

Belarus.

Investment

Guidebook.

Investment opportunities,
legal and economic environment

Prepared by:



NATIONAL AGENCY OF
INVESTMENT AND PRIVATIZATION
REPUBLIC OF BELARUS





Dear reader,

In today's dynamically changing world, state's successful promotion of foreign direct investment is largely determined by its ability to not only perceive present, but also envisage future needs of businesses and, consequently, act proactively while creating a favourable investment climate. Drawing on its key competitive advantages – unique location, considerable human, industrial and logistical potential, and forward-looking legislation – Belarus today continues to consistently enhance conditions for doing business, adequately adjusting to new realities and successfully implementing digital transformation of the national economy. Stable domestic political situation, high level of public security, coherent and constantly improving legal regulations of investment activity aimed to mitigate risks and lower costs for investors, diversity of preferential regimes and individual approach make up just a small part of privileges every single investor may reckon on when considering prospects of opening business in our country.

National Agency of Investment and Privatization serves as a reliable and competent partner for businesses through all stages of investment projects realization in Belarus, employing its long-time experience and expertise while rendering free-of-charge professional consultative, communication and organisational assistance to investors.

This edition encompasses the most up-to-date information on the top priority sectors for FDI, opportunities available within various preferential regimes, judicial aspects of investments, Belarus's primary avenues of multi-faceted international cooperation and even more.

Aleksandr Chervyakov,
Minister of Economy
Republic of Belarus



Investment opportunities 6

1	BELARUS IN WORLD RANKINGS	7	3	ONE-STOP SHOP FOR INVESTORS: NATIONAL AGENCY OF INVESTMENT AND PRIVATIZATION	22
2	PROMISING SECTORS FOR FDI	9	3.1	SERVICES	23
2.1	PHARMACEUTICAL INDUSTRY	10	3.2	PUBLIC-PRIVATE PARTNERSHIP (PPP) IN BELARUS	24
2.2	TRANSPORT AND LOGISTICS	13	3.3	INVESTOR'S GUIDE: STEP-BY-STEP ALGORITHMS	26
2.3	MECHANICAL ENGINEERING	17			
2.4	FOOD INDUSTRY	18			
2.5	IT INDUSTRY	20			



Belarusian Economy 29

4	BELARUSIAN ECONOMY OVERVIEW	30	5.1	FDI ON NET BASIS	36
4.1	CONSUMER PRICE INDEX	32	5.2	EURASIAN INTEGRATION	37
4.2	INTERNATIONAL TRADE	33	5.3	BELARUS AND CHINA: TOWARDS THE NEW LEVEL OF COOPERATION	40
5	INTERNATIONAL COOPERATION AND FOREIGN CAPITAL IN BELARUS	35			



Legal Environment for Investment 42

6	LEGAL REGULATION	42	7.1	CORPORATE TAX	77
6.1	INVESTMENT LAW	43	7.2	FOREIGN COMPANIES' INCOME TAX (FCTI)	78
6.2	CONCESSIONS	45	7.3	INCOME TAX	79
6.3	PUBLIC-PRIVATE PARTNERSHIP	46	7.4	CONTRIBUTIONS TO THE SOCIAL INSURANCE FUND	80
6.4	PREFERENTIAL REGIMES	47	7.5	VALUE ADDED TAX (VAT)	80
6.5	INNOVATION ACTIVITIES	53	7.6	REAL ESTATE TAX	81
6.6	CORPORATE LAW: ORGANISATIONAL AND LEGAL FORMS OF BUSINESS IN BELARUS	54	7.7	LAND TAX	82
6.7	PRIVATIZATION	58	7.8	OFFSHORE DUTY	82
6.8	FINANCIAL REGULATION IN BELARUS	60	7.9	ECOLOGICAL TAX AND TAX FOR EXTRACTION (REMOVAL) OF NATURAL RESOURCES	83
6.9	REGULATION OF FOREIGN ECONOMIC ACTIVITY	63	7.10	TAX TREATIES	83
6.10	LEGAL STATUS OF LAND AND OTHER IMMOVABLE PROPERTY	66	8	EURASIAN ECONOMIC UNION	84
6.11	INTELLECTUAL PROPERTY PROTECTION	71	8.1	CUSTOMS UNION	85
6.12	LABOUR REGULATION	72	8.2	TECHNICAL REGULATIONS	85
6.13	DISPUTE RESOLUTION	75	8.3	EAEU BODIES	85
7	TAXES AND OTHER OBLIGATORY PAYMENTS	77	8.4	EAEU COURTS	86
			8.5	TAX TREATMENT	86
			8.6	LABOUR SPECIFICS	87

