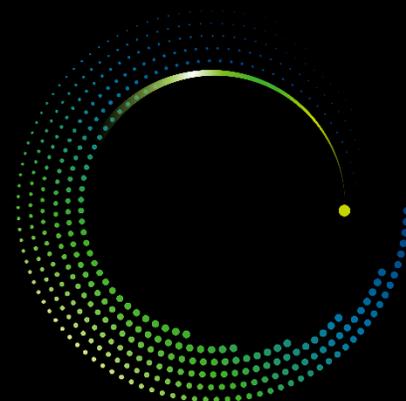


International Tax Belarus Highlights 2022

Updated January 2022



Recent developments

For the latest tax developments relating to Belarus, see [Deloitte tax@hand](#).

Investment basics

Currency: Belarusian ruble (BYN)

Foreign exchange control: Only local currency generally may be used in business transactions between residents. Foreign currency may be used in cross-border transactions between residents and nonresidents. Both residents and nonresidents may hold bank accounts in any currency.

A Belarusian resident may open a foreign bank account and invest abroad (e.g., acquire shares, real estate) without a permit from the National Bank of Belarus. However, currency transactions may have to be registered with the National Bank of Belarus if certain conditions are met.

Accounting principles/financial statements: Belarusian banks and public interest entities are required to prepare financial statements under both national standards and IFRS. Other organizations apply Belarusian reporting standards. Financial statements must be prepared annually.

Principal business entities: These are the joint stock company (public/private), limited liability company, and representative office (noncommercial presence), or permanent establishment (commercial and taxable presence) of a foreign company. It is currently not possible for a foreign company to set up a branch in Belarus.

Corporate taxation

Rates	
Profits tax rate	18%/25%/30%
Branch tax rate	N/A
Capital gains tax rate	Taxed as ordinary income

Residence: A company is considered a tax resident if it is registered as a legal entity in Belarus.

Basis: Residents are taxed on worldwide income. Foreign-source income derived by residents is subject to profits tax in the same way as Belarus-source income. Nonresidents are taxed only on Belarus-source income.

Taxable income: Profits tax is imposed on taxable profits, which are the total profits from the sale of products, goods, and other assets (including fixed assets, commodity stocks, intangibles, and securities), the provision of services, interest income, and income from non-sales operations, less expenses incurred in connection with these operations.

As from 2022, property contributions made by shareholders to Belarusian companies are not treated as taxable income.

Rate: The general profits tax rate is 18%. The rate is 25% for banks, insurance companies, and foreign exchange (forex) companies. The rate is 30% for mobile phone operators, operators appointed for the mandatory provision of universal telecommunications services in Belarus, and commercial microfinancing companies included in the registry of microfinancing companies. The 30% rate is effective from 1 January 2021 through 31 December 2022. Foreign companies may not establish branches in Belarus, but may establish subsidiaries, representative offices, or permanent establishments, which are taxed at the 18% rate.

As from 2022, local authorities may increase the applicable tax rate by up to 2% for certain categories of taxpayers that fully pay profits tax to local budgets.

Surtax: There is no surtax.

Alternative minimum tax: There is no alternative minimum tax.

Taxation of dividends: Dividends received by a Belarus resident company from another Belarus company or from a nonresident company are subject to profits tax at a rate of 0%, 6%, or 12%. The 0% rate applies if no profits were distributed within the five immediately preceding years to Belarusian residents, and the 6% rate applies to dividends if no profits were distributed within the three immediately preceding years to Belarusian residents. The 12% rate applies in all other cases.

Capital gains: No separate capital gains tax is imposed. Gains derived from the sale of property and the sale of shares of Belarus companies are taxable under the general profits tax rules. Foreign companies not operating through a permanent establishment are subject to withholding tax on gains derived from the sale of shares, bonds, and other securities; income from the sale of real estate situated in Belarus; and certain other transactions.

Losses: Losses may be carried forward for 10 years, subject to certain restrictions. The carryback of losses is not permitted.

Foreign tax relief: Tax withheld in a foreign country from income derived by a Belarus resident may be credited against Belarus tax on the same income, provided the foreign tax authorities confirm the payment. The credit is limited to the amount of Belarus tax payable on such income.

Participation exemption: There is no participation exemption.

Holding company regime: There is no holding company regime.

