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Tax Incentives in Belarus
Making your business easier

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Introduction

The changing business environment in Belarus is bringing forth new opportunities for investors. Tax incentives are a useful tool for increasing business profitability and, thus, maximising the potential of these opportunities. Here we provide a brief overview of the Belarusian tax incentives that might benefit your business. We hope you will find this leaflet helpful in planning or enhancing your Belarusian operations.

These are the key tax incentives in Belarus:

- exemption from corporate income tax (or a reduced rate)
- reduced rate of personal income tax rate
- exemption from real estate tax

	If a company	...it may want to
	focuses on IT analysis, engineering, software development, and blockchain technologies	become a High Technologies Park resident
	is planning to invest in production of export-oriented and import-substituting goods, using advanced technologies	become a Free Economic Zone resident
	is planning to invest in research and production in the areas of electronics, chemistry, biotechnologies, mechanical engineering, and new materials	become a resident of the Chinese-Belarusian Industrial Park
	is planning to invest in construction in Belarus	utilise the benefits granted by the Presidential Decree No. 10 "On creation of additional conditions for investments in the Republic of Belarus"
	is planning to produce goods/provide services in rural areas and small and medium-sized towns	become a rural area/small or medium-sized town resident

High Technologies Park

The High Technologies Park (HTP) was established in 2005 by a special Decree of the President of the Republic of Belarus. In 2017, the HTP's tax incentives and the special legal regime was extended until 1 January 2049.

The HTP is set up to promote the IT industry, attracting IT companies with tax incentives.

Qualifying requirements

Only a Belarusian company/individual entrepreneur may become a resident, provided it engages in qualifying activities.

Initially, the list of qualifying activities for residents was shorter:

- 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 software development

In 2017, the scope was significantly expanded, including, to name but a few:

- development of artificial intelligence and neural networks
- development of medicines and biotechnologies
- blockchain technologies
- running cryptocurrency platforms and exchanges
- mining of cryptocurrencies

Web-site: www.park.by

Benefits

- corporate income tax exemption
- VAT exemption for domestic sales of goods, services, and rights
- real estate and land tax exemptions
- customs duty and VAT exemption for imported equipment
- reduced withholding tax (WHT) rate on dividends (five percent), unless a more preferential regime is provided by the applicable double tax treaties (DTT)
- reduced personal income tax (PIT) rate (nine percent)
- offshore duty exemption
- zero WHT on payments to foreign companies (interest, royalties, service fees (for advertising, web-hosting, data processing activities, etc.)), as well as for proceeds from sale of shares/participation interest in an HTP's resident
- reduced WHT rate (five percent) on dividends paid to a foreign company

Comments

The approval process is rather straightforward, but the applicants should pay serious attention to the business plan. Once approved, the resident signs an agreement with the HTP's Administration. Residents pay a fee of one percent of their revenues for the previous quarter.

Free Economic Zone

A Free Economic Zone (FEZ) is a territory where special customs, registration, and tax incentives are provided to investors. There are six free economic zones currently established in major Belarusian cities: Minsk, Grodnoinvest, Vitebsk, Mogilev, Gomel-Raton, and Brest. The special regime is established until 31 December 2049. Free economic zones were set up to promote high-tech production, create new jobs, and boost exports.

Qualifying requirements

Only a Belarusian legal entity/individual entrepreneur, located within the territory of a FEZ, may become a FEZ resident. The minimum investment is EUR 500 thousand (over three years after signing a FEZ agreement) or EUR 1 million (no time limitation).

Benefits

- reduced corporate income tax rate (nine percent)
- income from sale of goods/services produced within a FEZ is exempt from corporate income tax for ten years after the first income is reported by the residents, registered after 31 December 2011
- real estate tax exemption for three years (limitations apply)
- land tax exemption with certain limitations
- VAT exemption for goods produced from imported materials, placed under the free customs zone procedure



Chinese-Belarusian Industrial Park

The Chinese-Belarusian Industrial Park (CBIP) was created to develop trade and investments with the People's Republic of China and attract local and foreign investment to manufacture high-tech products. The CBIP is a territory with a special legal status, located 25 km from Minsk. A special tax regime is granted until 2062.

Web-site: <http://www.industrialpark.by>

Qualifying requirements

Only a Belarusian legal entity may become a resident. The qualifying activities are electronics and telecommunications, pharma, fine chemistry, biotechnologies, mechanical engineering and new materials, e-commerce, data storage and processing, socio-cultural activities, related research and development activities and logistics. The minimum investment should be at least USD 5 million (USD 500 thousand for R&D projects).

Benefits

The following benefits apply:

- corporate income tax exemption in respect of the income from sales of products and services produced in the CBIP within ten years and half of the regular rate afterwards until 2062
- real estate tax exemption in respect of permanent structures (buildings and facilities) and parking spaces in the CBIP
- land tax exemption in respect of land plots in the CBIP
- profit tax exemption and WHT exemption for dividends for five calendar years, starting from the first year when a profit is recorded
- reduced WHT rate (five percent) for royalties until 1 January 2027
- reduced personal income tax rate for employees of the residents until 1 January 2027
- imports (equipment, spare parts, raw materials) are exempt from customs duties and VAT
- VAT is fully deductible

Comments

The benefits do not apply to banks, non-bank financial institutions, insurance companies, gambling/lottery/electronic interactive gaming operators.

