

Foreigners coming to Belarus 2014



Welcome to Belarus!

Deloitte would like to present this brief overview of the Belarusian personal tax and compliance procedures. For your convenience this guide is presented in a Frequently Asked Questions format.

Since the Belarusian tax system is developing at a fast pace, we would recommend that you use this brochure for general guidance only. Please contact us to discuss your specific situation.



Visa, Arrival, Registration and Work Permit

Question: What documents should I have in order to work in Belarus?

Answer: In order to work in Belarus you should have a work visa, a work permit. A work visa is given only if you have a work permit. The visa is valid for 90 days. If you want to stay and work in Belarus more than 90 days, it's necessary to get a temporary residence permit in Belarus.

Question: Do I have to notify the tax authorities of my arrival/departure?

Answer: No.

Question: Do I need to register with the Belarusian migration authorities upon arrival?

Answer: Yes. Registration with the local migration authorities or hotel must be performed within 5 days after your arrival in Belarus.

Question: Do I need to have a work permit to work in Belarus? If yes, what is the timeframe of obtaining a work permit?

Answer: Yes, unless you are a citizen of the Russian Federation. All foreign citizens intending to work in Belarus are required to obtain work permits. A work permit is issued upon your employer's application to the local Belarusian authorities. The timeframe for obtaining a work permit is approximately one-two weeks.

Question: Do I need a local contract?

Answer: Yes, if you are locally employed.



Tax Residence Status and Tax Rates

Question: What are the tax residence rules in Belarus?

Answer: You are considered a Belarusian tax resident if you were physically present in Belarus for a period of over 183 days in a calendar year (regardless of nationality). If you arrive at the territory of Belarus later than 2 July you are not considered a Belarusian tax resident regardless the period of your staying in Belarus in that calendar year.

Until your status can be determined, you should be regarded as a tax resident for the current calendar year if you were in the Republic of Belarus for a period of more than 183 days during the previous calendar year.

A "stay" includes both the actual length of the period during which an individual stays in Belarus, as well as any other period of an individual's absence from Belarus for business trips, holidays or medical treatment abroad.

The concept of domicile for tax purposes does not exist in Belarusian legislation.

Question: What tax rates will apply to my income?

Answer: Currently, a flat rate of 12% is applied to all taxpayers (both residents and non-residents).

Other rates apply to specific income:

- 9% – to income received by individuals under labor contracts with residents of the High Technology Park
- 15% – to income received by individuals being individual entrepreneurs.

Question: Do I pay tax in Belarus if I qualify as non-resident for tax purposes?

Answer: Yes. If you were physically present in Belarus for a period less than 183 days in a calendar year, you would be qualified as a non-resident for tax purposes. The income received under a labor contract in Belarus will be taxed and withheld at flat rate of 12% or at the 9% rate (for work under labor contracts with residents of the High Technology Park) by the employer. Belarusian source income is defined as income related to the usage of intellectual property rights in Belarus and to duties performed / services rendered in Belarus.



Filing Requirements

Question: Do I need to file a tax return in Belarus?

Answer: Generally yes (if you have income taxable in Belarus), unless all taxes were withheld at the correct rate at the source of payment and paid to the Belarusian tax authorities. This may be the case if you are employed by a local entity where all withholding is performed at source.

Question: Should I obtain a tax ID in Belarus?

Answer: Yes, you should obtain a tax ID. Tax ID is given by Belarusian tax authorities under the application of an individual. You may obtain tax ID simultaneously with annual tax return filing.

Question: What is the tax year in Belarus?

Answer: The tax year is a calendar year from 1 January till 31 December.

Question: When do I have to file a tax return?

Answer: If you are considered a tax resident in Belarus and you get income from sources outside Belarus, you should file an annual tax return. Your annual tax return must be filed to the Belarusian tax authorities at the place of tax registration (residence) not later than 1 March following the end of the tax year. No extensions are granted.

Question: Are there preliminary tax filings in Belarus?

Answer: No.

Question: Can joint returns be filed (taxpayer and spouse)?

Answer: No.

Question: In what currency should I report my taxable income?

Answer: All amounts of income received in foreign currency should be reported in foreign currency.

Question: Are there penalties for late filing of tax returns?

Answer: Yes, there is an administrative fine.



Tax Payments

Question: How is tax paid in Belarus?

Answer: Personal income tax can be paid either via withholding at source when the paying entity has such obligation or personally by you if you have an obligation to file a tax return.