Incentives: Taxpayers may deduct a capital allowance with respect to assets used for business activities or costs incurred in the course of reconstruction, modernization, or renovation. The deduction is up to 20% of the value of buildings, and up to 40% of the value of machinery, equipment, vehicles, and intangible assets. The deduction may be claimed in a single year or spread over two years.

Enterprises whose total workforce comprises at least 30% disabled persons are exempt from profits tax.

The income of Belarusian investment funds from investment operations, as well as dividends paid by such funds to legal entity investors are exempt from profits tax (the exemption applies as from 1 January 2021 through 31 December 2024).

Belarus operates six free economic zones designed to create a strong private sector enterprise and foster investment, with tax and nontax incentives available to entities operating within the zones.

Belarus also provides tax incentives for information technology and other technology industries (High Technology Park or HTP).

Compliance for corporations

Tax year: The calendar year is used, even if the taxpayer has operated for less than 12 months in the calendar year.

Consolidated returns: Consolidated returns are not permitted; each company must file its own return.

Filing and payment: A monthly tax return generally must be submitted by the 20th day of the following month. Quarterly tax returns must be submitted by the 20th day of the month following the reporting quarter. For profits tax, a tax return for the reporting year must be submitted by 20 March of the year following the reporting year.

Penalties: Penalties are imposed for failure to file a tax return and failure to pay tax. The penalties amount to up to 40% of the tax due. Interest is imposed for late payment.

Rulings: Tax rulings are not available in Belarus; only non-binding clarifications of the legislation are possible.

Individual taxation

Rates	
Individual income tax rate	13%/20%
Tax rate for employees of HTP residents	9%/13%
Dividends tax rate	0%/6%/9%/13%
Capital gains tax rate	Taxed as ordinary income

Residence: Individuals are resident in Belarus if they are physically present in the country for more than 183 days in a calendar year.

Basis: Individuals are taxed on their worldwide income. Nonresidents are taxed only on Belarus-source income.

Taxable income: Taxable income includes all income regardless of source, such as income from employment, property, services, or other benefits in-kind, and income to which the taxpayer has the right of disposal, less allowable deductions and exemptions.

Interest income received on bank deposits of individuals (both residents and nonresidents) is subject to individual income tax.

Rates: A flat rate of 13% generally applies. Employment income received by employees of HTP-registered companies is normally subject to a 9% individual income tax rate but, from 1 January 2021 through 31 December 2022, a regular 13% rate applies to this income. A 9% rate continues to apply to dividends paid to individuals by HTP-registered companies. A 6% rate is applied to dividends if no profits were distributed within the three immediately preceding years to Belarusian residents, and a 0% rate is applied to dividends if no profits were distributed within the five immediately preceding years to Belarusian residents. The dividend tax must be withheld by the payer.

From 1 January 2021 through 31 December 2024, income received by individual investors from Belarusian investment funds is exempt from individual income tax.

A 20% individual income tax rate applies to:

- The excess of an individual's expenses over their income (unless there is a valid explanation for the excess);
- Income that was not reported by the relevant tax agent (e.g., employer) and from which individual income tax was not paid (e.g., unofficial salaries); and
- Income that was fraudulently registered in a special computer system as an individual's gambling or betting win although the individual did not actually win.

Capital gains: Capital gains are taxed as ordinary income.

Deductions and allowances: Standard tax deductions are granted to taxpayers, their spouses, and minor children. In addition to standard tax deductions, there are social, property, and professional tax deductions that are granted to taxpayers upon the submission of their tax returns at the end of the tax period.

Foreign tax relief: Tax withheld in a foreign country from income derived by a Belarus resident may be credited against Belarus tax on the same income, provided the foreign tax authorities confirm the payment. The credit is limited to the amount of Belarus tax payable on such income.

Compliance for individuals

Tax year: The tax year is the calendar year.

Filing status: Joint returns may not be filed; each taxpayer must file a separate return.

Filing and payment: Tax on employment income is withheld by the employer and remitted on a monthly basis. As from 2022, employers are required to file quarterly returns showing the income paid to their employees and the individual income tax withheld. Individuals who receive income from abroad must file an annual tax return no later than 31 March and pay the tax no later than 1 June of the year following the tax year.

Penalties: Penalties apply for late filing or failure to pay tax. Interest charges accrue for each day that tax is overdue.

Rulings: Tax rulings are not available for individuals.

