Doing Business in Belarus

Tax and Law

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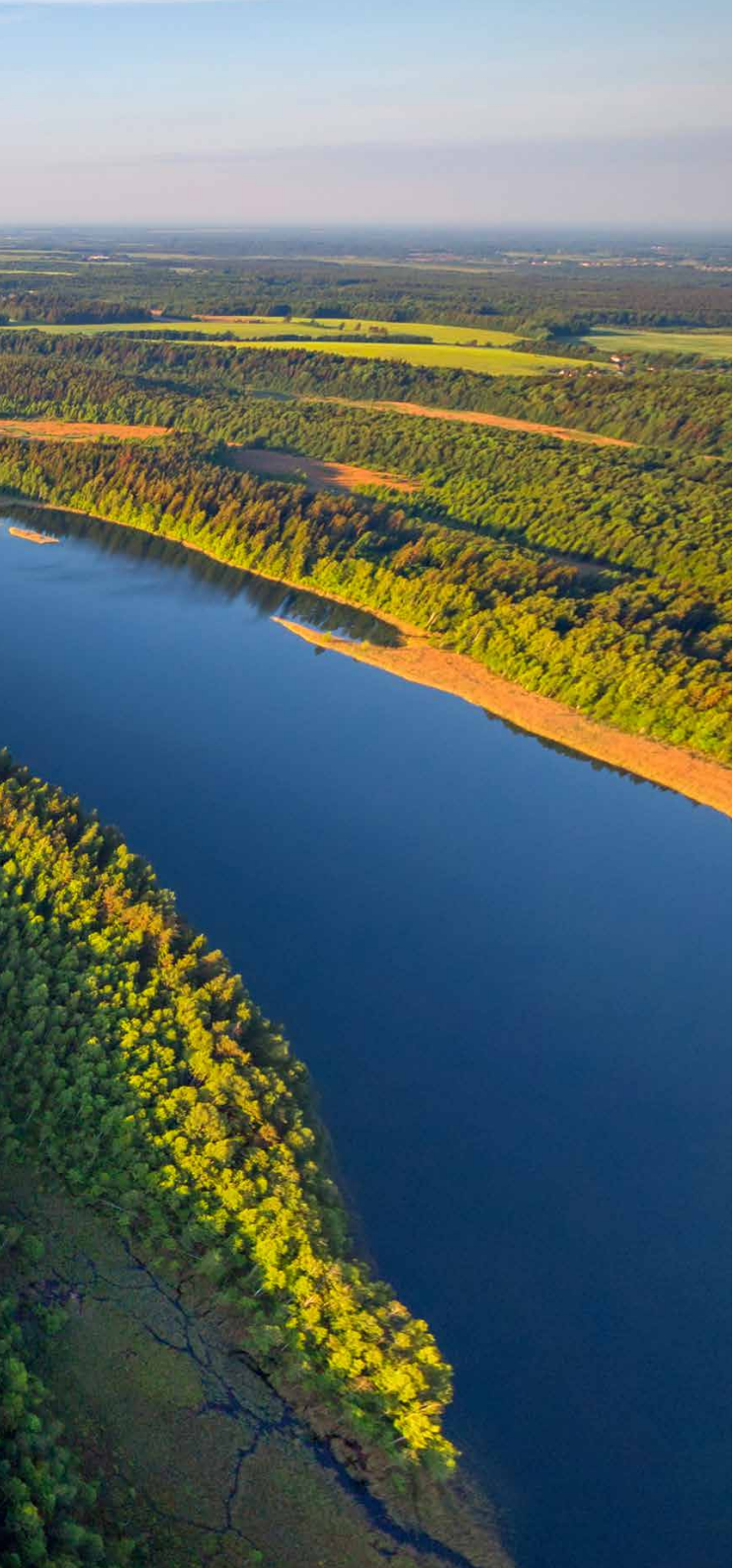

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Foreword

We are pleased to present "Doing Business in Belarus. Tax and Law 2021" report. This report, prepared by EY professionals, provides brief up-to-date information on the Belarusian tax system, special tax regimes, customs regulations, corporate forms, the Hi-Tech Park and the Great Stone Industrial Park as well as Belarusian migration and labor laws.

Today EY is the leading global audit and consulting firm in Belarus offering a wide range of professional services and employing over 600 people.

We continually invest in our workforce to enhance their skills and knowledge and improve overall service quality, and offer efficient and innovative business solutions worldwide.

1 Special legal regimes

The Great Stone China-Belarus Industrial Park

The Great Stone China-Belarus Industrial Park (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 kilometres from Minsk, occupying a total area of 112.47 square kilometres.

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

CBIP residents

A Belarusian company may obtain CBIP resident status if it was established or operates in the park and plans to carry out an investment project meeting the following criteria:

- The project involves carrying on activities in the park in areas such as electronics, telecommunications, pharmaceuticals, fine chemistry, biotechnology, machine building, new materials, integrated logistics, electronic commerce, big data storage and processing, social and cultural events or R&D
- Declared investment in the project must be not less than USD 5 million, or not less than USD 500,000 if the entire sum is invested within three years or in the case of an R&D project

Tax benefits

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

- Exemption from CIT on profits from the sale of goods or services/work produced by the resident in the CBIP, for 10 years after the first recognition of gross profit
- A zero tax rate on dividends paid by CBIP residents to their founders or shareholders/participants, for five years starting from the first year in which dividends are paid. CBIP residents are also exempt from the offshore levy on dividends paid to persons in offshore jurisdictions
- Exemption from RET on property located in the park, and from land tax on land parcels within its boundaries
- Exemption from VAT and import duty on goods (equipment, components and spare parts, raw materials and other materials) brought into Belarus solely for use in investment projects involving the construction and fitting-out of CBIP facilities
- Exemption from VAT on the purchase of services/work and property rights from foreign companies where the location of the buyer is taken as the place of supply for VAT purposes
- Full deduction of VAT charged on purchases of goods, services/work and property rights in Belarus (or paid upon importation into Belarus) for use in constructing and fitting out CBIP facilities, regardless of amounts of VAT charged on sales
- 5% withholding tax until 1 January 2027 on remuneration received by foreign companies from CBIP residents for rights to information relating to industrial, commercial or scientific experience, including know-how, licences, patents, drawings, utility models, schemes, formulas, industrial prototypes or processes
- Compulsory social security contributions may be calculated based on the average wage in Belarus rather than employees' actual salaries. Foreign citizens participating in investment projects in the CBIP are exempt from compulsory social security contributions on their income

There is also a stabilization clause, effective until 1 January 2027, stating that CBIP residents will not be affected by adverse changes in Belarusian tax law and will continue to be governed by the provisions of law in effect at the date of their registration as CBIP residents.

Other benefits and incentives

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

- The right to store and use goods in the CBIP under the free customs zone procedure pursuant to customs regulations, i.e. exempt from customs duties, taxes and special, anti-dumping and countervailing duties
- Exemption from VAT imposed by the customs authorities on goods placed under the release for domestic consumption customs procedure if they were manufactured by CBIP residents using foreign goods placed under the free customs zone procedure
- Exemption from the requirements of Belarusian currency law regarding currency transactions
- The right to conduct foreign trade transactions free of the restrictions imposed by Belarusian foreign trade law, including deadlines for completing such transactions
- Visa-free travel to and from Belarus for persons hired by CBIP residents for investment projects in the park and for founders and shareholders/participants of CBIP residents and their employees
- Restrictions on the conduct of regulatory audits of CBIP residents without approval from the CBIP Administration

The Hi-Tech Park

The Hi-Tech Park (HTP) was established in Minsk in 2005 to promote IT in Belarus. It offers a special legal regime for IT firms until 2049. The HTP Supervisory Board is in charge of general coordination, management and control of the HTP, while the HTP Administration, a government institution, oversees the day-to-day running of the park.

HTP residents

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

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

To join the HTP, applicants must submit a package of documents. The key document is the business project that the applicant intends to implement as an HTP resident. The decision on whether to register an applicant as an HTP resident is made by the HTP Supervisory Board based on the potential significance of the proposed business project for the development of new and advanced technologies.

Tax benefits

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

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

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

HTP residents are also exempt from the offshore levy on dividends paid to their founders/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 are entitled to more favourable treatment under a double taxation treaty.

In addition, HTP residents are exempt from Belarusian VAT on licences and certain services that play an important role in the IT business, such as advertising, marketing, consulting and database creation services, when acquired from foreign providers. A zero WHT rate applies to income earned by foreign companies from rendering services to HTP residents, such as data protection, web hosting, advertising and intermediary services, as well as to interest and royalty income.

Other benefits and incentives

HTP residents are entitled to enter into convertible loan agreements and option agreements, issue irrevocable powers of attorney and take advantage of certain legal mechanisms, such as warranties and indemnities. For the purpose of regulating corporate relationships, shareholders/participants of HTP residents are entitled to enter into shareholders'/participants' agreements governed by foreign law and refer disputes arising under such agreements to foreign courts and arbitration tribunals.

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 who are founders of HTP residents or are employed by such founders are eligible for visa-free entry into Belarus for stays of up to 180 days in the course of a year. Foreigners entering into employment contracts with HTP residents do not require a permit to work in Belarus and may apply for a temporary residence permit for the duration of the contract.