Dear Readers,

Our law firm, GRATA International, is pleased to welcome you to the pages of our business guide, dedicated to the legal review of investment opportunities in Belarus.

This review aims to help navigate potential investors, who are considering Belarus as a potential new market entry for expansion and setting up industries, to form a general understanding about the legislation of our country.

Despite the ambiguous forecasts of the prospects for the development of the global economy in today's difficult environment (inflation, tightening banking policies, geopolitical fragmentation, COVID-19), we emphasise, that business finds growth opportunities, finds new product's / service solutions and new markets.

The information enclosed contains a description of the regulation surrounding investment activities, legal frameworks of preferential zones, different ways of incorporating and a comparison of their organizational and legal forms. Special attention is paid to the nuances of electronic money circulation, rules surrounding foreign exchange transactions, real estate regulations, intellectual property rights and taxation.

We hope this business guide will answer your questions and help you in your ventures.

Kind Regards

Team GRATA International, Belarus



DMITRY VILTOVSKY
Managing Partner,
head of Corporate and M&A
DViltovsky@gratanet.com



MAXIM LASHKEVICH
Partner, head of Real
estate and Construction
MLashkevich@gratanet.com



ALEXANDER KORSAK
Partner, head of Dispute resolution,
Bank and Finance, Taxes
AKorsak@gratanet.com



NATALIA ZHUK
Counsel, head of
International commercial, IP
NZhuk@gratanet.com



OKSANA SHAKHLAI
Associate, head of Employment law
OShakhlai@gratanet.com

CONTACT INFO:
minsk@gratanet.com
+375 17 373 55 00
+375 29 373 55 00

17 Svobody square, office 701, Minsk, Belarus



Investment opportunities

1	BELARUS IN WORLD RANKINGS	7	3	ONE-STOP SHOP FOR INVESTORS: NATIONAL AGENCY OF INVESTMENT AND PRIVATIZATION	22
2	PROMISING SECTORS FOR FDI	9	3.1	SERVICES	23
2.1	PHARMACEUTICAL INDUSTRY.....	10	3.2	PUBLIC-PRIVATE PARTNERSHIP (PPP) IN BELARUS	24
2.2	TRANSPORT AND LOGISTICS	13	3.3	INVESTOR'S GUIDE: STEP-BY-STEP ALGORITHMS	26
2.3	MECHANICAL ENGINEERING	17			
2.4	FOOD INDUSTRY	18			
2.5	IT INDUSTRY	20			

1. Belarus in world rankings

Since 1995, Belarus has been constantly improving its Human Development Index rank. According to the 2021 Human Development Report, Belarus is categorized as the country with the very high human development level.

In the Doing Business 2020 ranking, Belarus occupies 49th place.

According to the data of the World Bank in 2020, Belarus has maintained its leading position in the total number of reforms aimed at improving business climate. In the Doing Business 2020 ranking, the Republic is on the 49th place among 190 countries. In the Starting a Business ranking Belarus occupies the 30th place. The country made starting a business easier by abolishing the requirement to register the book of Registry of Inspections, and allowing its purchase within six months of incorporation. By the Dealing with Construction Permits ranking, Belarus is on the 48th position. Belarus made dealing with construction permits easier by streamlining the process at the one-stop shop.

