserve Fund or any entity, including an agency or an institution, wholly or mainly owned by the government. A 5% rate applies if the beneficial owner is a company that 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.

(pp) A 0% rate applies to interest paid or received by the government, a political subdivision, a local authority or the central bank. Higher rates apply in other cases.
(qq) A 0% rate applies to interest paid to the government, the central bank or an institution the capital of which is wholly owned by the government or a local authority. A 10% rate applies if the recipient is the beneficial owner of the interest paid on debt arising with respect to the sale on credit of any equipment, products or goods.

(rr) A 0% rate applies to:
- Interest paid or received by the government, a political subdivision, a local authority or the central bank
- Government-approved loans
- Loans made and guaranteed by a state financial institution to stimulate exports, provided that they are made or guaranteed on preferential terms
- Loans made by a bank to stimulate exports
- Interest paid on debt arising with respect to 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 to:
- Interest paid to the government, a local authority, the central bank or any other financial institution wholly or partly owned by the government
- Interest paid with respect to debt claims guaranteed, secured or indirectly financed by the government, a local authority, the central bank or any other financial institution wholly owned by the government

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 to interest paid to the government, a political subdivision (in the case of Ecuador), a local authority, the central bank or any other governmental agency or a financial institution owned by the government. 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, Slovenia and the UK, 7.5% in the case of Lebanon) 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 to:
- Interest paid or received by the government, a political subdivision, a local authority or the central bank
- Loans approved by the government
- Loans made, guaranteed or secured by the government, the central bank or any other body controlled by the government
- Loans made or guaranteed by a financial institution for development purposes or loans issued for financing the purchase of industrial, commercial, trade, medical or scientific equipment

A 10% rate applies if the recipient is the beneficial owner of the royalties.

(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 in the case of Laos 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 to dividends paid in Singapore to 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 competent authorities. A 5% rate applies to dividends paid in other cases to their beneficial owner.

(ddd) A 0% rate applies to interest paid in Singapore to 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 competent authorities. A 5% rate applies to interest paid in other cases to their beneficial owner.

(eee) A 7.5% rate applies to dividends beneficially owned by 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. In other cases where the recipient is the beneficial owner, a 12% rate applies.

(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 the government, the central bank, Ireland’s National Treasury Management Agency, Ireland’s National Pensions Reserve Fund or any entity wholly or mainly owned by the government or (2) the interest is paid on a loan guaranteed or approved by the government or a loan for financing the purchase of industrial, commercial, trade, medical or scientific equipment.

(hhh) A 5% rate applies to interest paid to its beneficial owner. A 0% rate applies to income paid to the government, a political subdivision or a local authority, the national bank or any other entity or institution wholly or mainly owned by the government.

(iii) A 0% rate applies if the beneficiary 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 competent authorities.

(jjj) A 3% rate applies to royalties for the use, or the right to use, an aircraft paid to their beneficial owner. 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 to interest whose beneficial owner is the Government, the central bank, a statutory body, a bank or any institution wholly or mainly owned by the Government as may be agreed upon from time to time by competent authorities. A 5% rate applies if the recipient is the beneficial owner of the interest. A 10% rate applies in all other cases.

(III) A 0% rate applies to interest paid to the Government, a local authority or the central bank.
EY in the CIS
Belarus

Minsk
K. Tsetkin St., 51А, 15th floor
Minsk 220004
Tel.: +375 (17) 240 4242
Fax: +375 (17) 240 4241

Azerbaijan

Baku
Port Baku Business Center
Neftchilar Ave., 153, 9th floor
Baku AZ1010
Tel.: +994 (12) 490 7020
Fax: +994 (12) 490 7017

Armenia

Yerevan
Nord Business Center
Severny Ave., 1, Office 27
Yerevan 0001
Tel.: +374 (10) 500 790
Fax: +374 (10) 500 706

Georgia

Tbilisi
Kote Abkhazi St., 44
Tbilisi 0105
Tel.: +995 (32) 215 8811
Fax: +995 (32) 215 8822

Kazakhstan

Almaty
Esentai Tower
Al-Farabi Ave., 77/7
Almaty 050060
Tel.: +7 (727) 258 5960
Fax: +7 (727) 258 5961