HTP residents are entitled to conduct foreign trade transactions free of restrictions laid down in Belarusian foreign trade legislation, including rules on the timing and methods of completion of such transactions. HTP residents are entitled to use simplified documentation procedures in accounting for transactions with non-residents. Capital currency transactions which ordinarily require permission from the NBRB may be carried out by HTP residents subject only to a notification requirement. Regulatory bodies are not allowed to audit HTP residents without the prior consent of the HTP Administration.

2 Companies

Legal forms

A foreign company may operate in Belarus through:

- A separate legal entity in Belarus, or
- A representative office of a foreign company

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

Limited liability companies

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

The charter capital of an LLC is formed from its participants' contributions. There is no minimum charter capital requirement for an LLC. Contributions may be made in cash and/or in kind (in the form of shares in other companies, etc.).

An LLC may have up to 50 participants. An LLC may be founded by one person or have one participant.

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

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

Unitary enterprise

A unitary enterprise («УП» in Russian) is another common corporate form in Belarus, the main difference from an LLC being that a unitary enterprise's founder remains the direct owner of its assets. However, since 26 January 2016, when rules allowing the registration of an LLC with a single founder came into force, the number of unitary enterprises being registered has fallen significantly.

The assets of a unitary enterprise are indivisible and cannot be divided into contributions (equity interests or units). Assets of a unitary enterprise may be privately owned either by an individual (or spouses jointly) or a legal entity and are possessed by the unitary enterprise under a right of economic management. Shared ownership of a unitary enterprise's assets is prohibited.

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

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

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

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

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

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

Joint-stock company

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

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

A JSC's shares may be held by one person. The number of shareholders is limited to 50 for a closed JSC but is unlimited for an open JSC.

Joint-stock companies can issue two types of shares: ordinary (voting) and preference shares. The owner of a preference share is entitled to fixed dividends and a portion of the company's assets upon its liquidation but may not vote on management matters. The nominal value of preference shares must not exceed 25% of the company's charter capital.

A JSC is obliged to comply with various 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 regarded as an autonomous subdivision of a foreign company that represents its interests in Belarus, and not as a separate legal entity.

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

- Researching Belarusian markets
- Studying investment opportunities in Belarus
- Establishing business entities in Belarus in partnership with foreign investors

Registration of companies in Belarus

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

Representative offices must register themselves with the tax authorities, the Social Security Fund, statistical agencies and Belgosstrakh after receiving the requisite permit from the relevant regional (or Minsk city) executive committee.

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

	Legal entity	Representative office of a foreign company
Registration time (actual)	Around 2-3 weeks	Around 1-2 months
State duty	1 base unit (approx. USD 11)	195 base units (approx. USD 2,145) for every three years of activity for which the permit to open the representative office is issued

Licensing

A special permit (licence) is required for certain business activities. Currently, there are 34 such activities (comprising around 200 types of services/work). The most important are banking operations, the gambling industry, the manufacture and wholesale of alcoholic beverages and tobacco products, retail of alcoholic beverages and tobacco products, wholesale and retail of petroleum products, and health care services.

Licensing authorities issue licenses within 15 working days of receiving all the required documents.

Mergers and acquisitions

Anti-monopoly control

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

Restrictions applicable to strategic companies

Investments in legal entities holding a dominant position on Belarusian goods markets require the approval of the anti-monopoly authorities in cases stipulated by anti-monopoly 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 protection of the environment and heritage assets), 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.

Through such agreements, shareholders/participants may agree to exercise their rights in a certain manner and/or refrain from exercising their rights, including by voting in a certain manner at the general meeting of shareholders/ participants, coordinating voting choices or coordinating other actions relating to the management of the company or the establishment, business, re-organization or liquidation of the company.

There are, however, restrictions to the effect that not all participants/shareholders of a company may be parties to a shareholders' agreement at the same time.

Tax overview

Tax policy

The President, the Parliament and the Belarusian Finance Ministry are responsible for determining and developing tax policy. The Belarusian Ministry of Taxes and Levies and its local offices are responsible for monitoring tax compliance.

Types of taxes and levies/duties

Belarus has a two-tier tax system comprising national taxes and levies/duties and local taxes and levies. National taxes and levies/duties are established by the Tax Code of the Republic of Belarus ("the Tax Code") or by presidential edicts and decrees and must be paid throughout the country. Local taxes and levies are established by regulatory acts of local councils of deputies (local government bodies) and are payable only in the territories concerned.

The Tax Code provides special tax regimes for taxpayers engaged in particular activities. This means that their taxes are calculated and paid according to different rules from those normally applicable and they pay a special tax payment.

Besides taxes and levies/duties, other compulsory payments in Belarus include state social security contributions payable by employers to the Social Security Fund of the Republic of Belarus.

National taxes and levies/duties include:

- Corporate income tax
- Withholding tax
- Personal income tax
- Value added tax
- Excise tax
- Real estate tax
- Land tax
- Environmental tax
- Mineral extraction tax
- Offshore levy
- Stamp duty
- Consular fee
- State duty
- Patent fees
- Customs duties and levies
- Recycling levy
- Transport tax

Local taxes and levies include:

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

Special tax regimes include:

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

Tax registration

The tax registration of a legal entity takes place at the same time as its state registration and covers all taxes payable in Belarus.

Tax audits

Belarusian law prohibits tax audits on newly established companies for two years after their state registration. After that, companies may face selective field audits scheduled by the tax authorities according to a risk-based approach. This means that audits are specifically targeted at taxpayers deemed to have a high probability of committing tax violations, which is determined by the tax authorities using the established criteria. There are also certain grounds for conducting unscheduled field audits.

Information on selective field audits is published every six months on the website of the State Control Committee no later than 15 December/15 June. A company may be audited by one and the same authority only once every three years. As a rule, the period covered by a field audit may not exceed five calendar years. Tax audits may last for up to 30 working days.

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

* http://www.kgk.gov.by/ru/pvproverok-ru/

Rates of main taxes

Tax	Rate
Corporate income tax (CIT)	18%
Value added tax (VAT)	20%
Withholding tax (WHT)	
Dividend income	12%
Interest income	10%
Royalty income	15%
Personal income tax (PIT)	13%
Real estate tax (RET)	1%
Compulsory social security contributions	35%
Pension insurance contributions (retirement, disability and survivor benefits)	29%*
Social insurance contributions (temporarily disability, maternity, childcare and other benefits)	6%

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

Statute of limitations for tax collection

Taxes cannot be collected from a legal entity if no demand was presented within five years after their due date. This does not apply in cases where the law allows for an audit to cover more than five years.

General anti-evasion rule

The tax authorities have the right when conducting an audit to adjust the amount payable by the taxpayer if the main purpose of a transaction was to avoid paying tax or to secure a tax refund from the budget.

Corporate income tax

Taxpayers. Object of taxation and tax base

The payers of CIT are:

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

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

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

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

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

Taxpayers	Object of taxation
Belarusian companies	▸ Gross profit of a Belarusian company ▸ Dividends and similar income payable by Belarusian companies
Foreign companies operating in Belarus through a permanent establishment	Gross profit earned by a foreign company through a permanent establishment in Belarus

GROSS PROFIT	=	Profit from sales of goods, services/work and property rights	+	Non-operating income	–	Non-operating expenses

Profit from sales of goods, services/work and property rights	=	Revenue from sales of goods, services/work and property rights	–	Deductible expenses

Permanent establishment of a foreign company

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

Fixed place of business	The carrying on of entrepreneurial and other activities in Belarus (other than activities of a preparatory and auxiliary nature)
Dependent agent	A company or an individual that: ▸ Carries on activities on behalf of and/or in the interests of the foreign company, or ▸ Has and habitually exercises authority from the foreign company to conclude contracts or negotiate material terms of contracts

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

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

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

Deductible expenses

General provisions

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

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

- Goods (intangible assets) were not received, services/works were not performed, property rights were not transferred, or assets were not leased out (under (finance) lease agreements) and are still used by a lessor
- Services/work were performed by an individual entrepreneur who is at the same time an employee of the taxpayer, and the services/work form part of the employment duties of the person concerned
- Services/work were performed for the taxpayer by a company that is a founder of, or participant in, the taxpayer or vice versa, and the services/work in question fall within the scope of duties of an employee of the taxpayer

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

Partly deductible expenses

The following expenses are tax-deductible within set limits:

Partly deductible expenses	Limits on deduction
▸ Business trip expenses ▸ Fuel expenses ▸ Losses due to shortage of and/or damage to goods and inventory ▸ Expenses for management services provided by individual entrepreneurs or entities that apply special tax regimes ▸ Expenses relating to controlled debt (see the "Thin capitalization rules" section)	Limits set for each type of expense
▸ Other expenses, such as: – Payments to individuals, such as lump sum payments upon retirement, lump sum recuperation payments (benefits, material assistance) – Expenses to improve and maintain (operate) communities, adjacent territories and historic sites, expenses to maintain the sanitary state of common-use lands – Expenses incurred for social functions and parties – Fees and (or) expenses of members of the Board of Directors – Entertainment expenses – Payments to employees to reimburse them for the use of their own vehicles if their work does not normally involve travel – Membership fees paid to entrepreneurs' and employers' associations and other unions and associations – Interest on outstanding principal amounts of loans	Deductible within a limit of no more than 1% of sales revenue and property rental income, including VAT

Doubtful debt provisions

Doubtful debt provisions are recorded as non-operating expenses but must amount to no more than 5% of revenue from sales of goods, services/work, property rights and intangible assets, as well as on rental transactions (leases (finance leases)) or other uses of property, either for consideration or free of charge, inclusive of VAT, calculated as follows:

Age	Percentage of debt included in expenses
> 90 calendar days	100%
45 - 90 calendar days	50%
<45 calendar days	0%

Investment deduction

An investment deduction is an amount determined based on the historical cost of fixed assets (including those acquired under leases (finance leases) that contain a purchase option) used in business operations and the book value of investment in their reconstruction, upgrade or renovation.