Decree No.10 (Decree of the President of the Republic of Belarus No. 10 of 6 August 2009 "On establishing additional conditions for investments in the Republic of Belarus")

The Belarusian legislation provides incentives to investors into prioritised sectors of economy (logistics, metals industry, mechanical engineering, recycling).

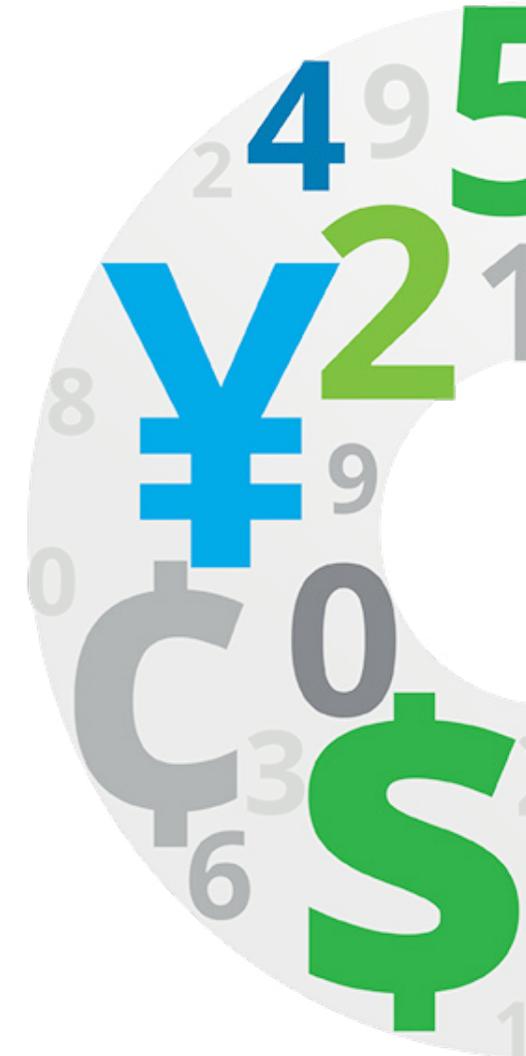
The foreign legal entity or its Belarusian subsidiary, planning to invest in Belarus (the Investor), signs an investment agreement with a prior approval of the state authorities. If the Investor is seeking the regular Decree No. 10 incentives, approval may be granted at the local/municipal level; if additional preferences are sought, an approval by the Council of Ministers/the President of the Republic of Belarus will be required.

In the latter case, a detailed business plan is mandatory, to be approved by a state-appointed expert board.

Benefits

The Investor is entitled to the following benefits:

- a land plot is leased directly, without preliminary land auctions
- VAT on goods/work/services/property rights used for construction and equipment is fully deductible
- exemption from land tax/lease payments in relation to the state-owned land plots granted for the implementation of investment projects until 31 December of the year, following the year when construction is completed
- exemption from customs duties and VAT charged on imported equipment, components, and spare parts to be used in Belarus
- exemption from stamp duties for issuance of work permits and residence permits for foreign nationals



Rural areas, small and medium-sized towns

Requirements

A Belarusian legal entity or an individual entrepreneur located (registered) and carrying out business activity on production of goods (fulfillment of works, provision of services) in a rural area, in a small or medium-sized town.

Benefits

The following benefits apply for seven years from the date of state registration:

- corporate income tax exemption (in respect of self-produced products)
- state duty exemption for the issuance of special permits/licences for certain activities
- real estate tax exemption (in respect of fixed assets located in rural areas, small and medium-sized towns, except for unused (inefficiently used))
- customs duties paid on certain types of imported equipment and spare parts, used as capital contribution

Comments

The abovementioned benefits do not apply to:

- banks, non-bank financial institutions, investment funds, insurance companies, microfinance organisations
- residents of HTPs, the tourist and recreation park Augustow Channel, the Chinese-Belarusian industrial park The Great Stone
- Belarusian companies engaged in real estate, gambling, lotteries, manufacture and/or sale of excised goods, manufacture and/or sale of jewellery and other products made from precious metals and stones

Tax and Legal Services

Tax

- Business Tax
- Transfer pricing
- Indirect tax & Customs regulations
- Global Investment and Innovation Incentives
- Technology & Processes in Tax and Accounting (TPTA)
- Deloitte Private
- Deloitte Art & Finance
- Business Process Solutions
- International Tax
- Global Employer Services
- Mergers and Acquisitions
- Dispute resolution
- Immigration services
- Electronic document flow

Legal

- Corporate support throughout business life cycle
- Corporate law; M&A
- Legal due diligence
- Dispute Resolution
- Intellectual property and IT
- Process automation
- Labour law and HR management
- Compliance
- Venture capital investment



Our contacts

Minsk, Belarus

51A, Klara Tsetkin Street,
Minsk 220004, Belarus



Marina Khliaba
Assistant Manager
Tax & Legal
mkhliaba@deloitte.by



Yury Veremeiko
Assistant Manager
Tax & Legal
yveremeiko@deloitte.by



Maksim Kovalyonok
Lawyer
Tax & Legal
mkovalyonok@deloitte.by

deloitte.by

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