Ministry of Economy
of the Republic of Belarus

Ministry of Foreign Affairs
of the Republic of Belarus

REVERA

Doing Business in Belarus

2016 edition

Ministry of Economy
of the Republic of Belarus
14, Bersona st., 220050, Minsk,
Belarus
phone: + 375 17 222 60 48
e-mail: minec@economy.gov.by

Ministry of Foreign Affairs
of the Republic of Belarus
19, Lenina st., 220030, Minsk,
Belarus
phone: + 375 17 327 29 22
e-mail: mail@mfa.gov.by

REVERA
8, Storozhevskaya st.
220002, Minsk, Belarus
phone: + 375 17 286 08 30
e-mail: info@revera.by

www.economy.gov.by www.mfa.gov.by www.revera.by

Copyright

This overview has been prepared and complied by experts of **REVERA** with participation of specialists of **the Ministry of Economy, Ministry of Foreign Affairs of the Republic of Belarus, National Agency of Investmentsand Privatization** on the basis of the Belarusian legislation as of **March 01, 2016 (unless otherwise is stipulated hereinafter)** for informational purposes only. Reproduction of any content is strictly prohibited without referring to **REVERA.**

As of January 1, 2016 the official Belarusian ruble exchange to Euro is 20 300 Belarusian rubles.

Any written or oral quotation must include an obligatory reference to the information about the rightholder specified on the front page.

The author of the cover photo is Dmitry Vazhnyk.

REVERA

REVERA is a successful law firm providing professional consulting services to foreign and Belarusian companies since **1999**.

17 years of impeccable customer service, detailed knowledge of the complex and constantly changing Belarusian legislation allowed us to become leaders on the Belarusian market of legal services.

Today our company is one of the largest in Belarus: we unite more than **30 lawyers**.

The main advantage of REVERA is unique experience gained by accompanying a number of investment projects. The team's experience includes legal support of M&A, restructuring of groups of companies, construction projects, as well as resolution of corporate and administrative disputes. The key clients of REVERA include pharmaceutical, construction, retail, manufacturing and IT companies.

Having summarized work results of law firms in 2011 and 2013 the Ministry of Justice of the Republic of Belarus recognized **REVERA** as **the best law firm** in Belarus.

Our company is recognized and recommended by a number of authoritative sources and international guides, such as **Chambers Global, Chambers Europe, Legal 500, IFLR 1000, PLC Which lawyers, Best Lawyers, Who's Who Legal**.

Also the membership in the biggest legal association **Terralex** (155 companies from 100 countries) is a significant event.

Today REVERA offers a wide range of legal services in the following spheres:

- Contract work
- Construction and Real Estate
- Intellectual property
- Customs Law
- Currency Regulation and Foreign Trade
- Economic Disputes
- Administrative Disputes
- Mediation
- Antimonopoly Law
- Tax Consulting
- Support of corporate procedures
- M&A, Due Diligence
- Investment Project Support
- Employment Law
- Intellectual property and IT technologies.

Contents

1.About Belarus 8
1.1. General information 8
1.2. Economy 9
2. Business Environment 12
2.1. Business entities 12
2.1.1. Private unitary enterprise 12
2.1.2. Limited Liability Company 13
2.1.3. Additional liability company 14
2.1.4. Closed joint-stock company 14
2.1.5. Open joint-stock company 15
2.1.6. Representative offices and branches of business entities 15
2.1.7. Procedure of registration of commercial entities in the Republic of Belarus 16
2.1.8. Expenses on registration of commercial organizations and representative offices 17
2.1.9. Business reorganization and liquidation 18
2.2. Ways of doing business by foreign organizations and individuals in Belarus 20
2.2.1. Doing business through permanent representative office in Belarus 20
2.2.2. Implementation of activity through a permanent establishment in the Republic of Belarus 21
2.2.3. Doing business through the agent 21
2.2.4. Establishment of a representative office in Belarus 22
2.3. Labour relations and working conditions 24
2.3.1. Information on the labour market 24
2.3.2. Legal regulation of labour and related to them relations 24
2.3.3. Schedule of work and rest 24
2.3.4. Payment for labour 25
2.3.5. Local acts in the sphere of labour relations 25
2.4. Labor migration 26
2.4.1. Entry into the territory of the Republic of Belarus to perform labour activities 26
2.4.2. Stay in the territory of the Republic of Belarus 27
2.4.3. Permission for labour activity: special permit 28
2.4.4. Responsibility for migration legislation violation 28
2.5. Licensing 29
3. Investment 31
3.1. General conditions for investment 31
3.2. Preferential investments treatment 31
3.3. Investors' rights and obligations 34
3.4. Right to conclude an agreement (agreements) with the Republic of Belarus 34
3.5. Guarantees of investor's rights 35
3.6. Guarantees and privileges for investors that concluded the investment agreement 35
3.7. Investments in a form of public-private partnership 36
3.8. Investments on the basis of concessions 38

3.9. Dispute resolution between an investor and the Republic of Belarus .. 39
3.10. Investment agent 40
3.11. External guarantees of investments in Belarus 40
3.11.1. Multilateral Investment Guarantee Agency 40
3.11.2. Agreements on assistance in realization (encouragement) and protection of investments 41
4. Privatization 42
4.1. The concept of privatization 42
4.2. The procedure of privatization 42
4.2.1. Special aspects of selling shares (stocks in authorized funds) and enterprises as property complexes at auction 43
4.2.2. Special aspects of selling shares (stocks in authorized funds) and enterprises as property complexes on the basis of competitive bidding 43
4.2.3. Special aspects of selling shares of open joint stock company according to the results of trust management 44
4.3. Transformation of the state unitary enterprises into the open joint stock companies 46
5. Construction and Real Estate 47
5.1. Real estate 47
5.2. State registration of real estate, rights and deals with it 47
5.3. Land plots 49
5.3.1. Ownership of the land plots 49
5.3.2. Permanent use 50
5.3.3. The right for temporary use of land plots 50
5.3.4. Lease 50
5.4. Construction 51
5.4.1. Regulation of activities in the construction sphere 51
5.4.2. Procedure for concluding construction contracts 53
6. Pharmaceutical activities 55
6.1. Licensing of pharmaceutical activities 55
6.2. Registration of medicines 55
6.3. Pricing in medicines 56
6.4. Advertising of medicines 56
7. Finance and Banking System 57
7.1. Payments and financial statements 57
7.1.1. The procedure of using cash 58
7.1.2. Financial statements 58
7.2. Pricing 59
7.3. Banking system 60
7.3.1. Banking principles 61
7.3.2. Bank authorized fund and its formation procedure 61
7.3.3. Terms and conditions for obtaining a banking license 62
7.3.4. Additional requirements for establishment and activities of banks with foreign investments 63
7.3.5. Representative office of a foreign bank 63
7.4. Securities market 64
7.4.1. Types of securities 64
7.4.2. Professional and exchange activity on securities market. The conditions of obtaining the license on professional and exchange activities pursuit 65

8. Currency Control 67
8.1. General information 67
8.2. Implementation of foreign-trade operations 69
9. Tax System 71
9.1. General information 71
9.2. Transfer pricing 72
9.3. Taxation of business entities 73
9.4. General system of taxation: primary payments 73
9.5. Special tax regimes 83
9.5.1. Simplified tax system 83
9.5.2. Single tax from individual entrepreneurs and other individuals 85
9.5.3. Single tax for producers of agricultural products 86
9.5.4. Tax on gambling business 87
9.5.5. Tax on income from lottery activity 87
9.5.6. Tax on income from organization of electronic interactive games 88
9.5.7. Single tax on imputed income 88
9.5.8. Taxation in middle, small towns and in a countryside 88
9.6. Taxation of individuals 89
9.7. Agreements on avoidance of double taxation 90
9.7.1. Rates of tax on profits in the form of dividends in agreements on avoidance of double taxation 90
9.7.2. Rates of tax on profits in the form of interests in agreements on avoidance of double taxation 94
9.7.3. Rates of tax on profits in the form of royalty in agreements on avoidance of double taxation 96
10. Territories with special legal status 105
10.1. Free economic zones (FEZ) 105
10.1.1. Joining FEZ 105
10.1.2. Taxation of FEZ residents 105
10.2. High Tech Park (HTP) 106
10.2.1. Joining HTP 106
10.2.2. Types of activities carried out by HTP residents 107
10.2.3. Taxation of HTP residents 108
10.3. Taxation of the China-Belarusian Industrial Park “Great Stone” 109
10.3.1. Joining China-Belarusian Industrial Park “Great Stone” 109
10.3.2. Taxation of the residents of China-Belarusian Industrial Park “Great Stone” 110
11. Monopolistic Activity and Illicit Competition 112
11.1. Monopolistic Activity: General Information 112
11.1.1. Antimonopoly control over creation of holding companies 113
11.1.2. Antimonopoly control over transactions with stocks (shares) 113
11.1.3. Non-compliance with the obligation to obtain the approval 114
11.1.4. Anti-monopoly control over agreements (coordinated actions) of business entities 115
11.1.5. Consequences of conclusion of anticompetitive agreements and coordinated actions 116
11.1.6. Anti-monopoly control over activities of business entities with the dominant position 116
11.2. Unfair competition 117
11.3. General principles and rules of competition in the Eurasian

Economic Union 117
12. Customs Regulation 119
12.1. General information about the Eurasian Economic Union 119
12.2. Tariff regulation in the Eurasian Economic Union 120
12.3. Tariff preferences applied by the member states of the EAEU 121
12.4. Uniform measures of non-tariff regulation in the framework of the EAEU 121
12.4.1. Quantitative restrictions on export and/or import 121
12.4.2. Exclusive right to export and/or import 122
12.4.3. Automatic licensing (supervision) 122
12.4.4. Permissive procedure for import and (or) export of goods 122
12.5. Indirect taxation 123
12.5.1. Indirect taxation of export of goods 123
12.5.2. Indirect taxation of import of the goods 123
12.5.3. Indirect taxation of performance of works, provision of services 123
12.6. Supervision over safety and quality of goods in the EAEU 124
12.6.1. Certification (declaration of conformity) 124
12.6.2. Registration of goods safety 125
12.6.3. Veterinary control 126
12.6.4. Quarantine and phytosanitary control 126
12.7. Customs measures protecting the intellectual property objects 126
12.8. The EAEU functioning within the multilateral trade system 127
13. Intellectual Property 128
13.1. Objects of copyright and related rights 128
13.2. Industrial property objects 129
13.2.1. Inventions, utility models, industrial designs 129
13.2.2. Means of individualization 129
14. Consumer Protection and Advertising 131
14.1. Information about the goods and about the seller (manufacturer) 131
14.2. Obligations of the manufacturer (seller or performer) 132
14.2.1. Obligations of the manufacturer (performer, seller) to ensure safety of goods 132
14.2.2. Obligations of the manufacturer (performer, seller) to establish service life, expiration date, shelf life, warranty period for the goods (works, services) 132
14.2.3. Obligations of the manufacturer (seller, supplier, contractor) to ensure the possibility of using the product (result of work) for the intended purpose, its repair and maintenance 133
14.3. Liability of the seller 133
14.3.1. Liability of the seller (manufacturer, supplier, representative, performer) for improper information about the goods (work, services) 133
14.3.2. Liability of the seller (manufacturer, performer) for damage caused by defects in goods (works, services) 133
14.3.3. Liability of the seller in case of sale of goods of inadequate quality 134
14.3.4. Consumer's right to return goods of good quality 134
14.4. Advertising 134
15. Telecommunications and uploading data to the Internet 136
16. Court system 138
16.1. The Constitutional Court 138

16.1.1. Competence 138
16.1.2. Procedure of verification of the conformity of legal acts with the Constitution of the Republic of Belarus 139
16.2. Courts of general jurisdiction 139
16.2.1. Competence 139
16.3. Economic courts 140
16.3.1. Jurisdiction of economic courts 140
16.3.2. Terms of case consideration by the courts considering economic cases in first instance 140
16.3.3. Writ proceedings in economic courts 141
16.3.4. Proceedings on appeal against judicial decisions 141
16.3.5. Rates of the state fee 142
16.4. Arbitration 143
16.4.2. Appointment of arbitrators 144
16.4.3. Term of dispute resolution in the IAC 145
16.4.4. Law applicable to the substance of a dispute 145
16.4.5. Appeal of the IAC award 145
16.4.6. Procedure for enforcement of the IAC award 145
16.4.7. Arbitration costs in the IAC 145
17. Bankruptcy 147
17.1. Initiation of bankruptcy proceedings 147
17.2. General provisions on bankruptcy 148
17.3. Priority of creditors 149
17.4. Contestation of a debtor's transactions 149
17.5. Responsibility of persons controlling a debtor 150
18. Contact details of the Government bodies 151
18.1. The Ministries of the Republic of Belarus 151
18.2. State Committees of the Republic of Belarus 152
18.3. Bodies of local government 153

1. About Belarus

1.1. General information

Official name: Republic of Belarus.

Short name: Belarus.

Area: 207 600 km2 (84th in the world).

Geographical position: located in Eastern Europe, borders with Russia, Ukraine, Poland, Lithuania and Latvia.

Official languages: Belarusian, Russian.

National currency: Belarusian ruble (BYR).

Population: 9 498 700 persons (as of January 1, 2016). Urban population – 77,3%.

Ethnic composition: Belarusians – 83,7%, Russians – 8,3%, Poles – 3,1%, Ukrainians – 1,7%, Jews – 0,1%, other nationalities – 3,1% (census 2009).

Capital: Minsk (1 959 900 persons as of January 1, 2016).

Regions and regional centres (as of January 1, 2015):

- Brest region – 1 387 000 persons (Brest – 330 900);
- Vitebsk region – 1 193 600 persons (Vitebsk – 370 600);
- Gomel region – 1 422 900 persons (Gomel – 522 000);
- Grodno region – 1 052 200 persons (Grodno – 361 400);
- Mogilev region – 1 060 700 persons (Mogilev – 370 700);
- Minsk region – 1 417 400 persons.

Population	9,48 million
Number of the employed	4 486 700 persons
Unemployment rate	0.5% (24 200 persons)
Average salary	596,3 USD per month

Natural resources:

Potassium salt, wood, peat, granite, dolomite, limestone, clay, sand, small deposits of oil and natural gas.

Transport corridors:

The territory of Belarus is crossed by two Pan-European transport corridors which are indicated in the international classification with numbers 2 (West-East) and 9 (North-South) with branch line 9b.

- Transport corridor No 2 Berlin — Warsaw — Minsk — Moscow — Nizhny Novgorod, stretches through Germany, Poland, Belarus and Russia.
- Transport corridor No 9 stretches through Finland, Russia, Belarus, Ukraine, Moldavia, Romania, Bulgaria and Greece.

1.2. Economy

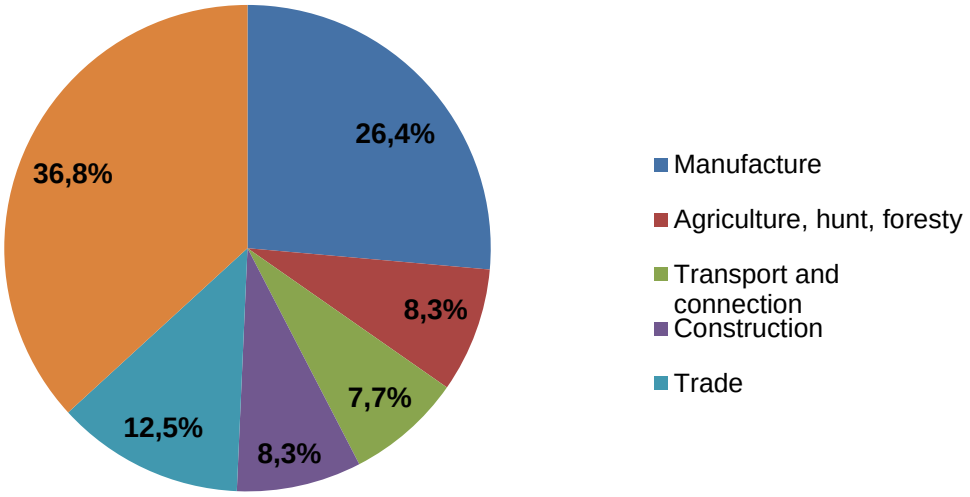
Economy in Belarus is formed on the basis of a socially oriented market model.

Centralized distribution and planning, except for national measures, is absent.

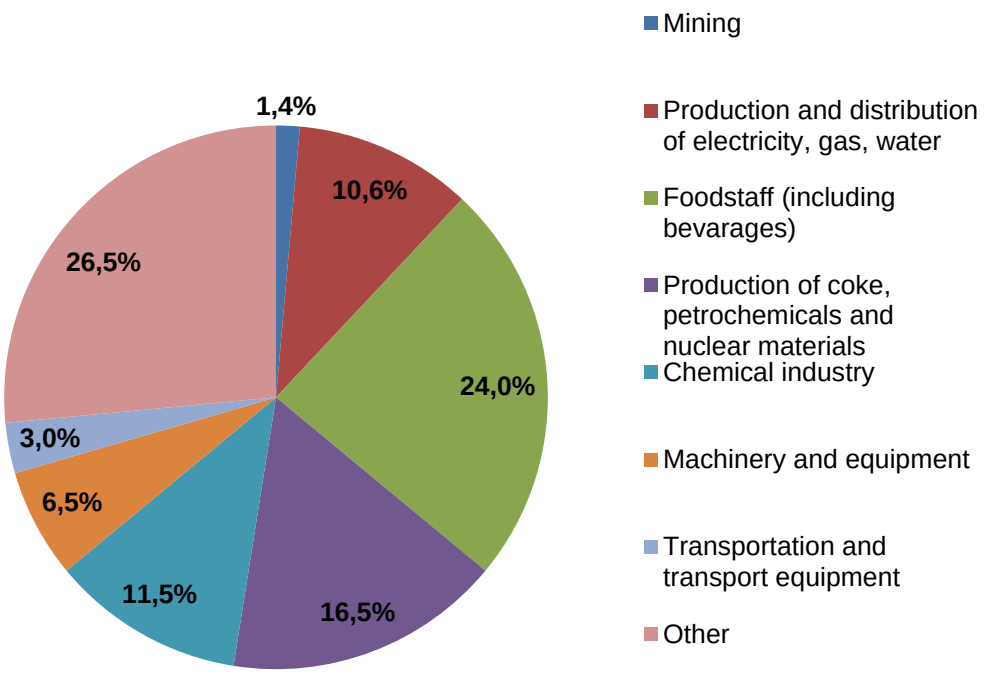
The country has a developed power industry, engineering industry, agriculture, chemical and timber industry, construction and manufacture of building materials, mining industry.

GDP ≈ $54,8 billion

GDP structure 2015



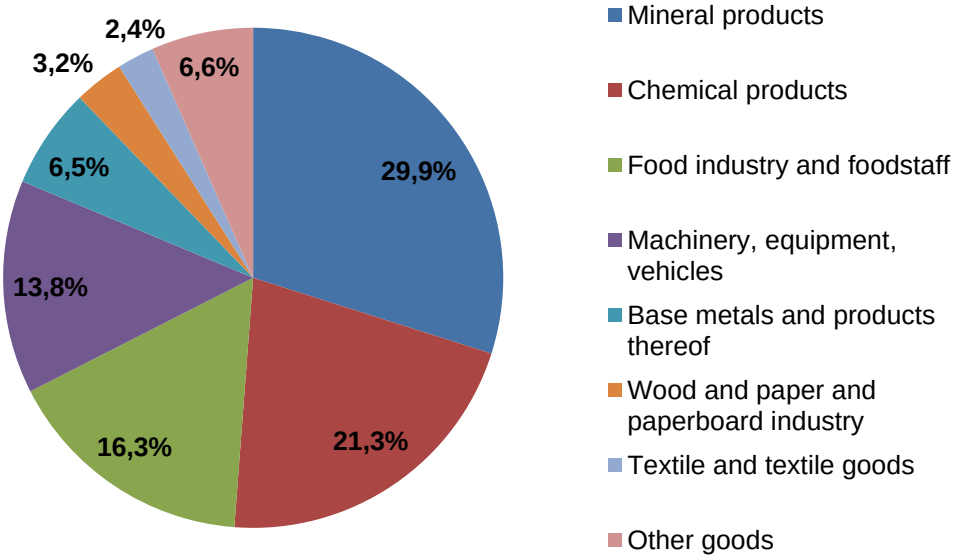
Volume and structure of industrial production in 2015



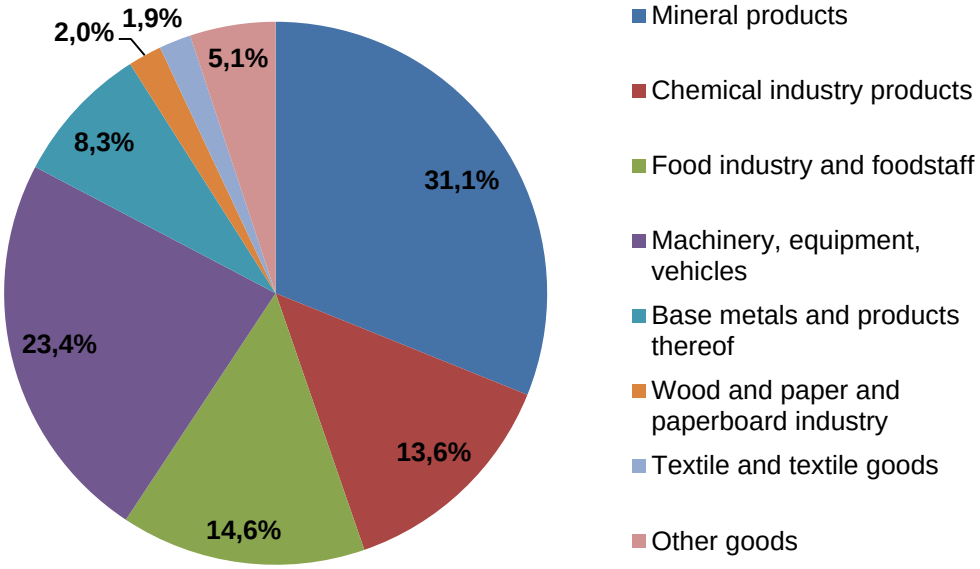
Main export articles are oil and oil products, potash fertilizers, food products, machinery products.

Main import positions are oil, natural gas, motor cars, medicines.

Export 2015



Import 2015



Key indicators

GDP	54,8 billion USD	Foreign direct investments on net basis	1.6 billion USD
Real GDP growth	3,9%	Doing Business 2016 IFC and World Bank research	44th place of 189
GDP per capita	5771,3 USD	Credit rating Moody's	**Caa1**
Inflation rate	12%	Credit rating Standard & Poor's	B-
Export of goods and services	3,.9 billion USD	Legatum Prosperity Index 2015	63th place of 142
Import of goods and services	32,7 billion USD	ICT development Index 2015	36th place of 167
Profit tax*	18%	Human development index	0.798 (50 from 187)
VAT*	20%	Literacy rate	99,7%
Income tax*	13%	* Special tax rates apply within preferential treatment as for investments	

2. Business Environment

2.1. Business entities

There are no specific requirements for foreigners wishing to run a business in Belarus. Investors, whether they are residents of the Republic of Belarus or any other country, fall within the same legal treatment and exercise equal rights to run a business in Belarus by means of formation of separate legal entities. The procedure requires to go through a number of the legal formalities, particularly registration into the Uniform State Register of Legal Entities and individual entrepreneurs.

Legal entities are required to have their own name, the statutory fund (the formation of which, unless otherwise established by legislative acts, is allowed for one year from the date of the state registration of a legal entity, as well as the minimal amount of which is established for certain forms of business entities by legislation), management, registered offices and bank accounts.

Legal entities registered in Belarus are subjects of the Belarusian law, but agreements concluded by Belarusian companies with foreign companies may be governed by the law chosen by the parties.

The Belarusian legislation provides for the following legal forms of business entities:

– Individual entrepreneur (the abbreviation is IE);
– Farm enterprise (peasant economy) (the abbreviation is FE);
– Unitary enterprise (the abbreviation is UE);
– Production cooperative (the abbreviation is PC);
– General Partnership (the abbreviation is GP);
– Special Partnership (the abbreviation is SP);
– Additional-liability company (the abbreviation is ALC);
– Limited-liability company (the abbreviation is LLC);
– Open joint-stock company (the abbreviation is OJSC);
– Closed joint-stock company (the abbreviation is CJSC).

The other forms of doing business are establishment of representative offices and branches of legal entities.

Most of businesses in Belarus are legal entities, organized in forms of UE, LLC, ALC, CJSC and OJSC, as the most favourable forms to perform business activities. Only the citizen of the Republic of Belarus or foreigner having a special permission to stay in the Republic of Belarus are entitled to be registered as individual entrepreneurs.

2.1.1. Private unitary enterprise

Private unitary enterprise is a commercial organization not endowed with the right of ownership to property consolidated to it by the owner. The founder is the owner of the property of the private unitary enterprise. One individual or one legal entity can be a founder of the private unitary enterprise. For the unitary enterprise set up by an individual the word "private” shall be used in its name.

Property of a private unitary enterprise is non-divisible and could not be distributed to the contributions (the shareholder’s shares or its parts) as well as among employees of the enterprise.

The founding document of any private unitary enterprise is the Charter. The main body of a private unitary enterprise is a manager (director), which is appointed by the owner. The owner of the unitary enterprise may be also a director at the same time.

The powers of the director of the private unitary enterprise may be delegated contractually to another commercial organization (the management company) or to an individual entrepreneur (an executive manager) under the decision of the owner.

The legislation does not provide a minimal amount of statutory fund for private unitary enterprises. The amount of the statutory fund is self-determined by the owner.

A unitary enterprise incurs its liabilities with all of the property belonging to it and it is not liable for obligations of its founder. The owner of the private enterprise has his subsidiary liability for the obligations of the enterprise only if the economic insolvency (bankruptcy) of enterprise has been caused by his actions.

2.1.2. Limited Liability Company

A Limited Liability Company is a company with a number of shareholders not more than fifty, whose statutory fund is divided into shares of certain sizes that are stated in the founding documents. One member (either private individual or legal entity) can found the Limited Liability Company.

The legislation does not provide a minimal amount of statutory fund for the Limited Liability Company. The amount of the statutory fund is self-determined by the founders.

The founding document of the Limited Liability Company is the Charter approved by the founders.

A Limited Liability Company incurs its liabilities with all of the property belonging to it.

A Limited Liability Company is not liable for obligations of its participants, with the exception of cases provided for in the legislative acts or its Charter.

Participants of a Limited Liability Company are not liable for his obligations may face downside risks related to the Company activities within the limits determined by the amount of their contributions into the Statutory fund of the Company.

Participants of a Limited Liability Company made their contributions not in full jointly and severally bear responsibility for the obligations within the limits of the unpaid part of contributions made by all the participants of the Company.

Organized structure of the Limited Liability Company includes:

a) General Meeting of Shareholders

The General Meeting of Shareholders is the supreme authority of the Limited Liability Company that takes the most important decisions on the company’s activity. If the limited Liability Company consists only from one shareholder the General Meeting of Shareholders is not conducted. This shareholder exercises authorities of the General Meeting of Shareholders.

b) Board of Directors or Supervisors

The Board of Directors (Supervisory Board) is formed in case its formation is described by the company's Charter.

c) Executive Body – Sole Director or Administrative Board (Directorship)

The powers of the executive body may be delegated contractually to another commercial organization (the management company) or to an individual entrepreneur (an executive manager) under the decision of Shareholders of General Meeting of the company.

d) Inspector or Inspection Commission – the control authority of the company.

The Board of Directors (Supervisory Board), Executive Body and Inspection Commission are placed under the responsibility of the General Meeting of Shareholders or of the one shareholder.

2.1.3. Additional liability company

An Additional Liability Company is a company with the number of shareholders not more than fifty, which statutory fund is divided into shares of certain sizes that are stated in the founding documents. With regard to the Additional Liability Company, the same rules and regulations established by the legislation for Limited Liability Company (the founding document, the number of participants, the size of statutory fund, organized structure, etc.) are applied.

The only difference between an Additional Liability Company and a Limited Liability Company is that shareholders of an Additional Liability Company jointly and severally bear subsidiary responsibility for the obligations of the Additional Liability Company with their property within the limits determined by the Charter of the company, but not less than the amount established by the legislative acts, in proportion to the contributions of participants in the statutory fund of the Additional Liability Company. The Charter of the Additional Liability Company may establish a different procedure for distribution of additional responsibility among its participants.

At present, the minimum size of the subsidiary responsibility of the Additional Liability Company shall be not less than the amount equivalent to 50 basic units[1].

2.1.4. Closed joint-stock company

The number of shareholders in the Closed Joint Stock Company cannot be more than fifty. A minimal amount of the statutory fund for the Closed Joint Stock Company is 100 base units.

The statutory fund is divided into a number of shares of the equal nominal value.

The founding document of the Closed Joint Stock Company is the Charter.

The organized structure of the Closed Joint Stock Company includes the same elements as the organized structure of the Limited Liability Company.

Shareholders are not liable for its obligations and may face downside risks related to the Company activities within the limits of the value of their shares.

A shareholder may alienate its own shares only with the consent from other shareholders and/or to the limited audience.

---

[1] The amount of the basic unit is established by the legislation of the Republic of Belarus. From the first of January 2016 it is 210 000 Belarusian rubbles and approximately equals 10 Euro. Hereinafter the term “basic unit” is not transferred to Euro unless otherwise stipulated.

A Closed Joint Stock Company is not entitled to carry out a public subscription to the stocks issued by it or in any other way offer it for the purchase to an unlimited audience.

2.1.5. Open joint-stock company

The number of shareholders in the open joint-stock company is not limited by minimal or maximum number of members.

The minimum amount of the statutory fund for open joint-stock companies is 400 basic units.

The statutory fund is divided into a number of shares of the equal nominal value.

The founding document of an open joint-stock company is the Charter.

The organized structure of the open joint-stock company includes all the same elements as the organized structure of a limited-liability company. However, formation of the Board of Directors (Supervisory Board) of the open joint-stock company is obligatory as required by the Law, if the number of its shareholders is more than 50.

Shareholders are not liable for the obligations of the open joint-stock company and may face downside risks related to the Company activities within the limits of the value of their shares.

A shareholder may alienate his shares to the unlimited audience without the consent from other shareholders.

An open joint-stock company has the right to carry out a public subscription of the shares issued by it and its free sale on the terms established by the legislation.

An open joint-stock company is entitled to conduct open subscription for emitted shares or open sale of additional shares according to the procedure and terms stipulated by the securities legislation as well as closed placement of additional shares if the additional shares are placed at the cost of its capital and (or) the cost of shareholders and in other cases stipulated by the legal acts.

2.1.6. Representative offices and branches of business entities

A representative office is a subdivision of an organization located in the territory of the Republic of Belarus, safeguarding and representing interests of a foreign organization and exercising other functions that are not contrary to the legislation.

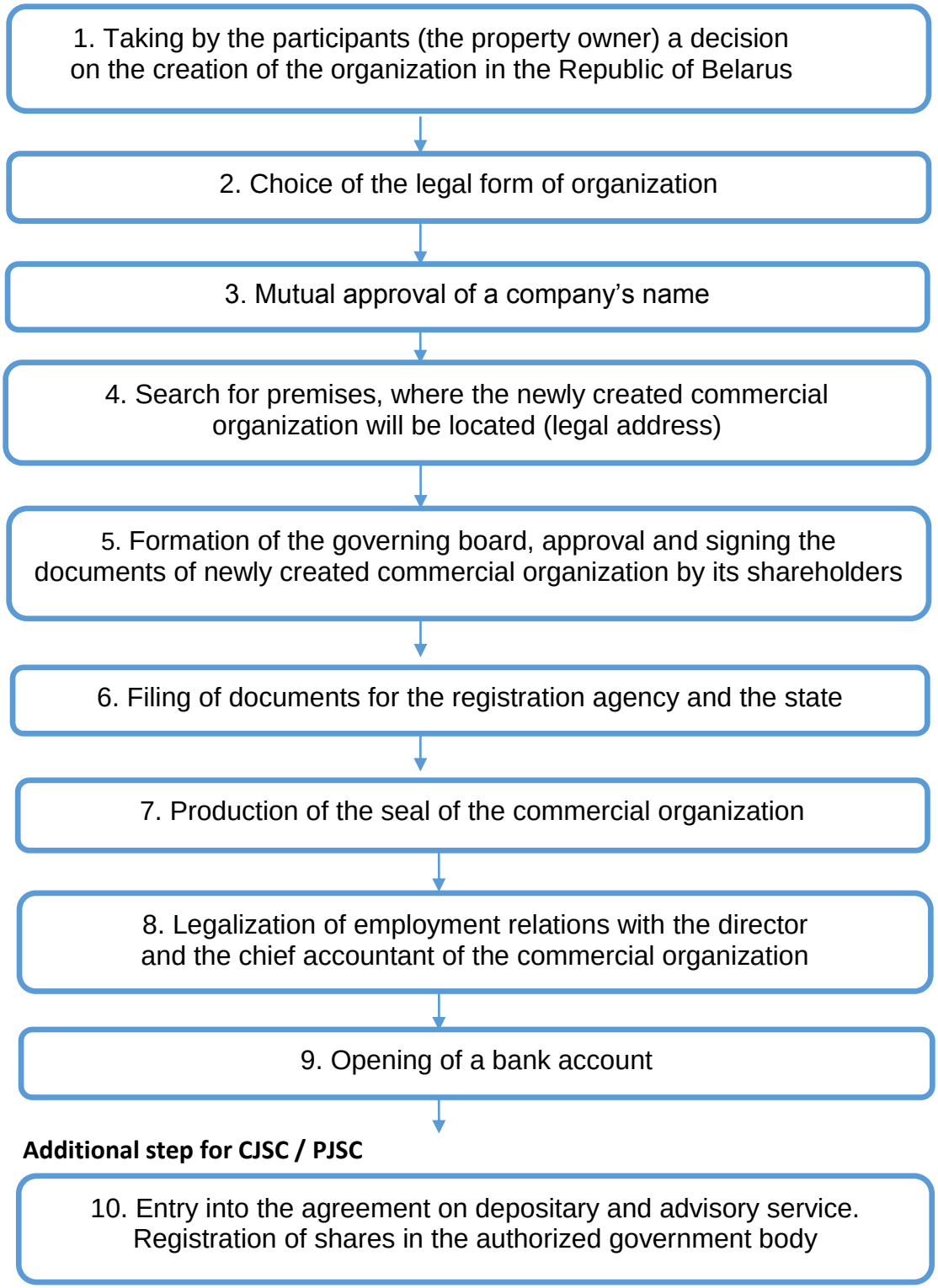
A branch is a subdivision of an organization which is out of the territory of its location, exercising all or part of its functions, including the functions of representation.

Representative offices and branches are not legal entities; they are created by legal entities and operate on behalf of a legal entity and by power of attorney. The property of representative offices or branches is taken into consideration separately to the balance of the legal entity, which has created these representative offices or branches.