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

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

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

Thin capitalization rules

The thin capitalization rules that came into force in 2013 limit the deductibility of certain types of costs/expenses where the taxpayer has controlled debt to a foreign or Belarusian founder/participant.

The thin capitalization rules apply if the taxpayer's debt-to-equity ratio (for all controlled debt) at the end of the tax period is at 3:1.

Debt obligations classed as controlled debt	
Debt due to a founder/participant whose direct or indirect equity interest in the taxpayer is 20% or more as at the end of the tax period	Debt due to a related party of the founder/participant provided that party is still related on the last day of the respective tax period

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

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

- Debt on loans (excluding commercial loans). This amount does not include loans provided in their entirety using proceeds from the placement of bonds issued by the founder/participant or another related party of a Belarusian entity for the purpose of transferring them as loans to a related Belarusian entity
- Amounts payable for engineering, marketing, consulting, management and intermediary services, information services and personnel recruitment and supply services, and consideration for the transfer of industrial property rights
- Fines, penalty interest and other sanctions, including damages for contractual breaches
- Liabilities arising from the performance of a guarantee obligation to repay the above debt

Maximum amount of deductible expense/ interest	=	Amount of each item of controlled debt in the tax period	/	Capitalization ratio

Where the capitalization ratio is:

Capitalization ratio	=	Controlled debt in the tax period (total amounts due to all persons)	/	Equity at the end of the tax period	/	3

Tax benefits

CIT exemption applies to:

- Profit (not exceeding 10% of gross profit) donated to (i) companies for the construction and/or reconstruction of sports facilities, (ii) government-funded health care, educational, cultural and sports organizations, (iii) religious organizations, (iv) social services providers and (v) certain public associations
- Profit from sales of prosthetic and orthopaedic appliances and rehabilitation and support equipment for the disabled
- Profit (except for profit from wholesale, procurement or intermediary activities, as well as rental income (income from leases (finance leases))), received by companies that employ disabled persons, if the average proportion of disabled employees is at least 30% of the average headcount
- Profit from sales of own manufactured cars and components (provided that a relevant agreement has been concluded with the Ministry of Industry)
- Income from transactions involving bonds issued by Belarusian companies either between 1 April 2008 and 1 January 2015 or since 1 July 2015, and income from transactions involving state securities issued by the Ministry of Finance and bonds issued by the NBRB
- Other profits as determined by the President

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

CIT rates

Rate	Tax payers
18%	All companies (this is the standard tax rate)
5%	Companies engaged in the production of high-tech products (on the list approved by the Council of Ministers)
10%	High-tech parks, technology transfer parks and residents of high-tech parks
12%	Belarusian companies when paying dividends (applicable to the amount of dividends paid)
25%	Banks, insurers, forex companies and certain types of microfinance companies
50%	Companies engaged in the transit of crude oil and petroleum products through trunk pipelines within the Republic of Belarus

Reduced tax rates may also apply in a number of other cases.

As an additional measure to consolidate budget revenue in order to combat COVID-19, it was determined that cellular mobile network operators and commercial microfinance organizations shall pay income tax at a rate of 30% from 1 January 2021 till 1 January 2023.

Dividends

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

Number of consecutive years in which profits were not distributed	Reduced rate applicable at next dividend payment
3 years	6%
5 years	0%

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

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

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

Capital gains and losses

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

Gains derived from sales of securities (except in cases indicated in the "Tax benefits" section) are taxed at the standard rate. There are special rules for calculating gains on REPO transactions.

Tax filing and payment

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

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

Tax accounting

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

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

Deferred tax assets and liabilities typically arise when the taxpayer:

- carries losses forward (see the "Loss carry forward" section)
- receives gratuitous aid

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

Loss carry forward

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

Losses may be carried forward for 10 years, starting with losses incurred in 2011.

The carry forward mechanism does not apply to losses incurred:

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

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

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

Deadlines for filing a return and paying tax

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

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

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

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

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

Offset of taxes paid in foreign jurisdictions

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

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

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

Transfer pricing

Transfer pricing rules have been in force in Belarus since 2012.

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

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

Controlled transactions

Transaction type		Annual threshold values (excluding VAT and excise tax) for transactions with the same party to be considered controlled, BYN	
		For large taxpayers	For other taxpayers
Foreign trade transactions	with related parties	2,000,000	400,000
	involving the sale or purchase of strategic goods	2,000,000	
	with residents of offshore jurisdictions	400,000	
Transactions with Belarusian residents	with related parties that do not assess or pay CIT/are exempt from CIT	2,000,000	400,000
Transactions involving the sale or purchase of immovable property or housing bonds	with related parties	No threshold	
	with payers that apply special tax regimes	No threshold	

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

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

To enable the checking of transfer prices, starting from 1 January 2016 taxpayers are required to notify the tax authorities of all transactions made in a tax period by providing relevant details in electronic VAT invoices (irrespective of the value of the transactions), and to prepare and submit transfer pricing documentation if requested by the tax authorities to support the arm's length nature of their transactions.

Type of transfer pricing documentation	Transactions subject to documentation requirements	Filing deadline	When documentation may be requested	Exemption from documentation requirement
Comprehensive TP documentation	▸ Foreign trade transactions of large taxpayers ▸ Foreign trade transactions involving strategic goods	To be filed only if requested by the tax authorities: ▸ Within 10 working days if requested in the course of a desk audit	May be requested not earlier than 1 June of the year following the reporting year	No documentation requirement for: ▸ Transactions for which an advance pricing agreement has been concluded ▸ Transactions yielding income that is exempt from income tax; transactions made on an exchange, except for transactions with related parties and residents of offshore jurisdictions ▸ Transactions with a related party which cannot be grouped into a group of homogenous transactions and the total amount of which with one counterparty within one calendar year is no more than 10% of the established thresholds
Simplified TP documentation (economic justification)	▸ All other types of controlled transactions	▸ Within the time limit specified in the request, which must be not less than two working days, if requested in the course of an on-site audit	May be requested after the end of the reporting year	

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

Advance Pricing Agreement with the Taxes and Levies Ministry

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

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

Purpose of the agreement	Agreeing on pricing principles for tax purposes and/or applicable methods for determining arm's length prices
Eligibility	Large taxpayers and taxpayers that have concluded controlled transactions totalling more than BYN 2 million in the course of a year
Agreement term	Up to three calendar years with an option to extend by up to two years
Documentation processing times	The Taxes and Levies Ministry has three months to process documents submitted by taxpayers (application, draft agreement, etc.). This period may be extended to six months if the Ministry needs to obtain additional information from a foreign country
Fee	State duty for the consideration of a pricing agreement application is set at 500 base units (~ USD 5,600)
Advantages	Exemption from transfer pricing documentation requirements and lower risk of additional CIT liabilities

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

Withholding tax

Taxpayers

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

Scope of taxation

The following Belarusian-source income is taxable:

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

Tax base

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

Tax agents

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

Tax rates

Double tax treaties signed by Belarus may provide more favourable tax treatment (see Appendix 1).

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

Type of income	Rate
Income from loans granted to Belarus, the Government or Belarusian residents against government guarantees; income on Belarusian state securities and income from the sale or redemption thereof, and certain other types of income	0%
Transport, freight, demurrage or other charges paid for shipments, including international shipments, and charges for forwarding services	6%
Income from debt obligations of any kind, including interest on loans and credits	10%
Dividends and income from the disposal of shares/equity interests in Belarusian companies	12%
Royalties and other taxable income of foreign companies from sources in Belarus	15%