In 2021, the country ranked 82nd among 180 countries in the Transparency International Corruption Perceptions Index.

Cornell University, INSEAD Business School and the World Intellectual Property Organization (WIPO) published the Global Innovation Index 2021. Compared to 2020, Belarus has climbed in the ranking 2 positions up and took 62nd place in the world. One of the main drivers that improved Belarus's ranking is mobile app development. Belarus ranked first in the world in terms of this indicator (the position remains unchanged compared to 2020). Our country is also No. 1 in the world in the proportion of females with an advanced academic degree to the total number of employees (+ 1 position compared to 2020).

Belarus ranks 36th among 113 countries in the Food Security Index 2021 compiled by the Economist Intelligence Unit, taking its place between the UAE and Bulgaria.

Belarus ranks 50th among 189 countries in the Human Development Index 2021, climbing 3 positions up compared to 2020 (53rd place). Most developed countries have an HDI score of 0.8 or above (at the very high human development level). These countries have stable governments, widespread affordable education and healthcare, high life expectancies, and growing, powerful economies. In Belarus, the HDI in 2021 was 0.817. In comparison, Turkey's HDI is 0.824 in 2021 and Ukraine's is 0.75.

According to the Human Development Report 2020, Belarus ranks 53rd out of 189 countries in the Human Development Index. Belarus is included to the very high human development category. Belarus ranks 54th out of 163 countries in the Social Progress Index 2021. Belarus has the highest scores in the following components of social progress: water and sanitation, nutrition and basic medical care, access to basic knowledge, shelter, personal freedom and choice.

According to the UN E-Government Survey 2020 "E-Government in Support of Sustainable Development", the Republic of Belarus ranked 40th in the E-Government Readiness Index, having moved 9 positions up as compared with the 2016. Retaining its position in the top 40 countries by the level of e-government technology development became possible due to the government digitalization programs. Belarus is ahead of such countries as Belgium, Greece, Latvia, China, Kuwait, Malaysia, Saudi Arabia, Serbia, and Slovakia in terms of e-government development.

Belarusian companies: A1QA (Quality Technologies LLC), Innowise Group (Factory of Innovations and Solutions LLC), Qulix Systems (Qulix Systems CJSC), Science Soft (SCIENCESOFT CJSC) were included in "The 2022 Global Outsourcing 100" rating. This is a ranking of the 100 best outsourcers in the world according to the International Association of Outsourcing Professionals (IAOP).

Among the best outsourcers are also foreign companies with Belarusian development centers registered in Hi-Tech Park: Artezio, Ciklum, IBA Group, Intetics, iTechArt Group.

The ranking is based on comprehensive data obtained by IAOP experts from companies and independent sources. The information allows assessing the success of ranking participant's development in the market, as well as the quality of its solutions and customer satisfaction.

According to the Ranking of European Cities and Regions 2020-2021, compiled by fDi Intelligence (division of The Financial Times), Minsk entered the top-10 Best Cities for Cost Effectiveness in Europe, taking the second place after Tbilisi. The Ranking of European Cities and Regions 2020-2021 is an analysis of European cities in terms of business and investment development. The research was carried out by the leading experts of the Foreign Direct Investment division and was based on the analysis of the economic potential, human resources, level of costs of doing business, living standards, quality of infrastructure, ease of doing business, strategy to attract foreign direct investment.

DOING BUSINESS		2020	GLOBAL INNOVATION INDEX		2021	HUMAN DEVELOPMENT REPORT		2021	THE SOCIAL PROGRESS INDEX		2021
Country	Ranking		Country	Ranking		Country	Ranking		Country	Ranking	
New Zealand	1		Switzerland	1		Norway	1		Norway	1	
Lithuania	11		Poland	40		Poland	35		Lithuania	27	
Kazakhstan	25		Russia	45		Russia	52		Poland	35	
Russia	28		Ukraine	49		Belarus	53		Ukraine	48	
Belarus	49		Belarus	62		Turkey	54		Belarus	54	
Ukraine	64		Kazakhstan	79		Ukraine	74		Russia	62	
Uzbekistan	69		Azerbaijan	80		Armenia	81		Kazakhstan	64	
Kyrgyzstan	80		Kyrgyzstan	98		Azerbaijan	88		Kyrgyzstan	82	

