



BELARUS TAX GUIDE 2014



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FOREWORD

This publication provides information about the tax system in Belarus, including some useful notes and tax rates, based on the current tax legislation.

The tax information contained in this booklet is accurate as at the date of its publication.

The publication is intended for general guidance to the tax system of the Republic of Belarus only and does not constitute professional advice. For any specific subject, the reader is encouraged to refer to the appropriate tax consultant.

For more information, please contact us at our office. Contact details can be found at the end of this booklet.

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The Tax System

General information

The Tax Code of the Republic of Belarus, which is made up from the General Part and Special Part, is the main document that defines the structure of the tax system in the country.

The General Part formulates the notions of tax obligation, taxpayers, and an object of taxation. It also contains regulations regarding tax accounting and control, and describes the procedure of appeal against decisions made by tax authorities. The Tax Code was adopted on January 1, 2004.

The Special Part of the Tax Code, that came into legal force on January 1, 2010, regulates particular taxes and duties, defines taxpayers, objects of taxation, rates, procedure of tax calculation and payments of respective taxes and duties.

According to the Tax Code of the Republic of Belarus, tax payments are subdivided into republican taxes, duties (tariffs) and local taxes and duties.

Republican taxes include the following:

- value added tax;
- profit tax;
- excise duties;
- tax on income of foreign organizations, which do not operate through a permanent representative office in Belarus;
- individual income tax;
- property taxes;
- land tax;
- ecological tax;
- tax on extraction (subtraction) of natural resources;
- road toll levied on automobile vehicles registered in foreign states;
- off-shore duty;
- stamp duty;
- consular fees;
- state duty;
- patent fees;
- custom tariffs and duties.

Local taxes and duties include the following:

- dog ownership tax;
- resort levy;
- levy for packer shippers.

There are also other types of payments:

- dues to the Social Welfare Fund and Pension Scheme Fund;
- dues paid by employers for obligatory insurance of employees against professional illnesses and accidents at production facilities.

Taxation of Business Entities

Together with general taxation system there are specific regimes of taxation, which provide a number of benefits, reduced tax rates, tax relief or even full exemption.

The general system of taxation: principal payments

Excise duties

Excise duties are used for the following types of goods:

- spirit;
- ethyl rectified industrial alcohol;
- alcoholic beverages;
- non-food alcohol-containing production;

- beer, beer cocktail;
- low alcoholic beverage with overall volume part of alcohol from 1.2 to 7%, wines with overall volume part of alcohol from 1.2 to 7%;
- tobacco;
- gasoline;
- diesel and diesel fuel with fatty acid methyl esters;
- boat fuel;
- liquefied hydrocarbon gas and natural compressed fuel gas, used as automotive fuel;
- diesel motor oil and/or carburetor (injector) engine oil;
- alcohol-containing foods;
- ciders.

Excise rates for goods can be set in absolute amounts on a physical unit of measurement of the goods (fixed (specific) rate) or in percentage points from the cost of goods (added value rates).

The value added tax (VAT)

The value added tax (VAT) is included into the price of products and services.

Major VAT rates:

- 0%;
- 9.09%;
- 10%;
- 16.67%;
- 20%.

0% on the sale of:

- goods placed under the customs procedure for export and exported (without obligation to re-import them into the territory of Belarus) to the member-states of the Customs Union;
- activities (services) connected with accompanying, loading, transfer and other similar activities directly connected with the selling of exported goods, which are placed under the customs procedure of export, as well as goods exported (without obligation to re-import them into the territory of the Republic of Belarus) in the member-states of the Customs Union;
- exported transport services including transit transportation, and also exported work (services) to produce goods from take-back feedstock;
- repair works (modernization, re-equipment) of aircraft and their engines, units of trains, performed for foreign organizations or individuals;
- goods of own production to a duty-free shop's owner for the purpose of their subsequent sale in duty-free shops;
- goods in retail trade through shops to individuals who do not have permanent residence in a member-state of the Customs Union, in case of export of goods by foreign persons outside the customs territory of the Customs Union within three months from the date of their purchase. Foreign persons while purchasing goods, value of which according to the payment document confirming the payment of goods, exceeds the amount of 800,000 Belarusian rubles (including VAT) during one day in the payer's store who concluded a contract for services to return the VAT to foreigners with an organization authorized to refund VAT to foreigners, are entitled to get the refund of the amount of VAT in case of export of such goods from the customs territory of the Customs Union within three months from the date of their purchase;
- bunker fuel for filling foreign aircrafts carrying out the international flights and (or) the international air carriage;
- the services rendered directly at the airports or in the air space of the Republic of Belarus, including air navigation service of the aircrafts carrying out the international flights and (or) the international air carriage according to the list of such services approved by the Council of ministers of Republic of Belarus.

9.09% or 16,67%:

- on sales of goods (works, services) at administered retail prices with due account for the VAT.

10%:

- on sale of goods of Belarusian origin coming from crop production (with the exception of floriculture, growth of ornamental plants), bee-farming, livestock breeding, (with the exception of fur farming), fishery;
- on import and (or) sale in the territory of the Republic of Belarus of foodstuffs and goods for children that are included in the list approved by the President of the Republic of Belarus;
- on sale of goods manufactured by residents of free economic zone in the territory of the Republic of Belarus which were manufactured by them in the territory of the free economic zone and are import substitutes according to the list of import substitution goods, defined by the Government of the Republic of Belarus and approved by the President of the Republic of Belarus;

20%:

- on the sale of property rights, as well as the sale of goods (works, services) not mentioned above, with the exception of the ones, exempted from taxation and not recognized as subject to VAT;
- on import into and (or) sale in the territory of the Republic of Belarus of foodstuffs and goods for children that are included in the list approved by the President of the Republic of Belarus;
- in other cases of goods disposal subject to goods placed under a customs procedure of duty-free trade in duty free shops.

The sum of VAT to be paid to the state budget is defined as the difference between general sum of tax, calculated at the end of the fiscal period and the sums of tax deductions. The calculated sum of VAT is determined on an accrual basis since the beginning of the tax period at the end of each fiscal period.

As a rule, VAT deductions are made on an accrual basis within limits of sums of VAT, calculated after realization of the goods (works, services), proprietary interests. The main exception to this rule are the amounts of VAT paid on goods (works, services) subject to taxation at the rate of 0% and 10%. The deduction of such amounts of VAT is made in full regardless of the calculated amount of VAT.

Tax period of VAT is a calendar year.

Reporting period of VAT is a calendar month or a calendar quarter by choice of a taxpayer.

Taxpayers file a tax return with the tax bodies not later than on the 20th date of the month, following the expired reporting period.

Payment of VAT is made not later than on the 22nd date of the month, following the expired reporting period.

Profit tax

The objects subject to profit tax are gross profit as well as dividends and similar incomes, gained by Belarusian organizations.

Gross profit for Belarusian organizations is the sum of profit from realization of goods (works, services), proprietary interests and non-realization incomes, decreased by the sum of non-realization expenses. Production costs and realization of goods (works, services) are determined on the basis of financial statements and are reflected in that tax period which they refer to (the accruals concept), irrespective of time (term) of payment (advance or subsequent). Thus interest on credits, loans (except for interest on the credits, loans which are part of the investment asset cost according to the legislation), are considered in accounting as expenses on production and realization of goods (works, services).

Proceeds from the sale of goods are determined on the basis of transaction price and the tax authorities have the right to calculate profit tax on the basis of market price. This provision shall be applied to foreign-trade transactions, also with an affiliated person when the transaction price (transaction with one person) is more than 60 billion Belarusian rubles, as well as to real estate transactions, when the market price decreases by more than 20%.

The main rate of the profit tax is **18%**

The tax rate on dividends is **12%**.

Tax period of profit tax is a calendar year.

A calendar quarter is the reporting period of profit tax. A calendar month is the reporting period of profit tax from the dividends accrued by the Belarusian organizations.

Taxpayers should file a tax return on the results of the tax period with the tax bodies not later than 20 March, of the year, following the expired tax period.

Profit tax for the tax period shall be calculated cumulatively from the beginning of the tax period as the product of the tax base reduced by the amount of tax relief, as well as the amount of losses carried by the profit of the tax period and tax rate.

According to the general rule payment of a profit tax is made during the tax period following the results of the expired reporting period no later than the 22nd date following the expired reporting period.

Payment of a profit tax for the fourth quarter 2014 is made not later 22nd December, 2014 at a rate of two thirds of the sum of the profit tax estimated proceeding from the sum of a profit tax for the third quarter 2014 with the subsequent recalculation as a whole for 2014 and calculation of the sum of a profit tax to surcharge or reduction not later than 22nd January, 2015.

Transfer pricing

Transfer pricing is applied during the estimation of the realized earnings and the incurred expenses when trading. Article 30-1 of the Tax Code of The Republic of Belarus (hereinafter referred to as – the Tax Code). Tax authorities have the right to control the accuracy of definition of a tax base on a profit tax. The price level applied by the payer is compared with the level of market prices for identical goods. If the tax authorities do not have such information during the determination of the tax base on a profit tax, other methods are used (a method of the price of the subsequent realization, an expensive method).

The price level, applied by the payer, is analyzed in the following cases:

- sale of real estate when the transaction price deviates towards fall by more than 20 percent from market price of real estate objects on the realization date;
- foreign trade, if the transaction price (transactions with one person) exceeds 60 billion Belarusian rubles within one calendar year on the date of acquisition or on the date of sale and the price of that transaction deviates by more than 260 percent from market price of goods on the realization date;
- foreign-trade with an affiliated person, if the transaction price (transaction with one person) exceeds 60 billion Belarusian rubles within one calendar year on the date of acquisition or on the date of sale and the price of that transaction deviates by more than 20 percent from the market price of goods on the realization date.

Thus, the legislation of the Republic of Belarus allows a 20% deviation of the contract price from the market price.

Foreign trade is understood as sale of goods to foreign legal entities and (or) individuals (on the basis of commission contracts or other contracts alike).