Liability date for WHT

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

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

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

Double tax treaties

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

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

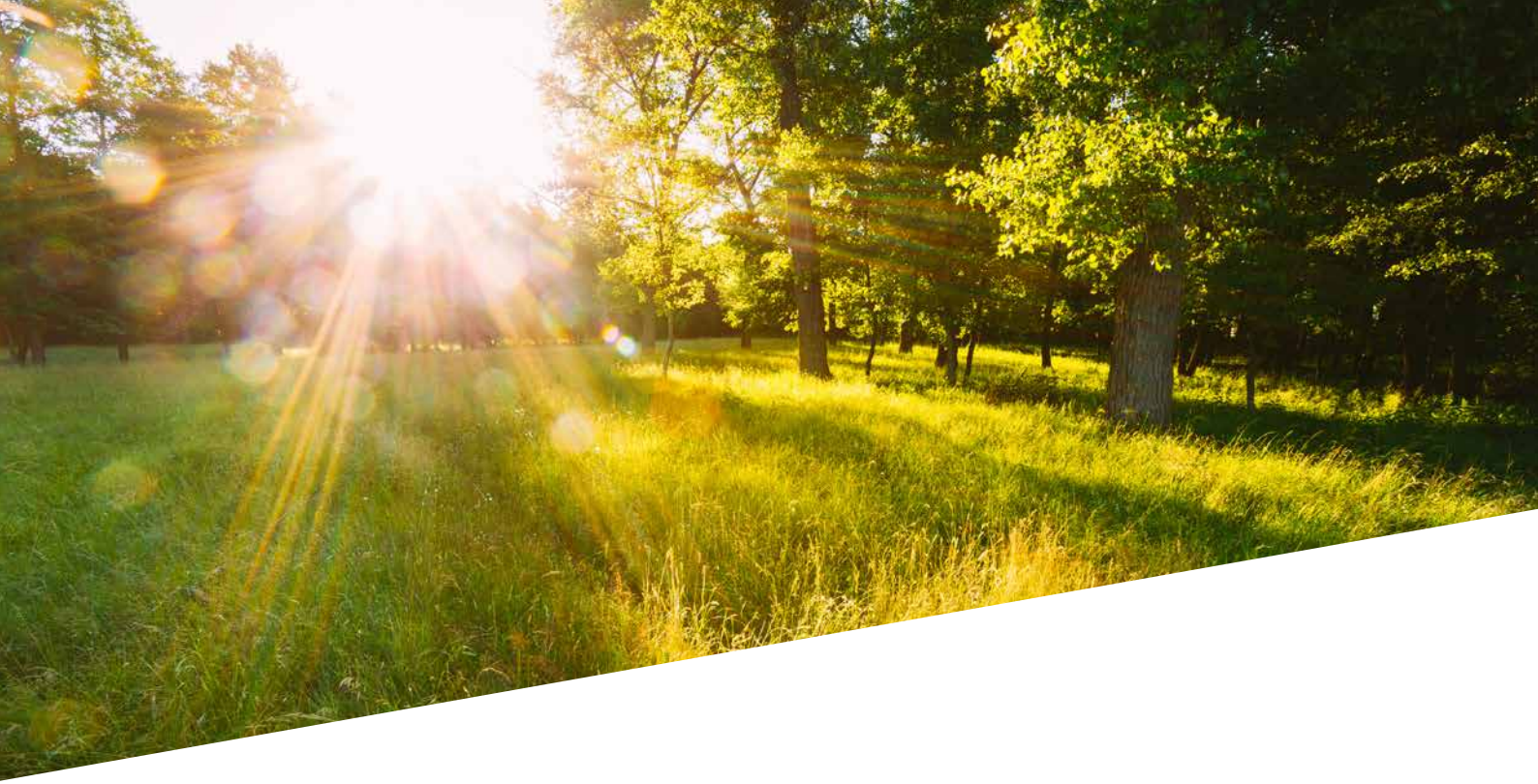
- Date of issue (or period of validity)
- Full name and registered address of the foreign company
- Confirmation that the foreign company was/is a tax resident of the relevant jurisdiction in the period concerned for the purpose of the application of the relevant double taxation treaty between Belarus and that jurisdiction.

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

Beneficial owner of income

Where relief under a double tax treaty is conditional on beneficial ownership of income received from a Belarusian source, a foreign company may be requested to provide documents proving that it is the beneficial owner.

A foreign company is considered the beneficial owner of Belarusian-source income for tax relief purposes if it receives that income from business activities, is the actual beneficiary of the income and is free to use the income at its own discretion. Beneficial ownership criteria for foreign companies include the functions they perform to receive the income concerned, their powers to dispose of the income and risks assumed.



Tax filing and payment

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

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

Value-added tax

Taxpayers

VAT payers in Belarus include Belarusian and foreign companies.

Tax registration

There is no separate tax registration for VAT purposes except for foreign companies that provide electronic services to individuals in Belarus (see below).

Scope of taxation

VAT is payable on:

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

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

Tax base

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

Exempt items

VAT-exempt items include:

- Insurance services and banking transactions
- Rights to inventions, utility models, design solutions, selective breeding results, integrated circuit topographies and trade secrets (know-how)
- Goods and services/work produced by companies in which disabled employees account for at least 30% of the headcount
- Medical and veterinary services
- Goods produced by a tax resident vendor under a contract of sale with a tax resident lessor which buys the goods for subsequent transfer abroad under an international lease-purchase agreement

The following are exempt from VAT when imported into Belarus:

- Goods received as foreign aid or international technical assistance according to the rules prescribed by the President
- Equipment, devices, materials and components for R&D purposes which are imported by Belarusian residents according to the rules prescribed by the President
- Installations, components and spare parts designed to use renewable energy sources

Place of supply

Belarus is considered the place of supply of goods if:

- The goods are in Belarus and are not dispatched or transported to the buyer
- The goods are in Belarus at the time of dispatch or transportation to the buyer

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

- The services/work are directly related to immovable property (including construction in progress) situated in Belarus (except for aircraft, marine and inland vessels and spacecraft). This rule also applies to the rental and leasing of immovable property, property valuation services and engineering, design, and designer and technical supervision services directly related to such immovable property
- The services/work are related to movable property situated in Belarus, with the exception of the rental and leasing of movable property, including vehicles
- The services are actually provided in Belarus in the areas of culture, art, education (excluding remote services), sports, tourism and leisure
- The buyer of services/work or intellectual property rights operates in Belarus and/or is a Belarusian resident

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

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

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

VAT calculation and deductions

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

Deductible VAT amounts include:

- VAT charged by sellers that are Belarusian tax residents and taxpayers on purchases of goods, services/work and property rights in Belarus
- VAT paid on imports of goods into Belarus
- VAT paid on purchases of goods, services/work and property rights in Belarus from foreign companies that do not carry on activities through a permanent establishment and are not tax-registered in Belarus on that basis

Tax rates

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

Taxable activity	Rate
▸ Export of goods ▸ Export of transportation services ▸ Export of toll manufacturing services	0%
▸ Sale of Belarusian-made agricultural produce, and import and/or sale of agricultural produce made in other EAEU countries ▸ Import and/or sale of food products and children's goods on the list stipulated in the Tax Code ▸ Import and/or sale of medicines and medical supplies on the territory of the Republic of Belarus	10%
▸ Sale of telecommunication services	25%

Time of supply

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

Goods	The day of the shipment of goods is: ▸ The day on which they are released to the buyer (recipient or carrier), unless the seller delivers/transports the goods or pays the cost of delivering/transporting them ▸ A day determined in accordance with the taxpayer's accounting policies, but not later than the date on which transportation begins, in other cases
Services/work	The day of the performance of services/work is the date on which the completed services/work are supplied in accordance with supporting documents (acceptance certificates or other similar documents). There are special rules for construction work, rental services, services whose results can be used while the services are being provided, and certain other types of services
Property rights	The date of transfer of property rights is, at the taxpayer's choice: ▸ The last calendar day of each month in respect of which the property right is transferred, or ▸ The day of the transfer of the property rights as stated in a source document

The following VAT amounts are not deductible:

- VAT taken to expenses for CIT purposes, since such amounts relate to VAT-exempt transactions
- VAT included in the cost of goods, services/work and property rights
- VAT not recognised in accounts or a purchase ledger (if the taxpayer keeps such a ledger)
- VAT on goods in the event of their damage or loss, excluding force majeure situations
- Certain other cases

As a rule, the deduction of VAT is limited to the amount assessed on sales. In certain cases, prescribed by the Tax Code and the President, VAT is fully deductible irrespective of the amount assessed on sales.

VAT on purchases from foreign companies

Where goods, services/work or property rights are supplied by foreign companies that do not have a permanent establishment in Belarus and are not tax-registered in Belarus on that basis, VAT must be assessed and paid by the Belarusian companies and entrepreneurs that purchase the goods, services/work or property rights.

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

Electronic VAT invoices

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

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

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

Tax filing and payment

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

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

Imports from non-EAEU countries

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

Imports from other EAEU countries

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

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

VAT on electronic services provided by foreign companies

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

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

- The online transfer of rights to use software, databases, e-books, visual images and musical and audio-visual works
- Online advertising services
- Access to Internet search engines
- Online gaming

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

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

Real estate tax

Taxpayers

Companies may be liable to pay real estate tax.

Scope of taxation

RET is charged on:

- Buildings, structures or parts thereof that are owned by the taxpayer or are under the taxpayer's economic or operational management
- Buildings, structures or parts thereof that are situated in Belarus and were acquired from a Belarusian company under a finance lease if the lessor no longer records the facilities on its balance sheet
- Buildings, structures or parts thereof that are situated in Belarus and have

been rented or acquired for use for consideration or free of charge from foreign companies that do not have a permanent establishment in Belarus or from individuals

- Buildings, structures or parts thereof in other cases

Tax base

The tax base is determined by taxpayers based on buildings, structures and parts thereof in their possession as at 1 January.

Tax relief

The following are exempt from RET:

- Buildings and structures designated as heritage assets according to the list approved by the Council of Ministers
- Buildings and structures that are used or designated for use by organizations for agriculture
- Buildings and structures designated for environmental protection and enhancement purposes according to the list approved by the President
- Newly commissioned buildings and structures, for one year after their commissioning date
- Buildings and structures that have been mothballed in the manner prescribed by the Council of Ministers
- Other assets specified by law

Scope of taxation	Tax base
Buildings, structures or parts thereof recognised in accounts as fixed assets or income-bearing investments in tangible assets	Net book value
Other buildings, structures or parts thereof	Book value

Tax rates

The rate of RET for companies is 1%.

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

Local government bodies (regional councils and the Minsk city council) have the right to raise or reduce RET rates for certain categories of taxpayers by a factor of no more than 2.

Tax filing and payment

The tax period is the calendar year.

RET returns must be submitted to the tax authorities no later than 20 March of the reporting year. Companies may opt to pay the entire amount for the year by 22 March of the reporting year or pay quarterly instalments no later than the 22nd of the third month of each quarter.