Withholding tax

Rates				
Type of payment	Residents		Nonresidents	
	Company	Individual	Company	Individual
Dividends	0%	0%/6%/9%/13%	12%	9%/13%
Interest	0%	13%	10%	13%
Royalties	0%	13%	15%	13%
Fees for certain services	0%	13%	15%	13%

Dividends: Dividends paid to a nonresident company from Belarus source income are subject to a 12% withholding tax, unless the rate is reduced under a tax treaty. Dividends paid to a nonresident individual generally are subject to a 13% withholding tax, unless the rate is reduced under a tax treaty. A 9% rate applies to dividends paid to a nonresident individual by an HTP resident. No withholding tax applies to dividends paid to resident companies; see also "Taxation of dividends" under "Corporate taxation," above. See "Rates" under "Individual taxation," above, for dividends paid to resident individuals.

Interest: Interest paid to a nonresident company is subject to a 10% withholding tax, unless the rate is reduced under a tax treaty. No withholding tax is imposed on interest paid to resident companies. Interest paid to a resident or

nonresident individual is subject to a 13% withholding tax, unless the rate is reduced under a tax treaty in the case of a nonresident.

Royalties: Royalties paid to a nonresident company are subject to a 15% withholding tax, unless the rate is reduced under a tax treaty. No withholding tax is imposed on royalties paid to resident companies. Royalties paid to a resident or nonresident individual are subject to a 13% withholding tax, unless the rate is reduced under a tax treaty in the case of a nonresident.

Service fees: Certain types of service fees paid to a nonresident company are subject to a 15% withholding tax, unless the rate is reduced or an exemption applies under a tax treaty. No withholding tax is imposed on service fees paid to resident companies. Service fees paid to a resident or nonresident individual are subject to a 13% withholding tax, unless the rate is reduced under a tax treaty in the case of a nonresident.

Branch remittance tax: There is no branch remittance tax.

Other: From 1 January 2021 through 31 December 2024, the following types of income received from Belarusian investment funds are subject to a 6% withholding tax:

- Interest;
- Income from the disposal/redemption of securities (except for shares); and
- Income from the disposal of shares in Belarusian companies, including income received due to the withdrawal/expulsion of a shareholder from a company.

Anti-avoidance rules

Transfer pricing: The following transactions may be subject to transfer pricing control by the tax authorities:

- Real estate transactions that involve a related party or a counterparty (domestic or foreign) that benefits from a special tax regime;
- Cross-border transactions:
 - Transactions with residents of offshore zones if the value of the transactions (sales or purchases) with a single offshore resident within a single calendar year exceeds BYN 400,000;
 - Transactions with related parties (including transactions with the participation of a commissionaire) if the value of the transactions (sales or purchases) within a single calendar year exceeds BYN 400,000;
 - Transactions of large taxpayers (i.e., taxpayers included on the list approved by the Ministry of Taxes and Duties) with related parties if the value of the transactions (sales or purchases) within a single calendar year with a single party exceeds BYN 2 million; and
 - Transactions involving strategic goods included in a list issued by the Belarus government if the value of the transactions (sales or purchases) within a single calendar year with a single party exceeds BYN 2 million;
- Domestic transactions:
 - Transactions of large taxpayers with related legal entities that are exempt from profits tax if the value of the transactions (sales or purchases) within a single calendar year exceeds BYN 2 million; and
 - Transactions of all other taxpayers with related legal entities that are exempt from profits tax if the value of the transactions (sales or purchases) within a single calendar year exceeds BYN 400,000; and
- As from 2022, the following transactions, irrespective of whether they are cross-border or domestic:
 - Transactions involving the grant or receipt of credit or loans; and

- Transactions involving the receipt or the payment of interest under credit or loan agreements, securities, and derivatives.

The tax authorities can apply the comparable uncontrolled price method, resale price method, cost plus method, transactional net margin method, or profit split method. A combination of two or more methods is allowed.

Interest deduction limitations: The thin capitalization rules typically apply with respect to controlled debt under loan agreements, but the rules also apply to expenses arising and paid for engineering, marketing, consulting, information, management, intermediary and recruitment services, and fees paid for the transfer (assignment) of property rights in respect of industrial property.

The debt-to-equity ratio in respect of all of the above expenses is 3:1. Interest/expenses exceeding the maximum amount of interest/expenses calculated under that threshold are not deductible for profits tax purposes.

Controlled foreign companies: There are no controlled foreign company rules.

