

TAXES IN BELARUS

Corporate Tax

All businesses which are tax resident in Belarus are **liable for tax on profits** derived from the sale of products, goods, services and other assets, plus other incomes, at 18% (since 2012).

There are also **local taxes of approximately 3%**, creating an **aggregate rate of profits tax of 26.3%**. Foreign companies not registered for tax purposes in Belarus are subject to 12% with-holding tax.

There is **no separate capital gains** tax and to encourage entrepreneurs the government has created an **effective tax rate for smaller businesses of 8%**. Up to 5% of tax paid on profits can also be reduced by off-setting capital investment.

Belarus also has **double taxation agreements with over 60 countries** including the UK, USA, all CIS States and most EU members.

[See Free Economic Zones for specific tax incentives](#)

Customs Tax

Excise duty is also levied monthly on a range of goods manufactured in Belarus or imported into the country. This mainly includes alcohol derived goods, tobacco, engine oil, petrol, diesel fuel, and vehicles.

There is a widespread **import substitution programme** in a bid to develop home-grown businesses and reduce Belarus' reliance on imports. Firms producing items on the substitution list are entitled to the same tax breaks as exporters.

Goods manufactured for export are exempt from excise tax, however duty is applied to timber, oil, minerals, and food stuffs exported from Belarus to countries other than Russia, Kazakhstan, Kyrgyzstan and Tajikistan (the Eurasian Economic Community).

The **Customs Code** of the Customs Union of Belarus, Russia and Kazakhstan came into force on 1 July 2010. It regulates customs procedures of customs warehouses and free customs zones in line with separate international agreements.

Personal Tax

Belarus has a **flat rate** of 12% for its tax residents and for the Belarusian income of non-residents. There is **no capital gains tax, stamp duty and inheritance tax** for individuals.

To encourage Belarus' IT sector and boost its value-added business population, the government has made the rate lower (9%) for employees of businesses in the High Technologies Park. Dividends and other business income received by foreign investors are taxed at 12%.

VAT is payable on most goods in Belarus at 20%.

Structure of the Belarusian taxation system

Basic Taxes (regularly paid)	Other Taxes and Levies (nonrecurring)	Special Tax Treatment
VAT	Tax on income of foreign enterprises derived from sources in Belarus	Simplified Taxation

Excise Duty	Natural resources extraction tax	Single Tax for Individual Entrepreneurs and Other Individuals
Profit Tax	Patent Duty	Single Tax for Agricultural Producers
Income Tax on Individuals	State Duty	Tax on Income form Electronic Interactive Games
Real Estate Tax	Consular Fee	Tax on Income form Lotteries
Land Tax	Road Fee	Gambling Tax
Ecological Tax	Offshore Fee	Levy on Farm Eco-tourism
Custom Duties and Fees*	Stamp Fee	Levy on Craft Activity
Payments to the State Social Security Fund*	<p style="text-align: center;">Local Taxes:</p> <p style="text-align: center;">Tax on Dog Owners;</p> <p style="text-align: center;">Tax on Gatherers;</p> <p style="text-align: center;">Resort Levy</p>	

* Not administered by tax authorities

Basic republican taxes

Income tax on individuals

Income tax on individuals is levied at 12% rate on total income derived from sources both in and outside the Republic of Belarus (for Belarusian residents) and on total income derived from sources in the Republic of Belarus (for non-residents). Individual entrepreneurs and private notaries are taxes at 15% rate.

Certain types of income (social allowances, income from sale of personal property and products cultivated on household plots and others) are exempt from this tax.

If there are sufficient grounds, taxpayers have the right to apply standard, social and other tax exemptions.

Profit tax

The profit tax is paid at 18% rate (since 2012) by companies of the Republic of Belarus, foreign legal entities carrying out activity in the Republic of Belarus through permanent establishment, partnerships and economic groups. The taxable profit is equal to the total income reduced by the amount of expenses.

Preferential tax rates are provided for:

- producers of laser optical machines – 10%;
- profit from selling own-produced high-tech goods – 10% rate;
- science and technological parks, their residents (in relation to innovative activity) and technology transfer centres – 10%.