Other taxes

Land tax

Legal entities that possess land under a permanent or temporary right of use or under private ownership, as well as those that leased land and failed to return it within timeframes stipulated by legislation, are liable to pay land tax.

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

Local government bodies (regional councils and the Minsk city council) have the right to raise or reduce land tax rates for certain categories of taxpayers by a factor of no more than 2.

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

Environmental tax

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

- Emissions of air pollutants
- Wastewater discharge
- Industrial waste to be subsequently stored or buried
- Crude oil and/or petroleum products conveyed in transit through the Republic of Belarus by trunk pipelines

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

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

Offshore levy

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

- The transfer of funds to a person registered in an offshore jurisdiction, or to another person in connection with an obligation to a resident of an offshore jurisdiction, or to an account held in an offshore jurisdiction
- The fulfilment of an obligation in non-monetary form to a person registered in an offshore jurisdiction, except in return for consideration paid by the resident of the offshore jurisdiction to the Belarusian entity's account
- The transfer of property rights and/or obligations in connection with the substitution of the parties in an obligation where the parties are the levy payer and an offshore entity

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

The levy is payable at a fixed rate of 15%. The tax period is the calendar month. The offshore levy must be paid either before money is transferred or no later than the day after the fulfilment of a non-monetary obligation or the substitution of parties to an obligation takes place. Tax returns must be filed no later than the 20th of the month following the reporting period.

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

Excise tax

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

Excise tax is payable on:

- Excisable goods produced and sold by taxpayers in Belarus
- Excisable goods being imported into Belarus
- Excisable goods imported into Belarus when they are sold
- Gas sold in Belarus as a motor fuel
- Certain excisable goods used (sold or transferred) other than for their designated purpose

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

The tax period is the calendar month. Tax returns must be filed no later than the 20th of the month following the reporting month and tax must be paid no later than the 22nd of the month following the reporting month. Special filing and payment deadlines are prescribed for excisable imports.

Transport tax

Companies may be subject to transport tax. Transport tax is charged on vehicles registered by the State Directorate for Traffic Safety of the Ministry of Internal Affairs.

The tax period for transport tax is the calendar year. Transport tax is calculated based on the number of vehicles and the tax rate.

Transport tax rates are established by the Tax Code depending on the gross vehicle weight and capacity, or per vehicle.

Tax returns must be filed no later than 20 February of the year following the tax period.

During the current tax period, advance payments for the first, second and third quarters of the current tax period must be made no later than the 22nd of the third month of the quarter for which the advance payment is calculated. Additional transport tax for the tax period must be paid no later than than 22 February of the year following the current tax period.

Special taxation regimes

Simplified taxation system

The simplified taxation system is available for companies that simultaneously meet headcount and annual gross revenue criteria.

Simplified tax generally replaces CIT and may replace VAT. The tax base is determined as the amount of gross revenue, including revenue from sales of goods, services/work, property rights and non-operating income.

Simplified taxation system	Tax rate	Average headcount	Gross revenue
Simplified taxation system with payment of VAT	3%	No more than 100	No more than BYN 2,159,235 (approx. USD 840,000)
Simplified taxation system without payment of VAT	5%	No more than 50	No more than BYN 1,481,522 (approx. USD 575,000)

Unified tax for agricultural producers

Companies may apply the unified tax if their revenue from sales of their own agricultural products accounted for at least 50% of their total revenue for the preceding calendar year. The tax may also be applied in relation to branches that produce agricultural products and have separate balance sheets and bank accounts, provided that sales of agricultural products produced by those branches account for at least 50% of their revenue. The tax rate is 1% of gross revenue. The unified tax replaces CIT, real estate tax and land tax.

Gaming tax

Gaming tax is levied on gaming tables, slot machines, betting pools (totalizators and bookmakers) and gaming yield (a positive difference between bets accepted and winnings paid/bets returned). Fixed rates of gaming tax are set for each taxable item. Compulsory registration requirements apply for each type of taxable item (other than gaming yield). Income received by taxpayers from gaming activities is not subject to CIT or VAT.

Other special tax regimes

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

Customs regulations

Overview

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

The EAEU Customs Code

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

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

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

Import duty

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

Customs duty rates vary from 0% to 80% of the customs value of the goods. The standard VAT rate is 20%. It is charged on the sum of the customs

value, customs duty and, where applicable, excise tax. VAT paid on the importation of goods or services is usually offset against output VAT.

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

Export duty

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

Customs value

Belarus's customs valuation rules are in line with WTO principles. The customs value of imported goods is usually determined as the invoice value of the goods plus certain import-related costs that are not included in the transaction price. These additional costs typically include the cost of delivery of the goods to the border (e.g., transportation and insurance costs), royalties and other payments for the use of intellectual property, the cost of materials provided free of charge by the purchaser to the seller, etc. This method of determining the customs value of imported goods is known as the transaction value method.

Normally, the customs value is determined based on CIP delivery terms (Incoterms 2010 - Carriage and Insurance Paid To). If the customs value cannot be determined using the transaction value method, other methods may be applied: transaction value of identical or similar goods method, deductive value method, computed value method, or fall-back method.

Commodity coding

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

Customs procedures

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

Release for domestic consumption

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

Customs warehouse

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

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

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

Free warehouse

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

Owners may likewise transfer ownership or possession of goods placed under the free warehouse procedure and products made from those goods.

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

Temporary importation (admission)

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

The period of temporary importation may not exceed two years (or 34 months in the case of leased fixed assets).

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

Partial exemption is granted in other cases where goods are expected to remain in the customs territory of the EAEU for a limited period of time before being re-exported. In this case the importer must make monthly customs payments equal to 3% of the total amount that would have been payable if the goods had been released for domestic consumption. These amounts are not refunded if the goods are re-exported.

Once the temporary importation period has expired, goods are 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 duty and penalty interest must be paid.

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

Customs processing procedures

There are three processing procedures:

- **Inward processing.** This procedure is used by companies that process goods in the customs territory of the EAEU. Subject to certain conditions, goods may be imported into the customs territory of the EAEU for processing without customs duty or VAT being paid. Finished products obtained as a result of processing the goods must be exported. If the finished products are released for domestic consumption in the customs territory of the EAEU, customs duty and VAT are charged based on the value of the original materials, and penalty interest is payable.
- **Processing for domestic consumption.** Under this procedure, customs duty is payable only after finished products are released for domestic consumption in the customs territory of the EAEU. Customs duty is determined based on the customs value of the finished products. Materials imported for processing are exempt from customs duty but are subject to VAT. This procedure applies only to certain types of goods as determined by legislation.
- **Outward processing.** Under the outward processing procedure, EAEU goods may be temporarily exported for processing and the finished products may then be re-imported into the customs territory of the

EAEU. In this case, customs duty and VAT are charged only on the added value obtained as a result of processing the goods rather than on the value of the imported goods. A bank guarantee may be required for the payment of customs duty and taxes in case of non-compliance. This procedure is convenient when exporting goods for repair outside the customs territory of the EAEU.

CIS free trade regime

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

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. The treaty took effect on 20 September 2012. Uzbekistan acceded to the treaty under a protocol signed on 31 May 2013.

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

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

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

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

3 Individuals

Employment

There is a critical shortage of highly skilled workers across industries, causing intense competition. This is explained by a number of factors, including Belarus's declining population and a deterioration in the quality of education, which have contributed to the growing scarcity of skilled labour in Minsk and other regions.

The Belarusian Labour Code

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

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

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

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

Female employees are generally entitled to 126 calendar days of maternity leave, during which time they receive an allowance paid out of the Social Security Fund amounting to 100% of average pay, but not more than three times the average wage in Belarus in the month preceding the beginning of maternity leave. After childbirth, 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 entitled to childcare leave for children under three years of age, which may be granted to either the mother or the father according to the wishes of the family. The childcare allowance is paid to the employee by his or her employer out of the Social Security Fund and amounts to the equivalent of around USD 180 or more depending on the number of children in the family and other factors.

Sickness benefits are also payable out of the Social Security Fund at 80% of average pay for working days during the first 12 calendar days of an illness and 100% thereafter.

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

Recruitment

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

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

Belarusian law also allows the conclusion of remote working employment agreements. Remote working means that the employee works away from the employer's premises using information technology to perform work and communicate with the employer. The working hours of a remote worker are laid down in the employment agreement with the

employer or are determined by the employee himself if so provided in the agreement.

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

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

Termination of employment

An employment agreement may be terminated on grounds provided for in the Labour Code. The Code sets out termination procedures, which must be strictly observed to minimize the risk of litigation. The grounds provided for in the Code for the termination of an employment agreement are as follows:

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

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

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

Compensation

Compensation depends on the complexity, nature and characteristics of the work, general working conditions and the employee's qualifications. There are no limits on compensation.

Many employers have begun setting salaries pegged to foreign currency. Regardless of how compensation is determined, however, it must be paid in Belarusian roubles.

Work under civil contracts

Besides employment agreements, individuals may also be hired to perform work or render services under a civil contract. Civil contracts and the relationships that arise from them are governed not by the Labour Code but by the Civil Code and Presidential Edict No. 314 of 6 July 2005. This means that some of the guarantees (such as paid leave) granted to an employee under the Labour Code do not apply to arrangements under a civil contract.

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

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

Migration legislation

Entry and stay of foreign citizens in Belarus

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

Belarus has introduced a visa-free entry-exit regime for citizens of 74 countries, including EU member states.

