



## **GOOGLE TAX - from January 1, 2018 (reverse charge VAT)**

**From January 1, 2018 foreign companies selling software and other electronic services to consumers – individuals in the Republic of Belarus (B2C) are obliged to pay VAT**

**ELECTRONIC SERVICES** are IT-based automated services rendered by a foreign entity through the Internet, including involving a foreign intermediary in settlements:

- provision of rights to use software (including computer games), databases, updates of databases, in particular, by granting remote access to them, as well as e-books (publications) and other e-publications, informative and educational materials, images, music with or without lyrics and audio-visual content, particularly, by providing access to them for watching or listening through the Internet;
- provision of advertising services on the Internet, in particular, by using web-based software and databases and the provision of space and time for advertising on the Internet;
- provision of services for placing offers for the acquisition (sale) of goods (work and services), property rights on the Internet;
- provision of automated data searches, their sorting upon a specific request and provision of the sorted data through an information and telecommunications network (including online stock exchange reports and online automated translations);
- provision of services on searching and (or) providing the customer with the information about potential buyers;
- provision of services on providing technical organizational informational and other opportunities via the Internet for establishing contacts and concluding transactions between buyers and sellers (including the provision of a web-based online trading facility where potential buyers offer their price through an automated procedure and the parties are notified of a sale by an automatically generated message);
- provision and (or) maintenance of presence on the Internet in commercial or personal interest or in order to implement entrepreneurial activity, electronic resource support (websites and (or) web pages support on the Internet), the provision of access of other web users to them and the provision of facilities that allow users to modify such resources, the provision of services on information systems administration;

### **The following services are excluded from the list of electronic services:**

- sales of goods (work, services) ordered through the Internet, delivered without the use of the Internet;
- sales (transfer of rights to the use) of software (including computer games), databases on tangible media;
- the provision of consulting services via e-mail;
- the provision of Internet access

- data storage and processing, provided, that a person providing the data has the Internet access to the data;
- provision of computing capacity online for placing the information into an information system;
- provision of domain names and hosting services;
- provision of access to Internet search engines;
- web-based statistics management.

**THE PLACE OF IMPLEMENTATION** of services in electronic form is the territory of the Republic of Belarus if the buyer (purchaser) of services in electronic form is an individual who purchases services in the Republic of Belarus, and at the same time:

- the actual location of the individual is the Republic of Belarus, or
- the location of the bank in which the account used by the individual for paying for services is opened, or the location of an operator of electronic funds, through which the individual pays for services, is on the territory of the Republic of Belarus, or
- the network (IP) address of the device used by the buyer for purchasing services in electronic form is registered in the Republic of Belarus (it relates to the address space of the Republic of Belarus), or
- the international country code of the telephone number used to purchase or pay for services is assigned to the Republic of Belarus.

**A FOREIGN ORGANIZATION** rendering or going to render electronic services, which will be realized on the territory of the Republic of Belarus is **OBLIGED TO REGISTER IN THE BELARUSIAN TAX AUTHORITY**. The same applies to a foreign organization rendering or going to render the **intermediary activity** in the settlements between such foreign organization and an individual.

For example, if applications, e-books or music are purchased by individuals via Google play or App store on the territory of the Republic of Belarus, it is foreign organizations that own these sites and act as intermediaries between the developers or rights holders and buyers, that are obliged to register in the tax authorities in Belarus

Tax registration of the mentioned foreign organizations is made by submitting an application to the inspection of the Ministry of Taxes and Duties of the Republic of Belarus in Minsk.

A foreign intermediary in the settlements is subject to registration in the tax authority, individuals who purchase services in electronic form in the Republic of Belarus, make payments for such services through a foreign intermediary.

Information necessary for tax control, will be provided to the tax authorities from banks, non-bank financial

institutions, processing centers, owners of payment systems based on the use of bank payment cards, owners of settlement systems using electronic money.

**VAT BASE:** cost of electronic services including VAT.

**THE MOMENT OF THE ACTUAL IMPLEMENTATION OF SERVICES** is the last day of the reporting period, which is the day of payment, including the advance payment or the day of other termination of the obligations by buyers (customers) of these services.

In order to calculate the amount of tax, it is necessary to multiply the cost of services by 20 and divide by 120

**THE REPORTING PERIOD** is a calendar quarter.

Foreign organizations are obliged to submit **tax return (calculation) for VAT** in the form of an electronic document or **information containing the data on the turnover for the sale of services and the calculated amount of VAT payable** to the Inspection of the Ministry of Taxes and Duties of the Republic of Belarus in Minsk through a personal account of the payer.

For the tax registration and submitting reports, the following link shall be used [http://nalog.gov.by/en/e\\_nds\\_en/](http://nalog.gov.by/en/e_nds_en/)

[www.bakertilly.by](http://www.bakertilly.by)

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## CONTACTS INFORMATION

**Contact person on the issues of tax registration, calculation and payment of VAT**



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