Since 2012 Belarusian companies may apply for tax loss carry-forward and deduct losses for previous fiscal periods from current tax base. Such losses, however, do not include losses of a permanent establishment abroad Belarus and losses for periods when a Belarusian company enjoyed tax profit relief under the legislation providing tax holidays to such a company for a certain period of time.

Tax loss carry-forward can be made during 10 years after the fiscal period when losses were incurred in order of their incurring.

Profit tax declaration is submitted once a year; advance tax payments are made quarterly.

Tax on income of foreign enterprises which do not carry out activity in the Republic of Belarus through permanent establishment

Income received from sources in the Republic of Belarus by foreign companies which do not carry out activity in the Republic of Belarus through permanent establishment is taxed at the following rates:

- 6% - international transportation;
- 10% - interest income from debt-claims;
- 12% - dividends and other similar rights;
- 15% - royalty and other income (limiting list including all kinds of transactions with immovable property);
- 5% on dividends, interests, royalty and licenses if the source of income is a Hi-Tech Park resident.

Value added tax

Turnover of goods (works, services), property rights on the territory of the Republic of Belarus and importation of goods into the territory of the Republic of Belarus are taxed at the same following rates:

- 20% - general tax rate;
- 10% - sale of agricultural goods produced in Belarus; import and/or sale of food products and goods for children;
- 0% - exported goods.

VAT on works, services and property rights is levied in the Republic of Belarus in case Belarus is deemed to be the place of supply of services/works/property rights.

VAT declaration is submitted and tax payments are made each month or quarter (at taxpayer's option).

Investors carrying out investment projects in Belarus under investment agreements concluded with the Republic of Belarus are able to deduct full amount of VAT paid on acquisition (import) of goods/works/services/property rights necessary for the investment project irrespective of the VAT amount included in the cost of realized goods/works/services/property rights.

Documents proving export of goods should be submitted within 180 days after formalization of the declaration notarized by the customs authority.

Excise tax

Excisable goods are:

- spirit and alcohol-containing products;
- tobacco; --motor gasoline, diesel, bio-diesel and marine fuel, gas used as a motor fuel;
- oil for diesel and/or injector engines;
- minibuses and automobiles.

Belarus applies fixed excise rates per unit of excisable goods, which are the same for goods produced within the territory and imported into Belarus. Alcohol-containing products and tobacco destined for sale are marked with excise stamps.

Excise tax declaration is submitted and tax payments are made each month.

Real estate tax

The tax is levied on buildings and constructions:

- owned or managed by Belarusian companies;
- owned by individuals and situated in Belarus.

Unfinished housing projects, budget-funded unfinished over-norm projects are not considered as object of real estate tax.

Basis of assessment is the depreciable value of buildings and constructions. Annual tax rate is equal to:

1% for companies;

0,1% for individuals, individual entrepreneurs and cooperative societies;

2% for companies having unfinished over-norm projects.

Organizations submit real estate tax declaration once a year and have an option to make quarterly tax payments or pay real estate tax once a year. Individuals pay real estate tax once a year but do not submit declaration as tax authorities calculate their tax liability and provide them with tax assessment notice.

Land tax

The objects of the tax are land parcels which are owned, temporarily/permanently used by companies and owned, lifetime used with the right of inheritance or temporarily occupied by individuals.

Tax rate depends on the cadastral valuation of a land parcel. Tax base is equivalent to the cadastral value of a land parcel unless otherwise provided by tax legislation.

Organizations submit land tax declaration once a year and have an option to make quarterly tax payments or pay land tax once a year. Individuals pay land tax once a year but do not submit land tax declaration as tax authorities calculate their tax liability and provide them with tax assessment notice.

Ecological tax

The tax rate depends on the type of pollution:

- Pollutant emission into the atmosphere;
- Discharge of sewage waters or other pollutants into the environment;
- Production waste storage and disposal;
- Importation of ozone depleting substances into Belarus.

Ecological tax declaration is submitted quarterly. Tax payments are made quarterly except for importation of ozone depleting substances into Belarus when ecological tax is to be paid beforehand.