The visa-free regime is available to foreign citizens entering Belarus via Minsk National Airport (international arrivals area) for a temporary stay of up to 30 days. The visa-free regime does not apply to persons arriving in Belarus on flights from Russia or intending to fly to Russia from Belarus, since such flights are classed as internal and are not subject to border controls.

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

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

If foreigners have booked a stay at a hotel or spa center, they are not required to register, for those establishments will submit information on foreigners to internal affairs bodies on their own account.

Foreigners entering Belarus through border crossing points may also register online through the e-services portal (portal.gov.by). Foreigners arriving in Belarus from the Russian Federation cannot register at the place of their temporary stay via the Internet.

Bilateral and multilateral international treaties may stipulate more lengthy periods for foreigners to stay in the Republic of Belarus without registration at the place of their temporary stay (for example, Russian citizens are exempt from the registration requirement if they stay for fewer than 90 days).

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

1. Entry visa

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

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

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

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

2. Temporary residence permit

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

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

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

A temporary residence permit may also be issued to family members of a foreign citizen who is due to receive or has received a temporary residence permit, provided that there is a legal source of income sufficient to maintain the foreign citizen and his or her family members at the minimum subsistence level established in Belarus during their temporary residence.

3. Exit-entry visa

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

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

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

Employment of foreign citizens

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

The process consists of the following steps:

- The employer obtains a permit to hire foreign labour (see the "Permit to hire foreign labour" section below)
- The employer obtains an individual work permit for each foreign worker (see the "Individual work permit" section below)
- The employer and the employee conclude an employment agreement which is registered by the employer (see the "Registration of employment agreements" section below)
- The employee receives a Belarusian entry visa (see the "Entry visa" section above)
- The employee registers with local internal affairs authorities on arriving in Belarus. The employee may then apply for a temporary residence permit (see the "Temporary residence permit" section above).

1. Permit to hire foreign labour

To hire more than 10 foreign workers, excluding highly skilled workers and a person hired as the CEO of a company of which he or she is a co-founder, an employer must apply for a permit to employ foreign labour in Belarus.

To receive the permit, the employer must submit original or 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.

2. Individual work permit

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

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

A foreign citizen or stateless person is considered a highly skilled worker if they have certified professional expertise, skills and abilities and at least five years' relevant work experience and their pay under the employment agreement exceeds 15 times the statutory minimum wage in Belarus (around USD 2,400 a month).

3. Registration of employment agreements

An employer must register employment agreements/contracts and any amendments thereto affecting essential conditions of the agreement, clauses relating to the termination, modification or extension of the agreement or conditions of relocation to Belarus (including meals, accommodation and health care) within one month after they are signed. 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 payable by individuals.

Taxable income

The following types of income are subject to PIT:

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

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

Income from sources in Belarus

Income from sources in Belarus includes:

- Remuneration for the performance of employment or other duties or the performance of work or services which is received from Belarusian companies or entrepreneurs, from foreign entities operating in Belarus through a permanent establishment or from Belarusian representative offices of foreign entities, irrespective of where the duties were performed or the source from which the remuneration was paid
- Pensions, benefits, stipends and other similar income received by individuals in accordance with Belarusian law
- Dividends and interest received from a Belarusian company and interest received from a Belarusian entrepreneur
- Insurance indemnity and/or benefits received upon the occurrence of an insured event from a Belarusian insurance company
- Income from the use of intellectual property in Belarus
- Income from the leasing or other use of property in Belarus
- Income from the sale in Belarus of shares or other securities or equity interests in foreign companies and income from the sale of shares or other securities and equity interests in Belarusian companies
- Income from the sale of immovable property situated in Belarus, and other types of income

Tax rates

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

Type of income	Rate
Dividends received by tax residents of the Republic of Belarus from Belarusian companies, provided that no profit distribution was made to participants/ shareholders that are Belarusian residents:	
▸ In the last three consecutive years	6%
▸ In the last five consecutive years	0%
Income in the form of winnings (returned bets) received from gaming companies which are Belarusian legal entities	4%
Income assessed by the tax authorities in accordance with the law on amounts by which an individual's expenditure exceeds his income, and income of individuals who engage in business without the required state registration	16%

Tax payments

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

Tax agents must normally pay PIT no later than the day on which income is paid.

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

- Where income is received from individuals or entities that are not tax agents
- Where income is received from sources outside the country

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

Tax deductions

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

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

These deductions are granted by the tax agent or by the tax authorities when the taxpayer files a tax return. Taxpayers may also claim a number of standard tax deductions, such as a standard deduction of BYN 126 (approximately USD 49) per month if their income does not exceed BYN 761 (approximately USD 295) per month and a deduction of BYN 37 (approximately USD 14) 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 and state social insurance benefits (such as maternity and childcare (for children under three years), except for temporary disability allowances
- Pensions paid in accordance with Belarusian or foreign legislation
- All types of compensation provided for in Belarusian legislation and resolutions of the Council of Ministers (except for compensation for unused annual leave or for the depreciation of vehicles or equipment belonging to an employee)
- Income of up to BYN 7,521 (approximately USD 2,916) received from individuals as a gift from all sources combined in the same tax period
- Income from the sale of one house, one apartment, one summer cottage or one land parcel (or other similar properties) during a period of five calendar years
- Income from the sale of one car during a calendar year
- Income from the sale of inherited property
- Income from the sale of equity interests in Belarusian companies that the individual has owned continuously for at least three years, and shares in Belarusian companies if they are sold at least three years after they were acquired
- Income from participation in investment funds registered in the Republic of Belarus for the period till 1 January 2025
- Income from the sale of other property (subject to limitations specified by the law) and certain 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.

Expenses	USD
1. Employer's expenses	
1.1 Compulsory social security contributions (pension and social insurance) Calculated at 34% of the monthly contribution base, which is gross salary, but not more than USD 2,859 (the average monthly wage in Belarus multiplied by five)*	10,200
1.2 Professional pension insurance contributions Calculated at a maximum rate of 9% of the monthly contribution base, which is gross salary, but not more than USD 1,715 (the average monthly wage in Belarus multiplied by three)*	1,853
1.3 Contributions for compulsory insurance against work-related accidents and occupational illnesses. Calculated at 0.6% of gross salary	180
1.4 Total annual expenses of the employer for one employee	12,233
2. Employee's expenses	
2.1 Compulsory social insurance (pension insurance contributions). Calculated at 1% of the monthly contribution base, which is gross salary, but not more than USD 2,859 per month (the average monthly wage in Belarus multiplied by five)*	300
2.2 Personal income tax withheld from the employee Calculated at 13% of salary	3,900
3. Employee's net income	
3.1 Net annual income per employee	25,800

* Calculations made using the average wage of BYN 1,474.6 for December 2020 and the exchange rate of USD 1 = BYN 2.5789 set by the NBRB on 1 January 2021.

Compulsory social security contributions

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

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

Base for compulsory social security contributions

Contributions are paid by employers and individuals on all income, both in cash and in kind, regardless of its source. The list of types of income that are exempt from compulsory social security contributions is approved by the Council of Ministers. The total monthly base for compulsory social security contributions is limited to five times the average monthly wage in Belarus in the month preceding the month in respect of which the contributions are paid.

Foreign citizens working in Belarus are subject to compulsory state insurance on the same terms as Belarusian citizens.

Rates of compulsory social security contributions

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

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

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

Payment and reporting

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

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

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

Professional pension insurance contributions

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

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

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

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

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

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

4 Appendices

Appendix 1. Withholding tax rates under double tax treaties

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, Moldova, Mongolia, the Netherlands, North Korea, North Macedonia, 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).

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

According to the Belarusian Taxes and Levies 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 withholding tax rates for foreign companies under Belarus's double tax treaties and under its national tax legislation.

	Dividends, %	Interest, %	Royalties, %
Armenia	10/12 (a)	0/10 (v)	10 (tt)
Austria	5/12 (e)	0/5 (gg)	5 (uu)
Azerbaijan	12	0/10 (v)	10 (tt)
Bahrain	5 (ww)	0/5 (vv) (xx)	5 (uu)
Bangladesh	10/12 (fff)	0/7 .5 (vv) (xx)	10 (tt)
Belgium	5/12 (e)	0/10 (z)	5 (uu)
Bulgaria	10 (ww)	0/10 (v)	10 (tt)
China	10 (ww)	0/10 (u)	10 (tt)
Croatia	5/12 (e)	10	10 (tt)
Cyprus	5/10/12 (d)	5 (xx)	5 (uu)
Czech Republic	5/10 (jj)	0/5 (vv) (xx)	5 (uu)
Denmark (q)	12	0	0
Ecuador	5/10 (jj)	0/10 (vv)	10 (tt)
Egypt	12	10	15
Estonia	10 (ww)	0/10 (s) (vv)	10 (tt)
Finland	5/12 (e)	0/5 (hh)	5 (uu)
France (q)	12	0/10 (r)	0
Georgia	5/10 (jj)	0/5 (hhh)	5 (uu)
Germany	5/12 (dd)	0/5 (ee)	3/5 (ff)
Hong Kong	0/5 (iii)	0/5 (iii)	3/5 (jjj)
Hungary	5/12 (e)	5 (xx)	5 (uu)
India	10/12 (g)	0/10 (bb)(vv)	15
Indonesia	10/12 (ww)	0/10 (lll)	10/15 (tt)
Iran	10/12 (g)	0/5 (v)(xx)	5 (uu)
Ireland	0/5/10 (oo)	5 (ggg)	5 (uu)
Israel	10 (ww)	0/5/10 (t)	5/10 (cc)
Italy	5/12 (e)	0/8 (mm)	6 (zz)
Japan (q)	12	0/10 (ss)	0/10 (n)
Kazakhstan	12	0/10 (v)	15
Kuwait	0/5 (x)	0/5 (vv) (xx)	10 (tt)
Kyrgyzstan	12	0/10 (v)	15
Laos	5/10 (aaa)	0/8 (bbb)	5 (uu)
Latvia	10 (ww)	0/10 (s) (vv)	10 (tt)
Lebanon	7 .5 (ww)	0/5 (v) (xx)	5 (uu)
Lithuania	10 (ww)	0/10 (s) (vv)	10 (tt)
Malaysia (q)	12	0/10 (s)(v) (bb)	10/15 (o)
Moldova	12	0/10 (bb)	15