Question: If I pay tax personally, how do I do this?

Answer: After filing your annual tax return the tax due should be paid to the tax authorities in cash no later than 15 May of the year following the tax year.

Question: In what currency do I pay tax?

Answer: Belarusian personal income tax should be paid in Belarusian rubles. However, the personal income tax may be also paid from the bank account abroad with further conversion to Belarusian rubles. Prior making a payment from the bank account abroad please pay attention to the exchange rates and bank commission.

Question: Can my employer make a tax payment on my behalf to the tax authorities?

Answer: Current legislation prohibits tax payment at the cost of employer.

Question: Are there penalties for late payment of tax?

Answer: Yes, there is an administrative fine, and late payment interest is charged for each day of delay. Late payment interest is charged for each day of delay at the interest rate calculated as 1/360th of the National Bank of the Republic of Belarus refinancing rate (0.07% p.a. as of January 1).



Taxable Income

Question: What items of my remuneration are taxable?

Answer: Most employment income items, including:

- Salary
- Bonuses
- Living allowance
- Overseas premium
- Hardship allowances
- Car provided for private use
- Housing allowances
- Rest & Recreation
- Home leave payments

Income from investments, including:

- Dividends
- Capital gains

Question: What income can I exclude from Belarusian taxes?

Answer: There are limited types of income that are tax exempt in Belarus:

- Monetary support paid by the employer in the amount of 11,430,000 (currently approximately 1,170 USD) (including presents and gifts);
- Monetary funds received from individuals - tax residents of the Republic of Belarus, who are not individual entrepreneurs in the amount of Br 37,835,000 (currently approximately 3,860 USD) from all sources within the tax period as a result of gift and immovable property under the contract of rent.



Tax Deductions

Question: What deductions can decrease my taxable income?

Answer: There are a limited number of deductions which only Belarusian tax residents can claim in order to reduce taxable income:

Standard tax deductions:

64 US dollars - for each month of tax period if your income does not exceed 392 US dollars per month;

18 US dollars - for each minor child (under 18) for each month of tax period etc.

In addition to standard tax deductions there are social, property and professional tax deductions, which are given to the tax payers by the employer or by tax authorities at the end of the tax period.



Social Security Contributions

Question: Do I pay social security contributions in Belarus while I am on assignment?

Answer: If a foreign person wants to make use of the system of state insurance, it is necessary to write an application and present it to the employer, then all social guarantees will be applied to them in case of payment social security contributions. Only 1% of social security contributions will be deducted from the income of employee.



Double Tax Treaties

Question: Is there a possibility for an expatriate to be exempt from Belarusian income taxes?

Answer: You should consider the existence of a Double Tax Treaty (DTT) that your home country may have with Belarus or the USSR. Some types of income may not be subject to taxation in Belarus under such tax treaties or the amounts of Belarusian income tax can be decreased by the amount of tax withheld in your home country.

Question: How can I claim Double Tax Treaty exemption?

Answer: Please note that current legislation provides that the sums of taxes paid abroad by a taxpayer may be offset for the purposes of tax payment in Belarus. The tax payer should provide the tax authorities with an application form and documents on the income

received and tax paid abroad confirming by tax authorities of the foreign country. The documents confirmed by tax authorities or other competent authorities of the foreign country should be presented within one year from the day of submission. If the confirming documents mentioned above are not provided within one year the tax authorities may recalculate personal income tax. Besides, the tax authorities may apply penalties for non-payment of tax in time.

Question: How can I claim a foreign tax credit in Belarus?

Answer: In order to claim a foreign tax credit, you need to file a tax return disclosing the amount of foreign personal income tax paid and provide supporting documentation to the Belarusian tax authorities. The documentation should include confirmation of the income tax payment in your home country certified by the tax authorities of said country and it should be translated into Russian.

Question: How can I claim DTT benefits in my home country?

Answer: In order to claim DTT benefits in your home country you may need to obtain a tax residency and/or tax payment certificate from the Belarusian tax authorities. Belarusian tax residency confirmation may be issued by the Belarusian tax authorities on the basis of a written application supported by documents which include passport copies to confirm physical presence and registration in Belarus and copies of contracts. Belarusian tax payment confirmation may be issued by the tax authorities upon submission of an application supported by tax payment confirmations. The tax authorities are required to process such applications within one month but it may take them longer to issue certificates.



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