The Belarusian legislation does not allow foreign legal entities to establish branches, that is why foreign organizations have the right to establish in the Republic of Belarus only autonomous structural subdivisions in the form of representative offices.

The details on how to carry out business through the representation office are described in the part 2.2 hereinafter.

2.1.7. Procedure of registration of commercial entities in the Republic of Belarus



2.1.8. Expenses on registration of commercial organizations and representative offices

Registration of a commercial organization		Registration of a Representative Office	
Action	**Cost**	**Action**	**Cost**
Legalization, translation of an extract from the Commercial Register of the foreign state into Russian and notarization of the translator's signature (if the incorporator is non-resident)	1 page of translation into Russian is 6-27 Euro depending on the language. Notarization of the translator's signature - 6 Euro (if the document with the translation is less than 10 pages), 7 Euro (the document with the translation is more than 10 pages).	Notarization of the provisions of Representative Office	Notarization of the provisions - of Representative Office 6 Euro (if the document with the translation is less than 10 pages), 7 Euro (the document with the translation is more than 10 pages).
Translation of the personal identification document into Russian and notarization of the translator's signature	1 page of translation into Russian is 6-27 Euro depending on the language. Notarization of the translator's signature is 6 Euro.	Legalization, translation of an extract from the Commercial Register of the foreign state into Russian and notarization of the translator's signature (2 copies)	1 page of translation into Russian is 6-27 Euro depending on the language. Notarization of a signature of the translator is 6 Euro (if the document with the translation is less than 10 pages), 7 Euro (the document with the translation is more than 10 pages).
Legalization, translation of the power of attorney into Russian and notarization of the translator's signature (In case of transfer of powers)	1 page of translation into Russian is 6-27 Euro depending on the language. Notarization of the translator's signature is 6 Euro (if the document with the translation is less than 10 pages), 7 Euro (the document with the translation is more than 10 pages).	Legalization, translation of founding documents of a foreign organization into Russian and notarization of the translator's signature (2 copies)	1 page translation into Russian is 6-27 Euro depending on the language. Notarization of the translator's signature is 6 Euro (if the document with the translation is less than 10 pages), 7 Euro (the document with the translation is more than 10 pages).
Formation of the	The minimum	The state duty for the	690 Euro.

statutory fund of the commercial organization	statutory fund is not established. Exceptions: CJSC – 1062 Euro; JJSC – 4246 Euro.	permission on opening of a Representative Office (for 3 years)	
The state duty for the state registration of the organization	32 Euro	Legalization, translation of the power of attorney in the name of the head of the Representative Office into Russian, the translator's signature notarization (2 copies)	1 page of translation into Russian is 6-27 Euro depending on the language. Notarization of the translator's signature is 6 Euro (if the document with the translation is less than 10 pages), 7 Euro (the document with the translation is more than 10 pages).
Making a seal	14-20 Euro	Legalization, translation into Russian of the power of attorney in the name of the person authorized to carry out activities concerning the opening of the Representative Office, notarization of the translator's signature (2 copies)	1 page of translation into Russian is 6-27 Euro depending on the language. Notarization of the translator's signature is 6 Euro. 6 Euro (if the document with the translation is less than 10 pages), 7 Euro (the document with the translation is more than 10 pages).
		Making a seal	14-20 Euro

2.1.9. Business reorganization and liquidation

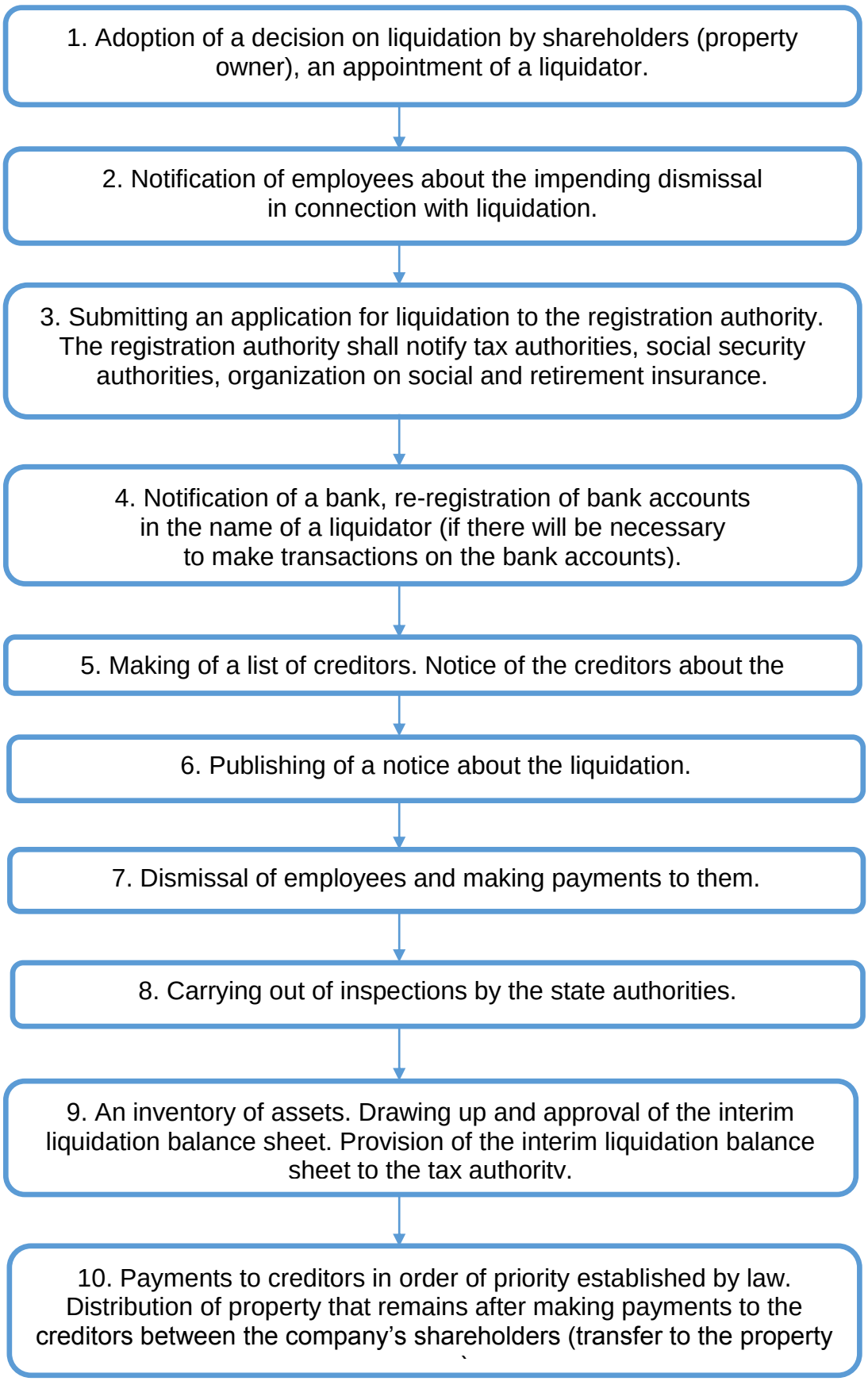
Liquidation of a company may be carried out voluntarily by the decision of the owner of the company (founders, shareholders) or in other cases as prescribed by law (by economic court or by state registering authority).

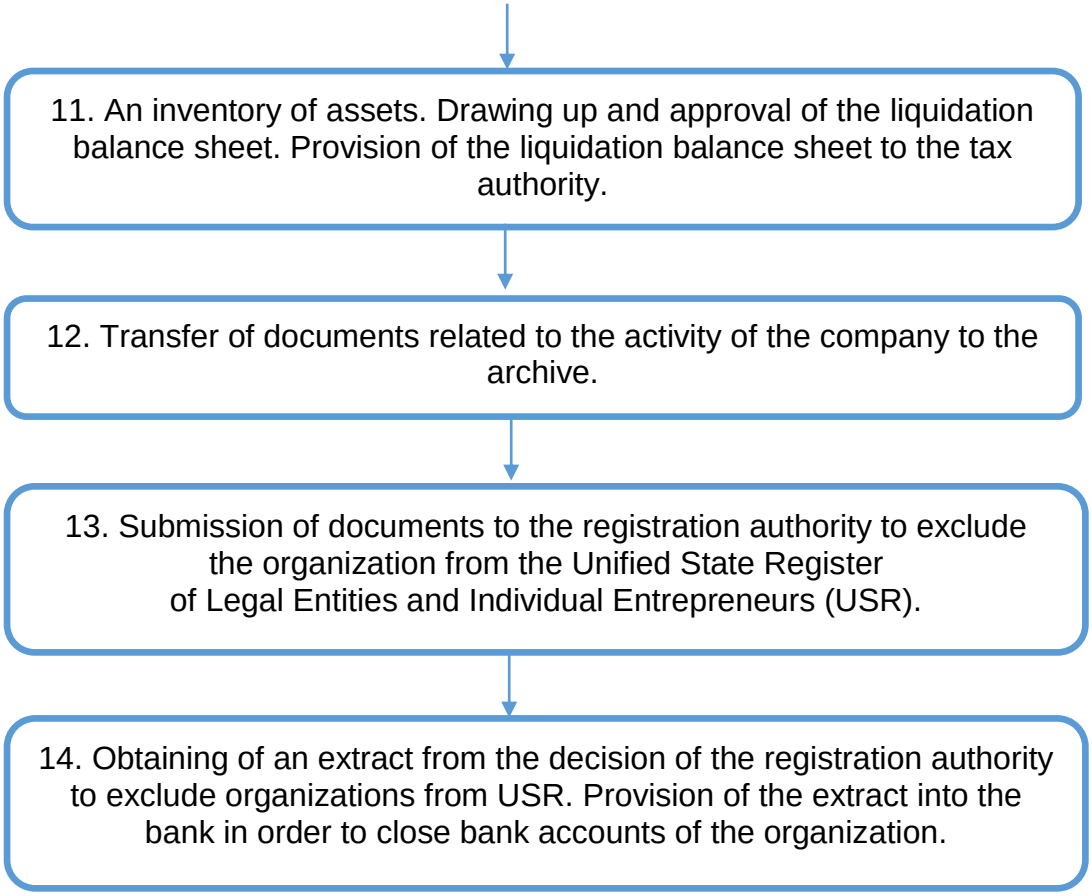
The owner (founders, shareholders) or body of a company empowered by the Charter takes a decision on liquidation of a company, appoints the liquidation commission (appoints the liquidator), who are responsible for the implementation of all the formalities associated with the liquidation process and establish the procedure and terms of the liquidation.

It should be noted that the maximum term in which a business entity can stay in liquidation process is 9 months from the date of the making decision on the liquidation with a right to extend this term to 12 months.

Business reorganization in Belarus is regulated by the Belarusian legislation and can be realized in the form of consolidation, merger, division, separation and transformation.

Liquidation of business entities in the Republic of Belarus





2.2. Ways of doing business by foreign organizations and individuals in Belarus

Foreign individuals and legal entities can choose one of two following ways of doing business in Belarus:

– establishment of a legal entity in one of the above listed forms. The statutory fund of a commercial organization shall be declared in the Belarusian rubles. The foreign investors are entitled to make contribution to the statutory fund in foreign currency, but at the moment of declaring the statutory fund in the corporate documents the contributions shall be recalculated to the Belarusian rubles at the official rate stated on the date of their real transfer;

– doing business through permanent representative office in the territory of the Republic of Belarus.

2.2.1. Doing business through permanent representative office in Belarus

Doing business through permanent representative office in Belarus, according to the Tax Code of the Republic of Belarus, means doing business by virtue of:

- permanent establishment through which a foreign organization is eligible either totally or partially to perform an entrepreneurial or other activity in Belarus;
- agent (organization or individual, operating on behalf and/or in favor of the foreign organization).

2.2.2. Implementation of activity through a permanent establishment in the Republic of Belarus

As a rule, it means an entrepreneurial or other activity of a foreign organization affiliated with:

- Execution of works and rendering services in construction, installation, assembly, adjustment, maintenance and operation of equipment (other property), computer programs stipulated by an agreement (agreements);
- Sale of goods from warehouses located in Belarus;
- Execution of works and (or) rendering of services in the Republic of Belarus;
- Doing other business not prohibited by law.

At the same time a foreign company is a subject for tax registration for permanent establishment in the Republic of Belarus.

The legislation of the Republic of Belarus states certain period during which an activity of a foreign organization implemented through the permanent establishment in the Republic of Belarus is recognized as a permanent establishment. However if there are other terms stipulated by an international treaty of the Republic of Belarus, the international treaty norm is applied.

As a general rule, the recognition of places of works execution or rendering services as a permanent establishment is eligible only during 90 days of either continuous doing business or during one calendar year.

However, the construction site, installation or assembly object is recognized as a permanent establishment of a foreign organization, if this site or object is located on the territory of the Republic of Belarus during more than 180 days in any twelve-month period extended from the beginning to the end of the fiscal period.

The construction of new objects, reconstruction (modernization), expansion, re-engineering and (or) repair of existing real estate objects (except for aircrafts and ships, inland waterways crafts and space objects), as well as the construction site and (or) installation, repair and reconstruction (modernization), expansion and (or) re-engineering of structures, machinery and equipment, which requires a rigid attachment to the footing or to the buildings blocks of the capital structures (buildings) are understood under the construction site, installation or assembly object of a foreign organization in the Republic of Belarus.

The following issues are not included during the construction site, installation or assembly object life span determination:

- The time on the object designing by the other foreign organizations outside the Republic of Belarus;
- The time spent by the contractor on the other construction sites and (or) objects not related to the construction site and (or) object.

2.2.3. Doing business through the agent

Another way of doing business by foreign organizations in Belarus is operating through the agent – a Belarusian organization or individual entrepreneur under the agency contract.

Agent is a legal entity or individual, operating on behalf and/or in favor of foreign organization and/or authorized to conclude contracts or negotiate on essential terms of contracts.

According to the Tax Code of the Republic of Belarus, doing business through the agent is considered as operating through permanent representative office for the purposes of taxation. That is why a foreign organization, operating through the agent, is obliged to pay tax on profit, gained in Belarus. Taxes of a foreign organization are to be paid by the agent at place of its tax registration.

If the agent operates in the frameworks of its ordinary course of business (independent agent or agent with independent status), it is not recognized as permanent representative offices for the purposes of taxation. The agent acts in the frameworks of ordinary course of business if it operates independently without instructions and control, made by a foreign organization and if business risk for the results of its activity lies on the agent and not on the foreign organization which it represents. In such case a foreign organization does not pay the tax on profit, but pays tax on income of foreign organizations that does not carry out activity by through the permanent representative office.

According to Belarusian legislation it is required to obtain special permissions (licenses) in order to perform certain types of activities. So, it is impossible to perform licensed activities by the agent because of this rule.

Provisions, stipulating exclusivity of relations under the agency contract with participation of a Belarusian person, are unlawful according to the Belarusian legislation. The contract conditions, providing refusal of contracts with other suppliers or purchasers do not correspond to Belarusian legislation and may be invalidated under the Belarusian law.

2.2.4. Establishment of a representative office in Belarus

Any foreign organization is eligible to establish its representative office in the Republic of Belarus. It does not presuppose the performance of an entrepreneurial activity in Belarus and as a rule it is needed exclusively for performance of representative functions and (or) preparation for doing business in the Republic of Belarus. However if any evidences of the permanent representative office are found in activities performed by the foreign organization for taxation purposes (works execution, rendering services, selling goods conformed to the requirements above), the organization will pay taxes in Belarus under the rules applied to the performance of entrepreneurial activities through the permanent representative office.

Representative offices of foreign organizations are established and operate in Belarus in accordance with the permission, given by the Ministry of Foreign Affairs of the Republic of Belarus.

The representative office:

- is not recognized as legal entity by the Belarusian law;
- is not eligible to perform an entrepreneurial activity.

Representative office of foreign noncommercial organization can be opened only for the implementation for and on behalf of the foreign organization of:

- social support and protection of citizens, including an improvement of financial position of poor, social rehabilitation of the unemployed, the disabled and other persons who because of their physical or mental abilities or other circumstances are not able to exercise their rights and legitimate interests;

- preparation of population for the prevention of accidents, industrial accidents, a dangerous situation which has man-made nature, natural hazard, natural or other disasters, social, ethnic and religious conflicts and provision of support in dealing with its consequences, as well as to the victims of repression, refugees and internally displaced persons;

- assistance in:
  - peace, friendship and harmony among nations, prevention of social, ethnic and religious conflicts;
  - strengthen the prestige of the family in the society;
  - protection of motherhood, fatherhood and childhood;
  - activities in the field of education, science, culture, art, education, personal development;
  - activity in the prevention and protection of public health, as well as the promotion of healthy lifestyles, improving the morale of the citizens;
  - activities in the sphere of physical culture and sports;
- environmental and animal protection;
- protection and maintenance of buildings, structures, and other objects and areas of historical, cultural, religious or environmental value, and burial places;
- other socially useful activity.

In order to promote international cooperation in the field of education, including the conclusion of agreements on cooperation between organizations of system of education of the Republic of Belarus and foreign educational organizations, to study an experience of system of education of the Republic of Belarus, to facilitate the exchange of experience and information in the field of education and science, realization of advertising and information work in covering the educational activities of foreign educational organizations can be opened **representative offices of foreign educational organizations**.

Representative office of foreign commercial organization can be opened, unless otherwise stipulated by international treaties of the Republic of Belarus, or legislative acts of the Republic of Belarus, only in the aims of realization of preparatory and auxiliary nature activity for and on behalf of the foreign organization, including:

- furthering of implementation of international treaties of the Republic of Belarus on cooperation in economy, trade, finance, science and technology, transport, seek opportunities for its further development and improvement of such cooperation, an establishment and expansion of the exchange of economic, commercial, scientific and technical information;
- research of commodity markets of the Republic of Belarus;
- explore opportunities for investment in the Republic of Belarus;
- creation of commercial organizations with foreign investors;
- realization of tickets and seat reservation of air, rail, road and sea transport;
- other socially useful activity.

2.3. Labour relations and working conditions

2.3.1. Information on the labour market

According to the official statistics, in February 2016 the employed population size was 4 449 thousand people.

The number of the unemployed, registered in the bodies of labour, employment and social protection of the population by the end of February 2016 was 51,1 thousand people.

The level of the registered unemployment for the end of February 2016 was 1.1% of the economically active population.

2.3.2. Legal regulation of labour and related to them relations

This sphere of relations is primarily regulated by the Labour Code of the Republic of Belarus. Moreover, there are many other acts of legislation that settle more specific issues.

According to the Labour Code, an employment contract should be concluded in the written form. The obligatory conditions that must be included in the provisions of the contract are also stipulated by the Labour Code.

The highest state authority that is responsible for the public policy of labour and employment of the population is the Ministry of Labour and Social Protection of the Republic of Belarus.

2.3.3. Schedule of work and rest

Schedule of work is the order of distribution of norms of daily and weekly working and rest hours during a day, a week, a month and during other calendar periods by the employer for the employees.

The schedule of work of the employees is developed on the basis of the schedule of work, applicable by the employer.

The schedule of work is determined by the internal work order regulations or by the work schedule (shift schedule).

Standard working time cannot be more than 40 hours per week. For certain categories of employees the reduced working time is established. Working week is with 5 or 6 working days with common weekend on Sunday. The normal working day is eight hours with a one-hour lunch break. There are specific norms that regulate night work, work in weekends and holidays, labour of juveniles etc.

Employers are obliged to provide the employees' guarantees for work in weekends and holidays, for work during the night time as well as guarantees and compensations, provided for by the labour legislation. Any overtime work should be paid extra.

Employees are entitled for labour and social holidays providing the presence of the grounds, stipulated by the Labour Code of the Republic of Belarus, during which the average salary, so called "vacation allowance", is saved for the employee and is calculated according to the order, established by the Government of the Republic of Belarus or by the empowered body.

The minimum period of annual holiday is 24 days.

In addition, there are public holidays that are non-working:

– 1 January – New Year

– 7 January – Orthodox Christmas

– 8 March –Women's Day
– according to Orthodox calendar – Radunitsa
– 1 May – Day of work
– 9 May – Victory Day
– 3 July – Independence Day
– 7 November – Day of October Revolution
– 25 December – Catholic Christmas.

2.3.4. Payment for labour

Commercial organizations and individual entrepreneurs are free to determine themselves the wages payment conditions, taking into account the complexity of work, skills of workers, working conditions and so on. At the same time the Unified Wage Scale of the Republic of Belarus may be applied in the establishment of wages payment conditions, though its application is not obligatory. Therefore the entities of entrepreneurial activities have the right to choose any system of wages payment for employees, both with the application of the Unified Wage Scale and without it. In commercial organizations the wages are usually paid for employees on the basis of the local normative legal acts, adopted by such organizations.

The minimal amount of wages is determined by the state (2 300 000 Belarusian rubles as for 01.01.2016)[2], however, the maximal amount of wages are not limited. Wage payments are included in the cost of production and sales of goods (works, services) and are also counted in the price formation and taxation.

2.3.5. Local acts in the sphere of labour relations

According to article 1 of the Labour Code of the Republic of Belarus, local normative legal acts are collective contracts, agreements, internal labour regulations and other normative acts of the specific employer, adopted according to the established procedure and regulating labor and related to them relations. Thus, it can be concluded that local normative legal acts regulate relations among employees and between employees and an employer.

For example, the local normative legal acts, regulating the labor policy are provided for in the art. 194 of the Labour Code:

1) rules for internal labor order, collective contracts, agreements, internal labour regulations and other local normative legal acts;
2) schedules of positions and salaries;
3) employment position descriptions;
4) working schedules (shift schedules);
5) schedules of holidays.

According to the Labour and other legislation of the Republic of Belarus business entities irrespective to the types of activities performed shall maintain labour protection documents.

The Labour Code establishes that local normative legal acts should not worsen the conditions of employees in comparison with labour and other

[2] As of 20.01.2015 the official rate of the Belarusian ruble to EURO is 17200 Belarusian rubles.

legislation of the Republic of Belarus, regulating the corresponding relations in the social-labor sphere.

All labour and other relations shall be properly governed through the development and approval of the relevant local regulative acts of the enterprise in order to comply with legislation and prevent the negative situation with employees.

2.4. Labor migration

2.4.1. Entry into the territory of the Republic of Belarus to perform labour activities

As a general rule, the entry of foreigners into the territory of Belarus can be realized only after obtaining visas of the Republic of Belarus.

Currently there is no requirement for obtaining work purpose visas for citizens of Armenia, Georgia, Azerbaijan, Kazakhstan, Kyrgyzstan, Russian Federation, Moldova, Uzbekistan, Tajikistan, Turkmenistan, Ukraine and Ecuador.

Visa-free entry is also set for the citizens of Venezuela, Cuba, Serbia, Israel, Qatar, Macedonia, Mongolia, Turkey and Montenegro. But if the citizens of these countries are planning to carry out labour, commercial or other income-generating activities in the Republic of Belarus, they are obliged to obtain a visa in advance.

To perform labour activities in the Republic of Belarus a foreigner can get the following types of entry visas:

1. C (short-term visa "work").

This type of entry visa is issued on the basis of one of the following documents:

- a copy of a special permit for labour activity in the Republic of Belarus for a foreign citizen or stateless person notarized by a public notary of the Republic of Belarus (hereinafter – the special permit);
- a notification made by the subdivision of citizenship and migration of issuing a special permit to a foreigner, who entered the foreign establishment through the channels of departmental email of the Ministry of Foreign Affairs (hereinafter - the MFA).

2. D (long-term visa "work").

This type of visa is issued to citizens of migration welfare states on the basis of an original petition of a business entity of the Republic of Belarus or of a representative office of a foreign company in the Republic of Belarus (including banks) and one of the following documents:

- a copy of the special permit certified by a Belarusian notary;
- a notification made by the subdivision of citizenship and migration of issuing a special work permit to a foreigner, who entered the foreign establishment through the channels of departmental email of the MFA.

However, a foreigner can enter Belarus having any other visa, but then he must obtain a multiple exit-entry visa in the subdivision of citizenship and migration (providing a foreigner has a temporary residence permit).

In some cases, foreigners can obtain a long-term visa type D (business contacts), for example, to maintain business relations on the basis of the agreement between the Belarusian legal entity and a foreigner or foreign

organization where he works, which confirms the presence of stable business relations of the parties. This visa may be also obtained by foreign nationals working in the staff of a representative office of a foreign organization.

Visas described above are issued by diplomatic missions and consular offices of the Republic of Belarus. A multiple exit-entry visa is issued by the subdivision of citizenship and migration at the place of residence of a foreigner in Belarus.

Citizens of states where there are no diplomatic missions and consular offices of the Republic of Belarus apply for visa to the General Consular Department of the Ministry of Foreign Affairs of the Republic of Belarus and bodies of border guard of the Republic of Belarus.

2.4.2. Stay in the territory of the Republic of Belarus

All the foreigners arriving in Belarus must **register** in the domiciliary body of internal affairs **within 5 days** except for Sundays and holidays.

International agreements of the Republic of Belarus can provide longer terms of stay in the Republic of Belarus without registration in the domiciliary body for certain categories of foreigners.

For example, the citizens of Lithuania, Latvia, and Ukraine, Republic of Kazakhstan can stay in the territory of the Republic of Belarus without registration for 30 days from the day of entry, the citizens of Russian Federation - 90 days from the day of entry. Citizens of the Republic of Armenia and the Kyrgyz Republic, members of their families may also be in the Republic of Belarus without registration for 30 days from the date of entry, provided they conclude the labour or civil contracts within 5 days from the date of entry. In case of stay in the territory of Belarus for more than 30 days, they are bound to register in the domiciliary body according to the standard procedure.

Foreigners can temporarily stay, temporarily reside or permanently reside in the territory of the Republic of Belarus.

All foreigners in the territory of Belarus who do not have permission for the temporal or permanent residence are subject to the rules of the regime of temporary stay in the Republic of Belarus. The total term of temporary stay of a foreigner in the territory of the Republic of Belarus depends on the validity term of the visa issued to him (her) and cannot exceed 90 days a year.

International agreements of the Republic of Belarus may provide longer terms of temporary stay in the Republic of Belarus without obtaining permissions for temporary or permanent residence for certain categories of foreigners.

If a foreigner intends to stay in Belarus for more than 90 days a year (or longer than for the term determined by the international agreement), he (she) will have to get permission for temporary or permanent residence.

The permission for temporary residence is issued to foreigners who entered Belarus for certain purposes, including labour, business and other activities. Decision on granting such a permission is made by the body of internal affairs at domiciliary place of a foreigner.

The permission for permanent residence gives foreigners the right for permanent residence in the Republic of Belarus. It is issued by the Ministry of Internal Affairs and by other bodies of internal affairs only for certain categories of foreigners, determined by legislation of the Republic of Belarus.

2.4.3. Permission for labour activity: special permit

Foreigners who do not have the permission for permanent residence in the territory of the Republic of Belarus have the right for labour activity after obtaining the special permit and conclude a labour contract.

Labour contract concluded with a foreign citizen who does not have permission for permanent residence in the Republic of Belarus, shall contain additional conditions, such as: termination, amendment and prolongation of the labour contract in accordance with the requirements of migration legislation; as well as conditions of moving to the Republic of Belarus, nutrition, residence, medical service in the Republic of Belarus. Labour contract is concluded in written form in the Russian and/or Belarusian language, and also in native language or other language known to the foreigner.

Special permit is granted to a foreigner upon the request of the employer by citizenship and migration subdivisions of internal affairs bodies of the Republic of Belarus according to the established procedure for the term of **one year.**

There is no need to receive special permit for foreigners who:

1. have permissions for permanent residence in the Republic of Belarus;
2. are being employed according to another procedure, provided for by the international agreement of the Republic of Belarus (for example, citizens of the Russian Federation, the Republic of Kazakhstan, the Republic of Armenia, the Kyrgyz Republic that are excluded from the regulation on attraction and usage of foreign labour force);

Foreign citizens who do not have permissions for permanent residence in the Republic of Belarus can seek employment by themselves or with the assistance of legal entities, individual entrepreneurs and foreign organizations that render recruitment services. However, citizens of Belarus and foreign citizens, permanently residing in Belarus, have the priority right of employment.

Belarusian organizations that employ more than 10 foreigners who have no permissions for permanent residence in the Republic of Belarus, must receive permission for employment of foreign labour force.

2.4.4. Responsibility for migration legislation violation

There is administrative responsibility in the Republic of Belarus for violation of the legislation that regulates the issues connected with attracting foreign workers, in particular regarding:

- managers of legal entities and individual entrepreneurs who attract foreign labour force with violation of the established procedure – a warning or a fine in the amount of up to 20 base units;
- managers of legal entities and individual entrepreneurs, who involve foreigners for work purposes and who do not ensure their timely registration, receipt of the permissions for temporary residence in the Republic of Belarus, exit of such individuals from the Republic of Belarus after the expiration of the terms for their stay – a warning or a fine in the amount of up to 20 base units;
- foreign citizens who violated the order of staying in the territory of the Republic of Belarus, including those who break the established order of the registration – a warning or a fine in the amount of up to fifty base units or deportation;

- foreigners working without special permits for labour activity in the Republic of Belarus - a warning or a fine in the amount of up to fifty base units or deportation.

2.5. Licensing

In order to carry out certain types of activities one needs to obtain a special permit (license). Licensing in the Republic of Belarus is regulated by Edict of the President of the Republic of Belarus as of 01.09.2010 No. 450 "On Licensing of Certain Types of Activities" with amendments specified by Edict of the President of the Republic of Belarus as of 26.11.2015 No. 475, which came into force on 01.03.2016 (hereinafter referred to as Edict No. 450).

At the moment, licensed types of activities are as follows:

1. Advocatory activity;
2. Banking activity;
3. Veterinary activity;
4. Activity in the field of automobile transport;
5. Activity in the field of broadcasting;
6. Activity in the field of usage of atomic energy and sources of ionizing radiation;
7. Activity in the field of industrial safety;
8. Activity in the field of telecommunication;
9. Gambling activity;
10. Activity on the procurement (purchase) of junk and refuses of ferrous and non-ferrous metals;
11. Activity on providing fire security;
12. Activity on rendering of psychological aid;
13. Activity on design and production of forms of securities and documents with a certain degree of protection, as well as documents with a certain degree of protection and special materials for protection thereof from forgery;
14. Activity on technical and cryptographic security of information;
15. Activity connected with influence on environment;
16. Activity connected with precious metals and precious stones;
17. Activity connected with cryptographic security of information and means of surreptitious obtaining of information;
18. Activity connected with transaction of narcotic substances, psychotropic drugs and its precursors;
19. Activity connected with health improvement of children abroad;
20. Activity connected with control of radioactive contamination;
21. Activity connected with employment of citizens abroad, gathering and distribution (including the worldwide computer network Internet) of data on individuals with purpose of their acquaintance;
22. Activity connected with products of military purpose;
23. Activity connected with manufacture of alcohol, non-food alcohol-containing products, non-food ethanol and tobacco products;
24. Activity connected with service and civilian weapons and its ammunition, collecting and exhibition of weapons and ammunition;
25. Medical activity;
26. Educational activity;
27. Rendering of legal services;
28. Wholesale and retail trade in oil products;

29. Wholesale trade and storage of alcohol, non-food alcohol-containing products, non-food ethanol and tobacco products;
30. Security guard activity;
31. Polygraphic activity;
32. Professional and exchange activities with securities;
33. Retail trade in alcoholic drinks and (or) tobacco products;
34. Insurance activity;
35. Pharmaceutical activity;
36. Forensic expert activity.

Licenses are issued to legal entities and individual entrepreneurs of the Republic of Belarus, foreign legal entities and organizations established pursuant to the legislation of foreign states provided that there is a representative office thereof in the territory of the Republic of Belarus established under the legislation, and also to individuals (for carrying out advocatory activity and collecting and exhibition of weapons and ammunition).

In order to obtain a license one shall submit an application with related documents to the state licensing authority and pay a state fee that as a rule amounts to 8 basic units.

Such application is reviewed by the licensing body within 15 working days from the day of receipt of documents. This term may be prolonged for a period of evaluation and (or) examination of compliance of the applicant's capabilities with license requirements and conditions, but no longer than for 10 working days.

Licenses are valid from the effective date of the decision on its issuance made by the licensing authority. Since 01.03.2016 a validity term of licenses has had no limit. All special permits (licenses), which are valid on the date of the official publication of the latest changes to Edict No. 450 (November 28, 2015), are not limited by the term either. A license is valid in the whole territory of the Republic of Belarus or its part indicated in such license, if the legislation specifies that a license on a corresponding type of activities is valid in a certain part of the territory of the Republic of Belarus indicated in such license (e.g., activity in the field of telecommunication). A type of activities on which a license is issued may be carried out only by a license holder without transfer of a right to carry out such activities to other legal entity or individual. Separate subdivisions may carry out a licensed type of activity under a license issued to a legal entity.

The information on entities which have licenses is included in the registers of licenses kept by the licensing authorities. The information from the register of licenses, as a general rule, is public and may be provided upon the applicant's request.

Entrepreneurial activities carried out without a license when licensing is compulsory or with a violation of rules and conditions of carrying out types of activities indicated in a license may act as a ground for bringing to administrative liability, while entrepreneurial activities involving receipt of profit on a large scale may act as a ground for bringing to criminal liability.

3. Investment

Relations arising from investment activities in the territory of the Republic of Belarus are regulated by the Law of the Republic of Belarus “On investments” as of 12.07.2013, regulatory legal acts of the President of the Republic of Belarus, civil and other legislation of the Republic of Belarus, international treaties concluded with participation of the Republic of Belarus, and investment agreements signed by the Republic of Belarus.

3.1. General conditions for investment

In accordance with the Law on investments, investment is any property and other objects of civil law rights which belong to the investor on the basis of the ownership right, other legal basis allowing him to dispose of such objects, and which the investor invests in the territory of the Republic of Belarus in order to gain profit (income) and/or achieve other specific results or for other purposes not connected with personal, family, home and other similar use, in particular:

– movable and immovable property, including stocks, shares in the authorized capital, shares in the assets of the commercial organization established in the territory of the Republic of Belarus, monetary funds, including moneys raised, including loans and credits);

– rights to claim with their cost estimate;

– other objects of civil rights with an assessment of their value, except for such types of objects of civil rights, the availability of which is not allowed in the circulation (objects taken out from circulation).

According to the Law on Investments, there are following ways of investing in the Republic of Belarus:

1. creation of a commercial organization;
2. acquisition, creation, including through the construction of real estate, except for the purchase or construction by Belarusian citizens, foreign citizens and persons without citizenship, of houses, accommodation for residence of these citizens of the Republic of Belarus, foreign citizens and persons without citizenship and (or) members of their families;
3. acquisition of rights to intellectual property;
4. acquisition of stocks or shares in the authorized capital, shares in the property of a commercial organization, including cases of increase of the authorized capital of a commercial organization;
5. on the basis of the concession;
6. otherwise, except for cases prohibited by legislation of the Republic of Belarus.