	Dividends, %	Interest, %	Royalties, %
Mongolia	10 (ww)	0/10 (nn)	10 (tt)
Netherlands	0/5/12 (e)(w)	0/5 (yy) (xx)	3/5/10 (f)
North Korea	10 (ww)	0/10(s)(v)	10 (tt)
North Macedonia	5/12 (e)	10	10 (tt)
Oman	0/5 (ii)	0/5 (ii)	10 (tt)
Pakistan	11/12 (g)	0/10 (s)(v) (bb)	15
Poland	10/12 (a)	0/10 (bb)	0
Qatar	5 (ww)	0/5 (v) (xx)	5 (uu)
Romania	10 (ww)	0/10 (v)	15
Russia	12	0/10 (v)	10 (tt)
Saudi Arabia	5 (ww)	5 (xx)	10 (tt)
Singapore	0/5 (ccc)	0/5 (ddd)	5 (uu)
Slovakia	10/12 (g)	0/10 (v)	5/10 (i)
Slovenia	5 (ww)	0/5 (pp) (xx)	5 (uu)
South Africa	5/12 (e)	0/5/10 (l)	5/10 (m)
South Korea	5/12 (e)	0/10 (p)	5 (uu)
Spain (q)	12	0	0/5 (y)
Sri Lanka	7 .5/10 (eee)	0/10 (vv)	10 (tt)
Sweden	0/5/10 (b)	0/5 (rr)	3/5/10 (c)
Switzerland	5/12 (e)	0/5/8 (aa)	3/5/10 (c)
Syria	12	10	15
Tajikistan	12	0/10 (bb)	15
Thailand	10 (ww)	0/10 (qq)	15
Turkey	10/12 (g)	0/10 (v)	10 (tt)
Turkmenistan	12	0/10 (v)	15
UK	5/12 (ww)	0/5/10 (kkk)	5/15 (uu)
Ukraine	12	10	15
United Arab Emirates	5/10 (j)	0/5 (s) (xx)	5/10 (k)
US (q)	12	0	0
Uzbekistan	12	0/10 (v)(bb)	15
Venezuela	5/12 (e)	0/5(kk)	5/10 (ll)
Vietnam	12	0/10 (v)	15
Yugoslavia (effective for Serbia)	5/12 (e)	8 (h)	10 (tt)
Countries with no double tax treaty with Belarus	12	10	15

(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.

(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, but only insofar as the profits from which the dividends are paid were derived from industrial or manufacturing activities, farming, forestry or fishing activities or tourism (including restaurants and hotels), provided that those profits are 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, secret formula or process, or for information concerning industrial, commercial or scientific experience. A 5% rate applies if the recipient is the beneficial owner of the royalties paid for the use of, or the right to use, any industrial, commercial or scientific equipment. A 10% rate applies in all other cases where the recipient is the beneficial owner of the royalties.

(d) A 5% rate applies if the recipient is the beneficial owner of the income and has invested at least 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. A 12% rate applies in all other cases.

(e) A 5% rate applies if the beneficial owner is a company that owns at least 25% of the capital of the company (other than a partnership) paying the dividends. A 12% rate applies in all other cases (in the case of the Netherlands, please refer to note [w]).

(f) A 3% rate applies to amounts paid to the beneficial owner for the use of, or the right to use, any patent, trademark, design or model, plan, secret formula or process, or for information concerning industrial, commercial or scientific experience. A 5% rate applies to amounts paid to the beneficial owner for the use of, or the right to use, industrial, commercial or scientific equipment (including road transport). A 10% rate applies to amounts paid to the beneficial owner for the use of, or the right to use, any copyright of literary, artistic or scientific work, including motion picture films and films or tapes for radio and television broadcasting.

(g) A 10% rate (11% in the case of Pakistan) applies if the recipient is the beneficial owner of the income and owns at least 25% of the capital of the company paying the income. A 12% rate applies in all other cases.

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

(i) A 5% rate applies to amounts paid to the beneficial owner for the use of any copyright of literary, artistic or scientific work, including motion picture films, films or tapes and other means of sound and image transmission. A 10% rate applies to amounts paid to the beneficial owner for the use of, or the right to use, any patent, trademark, design 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 the company paying the dividends. A 10% rate applies in other cases where the recipient is the beneficial owner of the dividends.

(k) A 5% rate applies to amounts paid to the beneficial owner for the use of, or the right to use, any copyright of scientific work, any patent, trademark, design or model, plan, secret formula or process, for the right to use information concerning industrial, commercial or scientific equipment or vehicles, or for information concerning industrial, commercial or scientific experience. A 10% rate applies to amounts paid to the beneficial owner for the use of, or the right to use, any copyright of literary or artistic work, including motion picture films and films or tapes for radio and television broadcasting.

(l) A 0% rate applies to interest paid to a government, a state body or a wholly state-owned entity. A 5% rate applies to interest beneficially owned by a bank or any other financial institution. A 10% rate applies in other cases where the recipient is the beneficial owner.

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

(n) A 0% rate applies to amounts paid to the beneficial owner for the use of, or the right to use, any copyright of literary, artistic or scientific work, including motion picture films and films or tapes for radio and television broadcasting. A 10% rate applies to amounts paid to the beneficial owner for the use of, or the right to use, any patent, trademark, design 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.

(o) A 10% rate applies if the recipient is the beneficial owner of the royalties in relation to amounts paid for the use of, or the right to use, any patent, trademark, design or model, plan, secret formula, process or copyright of scientific work, for the use of, or the right to use, industrial, commercial or scientific equipment, or for the use of, or the right to use, information concerning industrial, commercial or scientific experience. A 15% rate applies if the recipient is the beneficial owner of the royalties in relation to amounts paid for the use of, or the right to use, 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 a government, a central bank, a local authority or a financial institution performing functions of a governmental nature, or if the interest is paid on a loan guaranteed or indirectly financed by any of the above bodies and institutions. A 10% rate applies in other cases where the recipient is the beneficial owner of the interest.

(q) Belarus observes double tax treaties concluded by the former USSR with this state. The table shows tax rates under those treaties.

(r) A 0% rate applies to interest on loans from banks and commercial loans. A 10% rate applies in all other cases.

(s) A 0% rate applies to interest on government-guaranteed loans.

(t) A 0% rate applies to interest paid to a government, a local authority or a central bank. A 5% rate applies to interest paid to and beneficially owned by a bank or other financial institution or interest paid in connection with the sale on credit of any industrial, commercial or scientific equipment. A 10% rate applies in other cases where the recipient is the beneficial owner of the income.

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

(v) A 0% rate applies to interest paid to a government or a central bank (in the case of Turkey, a 0% rate also applies to interest arising in Belarus and paid by Turkish Eximbank on loans to finance the purchase of industrial, commercial, trade, medical or scientific equipment). In other cases where the recipient is the beneficial owner, higher rates apply.

(w) A 0% rate applies if one of the following conditions is met:

- The recipient that is the beneficial owner of the dividends owns more than 50% of the capital of the company paying the dividends, provided that the recipient's contribution to the capital of the company is at least 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 a government

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

(y) A 0% rate applies to amounts paid 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 if one of the following conditions is met:

- The loan was approved by a government
- The interest is charged in connection with the sale on credit of industrial, medical or scientific equipment and related services
- The loan that was made to stimulate exports and is related to the supply of industrial, medical or scientific equipment and related services is secured or guaranteed by a government

A 10% rate applies in all other cases where the recipient is the beneficial owner.

(aa) A 0% rate applies if one of the following conditions is met:

- The loan was approved by a government
- The interest was received in connection with the sale on credit of industrial, trade, medical or scientific equipment
- The interest income is interest earned on government securities

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

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

(cc) A 5% rate applies only to payments for the use of any copyright of literary, artistic or scientific work, excluding motion picture films, or for the right to use industrial, commercial or scientific equipment or vehicles. A 10% rate applies in other cases where the recipient is the beneficial owner of the royalties.

(dd) A 5% rate applies if the recipient is the beneficial owner of the income and owns at least 20% of the capital of the company paying the income, and its contribution is at least EUR 81,806.70. A 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 the beneficial owner in connection with the sale on credit of any industrial, commercial or scientific equipment or any loan made by a bank or other financial institution to finance the sale of any industrial, commercial or scientific equipment. A 5% rate applies if the recipient is the beneficial owner of the interest.

(ff) A 3% rate applies if the recipient is the beneficial owner of the royalties for the use of, or the right to use, any copyright of scientific work, for the use of, or the right to use, any patent, trademark, design or model, plan, secret formula or process, or for information concerning industrial, commercial or scientific experience. A 5% rate applies if the recipient is the beneficial owner of the royalties paid for the use of, or the right to use, any copyright of literary or artistic work, including motion picture films and films or tapes for radio and television broadcasting, or for the use of, or the right to use, any type of equipment and vehicles.