Atyrau
Satpayev St., 19
Atyrau 060000
Tel.: +7 (7122) 552 100
Fax: +7 (7122) 552 101

Nur-Sultan
Kosmonavtov St., 62A, 9th floor
Astana 010000
Tel.: +7 (7172) 580 400
Fax: +7 (7172) 580 410

Kyrgyzstan

Bishkek
Abdrakhmanova St., 191
Bishkek 720011
Tel.: +996 (312) 665 997

Russia

Moscow
Sadovnicheskaya Nab., 77, bld. 1
Moscow 115035
Tel.: +7 (495) 755 9700
Fax: +7 (495) 755 9701

Krasnodar
Sovetskaya St., 30,
Offices 1106 and 1108
Krasnodar 350063
Tel.: +7 (861) 210 1212
Fax: +7 (861) 210 1211

St. Petersburg
Belye Nochi Business Center
Malaya Morskaya St., 23
St. Petersburg 190000
Tel.: +7 (812) 703 7800
Fax: +7 (812) 703 7810

Vladivostok
Okeanski Ave., 17
Vladivostok 690091
Tel.: +7 (423) 265 8383
Fax: +7 (423) 265 8384

Ekaterinburg
Palladium Business Center
Khokhryakova St., 10
Ekaterinburg 620014
Tel.: +7 (343) 378 4900
Fax: +7 (343) 378 4901

Novosibirsk
Sovetskaya St., 5, 10th floor
Novosibirsk 630102
Tel.: +7 (383) 211 9007
Fax: +7 (383) 211 9008

Kazakhstan

Almaty
Esentai Tower
Al-Farabi Ave., 77/7
Almaty 050060
Tel.: +7 (727) 258 5960
Fax: +7 (727) 258 5961

Atyrau
Satpayev St., 19
Atyrau 060000
Tel.: +7 (7122) 552 100
Fax: +7 (7122) 552 101

Nur-Sultan
Kosmonavtov St., 62A, 9th floor
Astana 010000
Tel.: +7 (7172) 580 400
Fax: +7 (7172) 580 410

Moscow
Sadovnicheskaya Nab., 77, bld. 1
Moscow 115035
Tel.: +7 (495) 755 9700
Fax: +7 (495) 755 9701

Krasnodar
Sovetskaya St., 30,
Offices 1106 and 1108
Krasnodar 350063
Tel.: +7 (861) 210 1212
Fax: +7 (861) 210 1211

St. Petersburg
Belye Nochi Business Center
Malaya Morskaya St., 23
St. Petersburg 190000
Tel.: +7 (812) 703 7800
Fax: +7 (812) 703 7810

Vladivostok
Okeanski Ave., 17
Vladivostok 690091
Tel.: +7 (423) 265 8383
Fax: +7 (423) 265 8384

Ekaterinburg
Palladium Business Center
Khokhryakova St., 10
Ekaterinburg 620014
Tel.: +7 (343) 378 4900
Fax: +7 (343) 378 4901

Novosibirsk
Sovetskaya St., 5, 10th floor
Novosibirsk 630102
Tel.: +7 (383) 211 9007
Fax: +7 (383) 211 9008

Ukraine

Kyiv
Khreshchatyk St., 19A
Kyiv 01001
Tel.: +380 (44) 490 3000
Fax: +380 (44) 490 3030

Uzbekistan

Tashkent
Inkonel Business Center
Mustakillik Ave., 75, 3rd floor
Tashkent 100000
Tel.: +998 (71) 140 6482
Fax: +998 (71) 140 6483

EY in the CIS 75
Key contacts in Belarus

Pavel Laschenko, FCCA
Managing Partner for Belarus
Pavel.Laschenko@by.ey.com

Ivan Stankevich, FCCA
Director, Assurance
Mob.: +375 (29) 700 3012
Ivan.Stankevich@by.ey.com

Svetlana Gritsouk
Director, Tax
Mob.: +375 (29) 623 0274
Svetlana.Gritsouk@by.ey.com

Vasily Babariko
Senior Manager, Law
Mob.: +375 (29) 700 3025
Vasily.Babariko@by.ey.com

Kiryl Domnitch, CISA, CISM
Senior Manager, Advisory
Mob.: +375 (29) 700 3001
Kiryl.Domnitch@by.ey.com
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