Related (affiliated) persons are individuals and (or) legal entities whose relations have direct impact on conditions or economic results of their activity or activity of persons represented by them (e.g. shareholders; or when one person acts as the founder (participant) of another organization if the share of such participation makes not less than 20 percent; when one person is subordinated to the other in terms of official status or one person is (directly or indirectly) under control of another person; when persons together (directly or indirectly) control a third party; when according to the legislation individuals are in conjugal or germane relations, relations between adoptive person and adoptive child, also an official guardian, care-giver and person under care, between custodian and benefit acquirer; as well as between grantor and agent under trust agreement.).

The legislation defines the list of transactions on realization of goods, which do not get under the tax control. In particular, the taxation basis of transactions with goods is not subject to tax adjustment when the price of goods:

- is regulated by the legislation of the Republic of Belarus or foreign states (in any form);
- is formed according to the regulations of anti-monopoly authorities;

- is formed by the results of stock trading held according to the legislation on stock trading of the Republic of Belarus or a foreign state;
- is defined during the auction which was carried out according to the legislation of the Republic of Belarus or a foreign state;
- is defined by the appraiser in cases when the procedure of appraisal is obligatory under the legislation of the Republic of Belarus or a foreign state.

In respect of large taxpayers, Tax authorities study and analyze the main indicators of financial and economic activity of the organizations and any information about such organizations, which is available for them for tax control purposes.

Tax loss carryforwards

Since 2012 Belarusian organizations have the right to reduce tax base by the sum of loss (amount of losses) following the results of the previous tax period (the previous tax periods), i.e. to carry out Tax loss carryforwards on the profit of the current tax period. The loss is determined by the rules of the Tax code. Thus, organizations have the right to carry forward losses, applicable to the losses received following the results of 2011.

Belarusian organizations have the right to carry forward a loss on profit of the current tax period within ten years following that tax period when this loss is incurred. The loss not carried forward to the next year, can be carried forward entirely or partially to any of the next nine years left. If a Belarusian organization suffers losses in more than one tax period, carryforwards of such tax losses on profit of the current tax period are made in that sequence in which they are incurred.

The rule of thin capitalization

The rule of thin capitalization constitutes the following:

interest on interest-bearing liabilities are attributed to the expenses considered during the calculation of a profit tax of the Belarusian organizations, in the amount which doesn't exceed the limits on interest rates.

Thus the following criteria for controlled indebtedness are established:

- more than 20% of the authorized fund (equity) of the Belarusian organization-borrower directly or indirectly belong to the foreign loan holder;
- more than 20% of the authorized fund (equity) of the Belarusian organization borrower belongs to the Belarusian loan holder which is the organization related (affiliated) with the foreign one.

The interest limit attributed to the expenses is calculated by the borrowing organization if the amount of the borrower's liabilities is three times more than its equity capital as of the last day of fiscal year.

If the ratio of amount of the bonds and equity capital is three and more times, the organization for the tax accounting purposes is obliged to recount interest which is accepted as expenses for the taxation. If this amount is negative, the organization cannot include interest of the foreign organization in expenses. If the value does not exceed three times, all charged sums of interest are added to expenses according to the generally established order.

The interest limit is calculated by dividing the amount of interest added in the tax period to controlled indebtedness owed to the foreign organization, by the capitalization rate. The received result is divided by 3.

The rule of controlled indebtedness is applied to different debt instruments whether the founder being a nonresident or a Belarusian organization. The rule of thin capitalization is not applied to interest which is a punitive penalty for contract breach.

Also the rule of controlled indebtedness is applied when a foreign person participates indirectly.

The rule of controlled indebtedness does not affect the sum of the interest paid.

Rules of accrual of depreciation

Organizations are permitted to apply various amortization methods:

- straight-line depreciation method;
- declining (declining balance method, a direct method of the sum of numbers of years, an inverse method of the sum of numbers of years);
- productive depreciation method.

Using a **straight-line method**, the annual (monthly) amount of depreciation is defined by means of multiplication of depreciable cost by the calculated annual (monthly) norm of depreciation amount or division of depreciable cost by the established standard service life (useful service) in years (months).

The declining method consists in irregular (on an annual basis) accrual of depreciation by the organization during the useful service of article of fixed assets, intangible assets.

The declining method is not applied to the accrual of depreciation for:

- buildings, constructions, except for antennas and runways;
- machines, equipment and transport vehicles with standard service life under 3 years, cars (except company cars, special purpose vehicles and taxis);
- the equipment of the civilian aviation, whose useful service is defined proceeding from endurance;
- the unique equipment intended for testing and production of pilot batches;
- interior design items, including office furniture;
- items for rest, leisure and entertainment;
- trade names, trademarks.

The productive method of accrual of depreciation of the article of fixed assets or intangible assets consists in accrual of depreciation by the organization on the basis of article depreciable value and the ratio of natural indices of merchandise (work, services), turned out (delivered) in the current period, to the article assets.

Applying the specified methods, one uses a standard service life of fixed assets which is established by the decree of the Ministry of Economic Affairs of the Republic of Belarus from 30 September, 2011 № 161 "About establishment of standard service life of fixed assets and some resolutions of the Ministry of Economic Affairs of the Republic of Belarus which became invalid" and specifies service life of the fixed asserts depending on their groups and types.

Business Operation and Profit Taxation

Generally tax treatment of profit results from special aspects of income and expenses determination. The Tax code additionally regulates banking, insurance activity and securities trading.

The income and expenses from operations between the branches that meet liabilities in accordance with the established tax liabilities of these banks are cumulated in the process of determining bank gross profit.

When calculating bank, insurance companies' income from realization of goods (work, services), proprietary rights and non-sale income, additional revenues are included in comparison with general provisions.

Income gained from operations with the listed securities is not accounted when one calculates gross profit:

- the government securities issued by the Ministry of Finance of the Republic of Belarus under the authority of the Republic of Belarus, except for the issued and distributed government securities in the foreign financial markets unless otherwise provided by legislative acts;
- the bonds issued by the National bank of the Republic of Belarus, and the bills issued by the National bank of the Republic of Belarus, - for regulation of money supply and creation of gold and forex reserves of the Republic of Belarus;
- the bonds issued by banks, in accordance with the established procedure, involving individual deposits in the Belarusian rubles, secured by obligations to repay the debt principal and due interest on the loans granted by them for construction, reconstruction or acquisition when mortgage acts as security;
- the bonds issued from April 1, 2008 to January 1, 2015 by legal entities, qualified as residents of the Republic of Belarus according to the tax legislation;
- the bonds of local executive and administrative bodies;
- bonds of the open joint stock company "The Development bank of The Republic of Belarus".

Tax legislation provides certain peculiarities of gross profit calculation for non-commercial entities, copartnerships, contractors of the trust agreement and some other categories of payers.

In arriving at gross profit of a copartnership, deposits of copartners to this copartnership are not accounted. The tax exemption from the taxation of copartnership profit is not applied.

In arriving at gross profit of copartners, the income received by these copartners in the process of return of the deposits to this copartnership and also in the process of its profit sharing which remains after the taxation isn't accounted. Copartnership losses in arriving at the gross profit of their copartners are not considered.

A copartner deemed as a payer of copartnership profit tax, keeps separate accounts of sales proceeds (works), property and non-sale income, and also the expenses connected with the activity of this copartnership. In this case, the sums of sales proceeds (works), property and also non-sale income and the expenses connected with the activity of this copartnership are not accounted in arriving at gross profit as the copartner is a direct payer.

Tax treatment of the foreign organizations operating through permanent establishment

Under tax law the notion of permanent establishment isn't connected in any way with the foreign representation organization in a civil sense: the creation of a permanent establishment (in a tax sense) doesn't require neither the existence of provision on establishment, nor accreditation.

The permanent establishment of the foreign organization that is located in the territory of the Republic of Belarus is considered:

1.) a fixed place of business through which the foreign organization entirely or partially does business or another activity in the territory of the Republic of Belarus, associated with:

- work delivery provided by the agreement (agreements) and (or) rendering services in construction, and also in installation, assembly, maintenance, service and equipment operation (other property), computer programs;
- sale of goods from warehouses located in the territory of Republic of Belarus;
- work delivery and (or) rendering services in the territory of Republic of Belarus;
- carrying out another activity which is not forbidden by the legislation, except for storage, demonstration or delivery of goods of own production; purchase of goods for the foreign organization; collecting or distributing information for the foreign organization; carrying out other kinds of activities if the activity as a whole has preparatory or auxiliary character.

2.) an organization or an individual, who carries out activity on behalf of the foreign organization and (or) in its interests and (or) has or exercises powers of the foreign organization to conclude contracts or agree on their essential terms.

If the foreign organization carries out works and (or) renders services in the territory of the Republic of Belarus, a place of work performance, rendering services of the foreign organization is qualified as permanent establishment provided that the specified activity is carried out within ninety days continuously or in total within one calendar year.

A construction plant, site of operation or assembly unit are qualified as permanent establishment of the foreign organization if such site or object exists in the territory of the Republic of Belarus during the period exceeding one hundred and eighty days in any 12 month period, beginning or terminated in the corresponding tax period. However if provisions of international treaties of the Republic of Belarus establish other norms, than those provided by the Tax Code, the standards of the international treaty are applied if otherwise isn't prescribed by international law .

A construction site of new objects, reconstruction (rejuvenation), enhancement, technical re-equipment and (or) repair of existing objects of real estate (except for air and sea crafts, inland vessels and space objects), and also a site and (or) installation, repair, reconstruction (rejuvenation), enhancement and (or) technical re-equipment of constructions, cars and the equipment whose functioning demands rigid fastening on the pining belong to a building site, site of operation or assembly yard of the foreign organization in the territory of Republic of Belarus.

The profit tax of the foreign organization operating in the territory of the Republic of Belarus through permanent establishment is calculated directly by the payer.

The tax return on profit is filed with the tax authority at the location of the establishment, and also with the tax authority in each place of operation through permanent establishment in case of carrying out commercial activity by the foreign organization through permanent establishment at the location of

opened establishment in the territory of the Republic of Belarus, and also elsewhere in the territory of the Republic of Belarus, and this activity leads to formation of permanent establishment.