3.2. Preferential investments treatment

There is the following number of preferential investments treatment in the Republic of Belarus[3]:

[3] The detailed information about preferential regimes is in the clause 10

1. China-Belarus industrial park "Industrial park "Great Stone"

The main preferences:

- exemption from income tax, property tax on objects of taxation, located within the Park, the land tax for land plots in the Park for 10 years from the date of registration; in the next 10 years - 50% of the established rate;
- deduction of the full VAT charged on the acquisition (import) of goods (works, services), property rights, used to create the Park facilities;
- exemption from customs duties on the import of goods (manufacturing equipment, components and spare parts and raw materials) for the implementation of the investment project in the Park, including construction;
- exemption from the compulsory foreign currency sales in the domestic currency market of the Republic of Belarus, resulting from the activities in the park - until 01.01.2027;
- reduced rate of income tax in respect of employees income received from the residents of the Park (9% instead of 13%) - up to 01.01.2027;
- compulsory insurance contributions are not charged to the part of income of employees of the park residents, which is a subject for calculating such contributions, exceeding the amount of a single average wage of workers in the country;
- possibility to apply customs procedure of free customs zone, which stipulates the right to import goods (raw materials), without payment of customs duties and VAT with their further processing and (or) export outside the country-members of the Customs Union EAEC without paying customs duties.

2. High-Tech Park

Main preferences:

- exemption from the income tax;
- exemption from VAT on turnover from the sale of goods (works, services, property rights) in the territory of the Republic of Belarus;
- exemption from property tax in respect of facilities located in the Park, except for the objects under lease;
- exemption from offshore duty when paying (transferring) dividends to the founders (members) of the resident, profit part, accrued to the owner of resident's property;
- exemption from customs duties on the import of goods for the implementation of activities in the IT-industry;
- exemption from the compulsory sale of proceeds in the foreign in the domestic currency market of the Republic of Belarus received from activities in the IT-industry;
- reduced rate of income tax in respect of employees incomes received from the residents (9% instead of 13%);
- compulsory insurance contributions are not charged to thee part of income of the employees of the park residents, which is a subject for calculating such contributions, exceeding the amount of a single average wage of workers in the country.

3. an investment agreement with the Republic of Belarus

Main preferences:

- transfer land into the lease and (or) private ownership without auctions;
- exemption from import duties (taking into account the international obligations of the Republic of Belarus) and VAT charged on import into the

territory of the Republic of Belarus of the process equipment (components and spare parts) to be used in the territory of the Republic of Belarus for implementation of the investment project;

- the right to deduct full amount of VAT paid for the purchase (import into the territory of the Republic of Belarus) goods (works, services), property rights, used for the design, construction (reconstruction), equipment facilities, stipulated by the investment project.

4. free economic zones

Main preferences:

- exemption from income tax for the sale of own-produced goods (works, services) within 10 years from the date of income declared (for FEZ residents registered after 31.12.2011; 5 years – for registered not later than 31.12.2011); further this tax is paid at a general rate reduced to 50%, but no more than at the rate of 12%;
- exemption from income tax on objects of taxation located in the territory of the respective FEZ;
- possibility to apply the customs procedure of free customs zone, which provides the right to import goods (raw materials), without payment of customs duties and VAT with their further processing and (or) export outside the country-members of the Customs Union EAEC without paying customs duties.

5. small and medium-sized towns, rural areas

Main preferences:

- exemption from income tax for the sale of own-produced goods (works, services) and other taxes and fees (except for VAT, excise duties, stamp and offshore duties, state fees, patent fees, customs duties, land tax, environmental tax, tax for the extraction (removal) of natural resources and other taxes calculated, deducted and (or) transferred while performance by tax agent his duties) - for 7 years from the date of state registration;
- exemption from the compulsory sale of foreign currency received from transactions with non-residents from the sale of own-produced goods (works, services), as well as the lease of property - within 7 years from the date of state registration;
- exemption from customs duties for the import of certain products as a contribution to the charter fund;
- providing benefits not only for commercial organizations in the territory of medium, small towns, rural areas, but also their separate subdivisions.

6. special tourist and recreational park "Augustow Canal"

Main preferences:

- exemption from income tax for 5 years from the date of income declared; further - 50% of the stated rate, but not more than 12% rate;
- exemption from VAT for the sale of own-produced goods (works, services) in the territory of the Republic of Belarus;
- exemption from customs duties for imported technological equipment, accessories and spare parts, raw materials;
- exemption from income tax for buildings and structures located in the territory of the Park, irrespective to the purpose use.

Preferential treatments depend on the location (except for the investment agreement with the Republic of Belarus), and also have priority development orientations (except for small and medium sized urban localities, rural areas regime).

3.3. Investors' rights and obligations

The following rights of the investors are provided for by legislation of the Republic of Belarus:

- the right to exercise property and intangible rights in accordance with legislation of the Republic of Belarus;
- recognition of exclusive rights to intellectual property;
- the right to grant land plots for use, lease, into ownership in accordance with the laws of the Republic of Belarus on land use and protection;
- the right to create a commercial organization in the territory of the Republic of Belarus with any amount of investments, in any legal forms provided for by legislation of the Republic of Belarus (restrictions: investment is not allowed to the property of legal entities holding dominant position in the Belarusian goods market without permission of the antimonopoly body of the Republic of Belarus, as well as activities prohibited by the laws of the Republic of Belarus);
- the right to make both a monetary contribution in the authorized capital in foreign currency and (or) Belarusian rubles and non-monetary contribution, which has its cost estimate, in accordance with the procedure stipulated by legislation of the Republic of Belarus;
- the right to privileges and preferences established in accordance with the laws of the Republic of Belarus and (or) international legal acts binding upon the Republic of Belarus;
- the right to enter into an agreement(-s) with the Republic of Belarus (for more detailed information about this right please see cl. 3.4);
- the right to attract foreign citizens and stateless persons for labour activities in the Republic of Belarus.

Investors are obliged to:

- comply with the Constitution of the Republic of Belarus and legislative acts of the Republic of Belarus adopted in accordance with it;
- not take actions that constitute unfair competition as well as actions (inaction) aimed at prevention, elimination or restriction of competition, causing harm to rights, liberties, legal interests of other persons;
- perform other obligations established by legislation of the Republic of Belarus.

3.4. Right to conclude an agreement (agreements) with the Republic of Belarus

For the purpose of creation of additional conditions for providing investments the investor (-s) has (have) the right to conclude an agreement (-s) with the Republic of Belarus connected with provision of investments according to the order and conditions stipulated by legislation of the Republic of Belarus.

The investment agreement with the Republic of Belarus is concluded on the basis of the decision of the state body or another state organization specified in accordance with legal acts of the Republic of Belarus.

The investment agreement with the Republic of Belarus shall define:

- object, amount, terms and conditions of providing investments;
- rights and obligations of the investor (investors) and the Republic of Belarus;

- liability of the parties to the agreement for non-fulfillment of its provisions;
- other conditions stipulated in accordance with legal acts of the Republic of Belarus.

3.5. Guarantees of investor's rights

The Law on Investments guarantees:
- protection from uncompensated nationalization and requisition;
- unrestricted transfer of compensation outside the territory of the Republic of Belarus that was received as a result of nationalization possible only in cases of natural disasters, accidents, epidemics, epizootic diseases and other cases of emergency in the interest of the society at discretion of state bodies;
- the right of the investor, whose property was placed in requisition, to judicially claim the return of his preserved property, if the circumstances in connection with which the requisition was performed are not valid anymore.
- unconditioned transfer* outside the territory of the Republic of Belarus of income (profits) and other legally obtained monetary funds connected with investing in the territory of the Republic of Belarus as well as payments made in favour of the foreign investor and connected with making investments, including:

a) monetary funds, received by foreign investors after partial or full termination of investing in the territory of the Republic of Belarus, including monetary funds received by foreign investors in the result of investments alienation as well as property created in the result of performing investments, other objects of civil rights;

b) monetary funds due to payment of wages to foreign citizens and stateless persons performing labour activities under the labour contract;

c) monetary funds due to foreign investors according to the judicial decision.

*after payment of taxes, duties and other obligatory payments established by legislation of the Republic of Belarus.

3.6. Guarantees and privileges for investors that concluded the investment agreement[4]

1. Guarantee of damage compensation to the investor, caused by illegal actions (omissions) of state bodies and authorities of executive committees.

2. Investors have the right to:

– provision of the land plot without an auction for the right to execute agreement for the lease of a land plot, auction for the right to design and construct permanent structures (buildings, other objects) and auction for transfer of the land plots included to the list of land plots for implementation of investment projects into the private property on the basis of proprietary rights pursuit to the legislation on land protection and use (including lease and (or) transfer into the private ownership);

– construction of the objects provided for by the investment project with the right to remove objects of flora without making compensation payments of the cost of the removed objects of flora;

[4] Pursuit to the Edict of the President of the Republic of Belarus as of 12.11.2015 № 8 coming into effect on 15.05.2016

– deduction in full of the VAT amounts (except for tax amounts that are not to be deducted according to legislation) paid at acquisition (import into the territory of the Republic of Belarus) of all goods, works, services, the property rights used for designing, construction (reconstruction), equipping of the objects provided for by the investment project, irrespective of the VAT amounts estimated on the basis of goods (works, services), property rights realization;

– selection without carrying out tenders of the contractor and (or) design documentation developers, suppliers of goods, construction service providers, including reconstruction of objects defined by the investment agreements (except for the state tenders of goods (works, services).

3. Investors are exempt from:

– payment for the right to conclude a contract for the lease of a land plot;

– payment of the land tax or lease payment for state owned land plots provided for the construction of objects specified by the investment project for the term of designing and construction of such objects till December 31st of the year following the year when the construction of the mentioned objects was completed;

– compensation of losses of agriculture and/or forestry production caused by expropriation of land plots;

– payments of import duties (taking into account international obligations of the Republic Belarus) and VAT in case of import into the customs territory of the Republic of Belarus of technological facilities and their spare parts for the objects connected with realization of the investment project;

– payment of state duty for issuing permissions for attracting foreign labour force into the Republic of Belarus, special permits for the right to be involved in labour activities in the Republic of Belarus, and foreign citizens and stateless individuals attracted by the investor and (or) organization created by this investor or with his share according to the established procedure in the Republic of Belarus for implementation of the investment project are exempt from state duty for issuing permissions for temporary residence in the Republic of Belarus. Also the term of making decision on issuing or refuse to issue special permissions cannot exceed 7 calendar days, and the term for provision of decision on possibility or impossibility to attract foreign citizen or stateless individual is 2 calendar days;

– VAT and profit tax, obligation to pay which arises in connection with gratuitous transfer of permanent structures (buildings, constructions), isolated premises, permanent structures under construction and other permanent assets transferred for implementation of the investment project to the ownership of the investor and (or) organization created by this investor or with his share according to the established procedure in the Republic of Belarus.

3.7. Investments in a form of public-private partnership

As of July 2, 2016 investments within the public-private partnership (hereinafter – the “PPP”) according to the Law of the Republic of Belarus as of 30.12.2015 “On Public-Private Partnership” will be possible.

The PPP usually presupposes mutually profitable cooperation of the governmental authorities (public partner) and business entities (private partner) within the stated terms in construction (including reconstruction) and

exploitation of the infrastructure objects on the basis of special agreement between public and private partners – the PPP Agreement. The PPP is an alternative to privatization of state-owned objects.

The PPP Law provides for that the PPP may be exercised in respect of infrastructure in the fields of traffic and transport activities, public utilities and public services, energy and other spheres. The Belarusian model of the PPP do not presuppose realization of the PPP projects in rendering public services by private partners.

Public partners within the PPP projects are:

a) The Republic of Belarus, on behalf of which a state body or another public organization authorized by the President of the Republic of Belarus, the Republican state administration body authorized by the Council of Ministers of the Republic of Belarus or another state organization subordinated to the Council of Ministers of the Republic of Belarus;

b) administrative territorial unit, on behalf of which acts the local executive and regulatory body (executive committee).

A private PPP partner can be:

to) a legal entity (except for state unitary enterprises, state establishments and public organizations, as well as business entities, more than 50 percent of the shares (stakes in the authorized capital) of which belongs to the Republic of Belarus or its administrative and territorial unit);

b) a foreign organization that is not a legal entity;

c) an individual entrepreneur.

The PPP Law stipulates 4 stages of the PPP projects implementation:

1) preparation of proposals for the implementation of the PPP project;

2) taking a decision on the implementation of the PPP project;

3) conduct of a tender on selection of the private partner for the conclusion of the PPP agreement;

4) conclusion and execution of the PPP agreement.

The PPP Law provides for the right to submit proposals for the implementation of the PPP projects to public bodies and other public organizations, as well as to potential private partners.

It should be noted that the National Infrastructure Plan of the Republic of Belarus has been developed in Belarus for 2016-2030 (further - the NIP), which identifies 100 priority infrastructure projects for the Republic of Belarus with a total amount of investments in these projects is more than 3 billion U.S. dollars. From the list of TOP-100 projects, a number of projects is planned to be shortlisted in the future, which can be implemented on the PPP principles.

Currently 7 pilot PPP projects have been selected:

- reconstruction of the road M-10: the border of the Russian Federation (Selishche) - Gomel - Kobrin, km 109.9 - km 184.5;
- construction of highway in the city of Gomel 41.35 km long, taking into account the construction of the bridge across the river Sozh and five overpasses;
- construction of Beshenkovichi hydroelectric power plant (33 MW, 130 million kWh) on the Western Dvina river in Vitebsk region;
- construction of a waste processing plant in Bobruisk city;
- reconstruction of group of buildings of Health Institution “City Clinical Hospital No.3 of Grodno” under “Grodno Regional Clinical Oncology Center”;
- construction of kindergartens in regions of Minsk region;

- capital repair with the restoration of facades and reconstruction into a hotel complex of facilities located in the western part of the Kobrin Fortification of the Brest Fortress.

Three subjects will be entitled to take decisions on the implementation of the PPP projects after consideration and evaluation of proposals for their implementation:

1) The President of the Republic of Belarus;
2) The Council of Ministers of the Republic of Belarus;
3) local Councils.

Selection of the private partner for the conclusion of the PPP agreement will be carried out, as a general rule, on a competitive basis. In this case, the PPP Law stipulates that the competition will consist of two stages - preliminary selection of participants and choice of the participant who has won the competition.

The PPP agreement is subject to the conclusion between the winner of the competition or the only participant of the competition, whose bid meets the conditions of the competition, and (or) a person selected without conducting the competition, and the authorized state body or organization in the PPP field.

The subject of the agreement on the PPP partnership is the implementation of design, construction and (or) reconstruction, restoration, repair, modernization and technical maintenance, and (or) operation in respect of the infrastructure facility.

3.8. Investments on the basis of concessions

Investment in respect to subsoil, water, forests, land and facilities that are owned only by the state or activity over which there is exclusive right of the state may be carried out on the basis of a concession by means of the concession contract conclusion.

In accordance with the Law on concession, the concession contract is a written agreement by virtue of which one party (concessor) undertakes to provide another party (concessionary) with the right to possession and use of the concession object or the right to perform a type of activity on a payment or gratuitous basis for a certain time period.

Concession objects are provided into concession, as a general rule, in four stages:

1. formation, approval, publication in print mass media and publication in global computer network Internet of the lists of concession objects of the Republic of Belarus and concession objects of administrative-territorial units, determining according to them the type of the concession contract and the way of choosing the concessionary;
2. determining the concession authority, development, agreement and approval of concessional offers;
3. organizing and conducting a competition (auction), deciding on the concessionary;
4. conclusion of the concession contract.

Concession contract can be concluded for the period up to ninety nine years unless in respect to certain concession objects the shortest term is established by legislative acts.

For providing the concession object into use in accordance with the concession contract the investor pays a single payment:

- to the republican budget – for the concession objects of the Republic of Belarus, for the concession objects, information about which constitutes state secrets, and for the concession objects that are strategically important for the Republic of Belarus;

- to the corresponding local budget- for the concession objects of administrative-territorial units.

The amount of the single payment, as a general rule, is determined according to the results of the competition (auction) or in the amount:

- offered by the single participant of the competition, whose offers correspond to the conditions of the competition, in case the competition is recognized as failed;

- initial payment amount, increased by five percent, in case the competition is recognized failed and there is consent of the single participant of the auction to the conclusion of the concession contract with him under the conditions offered to him;

- established by the President of the Republic of Belarus, in case of the concession contract conclusion without holding a competition (auction);

- established by the agreement of the parties, but not less than the initial amount of the single payment, in case of a new concession contract conclusion by the President of the Republic of Belarus after the expiration of the maximum validity term of the concession contract.

3.9. Dispute resolution between an investor and the Republic of Belarus

According to the Law on investments disputes between an investor and the Republic of Belarus that arise at the time of making investments are subject to pre-court resolution by means of negotiations unless otherwise established by legislative acts of the Republic of Belarus.

Disputes between an investor and the Republic of Belarus that haven't been regulated according to the pre-court procedure by means of negotiations during three months from the date of receipt of a written offer on their resolution are to be settled in a judicial proceeding according to legislation of the Republic of Belarus.

If disputes not relating to the exclusive jurisdiction of courts in the Republic of Belarus arisen between a foreign investor and the Republic of Belarus have not been resolved according to the pre-court procedure by means of negotiations during three months from the date of receipt of a written offer on their resolution according to the pre-court procedure, then such disputes regarding the choice of the investor may be also resolved:

- in arbitration court established for resolution of each specific dispute according to the Rules of Arbitration of the United Nations Commission on International Trade Law (UNCITRAL), unless parties to the dispute agree to otherwise;

- in the International Centre for Settlement of Investment Disputes (ICSID) in case this foreign investor is a citizen or a legal entity of the state-party to the Convention on Settlement of Investment Disputes between states and individuals ad legal entities of other states as of March 18, 1965.

In case the international treaty of the Republic of Belarus and (or) the contract concluded between an investor and the Republic of Belarus stipulate otherwise regarding the settlement of disputes between the investor and the

Republic of Belarus that arise at the time of making investments, then the provisions of this international treaty of the Republic of Belarus and (or) the contract concluded between an investor and the Republic of Belarus shall be applied.

3.10. Investment agent

Investment agent is a person authorized to represent interests of the Republic of Belarus on issues of bringing investments into the Republic of Belarus. Creation of the investment agent status is aimed at improvement of work on attracting investments into national economy of the Republic of Belarus.

Residents of the Republic of Belarus, both legal entities and individuals, as well as nonresidents, including foreign citizens that are not individual entrepreneurs may become investment agents.

Authorities of the investment agent are performed for the purpose of development of administrative-territorial units and branches of economy of the Republic of Belarus as well as for realization of investment projects.

Legal entities and citizens claiming the receipt of authorities of the investment agent shall submit to the state body (in case of attracting investments into development of the corresponding branch) or to the executive committee (in case of attracting investments into development of administrative-territorial unit) the following documents:

– application;
– copy of the certificate of state registration;
– information about the applicant;
– contract for delegation of authorities
– copy of passport or other ID (for non-residents – private persons who are not self-employed individuals).

In case the state body or executive committee approve of the applicant, the contract for representation of interests of the Republic of Belarus on issues of attracting investments is concluded with the applicant.

Within the scope of representation of interests of the Republic of Belarus, the investment agent can perform such actions as to hold negotiations with potential investors, develop a mechanism for implementation of the investment project, draft documents supporting agreements with potential investors. In order to implement these actions the investment agent may provide future investors with consulting, legal and other services.

3.11. External guarantees of investments in Belarus

3.11.1. Multilateral Investment Guarantee Agency

In order to create conditions corresponding to international standards for insurance against risks of foreign investors in the territory of our country, attraction of foreign financial resources without providing guarantees of the Government of the Republic of Belarus to foreign investors and, correspondingly, without increase of the state external debt amount of the Republic, the Government took some measures aimed at inclusion of the Republic of Belarus into members of Multilateral Investment Guarantee Agency (hereinafter – MIGA).

The Republic of Belarus joined to the Convention concerning MIGA establishment in December 1992, ratified the amendments to the Convention in 2011, signed and ratified an Agreement on legal protection of guaranteed foreign investments and Agreement on local currency use in 2011-2012.

MIGA is the establishment of the Group of organizations of the World Bank and therefore allows investors to insure the ongoing projects against political and non-commercial risks (restrictions of currency transfer and exchange, expropriation, war, civil disorders and other risks).

Thus, the Republic of Belarus has fulfilled all necessary procedures in order to ensure its international obligations and membership in MIGA.

3.11.2. Agreements on assistance in realization (encouragement) and protection of investments

In order to create favourable conditions for investments made by investors of a state in the territory of the other state, acknowledging that mutual assistance in realization and protection of such investments facilitates development of business initiative and prosperity growth of both states, the Republic of Belarus has signed about 60 agreements on assistance in realization (encouragement) and mutual protection of investments.

In particular, the Agreements provide for the following guarantees:

- National treatment (each party treats investors of the other party's state in a not less favourable way than the way the party treats in similar situations the investors of its own state, etc.);
- most favoured treatment (each party treats investors of the other party's state in a not less favourable way than the way the party treats in similar situations the investors of any third state, etc.);
- minimum standards (each party treats investments of investors from the other party's state according to the international law, including fair and equal treatment, protection and safety, etc.);
- expropriation and compensation (neither Party may expropriate or nationalize investments both directly and indirectly by means of measures similar to expropriation or nationalization, for other purposes than: for the public benefit; on nondiscriminatory basis; according to the appropriate legal procedure; on conditions of compensation payment, etc.).

4. Privatization

Belarusian legislation is aimed to improve legal and economic relations in the field of state property privatization and transformation of state-owned unitary enterprises into joint stock companies. That is made in order to create the conditions for attracting investments and develop the efficient economy.

4.1. The concept of privatization

In accordance with the current legislation, privatization of state property (hereinafter – privatization) means selling of the enterprises as property complexes of state unitary enterprises, shares (stocks in authorized funds) of companies which are in the ownership of the Republic of Belarus or in the ownership of administrative and territorial units (hereinafter – the Objects of privatization) to the subjects of privatization on the terms and conditions provided by legislation.

Subjects of privatization are: individuals, including individual entrepreneurs, foreign citizens and stateless persons, legal entities of the Republic of Belarus, , except state organizations and business entities in the authorized funds of which more than 50 percent of shares (stocks) are in the ownership of the Republic of Belarus or in the ownership of administrative and territorial units, foreign states and their administrative and territorial units, international organizations, foreign legal entities as well as foreign organizations that are not legal entities.

Privatization can be implemented through the sale of:

- shares (stocks in authorized funds) at an auction;
- shares (stocks in authorized funds) by a competitive bidding;
- enterprises as property complexes at an auction;
- enterprises as property complexes by a competitive bidding;
- shares of an open joint-stock company according to the results of trust management.

Sale of a privatization object without holding an auction (competitive bidding) is carried out in the event of the sale of shares of an open joint-stock company according to the results of trust management and in other cases established by the President of the Republic of Belarus.

4.2. The procedure of privatization

Privatization is carried out on the basis of privatization body's decision.

After decision the privatization body makes the publication about holding an auction (competitive bidding) for the sale of an object of privatization and publishes information about the auction (competitive bidding) for the sale of an object of privatization in the worldwide computer network Internet.

The obligation to organize and hold auctions (competitive biddings) is under privatization body, which in the frame of its duties installs auction (competitive bidding) rules, accepts applications for participation in the auction (competitive bidding), creates a commission on conducting the auction (competitive bidding) on the sale of the objects of privatization. The participant, that is considered a winner of the auction (competitive bidding) is appointed by the

commission for holding the auction (competitive bidding), which is executed by means of the corresponding protocol.

Sale of the privatization objects is carried out only for monetary funds at the open auctions (competitive biddings) the participants of which can be all subjects of privatization.

4.2.1. Special aspects of selling shares (stocks in authorized funds) and enterprises as property complexes at auction

Sale of shares (stakes in authorized funds) and enterprises as property complexes at the auction is carried out when the buyer is not required to fulfill any conditions established in the decision on privatization.

Sale at auction of shares of closed joint stock companies and stakes in authorized funds of other business entities shall be carried out according to the established rule of offering such shares, stocks in the authorized funds for purchase to other participants, those business entities, third persons in accordance with legislation.

The initial sale price of an enterprise as a property complex with a number of employees under 100 persons, the outstanding financial liabilities of which on the date of determining the estimated cost of the enterprise as a property complex are equal to the balance cost of assets or exceed this cost, when sold through a competitive bidding the estimated cost is one base unit on the date of holding the competitive bidding, established in accordance with legislative acts.

The winner of the auction is deemed to be the participant who offered during the auction the highest price for the object of privatization.

The participant, who has won the auction, and the contest commission shall sign protocol on the results of the auction on the day of the auction.

The enterprise as a property complex is transferred to the customer after state registration of the sale and purchase contract under the transfer act. State registration of the transfer of the ownership right to the enterprise as a property complex is carried out after full payment for the object of the privatization by the buyer in accordance with the sale and purchase contract. The ownership right to the enterprise as a property complex is transferred to the buyer from the moment of state registration of the ownership right transfer.

Buyers should know that the punishment for the breach of the payment term is tough: fine in the amount of 10 percent from the purchase price of the privatization object and a penalty interest in the amount of 1/360 of the refinancing rate of the National Bank of the Republic of Belarus, established on date of transferring the funds (making payments), on the unpaid sum for each day of delay.

4.2.2. Special aspects of selling shares (stocks in authorized funds) and enterprises as property complexes on the basis of competitive bidding

Sale of shares (stocks in authorized funds) is carried out on the basis of competitive bidding, when the purchaser is required to fulfill certain conditions set forth in the decision on privatization.

Sale on the basis of competitive bidding of shares of closed joint stock companies and stakes in authorized funds of other business entities shall be carried out according to the established rule of offering such shares, stocks in the authorized funds for purchase to other participants, those economic companies, third persons in accordance with legislation.

The following conditions can be stated in the decision on privatization through sales of shares (stocks in authorized funds) on the basis of competitive bidding:

- amount, time constraints and spheres of investments;
- preservation and (or) creation of a certain number of jobs within a certain period;
- preservation of the sphere of business activity of the business entity within a certain period;
- preservation and funding for a certain period of social facilities that the economic company have in the ownership or under a contract of gratuitous use;
- other conditions.

The following conditions can be stated in the decision on privatization through the sale of enterprises as property complexes on the basis of competitive bidding:

- amount, time constraints and spheres of investments;
- preservation and (or) creation of a certain number of jobs within a certain period;
- retraining and (or) advanced training of employees;
- preservation within a certain period of the range of manufactured products (types of works, services);
- preservation within a certain time of the sphere of business activity of the state unitary enterprise;
- other conditions.

In the event of sale of an enterprise as a property complex on the basis of competitive bidding with the establishment of initial sale price equal to one base unit, the owner of the privatized enterprise as a property complex is required to repay the indebtedness on financial obligations of the state unitary enterprise, the property complex of which he has acquired, to keep a certain amount of jobs, to ensure operational and commercial activities of the enterprise and meet other conditions of the sale and purchase contract.

The winner of the competitive bidding is deemed to be the participant whose all offers regarding the conclusion of the commission on conducting the competitive bidding on the sale of privatization objects, correspond to the terms of the competitive bidding or contain better terms in comparison with the terms of the competitive bidding.

The participant, who has won the competitive bidding, and the contest commission shall sign protocol on the results of the competitive bidding on the day of the competitive bidding.

4.2.3. Special aspects of selling shares of open joint stock company according to the results of trust management

Sale of part of shares (not more than 10 percent of the authorized fund) owned by the Republic of Belarus or an administrative and territorial unit of

open joint-stock companies, the debt on financial obligations of which within two years preceding the date of the decision on privatization mainly (at least 14 months) is equal to book value of assets or exceeds its assets for two years preceding the date of taking the decision on privatization, can be carried out according to the results of trust management of shares of unprofitable open joint-stock companies.

Shares of unprofitable open joint-stock companies owned by the Republic of Belarus or an administrative and territorial unit may be transferred into trust management with the right to buy out those shares according to the results of trust management to the subjects of privatization – professional securities market participants (banks, other financial organizations).

Privatization body accepts applications for participation in competitive bidding and establishes a contest commission to conduct the competitive bidding. The contest commission determines the participant, who wins the competitive bidding, and draws up minutes on the results of the competitive bidding.

The competitive bidding is considered invalid if:

- application form for participation in the competitive bidding is filed only by one participant;
- no applications for participation in the competitive bidding were filed;
- only one participant or none of the participants appeared at the competitive bidding.

A competitive bidding is considered to have no result if among the applications filed by the participants of the competitive bidding under the terms of the competitive bidding none of the proposals of the participants of the competitive bidding corresponds to those terms.

The winner of the competitive bidding is deemed to be the participant, whose all offers, according to the conclusion of the commission on conducting the competitive bidding, correspond to the terms of the competitive bidding or contain better terms in comparison with the terms of the competitive bidding.

The participant, who has won the competitive bidding, and the contest commission shall sign protocol on the results of the competitive bidding on the day of the competitive bidding.

The procedure for conducting the competitive bidding on the transfer of the shares of unprofitable open joint-stock companies into the trust management with the right to buy out a part of those shares according to the results of the trust management and for concluding the contract on trust management of shares with the right to buy out a part of those shares according to the results of the trust management (hereinafter – contract of trust management with the right to buy out) as well as for control over its fulfillment is determined by the Council of Ministers of the Republic of Belarus with regard to the requirements of legislative acts.

The subject of the privatization that concluded a contract of trust management with the right to buy out, after the termination of the trust management and in case he fulfilled all conditions of the contract of trust management with the right to buy out, has a right to purchase a part of the shares transferred to him into trust management, in the ownership under a sale and purchase contract under conditions specified in the contract of trust management of shares with the right to buy out. Sale price of shares of unprofitable open joint-stock companies is determined by their nominal value

in accordance with the charters of those companies on the date of the conclusion of the contract of trust management with right to buy out.

In the case of breach of the contract of trust management with right to buy out, the subject of privatization has no right to repurchase the shares of unprofitable open joint-stock company and bears the liability provided by the contract of trust management with the right to buy out.

4.3. Transformation of the state unitary enterprises into the open joint stock companies

Decisions on the transformation of the state unitary enterprises into the open joint stock companies are made in accordance with the approved plans on transformation of the state unitary enterprises into the open joint stock companies:

- concerning the republican unitary enterprises employing 1,000 people or more by The Property State Committee of the Republic of Belarus;
- concerning the republican unitary enterprises employing less than 1,000 people – by The National cadastral Agency and its subordinate organizations;
- concerning municipal unitary enterprises – by the appropriate local executive and administrative authorities.

The founders of the open joint stock companies created in the process of transformation of state unitary enterprises are the privatization bodies. Other subjects of privatization who have made monetary and/or non-monetary contributions to the authorized funds of the open joint-stock companies can be additional participants.

The choice of other founders other than the state is made by the privatization body by holding a competitive bidding, and in case the competitive bidding is recognized as failed – by the direct negotiations of the privatization body with the single participant of the competition.

Works on transformation of the state unitary enterprise into open joint-stock company are performed by the commission for transformation. The commission for transformation includes representatives of the collective of employees of the state unitary enterprise and a representative of the state body, state organization, local administrative and executive body to which the state unitary enterprise being transformed is subordinated (makes part of).

The amount of the authorized fund of the open joint-stock company is determined based on the balance sheet value of assets and liabilities of the state unitary enterprise or several state unitary enterprises as on the 1st of January of the year in which the transformation is conducted, under the procedure established by the republican body of state administration for managing state property, and in the event of participation of the founder other than the state, also based on the value of the contribution of such founder, determined in accordance with acts of legislation, and may not be less than the minimum size established by legislative acts.

The sectorial commission negotiates the project of the transformation of the state unitary enterprise into the open joint stock company, prepares the conclusion on the possibility of establishing the open joint stock company.

Based on the conclusion of the sectorial commission, the privatization body makes a decision on the establishment of an open joint stock company in the course of transformation of the state unitary enterprise, or in the course of transformation of a few state unitary enterprises.

5. Construction and Real Estate

5.1. Real estate

A general notion of real estate is given by Civil Code of the Republic of Belarus, according to which real estate (real property) include land plots, subsoil plots, surface water objects, and all that is firmly connected with the land, including forests, perennials, capital structures (buildings), incomplete capital structures conserved, premises, parking places. Some things are equated to real estate, for example enterprises as property complexes, aircraft and sea vessels, inland navigation vessels sailing the "river-sea" space objects which are subject to state registration. Furthermore, other objects can be classified as real estate according to the laws of the Republic of Belarus. The main feature of real estate is the fact of impossibility to move such objects without incommensurate damage to their purpose.

5.2. State registration of real estate, rights and deals with it

Real estate, rights and deals with it are subject to state registration in cases provided for by the legislative acts.

State registration is a legal act of state admission and confirmation of a fact connected with creation, changing, disappearance of real estate, rights to it and encumbrances on it, as well as transactions with it.

There is a Common state register of real estate, rights to it and deals with it which contains information and documents regarding registered objects of real estate in the Republic of Belarus.

State registration is necessary in cases of:

- creation, changing, disappearance of real estate;

occurrence, changing, termination of rights to real estate including parts in rights, except for parts in right of common ownership of common household and limitations (encumbrances) on rights over real estate according to the above-mentioned law and other legislative acts;

- transaction with real estate which is subject to state registration according to legislative acts of the Republic of Belarus;

State registration is carried out in relation to the following types of real estate:

- land plots – a part of the land surface having their boarder and purpose and firmly connected with constructions (buildings, structures) located on it;
- constructions (buildings, structures) - any objects built on or under land intended for long-term use, the creation of which is recognized as completed in accordance with laws of the Republic of Belarus and the purpose, location, dimensions of which are described in the documents of the Common state register of real estate;
- incomplete conservated constructions – a conservated construction object, creation of which as construction is permitted in accordance with legislation of the Republic of Belarus, but not accomplished;
- isolated premises (including residential) - the inner space of a construction (building, structure) separated from other related parts of the

construction by overlaps, walls, division walls, having an independent entrance from auxiliary premise (entrance hall, corridor, walkway, stairway, pace, elevator hall etc.) or from public area (area around the house, street etc.) directly or from other premises or territory by using servitude, the purpose, location in the construction, the area of which is described in the documents of the Common state register of real estate;

– parking places – stalls intended for placing a vehicle, which are a part of a construction belonging to a legal entity or an individual and registered as an object of real estate;

– enterprises as a property complexes used in the entrepreneurial activity. The enterprise includes all types of property intended for its activity, including land plots, buildings, structures, equipment, inventory, raw material, production, claims, debts, as well as trade name, trademark, service mark and other exclusive rights.

The legal significance of the state registration is that only since the moment it has taken place:

- real estate is considered to be created, changed, eliminated;
- right, limitation (encumbrance) of a right to real estate arises, can be transferred and terminated;
- transaction is recognized as concluded.

As a general rule according to the Civil Code transactions with real estate are subject to state registration. Non-observance of the obligation to provide state registration of a transaction leads to its nullity. So no rights and obligations arise from such deal and the parties have to return all received in such a transaction.

