



On 21 December 2017, the President of the Republic of Belarus signed Decree No. 8 “On the Development of Digital Economy”. Under the Decree, the cutting edge legal framework for IT and high technologies businesses in Belarus has been provided. The Decree will come in force on 28 March 2018.

Background information

The High Technologies Park (HTP) was established in 2005 by a special decree of the President of the Republic of Belarus to attract IT companies by providing them with tax incentives and a special legal regime. HTP’s web site is www.park.by.

What’s new?

Incentives extended

The Decree extends the duration of HTP’s tax incentives and the special legal regime until 1 January 2049.

Activities added

The Decree substantially expands the scope of qualifying activities, which are covered by HTP’s special legal regime, to name but a few:

- Development of artificial intelligence and neural networks
- Development of medical and biotechnologies
- Blockchain technologies
- Running cryptocurrency platforms and exchanges
- Mining of cryptocurrencies

Historically, companies engaged in the following activities could become HTP residents:

- analysis, design, and development of information systems
- custom production of software
- design, development, and implementation of automated management systems
- separate stages of software design, including development, testing, and modification

Common law instruments

The Decree permits the use of certain instruments based on the common law, such as convertible loan agreements, option agreements, indemnity agreements, non-solicitation agreements, and non-compete agreements with employees.

Cryptocurrencies, tokens, initial coin offerings (ICOs), smart-contracts

The Decree legalises blockchain-based business activities and provides legal definitions for cryptocurrencies and other tokens. A token is defined as

- i. a record in the list of blocks (blockchain) that proves its owner’s rights to assets, and (or)
- ii. a cryptocurrency

Any legal entities are permitted to hold tokens and perform the following operations:

- create and distribute their own tokens in Belarus and abroad through an HTP resident (i.e., run an ICO in Belarus)
- store tokens in virtual wallets
- purchase, sell, and otherwise transact in and dispose of tokens, provided such transactions are performed via a cryptocurrency stock exchange, cryptocurrency exchange office, or an HTP resident

Also, the Decree permits the use of smart contracts by HTP residents.

Becoming HTP resident

To obtain HTP residency, you need:

- to set up a company in Belarus (HTP residency is not geographically binding, a company can have its office and facilities anywhere in Belarus)
- to prepare a business plan, based on HTP-qualifying activities
- to apply for HTP residency and sign an agreement with HTP Administration

The approval process is rather straightforward, but the business plan should be well-prepared, as it will be reviewed and approved by HTP Administration and Board.

HTP residents pay a quarterly fee of one percent of their revenue for the previous quarter to HTP Administration.

Tax benefits

- HTP residents are exempt from corporate tax (18 percent), VAT (20 percent) and, in some cases, from the offshore duty (15 percent) and real estate tax
- foreign companies providing certain services to HTP residents (e.g. advertising, data processing, hosting) are exempt from withholding tax (WHT) and VAT; the sale of shares of HTP residents are also exempt from WHT and VAT
- transfer of IP rights by foreign companies to HTP residents is non-VATable
- employees of HTP residents enjoy a reduced personal income tax rate (9 percent instead of 13 percent)
- dividends paid by HTP residents to foreign companies enjoy a lower WHT rate (5 percent instead of 12 percent), unless a more favorable regime is stipulated by the applicable DTT

Other benefits

- compulsory social security payments are not charged on the salaries of HTP residents' employees in the part exceeding Belarussian average wage
- HTP residents can import equipment, components, and spare parts free of customs duties and VAT, provided such imports are intended for HTP projects implementation
- HTP residents can employ foreigners without work permits

Our services

We can



- help you set up business in Belarus and prepare HTP residency application package



- support you in negotiations with HTP residents on ICO-related issues



- facilitate business plan preparation and support you in negotiations with HTP Administration on residency-related issues



- audit smart-contracts



- draft convertible loan agreements, option agreements, indemnity agreements, non-solicitation agreements, and non-compete agreements



- provide accounting and tax reporting services



- provide legal opinions, including on blockchain-based projects, as may be requested by HTP Administration



- perform tax and legal due diligence



- advise on the full range of legal issues related to ICOs and draft all related documents

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