Profit tax of foreign organizations not operating in Belarus through permanent representative offices

Foreign organizations not operating in the Belarus, not operating in Belarus through permanent representative offices, but getting income from sources in the Republic of Belarus are recognized as taxpayers of the profit tax of foreign and international organizations, individuals as well, not operating in Belarus through permanent representative offices.

The object of taxation is the following income received by taxpayer from sources in Belarus:

1. conveyance fee, freight (including demurrage and other payments arising from the transportation) in connection with international carriage (except for the payment of tickets for passengers in international traffic, the carriage fees and freight in connection with international carriage of goods by sea), as well as for the provision of freight forwarding services (except services of forwarding activities in the organization of international carriage of goods by sea);
2. incomings from any kind of bonds irrespectively of the way of execution, including:
 - income on credits and loans;
 - income from securities, whose terms of issue are intended to gain profits in the form of interest (discount);
 - income from the use of temporary available funds in bank accounts in Belarus;
3. royalty;
4. dividends and similar income;
5. income from the sale of goods in the territory of the Republic of Belarus under the contracts, commission and other similar civil-law contracts;
6. incomings from organizing and holding cultural and entertainment events in the territory of the Republic of Belarus and (or) participation in them;
7. income in the form of penalties (fines) and other types of sanctions for breach of contract;
8. income from research, development work, development of design and technological documentation for the prototype (experimental batch) of products, from the manufacture and testing of prototypes (experimental batch) products, pre-project work and project work (preparation of feasibility studies, engineering efforts and other similar works);
9. income from warranties and/or surety;
10. income from the provision of disk space and/or a communication channel for placing information on the server and services for its maintenance;
11. income from the alienation of:
 - real estate situated in Belarus;
 - enterprise (or part thereof) as a property complex located in the territory of Belarus, owner of which is a foreign organization;
 - securities in the territory of Belarus (except for stocks) and/or their redemption;
 - shares in the authorized fund (stocks) of organizations in Belarus, or their parts;
12. income from services:
 - consulting, accounting, auditing, marketing, legal, engineering;
 - real estate trust (which is situated in the territory of Belarus);
 - courier;
 - mediation;
 - management;
 - recruitment and/or selection of personnel, including individuals, to carry out their professional activities;
 - in education;
 - training;
 - storage of property;
 - insurance;

- advertising (except for income paid to foreign organizations associated with the participation of Belarusian organizations and Belarusian entrepreneurs in trade fairs in foreign countries, irrespective of, whether the income payment is made directly by the participant of the exhibitions and fairs or through other organization or by the individual entrepreneur);
 - installation, commissioning, testing, maintenance, measurement, testing lines, machinery, equipment, devices, appliances, buildings and intangible assets in the territory of Belarus (except for income derived from training, consultation and/or services in installation, commissioning, testing, measuring and testing lines, machinery, equipment, appliances, fixtures and facilities, which are indispensable for the foreign trade contract for their purchase in property (for temporary use));
 - maintenance and protection of freights (excluding revenues from services on obligatory maintenance and protection of freights, stipulated by the legislation of the state through whose territory the freight is being moved, rendered by the foreign state organizations, the legislation of which establishes requirements for such obligatory maintenance and protection);
13. income from real estate situated in the territory of Belarus, handed into trust;
14. income from the data processing including data processing activities with the user's software or own software (the full data processing, data preparation and data entry, automated data processing), hosting services (storage of Web pages, enabling them to modify and placement on the Internet for public access), services for the sale of computer time as well as income from activities with database including database development, data storage, access to databases, services of search portals and search engines on the Internet (except for the income from the use of an automated system of interbank payments, international payment systems, international telecommunication systems of information transmission for payments and (or) making payments).

The tax base of profit tax is defined as total sum of income, for certain types of income the costs, proved by documents are allowed to be deducted.

The rates of profit tax depend on the type of income and may amount to 5%, 6%, 10%, 12% and 15%. The tax period of profit tax is a calendar month, when the date of the obligation to pay profit tax becomes due.

The tax return (calculation) on profit tax is filed by a legal entity of Belarus, a foreign organization or individual entrepreneur, that accrue and/or pay income of a foreign organization which does not operate in Belarus through the permanent representative office, with tax bodies at the registration place of these legal entities, foreign organizations, or individual entrepreneurs not later than on the 20th of the month following the tax period.

Profit tax is to be paid not later than on the 22nd of the month following the tax period.

Real estate tax

The objects of taxation subject to real estate tax for organizations are permanent structures (buildings and structures) and their parts including buildings and structures and transfer mechanisms the above norm unaccomplished construction as well as parking places.

Taxable amount of real estate tax is defined by organizations existing on the 1st of January of the calendar year:

- permanent structures (buildings, structures), their parts and parking places, accounted as a part of items of fixed assets and interest-bearing investments in fixed assets (accounted in income and expenditure ledger of the organizations and the individuals who apply simplified taxation system, according to the rules of carrying value under the Tax code.
- permanent structures (buildings, structures), their parts, parking places at cost posted (in income and expenditure ledger of the organizations and the individual entrepreneurs applying simplified taxation system);
- objects of limit- exceeding work in progress at cost, predetermined by summing up of direct and indirect costs on construction objects of limit- exceeding work posted (in income and expenditure ledger of the organizations and the individual entrepreneurs applying simplified taxation system) in accordance with the established procedure.

As a rule, annual tax rate of real estate tax for organizations is 1%. Local authorities may establish multiplying factors to the rate of tax. The annual tax rate of 2% is established for the objects of the above norm unaccomplished construction.

Tax period of real estate tax is one calendar year.

The tax return is filed with the tax authorities not later than March 20th of the year.

Real estate tax is paid by organizations of their choice once a year in the amount of annual sum of the tax not later than on March, 22 of the tax period or every three months not later than on the 22th day of the third month of each quarter in the amount of one-fourth of the annual amount of tax.

Ecological tax

Ecological tax is levied from entities exploiting natural resources and entities the activities of which pollute the environment. The law stipulates a number of rates for the ecological tax. Depending on the particular subject of taxation there are fixed rates for emissions of pollutants into the air and wastewater discharges, storage and disposal of industrial wastes, import of ozone-destroying substances to the territory of Belarus, including those contained in the products.

Tax period of ecological tax, except for the ecological tax on import of ozone-destroying substances to the territory of Belarus, is one calendar quarter. Payment of the ecological tax for the importation into the territory of the Republic of Belarus of ozone-destroying substances is made prior to the import into the Republic of Belarus of ozone-destroying substances, including the ones contained in the products.

Each quarter taxpayers submit tax returns (calculation) to the tax bodies not later than on the 20th of the month, following the expired tax period.

Ecological tax is to be paid each quarter not later than 22nd of month, following the expired tax period.

The amount of the environmental tax may be calculated on the basis of the established annual volumes of emissions of polluting substances in the open air, disposal of sewage, storage specified in pollution permits in the open air, special water use, storage or in integrated permits (further – annual volume), and the corresponding rates of ecological tax. In this case, the tax declarations (calculations) are to be submitted not later than on April, 20 of the calendar year on the basis of the established annual volume, and the payment of the ecological tax is made at the tax payer's discretion once a year in the amount of the calculated amount for the year not later than on April, 22 of the calendar year or every quarter not later than on the 22th of the month, following the accounting quarter in the amount of one-fourth of the calculated amount of the environmental tax.

Such taxpayers provide additional payments of the ecological tax not later than on February, 20 of the year following the expired year, on the basis of actual annual emissions of pollutants into the atmosphere, wastewater discharges, storage and disposal of wastes, and not later than on February, 22 of the year following the expired year. In case when the mentioned volumes do not exceed the established annual volumes, the overpaid amounts of the environmental tax are to be earned forward or returned to the payers.

Tax for the extraction (removal) of natural resources

The tax base is defined as the actual volume of extracted (withdrawn) natural resources. A list of such natural resources is determined by the Tax Code of the Republic of Belarus and includes extraction of:

- forming, glass-making and mortar sand;
- sand-gravel mixtures;
- building and facing stone;
- surface and underground water;
- waters, polymetallic water concentrate, mineralized water which is extracted to maintain the pressure in oil recovery;
- ground for land structures;
- clay, sand clay, clay loam and bergmeal;
- bentonitic clay;
- potassium salt (in terms of potassium oxide) and halite;
- oil;
- chalk-stone, malm, limestone and dolomite;

- plaster-stone (anhydrite);
- ironstone;
- peat with humidity of 40%;
- sapropel with humidity of 60%;
- bog oak;
- amber;
- gold;
- grapevine snail;
- chironomid larvae;
- green frog (pond, edible, lake);
- adder;
- brown coal (in terms of standard fuel);
- oil shale (in terms of standard fuel).

Tax rates are established in Belarusian rubles to the volume of production (withdrawal) of natural resources (except for potassium salt and oil).

The tax period of tax on the extraction of natural resources, except for the tax on the extraction (removal) of natural resources regarding oil is a calendar quarter.

The tax period of tax on the extraction (removal) of natural resources regarding oil and potassium salt is a calendar month.

Tax returns (calculations) for the tax on the extraction (removal) of natural resources must be submitted to the tax office not later than on the 20th of the month following the expired tax period. Payment is made every quarter not later than on the 22th of the month, following the expired tax period.

The amount of the tax on the extraction (removal) of natural resources, except for the tax on the extraction (removal) of natural resources regarding oil and potassium salt may be calculated by payers on the basis of the annual volumes of the extraction (removal) of natural resources fixed in the documents on the basis of which they are extracted (removed) and corresponding tax rates. In this case, the tax returns (calculations) must be submitted not later than on April 20 of the calendar year, proceeding from the annual volumes of the extraction (removal) of natural resources fixed in the documents on the basis of which they are extracted. The tax is paid at the end of the tax period, not later than on the 22th of the month, following the accounting quarter, in the amount of one-fourth of the calculated tax amount for the extraction (removal) of natural resources. At the end of the year, based on the actual volume of extraction (removal) of natural resources, recalculation of the amount of tax that shall be paid is held and the tax returns (calculations) are to be submitted not later than on 20 February, following the expired year.