There are exceptions from this rule provided by the legislation of the Republic of Belarus: lease and sublease contracts, the contracts of uncompensated use of real estate (construction (building, structure), isolated premises, parking place) regardless of the term of lease, sublease, uncompensated use as well as agreements intended to change or terminate the above-mentioned contracts; rights to real estate arising from the above-mentioned contracts are not subject to state registration.

These contracts are considered as concluded from the date of its signing by the parties.

The state registration is implemented by territorial organizations on the registration of real estate subordinated to the Property State Committee of the Republic of Belarus (The National cadastral Agency, district and Minsk city agencies of state registration and land cadastre and their subordinate branches and organizations). The terms of administrative procedures connected with state registration, as well as fees for state registration are established by legislation. The general term of state registration is 5 working days from the date of the documents submission. Moreover, there is a possibility to perform registration actions expeditiously – within 2 working days or as a matter of urgency – within 1 working day (in this case an additional payment is to be made).

5.3. Land plots

Land plot is one of types of real estate which are subject to state registration as a general rule.

The legislation provides for two ways of providing land plots: based on the auction results and without conducting an auction. As a general rule, provision of land plots, regardless of their intended purpose, is performed according to the results of the auction.

In the Republic of Belarus legal entities are provided with land plots according to the results of the auction:

- for the right to conclude land rental agreements;
- with conditions for the right to design and construct capital structures (buildings, constructions);
- for the sale of land lots into private ownership (according to the results of this auction land plots may be provided into private ownership only to non-state legal entities of the Republic of Belarus).

In practice, most often legal entities are provided with land plots according to the results of the auction for the right to conclude land rental agreements.

In specific cases land plots may be provided without holding an auction, based on the decision of the local executive committee on the seizure and provision of a land plot.

According to legislation of the Republic of Belarus organizations can own land plots on the basis of the following rights: ownership, permanent or temporary use, lease.

The type of the right on the basis of which a land plot will be provided to a legal entity is determined in the decision of the local executive committee on the seizure and provision of a land plot and depends on:

- the way of the land plot provision (if the provision of the requested land plot is provided for only on the results of the auction (the local executive committee announced a corresponding auction, or a land plot is included on the relevant lists, or the decision on the formation of a land plot for the auction is taken), such land plot can be provided for rent or into private property, depending on the type of the auction);
- a subject who applies for the provision of a land plot (foreign legal entities are provided with land plots only on the basis of the rental right);
- a kind of object planned to be constructed on a land plot.

One of the main principles in land laws is a principle of purpose use. Consequences of non-compliance with this rule are that a title for a land plot (including ownership) may be terminated.

The use of land plots is paid in the Republic of Belarus. The forms of payment for a land plot are land tax or rent.

For the use of a privately owned land plot, permanently or temporally used, land tax is to be paid according to the legislation.

Rent is to be paid for the use of land plots granted on lease.

The procedure of collection of rental charge for the use of land plots, owned by the state is established by the President of the Republic of Belarus.

5.3.1. Ownership of the land plots

Land plots can be in private ownership of non-state legal entities of the Republic of Belarus, foreign states, international organizations.

Land plots owned by the state can be transferred to private ownership as a result of the auction and without auction. The legal grounds and the procedure for allocation of land plots owned by the state are established by the President of the Republic of Belarus.

The disposal of land plots privately owned is implemented on the basis of civil law transactions.

5.3.2. Permanent use

Permanent use is one of the forms of a land plot use without predetermined term which terminates in cases provided for by legislation.

Commercial private organizations can use under permanent use title land plots which had been transferred to them before the Land Code entered into force, or if the title to permanent use of a land plot was transferred to them from other organizations, as well as if a land plot was transferred:

- for maintenance of objects of real estate owned by the state;
- for construction of apartment dwelling buildings (except dwelling buildings of higher comfort according to the criteria stipulated by legislative acts); maintenance of apartment dwelling buildings; construction and (or) maintenance of garages and parking lots;
- for reconstruction of existing objects when the change of the target destination and (or) the size of the land granted to a legal entity on the basis of the right of permanent use;
- for construction and (or) maintenance of transport and engineering infrastructure and roadside service.

5.3.3. The right for temporary use of land plots

Temporary use is one of the forms of a land plot use for a limited period of time stipulated by the Land Code of the Republic of Belarus.

The term of use depends on the purpose for which land was granted. Usually this term doesn't exceed 10 years.

Commercial legal entities may have on the right of temporary use land plots allocated to them prior to the entry into force of the Code of the Republic of Belarus on the ground, land plots the right of temporary use to which transferred to them from other legal entities of the Republic of Belarus according to the established procedure, as well as land plots provided:

- for the extraction of common minerals, including peat, construction of facilities needed for their processing and storage, as well as for the use of geothermal resources, mineral resources and drying of lignin for the production of strategic minerals, minerals limited distribution in the presence of the mining lease, construction of needed for their processing and storage;
- to concessionaires on the basis of concession contracts. In this case, the land may be granted for temporary use for up to 99 years.

In addition, land plots may be granted to legal entities for temporary use for the same purposes as the ones established for permanent use, for the term up to 10 years.

5.3.4. Lease

Land plots can be granted on lease to legal entities of the Republic of Belarus, as well as to foreign organizations, their representative offices,

foreign states, diplomatic missions and consular posts of foreign states, international organizations and their representative offices.

The lease of privately owned land plots is carried out on the basis of a civil law transaction.

Land plots owned by the state can be granted on lease at an auction as a general rule. But there is a list of cases stipulated by legislation in which land plots can be granted on lease without an auction. For example land plots can be granted on lease without an auction to an investor for realization of projects provided by investment agreement with the Republic of Belarus, to organizations for objects construction of engineering and transport infrastructure, construction of roadside service objects, to residents of free economic zones, special tourist and recreational parks - for construction and maintenance of real estate in these areas, parks, to organizations and entrepreneurs engaged in collection, sorting (unbundling), preparation for disposal, and (or) use of secondary material resources to accommodate the reception centers of secondary raw materials, sorting facilities, disposal, recycling of municipal waste disposal facilities and municipal solid waste.

Time-terms and other conditions of a land plot lease are determined by the lease contract. But the time-term of lease of a land plot owned by the state and allocated for construction and (or) maintenance of capital buildings should be not less than the time-term of the construction works and (or) operation of these capital buildings. In any case the time-term of the land plot lease should not exceed 99 years.

The construction of permanent structures (buildings, constructions) on the leased state-owned land plots is allowed only if it corresponds to the intended purpose of these land plots and the conditions of rent specified in the decisions of state authorities that are responsible for state regulation and management in the sphere of land use and protection, and in land lease contracts.

5.4. Construction

5.4.1. Regulation of activities in the construction sphere

Under the law there are 5 classes of complexity for construction objects depending on the technical characteristics and functionality of buildings and structures. This classification is used for the purpose of state examinations, procedures for conformity assessment and certification.

In this case, certain activities in the field of construction (design, engineering surveys, the functions of the customer, general designer, general contractor, providing engineering services), as well as the performance of several types of works during construction of the first - fourth classes of complexity can be performed only on the basis of certificates of conformity for the right to perform this type of work possessed by organizations and individual entrepreneurs.

Currently, mandatory certification for activities in the field of construction is applicable for:

- organizations (individual entrepreneurs), operating in the field of construction;
- experts of organizations carrying out activities in the field of construction.

One of the obligatory conditions for the organization to get a certificate of conformity is the presence of the employed professionals with qualification certificates for the right to carry out activities in the field of construction. The criteria for compliance to get the qualifying certificate are specialists' education in the specialty in the field of construction, as well as work experience in the relevant specialty.

RUE "BELSTROYTSENTR" is the organization authorized to carry out certification of organizations (individual entrepreneurs), as well as specialists and to issue certificates of conformity and qualifying certificates.

When issuing certificates of conformity it is checked whether the applicant-organization is in compliance with the criteria established by the legislation aimed at assessment of the necessary qualification of the applicant's employees, resources needed to perform the works, as well as the quality control system of the works performed.

If controlling authorities find out that the holder of the certificate doesn't comply with the qualifying criteria established by the legislation, it is the basis for the termination of the validity of the certificate of conformity. In addition, since 06.02.2016 additional grounds for termination of the certificate of conformity have been introduced in the following cases:

- repeated, within the calendar year, issue of the negative conclusion of state expertise in architectural and construction projects, to the construction phase, starting complexes and estimates (estimate documentation), developed by the holder of the certificate of compliance, who violated when developing them the requirements of technical normative legal acts in the field of architecture, urban planning and construction activities;
- repeated during a calendar year bringing an organization-holder of the certificate of conformity to administrative responsibility for violation of the requirements of technical normative legal acts in the field of architecture, urban planning and construction activities, and (or) the requirements of the project documentation for construction and installation works.

The ground for termination of the certificate of conformity is a proposal for the termination of the certificate of conformity made by the Ministry of Architecture and Construction of the Republic of Belarus by state examination bodies and (or) bodies of state construction supervision.

Construction of buildings and structures is carried out on the basis of authorization. Local Executive Committees, their departments, specialized municipal unitary organizations on the stakeholders' applications prepare and give out authorization documents, provided for by legislation depending on the type and place of construction. The following authorization documents are obligatory:

- local Executive Committees' decision on permission to carry out design and exploration works and construction of the object;
- architectural planning task;
- opinions of coordinating organizations;
- technical conditions on engineering support of the object.

Availability of permits is a necessary condition for customer to enter into a contract for development of project documentation and construction contract.

As a general rule, project documentation is subject to mandatory state expertize, which is carried out by a specialized state enterprise - the Republican Unitary Enterprise "Glavgosstroyexpertiza" or its subsidiaries (in

districts and in the city of Minsk) on a payment basis. When the state examination of project documentation has been passed and project documentation has been approved by the customer it can be transferred for the construction works to the contractor.

Construction can be started only after obtaining by the customer of the permission for the construction in the state construction supervision authorities.

A completed construction object is to be put into operation. The customer is responsible for the acceptance of the object into operation and does it at his expense. Customer appoints the acceptance committee by means of taking a relevant decision (orders, decrees, ordinances), which specify the list of members of the acceptance committee, its chairman, appointed from its members, start and end dates of the commission are established.

The list of members of the acceptance commission on acceptance into operation of the facility includes representatives of the customer, contractor, developer of project documentation, operating entity, if any, local executive and administrative body.

The list of members of the acceptance committee may include representatives of other government agencies and other organizations, if agreed with these bodies and organizations.

Acceptance of the building should be made by an act of acceptance, signed by all members of the acceptance committee and approved by the decision (orders, regulations, orders) of the customer.

5.4.2. Procedure for concluding construction contracts

There are special requirements provided for by legislation for the process of determining the contractor organization for the object construction.

For objects not financed from the state budget or non-budget funds and funds attracted under the guarantee of state agencies, the conduction of contract tender is obligatory if the cost of construction is 100 000 base units and more. In such cases a contractor for construction of an object is determined only on the results of the tender. In other cases contracts for the construction can be concluded on the negotiation basis.

The cases when financing of the construction is fully financed by foreign investors are exemptions from this rule.

Moreover, if a tender for construction of objects is obligatory, it is also obligatory to conduct tenders to conclude contracts for:

- the development of pre-investment (pre-project) documentation for the construction, reconstruction and restoration of objects of the first - fourth classes of complexity;
- performance of project and design works;
- provision of engineering services the cost of which is 3,000 base units and more;
- purchase of goods the cost of every type of which is 3,000 base units and more;
- implementation of certain types of construction, installation, special and other works the cost of which is 3,000 base units and more.

It should be noted that from 6.2.2016, the restrictions shall be introduced to the participants of procurement procedures of goods (works, services) during the construction, which apply to the contractors bidding process (auction), as

well as to the negotiation process. Thus, the following entities and persons cannot be the participants of procurement procedures of goods (works, services) in the construction:

- organizer of the conducted procurement procedures of goods (works, services) in the construction;
- founder, participant, owner of the property of the organizer of procurement procedures of goods (works, services) in the construction;
- Subsidiary Unitary Enterprise, a subsidiary or dependent business entity, a separate structural subdivision (branch) of the organizer of the procurement procedures of goods (works, services) in the construction;
- legal person that is in the process of restructuring, except for a legal entity, to which another entity is accessed;
- legal entity (individual entrepreneur) that is in the process of liquidation (in the stage of the activities termination), including the one recognized in the prescribed manner as economically insolvent (bankrupt), except for the legal entity that is in financial rehabilitation process;
- person included in the list of suppliers (contractors, performers) and temporarily not allowed to participate in the procurement procedures of goods (works, services) in the construction;
- person included in the register of suppliers (contractors, performers) and temporarily not permitted for procurement of goods (works, services) in the construction;
- person included in the register of commercial entities and individual entrepreneurs with an increased risk of committing offenses in the economic sphere.

The legislation provides for the benefit for investors involved in construction under the investment agreement: contracts for construction under the investment agreement may be concluded without tender and since 15.05.2016 it’s not needed to conduct any procedures for choosing contractors and suppliers, including the negotiation procedure obligatory at the moment.

6. Pharmaceutical activities

Pharmaceutical activities relate to spheres that are sufficiently regulated by legislation of the Republic of Belarus. There are the following components of the pharmaceutical activities:

- industrial production of medicines;
- wholesale trade in medicines;
- pharmacy manufacture of medicines;
- retail trade in medicines.

In addition to these components the issues of storage, transportation, medical use, disposal, advertising of medicines, pricing of medicines are also regulated.

6.1. Licensing of pharmaceutical activities

Licensing authority is the Ministry of Health.

Licenses are effective from the date when the licensing authorities make the decision on license granting with no expiry date. In case the name, location of the licensee's place of activity and (or) the types of works (services), as well as other information specified in the license are changed, it's necessary to make changes in the license.

Licensing requirements and conditions apply to the following criteria:

- education, skills and experience of the manager and personnel;
- availability of premises, equipment and vehicles that are needed for activities and that meet their business requirements, which is supported by technical documentation and by the opinion of a state body;
- nomenclature of medicines claimed for production that is coordinated by the state authorities.
- since 2015 all organizations, whose main activity is the pharmaceutical one, has become public health organizations. Consequently there are additional qualification requirements for managers of such organizations.

6.2. Registration of medicines

Legislation of the Republic of Belarus prohibits the import, sale and medical use of medicines that are not registered in accordance with the established procedure. The registration procedure includes several stages:

1. passing the set of engineering preliminaries (expertise, audits, tests and other examinations). The set of engineering preliminaries is defined in each specific case;
2. preparation and submission of the registration dossier, which includes the established documents. There are certain requirements to the content and execution of the documents established by the Ministry of Health. Applicant is be required to establish the ultimate selling price of the medicinal products which should be compared with selling prices in the country of origin of a medicinal product, states - members of the Eurasian Economic Union, in other neighboring countries while applying for state registration. In the future distribution of the medicinal products is permitted only within the declared prices:

3. the decision making by the Ministry of Health on state registration (denial of state registration) of medicinal products;

4. after the decision making by the Ministry of Health on the state registration of medicinal products, the entry of information about them on the State register, execution and issuance of the registration certificate.

6.3. Pricing in medicines

Legislation of the Republic of Belarus establishes the limits of wholesale and trade (used in the retail trade) markups that must be met by distributors and retailers. The amount of the markup depends on the base cost (price of the Belarusian manufacturer or price of the imported goods with due account of customs duties, taxes and transportation costs), and this increases the base cost. Wholesale markups are installed within 2 - 11%, trade markups - 2 - 30%.

6.4. Advertising of medicines

In addition to the general requirements for advertising of any goods there are certain restrictions and prohibitions on advertising of medicines.

So, as a general rule, advertising of medicines is allowed only if the advertiser has an agreement with the Ministry of Health of the Republic of Belarus.

Placement (distribution) of advertising of medicines, which are dispensed only on prescription, is allowed only in specialized print media, as well as in places of medical or pharmaceutical exhibitions, seminars, conferences and other similar events.

Advertising of medicines that are not registered in the Republic of Belarus is prohibited.

There are also certain requirements for the content of advertising materials.

It should be noted that legislation also sufficiently regulates other issues related to the handling of medicines: storage, transportation, disposal and etc. It’s noteworthy that there are certain measures on protection of the Belarusian medicine manufacturers. This is done by establishing a list of Belarusian-made medicines mandatory for availability in pharmacies of all forms of ownership.

7. Finance and Banking System

7.1. Payments and financial statements

As a general rule, payments between legal entities and individual entrepreneurs in Belarus are carried out on a cashless basis. Nevertheless, some transactions between legal entities, their separate subdivisions and individual entrepreneurs (hereinafter – business entities) are permitted in cash.

Cash transactions are carried out for the obligations arising from civil-law relations including by depositing money directly to banks and charging these payments to the current bank accounts of recipients. The total amount of cash settlements **cannot exceed 100 base units (as for the date of 01.01.2016 the possible amount of cash payments is about 35 euro) during one day.**

Except for bank cash registers, the receipt of cash from business entities in the amount of not more than 100 base units is carried out by:

- business entities engaged in the exhibition activities – for the services rendered by them, rental of premises;
- business entities performing wholesale trade in shops, selling goods with the use of self-service with a minimum trade mark-up, including by cash, and business entities engaged in the retail trade – for the goods purchased from them;
- administrations of the markets, – for their services in accordance with rules of creation and operation of markets for the lease of retail space, rental of premises;
- business entities selling fuel and providing services directly related to international road transport – for fuel and services (transport washing, minor forced repair of transport, documents execution for carriage of dangerous goods, which requires special permission, parking lots, telephone and fax, terminal services (connection with border control of transport and cargo), escorting of cargo (in exceptional cases).

Cash payments to the budget and state non-budget funds are made without size limits.

Some legal entities and individual entrepreneurs are not allowed to make cash transactions. They are:

– legal entities and individual entrepreneurs engaged in wholesale trade of alcoholic, inedible alcohol-containing products, inedible ethyl alcohol, tobacco raw material, tobacco products;

– legal entities in state of liquidation, as well as individual entrepreneurs in regard to which there is a decision on termination of their activities, legal entities and individual entrepreneurs in regard to which bankruptcy proceedings have been started.

The sources of cash for the making payments are:

– cash received from the current bank accounts, clients' accounts, to which corporate (private) debit cards are issued;

– cash received into the cash of legal entities and individual entrepreneurs;

– personal money of the employees of legal entities that are used for the benefit of legal entities, their separate divisions, individual entrepreneurs.

7.1.1. The procedure of using cash

Legal entities, their divisions and individual entrepreneurs, who have opened current (corporate) bank accounts (hereinafter – business entities) cash money in servicing banks and (or) its departments, other banks to collecting agents or to the organizations of the Ministry of Communications and Informatization of the Republic of Belarus.

Business entities independently determine the procedure and the terms for in written form.

Business entities which have opened the current bank accounts, spend the cash received to the cash desk for current operations (including the settlement of payments to the budget, state non-budgetary funds) in the amounts established by the legislation for the implementation of future expenses (if there are such amounts) and contracts.

Cash can also be received by business entities in serving banks for the purposes, established by law, and are spent for the purposes specified servicing bank as received.

7.1.2. Financial statements

Annual financial accounting reports of business entities are the primary source of information about the results of their economic activities and their financial state. It allows to find out about the income and expenditures incurred by organizations, to contribute to the prevention of negative results of the economic activities of the organization and reveal reserves of its financial stability.

These reports are of interest not only to these business entities and their parent organizations, but also to external users: controlling state bodies, banks, credit organizations, counterparties and etc., because these indicators provide information about the presence and movement of assets and liabilities, as well as about the use of material, labour and financial resources in accordance with the approved standards.

The Ministry of Finance of the Republic of Belarus is the governmental body that provides method guidance of accounting reports and determines composition of annual financial accounting reporting, according to which procedure it should be compiled and in what way it should be presented to the interested persons.

An organization prepares the accounting reports for the period of month, quarter and year. In this case, monthly and quarterly financial accounting reports are the intermediate reports.

Nowadays, financial accounting reports of Belarusian legal entities for a quarter and year include the following documents (standard forms):

1. balance sheet;
2. profit and loss report;
3. statement of capital changes;
4. statement of cash flow;
5. statement on the use of targeted financing.

Financial accounting reports of organizations for the month consist of the balance sheet.

Organization's financial accounting reports is composed with due consideration of activities indicators of its branches, representative offices and other separate units, including those with separate balance.

Some business entities have the right not to **maintain bookkeeping and accounting and keep records in a special book (ledger) for recording income and expenses.** Such entities include organizations with number of employees up to 15 (average for the period since the beginning of the year till the reporting period) and individual entrepreneurs, the amount of gross revenue of which cumulatively from the beginning of the year does not exceed 4 100 000 000 Belarusian rubles, if they apply the simplified system of taxation.

Organizations must submit the annual accounting not later than on 31st of March of the year following the reporting year.

Mandatory publication of annual accounting reports is provided by the laws of Belarus for the following subjects:

– open joint-stock companies;
– banks, banks holding companies;
– insurance companies;
– insurance brokers.

Other organizations can publish their annual accounts at will.

For the infringement of the procedure for maintaining financial accounting reports there is an administrative liability in the form of warning or fine ranging from 4 to 20 base units (as for the date of 01.01.2016 fine amount is approximately from 40 to 210 Euro).

Currently the first steps to the international financial reporting standards (hereinafter IFRS) have already been taken in the Republic of Belarus. Since 2016 public-interest organizations - open joint-stock companies, which are the founders of the unitary enterprises and (or) the main business companies in respect to the subsidiary business entities, banks and nonbank credit and financial organizations, insurance organizations - are obliged to prepare annual accounting in accordance with IFRS.

The annual accounting of the public interest entities prepared pursuit to IFRS and audit report of this accounting shall be:

- submitted to the Ministry of Finance (bank – the National Bank) not later than on June 30 of the year following the accounting year;
- placed on the web-site of the public interest entities in the Internet not later than on July 31 of the year following the accounting year – submitted to the Ministry of Finance (bank – the National Bank) not later than on June 30 of the year following the accounting year;
- placed on the web-site of the public interest entities in the Internet not later than on July 31 of the year following the accounting year.

7.2. Pricing

The main legal act that regulates relations in the field of pricing in the Republic of Belarus is the law of the Republic of Belarus of May 10, 1999 No. 255-3 "On pricing".

As a general rule, in Belarus there are free prices (tariffs) used in respect of goods (works, services).

The exception to this rule is regulation of prices (tariffs) in respect to:

– goods produced (realized) in conditions of natural monopolies, services rendered (provided) by the subjects of natural monopolies relating to the field of natural monopolies;

– certain goods (works, services), a specific list of which is established by the Decree of the President of February 25, 2011 No. 72 “On some issues of regulating prices (tariffs) in the Republic of Belarus” (public facilities for citizens, paid medical services, medicines produced by organizations of the Republic of Belarus, oil products, gas, alcohol, carriage and transportation services, paid educational services, socially important goods and others).

As for regulated goods (works, services) Republican state administration bodies, regional and Minsk city executive and administrative bodies within the powers granted to them by law shall effect administrative regulation of prices (tariffs) by setting:

– fixed prices (tariffs);

– limit prices (tariffs);

– limits of mark-ups (discounts) to the prices;

– limits of cost-effectiveness standards used to determine the amount of profit to be included into the regulated price (tariff);

– procedures for establishing and applying the prices (tariffs);

– indexation of prices (tariffs);

– declaration of prices (tariffs).

7.3. Banking system

The number of legal acts of the Republic of Belarus is dedicated to the regulation of the banking system of Belarus, the main of which is the Banking Code of the Republic of Belarus. According to the provisions of the Code, the Banking system of Belarus consists of:

– the National Bank of the Republic of Belarus (it is the central bank of the Republic of Belarus, which regulates credit relations and currency circulation, determines the procedure of payments and has the exclusive right of money emission);

– other banks (26 bank are registered in the Republic of Belarus as for January 1, 2016);

However, the number of commercial banks in the Republic of Belarus has reduced: 31 bank has been registered as for January 1, 2015, not including the National Bank.

Financial credit system of the Republic of Belarus except banks includes also non-banking credit and financial institutions (as for January 1, 2016 1 non-banking credit and financial institution has been registered in the Republic of Belarus). Non-banking credit and financial institutions unlike the banks do not have the right to exercise the following banking operations:

– funds raising from legal entities and (or) individuals to the accounts and (or) to the deposits;

– placement of the attracted funds on its own behalf and for its account on the terms of refundability, serviceability and maturity;

– opening and maintaining of bank accounts of individuals and (or) legal entities.

7.3.1. Banking principles

The main principles of banking activities include the following:

1. obligatory licensing of banks and non-banking credit and financial institutions engaged in banking activities (hereinafter – Banking License);
2. independence of banks and non-banking credit and financial institutions in their activities and non-interference of government authorities into their work, except for cases, provided for by laws of the Republic of Belarus;
3. division of liabilities among banks, non-banking credit and financial institutions and the state;
4. compliance with safety functioning standards introduced by the National Bank of the Republic of Belarus (hereinafter – the National Bank) to ensure stability and soundness of the banking system in the Republic of Belarus.
5. the right of individuals and legal entities to choose banks and non-banking credit and financial institutions at their discretion;
6. the guarantee of confidentiality of clients transactions, accounts and deposits;
7. guarantee of recovery of funds placed by bank depositors.

7.3.2. Bank authorized fund and its formation procedure

The bank authorized fund is formed by contributions (assets) of its founders (shareholders). The authorized fund of bank determines the minimum amount of the bank assets to safeguard the interests of its creditors.

A minimum amount of the bank authorized fund is determined by the National Bank upon approval of the President of the Republic of Belarus. According to the Resolution of the management of the National Bank of the Republic of Belarus of June 23, 2015 No. 380 “On the minimum amount of the bank authorized fund”, as of January 1, 2016, a minimum amount of the bank authorized fund is established in the amount of 450 billion Belarussian rubles.

Pursuit to the old Resolution of the Management Committee of the National Bank of the Republic of Belarus the amount of the bank authorized fund shall not be less than 250 million Euros, which corresponds to 361,5 billion Belarussian rubles according to the exchange rate of the National Bank of the Republic of Belarus as for January 1, 2015.

When establishing a bank, the minimum amount of its authorized fund shall be formed by means of cash contributions. For the formation of the authorized fund only own funds of the bank founders can be used, and for the increase of the authorized fund - own funds of the bank founders, other persons, and/or sources of own funds of the bank.

Own funds of a bank founder (shareholder), other persons comprise legitimately acquired financial resources or other assets owed by the named persons by virtue of ownership or other proprietary rights. Sources of the bank own funds are the retained earnings of the bank from past years or the funds, established from the bank profits, in cases if such funds were not used.

The property can act as non-monetary contribution into the authorized fund of the bank required for banking activity and related to fixed assets, except for the unfinished construction objects.

Monetary contributions to the bank authorized fund are subject to be transferred to a temporary account opened by the bank founders or by the bank in case of its authorized fund increase at the National Bank or other bank

as agreed with the National Bank. In case of opening of the temporary account at the other bank, monetary funds are transferred to this temporary account through the correspondent account of this bank, opened in the National Bank of the Republic of Belarus.

Opening of the temporary account is not required in cases of:

- adoption of a legal act of the Republic of Belarus, that provides for making monetary contributions to the bank authorized fund;
- authorized fund increase at the expense of sources of own funds of the bank;
- authorized fund increase at the expense of credits (loans) recognized as subordinated according to the Belarusian legislation, which were placed at this bank earlier.

7.3.3. Terms and conditions for obtaining a banking license

According to Belarusian legislation banking is a licensed activity. Banking Licenses, including the list of banking operations which the bank is entitled to exercise, are issued by the National Bank of the Republic of Belarus.

The Bank is obliged to apply to the National Bank for receipt of a license to exercise banking activities within ten months from the date of state registration.

To obtain a banking license the Bank must comply with the licensing requirements which are established by the National Bank.

Decision on the issue of license (refusal to issue), on introduction of amendments and (or) additions (refusal to introduction) to the list of banking operations specified in the license issued to the bank is made by the National Bank within a period not exceeding two months from the date of submission to the National Bank of documents required to obtain a license, to make amendments and (or) additions to the list of banking operations specified in such license.

Founders of the bank may apply to the National Bank for receipt of a license at the same time together with the request of the state registration of the bank on condition of fulfillment of license requirements. The period of making a decision on the issue of the license may be extended to three months by the National Bank.

If the bank does not receive a license within twelve months from the date of its registration, such bank is subject to liquidation in accordance with the procedure specified by the legislation of the Republic of Belarus by the decision of its shareholders or bank authority authorized to this by the charter, or by the economic court for Minsk and for Minsk region at the suit of the National Bank.

The bank must have a stable financial position over the last two years or since obtaining a license, if the license was obtained less than 2 years ago, in order to obtain the right to exercise banking operations of funds raising of individuals to the accounts and (or) to the deposits, opening and maintaining of bank accounts of individuals. It is imperative that the bank's regulatory capital is in the amount of 450 billion Belarussian rubles (900 billion Belarussian rubles if the banking license was obtained less than 2 years ago) as for the first day of the month of submitting the documents to the National Bank for making amendments and (or) additions to the list of banking operations which the bank is entitled to exercise.

7.3.4. Additional requirements for establishment and activities of banks with foreign investments

The limit (quota) for foreign capital participation in the banking system of the Republic of Belarus is set by the National Bank upon the approval of the President of the Republic of Belarus. As of January 1, 2016 the limit (quota) is set at the amount not more than 50 percent. The said quota shall be calculated as the ratio of total non-resident capital in aggregate authorized funds of banks, founded by foreign investors, and the total authorized fund of banks registered in the territory of the Republic of Belarus.

The National Bank shall stop registration of banks founded by foreign investors once foreign capital participation in the banking system of the Republic of Belarus reaches the established limit (quota).

Banks with foreign investments are obliged on the basis of the application to receive the permit from the National Bank advance applications to the National Bank to increase the bank authorized fund using non-resident resources and (or) to dispose shares to non-residents. Applications shall be considered by the National Bank within thirty days from the date of submission.

Transactions involving disposal of shares to non-residents that are concluded without authorization of the National Bank shall be deemed void.

The National Bank is entitled to forbid any increase in the authorized fund of a bank founded by foreign investors at the cost of funds of non-residents and (or) to dispose shares to non-residents, if such actions result in exceeding the limit (quota) for foreign capital participation in the banking system of the Republic of Belarus.

The Government of the Republic of Belarus on the proposal of the National Bank are entitled to introduce restrictions on banking operations for banks founded by foreign investors, if the respective foreign states apply similar restrictions for the activities of banks with investments of Belarusian citizens and (or) legal entities of the Republic of Belarus.

7.3.5. Representative office of a foreign bank

Foreign banks are entitled to open representative offices in the Republic of Belarus. Five representative offices of foreign banks are registered in the Republic of Belarus as for January 20, 2016.

As for January 1, 2015 seven representatives offices of foreign banks were registered in the Republic of Belarus.

A representative office of a foreign bank is not a legal entity and carries out its activity basing on the Regulation approved by the parent bank which established this representative office.

A representative office of a foreign bank is not entitled to carry out banking operations and other activities, except for protection and representation of interests of the parent bank by which it was established, including consulting and (or) information services.

The decision on the opening of a foreign bank representative office or denial of such opening is made by the management of the National Bank within the term not exceeding two months from the date of submission of documents required for the opening of the representative office.

Denial of application for opening a representative office of a foreign bank may be passed due to the following:

- the information provided is incorrect;
- the Regulation on the representative office does not comply with the legislation of the Republic of Belarus.

Representative offices of foreign banks in the Republic of Belarus shall be established for a maximum term of three years. The operating term of a foreign bank representative office may be extended by the Deputy Chairman of the Board of Director's decision at the request of the respective foreign bank provided that the foreign bank applies to the National Bank not later than one month before the expiry of the permit to open a representative office. Decision on prolongation of the operating term of a foreign bank representative office is made within a period not exceeding one month from the date of submission of such petition.

If such request is not submitted within the specified term after the termination of the validity period of the permit for the opening of the representative office, the record about the representative office is excluded from the register of foreign bank representative offices, and the National Bank notifies the foreign bank of the case within five days.

7.4. Securities market

The number of legal acts of the Republic of Belarus is dedicated to the security market regulation. The main security papers are the Civil Code of the Republic of Belarus and Law of the Republic of Belarus No. 231-3 "On the security market" as of January 5, 2015 (hereinafter – the "Law").

Under Article 1, part 1, para. 36 of Law the security market is the system of relationships between legal entities and (or) private individuals and also between other persons at civil law during emission (issue), transactions and redemption of securities, pursuit of professional and exchange activities in securities.

There are two types of securities market: established and unestablished. The established market is a set of relationships related to the security transactions in manager's system of securities trading including securities exchange. However the security transactions on the unestablished market are carried out beyond the manager's system of securities trading.

The Ministry of Finance is the main administrative body of the Republic of Belarus in securities market regulation.

7.4.1. Types of securities

There are two types of securities currency: issue and non-issue.

The issue securities are shares, government bonds, bonds, other types of securities, (including derivative securities), related to the issue securities according to the legislation the Republic of Belarus on securities market. The exchange-traded bond and housing bonds also belong to the issue securities.

The non-issue securities are those which do not relate to the issue ones.

According to the legislation of the Republic of Belarus the issue securities can be inscribed or bearer, certificated or non-certificated.

The non-certificated issue securities are the issued securities which are emitted in the form of the certain records' set in compliance with the mandatory corporate details.

The certificated issue securities are the issue securities which are emitted in the form of the paper based documents (blanks) in compliance with the mandatory corporate details and other requirements to the securities' blanks.

Under the common rule the inscribed issue securities can be only non-certificated. The bearer issue securities can be only certificated.

The shares and bonds issue procedure (except for the exchange-traded bonds) includes their obligatory state registration in the Ministry of Finance of the Republic of Belarus.

7.4.2. Professional and exchange activity on securities market. The conditions of obtaining the license on professional and exchange activities pursuit

Professional and exchange activity in securities – is an entrepreneurial activity in the deal implementation with securities (including derivative securities), emitted (issued) securities by third parties, agency operations with securities (including derivative securities) in behalf of the client for the purposes of profit (except the interest income deals and (or) discount or dividends deals, including professional securities trader), in works or services performance, connected with such types of the deals and (or) rights enforcement, certified by the securities, and custody business implementation and security trading.

This type of activity includes the following works and services:

1. brokerage activity – is an implementation of the securities transactions by the professional securities trader on the client's behalf and for the client's account, or on his own behalf and for the client's account on grounds of the commutative engagement agreement or the client's fees;
2. dealer activity – is an implementation of the securities transactions by the professional securities trader on his own behalf and for his own account with rights of simultaneous turnaround, under the terms of public tender offer with these securities purchase obligation at the rate of the price posted in the public tender offer;
3. securities trust management activity – is an implementation of the securities transactions by the professional securities trader on his own behalf for remuneration within a given time with the trusted owned by third party securities, money for securities purchase for further trust management of these securities, money and other securities obtained during the securities trust management;
4. clearing activity – is a professional securities trader activity The professional securities trader activity in definition of obligations and requirements dealing within the account (collection, verification, adjustment of information of the securities transactions, draft accounting documents) for supplying the account for securities and money transfer;
5. custody activity – is the professional securities trader activity in rendering the services of securities discount, their rights and encumbrances (restrictions) of the rights with implementation of the system of bailor's notes and securities and custody of certificated securities, also activities in securities transfer (withdrawal, deposit) into the bailor's account according to the securities legislation of the Republic of Belarus;

6. securities trading activity – is the professional securities trader activity in rendering the services encouraging further securities transactions between professional securities traders, legal entities - non-residents, which have the right to carry out professional securities activity according to the international law and (or) through organization and securities bidding under the rules set by the securities market operator.