2. Promising sectors for investment

Resolution of the Council of Ministers No. 372 as of May 12, 2016
determines a list of priority sectors of economy for investment:



INFORMATION
AND COMMUNICATION
TECHNOLOGIES



CREATION AND DEVELOPMENT
OF THE LOGISTICS SYSTEM



RAILWAY
AND AIR TRANSPORT



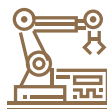
CONSTRUCTION, RECONSTRUCTION
AND EQUIPPING OF CHECKPOINTS
ACROSS THE STATE BORDER OF THE
REPUBLIC OF BELARUS AND OTHER FACILITIES OF BORDER
SERVICE AGENCIES OF THE REPUBLIC OF BELARUS



PRODUCTION OF ELECTRICAL
ENGINEERING, OPTICAL-MECHANICAL,
INSTRUMENT-MAKING COMMODITIES,
HOUSEHOLD APPLIANCES AND ELECTRONICS



LEATHER AND
FOOTWEAR INDUSTRY



METALLURGY



GRAIN PROCESSING INDUSTRY



RECYCLING OF SECONDARY
MATERIAL RESOURCES



CONSTRUCTION, RECONSTRUCTION AND
EQUIPPING OF FACILITIES
OF BORDER SERVICE AGENCIES
OF THE REPUBLIC OF BELARUS



TEXTILE INDUSTRY



CANNING INDUSTRY



CULTURE



PUBLIC SERVICE ACTIVITIES



OIL AND FAT INDUSTRY



CREATION AND DEVELOPMENT
OF THE LOGISTICS SYSTEM



MECHANICAL ENGINEERING

2.1 Pharmaceutical Industry

The production of pharmaceutical products in the Republic of Belarus provides duty-free access to the large and dynamic market of 5 member states of the Eurasian Economic Union (Russia, Belarus, Kazakhstan, Armenia and Kyrgyzstan).

HIGH HR POTENTIAL

Pharmaceutical industry of Belarus employs more than 10,000 professionals of different qualification levels possessing a wide range of skills. Each year, they are joined by professionals who have skills in the development of original and generic medicines using biotechnology and organic synthesis methods, registration and promotion of medicines on foreign and domestic markets, quality control at all stages of the life cycle of medicines, wholesale and retail sales, pharmaceutical marketing and management.

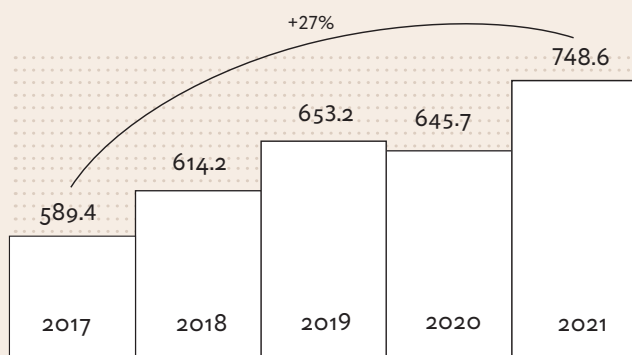
GOVERNMENTAL SUPPORT OF INVESTMENT PROJECTS IN THE PHARMACEUTICAL INDUSTRY

Belarus has adopted a comprehensive state program for the development of the pharmaceutical industry. The objectives of the Belarusian pharmaceutical industry are as follows:

- creation of a modern research infrastructure for development and production of innovative pharmaceutical products, including reconstruction of existing enterprises and construction of modern production facilities, which will meet international quality standards,
- cooperation with leading pharmaceutical manufacturers through the organisation of joint ventures and foreign enterprises.