Land tax

Land tax is levied on land plots, located in the territory of Belarus:

- belonging to individuals under the right of ownership, lifetime inheritable possession or temporary use as well as inherited;
- belonging to organizations under the right of ownership, permanent or temporary use.
- provided for temporary use and not returned in due time according to the legislation, self-willed occupied or no- purpose used.

Taxable amount of land tax is generally defined in the amount of cadastre value of a land plot.

Tax rate of land tax depends on the function of the land plot. Local councils of deputies have the right to increase (decrease) the rate of land tax for certain categories of taxpayers but not more than in a double amount.

Tax period of land tax is a calendar year.

Tax payers-organizations submit returns (calculations) on land tax to the tax authorities annually, not later than on February, 20 of the current year. In respect of new allocated sites or when land title terminates (after) January 1 of the current year, tax returns (calculations) for a land tax are filed with the tax authorities no later than the 20th date following after a month in which the government body made the decision which is the basis for accrual or assignment of the right to a land plot, or the right of a land plot use is terminated (with some exceptions set in the Tax code of the Republic of Belarus).

From (after) January 1, tax returns (calculations) for a land tax on leased, other compensated or free use of permanent structures (buildings and structures), and their parts and parking places are filed with tax authorities by payers - organizations no later than the 20th date following after a month of their renting, other compensated or free use. Along with the tax returns (calculation) filed with the tax authorities payers-organizations provide information on renting, other compensated or free use permanent structures (buildings and structures), and their parts and parking places according to the form approved by the Ministry of Taxation of the Republic of Belarus.

Land tax is paid by organizations:

- according to a general rule, at the organization's discretion without changes during the tax period once a year, in the amount of the calculated amount for a year - not later than on February, 22 of the running year, or every quarter not later than on the 22th of the second month of each quarter - in the amount of one-fourth of the annual amount of land tax;
- on agricultural land – at the organization's discretion without changes in the tax period once a year, in the amount of the calculated amount for a year not later than on April, 15 of the current year, or not later than on April 15, July 15, September 15, November 15 - at the rate of one-fourth of the annual amount of the land tax;
- on the land granted to taxpayers from (after) January 1 of the current year, and in case of loss of the right for benefits for the calculation of land tax in the process of the transition of organizations from special taxation to the general taxation regime, in the process of the payment of the land tax for land plots under the objects of above norm unaccomplished construction, in the event when organizations and individual entrepreneurs rent out, in case of other onerous or gratuitous use of land, capital (buildings and structures), their parts, car places, located on land plots, which are exempt from land tax, as well as permanent structures (buildings and structures), their parts, car places of state-financed organizations the payment of land tax is made not later than by the date of the nearest legal term of payment after the submission of the tax returns (declaration) for the land tax, and for the land plots on which the decision, that is the basis for the creation or transfer of the right for a land plot, is taken by the authorized state body - in November of the current year - not later than on December 22.

Land tax on rented land plots is levied in the amount, defined by legislation, according to the procedure similar to the calculation of the land tax.

Obligatory insurance payments to the National Social Security Fund and Pension Fund. Insurance fees for obligatory insurance against occupational diseases and accidents at production facilities

The amounts of obligatory insurance payments covering retirement, disability, loss of breadwinner insurances (pension insurance) is **28%** for employers.

The amount of obligatory fees of insurance in case of temporary incapacity for work, pregnancy and childbirth, care for children under 3 years, granting one day-off a month to a mother (father, guardian), bringing up the child with disabilities in the age of under 18 years, death of insured person or a member of his (her) family (social insurance) for employers, natural persons independently paying obligatory insurance payments (except for the citizens working outside Belarus), Belgosstrakh (for persons who receive additional payments to a monthly average wage or receive disability benefit) is **6%**.

Payments of obligatory insurance fees to the National Social Security Fund and Pension Fund are made by payers by a single payment.

The objects for the calculation of obligatory insurance fees to the National Social Security Fund are all monetary and/or natural payments, calculated in favor of working citizens on the basis of all grounds, irrespectively of the sources of financing (hereinafter – payments), including remuneration under civil-law contracts except for those provided for by a list of payments, which are not subject to insurance fees to the Fund, approved by the Counsel of Ministers of the Republic of Belarus. Payments cannot exceed the amount of four average wages in the Republic of Belarus for the month, preceding the month for which obligatory insurance fees are paid.

Insurance fees of obligatory insurance against occupational diseases and accidents at production facilities are calculated on the basis of payments that are subject to the obligatory insurance for natural persons under labor and civil-law contracts. The insurance rate is established in the amount of 0,6 %

for all organizations (except for the state-financed ones) with the possibility of benefits, discounts (increases) used along with the established rate.

Individual income tax

The object of taxation of individual income tax is income, earned by taxpayers from the sources in Belarus as well as abroad.

Organizations that hire employees on the basis of labor contract or civil-law contract fulfill obligations of tax agents and withhold the taxes from incomes of citizens and transfer them to the state budget. The most widespread source of income of natural persons, paid by organizations, is remuneration for labor or other duties, including monetary remuneration and other allowances. Belarusian legislation provides for various deductions, reducing the taxable income of individuals.

General rate of income tax is **12%**.

The income tax rate is set at **9%** of the income received by:

- individuals (other than employees performing maintenance and security of buildings, land) from the residents of the High-Tech Park (HTP) on the basis of labor agreements (contracts);
- individual entrepreneurs - residents of the HTP;
- individuals involved in the implementation of the registered business project in the field of new and high technology, from non-residents of HTP on the basis of labor agreements;
- individuals in the form of wages received on the basis of labor agreements (contracts) from the joint venture, and (or) the residents of the Chinese-Belarusian Industrial Park.

The income tax rate is set at **15%** in respect of the income, received by Belarusian individual entrepreneurs (private notaries, solicitors) from business (private notary, sole advocacy) activities.

Organizations –tax agents are obliged to withhold the calculated sum of income tax from individuals directly from the income of the payer at the moment of their actual payment.

Tax agent has to withhold the calculated sum of income tax from individuals. Such a withholding is produced from any monetary assets paid to a taxpayer by a tax agent. Withholding is to be made at the moment of payment to a taxpayer or to third parties on their behalf.

The tax period of the income tax from individuals is a calendar year. Accounting periods of the individual income tax for individual entrepreneurs (notaries, advocates) are three, six and nine months of the calendar year and a calendar year.

Off-shore duty

Belarusian companies and sole traders shall be deemed to be off-shore duty payers.

The activities listed below are subject to off-shore duty:

In the event when a resident of the Republic of Belarus transfers monetary funds to a non-resident of the Republic of Belarus registered in the off-shore zone, to a third party under the obligation owed to that non-resident or into the account opened in the off-shore zone.

When non-monetary obligations owed to a resident of the Republic of Belarus registered in the off-shore zone are performed, except as a non-resident of the Republic of Belarus fulfills cross liabilities by transferring money into an account of a resident of the Republic of Belarus.

When a resident of the Republic of Belarus and a non-resident of the Republic of Belarus registered in the off-shore zone are involved in the assignment of rights and obligations regulated by the Belarusian legislation.

Offshore zones are the Principality of Andorra, Antigua and Barbuda, the Commonwealth of the Bahamas, Barbados, Belize, the Nation of Brunei, the Republic of Vanuatu, Anguilla, Bermuda, the British Virgin Islands, Montserrat, Gibraltar, the British Indian Ocean Territory (the Chagos Islands), South Georgia and the South Sandwich Islands, the Turks and Caicos Islands, the Cayman Islands, Grenada, the Republic of Djibouti, the Dominican Republic, the Macao Special Administrative Region of the People's Republic of China, the Republic of Costa Rica, the Cook Islands (New Zealand), Niue (New Zealand), the Republic of Liberia, the Principality of Liechtenstein, the Republic of Mauritius, the Federal Territory of Labuan, the Republic of the Maldives, the Republic of the Marshall Islands, the Republic of Nauru, the Antilles (the Netherlands), the Republic of Panama, Madeira (the Portuguese Republic), the Principality of Monaco, the Independent State of Samoa, the Republic of Seychelles, the Federation of Saint Christopher and Nevis, Saint Lucia, Saint Vincent and the Grenadines, the

Kingdom of Tonga, the Virgin Islands (the United States of America), Puerto Rico (the United States of America), Wyoming (the United States of America), Delaware (the United States of America), Kerguelen Island, French Polynesia, the Republic of the Fiji Islands, the Democratic Socialist Republic of Sri Lanka, Jamaica, International Business Center "Ingushetia" (Nazran town, the Ingush Republic), the Republic of Montenegro.

The tax base of off-shore duty is determined relying on the following aspects.

In the event of monetary fund transfer, the amount of money transferred is taken into account.

When either non-monetary obligations are performed or the assignment of rights and obligations regulated by the Belarusian legislation takes place, the contract price conditioning those obligations is of importance.

The off-shore duty rate is **15%**.

Under the tax legislation of the Republic of Belarus, monetary fund transfer is exempt from taxation if the money received by residents of the Republic of Belarus is paid back to non-residents of the Republic of Belarus as sums of credits and loans, interest on them. Tax exemption is also applied in respect of contracts of carriage by sea and shipping contracts covering international delivery by sea.

The tax period of off-shore duty is a calendar month. The amount of off-shore duty is the product of the tax base and the off-shore duty rate. Residents of the Republic of Belarus include the amounts of off-shore duty into production costs and costs covering realization of goods (works and services), property rights subject to taxation.

Off-shore duty is paid by residents of the Republic of Belarus prior to monetary fund transfer in the currency of that transfer or in Belarusian rubles at the official exchange rate set by the National Bank of the Republic of Belarus on the date of the transfer.

When either non-monetary obligations are performed or the assignment of rights and obligations regulated by the Belarusian legislation takes place, off-shore duty is paid in the foreign currency on the day following that performance or assignment or in Belarusian rubles at the official exchange rate set by the National Bank of the Republic of Belarus on the date of that performance or assignment.

The tax return (calculation) on off-shore duty is filed not later than on the 22nd of the month following the tax period.

Road toll levied on motor vehicles registered in foreign states

Foreign companies and individuals shall pay road toll for the transit through the territory of the Republic of Belarus of motor vehicles belonging to them.