Professional and exchange activity on securities market is licensable. The licenses are issued by the Ministry of Finance only to the legal entities of the Republic of Belarus.

The license on professional and exchange activities pursuit can be issued on several works and services rendering, which are included in the professional and exchange activity on securities.

There is set of the requirements imposed on the license applicants and licensees for the implementation professional and exchange activity on securities market.. They are the following:

- conformance of the manager and employees, which render services within professional and exchange securities activity, to the qualifying requirements (except for the bank and nonbank financial institution managers);
- conformance to the financial sufficiency and the structure of financial investments requirements stated by the Ministry of Finance;
- pursuit of professional and exchange activity as an exceptional one, except for the cases stated by the legislative acts of the Republic of Belarus (the requirements cannot be applied to banks, nonbank financial institutions, stock exchanges);
- director and employees of the licensee haven't unwithdrawn or outstanding conviction for manufacture, storage or sale of counterfeit securities or other crimes against the order of economic activities.

Bank, nonbank financial institution obtains the license on professional and exchange activities pursuit after the National Bank of the Republic of Belarus consent on securities transaction.

The application for license obtaining is considering during 15 working days from the day of document acceptance by the licensing authority. The period of license validity is 10 years.

8. Currency Control

8.1. General information

The law of the Republic of Belarus of July 22, 2003 No. 226-3 “On currency regulation and currency control” is the main legal act that regulates activities of state bodies, which are authorized to exercise the currency control in the Republic of Belarus, and also circulation of currency values, the scope of rights and duties of participants of currency operations, etc.

The Currency Control Law divides currency transactions between residents and non-residents into two types as follows:

1. **Current currency operations** (which are treated with fewer restrictions);
2. **Currency operations associated with movements of capital** (to perform which the residents, as a general rule, require special permissions of the National Bank of the Republic of Belarus).

Current currency operations are carried out between Belarusian residents and foreigners without restrictions, except for currency operations on transferring of funds by a resident to a non-resident under gift (donation) agreements, which require a permission of the National Bank of the Republic of Belarus.

The legislation provides a closed list of **current currency operations**:

1. making settlements on transactions for the export and/or import of goods (except the export and import of money, securities and real estate), proprietary information, exclusive rights to the results of intellectual activities, works, services;
2. making settlements on transactions for transfer and (or) receipt of property for leasing;
3. transfer and receipt of dividends and other income, arising from investments;
4. non-trading operations which include:
   - transfer and receipt of funds for payment of wages and salaries, scholarships, pensions, alimony payments, state benefits, allowances and compensation, as well as disbursements for damages;
   - transfer of funds to pay for an employee’s business trip expenses outside the Republic of Belarus;
   - transfer and receipt of funds connected with the acceptance of inheritance and the sale of such inheritance;
   - transfer and receipt of funds relating to the burial of a deceased person, including grants and financial assistance for burial, transportation and other expenses;
   - the receipt of monetary compensation by victims of political repressions, members of their families and heirs;
   - transfer of cash for maintaining diplomatic missions and other official representative offices, consular institutions of the Republic of Belarus abroad;
   - receipt of cash by courts, the international arbitration court, law enforcement bodies, state offices of notary public, the notarial bureaus, in connection with their activities, and also by state bodies or other organizations in the process of fulfillment of notarial actions by their public officials;

- transfer and receipt of funds under the judgment decisions and rulings of the court and other service documents;
- transfers, connected with payment of registration, entrance, membership fees to funds, religious or international organizations, as well as other payments in connection with participation in international organizations;
- transfer and receipt of Belarusian rubles, foreign currency, transfer and receipt of other currency values under gift (including donation) agreements, gratis aid (sponsor support) contracts in accordance with the laws of the Republic of Belarus;
- getting of currency values by residents from non-residents for storage;
- transfers related to payment of taxes and other compulsory payments to the budget, which are established by the legislation of the Republic of Belarus or foreign states, as well as their return;
- transfers related to payment of dues and other payments to patent authorities;
- transfers and receipt of funds connected with participation in conferences, seminars, sport events, exhibitions, fairs;
- transfers related to the return of funds transferred erroneously and (or) excessively;
- other currency transactions the list of which is established by the President of the Republic of Belarus or by his order by the Council of Ministers as well as by international treaties of the Republic of Belarus.

Currency operations **associated with movements of capital** are those, which are not considered as current currency operations. They include namely:

- acquisition of stocks at the time of their distribution among founders, share in the authorized fund or a stock in the property of non-residents, as well as deposit into the authorized fund of non-resident when there is an increase;
- acquisition from a non-resident of securities, emitted (issued) by non-residents, from non-residents, except acquisition of stocks at the time of their distribution founders;
- acquisition into ownership of property, situated outside the Republic of Belarus and considered as real estate under the Belarusian law, as well as under the Agreements stipulated establishment of shared construction units ;
- placements of money in banks of non-residents or money transfer to non-residents (except non-resident banks) under the terms of trust management;
- provision of loans;
- receipt of financial credits and/or loans under certain circumstances, particularly when rate of interest for the use of the credit and/or loan exceeds 14 percent a year when making operations in USD, euro;
- settlements on obligations of the subject of currency operations - a resident (except bank), which is a guarantor, surety before a non-resident according to a guarantee or surety contract, concluded between them;
- settlements on obligations of the subject of currency operations - a resident (except bank) before non-residents (except bank) according to the agreement which stipulates debt or claim assignment. Pursuit to this agreement the subject of currency operations – a resident incurs non-resident's debt to another non-resident or makes payment for assigned claim.

The current legislation stipulates several regimes for currency operations associated with capital movement. Thus, business entities and private individuals carry out currency operations associated with capital movement with permission of the National Bank, without limits or having notified the National Bank.

For example, permission of the National Bank is necessary while carrying out currency operations associated with acquisition of property located out of the territory of the Republic of Belarus and defined as real estate by the legislation of the Republic of Belarus and agreement for share construction units.

The currency operations associated with acquisition of authorized capital's shares or resident's property unit by non-resident can be carried out without any limits.

By giving a notice business entities and private individuals carry out current operations associated with movement of capital which do not require permission from the National Bank and no limits are stipulates by the legislation.

It is not required to obtain permission of the National Bank to carry out these currency transactions by non-residents.

8.2. Implementation of foreign-trade operations

Export and import transactions are traditionally subject to special oversight by the public authorities. According to the Edict of the President of the Republic of Belarus of March 27, 2008 No. 178, for each foreign trade contract, providing compensatory transfer of goods, total value of which, taking into account all appendixes and amendments to the contract, is **3000 Euro in equivalent or more**, a **resident is obliged to register the transaction** in its servicing bank before fulfilling his obligations to a non-resident. Registration takes place on the day of submission of the document by which the foreign trade contract is executed. The fee for registration of the transaction is not charged by banks.

The Edict provides for time-frames of completion of foreign trade operations which, as a general rule, are:

- **for export** – within 90 calendar days (within 120 calendar days under a commission agreement) from the date of shipping of goods (transmission of proprietary information, exclusive rights to the results of intellectual activities), execution of works, provision of services;
- **for import** – within 60 calendar days from the date of the payment.

Completion of foreign trade operations means, in particular, cash inflow for the transferred goods according to the foreign trade contract for export, and receipt of goods according to the foreign trade contract for import (legislation also provides for other methods of completion of foreign-trade operations).

As of May 13, 2015 restrictions for carrying out advance payments for import were removed in the Republic of Belarus.

As for old Resolution of the Managing Committee of the National Bank advance payments for import made by the resident to non-resident was allowed only with permission of the National Bank of the Republic of Belarus.

The exceptions were advanced payments made by residents of Belarus to non-residents registered in the Russian Federation or in the Republic of

Kazakhstan under foreign trade agreements providing for import and other foreign trade transactions.

Thus, nowadays without restriction the residents of Belarus can make advance payments under foreign trade agreements providing for import.

9. Tax System

9.1. General information

The Tax Code of the Republic of Belarus, which is made up from the Primary Part and Special Part, is a ruling document identifying the structure of the tax system of the Republic of Belarus.

The Primary 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 of 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, the tax payments existing in the Republic of Belarus are subdivided on the territorial basis and level of the subject, performing the legal regulation of taxation, 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;
– income tax on individuals;
– property taxes;
– land tax;
– ecological tax;
– tax on extraction (subtraction) of natural resources;
– duty for passage of automobile vehicles of foreign states on public roads of the Republic of Belarus;
– off-shore duty;
– stamp duty;
– consular fees;
– state duty;
– patent fees;
– custom fees and duties;
– disposal fee;
– fee for public expenses financing.

Local taxes and duties include the following:

– dog owners tax;
– resort levy;
– levy for packer shippers.

There are also other types of payments:

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

9.2. Transfer pricing

Tax consequences of the transaction mainly depend on the effective price of the relevant transaction. However, in the number of cases while calculation and payment of taxes the business entities shall apply market prices at risk that tax authorities may adjust the calculated taxes and bring business entities to responsibility.

All types of controlled transactions in 2016 are defined in the following chart:

Group of transactions	Nature of transaction	Sum limits of transaction (transaction with one party)	Deviation of price from market value
Real estate transactions	Realization or purchase of real estate (its part)	Irrespective of transaction sum	More than on 20% of market value
	Transfer of co-invested construction unit to the investor and of the domestic and (or) nondomestic premises to the housing bonds' owner	Irrespective of transaction sum	More than on 20% of market value
	Realization or purchase of housing bonds in the process of their circulation (except for emitters' transactions with bonds of their own emission) performed after state registration of construction object.	Irrespective of transaction sum	More than on 20% of market value. The bond value compares with the value of identical (homogeneous) reals estate.
Foreign trade transactions	Foreign trade transactions with related party or offshore zones' resident	Exceeds 1 billion Belarusian rubles during tax period	More than on 20% of market value
	Foreign trade transactions with related party or offshore zone's resident together with participation of third party – mediator, even if it is not a related party to another parties of the transaction and does not have any importance for the transaction nature. Important actions for the transaction nature are the following: - perform functions different from simple organization of goods (works, services) realization by one party to another party recognized as the related one. - use of assets for goods (works, services) realization by one party to another recognized as the related one.	Exceeds 1 billion Belarusian rubles during tax period	More than on 20% of market value
Transactions with	Transactions on realization or purchase of goods (works, services) performed with the related party – tax resident of the Republic	Exceeds 1 billion Belarusian	More than on 20% of market value

parties, which do not pay income tax	of Belarus (including third party-mediator) if this related party does not pay income tax on legal grounds. For example in the case of application of simplified tax system, pursuit of activities of the territory of small cities etc.	rubles during tax period	
Foreign trade transactions with special parties members	Realization or purchase of goods (works, services) due to foreign trade activity of the enterprise engaged in realization (purchase) of strategic goods included in the list defined by the Government of the Republic of Belarus.	Exceeds 1 billion Belarusian rubles during tax period	More than on 20% of market value
	Realization or purchase of goods (works, services) due to foreign trade activity of the enterprise included in the list of large taxpayers. The enterprises are informed by the tax authorities on adding to the list of large taxpayers to January 1 of the year when the enterprise will be regarded as large taxpayer.	Exceeds 10 billion Belarusian rubles during tax period	More than on 20% of market value

9.3. Taxation of business entities

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

9.4. General system of taxation: primary payments

1) Excise duties are used for the following types of goods:

1. spirit;
2. alcoholic products;
3. non-food alcohol-containing production;
4. beer, beer cocktail;
5. 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 %;
6. tobacco;
7. gasoline;
8. diesel fuel and diesel fuel with methyl esters of greasy acid;
9. boat fuel;
10. liquefied hydrocarbon gas and natural compressed fuel gas, used as automotive fuel;
11. diesel motor oil and/or carburetor (injector) engine oil;
12. ciders;
13. food alcohol-containing production.

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).

2) The value added tax (VAT) (hereinafter – VAT).

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 into the territory of Belarus) to the states-members of the EEU;
- 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 into the territory of the Republic of Belarus) in the states - members 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 owner of duty-free shop for their subsequent implementation in duty-free shops;
- goods in retail trade through shops to individuals who do not have permanent residence in the country - a member of the EEU, in case of export of goods by foreign persons outside the customs territory of the EEU within three months from the date of purchase of the goods;
- bunker fuel for fueling airships of the international airlines, performing international flights and/or air delivery;
- services, rendering in the airports of the Republic of Belarus and airspace of the Republic of Belarus, connected with maintenance airships, performing international flights and/or international air delivery, including air navigation services, according to the authorized by the government list of services;
- works (services), connected with service and technical support of the vehicles, registered in the foreign country, performed on the territory of the Republic of Belarus by the authorized service center for international enterprises and private individuals except for the citizens of the Republic of Belarus;
- selective types of works (services), performed (rendered) by the state union “Belarussian railway” to the foreign public transport companies.

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 from crop production (with the exception of floriculture, growth of ornamental plants), bee-farming, livestock breeding, (with the exception of fur farming), fishery;
- on importation 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 of own manufacture by residents of free economic zone in the territory of the Republic of Belarus which were manufactured by them on the territory of the free economic zone and are import substitution

according to the list of import substitution goods, defined by the Government of the Republic of Belarus in coordination with 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.

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

As a general rule, VAT deductions are made on an accrual basis in limits of sums of VAT, calculated after realization of the goods (works, services), proprietary interests. The main exception to this rule are the paid amounts of VAT 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. The basis to claim a VAT credit is an online Invoice prepared according to the established procedure.

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 submit tax declaration (calculation) to 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.

3) 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.

Main rate of the profit tax is 18%

The tax rate on dividends is 12 %.

Tax period of profit tax is a calendar year.

Reporting period of profit tax is a calendar quarter. Reporting period of profit tax on the dividends accrued by Belarusian organizations is a calendar month.

Profit tax for the reporting period shall be calculated cumulatively from the beginning of the tax period as the tax base, reduced on the amount of profit exempted from taxation, as well as at the fourth quarter-end on the amount of losses carried by profit of the accounting period , and the tax rate. Tax return of profit tax on the basis of past reporting period must be submitted to the tax authorities no later than the 22nd of the month following expired reporting period, regardless of objects of taxation presence or absence.

Profit tax payment should be made during the tax period on the basis of past reporting period no later than the 22nd of the month following expired reporting period.

Profit tax payment for the fourth quarter of 2016 should be made no later than December 22, 2016 in the amount of 2/3 of tax profit sum calculated on

the basis of the tax profit amount for the third quarter of 2016, followed by recalculation as a whole for the year 2016 and calculating the amount of tax profit to surcharge or reduction no later than March, 22 of the year 2016.

4) Profit tax of foreign organizations which do not operate in Belarus by virtue of the permanent representative office.

Taxpayers of the profit tax of foreign organizations which do not operate in Belarus by virtue of the permanent representative office are recognized as foreign and international organizations, including non-legal bodies not operating in the Belarus by virtue of the permanent representative office, but to produce income from sources in the Republic of Belarus.

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

1. conveyance fee, freight, demurrage and other payments arising from the transportation in connection with the carrying out of international carriage (except for passengers transportation in international traffic, the carriage fees, freight and demurrage, arising during the 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. income from debt instruments of any kind , including:
   - income on credits and loans;
   - income from securities, which terms of emission is intended to gain profits in the form of interests (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. income from holding and (or) participation in concert and entertainment events, including attractions, zoos, circus programs in Belarus;
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 the guarantee 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;
- trust management of real estate situated in the territory of Belarus;
- courier;
- mediation (except for incomes received from services in booking passengers' transport in international transportations, accommodations; agent services in booking, registration and (or) realization of passengers' transport in international transportations; services in choosing the rout of passengers' transport in international transportations);
- management;
- sourcing and/or selection, recruitment of personnel, as well as representation of personnel to carry out their activities in the Republic of Belarus;
- in education;
- training;
- possession of property;
- insurance;
- advertising (except for income paid to foreign organizations associated with the participation of Belarusian organizations and Belarusian entrepreneurs in exhibitions and fairs in foreign countries, irrespective of whether the income payment is made directly by the participant of exhibitions and fairs, or through another organization or an 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 which 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 management;

14. income from the data processing and data placement (data processing services, web-hosting (including range of services for placement and management of the web-sites); the range of services for processing data provided by the client, preparation of the specialized reports on the basis of the said data; data input and processing services, including data base management; data storage services; provision of place and time for advertisement in the Internet as well as incomes from web-ports for operating of the web-sites using search systems to create and maintain wide data bases of the Internet-addresses and content enabling quick data search; (except for the income received by foreign organizations in the Republic of Belarus from services rendered of off-exchange transactions registration, an automated system of interbank payments, international payment systems, international

telecommunication systems of information transmission 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 takes place.

The tax declaration (calculation) of profit tax is submitted by a legal entity of Belarus, a foreign organization, individual entrepreneur or private individual, that accrue and/or pay income of a foreign organization which does not operate in Belarus through the permanent representative office, to tax bodies at the place of registration 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.

5) Real estate tax.

The objects of taxation by real estate tax for organizations are permanent structures (buildings and structures) including the above norm unaccomplished construction; parking places; objects the creation, change or origin of which is the subject to state registration as well as transfer of ownership, operating control or management, such objects are registered with (on the balance sheet) enterprises-taxpayers till state registration of their creation, change or origin, transfer of ownership, operating control and management;; as well as objects of the state property which were transferred to the joint stock companies established during the transformation process of rental enterprises, collective (people‘s) enterprises, state and state unitary enterprises.

Taxable amount of real estate tax is defined by organizations on the basis of buildings, structures, their parts and parking places, existing on the 1st of January of the calendar year based on residuary value and value of permanent structures (buildings, structures) of the above norm unaccomplished construction.

As a general rule, annual tax rate of real estate tax for organizations is 1 %. Local authorities may increase tax rates, but not more than in 2,5 times. 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 (to) the tax authorities not later than March 20 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 22nd day of the third month of each quarter in the amount of one-fourth of the annual amount of tax.

6) Ecological tax.

Ecological tax is levied from entities that exploit 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, stated in the permission of emission of pollutants into the air and complex environmental permits, and wastewater discharges, storage and disposal of industrial wastes.

Tax period of ecological tax is one calendar quarter.

Each quarter tax payers submit the tax declaration (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 expired tax period.

The amount of the environmental tax may be calculated on the basis of the amounts of emissions of pollutants into the atmospheric air, wastewater discharges, storage of pollutants specified in the permits for emissions of pollutants into the air, special water use, storage or integrated environmental permits 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 annual amount, and the payment of the ecological tax is made on the tax payer's option 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 limits, the overpaid amounts of the environmental tax are to be earned forward or returned to the payers.

7) 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);
- long-fingered (narrow-clawed) crayfish.

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

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

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

Tax declarations (calculations) for the tax for 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 for the extraction (removal) of natural resources, except for the tax for the extraction (removal) of natural resources regarding oil and potassium salt may be calculated by payers on the basis of the volumes of extraction (removal) of natural resources specified in the documents on the basis of which they are extracted (removed) and the corresponding tax rates for the extraction (removal) of natural resources. In this case, the tax declarations (calculations) must be submitted not later than on April, 20 of the calendar year. 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 which should be paid is hold and the tax declarations (calculations) are to be submitted not later than on the 20th of February, following the expired year.

8) Land tax.

Land tax is levied from 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.

– assigning for temporary use and untimely returned in accordance with the law, willfully occupied, used other than as intended.

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

Tax rate of land tax depends on the function of the land plot. As a general rule local councils of deputies have the right to increase (decrease) the rate of land tax to certain categories of taxpayers but not more than in a two and a half amount.

Tax period of land tax is a calendar year.

Tax payers-organizations submit to the tax authorities declarations (calculations) on land tax annually, not later than on February, 20 of the current year and on new land allocation or on the termination of the right of permanent, temporary use or private property right for a land plot (except for land plots, in respect of 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, or the right to use the land is terminated in December of the current year) not later than on the 20th of the month following the month in which the decision that is the basis for the creation or transfer of the right for a land plot is taken by a state body, or the right to use it is terminated.

Land tax is paid by organizations:

- according to a general rule, on the choice of the organization 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 this year, or every quarter not later than on the 22th of the second month of each quarter - in the amount of one-forth of the annual amount of land tax;
- for agricultural land – on the choice of the organization 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;

– for the land granted to taxpayers from (after) January 1 of the current year, 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 case of providing by organizations and individual entrepreneurs for rent, 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, corresponding with the nearest legal term of payment after the submission of the tax return (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 for rented land plots is levied in the amount, defined by legislation, according to the procedure similar to the calculation of the land tax.

9) Obligatory insurance payments to the National Social Security Fund.

Insurance fees for obligatory insurance against occupational diseases and accidents at production facilities.

The amounts of obligatory insurance payments for 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 of one day-off in a month for 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 %.

Insurance fees for obligatory insurance against occupational diseases and accidents at production facilities is established in the amount of 0,6 % for all organizations (except for the state-financed ones) with the possibility of benefits, discounts (increases) to the established rate.

10) Income tax of individuals.

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

Organizations that hire employees on the basis of labour 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 labour 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 13%.

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 16% in respect of the income, received by:

- Belarusian individual entrepreneurs (notaries, solicitors) from business (notary, individually conducted advocacy) activities;
- calculated by the tax authority on the basis of the excess amount of expenditure over income pursuit to the legislation.

The income tax rate paid by the private individuals is set at 4% from the income received in the form of gains (refund non-triggering bet) paid by gambling games sponsors-legal entities of the Republic of Belarus to private individuals.

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 form 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 behalf of him (her).

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

9.5. Special tax regimes

The legislation provides the following main 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 for gambling business;
– Tax on income from lottery activity;
– Tax on income from electronic interactive games;
– Single tax on imputed income.

9.5.1. 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 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 people, individual entrepreneurs and notaries performing notarial activities in a notary's office, advocates (further for this tax regime - individual entrepreneurs) , the amount of their gross proceeds for the nine month on an accrual basis correspondingly makes no more than 10,3 billion and 1,125 billion of Belarusian rubles.

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, off-shore fees;
– patent, official fees;
– duty for passage of automobile vehicles of foreign states on public roads of the Republic of Belarus;
– tax on profits from securities, dividends, income of the members during the liquidation of organization, withdrawal of the member from the membership, exceeded his capital contribution or the actual expenses of the member on the share purchase of the share capital; profits in the form of shares in the share capital, in the form of increasing the nominal value of the shares produced due to the shareholders equity, if the percentage share of any member of the share capital of the enterprise changes by more than 0.01 per cent; profit of the enterprise according to the Trust Agreement of financial resources management, to the Trust Agreement of securities management, to the Trust Agreement of bank funds management, where it is stated as trustor; the difference between the estimated value of the property transferred by the payer as a non-monetary contribution to the share capital of the enterprise and the carrying value of the property; profits from the alienation of shares in economic societies;
– VAT from turnover of realization of goods (works, services), property rights, except for the business entities with not more than 50 employees from the beginning of the year till the reporting period, if the amount of their gross proceeds from the beginning of the year on an accrual basis and makes not

more than 9,4 billion of Belarusian rubles, and individual entrepreneurs. However, the general procedure remains the same for calculation and payment of VAT by individual entrepreneurs from the turnover of realization of goods (works, services), property rights to business entities (except for joint-stock companies) by members, owners of which are said individual entrepreneurs, their spouses, parents (adoptive parents), children (adopted children) if total proceeds from realization of goods (works, services), property rights for three previous successive months increases 40 000 Euros on the basis of the exchange rate of the Belarusian ruble to Euro defined by the National Bank of the Republic of Belarus effective within the last day of the last said month ex. taxes and fees paid from the proceeds;

– land tax (except payers - budgetary organizations, agricultural-use rural lands);

– real estate tax (if the total area of all real estate objects exceeds 1000 square meters);

– tax on extraction (subtraction) of natural resources;

– ecologic tax for the burial wastes on the places of the burial waste sites (if the tax payers was not the owner of the profits);

– disposal fee;

– profit tax from the individual entrepreneurs who simultaneously are:

private individuals – members, owners of the business entities (except stock company), according to the profit received from the entities;

spouses, parents (adoptive parents), children (adopted also), members, owners of the business entities (except stock company), according to the profit received from the entities.

Some restrictions for application of the simplified tax system are stipulated with regard to certain types of activities as well as for certain categories of business entities and individual entrepreneurs.

If gross proceeds for calendar year on an accrual basis exceed 13.7 billion of Belarusian rubles and (or) the number of employees is more than 100 then an organization is obliged to apply the generally established tax system.

If the simplified tax system is applied, the tax basis is the amount of proceeds from realization of goods (works, services), property rights and non-operating proceeds.

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

– 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 organizations which have not more than 50 employees in case their gross profit doesn't exceed 9,4 billion of Belarusian rubles and individual entrepreneurs;

– tax at a rate of 3 % – for legal entities and individual entrepreneurs, which do pay VAT;

– tax at a rate of 16% - for legal entities and individual entrepreneurs with regard to donated goods (works, services), property rights, money.

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 and individual entrepreneurs 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. Such business entities and individual entrepreneurs are entitled to make accounting recording and reporting on the general basis.

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

A tax declaration is submitted no later than the 20th day of the month following the expired tax period.

Tax under the simplified tax system is paid no later than the 22nd day of the month following the expired tax period.

9.5.2. Single tax from individual entrepreneurs and other individuals

Payers of the single tax from individual entrepreneurs and other individuals (hereinafter in this paragraph 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 levied on the amount of the realization of goods (works, services), property rights on 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 retail facilities, trade places, public catering facilities, gross revenues and the duration of reporting period.

Activities for which individuals, which do not conduct entrepreneurial activity, pay a single tax are the following: 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; weddings music and entertaining services; anniversaries and other celebrations service; the activities of actors, dancers, standup actors, individual musicians; master of ceremonies services; photography, production of photographs; activity involving congratulation on different holidays; 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 services for copying and preparation of the documents and other specialized office activities; translation and interpretation services; provision of services provided by means of automatic devices for measuring the weight, growth; repair of apparel,

knitwear, furs and headwear, except for repair of carpets and carpeting; realization of the paintings, graphics, sculpture, folk crafts (handicrafts), made by these private individuals, flowers, ornamental plants, their seeds and sprouts, animals (except kittens and puppets) on the trading places and (or) on the other places stated by the local executives and regulatory authorities.

The list of activities for which individual entrepreneurs pay a single tax is broader and includes food and nonfoods retail trade (without limitation of square of selling space (place) and it's 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.

The single tax is paid by individual entrepreneurs generally - at the place of tax registration each month no later than the 1th of the month of activities; by individuals not engaged in business activities – at the place of tax registration or at the place of sale of goods (works, services) before the sale of goods (works, services).

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 80 thousand rubles to 12 600 000 of Belarusian rubles.

If the gross profit exceeds the fortyfold amount of the single tax during the corresponding reported period, the individual entrepreneurs calculated the additional assessment of five (5) percent of the amount of such excess.

9.5.3. 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 not less than 50% of their proceeds from selling of products of plant growing (except floriculture, growing of decorative plants), primary treatment of flax, apiculture, animal husbandry and fish breeding.

Payment of the single tax replaces payments of all taxes, duties, and other obligatory payments to state budget and non-budgetary funds, land rents, royalties in 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, profit tax regarding the dividends and equal profits; tax on profits from securities, dividends, profit of the members during the liquidation of organization, withdrawal of the member from the membership, exceeded his capital contribution or the actual expenses of the member on the share purchase of the share capital; profits in the form of shares in the share capital, in the form of increasing the nominal value of the shares produced due to the shareholders equity, if the percentage share of any member (shareholder) of the share capital of the enterprise changes by more than 0.01 per cent; profit of the enterprise according to the Trust Agreement of financial resources management, to the Trust Agreement of securities management, to the Trust Agreement of bank funds

management, where it is stated as trustor; insurance fees for obligatory insurance to the Social Protection Fund of the Ministry of the Ministry of Labor and Social Protection of the Republic of Belarus, tax on extraction (subtraction) of natural resources; ecologic tax for the burial wastes on the places of the burial waste sites (if the tax payers was not the owner of the profits); if they have acquired ownership of the burial wastes on the basis of the transaction on the alienation of wastes or other actions testifying the transfer of waste into the property for subsequent disposal; disposal fee.

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.

9.5.4. 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 at import) and profit tax in the sum of income received from gambling business. As for activities which do not relate to gambling, organizations pay taxes according to the common rules.

The objects of tax on gambling business are: gambling tables; slot machines; bookmaker office counters; totalizator counters; positive margin between the amount of accepted bets in gamblings and the amount of paid wins (returning of unplayed bets).

These first four objects are registered in the tax office in witness whereof the payer certificate is issued.

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

- 63 418 700 BYR - Game table;
- 2 415 300 BYR - Slot machine;
- 13 001 300 BYR - Cash sweepstakes;
- 6 500 700 BYR - Cash bookmaker.

The tax rate on positive margin between amount of accepted stakes in gamblings and the amount paid wins (unplayed return stakes) is 4%.

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 at the location of the object.

The tax period of tax on gambling is a calendar month. Payment of tax on gambling is made no later than the 22th of the month following the expired tax period.

9.5.5. Tax on income from lottery activity

Tax payers are organizations, which organize lotteries. Only state, state bodies, local executive committees, state legal entities can be organizers of lotteries on the territory of the Republic of Belarus.

Payers are exempt from VAT and profit tax in the sum of incomes earned from organization of lotteries. Other incomes are taxable according to the common rules.

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

The tax period of tax on income from lotteries is a calendar month. The period for filling the tax return is not later than on the 20th of the month, following the expired tax period. Payment of tax – no later than the 22nd of the month following the expired tax period.

9.5.6. 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 profit tax.

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

The tax period of tax on income from organization of electronic interactive games is a calendar month. The period for filling the tax return is not later than on the 20th of the month, following the expired tax period. Payment of tax – no later than the 22th of the month following the expired tax period.

9.5.7. Single tax on imputed income

Payers of this tax are the legal entities of the Republic of Belarus which carry out activities on providing services for maintenance and (or) repairing of vehicles and their components, and have the number of employees no more than 15 people.

The object of taxation is the income from providing services on maintenance and repair. The tax rate is set at 5%.

The income from providing services on maintenance and repair is the margin between the sum of imputed income and the revenue from providing services on maintenance and repair in the amount higher than imputed income.

Imputed income for each month is calculated as the product of the basic profitability per employee and the average number of employees in the organization. Basic profitability per employee per month is 29,6 million of Belarusian rubles. Regional (Minsk city) councils of deputies have the right to increase (decrease) this rate, but not more than twice (half).

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

The period for filling the tax return is not later than on the 20th of the month, following the expired tax period. Payment of tax – no later than the 22th of the month following the expired tax period.

9.5.8. 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- recreational park “Avgustovsky channel”, the China-Belarus Industrial Park, ordinary partnerships and business groups, business entities, which carry 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; activities within ordinary partnership.

Specifics of taxation and benefits for business entities registered in the countryside.

Business entities are exempt within 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);

– 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, which branches are established in the territory of a countryside:

Business entities are exempt within 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 established 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 who pay single tax;

– organizations which produce the agricultural goods and pay single tax for producers of agriculture goods;

– business entities which use the simplified tax system;

– organizations which provide services in the field of rural tourism and pay for rendering the service in the field of rural tourism;

– organizations which apply other special tax regimes established by law.

Additional advantages of the taxation in a countryside is **exemption from import customs duties** on some goods imported in order to contribute to the authorized fund within the terms defined by the statutory documents for the authorized fund formation.

9.6. Taxation of individuals

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

– income tax on individuals;

– 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; on incomes in the form of interest payments and dividends; on incomes from the alienation of real estate, securities, shares of company stock; and on other incomes.

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

The rate of 16 % applies to income of Belarusian individual entrepreneurs, notaries and advocates which operate individually.

Also the rate of 16% applies to profits imputed by the tax authorities on the basis of amount of excess of expenditures over incomes.

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

– income received by individuals (with the exception of workers who service and guard buildings and territories) working for residents of the High Tech 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 China-Belarusian Industrial Park before January, 1 of 2027.

The rate of the income tax of 14% is applied to the incomes in the forms of gains (returned non-triggering bets) received from the gambling organizers.

In all other cases the tax is calculated at the rate of 13 %.

9.7. Agreements on avoidance of double taxation

In order to avoid double taxation the Republic of Belarus signed a vast number of bilateral agreements with other states. Currently there are 68 such agreements with different countries (including Austria, Armenia, Azerbaijan, Bahrain, Bangladesh, Belgium, Bulgaria, Great Britain, Hungary, Venezuela, Vietnam, Georgia, Denmark, Egypt, Israel, India, Iran, Ireland, Spain, Italy, Kazakhstan, Qatar, Cyprus, China, Democratic People's Republic of Korea, Kuwait, Kyrgyzstan, Laos, Latvia, Lebanon, Libya (has not come into effect), Lithuania, Macedonia, Malaysia, Moldova, Mongolia, Netherlands, United Arab Emirates, Oman, Pakistan, Poland, Romania, Russia, Saudi Arabia, Singapore, Slovakia, Slovenia, Syria, USA, Tajikistan, Thailand , Turkey, Turkmenistan, Uzbekistan, Ukraine, Finland, France, Germany, Croatia, Switzerland, Sweden, Sri Lanka, Czech Republic, Estonia, Serbia, South Africa, Japan).