(gg) A 0% rate applies if the recipient is the beneficial owner of the interest and one of the following conditions is met: (1) the interest is paid to a contracting state, a local authority or a central bank, (2) the interest is paid on a government-approved loan, or (3) the interest is paid on a loan that was issued, guaranteed or secured by a governmental agency (including Osterreichische Kontrollbank Aktiengesellschaft) for the purpose of stimulating exports and relates to the supply of industrial, trade, medical or scientific equipment. A 5% rate applies in other cases where the recipient is the beneficial owner of the interest.

(hh) A 0% rate applies to interest paid to a government or central bank, FINNFUND or FINNVERA. A 5% rate applies if the recipient is the beneficial owner of the interest.

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

(jj) A 5% rate applies if the beneficial owner of the income is a company (other than a partnership) that owns at least 25%

of the capital of the company paying the income. A 10% rate applies in other cases where the recipient is the beneficial owner.

(kk) A 0% rate applies if the recipient is the beneficial owner of the interest and one of the following conditions is met:

- The recipient of the income is a government or government body, a central bank or an entity that is wholly or partially state-owned, or
- The interest is paid on a government-guaranteed loan, or
- The interest is paid on a loan that is intended to stimulate exports and relates to the supply by a company in the other contracting state of any types of equipment or vehicles, or
- The interest is paid in connection with the sale on credit of any types of equipment or vehicles

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

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

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

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

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

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

(oo) A 0% rate applies to dividends received by the National Treasury Management Agency of Ireland, the National Pensions Reserve Fund of Ireland or any entity, including an agency or an institution, wholly or mainly owned by the state. A 5% rate applies if the beneficial owner is a company that owns at least 25% of the capital of the company (other than a partnership) paying the dividends. A 10% rate applies in other cases where the recipient is the beneficial owner of the dividends.

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

(qq) A 0% rate applies to interest paid to a government, a central bank or an institution whose capital is wholly owned by the state or local authorities. A 10% rate applies if the recipient is the beneficial owner or any bank, financial institution or insurance company or if the interest is paid on debt arising in connection with the sale on credit of any equipment, products or services.

(rr) A 0% rate applies where:

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

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

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

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

- The interest is paid in respect of debt claims guaranteed, secured or indirectly financed by a government, a local authority, a central bank or a financial institution that is wholly state-owned. A 10% rate applies in all other cases where the recipient is the beneficial owner of the interest.

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

(uu) A 5% rate applies if the recipient is the beneficial owner of the royalties.

(vv) A 0% rate applies if the recipient of the interest is a government, a political subdivision (in the case of Ecuador), a local authority, a central bank or another governmental agency or government-owned financial institution. In other cases where the recipient is the beneficial owner of the interest, a higher rate applies.

(ww) A 10% rate (5% in the case of Bahrain, Qatar, Saudi Arabia, 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 where:

- The payer or recipient of the interest is a government, a political subdivision, a local authority or a central bank
- The loan was approved by a government
- The loan was made and is guaranteed or secured by a government, a central bank or another state-controlled authority
- The loan was made or is guaranteed by a financial institution to stimulate development, or the interest is paid in respect of a loan or credit used for the purchase of industrial, commercial, trade, medical or scientific equipment

(zz) A 6% rate applies if the recipient is the beneficial owner of the royalties

(aaa) A 5% rate applies if the dividends are beneficially owned by a company that directly owns at least 20% of the capital of the company paying the dividends. A 10% rate applies in other cases where the recipient is the beneficial owner of the dividends.

(bbb) A 0% rate applies if the beneficial owner of the interest 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 if the recipient of the dividends in Singapore is the Government of Singapore, the Monetary Authority of Singapore (the central bank), the Government of Singapore Investment Corporation, a statutory body or any institution wholly or mainly owned by the Government of Singapore as may be agreed upon from time to time by the competent authorities. A 5% rate applies where the recipient is the beneficial owner of the dividends.

(ddd) A 0% rate applies if the recipient of the interest in Singapore is the Government of Singapore, the Monetary Authority of Singapore (the central bank), the Government of Singapore Investment Corporation, a statutory body, a bank or any institution wholly or mainly owned by the Government of Singapore as may be agreed upon from time to time by the competent authorities. A 5% rate applies where the recipient is the beneficial owner of the interest.

(eee) A 7.5% rate applies if the beneficial owner of the dividends is a company that directly owns at least 25% of the capital of the company paying the dividends. A 10% rate applies where the recipient is the beneficial owner of the dividends.

(fff) A 10% rate applies if the recipient is the beneficial owner of the dividends and owns at least 10% of the capital of the company paying the dividends. A 12% rate applies in all other cases where the recipient is the beneficial owner.

(ggg) A 5% rate applies if the recipient is the beneficial owner of the interest and one of the following conditions is met: (1) the interest is beneficially owned by a government, a central bank, the National Treasury Management Agency of Ireland, the National Pensions Reserve Fund of Ireland or any wholly or mainly government-owned entity, or (2) the interest is paid on a loan guaranteed or approved by a government or a loan to finance the purchase of industrial, commercial, trade, medical or scientific equipment.

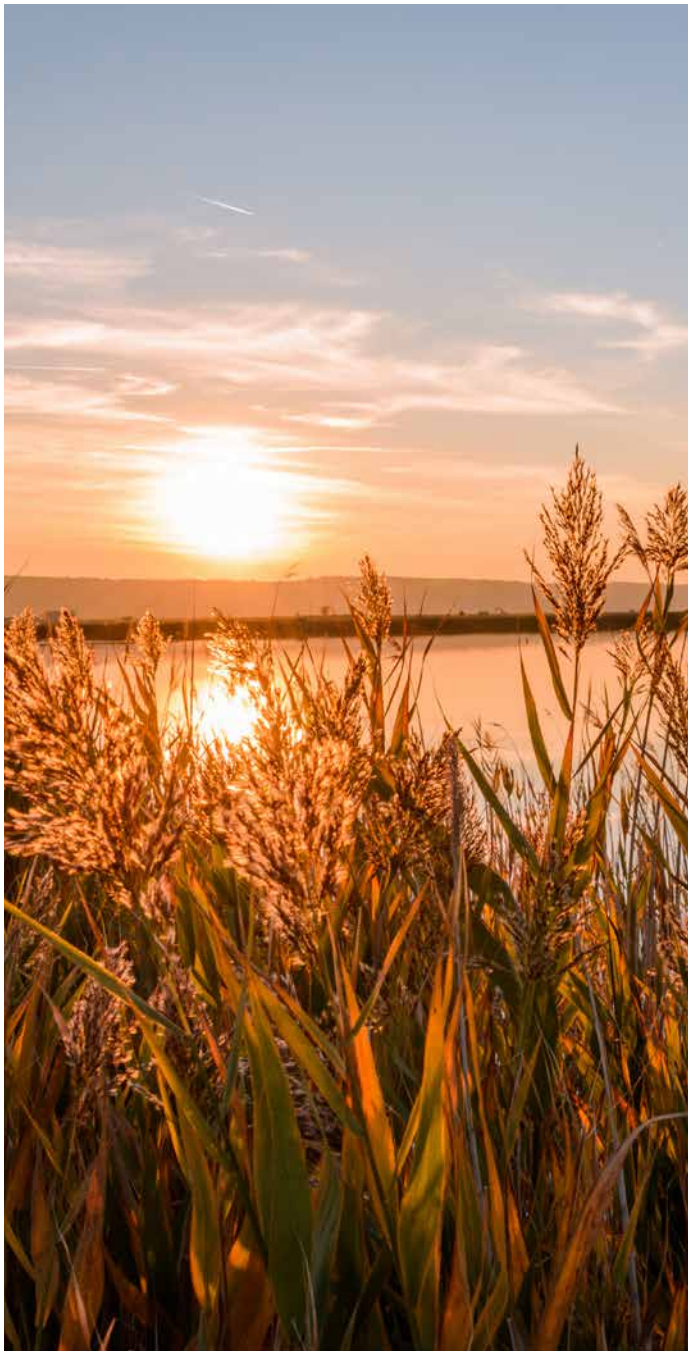
(hhh) A 5% rate applies if the recipient is the beneficial owner of the interest. A 0% rate applies if the beneficial owner of the income is a government, a political subdivision or a local authority, a national bank or any other institution that is wholly or mainly government-owned.

(iii) A 0% rate applies if the beneficial owner of the income is the Government of the Hong Kong Special Administrative Region, the Hong Kong Monetary Authority, the Exchange Fund, or any institution wholly or mainly owned by the Government of the Hong Kong Special Administrative Region as may be agreed upon from time to time by the competent authorities.

(jjj) A 3% rate applies if the recipient of royalties for the use of, or right to use, aircraft is the beneficial owner of the royalties. A 5% rate applies in other cases where the recipient is the beneficial owner. A 15% rate applies in all other cases.

(kkk) A 0% rate applies if the beneficial owner of the interest is a government, a central bank, a statutory body, a bank or any institution that is wholly or mainly government-owned as may be agreed upon from time to time by the competent authorities. A 5% rate applies if the recipient of the income is the beneficial owner. A 10% rate applies in all other cases.

(lll) A 0% rate applies where interest is paid to a government, a local authority or a central bank.



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