Road toll is charged for the transit of foreign motor vehicles crossing the border of the Republic of Belarus and entering the country. Motor vehicles registered in the foreign countries are not subject to this type of charges.

The tax base of road toll is determined relying on the number of foreign motor vehicles entering the Republic of Belarus and moving through the country in transit.

Exemption from road toll charges is applied to:

- the owners of foreign motor vehicles engaged in carriage of humanitarian supplies for the people of the Republic of Belarus or other countries;
- the owners of foreign motor vehicles engaged in international carriage of either goods or persons and licensed by foreign states to move through the territory of the Republic of Belarus; of those engaged in international cargo carriage whose activities are regulated by the European Conference of Ministers of Transport; of those carrying goods or persons without any licence under treaties of the Republic of Belarus on international motor service and transportation;
- citizens of the Russian Federation and the Republic of Kazakhstan who bought and took possession of motor vehicles moving through the territory of the Republic of Belarus with a transit plate.

The road toll rate is determined depending on the gross vehicle weight rating. Heavy duty commercial vehicles (tractor units) with a full trailer, a semitrailer or without a trailer are ranged in gross vehicle weight rating accordingly: 20-euro road toll is set for vehicles under 12 tons inclusive, 35-euro road toll

is set for vehicles over 12 tons, 20-euro road toll is set for buses under 5 tons inclusive, 30-euro road toll is set for buses over 5 tons.

Road toll is calculated by the owners of foreign motor vehicles. The amount of the toll is calculated in Belarusian rubles at the official exchange rate set by the National Bank of the Republic of Belarus on the date of payment. Cash payments can be made in euros, American dollars, Russian rubles or Belarusian rubles. Companies and sole traders do not include the sums paid as road toll in production costs and costs covering realization of goods (works and services), property rights subject to taxation.

Special Tax Regimes

Belarusian legislation provides the following special tax regimes for business entities:

- Simplified tax system;
- Single tax from individual entrepreneurs and other individuals;
- Single tax for producers of agricultural products;
- Tax on gambling business;
- Tax on income from lottery activity;
- Tax on income from electronic interactive games;
- Charge for craft activities;
- Charge for rendering the service in the field of rural tourism;
- Harmonized tax on imputed income of individual entrepreneurs.

Simplified tax system

The scope of the system is activity of small enterprises with the level of income no higher than the size, stated by the legislation. Organizations, willing to apply a simplified tax system are required to satisfy the following criteria: simultaneous observance of the average number of workers and a total gain within first nine months of the year previous to the year from which the system is applied: number of workers shall be not more than 100 persons (for legal entities), the amount of their gross proceeds for the nine month on an accrual basis makes no more than 9 000 000 000 Belarusian rubles (also for individual entrepreneurs).

Under the simplified tax system, a vast number of taxes are replaced by one tax with a simplified procedure of calculation. However, the simplified tax system doesn't replace the obligation to pay import and export payments, stamp, consular and off-shore duties, state and patent fees, social insurance payments, income tax on income from shares and securities and also property taxes under stipulated circumstances. In particular land tax is paid if the aggregate land space exceeds 0,5 hectare, and real estate tax is paid if the aggregate real estate space exceeds 1 500 square meters or if the real estate is given in tenancy.

The simplified tax system cannot be applied by organizations and individual entrepreneurs with regard to certain types of activity:

- Production of excisable goods (produce of alcohol, tobacco production and others);
- Exercising property rights to means of identities of civil turnover participants, goods, works or services (trade names, trademarks and service marks, geographical instructions, etc.);
- Sale of jewellery;

Performing:

- Lottery activity;
- Professional activity on securities market;
- Activity within the ordinary partnership (the group);
- Activity as a resident of free economic zones, the special tourist and recreational park "August Channel", the Park of High Technologies, the Chinese-Belarusian Industrial Park;
- Activities for the organization and holding of interactive electronic games;
- Organizations that carry out:
 - Real estate activity;
 - Insurance business (insurance companies including mutual insurance companies, insurance associations);
 - Banking (banks);

- Gambling activity;
- Re-selling insurance business;

- Organizations that produce agricultural products in the Republic of Belarus and pay a single tax for agricultural producers;

- Individual entrepreneurs in part of activities that shall be paid with a single tax from entrepreneurs and other persons.

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If gross proceeds for a calendar year on an accrual basis exceed 12 000 000 000 Belarusian rubles and (or) the number of employees is more than 100, an organization is obliged to apply a standard tax system.

Currently business entities can use the following variants of the simplified tax system:

- tax at a rate of **2%** – for legal entities and individual entrepreneurs with regard to earnings from realization of the goods, services outside the territory of Belarus;
- tax at a rate of **5%** – for legal entities and individual entrepreneurs, which do not pay VAT. This rate can be applied and VAT can be not paid by individual entrepreneurs and organizations having not more than 50 employees in case their gross profit doesn't exceed 8 200 000 000 Belarusian rubles;
- tax at a rate of **3%** – for legal entities and individual entrepreneurs, which do pay VAT.

Also the rate of 3% is applied by retailing organizations and individual entrepreneurs, not paying VAT, if the average number of employees from the beginning of the year till and including the reporting period is not more than 15 people and the gross proceeds are not more than 4 100 000 000 Belarusian rubles.

Business entities with less than 15 people and a gross revenue up to 4.1 billion of Belarusian rubles, paying tax in accordance with the simplified tax system are exempt from accounting recording and reporting and make recording in the book (ledger) of incomes and expenses of legal entities and individual entrepreneurs, using the simplified tax system.

A tax period of tax under the simplified tax system is a calendar year.

A reporting period of tax under the simplified tax system is recognized as:

- a calendar month – for entities applying the simplified tax system with monthly payment of VAT;
- a calendar quarter – for entities applying the simplified tax system without payment of VAT or with quarterly payment of VAT.

Tax returns shall be submitted not later than the 20th day of the month following the expired tax period. Tax under the simplified tax system is paid not later than the 22th day of the month following the expired tax period.

The single tax from individual entrepreneurs and other individuals

Payers of the single tax from individual entrepreneurs and other individuals (hereinafter referred to as a single tax) are individual entrepreneurs and individuals not involved in entrepreneurial activities. The payers are exempt from the following taxes:

- income tax on income earned by them in carrying out the activities, which are the subject of the single tax;
- value added tax, except for the value added tax levied on import of goods into the territory of the Republic of Belarus;
- ecological tax;
- tax for extraction (removal) of natural resources;
- local taxes and fees being paid for the activities, which are the subject of the single tax.

Payment of the single tax is a mandatory regime of taxation for individual entrepreneurs and individuals performing certain activities, providing certain types of work and services. Individuals performing in the group or the ordinary partnership do not use the single tax regime.

The tax base is determined by single tax payers on the basis of ongoing activities and (or) the number of shops and other commercial facilities, retail spaces at the market, public catering establishments, service facilities, the proceeds from the sale of goods (works, services).

Individuals who aren't carrying out business activity, pay the single tax when they are engaged in the following kinds of activity:

- services for growing agricultural products;

- providing services for crushing grain;
- livestock grazing;
- tutoring;
- household cleaning;
- caring for children and adults;
- services performed by domestic workers: washing and ironing of bed linen and other things; walking pets and care for them; buying food; cooking; washing dishes;
- the payment from the person served for the use of living quarters and utilities;
- wedding music service; anniversaries and other celebrations service; the activities of independent actors, entertainers, musicians; master of ceremonies services; photography, production of photographs; an activity connected with birthday, New year and other holidays celebrations, irrespective of their venue;
- sale of kittens and puppies on condition of keeping a pet (cat, dog);
- keeping services, care and training of domestic animals except for farm animals;
- providing secretarial services and translation services;
- provision of services provided by means of automatic devices for measuring the weight , growth; repair and alteration of knitwear, furs, apparel and headwear.

The list of activities for which individual entrepreneurs pay a single tax is broader and is defined in Article 296 of the Tax Code of the Republic of Belarus and includes food and nonfood retail trade (without limitation of square of selling space (place) and its number), catering and provision of other services to consumers.

The tax period of the single tax is a calendar year.

The reporting period of the single tax is a calendar month, when the activities are performed.

For the individual entrepreneurs paying a fixed tax for one kind of activity, carried out through one retail facility, or one trade place at the market, or one retail facility of public catering, or one service object, the period of accounts at the payer's discretion is a calendar quarter in which activity is carried out.

The single tax is generally paid by individual entrepreneurs - at the place of tax registration each month not later than the 1th of the reporting month; individual entrepreneurs who admit a calendar quarter as a period of accounts, the single tax is paid monthly not later than the 1st day of every month of the accounting period at a rate of 1/3 of the fixed tax sums, estimated per calendar quarter;

The basic single tax rate for the reporting month is set in a fixed amount in Belarusian rubles, depending on the type and location of the activity, and makes between 50 thousand rubles to 620 thousand rubles.

If proceeds from the sale of goods (works, services) 30 times exceed amount of the single tax for corresponding reporting period, addition payment of the single tax is calculated by individual entrepreneurs at a rate of five (5) percent of the amount of such excess.

Single tax for producers of agricultural products

The single tax for producers of agricultural products is set at a rate of **1%** of gross proceeds.

A term "producers of agricultural products" includes organizations and their branches, who gain more than 50% of their proceeds from sale of products of plant growing (except floriculture, growing of decorative plants), primary treatment of flax, apiculture, animal husbandry and fish breeding.

Organizations - payers of tax using the simplified taxation system; residents of the free trade zones, the special tourist and recreational park "August Channel", the Park of high technologies, the Chinese-Belarusian industrial park has no right to apply the single tax for producers of agricultural production. Payment of the single tax replaces payments of all taxes, duties, and other obligatory payments to the state budget and non-budgetary funds, land rents, royalties into the innovation funds, which are formed in accordance with the legislation; except excises; VAT; tax, charges (duties) on goods imported (exported) into the territory of the Republic of Belarus; state dues; patent fees; consular fees; offshore duty; stamp duty; fees for travel of foreign states motor vehicles on public roads of the Republic of Belarus; the income tax on dividends and similar income; obligatory insurance payments to Social Welfare Fund of the Ministry of Labour and Social Security; land tax on all objects of the land taxation

and ground rent of all land plots for the calendar year; tax for the extraction (removal) of natural resources;

ecological tax on waste burial on the waste burial sites in case of acquisition of the property right to production residue on the basis of the transaction on disposition of waste or other actions acknowledging appropriation of waste in a different way for the subsequent burial.