9.7.1. Rates of tax on profits in the form of dividends in agreements on avoidance of double taxation

№	Types of international agreements on avoidance of double taxation	States	Tax rates	Conditions of tax rates 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 payer of dividends** is differentiated	**Austria*** **Belgium*** **Hungary*** **Venezuela*** **Italy*** **Korea*** **Macedonia***	**Up to 5%**	With **a not less than 25 %** share in the authorized fund.
			Up to 15%	In all other

	depending on many factors and can be more or less than 12% rate, provided for by the Belarusian legislation.	**Finland* Croatia* Switzerland* Serbia* SAR***		cases.
	Rate of tax levied in the **state that is a location of a payer of dividends** is differentiated depending on many factors and can be more or less than 12% rate, provided for by Belarusian legislation.	**Bangladesh***	**Up to 10%**	If company which has not less than 10% of the company's capital which pays dividends is the real owner
			Up to 12%	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 to15%	In all other cases.
			Only in state that is location of dividend beneficiary.	With a share of **not less than 50%** with a cost of **not less than 250 000 Euros.**

		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%	With **a not less than 30 %** share in the authorized fund.
			Up to 10%	In all other cases.
3	Rate of tax levied in the state that is the location of a	**Bahrain*** **Qatar*** **Kuwait***	Up to 5%	

	dividends payer, shall not exceed **5%**.	**Oman* Saudi Arabia* Slovenia* Singapore**		
4	Rate of tax levied in the state that is the location of a dividends 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 dividends payer, shall not exceed **10%.**	**Bulgaria* Israel* China* DPRK* Latvia* Lithuania* Mongolia* Romania* Thailand * Czech Republic* Estonia***	Up to 10%	
		Ireland* Georgia*	Up to 5%	With **a not less than 25 %** share in the authorized fund.
			Up to 10%	In all other cases.
		Laos*	Up to 5%	With **a not less than 20 %** share in the authorized fund.
			Up to 10%	In all other cases.
		UAE*	Up to 5%	With **a not less than 100000 dollars USA** share in the authorized fund.
			Up to 10%	In all other cases.
		Sri Lanka*	Up to 7,5%	With **a not less than 25 %** share in the authorized fund.
			Up to 10%	In all other cases.
6	Rate of tax levied in the state that is the location of a dividends 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**	Up to 15%	

		Syria* Tajikistan* Turkmenistan* Uzbekistan* Ukraine* Japan*		
7	Rate of tax levied in the state that is the location of a dividends payer, shall not exceed **18%.**	**Spain**	Up to 18%	
8	Tax is paid only in the **state that is the location of a dividends payer.**	**France**	Up to 15%	
9	The agreement hasn't entered into force yet, but according to them			
	The rate of tax levied in the state that is a location of a payer of dividends is differentiated depending on many factors and cannot be more or less than 12% provided for by Belarusian legislation.	**Libya***	Up to 5%	With a not less than 25 % share in the authorized fund.
			Up to 10%	In all other cases.
		Bangladesh*	**Up to 10%**	If a beneficial owner of the dividends is a company which holds not less than 10 % capital of a company paying dividends.
			Up to 12%	In all other cases.

«*» means that in order to apply for rules on place of payment and tax rate provided for by the corresponding agreement, a dividends beneficiary should be a true owner of dividends.

9.7.2. Rates of tax on profits in the form of interests in agreements on avoidance of double taxation

№	**Types of international agreements on avoidance of double taxation**	**States**	**Tax rates**	**Conditions of tax rates application**
1	Tax is paid **only in the state of the permanent location of an interests beneficiary.**	**Great Britain Denmark Spain**	Defined in accordance with the legislation of the state of the permanent location of an interests beneficiary.	
2	Rate of tax levied in the **state that is location of payer of interests** is differentiated	**Switzerland***	**Up to 5%**	With any types of loans

	depending on many factors and cannot be more than 10% provided for by Belarusian legislation.			provided by bank.
			Up to 8%	In all other cases.
		SAR*	**Up to 5%**	If an interests beneficiary is a bank or any financial institution that is a resident of SAR.
			Up to 10%	In all other cases.
3	Rate of tax **levied in the state that is the location of an interests payer, shall not exceed 5%.**	**Austria* Bahrain* Hungary* Venezuela* Georgia* Iran* Qatar* Cyprus* Kuwait* Lebanon* Netherlands* UAE* Oman* Saudi Arabia* Slovenia* Finland* Germany* Sweden* Czech Republic* Ireland* Singapore***	**Up to 5%**	
4	Rate of tax **levied in the state that is the location of an interests payer, shall not exceed 8%.**	**Serbia* Italy* Laos***	**Up to 8%**	
5	Rate of tax **levied in the state that is the location of an interests payer, shall not exceed 7,5%.**	**Bangladesh***	**Up to 7,5%**	
6	Rate of tax **levied in the state that is the location of an interests payer, shall not exceed 10%.**	**Azerbaijan* Armenia* Belgium* Bulgaria* Vietnam* Egypt* Israel* India* Kazakhstan* China* DPRK* Korea* Kyrgyzstan* Latvia* Lithuania* Macedonia***	**Up to 10%**	

		Moldova* Mongolia* Pakistan* Poland* Russia* Romania* Slovakia* Syria* Sri Lanka* Tajikistan* Thailand* Turkmenistan* Turkey* Uzbekistan* Ukraine* Croatia* Estonia* Japan*		
7	Rate of tax **levied in the state that is the location of an interests payer, shall not exceed 15%.**	**Malaysia***	**Up to 15%**	
8	Tax is paid only in the **state that is the location of an interests payer.**	**France**	**Up to 10%**	Except for interests on bank credits and loans and interests on commercial loans, that are taxed in the state that is the location of an interests beneficiary with tax rates provided for in this state.
9	**The agreement hasn't entered into force yet, but according to them**			
	Rate of tax levied in the state that is the location of an interests payer, shall not exceed 5%.	**Libya***	**Up to 5%**	

«*» means that in order to apply for rules on place of payment and tax rate provided for by the corresponding agreement, an interests beneficiary should be a true owner of interests.

9.7.3. Rates of tax on profits in the form of royalty in agreements on avoidance of double taxation

№	Types of international agreements on avoidance of double taxation	States	Tax rates	Conditions of tax rates 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)**		
2	Rate of tax levied in the **state that is the location of a payer of royalty** is differentiated depending on many factors and cannot be more than 15% rate, provided for by Belarusian legislation.	**Malaysia***	**Up to 10%**	When using or granting a right of usage of any patent, trademark, blueprint or model, plan, secret formulae or process, or copyright on science product, or for usage or granting a right of usage of industrial, trade or science equipment, or for information on industrial, trade or science experience.
			Up to 15%	When using or granting a right of usage of cinematogr aphic films or tapes for radio broadcastin g and television, any copyright on a product of literature or art.
3	**Rate of tax levied in the state that is the location of a payer of royalty cannot be more than 5%.**	**Austria*** **Bahrain*** **Belgium*(S)** **Hungary*** **Georgia*** **Iran*** **Qatar*** **Cyprus*** **Korea*** **Laos*** **Lebanon*** **Ireland*** **Slovenia*** **Singapore*** **Finland***	**Up to 5%**	
		Spain*		Exception:

				profits from usage or granting a right of usage of copyrights on literature, dramaturgic and musical products (except for profits from video films and any means of play of image or sound, used for radio broadcastin g or television), are levied by tax only in the state of the location of a royalty beneficiary.
		Germany*	**Up to 3%**	When using or granting a right of usage of 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 using or granting a right of usage of copyright on products of literature or art, including video films and films or tapes for radio broadcastin

				g and television, or for usage of any types of equipment and vehicles.
4	**Rate of tax levied in the state that is the location of a payer of royalty cannot be more than 6%.**	**Italy***	**Up to 6%**	
5	**Rate of tax levied in the state that is the location of a payer of royalty cannot be more than 10%.**	**Azerbaijan*(CP) Armenia* Bangladesh* Bulgaria* China* DPRK* Kuwait* Latvia* Lithuania* Macedonia* Mongolia* Oman*(S) Russia* Turkey* Croatia*(S) Czech Republic* Estonia* Serbia* Saudi Arabia* Sri Lanka***	**Up to 10%**	
		Venezuela*	**Up to 5%**	When using or granting a right on usage of any copyright on a product of science, any software, trademark or for usage or granting a right on usage of all types of equipment and vehicles.
			Up to 10%	In all other cases.
		Israel*	**Up to 5%**	When granting or using any copyright on a product of literature, science and

				art (except for video films) or when using or granting a right on usage of industrial, commercial or scientific equipment or vehicles.
			Up to 10%	In all other cases.
		Netherlands*	**Up to 3%**	When using or granting a right of usage of any patent, trademark, blueprint or model, plan, secret formulae or process, or copyright on science product, or for information on industrial, trade or science experience.
			Up to 5%	When using or granting a right of usage of any industrial, trade or science equipment, including road vehicles.
			Up to 10%	When using or granting a right of usage of cinematographic films or tapes for radio broadcasting and television, any copyright on a product of literature, science or art.
			Up to 5%	When using

		UAE*		or granting a right of usage of any copyright on products of science, any patent, trademark, blueprint or model, plan, secret formulae or process, or for usage or granting a right of usage of industrial, trade or science equipment, or for information on industrial, trade or science experience.
			Up to 10%	When using or granting a right of usage of cinematographic films or tapes for radio broadcasting and television, any copyright on a product of literature or art.
		Slovakia*	**Up to 5%**	When granting a right of usage of 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 using or granting

				a right of usage of any patent, trademark, blueprint or model, plan, secret formulae or process, or for information on industrial, trade or science experience or vehicles.
		Switzerland*	**Up to 3%**	When using or granting a right of usage of any patent, secret formulae or process, or for information on industrial, trade or science experience.
			Up to 5%	When using or granting a right of usage of any industrial, trade or science equipment, including vehicles.
			Up to 10%	In all other cases.
		Sweden*	**Up to 3%**	When using or granting a right of usage of any patent, secret formulae or process, or for information on industrial, trade or science experience.
			Up to 5%	When using or granting a right of usage of any industrial,

				trade or science equipment.
			Up to 10%	In all other cases.
		SAR*	**Up to 5%**	When using or granting a right of usage of any industrial, trade or science equipment, including vehicles.
			Up to 10%	In all other cases.
		Japan*	Only in state of location of royalty beneficiary.	When using or granting a right of usage of 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 using or granting a right of usage of any patent, trademark, blueprint or model, plan, secret formulae or process, or for granting a right of usage of industrial, trade or science equipment, or for information on industrial, trade or science experience.
6	**Rate of tax levied in the state that is the location of a payer of**	**Vietnam* Egypt***	**Up to**	

	royalty cannot be more than 15%.	**India* Kazakhstan* China* Kirgizstan*(CP) Moldova* Pakistan* Romania* Tajikistan* Thailand* Turkmenistan* (CP) Uzbekistan*(CP) Ukraine***	**15%**	
7	**Rate of tax levied in the state that is the location of a payer of royalty cannot be more than 18%.**	**Syria***	**Up to 18%**	
8	**The agreement hasn't entered into force yet, but according to them**			
	Rate of tax levied in the state that is the location of an interests payer, shall not exceed 5%.	**Libya***	**Up to 5%**	

«*» means that in order to apply for rules on place of payment and tax rate provided for by the corresponding agreement, a royalty beneficiary should be a true owner of royalty.

Used abbreviations:

«P» – program;

«PEC» – program for electronic computer;

«S» – software;

«CP» – computer program.

Each treaty uses different nomenclature: "roalty" is defined as remuneration for use of various objects (rights), which have or do not have direct relations to intellectual property. Thus, using information stated in the table, please, check the possibility to use benefits, stipulated by specific international treaty.

10. Territories with special legal status

Belarusian legislation defines the following territories, which have special legal status: free economic zones, High Tech Park and the China-Belarus Industrial Park “Great Stone”.

10.1. Free economic zones (FEZ)

Free economic zone – is a part of the territory of the Republic of Belarus with strict borders within which the special legal regime for carrying out investment and business activity is stipulated for the residents of free economic zone.

Currently in Belarus there are six free economic zones (hereinafter – FEZ): «Minsk», «Brest», «Gomel-Raton», «Mogilev», «Grodnoinvest», «Vitebsk».

10.1.1. Joining FEZ

The resident of the of FEZ is a business entity of the Republic of Belarus or individual entrepreneur, registered by the Administration of FEZ as a resident of FZ in accordance with the procedure defined by the legislation on FEZ.

To obtain the status of a resident of a free economic zone organization or entrepreneur should comply with all the following requirements:

– location in the territory of FEZ;

– conclusion of Business Environment Agreement with the Administration of FEZ, concerning the terms of activities within FEZ;

– range of investments not less than 1 000 000 Euros;

– creation and (or) development of manufacture aimed at export and (or) import-substitution.

The resident of FEZ carries out its activity pursuit to the legislation and Business Environment Agreement within FEZ.

Business Environment Agreement within FEZ is executed between the business entity or individual entrepreneur and the Administration of FEZ.

The Business Environment Agreement within FEZ is executed on the term of project realization. The approximate form of the Business Environment Agreement within FEZ is approved by the Administration of the relevant FEZ.

10.1.2. Taxation of FEZ residents

Taxation in free economic zones is specified by granting 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, stock operations; selling of goods (works, services), production (performance, rendering) of which are totally or partly produced with the help of fixed assets, which are owned by the FEZ resident and (or) by the FEZ resident employees outside the FEZ territory.

The benefits of this regime are applied to the residents of FEZ regarding their sales of :

- own- produced goods (works, services), produced by these residents on the territory of a free economic zone for non-residents out of the Republic of Belarus;

- import-substitution goods of own production, produced by these residents in the territory of a free economic zone, on the territory of the Republic of Belarus;

- own-produced goods (works, services), produced by these residents in the territory of the free economic zones for other residents of the free economic zones;

- outside of the Republic of Belarus to non-residents under the contracts concluded between them for goods produced by these residents on the FEZ territory.

Tax privileges of residents:

– rate of the profit tax is reduced by 50 % (but no 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 gross profit;

For reference only: as of January 1, 2014 the profit of FEZ residents received form realization of own-produced goods (works, services) will exempt from profit tax within 10 years from the day of gross profit declaration.

– exemption from real estate tax for taxation objects which were purchased (constructed) within 3 year from the date of registration as the FEZ resident as well as other objects, located in the territory of free economic zones, irrespectively of their designated function if the FEZ resident is realizing goods (works, services) which fall within the FEZ taxation;

– exemption from land tax for land within the boundaries of free economic zones to residents of free economic zones registered as such from January 1, 2012 for projects 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, without fulfillment of non-tariff regulatory measures with regard to the foreign goods, prohibitions and restrictions for goods from the custom union.

10.2. High Tech Park (HTP)

The High Tech Park is a favorable treatment provided by the Republic of Belarus to companies carrying out activities in the field of the information technology. The HTP was established in 2005 and its ultimate goal is to increase competitiveness of the national economy by developing the sector of the information and communication technology. The effective period of the HTP special treatment is set until December 25, 2020.

10.2.1. Joining HTP

The HTP residents may be legal entities and individual entrepreneurs registered in the Republic of Belarus. Both Belarusian citizens and foreign citizens and companies may act as founders of such legal entities. As of

December 14, 2015 53% of the HTP residents are established by Belarusian investors, 20% thereof are joint ventures and 27% thereof are established entirely at the expense of foreign investors.

The legislation of the Republic of Belarus specifies certain requirements for applicants intending to join the High Tech Park:

1) an applicant shall carry out activities permitted by the legislation on the HTP;

2) an applicant shall have a business plan to implement as a HTP resident.

The following documents shall be submitted to the HTP Administration in order to join the High Tech Park:

1) an application;

2) copies of statutory documents and a state registration certificate;

3) a business plan proposed for implementation by a HTP resident.

A business plan is a key factor for making a decision on registration of an entity as a HTP resident. Such business plan shall include the information on a legal entity, its history and achievements, a development strategy with regard to the High Tech Park, a description of its major products planned to be manufactured, as well as an analysis of potential markets for sale thereof. Moreover a business plan shall contain an action plan for achieving the objectives listed in the business plan with well-defined time limits for implementation of such actions.

A business plan shall contain a calculation of main economic indicators planned for the period of its implementation, including product costs, sales revenues, project profitability, as well as sources and amounts of its funding and areas for reinvestment of profits received from the project implemented and other required information.

The HTP Administration examines the submitted documents and furnishes them to the Supervisory Board along with its opinion on advisability or inexpediency of the applicant's registration as a HTP resident. As a rule, a final decision on registration (a refusal to register) is made within a month from the submission of an application for registration.

10.2.2. Types of activities carried out by HTP residents

Types of activities which HTP residents are entitled to carry out can be divided into three groups (the given classification is not official):

A. Specialized core types of activities. In particular, they include:

analysis, design of and software development for information systems;

fundamental and applied research, experimental development in the field of natural and technical sciences (R&D works connected with the HTP activities, including the area of development of the information society) and implementation of R&D results;

development or separate stages of development (research, designing (construction), testing, technical tests) of materials, technologies, devices and systems of micro-, opto- and nanoelectronics, microelectromechanics and implementation of such development results, as well as selling of materials, technologies, devices and systems of micro-, opto- and nanoelectronics, microelectromechanics developed by a HTP resident and built-in software compatible therewith;

development or separate stages of development (research, designing (construction), testing, engineering tests) of technologies, devices and systems of mechatronics, built-in systems, software and hardware tools, software and hardware complexes, components and computer equipment and implementation of such development results along with provision of services to put them into production or without provision of these services.

B. Specialized ancillary types of activities. The legislation specifies, in particular:

consulting of companies on issues regarding business activities and management in order to increase the efficiency thereof, along with provision of services associated with complex control of development and implementation of integrated information systems and technologies;

performance of certain works (work stages) involved in the software development process (software tool development process), support, maintenance of users' software (software tools) or own software (software tools);

audit of data systems and software in the process of development, implementation and operation thereof as for compliance with technical requirements and (or) users' informational needs under orders of legal entities and individual entrepreneurs of the Republic of Belarus.

C. Non-core permitted types of activities:

leasing of immovable property (a part thereof) owned by a HTP resident located in the HPT territory;

granting of a loan to employees for construction (reconstruction) or acquisition of residential premises funded out of the profits.

This division into the above groups is significant so long as the legislation on the High Tech Park sets forth limitations on HTP residents carrying out types of activities listed in groups B and C.

A HTP resident is not entitled to carry out other types of activities. Any breach of this prohibition entails the deprivation of a HTP resident status and a loss of rights to all benefits.

10.2.3. Taxation of HTP residents

There are the following tax concessions provided for HTP residents:

1. Exemption from:

– a profit tax (except for a profit tax payable by a tax agent);

– a value added tax on turnovers from selling of goods (works, services, property rights);

– a value added tax on import of manufacturing equipment, components and (or) spare parts thereof into the Republic of Belarus;

– a land tax on land plots within the High Tech Park for a period of construction of permanent structures (buildings and constructions) on such land plots by HTP residents in order to carry out the activities, but no more than for 3 years;

– a real estate tax on real estate objects of HTP residents located in the HTP territory (except for the ones granted for lease);

– an offshore duty imposed on the payment (transfer) of dividends to its founders (participants).

2. compulsory social security contributions are not calculated for a part of an HTP resident employee's income which exceeds one average monthly salary in the Republic of Belarus.

3. there is a 9% rate of an income tax applied to the income of individuals received within a calendar year from HTP residents under employment contracts, as well as to the income of HTP residents which are individual entrepreneurs.

4. there is a reduced 5 % rate of an income tax applied to the income received from HTP residents by foreign companies not carrying out activities in the territory of Belarus through a permanent representative office in respect of dividends, debt securities, royalty.

Customs privileges: exemption from customs duties and VAT when importing goods into the Republic of Belarus in order to carry out types of activities to implement investment projects by HTP residents. To apply this privilege one needs to obtain a resolution of the HTP Administration on intended use of such goods.

Other benefits: foreign currency received by HTP residents from selling of goods (works, services, property rights) is not subject to compulsory selling while carrying out the above types of activities.

10.3. Taxation of the China-Belarusian Industrial Park "Great Stone"

The China-Belarusian Industrial Park "Industrial Park "Great Stone" was created accordingly to Edict of the President of the Republic of Belarus N 253 June 5, 2012.

The China-Belarusian Industrial Park (hereinafter – the "Park"), a special economic area, is located in the territory of 9150,1 hectares which have a specific legal status on assignment of tax privileges on a systematic base for a period of 50 years and was created for involvement 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.

For development of the Park special joint Belarusian-China company was created (hereinafter - the "Joint company").

10.3.1. Joining China-Belarusian Industrial Park "Great Stone"

Park residents are legal entities founded in the Republic of Belarus, located at the Park territory, or founded (reorganized) within the Park, also with participation of foreign investor (hereinafter – business entities), which implement (or plan to implement) at the Park territory investment projects which meet the following requirements:

– an investment project presupposes carrying out business activity by a legal entity in the Park territory according to the main activities of the Park, which include production creation and development in the spheres of electronics, fine chemistry, biotechnology, pharmaceuticals, engineering industry and new materials, or the complementary activities which include research and development and technological works in these areas (hereinafter - R & D), as well as the creation and development of logistics;

– declared investment volume for investment project implementation equals to no less than USD 5 mln., and for the carrying out of R & D project not less than USD 1 mln.

In order business entities to be registered as the residents of the Park they submit to the Administration of the Park the following:

- application form, stipulated by the Head of the Administration of the Industrial Park, shall contain information on investment project, type (types) of business activity planned to be developed in the territory of the Industrial Park, investments amount and terms;
- originals and copies of constituent documents verified by the legal body Executive;
- original and copy of certificate of the legal body registration verified by the Executive;
- investment project basis in free format, containing investment plan (investments amount and terms); type of business activity to be carried out in the territory of the Industrial Park; peculiar methods to create and develop high-quality production competitive on external markets; types and production output of goods (works, services); statement for their production need; anticipation profit from investment project implementation; other technical-and-economic parameters.

10.3.2. Taxation of the residents of China-Belarusian Industrial Park "Great Stone"

1. Park residents are absolved from the following taxes for a period of 10 years after the date of their registration:

– Profit tax as to profit from realization of domestic manufacture goods (works, services), which have been produced in the Park;

– Real estate tax on the objects located at the Park territory regardless of the purpose of their use;

– Land tax from land plots in the Park territory.

2. After 10 calendar years (from the 11th year from the date of registration as the resident and until the 20th year of being the Park resident) the taxation is carried out at the general tax rate reduced to 50 percent.

3. The dividends set by the Park residents to their shareholders, within 5 calendar year from the date of gross profit receipt, are the subject to the beneficial zero profit tax rate and profit tax rate for foreign business entities, which do not carry out their business activities in the Republic of Belarus through the representation office.

4. Prior to January 1, 2027 the tax rate on income of foreign organizations, which do not operate through a permanent representative office in Belarus, of royalties accrued by Park residents to foreign organizations, which do not operate 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 income of individuals, earned under labour contracts, are taxable at a rate of 9 percent.

6. Park residents are exempt from VAT and profit tax payment obligation which arises 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, who are involved for 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 market of the Republic of Belarus before January 1, 2027.

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 one month average wage in the Republic of Belarus preceding the month of compulsory insurance contributions payment.

4. The Park residents and their employees which 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. The Park residents have the 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, which are 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 and Joint company are allowed to use foreign currency, securities in foreign currency and (or) payment documents in foreign currency for payment to the residents of the Republic of Belarus conducting deals aimed at the development of urban projects and the construction of the Park (including the development of project documentation) of its objects.

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 on the territory of the Park.

Foreign investors and participants of construction - non-residents of the Republic of Belarus shall be guaranteed after payment of taxes and other obligatory payments to a free transfer from the Republic of Belarus of profits obtained in the territory of the Republic of Belarus as a result of investment activities in the Park.

11. Monopolistic Activity and Illicit Competition

11.1. Monopolistic Activity: General Information

In 2016 monopolistic activity is mainly regulated by Law of the Republic of Belarus as of December 12, 2013 No. 94-Z “On counteraction to monopolistic activity and on development of competition” (hereinafter referred to as Law No. 94-Z) and by Law of the Republic of Belarus as of December 16, 2002 No. 162-Z “On natural monopolies” (hereinafter referred to as Law No. 162-Z).

Monopolistic activity is defined as actions (inaction) of business entities, state bodies aimed at non-admission, limitation or elimination of competition.

In the Republic of Belarus existence of a state monopoly is permitted. A state monopoly is the system of social relations in which the exclusive right to perform certain activities, including business, is owned by the state represented by certain state bodies or other authorized entities.

A legal status of natural monopolies is regulated by a separate legal act. Law No. 162-Z indicates the following types of activities as **natural monopolies** in Belarus:

– transportation of petrol and oil products through main pipelines;
– transportation of gas through main and distribution pipelines;
– transfer and distribution of electric and thermal energy;
– centralized water supply and water disposal;
– telecommunications and public postal services;
– railroad services, rendered using railroad infrastructure, railroad transportations;
– services of transport terminals and airports;
– air navigation services.

The antimonopoly policy is implemented in the Republic of Belarus by the antimonopoly body – the Ministry of Economy of the Republic of Belarus through a corresponding structural subdivision – the Department of price policy (in the commodity markets of the Republic of Belarus) and through divisions of antimonopoly and price policy of regional (Minsk city) executive committees (in the commodity markets of regions and the city of Minsk).

Antimonopoly control in Belarus includes the following types of activities:

- control over creation and reorganization of holding companies, unions, associations and other alliances of business entities;
- control over transactions with stocks, shares in statutory funds of business entities as well as acquiring rights of participation in the management bodies of business entities;
- control over creation and reorganization of commercial organizations through mergers and acquisitions;
- control over reorganization of business entities with the dominant position through transformation thereof into joint stock companies.
- control over agreements and coordinated activities of business entities;
- control over activities of business entities with dominant position.

11.1.1. Antimonopoly control over creation of holding companies

Creation and reorganization of holding companies are regulated by Edict of the President of the Republic of Belarus No. 660 “On some issues related to creation and activities of holding companies”. In accordance with the Edict before submission of documents to register a holding company (to change its participants) a management company of such holding (an owner or an authorized representative) must obtain an approval of the antimonopoly body for creation of such holding if such approval is required by Law No. 94-Z. Such approval is required if the balance sheet value of the assets owned by one of the founders of created associations of economic entities identified on the basis of the financial statements on the latest reporting date exceeds one hundred thousand basic units or total revenues generated by one of the founders of associations of economic entities from the sale of goods in the reporting year preceding the year of creation exceed two hundred thousand basic units or if one of these entities is included in the State Register of economic entities with the dominant position in the commodity markets or in the State Register of natural monopolies.

After having considered the application of a management company the antimonopoly body is entitled to:

– either approve creation (reorganization) of a holding company,

– or make a reasonable decision declining the approval, if creation (reorganization) of a holding company may lead to appearance or strengthening of a dominating position in a commodity market and/or limitation of competition, as well as if during the application process the antimonopoly body discovers the fact that the information submitted is inaccurate and/or incomplete.

The antimonopoly body may approve creation of the holding company even if economic entities establish or strengthen their dominant position in the commodity market and (or) if competition is excluded, limited or eliminated. To do so the economic entities have to prove that their actions have or may have the following effect:

- they improve production (sale) of goods or stimulate a technical (economic) progress or increase the competitiveness of goods manufactured in the Republic of Belarus in the global commodity market;
- consumers receive a proportionate part of advantages (benefits) acquired by the entities as a result of such actions.

The approval or the reasonable refusal shall be made within 30 days from the receipt of an application and such approval or reasonable refusal is deemed to be valid for 1 year after it is issued.

11.1.2. Antimonopoly control over transactions with stocks (shares)

The approval of the antimonopoly body for a transaction is required, if the balance sheet value of assets owned by such legal entity, stocks (shares in the authorized fund) of which and (or) rights to which are acquired, exceeds one hundred thousand basic units on the latest reporting date or total revenues generated from the sale of goods exceed two hundred thousand basic units based on the results of a fiscal year preceding the year of such acquisition.

Apart from the financial criterion, the approval of the antimonopoly body is conditioned by making a transaction, the result of which becomes:

1) acquisition of the rights to dispose of a package:

- of more than 25% of stocks (shares) if a purchaser was not a participant of an economic entity before or had a package of 25% or less;
- of more than 50% of stocks (shares), if previously a purchaser had a package of 25-50% of stocks (shares) in the authorized fund of a subject of transaction.

2) acquisition of stocks (shares in the authorized fund) of other business entity in a particular commodity market by a business entity with a dominant position in the same commodity market.

3) acquisition by a business entity of 25% or more stocks (shares in the authorized fund) of a business entity with a dominant position in the commodity market, as well as other transactions enabling such economic entity to have influence on a decision-making process with regard to an economic entity having the dominant position on a commodity market.

The antimonopoly body makes the decision within 30 days. As in the case of registration of a holding company such decision may be either positive or negative. Negative one is issued if a transaction results or may result in appearance or strengthening of a dominant position of a business entity in a commodity market and/or limitation of competition.

The antimonopoly body may approve transactions with stocks (shares) even when they entail strengthening of a dominant position in the commodity market if such transactions have or may have the following effect:

- they improve production (sale) of goods or stimulate a technical (economic) progress or increase the competitiveness of goods manufactured in the Republic of Belarus in the global commodity market;
- consumers receive a proportionate part of advantages (benefits) acquired by the entities as a result of such actions.

11.1.3. Non-compliance with the obligation to obtain the approval

Civil law consequences

A transaction made in breach of the Law and resulting in appearance or strengthening of a dominant position of a business entity in a commodity market and/or in limitation of competition may be invalidated by a legal action of the antimonopoly body or any interested party in court.

Non-compliance with this obligation itself will not cause invalidation. The essential condition is the fact that a transaction has resulted in appearance or strengthening of a dominant position of a business entity in a commodity market and/or in limitation of competition. However this fact must be proved in court.

Administrative liability

Administrative liability is stipulated for an official of a legal entity. Pursuant to Clause 1.3. of Edict of the President of the Republic of Belarus as of February 27, 2012 No. 114 “On some measures on enforcement of state antimonopoly regulation” (hereinafter referred to as “Edict No. 114 ”) the liability is a fine in the amount from twenty (two hundred and eight Euro) to one hundred basic units (one thousand and thirty nine Euro).

Criminal liability

Non-compliance with the requirement of the Law falls within the scope of criminal liability if within 1 year after an administrative punishment an official of a legal entity has committed the same offense. Under Clause 244 of the Criminal Code of the Republic of Belarus the punishment for such a crime is up to 2 years of imprisonment.

11.1.4. Anti-monopoly control over agreements (coordinated actions) of business entities

Antimonopoly legislation prohibits agreements and coordinated activities of business entities if such agreements or activities lead to non-admission, limitation or elimination of competition, including agreements and coordinated activities between competitors acting in the same commodity market, which have or may have the following result:

- division of a commodity market by territory;
- exclusion or limitation of access to the commodity market for other business entities;
- establishing, increasing, decreasing or fixing prices (tariffs), including different prices (tariffs) for the same product;
- increasing, decreasing or fixing prices on tenders;
- economically or technologically unreasonable reduction in and (or) cessation of the production of goods;
- economically or technologically unreasonable refusal to execute contracts with certain sellers or consumers.

The antimonopoly law specifies separate rules in respect of vertical agreements which are agreements between business entities which are not competitors, one of which acquires goods or is a potential acquirer, and another one provides a product or is a potential seller.

Vertical agreements are forbidden by the antimonopoly law:

- if such agreements lead or may lead to establishment of a resale price of a product, except for fixing a maximum resale price;
- if such agreements provide the obligation for the customer not to sell goods of business entities competing with the seller. This prohibition does not apply to agreements on the organization of sale of goods by a consumer under a trademark or other means of identification of a seller or a manufacturer.

Agreements and coordinated activities may be considered as acceptable by the antimonopoly body, if they do not impose any restrictions on other business entities and do not create opportunities for the prevention, restriction or elimination of competition in the relevant commodity market and if business entities prove one of the following consequences:

- improvement of production (sale) of goods or stimulation of a technical (economic) progress or the increase in competitiveness of goods manufactured in the Republic of Belarus in the global commodity market;
- consumers receive a proportionate part of advantages (benefits) acquired by the entities as a result of such actions.

Vertical agreements are allowed:

- if such agreements are complex business license agreements (franchising agreements);

- if the share of each business entity, that is a party to such an agreement, in any commodity market does not exceed 15%.

11.1.5. Consequences of conclusion of anticompetitive agreements and coordinated actions

Administrative liability

Administrative liability is stipulated for both an official of a legal entity and a legal entity itself (or an individual entrepreneur). Pursuant to Clause 1.4. of Edict No. 114 the liability for an official of a legal entity is a fine in the amount from twenty (two hundred and eight Euro) to one hundred basic units (one thousand and thirty nine Euro). The liability for an individual entrepreneur is a fine in the amount from one hundred (one thousand and thirty nine Euro) to two hundred basic units (two hundred and seventy eight Euro). The liability for a legal entity is a fine in the amount up to ten percent of the proceeds from the sale of goods (works, services) in the market where the violation has occurred, either for the calendar year preceding the year in which such administrative violation took place, or for a part of the calendar year in which such administrative offense was detected and preceding the date of detection of such an administrative offense if an offender has not been involved in the sale of the goods (works, services) in the preceding calendar year, but the fine shall be at least four hundred basic units.

11.1.6. Anti-monopoly control over activities of business entities with the dominant position

The dominant position of business entities is determined in accordance with the legislation of the Republic of Belarus based on the analysis of commodity markets, conducted by competition authorities of the Republic of Belarus. Since April 16, 2015 the Republic of Belarus has faced a new Instruction on the procedure to determine the dominant position of business entities approved by Resolution of the Ministry of Economy as of 20.03.2015 No. 24, which establishes the rules to determine the dominant position of business entities in particular commodity markets. If the position of a business entity in the market or of several business entities is recognized as a dominant position, the volume of production and product quality, price levels and other indicators of activities of such business entity (entities) fall under special state control aimed to prevent and restrain the fact of abuse of such dominant position in the case of its identification.

Business entities with the dominant position must provide a special form of statistical reports to the antimonopoly authority.

The activities of companies holding a dominant position in the market of the Republic of Belarus are controlled through audits conducted by antitrust authorities.

Monitoring of the level of prices and rates of economic entities with a dominant position in the markets of the Republic of Belarus is carried out through setting threshold levels of profitability and declaration of prices.

Clause 1.2. of Edict No. 114 provides administrative liability for the cases where business entities with a dominant position commit acts of abuse of their dominant position. Liability for officials of a legal entity is established in the amount up to one hundred basic units, for individual entrepreneurs – up to two

hundred basic units, for a legal entity – up to ten percent of the sum of revenues from sales of goods (works, services) for the calendar year preceding the year in which the administrative offense has been identified, or for a part of the calendar year in which such administrative offense was detected and preceding the date of detection of such an administrative offense if an offender has not been involved in the sale of the goods (works, services) in the preceding calendar year, but the fine shall be at least five hundred basic units.

11.2. Unfair competition

The Belarusian legislation specifies unfair competition as any actions taken by a business entity or by several business entities and aimed to gain advantages in business activities which contradict the antimonopoly law or honesty and rationality principles and may inflict or have inflicted losses on other competitors or may damage their goodwill.

The forms of unfair competition may include the following actions: illegal using of a company name, a trade mark (service trademark), illegal copying of exterior appearance of goods of other business entities, dissemination of false, inaccurate or distorted information in any form or in any way, including data containing information discrediting a business entity's goodwill or its founder's (participant's, owner's) or employee's reputation, and (or) may adversely affect public confidence in a business entity as a manufacturer of goods, etc.

Unfair competition in Belarus is prohibited. The legislation of the Republic of Belarus provides for a judicial and administrative procedure of defense from unfair competition as well as civil, administrative and criminal sanctions for unfair competition.