Natural resources extraction tax is paid by companies and individual entrepreneurs at fixed rates depending on the type of natural resources. Tax base is equal to the actual amount of extracted natural resources listed in the Tax Code.

The Road Fee (paid by owners of buses and lorries that are in transit through Belarus or enter the territory of Belarus), Consular Fee, State Duty and Patent Duty are levied at fixed rates (15 euro – 30 euro).

Stamp Fee is levied at 15% / 20% / 25% / 0.1% of the principal amount of the ordinary or transfer bill.

Offshore Fee is paid at 15% rate by Belarusian companies and individual entrepreneurs transferring money to the non-resident registered in one of the offshore zones (tax havens) the list of which is approved by the President of the Republic of Belarus. The tax base is the amount of the money transferred (in case of fulfillment of the obligation in kind – contract value).

Local taxes

Local taxes (tax on dog owners, tax on gatherers and resort levy) are introduced by local authorities within the limits established by the Tax Code:

- tax on dog owners: 0.5 – 1.5 basic units (50 000 – 150 000 BYR as of 01.01.2013) depending on withers height;
- tax on gatherers: not more than 5% of the gathered products value;
- resort levy: not more than 3% of the resort voucher cost.

Specific tax treatments

1) Simplified taxation system:

3% of the gross revenue for VAT payers (number of employees not more than 100 and annual gross revenue not more than 9 000 000 000 BYR ≈ 1 050 000 USD);

5% of the gross revenue for VAT non-payers (number of employees not more than 15 and annual gross revenue not more than 4 100 000 000 BYR ≈ 480 000 USD);

2% of the gross revenue derived from the export of goods/works/services/intellectual property rights (till 31.12.2013).

2) Single tax for agricultural producers – 1% of the gross revenue

3) Single tax for individual entrepreneurs and other individuals – tax rates differ

4) Gambling tax – tax rates differ (in BYR per gambling unit)

5) Tax on income from lotteries – 8% of the lottery revenue minus prize pool

6) Tax on income from electronic interactive games – 8% of the revenue minus prize pool

7) Levy on craft activity – one basic unit (100 000 BYR as of 01.01.2013) per calendar year

8) Levy on farm eco-tourism – one basic unit (100 000 BYR as of 01.01.2013) per calendar year

Free economic zones (FEZ) in Belarus enjoy **preferential tax treatment** in regard to production and realization of import-substituting goods and exported goods (services).

The profit of FEZ residents is exempt from profit tax during first 5 years of carrying out such activity. Later on FEZ residents can apply profit tax rate reduced by 50% but profit tax rate cannot exceed 12% rate.

Real estate tax is not payable by FEZ residents. If import-substituting goods produced in any FEZ are sold in Belarus, 20% VAT is paid half as much.

Under **Presidential Decree № 12 of 22.09.2005 Hi-Tech Park residents** are exempt from profit tax, VAT in relation to the sale of goods/works/services/property rights on the territory of Belarus, real estate tax and land tax (only for 3 years).

Income of individuals from Hi-Tech Park residents is taxable at 9% rate instead of general 12% rate.

Besides, employees of Hi-Tech Park residents and Hi-Tech Park individual entrepreneurs are subject to compulsory state social insurance. Insurance contributions are not charged on the part of the salary exceeding the amount of the average salary in the republic for the previous month. Income of non-residents received from Hi-Tech Park residents in the form of interest, royalty, license payments and dividends is taxed at 5% rate, unless lower rate is specified by international tax treaties applied in Belarus. If dividends are paid to founders (participants) offshore duty is not levied.

A company can become a Hi-Tech Park resident in case it carries out activity only in the sphere of IT software, technical and natural sciences (research, development and technological work). Companies that do not fully satisfy these requirements may register a business project in the Park and enjoy similar preferences in respect of the registered business projects.

The Decree of the President of the Republic of Belarus **№ 6 of 07.05.2012** is aimed at **intensified business activity in small towns and rural areas**.

During first 7 years after registration companies registered in sparsely populated towns/rural areas and carrying out activities therein are exempt from tax on profit derived from sale of own-produced goods (services), real estate tax and local taxes.