The tax period of the single tax is a calendar year. The reporting period of the single tax can be a calendar month or a calendar quarter depending on the VAT payment scheme.

Tax on gambling business

The activities in the gambling business is carried out exclusively by legal entities of the Republic of Belarus.

Organizations are exempt from VAT (except VAT on import) and profit tax in the sum of income received from gambling business. As for activities that do not relate to gambling, organizations pay taxes according to the standard procedure.

The objects of tax on gambling business are: gambling tables; slot machines; bookmaker office counters; totalizator counters, positive difference between the sum of the accepted bets in gamblings and the sum of the paid prizes (the returned not played bets).

These objects except positive difference between the sum of the accepted bets in gamblings and the sum of the paid prizes (the returned not played bets) are registered in the tax office in witness thereof a certificate is issued.

The tax rates on gambling fixed on the unit object of taxation are in the following amounts:

48 459 300 BYR - Game table;

1 845 600 BYR - Slot machine;

9 934 500 BYR - Cash sweepstakes;

4 967 300 BYR - Cash bookmaker.

The amount of tax on gambling business is calculated as the product of the tax base and tax rate determined for corresponding object of taxation for tax on gambling business.

The tax period of tax on gambling is a calendar month. Payment of tax on gambling is made not later than the 22th of the month following the expired tax period.

Tax on income from lottery activity

Taxpayers are organizations, which organize lotteries. Only state, state bodies, local executive committees, state legal entities can be organizers of lotteries in the territory of the Republic of Belarus. Incomes from organizing lotteries and distribution of lottery tickets (accept lottery bets) are not objects of taxation respectively a profit tax and VAT. Other incomes are taxable according to the standard rules.

The rate of tax is **8%** of income from lottery activity per month.

The tax period of tax on lottery activity is a calendar month. Payment of tax lottery activity is made not later than the 22nd of the month following the expired tax period.

Tax on income from organization of electronic interactive games

Tax on income from organization of electronic interactive games is paid by a legal entity that organizes electronic interactive games and replaces VAT and a profit tax.

The rate of tax is **8%** of income from organizing electronic interactive games per month. Other income taxes are paid according to the standard procedure.

The tax period of tax on organization of electronic interactive games is a calendar month. Payment of tax on organization of electronic interactive games is made not later than the 22nd of the month following the expired tax period.

Single tax on imputed income

Payers of this tax are organizations which are carrying out activity on rendering services in maintenance and (or) repair of motor vehicles and their components, whose staff is not more than 15 people.

The tax base of a single tax is determined as monetary value of the income from rendering services and maintenance. The income sum of imputed income for the tax period and amount of proceeds from sales of services and maintenance for the tax period in the amount of exceeding imputed income for the tax period is relied on in the present chapter.

Imputed income for the tax period is calculated as a product of basic rate for one worker per month and the average number of employees of the organization for reporting month. In such event the basic rate for one worker per month is calculated by dividing the maximum base rate of a unified tax for individual entrepreneurs and other individuals, established according to the appendix 25 to the Tax Code for Minsk and the Minsk area when one carries out maintenance and auto service activity (now – 2600 thousand rubles) by the ratio of 0,1.

Property cost (including materials, technical liquids, component parts, spare parts), used in the process of rendering these services, except for those belonging to the customer and taken from them for rendering such services released to the proceeds from sales of services and maintenance.

The rate of the specified tax is established in the amount of 5 percent. The tax period of a uniform tax is a calendar month.

Payers file tax returns (calculation) on the single tax not later than the 20th date following the expired tax period with tax authorities in a registration place.

Payment of a single tax is made not later than the 22nd date following the expired tax period.

Craft charge

The object of taxation is craft activities of different types, practised by individuals. The list of such activities is determined by the President of the Republic of Belarus.

The rate of the Charge (regardless of the number of these activities) shall be equal to one base unit per calendar year. The base unit is determined on the date of payment. On January 01, 2014 the amount of the base unit is 30 000 Belarusian rubles. However, if the revenue gained from such activities is declared in the amount that 100 times exceeds the amount of the base unit, the extra charge should be paid at the rate of 10% from the amount of such excess.

The tax period for the Craft charge is a calendar year.

The charge is paid before the beginning of the craft activities.

For each following year the charge is paid not later than the 28th of the last month of a current calendar year when craft activities are practised.

Charge for rendering services in the field of rural tourism

The object of this taxation is rendering services in the field of rural tourism. Such activities include non-business activities of individuals, private (peasant) farms, which provide living quarters (a maximum of ten) to accommodate tourists; food for tourists (mainly using their own production), organize the exploring, sporting and cultural entertainment tours and programs, as well as other services related to the reception, accommodation, transport and other services for tourists.

Payers in the part of income derived from implementation of service activities in the field of rural tourism are exempted from payment of taxes, dues (duties).

The rate of duty (regardless of number of ongoing activities to provide services in the field of rural tourism) shall be equal to one base unit per calendar year. The base unit is determined on the date of payment. On January 01, 2014 the amount of the base unit is 130 000 Belarusian rubles. But if the revenue gained from such activities is declared in amount that 100 times exceeds the amount of the base unit, the extra charge shall be paid at the rate of 10% from the amount of such excess.

Tax collection period is a calendar year.

Payment of the fee is made before commencement of the services provision in the field of rural tourism. If a taxpayer plans to provide these services next year he has to pay the charge before December, 28 of the ongoing year.

Taxation for certain categories of taxpayers

In addition to special tax regimes, taxation for certain categories of taxpayers is defined in the legislation of the Republic of Belarus.

Taxation in free economic zones

Currently in Belarus there are six free economic zones: «Minsk», «Brest», «Gomel-Raton», «Mogilev», «Grodno-Invest», «Vitebsk».

In order to become a resident of a free economic zone, it is necessary to comply with the following requirements:

- place of business – the territory of a free economic zone;
- conclusion of contract with free economic zone administration, concerning the terms of activities within the free economic zone;
- range of investments not less than 1 000 000 Euros.

Taxation in free economic zones involves a list of privileges and benefits (exemption from payments of import custom duties, some other payments, and reduced tax rates).

Tax privileges for FEZ residents are not applied to banks and insurance organizations, public catering, gambling activity, activity in electronic interactive games, trading and trade-purchasing activities, stock operations; sale of goods (works, services), which are totally or partly produced with the help of fixed assets, owned by the FEZ resident and (or) by FEZ resident employees outside the FEZ territory.

The benefits of this regime apply to the following sales of free economic zones residents:

- of goods (works, services) of own production, produced by these residents in the territory of a free economic zone for non-residents out of the Republic of Belarus;
- of import-substitution goods of own production, produced by these residents in the territory of a free economic zone, in the territory of the Republic of Belarus;
- of goods (works, services) of own production, produced by these residents in the territory of the free economic zones for other residents of the free economic zones.

Tax privileges of residents:

- rate of the profit tax is reduced by 50% (but not more than 12 %);
- profit of free economic zone residents, gained from realization of the goods (works, services) of their own production, is exempt from taxes during 5 years starting from declaration of profit;
- exemption from real estate tax for tax units located in the territory of free economic zones, irrespectively of their designated function;
- payment of VAT at the rate of 10% from realization of the goods of own production, which are manufactured in the territory of Belarus and are recognized as import-substituting production.
- exemption from land tax for land within the boundaries of free economic zones whose use is granted to residents of free economic zones registered as such from January 1, 2012 for project construction - for the period of design and construction of these projects, but not more than five years from the date of this registration.

Custom privileges:

A free custom zone can be established in the territory of a FEZ. The goods are located and used in the territory of a free custom zone without payment of import custom duties, taxes and without imposing prohibitions and restrictions on these goods.

If the goods recognized as goods of the Customs Union are transported from the territory of a free custom zone to the rest territory of the Customs Union the exemption from import custom duties, VAT and excise duties is applied.

Taxation of High Technologies Park residents

The High Technologies Park was created in order to develop high-tech production in Belarus. The main direction of activity of High Technologies Park residents is software programming and development of informational systems.

The regime is applied by organization and individual entrepreneurs, registered as High Technologies Park residents and engaged in certain types of activity, connected with software, data processing with

fundamental and applicable researches, experimental works in the sphere of natural and technical sciences.

Tax privileges granted to High Technologies Park residents:

1. Exemption from:

- Profit tax (excluding profit tax on dividends);
- VAT on turnovers from realization of the goods (works, services, proprietary interests in the objects of intellectual property);
- Land tax on land plots located in the High Technologies Park for the period of construction of buildings, designated to business activity of High Technologies Park residents, but no longer than for three years;
- Real estate tax on fixed assets and objects of unaccomplished construction of High Technologies Park residents, situated in the territory of the High Technologies Park (excluding leased fixed assets and objects of unaccomplished construction);
- Off-shore duty in case of payment (transfer) of dividends to founders (shareholders).

2. Obligatory insurance fees are not charged for income of employees of High Technology Park residents, when it exceeds the amount of a one-month average wage in the Republic of Belarus.

3. Individual income, earned during a calendar year under labour contracts, as well as income of individual entrepreneurs by High Technologies Park residents, is taxable at a rate of 9%.

4. Reduced tax of 5% for foreign organizations, not operating through a permanent representative office in Belarus, is applied to income from dividends, interest (coupon) income from debt, royalties, license agreements, if the source of this income is High Technologies Park residents.

Customs privileges:

- exemption from custom duties and VAT in case of import of the goods to the custom territory of Belarus for the purposes of business activity. In order to use this privilege the residents have to obtain the resolution of the Park administration about the purposes of usage of these goods.

Taxation of Chinese-Belarusian Industrial Park

The Chinese-Belarusian Industrial Park was created in accordance with Edict of the President of the Republic of Belarus dated June 5, 2012 No 253.