Particularly according to Clause 1.4 of Edict No 114 unfair competition is punished by a fine in the amount up to 100 basic units for the officials, up to 200 basic units for individual entrepreneurs, for a legal entity – up to 10% of the revenues from sales of goods (works, services), at the market of which such violation has taken place, for the calendar year preceding the year in which the administrative offense has been identified, or for a part of a calendar year in which the administrative offense has been identified that precedes the date of identification of an administrative offense, if the offender has not carried out activities on selling of these goods (works, services) in a previous calendar year, but not less than 400 basic units.

11.3. General principles and rules of competition in the Eurasian Economic Union

Since January 1, 2015 the Treaty on the Eurasian Economic Union (EAEU) has come into force. The parties of the Treaty on EAEU are the Republic of Armenia, the Republic of Belarus, the Republic of Kazakhstan, Kyrgyz Republic and the Russian Federation.

Issues of unfair competition are regulated by Section XVIII "General principles and rules of competition".

General rules of competition mean a number of prohibitions established to ensure efficient functioning of the markets. The treaty on the EAEU prohibits:

- abuse of a dominant position;
- unfair competition;

- agreements between legal entities that have resulted or may result in limitation of competition;
- coordination of economic activities of legal entities, if it causes or may cause some negative consequences.

More detailed provisions about unfair competition are provided in Annex 19 to the Treaty on EAEU “Protocol on general principles and rules of competition”.

This protocol, among other things, determines:

- penalties for violation of general rules of competition in cross-border markets;
- the procedure of the Eurasian Economic Commission for monitoring compliance with the general rules of competition in cross-border markets, as well as interaction with the competent authorities of the member states of the Treaty on EAEU;
- order of interaction between competent authorities of the member states while supervising observance of competition (antitrust) law.

The authorized bodies of the member states to the Treaty on EAEU are responsible for ending violations of the general rules of competition in the territories of such member states. The Eurasian Economic Commission restraints violations of the general rules of competition, if such violations have or may have an adverse effect on competition in the cross-border markets, except financial.

12. Customs Regulation

12.1. General information about the Eurasian Economic Union

The Eurasian Economic Union started functioning on January 1, 2015 (hereinafter – the “EAEU”). Its member-states are the Republic of Belarus, the Russian Federation, the Republic of Kazakhstan and the Republic of Armenia, the Kyrgyz Republic.

The EAEU is an international organization for regional economic integration, established on the basis of the Customs Union and the Common Economic Space of the Republic of Belarus, the Russian Federation, the Republic of Kazakhstan, aimed to create a single market of goods, services, capital and labor.

The EAEU is based on the EAEU Treaty signed on May 29, 2014 by the Republic of Belarus, the Russian Federation and the Republic of Kazakhstan. In 2014 the Republic of Armenia and the Kyrgyz Republic, which became country-members of the EAEU, joined to the EAEU Treaty.

The main objectives of the EAEU are:

- creation of conditions for stable development of the economies of member-states in order to improve the living standards of the population;
- creation of a single market of goods, services, capital and labour within the EAEU;
- comprehensive modernization, cooperation and improvement of the competitiveness of national economies in the global economy.

A superior body of the EAEU is the Supreme Eurasian Economic Council (hereinafter - the “Supreme Council”), which is composed of the heads of member-states of the EAEU.

The Eurasian intergovernmental Council (hereinafter "the intergovernmental Council") operates at the level of heads of governments of the member-states of the EAEU. Its meetings are held when necessary but at least twice a year.

A single permanent regulatory body of the EAEU is the Eurasian economic Commission (hereinafter – the “EEC”), the legal status of which is regulated by Annex 1 to The EAEU Treaty.

Judicial functions of the EAEU are carried out by the Court of the EAEU. The Court of the EAEU is a permanent body, located in the city of Minsk, Republic of Belarus. It has the authority to consider disputes arising from the realization of the EAEU Treaty, international treaties within the EAEU and (or) decisions of the authorities of EAEU at the request of member-state or an entity on the grounds established in paragraph 39 of the Statute of the Court of the EAEU (Annex 2 to the EAEU Treaty).

The normative base of EAEU *consists of:*

– the EAEU Treaty;

– the international agreements within the EAEU;

– the resolutions of the Supreme Council, the intergovernmental Council, EEC.

The issues which are not regulated by the above acts are regulated by national legislation.

12.2. Tariff regulation in the Eurasian Economic Union

Tariff regulation of import of the goods is carried out in accordance with subsection 2 of section IX of the EAEU Treaty, the Protocol on the Common Customs Tariff Regulation (Annex No. 6 to the EAEU Treaty), the Protocol on the enrollment and distribution of import customs duties (other duties, taxes and levies, having equivalent application), they are presented to the budget of the member-states (Annex No. 5 of the EAEU Treaty).

Import customs duties

There is Uniform Customs Tariff (hereinafter – the "UCT") applied in the territory of the EAEU and approved by the EEC.

UCT is a list of rates of customs duties to be used with respect to the goods imported from third countries, systemized in accordance with the Uniform Goods Nomenclature of foreign economic activity of the EAEU.

Rates of the UCT imports customs duties are unified and as a rule shall not be subject to changes depending on entities transporting goods through the customs border, types of deals and other conditions.

Member-states have the right to apply the rates of import customs duties, other than rates UCT, in accordance with the list of goods and rates approved by the EEC on the basis of an international Treaty on accession of that state to the EAEU.

The sums of paid import customs duties are apportioned pursuant to the following standards:

- Republic of Armenia – 1,11%;
- Republic of Belarus – 4,56 %;
- Republic of Kazakhstan – 7,11 %;
- Kyrgyz Republic – 1,9 %;
- Russian Federation – 85,32 %.

Export customs duties

The Agreement on export customs duties in respect of third countries dated January 25, 2008 between member-states of the EAEU regulates export customs duties.

There are rates applied for purposes of calculation of export customs duties, such rates are established by the legislation of the member-state in the territory of which the goods are placed under the customs procedure or in the territory of which the illegal movement of goods across the customs border of the EAEU is revealed, unless otherwise established by international treaties within the EAEU and (or) bilateral international agreements between member-states.

However, today a uniform procedure for the payment and distribution of export customs duties between EAEU member-states has not been set.

But relations between the Russian Federation and the Republic of Belarus are governed by the Treaty on the procedure for payment and enrolment of export duties (other customs duties, taxes and levies, having equivalent application) upon export from the territory of the Republic of Belarus out of the customs territory of the Customs Union of oil and certain types of the goods produced from oil as of December 12, 2010 as amended by the Protocol of May 29, 2014.

According to the treaty the Republic of Belarus and the Russian Federation do not apply export duties in mutual trade in respect of oil and oil products.

Export duties with regard to such goods upon their export from the territory of the EAEU through the territory of the Republic of Belarus shall be payable at the rates equal to those applicable in the Russian Federation as of the date of registration of a declaration for the exported goods by the Belarusian Customs bodies.

At the same time in 2015 the treaty does not apply, in part, contrary to the Protocol from 21.10.2014, signed in Minsk, according to which from January 1 to December 31, 2015 the export of goods outside the customs territory of the EAEU from the territory of the Republic of Belarus paid (or recovered) sums of export customs duties, penalties are transferred in full by the authorized body of the Republic of Belarus into the budget of Republic of Belarus.

The treaty shall terminate upon the entry into force of the Treaty between the Republic of Belarus, the Russian Federation and the Republic of Kazakhstan on the procedure for payment of export customs duties, but not later than December 31, 2024.

12.3. Tariff preferences applied by the member states of the EAEU

Tariff preferences are applied in the form of exemption from payment of import duties or reduction in its rates in the cases provided for in paragraph 3 of Annex No. 6 to the EAEU Treaty, and in other cases established by the EAEU Treaty, the international EAEU treaties with a third party, the resolutions of the EEC.

Basic principles of tariff preferences:

1. They are applied regardless of the state of origin of the goods;
2. They cannot be individual.

12.4. Uniform measures of non-tariff regulation in the framework of the EAEU

Non-tariff measures are a set of measures to regulate foreign trade, carried out by the introduction of quantitative and other economic restrictions.

The following measures of non-tariff regulations are allowed within the territory of the EAEU:

- ban import and (or) export;
- quantitative restrictions on import and (or) export;
- exclusive right to export and (or) import;
- automatic licensing (supervision) export and (or) import;
- permissive procedure for import and (or) export.

Non-tariff measures are introduced and applied on the principles of transparency and non-discrimination in the manner prescribed by Annex 7 to the EAEU Treaty.

12.4.1. Quantitative restrictions on export and/or import

Within the territory of the EAEU quantitative restrictions may be applied in the form of export and import quotas.

The decision to apply quotas shall be made by the EEC. EEC apportions scopes of quotes among member-states of the EAEU and determines a

method of quota apportion among the subjects of foreign economic activity of the EAEU. If necessary, EEC apportions the scope of an import quota among third countries.

The goods with respect to which export quotas may be applied must be included in the list of essential goods for the internal market of the EAEU. Such a list is set out by Decision of the EEC No. 168 “On ensuring the functioning of a unified system of tariff regulation of the Customs Union of Belarus, Kazakhstan and the Russian Federation”.

Export and import quotas are established for an indefinite period of time.

Quantitative restrictions do not apply to:

– import of the goods originated from a third country or export of the goods intended for the territory of any third countries. If only such quantitative restrictions do not apply to imports from all third countries or export to any third country;

– trade of the goods in the framework of international treaties on free trade zones.

12.4.2. Exclusive right to export and/or import

In accordance with the decision of EEC the list of the goods to be exported or imported on the basis of an exclusive right as well as participants of foreign economic activity that are given an exclusive right to export (import) certain types of goods is subject to publication on the official website of the EAEU in the Internet http://www.eaeunion.org/).

At the moment, in Belarus the state has the exclusive right to import alcoholic beverages, raw tobacco and tobacco products.

Moreover the state has the exclusive right to export mineral, potassium or chemical potassium fertilizers.

12.4.3. Automatic licensing (supervision)

This is a temporary measure set in order to monitor the dynamics of export and (or) import of certain goods. The list of goods and duration of such measures are established by the EEC.

Export and (or) import of goods, in respect of which automatic licensing (supervision) is introduced, is carried out in the presence of permits issued by the competent authority in the manner determined by the EEC.

Permits are issued in accordance with the Annex to the Protocol on measures of non-tariff regulation in relation to third countries.

12.4.4. Permissive procedure for import and (or) export of goods

A permissive procedure is implemented through the introduction of licensing or other administrative measures to regulate foreign trade. The introduction, use and abolishment of the permissive procedure are adopted by the decision of EEC.

Licenses are issued in accordance with the Annex to the Protocol on measures of non-tariff regulation in relation to third countries.

Types of licenses:

– One-time licence (the term of validity is no longer than 1 year after commencement (can be limited by the validity period of a foreign trade

contract or the expiry date of the document, which is the basis for the licenses)).

– General licence (the term of validity is no longer than 1 year after commencement, and for goods in respect of which quantitative restrictions are introduced, the term ends in the calendar year to which the quota is set, unless otherwise stipulated by the decision of the EEC.

– Exclusive licence (the term of validity is determined by the decision of EEC in each specific case).

12.5. Indirect taxation

Indirect taxation in the EAEU is regulated by articles 71 and 72 of the EAEU Treaty and the Protocol on procedure of levying indirect taxes and mechanisms for their payment upon export and import of goods, performance of work, provision of services (Annex 18 to the EAEU Treaty).

12.5.1. Indirect taxation of export of goods

Zero rate of VAT and/or exemption from payment of excises are applied during the export of goods if there are documents specified in paragraph 4 of the Protocol on the procedure of levying indirect taxes and mechanisms for their payment upon export and import of goods, performance of work, providing services (Annex 18 to the EAEU Treaty) submitted to the tax authority.

The term for submission of these documents is 180 calendar days from the date of delivery (shipping) of the goods.

12.5.2. Indirect taxation of import of the goods

Indirect taxes are levied by the tax authority of an importer upon import of goods in the territory of a member-state of the EAEU from the territory of another member-state of the EAEU.

The rates of indirect taxes are determined in accordance with the legislation of an importing country.

Indirect taxes are not levied upon import of goods in the territory of a member-state of the EAEU in the following cases:

– in respect of goods which in accordance with the legislation of that member-state are not taxable (exempt from tax) as for import into its territory;

– in respect of goods imported into the territory of a member-state by individuals not for business purposes;

– in respect of goods imported into the territory of one member state from the territory of another member state in connection with their transfer within the same legal entity (the legislation of a member state can establish an obligation to notify the tax authorities about the import (export) of such goods).

12.5.3. Indirect taxation of performance of works, provision of services

As a general rule indirect taxes are levied upon performance of works, provision of services within the member-state of the EAEU that is considered as a place of such performance of works, provision of services.

As for performance of works, provision of services a taxable base, tax rates, a procedure for tax collection and tax concessions (tax exemption) are determined according to the laws of the member-state of the EAEU, the territory of which is considered as a place of performance of works, provision of services.

12.6. Supervision over safety and quality of goods in the EAEU

Supervision over safety and quality of goods within the territory of the EAEU means registration, testing and confirmation of conformity (declaration, certification of products), examination, registration of product safety, veterinary control, quarantine control and phytosanitary control.

12.6.1. Certification (declaration of conformity)

The rules and the procedures for technical regulations within the EAEU are stipulated by the Protocol on Technical Regulations within the EAEU (attachment № 9 to the EAEU Treaty).

In the EAEU all member-states mutually recognize results of certification (declaration of conformity). But so that certification (declaration) of goods can be recognized the following requirements should be met:

– in respect of goods the same obligatory requirements of technical regulatory acts, forms and schemes of conformity assessment should be set in all member-states of the EAEU, as well as the same or similar methods of researches (tests) should be carried out;

– products must be included in a single list of products which are subject to mandatory confirmation of conformity with certificates of conformity and declarations of conformity issued in a single form of technical regulatory acts;

– testing of products by an accredited laboratory (centre) included in the single register of conformity assessment bodies of the EAEU;

– certification in conformity assessment bodies included in a single register of conformity assessment bodies of the EAEU;

– a certificate (declaration of conformity) is executed in a single form of the EAEU.

There is no mandatory rule specifying where to pass through testing or make certification. For example, a Belarusian producer may pass through certification in the Russian Federation or Kazakhstan and then use the certificate within the Republic of Belarus.

The single EAEU certificate (declaration of conformity) is valid within the whole territory of the EAEU and is recognized without reissue or compliance with any additional procedures. The single EAEU certificate is issued not only with regard to goods produced in the EAEU but also with regard to goods imported from third countries.

As of January 1, 2016 in the Republic of Belarus, only the objects of conformity assessment, with regard to which the technical guidelines of the EAEU or internal technical guidelines impose requirements, are the subjects of compulsory confirmation.

Unfortunately today single EAEU certification does not cover all types of the goods. Currently the EAEU is in process of unification of technical regulatory

acts – Technical Rules aimed to establish the common uniform requirements for all member-states of the EAEU.

As of January 15, 2016 the EEC has adopted 35 EAEU Technical Rules:

- On safety of meat and meat products;
- On safety of milk and milk products;
- On safety of high pressure equipment;
- On safety of railway rolling stock;
- On safety of high-speed railway transport;
- On safety of railway transport infrastructure;
- On safety of fireworks;
- On safety of packages;
- On safety of low voltage equipment;
- On safety of toys;
- On safety of perfumes and cosmetics;
- On safety of products intended for children and adolescents;
- On safety of machines and equipment;
- On safety of lifts;
- On safety of equipment for work in explosive environments;
- On requirements for automobile and aviation gasoline, diesel and marine fuel, jet fuel and heating oil;
- On safety of motor roads;
- On safety of gas-fired mechanisms (instruments);
- On safety of grain;
- On safety of wheel (tire) transport (carrier vehicle);
- Technical order on fat-and-oil production;
- On safety of food production;
- Food production marking (Marking of food production);
- On safety of light industry production;
- On safety of body armor facilities;
- Technical order on juice production (from) of fruits and vegetables;
- Electromagnetic compatibility of technical facilities (tools);
- On the safety of agricultural and forestry tractors and trailers;
- On requirements for oils and special fluids;
- Safety food additives, flavorings, and processing aids;
- On the security of explosives based on them;
- On the safety of certain types of specialized food products, including dietary medical and dietary preventive nutrition;
- On the safety of small vessels;
- On the safety of furniture products;
- Technical order on tobacco products (will come into force from May 16, 2016).

12.6.2. Registration of goods safety

Import and circulation of particular goods within the EAEU are made only on the basis of the document confirming state registration of the goods safety. This applies to such products as products for children, household products and other products directly connected with a human body.

State registration is the procedure of conformity assessment of products with the single sanitary-and-epidemiological and hygienic requirements or the requirements of technical rules which is carried out by the authorized body in the sphere of sanitary-and-epidemiological welfare of the population.

The document confirming safety of products (goods) is the state registration certificate issued in the single form established by the EEC.

Recognition of documents confirming safety of production (goods), in terms of their conformity with the sanitary-and-epidemiological and hygienic requirements, issued in one of the member-states of the EAEU is carried out without re-issuance of documents of another state-member of the EAEU (country of destination) and without repeated laboratory tests (trials).

12.6.3. Veterinary control

The decision of the EEC dated June 18, 2010 No. 317 “On application of veterinary and sanitary methods in the Customs Union” approves the Uniform List of controllable goods of animal origin as well as uniform requirements for all three member-states of the Customs Union. At the moment the decision applies to member-states of the EAEU.

The goods subject to veterinary control (supervision) shall be imported under the relevant permit of an authorized body of the EAEU member-state and a veterinary certificate issued by the authorized body in the sphere of veterinary medicine according to the legislation of such member-state. Circulation of the goods subject to veterinary control within the EAEU is carried out on the basis of the veterinary certificate, the single form of which is established by the EEC.

12.6.4. Quarantine and phytosanitary control

There is the List of controllable products, which are the subjects to phytosanitary quarantine control on the customs border and single requirements to vegetable products such as fruits, vegetables, flowers and other products, transport boxes, package, soil, organisms in the EAEU. Imported goods shall comply with phytosanitary requirements of that member-state of the EAEU where the destination of controllable products is located and shall be accompanied by a phytosanitary certificate.

12.7. Customs measures protecting the intellectual property objects

In the frameworks of the EAEU there is a single customs register of IP objects of the member-states of the EAEU (hereinafter – the “Single Register”) aimed at common protection of IP objects within the EAEU. The Single Register does not replace national registers which are valid each in respect of the relevant country.

As of today national registers of each member-state include:

– Belarus: 271 objects (as of January 28, 2015);

– Russian Federation: above 1350 objects;

– Kazakhstan: above 850 objects.

In order to include IP objects in the Single Register it is necessary to submit an application followed with a list of required documents. One application shall

be submitted in respect of one IP object. The Intellectual Property Objects are added into the Single Register free of charge.

The application may be submitted by a proprietor, several proprietors (including, if different proprietors in different countries have the rights to the same IP object– upon their common consent), a representative having a permanent representative office in the territory of the EAEU under the power of attorney valid within the whole territory of the EAEU (a proprietor can act as a representative).

The IP objects are added into the Single Register for the period not longer than 2 years. This period can be extended unlimited number of times on the basis of the rightholder's (his representative's) application but each time not longer than for 2 years. The IP object can be added into the Single Register for no longer than the term of IP object's legal protection in EAEU member-state in which the term expires earlier.

Consequences of listing IP object in the Single Register:

If during customs procedures customs authorities discover a breach they are obliged to:

– suspend release into free circulation for up to 10 days (may be prolonged one more time for extra 10 days);

– notify the declarant and proprietor of such suspension within 1 day, as well as of the reasons therefor and terms thereof;

– then either arrest (confiscate) the object or cancel the resolution on suspension.

If there is no breach found the rightholder will indemnify the damage to a declarant.

12.8. The EAEU functioning within the multilateral trade system

All country-members of the EAEU (the Russian Federation, the Republic of Kazakhstan, The Republic of Armenia, the Kyrgyz Republic) except for the Republic of Belarus are the members of the World Trade Organization (hereinafter – "the WTO").

Thus, the Treaty on Functioning of the Customs Union within the Framework of the Multilateral Trade System signed on May 19, 2011 applies to member-states of the EAEU. The Treaty stipulates the rules for regulation the rates of import duty within the EAEU if they are different with the rates of the WTO, and defines the necessity to bring the regulatory system of the EAEU to the compliance with the WTO acts.

13. Intellectual Property

At the moment in Belarus protection is granted to the following objects of intellectual property:

13.1. Objects of copyright and related rights

The mentioned objects include any works of science, literature and art, that are a result of creative activity, regardless of the purpose and dignity of the works, and how they are expressed (copyrights), as well as performances, phonograms and broadcasting or cable organizations transfer (objects of related rights).

The copyrights have the largest amount of legal protection.

The period of legal protection of a copyright and related rights begins with creation of the object and does not require any formalities observation. Moral rights of the author (copyright, the right to name, right to inviolability of the work, the right of disclosure, the right to recall) are protected indefinitely. Property rights of the author are protected during his/her lifetime and within 50 years after his/her death.

The property rights of the author may be transferred to third parties by the assignment of rights, as well as on the basis of an exclusive or nonexclusive license.

The holder of property rights is entitled to prohibit or authorize the following actions concerning the object:

– reproduction in any form;
– distribution of originals or copies of the object and its renting;
– public performance of objects;
– public presentation or any other form of showing to the public;
– translation into other languages;
– modifications or other conversion;
– import of copies of the subject;
– showing live;
– transmission by cable;
– other possible actions.

The remedies of civil legal protection of copyright and related rights in the event of their violations are:

– removal of material objects with the help of which exclusive rights have been violated, and material objects created in the result of such violation. Counterfeit copies of works, recorded performances, phonograms, broadcasting or cable organizations transfer have to be confiscated by the court;

– compulsory publication of the violation with information about the actual owner of the violated right;

– recovery of damages, including lost profits;

– compensation in the amount from 10 to 50 thousand base units (on January 20, 2016 the amount of the base units is approximately 10 Euro) instead of damages or collection of income, taking into account the gravity of the offense;

– other remedies, provided by the law.

In addition, the legislation provides administrative or criminal liability for certain types of violations of copyright or related rights.

13.2. Industrial property objects

13.2.1. Inventions, utility models, industrial designs

Invention in any field of technology gets the legal protection if it is new, relates to a product or a process, involves an inventive step and is industrially applicable.

A useful model, which has the legal protection is a technical solution relating to the devices that is new and industrially applicable.

An industrial design is understood in law as an artistic or art-design solution for the product that defines its look and is new and original.

Legal protection of inventions, utility models and industrial designs shall be certified with a patent. A patent is valid from the date of application to the National Centre of Intellectual Property (hereinafter – NCIP):

– in respect of inventions – during 20 years, renewable for not more than 5 years;

– for a utility model – within 5 years, renewable for not more than 3 years;

– with regard to an industrial design – within 10 years, renewable for not more than 5 years.

Attribution of authorship, compulsion to co-authorship, illegal disclosure of the essence of the invention, utility model and industrial design before submitting the application concerning them without the permission of the author, as well as violation of the exclusive rights of patent holders entail civil, administrative or criminal liability.

Civil remedies of protection of violated rights are:

– suppression of unlawful acts violating copyrights and threatening to their violation;

– recovery of damages;

– obligatory publication of the violation with information about the actual owner;

– removal of material objects with the help of which exclusive rights have been violated, and material objects created in the result of such violation;

– other remedies, provided by the law.

13.2.2. Means of individualization

Means of individualization which have the legal protection in the Republic of Belarus are trademarks (service marks), trade names, geographical indications.

A trademark (a service mark) is a designation that distinguishes the goods or services of one person from the goods or services of others.

A brand name refers to the name of a legal entity used for individualization for civil law purposes.

A geographical indication is a recognized designation that identifies goods as originating from the country or the region or locality in that territory, where a certain quality, reputation or other characteristics of the goods are to a large extent linked to its geographical origin.

To obtain legal protection all of the above means of identification must be registered with the NCIP with the subsequent issuance of a certificate of registration.

The Republic of Belarus is a party to the Madrid WIPO Agreement "On International Registration of Marks" (along with the Protocol Relating to the Madrid Agreement on International Registration of Marks (signed in Madrid on June 28, 1989), so it is possible to get legal protection for a trademark in the territory of the Republic of Belarus through registration in the WIPO under the Madrid system with extension of rights to the territory of Belarus.

Within the framework of the Eurasian Economic Union the unified trademark registration system has not been created yet. To obtain legal trademark protection in the territory of the Republic of Belarus, the Russian Federation, the Republic of Kazakhstan, Kyrgyz Republic and the Republic of Armenia an economic entity should register the trademark in each of these states, or use the WIPO international registration with extension of registration data to the above countries.

However there is a regional principle of exhaustion of rights in the countries of the Eurasian Economic Union. It means that the violation of the exclusive rights to the trademark does not exist if this trademark is used on the goods which are lawfully introduced into civil circulation in the territory of the Republic of Belarus, the Russian Federation, the Republic of Kazakhstan directly by the owner of the trademark or by some other person with the owner's consent.

The term for legal protection of trademarks (service marks) and geographical indications is 10 years, renewable for another 10 years for an unlimited number of times.

The term for legal protection of brand names is in effect until a legal entity is liquidated or changes its corporate name.

The ways to protect the rights for the means of individualization are:

– suppression of unlawful acts violating the law and posing a threat to their violation;

– reimbursement for damages;

– remuneration payment in the amount from 1 to 50 thousand basic units (as of January 1, 2016 the basic unit is approximately 10 Euro) instead of reimbursement for damages (applied as of July 15, 2016).

– removal of the unlawfully used symbols from the product or its packaging and/or destruction of images of the designation;

– seizure or destruction of infringing goods, labels, packaging;

Disputes which relate to protection of intellectual property are considered by the Judicial Board for Intellectual Property of the High Court of the Republic of Belarus.

The above-mentioned objects of intellectual property are the most common and most often require protection against unauthorized use. However, in addition to these objects legal protection in Belarus also covers selection achievements, integrated circuits, undisclosed information, including production secrets (know-how).

14. Consumer Protection and Advertising

Consumer rights in Belarus are protected by the Consumer Right Protection Law of 09.01.2002. This law stipulates main obligations of a seller (manufacturer) and main rights of a consumer regarding information about the goods (works, services) and their quality, as well as a seller's (manufacturer's) liability to a consumer, procedure and mechanisms of consumer rights protection.

14.1. Information about the goods and about the seller (manufacturer)

A seller (manufacturer) is obliged to provide a consumer with full and accurate information about itself and about the goods (works, services).

Information about a seller (manufacturer) includes:

- name of an organization;
- location and working hours of an organization;
- name of branches, a representative office (if any);
- information about a special permission (license) to perform respective types of activities (number, issuing body, term of validity), if relevant.

Information about the goods (works, services) includes:

- name of goods (works, services);
- types and features of proposed works (services);
- quantity and completeness of goods;
- price and terms of payment for the goods (works, services);
- date of manufacture (service life, shelf life, expiration date of goods and results of works);
- general consumer characteristics of goods (results of works, services);
- terms and conditions of effective and safe use;
- name and location of the manufacturer (seller, performer), and other characteristics;
- reference to main legal documents which state requirements to the quality of goods (works, services);
- warranty period if any;
- trait identification code, if obligatory marking of the goods is provided by the legislation;
- information about the conformity of goods (works, services) which are subject to obligatory confirmation of quality.

For some categories of goods additional information is to be defined.

Information must be communicated to consumers in the Belarusian or Russian language clearly and legibly in the documentation accompanying the goods (works, services), on consumer packaging (packing), the label, in catalogs, brochures, advertisements or other information sources, including global computer network. Using a foreign language is permitted only at the request of the consumer.

14.2. Obligations of the manufacturer (seller or performer)

14.2.1. Obligations of the manufacturer (performer, seller) to ensure safety of goods

– to ensure safety of goods within a specified period of service and the expiration date, and if such period is not set and sale of goods (works, services) is allowed without this term - within 10 years from the date of sale of goods to the consumer;

– to inform the consumer about the possible risks, conditions of safe use of the product (result of work, services), special rules that must be followed during storage, transportation and disposal of a product (result of work);

– to sell goods (works, services) subject to state hygienic regulation and registration and (or) only to mandatory conformity with the appropriate certificates and (or) documents of conformity assessment. These products include household appliances, electronic equipment, lighting products, playground equipment, communications equipment, furniture, products for construction, food, alcoholic beverages, services and works and other goods;

– to suspend production (realization) of goods (works, services) immediately, if in compliance with governing regulations they cause or may cause harm to the life, health, heredity, property of the consumer and the environment, until causes of such harm are eliminated, and if such causes cannot be eliminated – to remove goods (works, services) from production and to take necessary measures to inform the consumer about possible dangers.

14.2.2. Obligations of the manufacturer (performer, seller) to establish service life, expiration date, shelf life, warranty period for the goods (works, services)

– to establish service life (the period during which the manufacturer (executor) is obliged to ensure the possibility of using the goods for intended purposes by the consumer) of durable goods, including spare parts and components of the basic product, which after a certain period can be dangerous to life, health, heredity, property of the consumer and the environment. The list of such goods is set by the Government of the Republic of Belarus. In particular, this list includes vehicles, electrical appliances, television and radio products, communication equipment and other goods;

– to establish the expiration date and (or) shelf life (the period during which the product is considered suitable for the intended use, retains its properties) as for foods, perfumes, cosmetics, drugs and other similar products (results of works), consumer properties of which may eventually deteriorate;

– in cases stipulated by law, to establish warranty period for a product (the result of works, services), during which the product (the result of works, services) must comply with the requirements for quality. In this case, the warranty period for goods manufactured outside the Republic of Belarus shall not be less than the warranty period provided for by the legislation of the Republic of Belarus for similar goods produced in the territory of the Republic of Belarus.

14.2.3. Obligations of the manufacturer (seller, supplier, contractor) to ensure the possibility of using the product (result of work) for the intended purpose, its repair and maintenance

– to ensure a possibility of using a product (result of work) as intended during its service life;

– to ensure a possibility of repair and maintenance of the goods, production and supply of spare parts in the trade and repair organizations in the range and scope required for the repair and maintenance over the period of production of goods (works), after such goods have been taken out of production (termination of works) - within service life of a product (result of work), and in the absence of such term - within 10 years from the date of selling such goods (works) to the consumer;

– to ensure a possibility of maintenance and repair of goods (excluding real estate) within the warranty period, and if the warranty period is not set or is less than two years - within two years from the date of selling such goods to the consumer, unless a longer period is established by law and (or) an agreement.

14.3. Liability of the seller

14.3.1. Liability of the seller (manufacturer, supplier, representative, performer) for improper information about the goods (work, services)

If the consumer is not provided with the opportunity to get necessary and accurate information about goods (works, services) immediately in the place of their sale, the consumer has the right to demand compensation for damages caused by the unreasonable evasion of a contract conclusion, and if such contract is signed - in a reasonable time to demand cancellation of the contract and return of money paid.

In case there is no necessary and accurate information about a product (work, services) provided to the consumer, the consumer is entitled to make a claim arising from the sale of goods (works, services) of inadequate quality for defects in the goods (works, services), which have appeared after the transfer of such goods (works services) to the consumer, if the consumer can prove that such defects have appeared in connection with a lack of relevant information.

If failure to provide information (provision of inappropriate or insufficient information) about the goods (works, services) results in damage to life, health, heredity or property of the consumer, such consumer is entitled to make demands on indemnification by the seller (manufacturer, performer).

14.3.2. Liability of the seller (manufacturer, performer) for damage caused by defects in goods (works, services)

Damage to life, health, heredity or property of the consumer caused by defects in goods (works, services) shall be reimbursed in full by the seller (manufacturer, performer), regardless of its guilt and whether the consumer has been in a contractual relationship with it or not.

The harm caused by defects in the goods (results of works, services) shall be reimbursed if it arose during the specified shelf life or service life of a product (result of work), and in absence thereof – within 10 years from the date of manufacture of the goods (works, services).

14.3.3. Liability of the seller in case of sale of goods of inadequate quality

The consumer to whom goods of inadequate quality have been sold, if defects of such goods have not been specified by the seller, may demand at its discretion:

- replacement of a defective product by a product of good quality;
- proportionate reduction in a purchase price;
- free immediate elimination of product defects;
- reimbursement for expenses on elimination of product defects;
- termination of a sale-and-purchase contract and return of the money paid for the goods.

The consumer has the right to make these claims to the seller (manufacturer, supplier, representative) in respect of product defects during the warranty period or shelf life of the product.

At the same time, if there is a dispute on existence of product defects and their causes between the consumer and the seller (manufacturer, supplier, representative), the seller (manufacturer, supplier, representative) shall make an examination of the goods at its own expense.

14.3.4. Consumer's right to return goods of good quality

Within 14 days from the date of transfer of nonfoods the consumer may return such goods of adequate quality or exchange them for similar goods of other size, shape, dimension, style, color or configuration, and if there is difference in the price, the consumer shall make corresponding recalculation with the seller.

In order to exercise this right the consumer must comply with the following conditions:

- the goods have not been used;
- consumer properties of the goods have remained;
- the consumer must have proof of purchase of the goods from the seller to whom this claim is made.

Certain goods are not subject to exchange and return. The list of such goods is set by the Government of the Republic of Belarus. Such goods include cars, drugs, tobacco products, publications and other goods.

14.4. Advertising

The legislation of the Republic of Belarus specifies obligatory requirements and restrictions concerning:

- advertising of certain goods or services (medical products, products to be used for medical purposes, cosmetic products, alcoholic beverages, beer, tobacco, etc.);
- advertising locations (for example, the restriction on advertising in the premises of state bodies);
- means of advertising (mass media, television, billboards, etc.);

- contents of advertisements (for example, the requirement for presence of necessary information, etc.).

The following types of advertising require advance approval of state bodies:

- outdoor advertising – Minsk City Executive Committee, executive committees of regional cities, regional executive committees;
- mobile advertising – Minsk City Executive Committee (executive committees of regional cities), regional executive committees and according to the general rule the subdivision of the State Automobile Inspection (GAI) of the Ministry of Internal Affairs of the Republic of Belarus);
- advertising of medical products, methods of medical care, works and (or) services which are considered as medical activities, medical equipment and items used for medical purposes, – the Ministry of Health of the Republic of Belarus;
- advertising of services concerning job placement and education of Belarusian citizens abroad – the Ministry of Internal Affairs.

Such forms of inappropriate advertising as unfair, misleading, unethical, hidden advertising are prohibited under the legislation of the Republic of Belarus.

In case of placement (distribution) of improper advertising the Ministry of Trade of the Republic of Belarus or the local executive and administrative body may issue an order to eliminate violations. Such order may include a requirement for counter advertising. Counter advertising in this case is carried out by the offender at its own expense within the period prescribed in the order, in the same way as the improper advertising, and it must contain the word "counter advertising".

In case of failure to fulfill such order to eliminate violations, placement (distribution) of improper advertising shall be stopped by the local executive and administrative body that has the right to reimburse incurred expenses at the expense of the offender.

15. Telecommunications and uploading data to the Internet

Currently, there is a tendency of improvement of regulatory system in the provision of telecommunication services, data transmission and Internet use in Belarus.

Telecommunication services are rendered with the use of telecommunication networks, providing both fixed and wireless broadband access.