Hybrids: There are no rules on hybrids.

Economic substance requirements: There are no economic substance requirements.

Disclosure requirements: Large taxpayers engaged in cross-border controlled transactions and taxpayers having controlled transactions with “strategic” goods are required to prepare transfer pricing documentation. The documentation does not have to be prepared if the income received is exempt from profits tax or if the amount of a transaction with a particular counterparty is less than 10% of the established threshold and the transaction cannot be grouped with other transactions for reporting purposes. The tax authorities may request the transfer pricing documentation during a tax audit but not earlier than 1 June of the year following the year the transactions took place. The transfer pricing documentation must be prepared in the form prescribed by law.

In all other cases, taxpayers must prepare and provide an economic justification for the applied price, upon the request of the tax authorities.

Profits taxpayers are required to notify the tax authorities of each controlled transaction by ticking the box on electronic VAT invoices uploaded to the tax portal.

Exit tax: There is no exit tax.

General anti-avoidance rule: There is no general anti-avoidance rule.

Other: The tax base and/or the amount of taxes due may be adjusted by the Belarusian tax authorities upon the results of a tax audit if one of the following conditions is satisfied: (i) the taxpayer misstates the facts about the transaction; (ii) tax avoidance is the main purpose of the transaction; or (iii) the transaction has not actually been carried out.

In certain cases, the tax authorities also can treat expenses incurred by the taxpayer as economically unjustified (e.g., if services purchased by the taxpayer from its shareholder or subsidiary should have been performed by the taxpayer’s own employees based on their job descriptions).

Value added tax

Rates	
Standard rate	20% (25% for telecommunications services)
Reduced rate	0%/10%

Taxable transactions: VAT is imposed on the supply of most goods and services in Belarus, and on most imports into the country. VAT also applies to electronically supplied services (including telecommunications services) provided by foreign companies and foreign individual entrepreneurs to individuals in Belarus.

As from 1 July 2022, foreign companies and individual entrepreneurs selling goods to Belarusian residents via e-commerce platforms are required to register and pay VAT in respect of these sales in Belarus.

Rates: The standard VAT rate is 20% (25% for telecommunications services), with a reduced rate of 10%. The export of goods and related services (including the loading, shipment, and trans-shipment of exports) are subject to a 0% VAT.

Registration: A taxpayer in Belarus obtains a single tax registration for purposes of all taxes and duties.

Special registration for VAT purposes is required for foreign companies and individual entrepreneurs providing electronically supplied services to individuals. As from 1 July 2022, this requirement also applies to foreign companies and individual entrepreneurs selling goods through e-commerce platforms to Belarusian residents.

VAT invoices must be registered in an electronic register maintained by the tax authorities.

Filing and payment: The VAT return is due by the 20th day of the following month, or by the 20th day of the month following the reporting quarter. The tax is calculated based on the amount of tax accumulated from the beginning of the year.

Other taxes on corporations and individuals

Unless otherwise stated, the taxes in this section apply to both companies and individuals and are imposed at the national level.

Social security contributions: Both the employer and the employee contribute to the social security fund, which provides coverage for pensions, disability, dependents, illness, and maternity benefits. The rate is 34% for most employers. An amount equal to 1% of an employee's wages is withheld by the employer for the benefit of the social security fund. Self-employed individuals also are required to contribute to the fund.

Payroll tax: There is no payroll tax.

Capital duty: There is no capital duty.

Real property tax: Tax is imposed on the value of buildings and construction, as well as car parking spaces, owned or in the possession of a taxpayer, at a rate of 1% of the depreciated value of the building, construction, or parking space. The annual real estate tax rate for individuals is 0.1% of the value of the residential property.

Transfer tax: There is no transfer tax.

Stamp duty: There is no stamp duty.

Net wealth/worth tax: There is no net wealth tax or net worth tax.

Inheritance/estate tax: There is no inheritance tax or estate tax.

Other: Legal entities are subject to an environmental tax.

Wire transfers to, or noncash settlements with, companies registered in offshore zones or having bank accounts in offshore zones are subject to an offshore duty at a rate of 15%. Banks are prohibited from making money transfers to nonresidents until the offshore duty is paid.

Tax treaties: Belarus has concluded tax treaties with over 70 countries. For information on Belarus' tax treaty network, visit [Deloitte International Tax Source](#).

Tax authorities: Ministry of Taxes and Duties

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