The Chinese-Belarusian Industrial Park (hereinafter - Park), a special economic area, is located in the territory of 8048 hectares which has a specific legal status if granting tax privileges on a systematic base for a period of 50 years and was created for attraction of national and foreign investments for development and organization of high-tech and competitive works in the spheres of electronics, fine chemistry, biotechnology, engineering industry and new materials.

Park residents are legal entities set up in the territory of the Republic of Belarus and located in the Park or created (reorganized) directly in the Park, including commercial organizations with foreign investments (hereinafter – legal entities), and those which implement (are planning to implement) in the park territory investment projects which meet the following requirements:

- an investment project shall involve business operation of a legal entity in the park territory within the key focus areas of the park such as production creation and development in the spheres of electronics, fine chemistry, biotechnology, engineering industry and new materials;
- declared investment volume for investment project implementation equals to not less than 5 mln. US dollars.

Tax privileges of Park residents:

1. Park residents are exempted from the following taxes for a period of 10 years as from the registration date:

- Profit tax on profit from realization of domestic manufacture goods (works, services), produced in the Park;
- Real estate tax on buildings and constructions (including above-standard constructions in progress), parking spaces situated in the Park territory regardless of their using direction;
- Land tax on land plots in the Park territory.

2. After 10 calendar years following the year of their registration as a Park resident within the next 10 calendar years they pay profit tax, land tax, real estate tax at the rate reduced to 50 percent.
3. Within 5 calendar years, beginning with the first year when there was a gross profit of Park residents, the 0% rate is applied to the profit tax and the tax on income of foreign organizations, not operating through a permanent representative office in Belarus, dividends and similar income are accrued to their founders (participants, shareholders and owners) by Park residents.
4. Prior to January 1, 2027 the tax rate of income of foreign organizations, not operating through a permanent representative office in Belarus, of royalties accrued by Park residents to foreign organizations, not operating through a permanent representative office in Belarus in the form of rewards for information concerning industrial, commercial or scientific experience (including know-how), license fees, patents, drawings, utility model, scheme, formula, design or process, is 5 percent.
5. Up to 2027 individual income, earned under labour contracts, is taxable at a rate of 9 percent.
6. Park residents are exempt from VAT and profit tax payment obligation arising in connection with donation of capital structures (buildings), isolated premises, facilities construction in progress and other fixed assets, located in the Park and transferred to construction (reconstruction) of buildings and structures in their property.

Another preferences and benefits of Park residents:

1. Park residents are exempt from:
 - payment of state fees for issuance, renewal of permits for involvement of foreign workers into the Republic of Belarus, special permits for work in the Republic of Belarus of foreign citizens and stateless persons, engaged in the construction of the Park, as well as the implementation of investment projects within the boundaries of this Park;
 - compensation for loss of agricultural and (or) forestry production, caused by withdrawal or temporary occupation of agricultural land and forest land, located within the boundaries of the Park;
 - compulsory sale proceeds in foreign currency on the domestic currency market of the Republic of Belarus before January 1, 2027;
 - payment of contributions to the innovation funds when running in the Park boundary of the design and construction of the Park, as well as other works related to the design and construction of such facilities.
 2. Foreign citizens and stateless persons are exempt from payment of the fee for issuing temporary residence permits in the Republic of Belarus.
 3. Obligatory insurance fees are not compounded on income of employees of Park residents, which exceeds the amount of a one-month average wage in the Republic of Belarus.
 4. Park residents and their employees who are foreign citizens temporarily residing (staying) in the Republic of Belarus and mobilized for implementation of investment projects in the Park territory, are exempt from the mandatory insurance premiums from payments to their advantage.
 5. Park residents have a right to deduct the full amount of VAT paid on purchasing (importing to the territory of the Republic of Belarus) goods (works, services), property rights used for the design, construction and equipping of buildings, located in the Park but not later than 31 December of the year following the year of placing into operation of such buildings and structures.
 6. Park residents are exempted from customs duties and VAT on goods imported into the customs territory of the Republic of Belarus for usage in the Park boundary for implementation of investment projects if the residents have the resolution of the Park administration on the purposes of usage of these goods.
- Establishment of new taxes, fees and charges does not lead to accrual of obligation of Park residents to pay that taxes, fees and charges on activities exercised in the territory of the Park.
- Foreign investors and participants of construction - non-residents of the Republic of Belarus shall be guaranteed a free transfer of profits obtained in the territory of the Republic of Belarus as a result of investment activities in the Park after payment of taxes and other obligatory payments.

Taxation in middle, small towns and in a countryside

Commercial organizations and individual entrepreneurs (hereinafter – business entities) established and carrying out activities for the production of goods (works, services) in the territory of Belarus in

middle, small towns and in a countryside (hereinafter – countryside) are subject to the special tax regime.

The special regime does not apply to banks, non-bank financial organizations, investment funds, insurance companies and professional participants of stock exchange, residents of Free Economic Zones and the High Technologies Park, the special tourist park “Avgustovsky channel”, ordinary partnerships and business groups, business entities, carrying out: real estate activity, gambling activity, lottery activity, activity in electronic interactive games, production and sale of excisable goods, jewelry, production of securities, money, coins, stamps etc.

Specifics of taxation and other benefits: business entities are exempt for 7 years from:

- profit tax, income tax with regard to the goods of its own production;
- payment of the state due for getting licenses;
- other taxes and duties (except VAT, excises, stamp, off-shore and government duties, custom duties, land tax, ecological tax, taxes that are paid by tax agents), payments into the innovative fund;
- compulsory sale of foreign currency, gotten under the deals with non-residents of the Republic of Belarus from realization of the goods (works, services) of own production, including income from lease of property.

Specifics of taxation and other benefits for entities, whose branches are established in the territory of a countryside: exemption for 7 years from:

- profit tax, with regard to the profit of its branches;
- property tax from the value of objects which stay on the balance of the branch set up in a countryside;
- payments into the innovative fund, calculated from the cost of the goods (works, services), produced in a countryside;
- compulsory sale of foreign currency, gotten under the deals with non-residents of the Republic of Belarus from realization of the goods (works, services) of own production.

Preferential taxation does not apply to:

- individual entrepreneurs paying single tax;
- organizations producing the agricultural goods and paying single tax for producers of agriculture goods;
- business entities using the simplified tax system;
- organizations providing services in the field of rural tourism and paying fee for rendering services in the field of rural tourism;

Additional advantages of the taxation in a countryside is **exemption from import customs duties and VAT** on some goods imported in order to contribute to the authorized fund of legal entities subject to this special regime.

Taxation of Individuals

Individuals who are not involved into entrepreneurial activities pay the following taxes in Belarus:

- individual income tax;
- land tax;
- real estate tax.

The primary tax is income tax. It is paid on incomes from labour activity, works (services) provided under civil law contracts; royalties; and on other incomes.

Calculation of the income tax is carried out according to a flat rate.

The rate of **15%** applies to income of individual entrepreneurs, private notaries and advocates that operate individually.

The rate of **9%** is used for the following incomes:

- income received by individuals (apart from workers who serve, maintain and guard buildings and territories) working for residents of the High Technologies Park under labour contracts;
- individual entrepreneurs that are residents of the High Technologies Park;
- individuals working under labour contracts within the frameworks of a business project in the field of innovative technologies initiated by non-residents of the High Technologies Park;
- income received by individuals for their work under labour contracts from a joint company and (or) residents of the Chinese-Belarusian Industrial Park before January 1, 2027.

In all other cases, the tax is calculated at the rate of **12%**.

Treaties that guarantee Avoidance of Double Taxation

In order to avoid double taxation the Republic of Belarus signed a vast number of bilateral treaties with other states. Currently there are 62 such treaties with different countries (including Austria, Armenia, Azerbaijan, Bahrain, Belgium, Bulgaria, Great Britain, Hungary, Venezuela, Vietnam, Denmark, Egypt, Israel, India, Iran, Ireland, Spain, Italy, Kazakhstan, Qatar, Cyprus, China, Democratic People's Republic of Korea, Kyrgyzstan, Kuwait, Latvia, Lebanon, Lithuania, Macedonia, Malaysia, Moldova, Mongolia, Netherlands, United Arab Emirates, Oman, Pakistan, Poland, Romania, Russia, Saudi Arabia, Slovakia, Slovenia, Syria, USA, Tajikistan, Thailand, Turkey, Turkmenistan, Uzbekistan, Ukraine, Finland, France, Germany, Croatia, Switzerland, Sweden, Czech Republic, Estonia, Serbia, South Africa, Japan).

Rates of tax on profit in the form of dividends in treaties that guarantee avoidance of double taxation

No	Types of international treaties that guarantee avoidance of double taxation	States	Tax rates	Conditions of tax rate application
1	Tax is paid only in the state that is a location of a dividend beneficiary	Great Britain*		
2	Rate of tax levied in the state that is a location of a dividend payer is differentiated depending on many factors and can be more or less than 12% rate, provided for by the Belarusian legislation	Austria* Belgium* Hungary* Venezuela* Italy* Korea* Macedonia* Finland* Croatia* Switzerland* Serbia* SAR*	Up to 5%	With a not less than 25 % share in the authorized fund
			Up to 15%	In all other cases
		Armenia*	Up to 10%	With a not less than 30 % share in the authorized fund
			Up to 15%	In all other cases
		India* Iran* Pakistan* Slovakia* Turkey*	Up to 10%	With a not less than 25 % share in the authorized fund
			Up to 15%	In all other cases
		Cyprus*	Up to 5%	With a not less than 200 000 Euros share in the authorized fund
			Up to 10%	With a not less than 25 % share in the authorized fund
			Up to 15%	In all other cases
		Netherlands*	Up to 5%	With a not less than 25 % share in the authorized fund
	Up to 15%		In all other cases	
	Only in state that is location of dividend beneficiary Up to 10%		With a share of not less than 50% with a cost of not less than 250 000 Euros In all other cases	
	Poland*	Up to 10%	With a not less than 30 % share in the authorized fund	
		Up to 15%	In all other cases	
	Germany*	Up to 5%	With a share of not less than 20% with a cost of not less than 81 806.70 Euros	
		Up to 15%	In all other cases	
	Sweden*	Only in the state that is a location of a dividend beneficiary.	With 100% share in the authorized fund, but only with regard to profit, from which dividends are paid, that is received from industrial or manufacturing activity, or rural, forest and fish industry or tourism (including restaurants and hotels). However, such exemption is not applied, when profit, from which dividends are paid, is exempted from tax in another state	
				Up to 5%
		Up to 10%	In all other cases	
	3	Rate of tax levied in the state that is the location of a dividend payer, shall not exceed 5%	Bahrain* Qatar* Kuwait* Oman* Saudi Arabia* Slovenia*	Up to 5%