The Unified Telecommunication Network of Belarus consists of the following categories of telecommunication networks situated in the territory of Belarus:

– public telecommunication networks;
– dedicated telecommunication networks;
– technological telecommunication networks;
– telecommunication networks for special purposes.

The right of radio spectrum using is provided by the allocation of radio frequency bands, radio channel or radio frequencies and/or by assignment (allotment) of radio frequency or radio frequency channel under the appropriate permission.

Telecommunication services are provided by telecommunication operators and providers of telecommunication services. Telecommunication operators provide telecommunication services on the basis of a special permit (license) for activities in the field of communication, and telecommunication service providers provide telecommunication services for the provision of which a special permit (license) for activities in the field of communications is not required.

Carrying out activities in services rendering in the field of public telecommunications (provision of international, intercity and local telephone connection, data transmission services, telephony service via Internet Protocol, IP-TV service, mobile telecommunication services, cellular mobile telecommunication services, broadcasting of TV and sound programs, fixed and mobile satellite telecommunication services) requires obtaining a corresponding license in the Ministry of communications and informatization of the Republic of Belarus.

As of March 1, 2016 the license for gratuitous services on data transmission with access to the Internet via transmitting data with total installed capacity of 128 ports and less in the places of public Internet use as well as license for services on lease of telecommunications channels are not required.

In 2010 in the Republic of Belarus, the foundations for centralized management of data transmission networks in the territory of the country have been made, in particular, the creation of a Unified republican data transmission network (hereinafter – ERSPD) was codified.

Telecommunication operators use ERSPD on terms of equal access.

To ensure the functioning and management of ERSPD (including the accession of data transmission networks), the Republican Unitary Enterprise “National Center for the exchange of traffic” (hereinafter – NTSOT) was created.

Creating ERSPD will allow to use existing resources of engineering infrastructure of all the participants of the market more efficient, to optimize the costs of telecommunication operators for the engineering of telecommunication networks in the Republic of Belarus.

The development of terrestrial digital television broadcasting (DVB-T) was carried out in accordance with the State Program of Digital Television and Radio Broadcasting Implementation in the Republic of Belarus up to 2015. The main aim of the State Program were to improve quality of television programs broadcasting, increase effectiveness of radio-frequency resources' use, save energy, provide an access to compulsory generally available state package of digital television programs, grasp new types of receiving and transmitting equipment.

At the beginning of 2016 the analog television broadcasting was cut off.

In addition, in Belarus since February 1, 2010 issues concerning the functioning of the national segment of the Internet, which is a set of information networks, systems and resources having Internet connection, located in the territory of the Republic of Belarus and/or using hierarchical names of the national segment of the Internet, are regulated by the special act.

The business entities and private individuals realize goods, perform works, and render services in Belarus using information networks, systems and resources having Internet connection via information networks, systems, and resources of the Internet nation segment located on the territory of the Republic Belarus and correspondingly registered.

The Internet providers shall perform identification of subscribers' devices while rendering Internet-services, as well as record and storage of information on subscribers' devices and other information on rendered Internet services.

The owners of places for public Internet use (computer clubs, Internet-cafes etc.) shall perform identification of the Internet users of the places for public Internet use, record and storage of personal data on Internet services users as well as information on services rendered by places for public Internet use.

Also, as of January 1, 2016 the providers of the Internet services shall prepare and save actual data on the Internet resources visited by the Internet users through special hardware-software devices. The providers of the Internet services shall maintain storage of actual data on the information resources visited by the Internet users during one year from the date of the Internet service's rendering.

According to the results of the 2015 year the Republic of Belarus takes 36th place in terms of the development of information and communication technologies (hereinafter - ICT) in accordance with the international assessment of the International Telecommunication Union (ITU). For the last several years, the Republic of Belarus has improved its rating in terms of the ICT, which highlights constant development of information society of the Belarus.

16. Court system

In late 2013 - early 2014 the court system of the Republic of Belarus overcame through structural changes.

If previously the court system consisted of the Constitutional Court, general courts and economic courts, since January 1, 2014 general and economic courts have merged into a single system of courts of general jurisdiction with the Supreme Court at the head.

Economic courts continue functioning as courts of certain specialization within general jurisdiction court system. The Supreme Economic Court joined the Supreme Court and there was established the Judicial Chamber for Economic Cases within the Supreme Court.

Thus, since January 1, 2014 the court system of the Republic of Belarus consists of the Constitutional Court and courts of general jurisdiction.

16.1. The Constitutional Court

16.1.1. Competence

The Constitutional Court exercises the following powers:

- verifies the conformity of legal acts with the Constitution of the Republic of Belarus, international legal acts ratified by the Republic of Belarus, laws of the Republic of Belarus, decrees and edicts of the President of the Republic of Belarus;
- provides a mandatory preliminary control of laws for their conformity with the Constitution of the Republic of Belarus, international legal acts ratified by the Republic of Belarus;
- on the proposal of the President of the Republic of Belarus decides on the conformity of international legal acts, which have not come into force, with the Constitution of the Republic of Belarus;
- on the proposal of the Presidium of the National Assembly of the Republic of Belarus decides about the facts of systematic or gross violations of legislative requirements by local Councils of Deputies;
- on the proposal of the President of the Republic of Belarus officially interprets decrees and edicts of the President of the Republic of Belarus concerning constitutional rights, freedoms and duties of citizens;
- on the proposal of the President of the Republic of Belarus, the House of Representatives of the National Assembly of the Republic of Belarus, the Council of the Republic of Belarus of the National Assembly of the Republic of Belarus, the Council of Ministers of the Republic of Belarus expounds its position on the documents adopted (issued) by foreign states, international organizations and (or) their bodies, which affect the interests of the Republic of Belarus in terms of compliance with generally recognized principles and norms of international law;
- on the proposal of the President of the Republic of Belarus conducts a check of constitutionality of the legislation directions, determined by the Head of the State, enforcement practice of courts, enforcement agencies and public authorities;
- decides on elimination of gaps in laws, on exclusion of a conflict in laws and legal uncertainty;

- adopts annual messages to the President of the Republic of Belarus and the chambers of the National Assembly of the Republic of Belarus on the constitutional legality in the Republic of Belarus.

16.1.2. Procedure of verification of the conformity of legal acts with the Constitution of the Republic of Belarus

Only certain entities have the right to appeal to the Constitutional Court with a proposal of verification. They are:

– the President of the Republic of Belarus;
– the House of Representatives of the National Assembly;
– the Council of the Republic of the National Assembly;
– the Supreme Court of the Republic of Belarus;
– the Council of Ministers of the Republic of Belarus.

All other subjects are entitled to address to the above-mentioned bodies and persons only with the initiative to verify the conformity of legal acts.

Verification of the legal act conformity is carried out, as a rule, in an open court session by the collegiate Constitutional Court on the basis of principles of adversarial process, equality of parties, presumption of constitutionality of acts.

Upon the results of verification of the legal act conformity the Constitutional Court issues the conclusion, which has supreme legal force and direct action and comes into force since its adoption.

16.2. Courts of general jurisdiction

The system of courts of general jurisdiction consists of:

– district (city) courts;
– regional and Minsk city courts, regional economic courts and the Minsk City Economic Court;
– the Supreme Court of the Republic of Belarus.

16.2.1. Competence

District (city), regional and Minsk city courts consider:

– criminal cases;
– civil cases arising from civil, family, labor, housing, land and other relations provided that at least one of the parties is an individual;
– cases involving legal entities only if it is stipulated by laws of the Republic of Belarus, decrees and edicts of the President of the Republic of Belarus;
– civil cases arising from military service relationship, as well as criminal cases of all crimes committed by servicemen. Previously such cases were considered by military courts and the Belarusian military court, but since July 1, 2014 these courts have been abolished and all their authorities transferred to district (city), regional and Minsk city courts.

Cases involving creation, legal protection and use of intellectual property regardless of the parties are considered only by intellectual property judicial board of the Supreme Court of the Republic of Belarus.

Regional economic courts and the Minsk City Economic Court consider:

– cases on economic (business) disputes between legal persons, individual entrepreneurs;

– cases related to realization of entrepreneurial and other economic (business) activities;

– cases on appealing against non-normative legal acts and actions (inactivity) of a state body, which infringe the rights and legitimate interests of the applicant in the sphere of entrepreneurial and other economic activities;

– cases on recognition and enforcement of decisions of foreign courts and foreign arbitral awards on the disputes concerning entrepreneurial and other economic activities;

– cases with participation of the Republic of Belarus, administrative and territorial units of the Republic of Belarus, state bodies, bodies of local government and self-government, organizations, which are not legal persons, officials and citizens only in cases stipulated by laws of the Republic of Belarus, decrees and edicts of the President of the Republic of Belarus.

16.3. Economic courts

As specialized economic courts, which were included into the system of courts of general jurisdiction, have remained their competence, economic courts will continue to adjudicate business (economic) disputes.

16.3.1. Jurisdiction of economic courts

The cases shall be considered at the first instance by the economic courts of the regions and the Minsk City Economic Court.

Specified cases shall be considered at the first instance by the Supreme Court of the Republic of Belarus (the cases related to state secrets, disputes between the Republic of Belarus and administrative and territorial units of the Republic of Belarus, etc.).

The Supreme Court of the Republic of Belarus shall have the right to accept to proceedings and to consider any case.

16.3.2. Terms of case consideration by the courts considering economic cases in first instance

Considering of cases in the court of the first instance consists of two main stages:

– preparation of a case for proceedings (as a rule shall be completed by holding a preparatory judicial session not later than 15 working days from the date of receipt of the application by the economic court);

– proceedings.

As a rule a case shall be considered by the economic court of the first instance within no more than two months from the date of adoption of the ruling of the economic court on appointment of the case to proceedings.

The term of specified case considering (disputes over state property, connected with state registration and liquidation of legal entities and individual entrepreneurs; disputes on the release of property from seizure) is one month from the date of adoption of the ruling of the economic court on appointment of the case to proceedings.

The term of consideration of cases on certain kinds of proceedings (cases on appealing against non-normative legal acts, actions (inactivity) of a state body, cases on recognition and enforcement of decisions of foreign courts and foreign arbitral awards) is one month from the date of receipt of the application (complaint) by the economic court.

The case with participation of foreign persons located outside the Republic of Belarus shall be considered within the term of no more than seven months, unless otherwise specified by an international treaty of the Republic of Belarus.

The cases with participation of foreign persons, if these persons or bodies of their management, branches, representative offices or their representatives, authorized to conduct the case, reside or live in the territory of the Republic of Belarus, shall be considered in the general terms.

In exceptional cases, taking into account special complexity of the case, the term of the case consideration can be extended by the chairperson of the economic court or his or her deputy up to four months, and the cases with participation of foreign persons located outside the Republic of Belarus – up to one year.

16.3.3. Writ proceedings in economic courts

Writ proceedings mean adoption by the economic court of a ruling on an injunction (court order) without consideration and summons of the parties on such demands that are:

– uncontroversial;

– recognized (not contested) by the debtor but not satisfied yet;

– with the amount up to 100 base units.

The cases in the order of writ proceedings shall be considered within twenty days from the date of arrival of the application on institution of writ proceedings to the economic court.

Since August, 1 2015 the claims for amount of debt and penalty, which are acknowledged by a debtor in a written form and arise from contract of purchase, contract of supply, turnkey contract, contract of carriage, facilitation contract, contract of storage, and also the claims for amount of debt arising from lease (contract) are not subject to review by writ proceedings.

In order to recovery debt on these groups of claims recoverer is to appeal to notary public to get an executive endorsement. The executive endorsement is made within 3 working days from the date of submission of the application and, along with the court order, is an executive document.

16.3.4. Proceedings on appeal against judicial decisions

The judicial decisions of the economic courts may be appealed at the appeal and cassation instance in order of supervision.

Appeal instance

The judicial decisions of the economic court of the first instance that have not come into force may be appealed in the appeal instance.

Petitions for appeal shall be considered by the appeal instance of regional economic courts and the Minsk City Economic Court.

A petition for appeal can be submitted within 15 working days after the economic court of the first instance has made the appealed judicial decision.

The petition for appeal shall be considered within 15 working days from the date of its arrival at the economic court.

In exceptional cases, with account of special complexity of the case, the term for consideration of the petition for appeal can be prolonged by the chairperson of the economic court or his or her deputy, but by no more than 15 working days.

A resolution of the economic court of the appeal comes into force upon its adoption.

Cassation instance

The judicial decisions of the economic court of the first and appeal instances that have come into force may be appealed in the cassation instance.

The economic court of the cassation instance is the Judicial Chamber for Economic Cases of the Supreme Court of the Republic of Belarus.

A cassation appeal can be submitted within one month from the date of coming into force of the appealed judicial decision.

The cassation appeal shall be considered within one month from the date of arrival of the case to the cassation instance.

Order of supervision

Judicial decisions of the economic courts that have come into force may be reconsidered in the order of supervision only upon a protest of officials which have the right to move protests.

The following persons shall have the right to move protests in the order of supervision:

– the Chairperson of the Supreme Court of the Republic of Belarus and his deputies;

– the General Public Prosecutor of the Republic of Belarus and his deputies.

The economic court of the supervising instance shall be:

– the Presidium of the Supreme Court of the Republic of Belarus – with regard to the judicial decisions adopted by the economic courts of the first, appeal and cassation instances;

– the Plenum of the Supreme Court of the Republic of Belarus – with regard to the decisions of the Presidium of the Supreme Court of the Republic of Belarus.

The appeal in exercise of supervision on the judicial decision may be submitted within one year from the date of entry of the judicial decision into legal force.

The appeal in exercise of supervision shall be considered by the official within two months from the date of its arrival.

The protests shall be considered:

– within no more than two months – by the Presidium of the Supreme Court of the Republic of Belarus,

– within no more than three months – by the Plenum of the Supreme Court of the Republic of Belarus.

16.3.5. Rates of the state fee

Rates of the state fee for consideration of cases in the economic courts are established by the Special Part of the Tax Code of the Republic of Belarus.

Their amount depends on a type (property or non-property) and a sum of the claim and other circumstances.

Since January, 1 2016 came into force amendments to the Tax Code of the Republic of Belarus, which have made significant adjustments to prior rates of the state fee.

At present, the following rates of the state fee are established:

Type of the claim		Rates of the state fee
Claim of ownership with the amount:	up to 100 base units	25 base units
	from 100 to 1 000 base units	5 % of the amount of the claim, but no less than 25 base units
	from 1 000 to 10 000 base units	5 % of 1 000 base units + 3 % of the amount exceeding 1 000 base units
	over 10 000 base units	1% of the amount of the claim, but no less than the amount established in the previous application form
Non-property claim submitted by:	legal entities to the Supreme Court of the Republic of Belarus	50 base units for each request (act)
	legal entities to other economic courts	20 base units for each request (act)
	individual entrepreneurs to the Supreme Court of the Republic of Belarus and other economic courts	10 base units for each request (act)
	Individuals to the Supreme Court of the Republic of Belarus and other economic courts	5 base units for each request (act)
An application for writ proceedings with the amount:	up to 100 base units	2 base units
	from 100 to 300 base units	5 base units
	over 300 base unit	7 base units
Appeals:	to appeal instance	40 % of the rate established for non-property claim (application, appeal); 40 % of the rate calculated on the basis of the disputed amount - for the claim of ownership
	to cassation instance	80 % of the rate established for non-property claim (application, appeal); 80 % of the rate calculated on the basis of the disputed amount - for the claim of ownership
	in order of supervision	

16.4. Arbitration

Additionally, apart from state courts, international arbitration courts may resolve disputes.

Relations connected with education and activities of international arbitration courts in the Republic of Belarus are regulated by Law dated July 9, 1999 No. 279-3 “On the international arbitration (intermediate) court”.

A dispute may be heard in a permanent international arbitration court or in an international arbitration court created with the purpose to adjudicate a particular dispute ("ad hoc" arbitration).

There are two permanent international arbitration courts in the Republic of Belarus:

- the International arbitration court at the Belarusian Chamber of Commerce and Industry;
- the International arbitration (intermediate) court "Chamber of arbitrators at the Union of Lawyers".

Most disputes are adjudicated by the International arbitration court at the Belarusian Chamber of Commerce and Industry (hereinafter referred to as the IAC). The procedure for hearing a dispute is specified in the IAC Regulations (http://www.iac.by/index.php?id=36778&).

16.4.1. The IAC competence

The IAC adjudicates:

- disputes between any subjects of law arising from foreign trade and other international economic relations, if the location or residence of at least one of these subjects is outside the Republic of Belarus;
- disputes between companies with foreign investments, international associations and organizations established in the territory of the Republic of Belarus; disputes between members of the above legal entities, disputes between these legal entities and other legal entities and individual entrepreneurs of the Republic of Belarus;
- disputes between foreign legal entities and individual entrepreneurs located outside Belarus;
- other economic disputes, if parties have agreed to refer a case to an international arbitration court and if it is allowed by the legislation of the Republic of Belarus.

A dispute may be adjudicated by the IAC if parties have agreed to do so, such agreement may be executed as a separate arbitration agreement or as an arbitration clause in a contract. The IAC Regulations specify an exemplary wording of an arbitration clause recommended by the IAC to be included in contracts (http://www.iac.by/index.php?id=36789&).

16.4.2. Appointment of arbitrators

A dispute is adjudicated by the IAC composed of one or three arbitrators. The number of the IAC arbitrators shall be agreed by parties. If parties have not reached an agreement there shall be 3 arbitrators.

If parties have agreed to resolve a dispute by a sole arbitrator, upon mutual agreement they shall appoint a certain person as an arbitrator. If there is no such agreement, the IAC President shall appoint an arbitrator.

If parties have agreed to resolve a dispute by three arbitrators, a plaintiff shall appoint one arbitrator, a defendant shall appoint one arbitrator as well. Afterwards two arbitrators so appointed shall designate the third arbitrator who shall be the Chairperson. If a Chairperson has not been designated, the IAC President shall appoint such Chairperson.

16.4.3. Term of dispute resolution in the IAC

The IAC arbitrator(s) shall hear a case and render an award within not later than 6 months from registration of such case. Upon a reasoned petition furnished by a sole arbitrator or a Chairperson the IAC President may prolong the above term.

16.4.4. Law applicable to the substance of a dispute

The IAC arbitrator(s) shall adjudicate a dispute pursuant to such provisions of laws which parties have identified as applicable to the substance of a dispute.

If parties have not specified the applicable law, the IAC arbitrator(s) shall render an award based on the law determined in accordance with the conflict-of-laws rules which are recognized as reasonable.

16.4.5. Appeal of the IAC award

An award rendered by the IAC may be appealed by submitting a petition to annul such award to a regional economic court (Economic court of Minsk city) at the location of the international arbitration court.

The petition to annul an award rendered by the IAC shall be submitted within 3 months from the date when a party submitting such a petition has received the award.

At the same time a state court is entitled to annul an award rendered by the IAC only on certain grounds set forth by Law of the Republic of Belarus dated July 9, 1999 No. 279-З “On the international arbitration (intermediate) court” (these grounds generally regard procedures for a dispute resolution process). Moreover such court shall not reexamine a case to its substance.

16.4.6. Procedure for enforcement of the IAC award

Awards rendered by the IAC shall be enforced in the territory of the Republic of Belarus by applying to a state court with a petition to issue a writ to enforce such award.

If the IAC award requires enforcement in the territory of another country, it shall pass a procedure of the recognition and enforcement thereof under the UN Convention on the Recognition and Enforcement of Foreign Arbitral Awards (it was signed in New York on June 10, 1958). There are 156 parties to the Convention nowadays.

16.4.7. Arbitration costs in the IAC

Arbitration costs in the IAC include an arbitration fee and expenses connected with the dispute resolution process.

In order to file a claim a plaintiff shall pay a registration fee. An amount of such registration fee is included in an arbitration fee and is deemed to be a part of such arbitration fee. The registration fee makes 150 euro increased by the rate of a value added tax set forth by the legislation of the Republic of Belarus (the rate is 20%). The registration fee is not subject to the refund or reduction.

An arbitration fee with regard to disputes between entities, if at least one of these entities is located or resides outside the Republic of Belarus, is subject to a claim amount and is calculated on the following basis:

Claim amount (in euro)	Amounts of an arbitration fee
Up to 5000	700
5 001 – 10 000	700 + 5,5% of the sum over 5 000
10 001 – 25 000	975 + 5,5% of the sum over 10 000
25 001 – 50 000	1 800 + 5% of the sum over 25 000
50 001 – 75 000	3 050 + 4,5% of the sum over 50 000
75 001 – 100 000	4 175 + 4% of the sum over 75 000
100 001 – 150 000	5 075 + 3,5% of the sum over 100 000
150 001 – 200 000	6 825 + 3% of the sum over 150 000
200 001 – 500 000	8 325 + 1,5% of the sum over 200 000
500 001 – 1 000 000	12 825 + 1% of the sum over 500 000
1 000 001 – 2 000 000	17 825 + 0,5% of the sum over 1 000 000
Over 2 000 000	22 825 + 0,4% of the sum over 2 000 000

If a claim does not specify any amount, an arbitration fee shall be determined by the IAC President but such fee shall be at least 700 euro.

An arbitration fee shall be reduced by 30 percent, if a case is adjudicated by the sole arbitrator.

In any event an arbitration fee may not be less than 700 euro.

An arbitration fee shall be increased by a value added tax calculated under the legislation of the Republic of Belarus (the rate is 20%).

The payment of an arbitration fee effected by a plaintiff is an essential precondition for proceedings on a case to be initiated.

Upon a plaintiff's reasoned petition the IAC President may permit to initiate proceedings after the payment of at least 50% of the due arbitration fee provided that the other 50% is to be paid before the first court hearing.

Expenses connected with the dispute resolution process include:

- travel allowances and other expenses incurred by arbitrators;
- amounts paid to witnesses, experts (expert institutions) and professionals;
- expenses regarding on-site inspection, transportation and storage of material evidence;
- other court costs.

17. Bankruptcy

Bankruptcy in the Republic of Belarus is regulated by the Law of the Republic of Belarus "On economic insolvency (bankruptcy)" dated 13.07.2012. The Act sets out grounds for declaring a debtor bankrupt and regulates a procedure for and conditions of proceedings on a bankruptcy case and other related relationships.

In the Republic of Belarus only individual entrepreneurs and legal entities may be recognized as bankrupts. Institute of bankruptcy of individuals is not provided by the current legislation of the Republic of Belarus.

17.1. Initiation of bankruptcy proceedings

A petition to initiate a debtor's bankruptcy proceedings may be filed to a court considering economic affairs by a debtor, a creditor of a debtor, a prosecutor, a representative of a debtor's employees, public authorities under certain circumstances.

The debtor may apply for bankruptcy by one of the following reasons:

– insolvency of the debtor is becoming sustainable;

– insolvency of the debtor is sustainable.

Insolvency is considered as becoming sustainable if there is insolvency within four quarters prior to the latest balance sheet.

Insolvency is considered as sustainable if there is insolvency within four quarters prior to the latest balance sheet, and there is values of the coefficient of a collateralised financial asset liabilities exceeding normative values established by the Council of Ministers upon the date of the latest balance sheet.

The debtor is obliged to apply for bankruptcy proceedings within one month from the date of occurrence of the following circumstances:

– satisfaction of claims of one creditor or more creditors leads to the impossibility of performance of monetary obligations of the debtor in full or to termination of the debtor's activities - legal entity;

– it was decided by a body (persons) authorized in accordance with the constituent documents of the debtor – the legal entity to make decisions to liquidate it (as well as the owner of the property of the debtor - the unitary enterprise or a body authorized by him), to file the application of the debtor to the economic court;

– value of the debtor's property - a legal entity, in respect of which in accordance with the civil law the decision on its liquidation was made, is insufficient to satisfy the claims of creditors or there is no property.

A creditor has the right to file for bankruptcy if the following reasons are together:

– the lender has the documented information about the debtor's insolvency being sustainable or becoming sustainable;

– enforcement imposed on the debtor is not executed within three months, or the fact that the debtor has no assets sufficient to meet the demands presented to him has been revealed during the enforcement process;

– there is a debt to the creditor, which filed an application, in the amount of one hundred or more basic units (as of the date of this review - about 1,000 euros), and if the debtor is a city-forming or other similar organization, a government organization, a legal entity, stocks (shares in the authorized capital) of which are managed by public authorities or are in economic management, operational management of public legal entities, as well as a legal entity or individual entrepreneur, having the state and (or) international orders, - in the amount of 2 500 or more basic units (as of the date of this review - about 25 000 euros).

In practice, an economic court commences proceedings on bankruptcy of the debtor if its insolvency is sustainable or is becoming sustainable.

If an application for initiation of bankruptcy proceedings does not meet the formal requirements, or there is no factual basis for the initiation of bankruptcy proceedings, the court returns the application to initiate bankruptcy proceedings.

17.2. General provisions on bankruptcy

As a general rule, a court sets a protective period, the duration of which may not exceed three months, in order to verify the existence of grounds for opening of bankruptcy proceedings. At this stage, a court appoints a temporary administrator of the debtor, while the management bodies of the debtor are not released from their obligations. The manager of the debtor can be dismissed by court only if the violations of the law made by such manager are admitted.

At the end of the protection period the court shall consider the application for bankruptcy, a report of the temporary manager on its activities and analysis of a financial condition and solvency of the debtor, as well as a report on completion of the plan for an end of pre-trial rehabilitation in the protective period. If a court finds the presence of the debtor's insolvency a bankruptcy procedure will be opened.

There are two (2) forms of bankruptcy proceedings:

– reorganization (bankruptcy proceedings applied in order to ensure stable and efficient business (economic) activities, to restore the solvency of the debtor);

– liquidation proceedings.

In the majority of cases in the Republic of Belarus there are liquidation proceedings applied to debtors.

During the bankruptcy proceedings an anti-crisis manager manages the debtor. Such anti-crisis manager is appointed by the court from candidates proposed by parties involved in the case. An anticrisis manager must have a corresponding certificate verifying its right to carry out the activities.

Along with a crisis manager, a meeting of creditors operate in bankruptcy proceedings. A meeting of creditors represents the interests of all creditors and carries out all actions against the debtor on their behalf. In addition, creditors form a creditors' committee, where the legislation provides for its creation.

The legislation provides for mechanisms to appeal against illegal activities of anti-crisis managers to meetings of creditors and courts.

17.3. Priority of creditors

The Belarusian legislation provides for the following priority of creditors in bankruptcy proceedings:

Out of turn	Court expenses and costs for the publication of information provided by the legislation, as well as settlement of liabilities of the debtor that arose after the opening of bankruptcy proceedings.
1 turn	Claims of individuals to whom the debtor is liable for an injury to life or health.
2 turn	Calculations on severance payments, remuneration of persons working (working) for the debtor under labor agreements (contracts) and civil contracts, which are subject to execution of works, services or creation of intellectual property rights, on compulsory insurance contributions, contributions for pension insurance, other payments to the Social Welfare Fund of the Ministry of Labour and Social Protection of the Republic of Belarus, as well as the payment of insurance premiums on compulsory insurance against accidents at work and occupational diseases.
3 turn	Calculations on obligatory payments to the budget (as a rule, payment of taxes and customs duties).
4 turn	Claims of creditors as for obligations secured by a pledge of property of the debtor.
5 turn	Settlements with other creditors.

As a general rule, claims of creditors shall be applied within 2 (two) months from the date of official publication of information about the opening of bankruptcy proceedings against the debtor. If the claim is applied after the deadline it will be considered last of all, no matter in what turn they would have to be satisfied in case of submission in time. Exceptions are provided in the following cases:

– revival of the expired period by the meeting of creditors or the court;

– claims of the first and second priority made before the end of settlements with all creditors.

17.4. Contestation of a debtor's transactions

There are special grounds for invalidating a debtor’s transactions by claims of anti-crisis managers in bankruptcy proceedings. In particular, there is a possibility to invalidate the following transactions:

– made within six months prior to commencement of the bankruptcy case (or after commencement of the bankruptcy proceedings), if these transactions involve preferential satisfaction of property claims of certain creditors to other creditors;

– executed within one year prior to commencement of the bankruptcy case (or after commencement of the bankruptcy proceedings), if the debtor

intentionally damaged the interests of creditors by these transactions and other parties knew or should have known about it;

– made within six months prior to commencement of the bankruptcy case (or after commencement of the bankruptcy proceedings) if due to inequality of obligations of the parties it is clear that the contract of sale, exchange or other transaction of the debtor is at least partially executed not in favor of the debtor at a price significantly undervalued or overvalued relative to the price usually charged for similar goods (works, services) (have the nature of donation), as well as if there is a direct or indirect connection with the insolvency of the debtor or its increase.

17.5. Responsibility of persons controlling a debtor

The Belarusian legislation provides for vicarious liability of persons entitled to give binding instructions to the debtor, in the event that the debtor's bankruptcy is caused by the actions (or inaction) of these persons.

Vicarious liability is incurred, in particular, if the debtor has not applied for bankruptcy protection in cases where required to do so (see. P. 18.1). A lawsuit concerning imposition of vicarious liability can be filed by a manager, a creditor, a prosecutor, public authorities if there is insufficiency of the debtor’s property to satisfy the creditors' claims.

The statute of limitations on filing claims by creditors, prosecutors and public authorities is 10 years from the date of initiation of bankruptcy proceedings.

In addition, the Criminal Code of the Republic of Belarus specifies liability for:

– false bankruptcy;
– concealment of bankruptcy;
– deliberate bankruptcy;
– preventing compensation of losses to the creditor.

18. Contact details of the Government bodies

18.1. The Ministries of the Republic of Belarus

Ministry of Architecture and Construction

Address	220048, Minsk, Myasnikova st., 39
Phone/fax	226-54-36 / 200-74-24 327-19-34
Website	http://www.mas.by
E-mail	min@mas.by

Ministry of Health

Address	220048, Minsk, Myasnikova st., 39
Phone/fax	222-60-33 / 222-46-27
Website	http://minzdrav.by
E-mail	mzrb@belcmt.by

Ministry of Foreign Affairs

Address	220030, Minsk, Lenina st., 19
Phone/fax	327-29-22 / 210-42-50
Website	http://www.mfa.gov.by
E-mail	mail@mfabelar.gov.by

Ministry of Taxes and Duties

Address	220010, Minsk, Sovietskaya st., 9
Phone/fax	229-79-72, 229-79-29, 229-66-87
Website	http://nalog.gov.by

Ministry of Natural Resources and Environmental Protection

Address	220004, Minsk, Kollektornaya st., 10
Phone/fax	200-66-91 / 200-55-83
Website	http://www.minpriroda.gov.by
E-mail	minproos@mail.belpak.by

Ministry of Industry

Address	220033, Minsk, Partizansky Ave., 2/4
Phone/fax	223-93-96 / 223-64-96 / 224-87-84
Website	http://www.minprom.gov.by
E-mail	minprom4@minprom.gov.by

Ministry of Communications and Information

Address	220050, Minsk, Nezavisimosti Ave., 10
Phone/fax	287-87-06 / 327-21-57
Website	http://www.mpt.gov.by
E-mail	mpt@mpt.gov.by

Ministry of Agriculture and Food

Address	220030, Minsk, Kirova st., 15
Phone/fax	327-37-51 / 327-42-96
Website	http://mshp.minsk.by
E-mail	kanc@mshp.minsk.by

Ministry of trade

Address	220030, Minsk, Kirova, 8/1
Phone/fax	327-61-21 / 227-24-80

Website	http://www.mintorg.gov.by
E-mail	mintorgrb@mail.belpak.by

Ministry of Transport and Communications

Address	220029, Minsk, Checherina st., 21
Phone/fax	334-11-52 / 292-83-91
Website	http://www.mintrans.gov.by
E-mail	mail@mintrans.mtk.by

Ministry of Finance

Address	220010, Minsk, Sovetskaya st., 7
Phone/fax	222-61-37 / 222-45-93
Website	http://www.minfin.gov.by
E-mail	minfin@minfin.gov.by

Ministry of Economy

Address	220030, Minsk, Bersona st., 14
Phone/fax	200-78-98 / 200-37-77
Website	http://www.economy.gov.by
E-mail	minec@economy.gov.by

Ministry of Energy

Address	220030, Minsk, K.Marksa st., 14
Phone/fax	218-21-02 / 218-24-68
Website	http://www.minenergo.gov.by
E-mail	minsecretary@min.energo.net.by

18.2. State Committees of the Republic of Belarus

State Committee on Property

Address	220005, Minsk, per. Krasnozvezdny, 12
Phone/fax	288-10-19 / 288-27-25
Website	http://www.gki.gov.by
E-mail	info@gki.gov.by

State Committee for Science and Technology

Address	220072, Minsk, Akademicheskaya st., 1
Phone/fax	294-92-44 / 284-02-79
Website	http://gknt.org.by
E-mail	gknt@gknt.org.by

State Committee for Standardization

Address	220053, Minsk, Starovilensky trakt, 93
Phone/fax	233-52-13 / 233-25-88
Website	http://gosstandart.gov.by
E-mail	belst@anitex.by

State Customs Committee

Address	220007, Minsk, Mogilevskaya st., 45/1
Phone/fax	218-91-04, 218-90-00 / 218-91-97
Website	http://www.customs.gov.by
E-mail	odo@gtk.belpak.minsk.by

18.3. Bodies of local government

Brest Regional Executive Committee

Address	224006, Brest, Lenina st., 11
Phone/fax	8 (0162) 21-22-37 / 21-96-66
Website	http://www.brest-region.by
E-mail	contact@brest-region.by
The Head	Lys Anatolii

Vitebsk Regional Executive Committee

Address	210010, Vitebsk, Gogol st., 6
Phone/fax	8 (0212) 42-57-57 / 42-57-81
Website	http://www.vitebsk-region.gov.by
E-mail	vitoblisp@vitebsk.by
The Head	Sherstnev Nikolay

Gomel Regional Executive Committee

Address	246050, Gomel, Lenina Ave., 2
Phone/fax	8 (0232) 74-42-68 / 74-45-19
Website	http://www.gomel-region.by
E-mail	oblisp-uip@mail.gomel.by
The Head	Dvornik Vladimir

Grodno Regional Executive Committee

Address	230023, Grodno, Ozheshko st., 3
Phone/fax	8 (0152) 72-31-90 / 72-02-32
Website	http://www.region.grodno.by
E-mail	Groblisp@mail.grodno.by
The Head	Kravtsov Vladimir

Minsk Regional Executive Committee

Address	220030, Minsk, Engelsa st., 4
Phone/fax	500-41-25 / 327-24-15
Website	http://www.minsk-region.gov.by
The Head	Shapiro Semen

Minsk City Executive Committee

Address	220030, Minsk, Nezavisimosti st., 8
Phone/fax	218-00-01 / 327-68-66
Website	http://www.minsk.gov.by
The Head	Shorets Andrei

Mogilev Regional Executive Committee

Address	212030, Mogilev, Pervomaiskaya st., 71
Phone/fax	8 (0222) 32-80-59 / 22-05-11
Website	http://region.mogilev.by
The Head	Domanesky Vladimir