4	Rate of tax levied in the state that is the location of a dividend payer, shall not exceed 7.5%	Lebanon*	Up to 7.5%	
5	Rate of tax levied in the state that is the location of a dividend payer, shall not exceed 10%	Bulgaria* Israel* China* DPRK* Latvia* Lithuania* Mongolia* Romania* Thailand* Czech Republic* Estonia*	Up to 10%	
6	Rate of tax levied in the state that is the location of a dividend payer, shall not exceed 15% , that is more than tax rate of 12%, provided for by Belarusian legislation	Azerbaijan* Vietnam* Denmark Egypt* Kazakhstan* Kirgizstan* Malaysia Moldova* Russia Syria* Tajikistan* Turkmenistan* Uzbekistan* Ukraine* Japan*	Up to 15%	
7	Rate of tax levied in the state that is the location of a dividend payer, shall not exceed 18%	Spain	Up to 18%	
8	Tax is paid only in the state that is the location of a dividend payer	France	Up to 15%	
9	Rate of tax levied in the state that is a location of a dividend payer is differentiated depending on many factors and cannot be more than 12% provided for by Belarusian legislation.	Ireland*	Up to 5%	With a not less than 25 % share in the authorized fund
			Up to 10%	In all other cases

«*» means that a dividend beneficiary shall be a true owner of dividends so that rules on place of payment and tax rate stipulated by the corresponding treaty can be applied

Rates of tax on profit in the form of interest in treaties that guarantee avoidance of double taxation

№	Types of international treaties that guarantee avoidance of double taxation	States	Tax rates	Conditions of tax rate application
1	Tax is paid only in the state of the permanent location of an interest beneficiary	Great Britain Denmark Spain	Tax rate is defined in accordance with the legislation of the state of the permanent location of an interest beneficiary	
2	Rate of tax levied in the state that is the location of interest payer is differentiated depending on many factors and cannot be more than 10% provided for by the Belarusian legislation	Switzerland*	Up to 5% Up to 8%	With any types of loans provided by bank In all other cases
		SAR*	Up to 5% Up to 10%	If an interest beneficiary is a bank or any financial institution that is a resident of SAR In all other cases
3	Rate of tax levied in the state that is the location of an interest payer, shall not exceed 5%	Austria* Bahrain* Hungary* Venezuela* Iran* Qatar* Cyprus* Kuwait* Lebanon* Netherlands* UAE* Oman* Saudi Arabia* Slovenia* Finland* Germany* Sweden* Czech Republic* Ireland*	Up to 5%	
4	Rate of tax levied in the state that is the location of an interest payer, shall not exceed 8%	Serbia* Italy*	Up to 8%	
5		Azerbaijan*		

	Rate of tax levied in the state that is the location of an interest payer, shall not exceed 8%	Armenia* Belgium* Bulgaria* Vietnam* Egypt* Israel* India* Kazakhstan* China* DPRK* Korea* Kyrgyzstan* Latvia* Lithuania* Macedonia* Moldova* Mongolia* Pakistan* Poland* Russia* Romania* Slovakia* Syria* Tajikistan* Thailand* Turkmenistan* Turkey* Uzbekistan* Ukraine* Croatia* Estonia* Japan*	Up to 8%	
	Rate of tax levied in the state that is the location of an interest payer, shall not exceed 10%		Up to 10%	
6	Rate of tax levied in the state that is the location of an interest payer, shall not exceed 15%	Malaysia*	Up to 15%	
7	Tax is paid only in the state that is the location of an interest payer	France	Up to 10%	Except for interest on bank credits and loans and interest on commercial loans, that are taxed in the state that is the location of an interest beneficiary with tax rates provided for in this state

«*» means that an interest beneficiary shall be a true owner of interest so that rules on place of payment and tax rate stipulated by the corresponding treaty can be applied

Rates of tax on profit in the form of royalty in treaties that guarantee avoidance of double taxation

№	Types of international treaties that guarantee avoidance of double taxation	States	Tax rates	Conditions of tax rate application
1	Tax is paid only in the state that is the location of a royalty beneficiary	Great Britain* Denmark (P) Poland* France (PEC) USA (PEC)		
	Rate of tax levied in the state that is the location of a royalty payer is differentiated depending on many factors and cannot be more than 15% rate, provided for by the Belarusian legislation.	Venezuela*	Up to 5%	When exercising or granting a right to use any copyright on a product of science, any software, trademark or for using or granting a right to use all types of equipment and vehicles
			Up to 10%	In all other cases
		Israel*	Up to 5%	When granting or exercising any copyright on a product of literature, science and art (except for video films) or when using or granting a right to use industrial, commercial or scientific equipment or vehicles
			Up to 10%	In all other cases
		Malaysia*	Up to 10%	When exercising or granting a right to use any patent, trademark, blueprint or model, plan, secret formulae or process, or copyright on science product, or for using or granting a right to use industrial, trade or science equipment, or for information on industrial, trade or science experience
		Netherlands*	Up to 15%	When using or granting a right to use cinematographic films or tapes for radio broadcasting and television, any copyright on a product of literature or art
			Up to 3%	When exercising or granting a right to use any patent, trademark, blueprint or model, plan, secret formulae or process, or copyright on science product, or for

2	Rate of tax levied in the state that is the location of a royalty payer is differentiated depending on many factors and cannot be more than 15% rate, provided for by the Belarusian legislation			information on industrial, trade or science experience
			Up to 5%	When exercising or granting a right to use any industrial, trade or science equipment, including road vehicles
			Up to 10%	When using or granting a right to use cinematographic films or tapes for radio broadcasting and television, any copyright on a product of literature, science or art
		UAE*	Up to 5%	When exercising or granting a right to use any copyright on products of science, any patent, trademark, blueprint or model, plan, secret formulae or process, or for using or granting a right to use industrial, trade or science equipment, or for information on industrial, trade or science experience
		UAE*	Up to 10%	When using or granting a right to use cinematographic films or tapes for radio broadcasting and television, any copyright on a product of literature or art
		Slovakia*	Up to 5%	When exercising or granting a right to use any copyright on products of literature, science and art, including video films or films or tapes and other means of image or sound transition
			Up to 10%	When exercising or granting a right to use any patent, trademark, blueprint or model, plan, secret formulae or process, or for information on industrial, trade or science experience or vehicles
		Germany*	Up to 3%	When exercising or granting a right to use copyright on a product of science, patent, trademark, design or model, plan, secret formulae or process, or for information on industrial, trade or science experience
			Up to 5%	When exercising or granting a right to use copyright on products of literature or art, including video films and films or tapes for radio broadcasting and television, or for usage of any types of equipment and vehicles
	Switzerland*	Up to 3%	When exercising or granting a right to use any patent, secret formulae or process, or for information on industrial, trade or science experience	
		Up to 5%	When using or granting a right to use any industrial, trade or science equipment, including vehicles	
		Up to 10%	In all other cases.	
	Sweden*	Up to 3%	When exercising or granting a right to use any patent, secret formulae or process, or for information on industrial, trade or science experience	
		Up to 5%	When using or granting a right to use any industrial, trade or science equipment	
		Up to 10%	In all other cases	
	SAR*	Up to 5%	When using or granting a right to use any industrial, trade or science equipment, including vehicles	
	SAR*	Up to 10%	In all other cases	
	Japan*	Only in state of location of royalty beneficiary	When exercising or granting a right to use any copyright on products of literature, art or science, including cinematographic films and films or tapes for radio broadcasting or television	
Up to 10%		When exercising or granting a right to use any patent, trademark, blueprint or model, plan, secret formulae or process, or for granting a right to use industrial, trade or science equipment, or for information on industrial, trade or science experience		
3	Rate of tax levied in the state that is the location of a royalty payer cannot be more than 5%	Austria* Bahrain* Belgium*(S) Hungary* Iran* Qatar* Cyprus* Korea* Lebanon* Ireland* Slovenia* Finland *	Up to 5%	
		Spain*	Up to 5%	Exception: profit from exercising or granting a right to use copyrights on literature, dramaturgic and musical products (except for profit from video films and any means of

	Rate of tax levied in the state that is the location of a royalty payer cannot be more than 5%			play of image or sound, used for radio broadcasting or television), is subject to tax only in the state of the location of a royalty beneficiary
4	Rate of tax levied in the state that is the location of a royalty payer cannot be more than 6%	Italy*	Up to 6%	
5	Rate of tax levied in the state that is the location of a royalty payer cannot be more than 10%	Azerbaijan*(CP) Armenia* Bulgaria* China* DPRK* Kuwait* Latvia* Lithuania* Macedonia* Mongolia* Oman*(S) Russia* Turkey* Croatia*(S) Czech Republic* Estonia* Serbia* Saudi Arabia*	Up to 10%	
6	Rate of tax levied in the state that is the location of a royalty payer cannot be more than 15%	Vietnam* Egypt* India* Kazakhstan* China* Kirgizstan*(CP) Moldova* Pakistan* Romania* Tajikistan* Thailand* Turkmenistan*(CP) Uzbekistan*(CP) Ukraine*	Up to 15%	
7	Rate of tax levied in the state that is the location of a royalty payer cannot be more than 18%	Syria*	Up to 18%	

«*» means that a royalty beneficiary shall be a true owner of royalty so that rules on place of payment and tax rate stipulated by the corresponding treaty can be applied

Used abbreviations:

«P» – program

«PEC» – program for electronic computer

«S» – software

«CP» – computer program.

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