In 2021, the proportion of domestic medicines reached 50% in value terms, 70% in the hospital sector and up to 90% in individual hospitals. The price stability of domestic enterprises has been ensured: 32% of medicines are sold at a price below \$1. In 2021, the negative trend in the reduction of registered medicines, which lasted since 2015, was reversed. As of January 1, 2022, the number of registered medicines increased by 444 items (to 5,787), while the number of finished medicinal products increased by 313 to 4,336 items.

PRODUCTION OF PHARMACEUTICAL PRODUCTS IN BELARUS, USD MLN

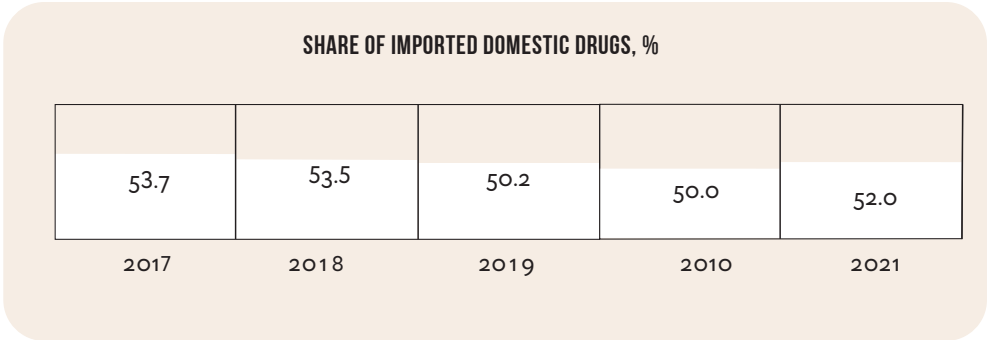
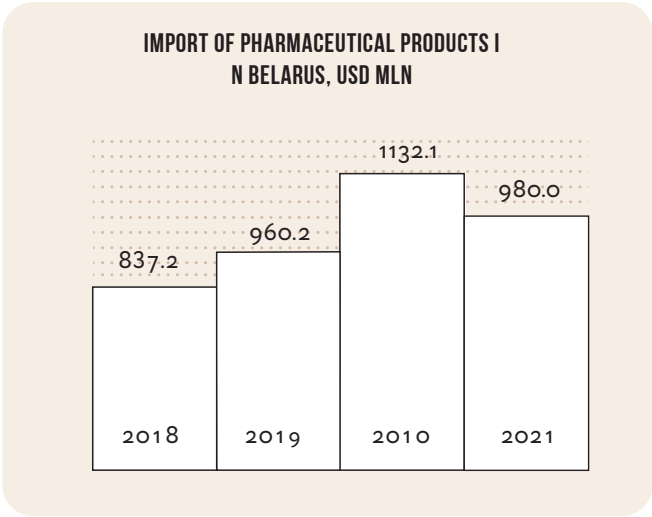


* As of January 1, 2022, the number of registered medicines amounted to 5,787, while the number of finished medicinal products increased by 313 compared to last year and amounted to 4,336 items

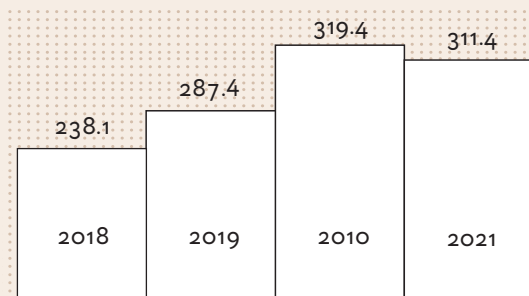
In general, over the past few years, a positive growth trend has been observed in the pharmaceutical market of Belarus, significantly exceeding GDP growth.

The production of pharmaceutical products over the past 5 years increased by 27% and amounted to USD 748.6 mln in 2021.

The geographical structure of pharmaceutical products import to Belarus is quite diversified. Thus, the largest share come from Russia (165,912.3 thousand USD), Germany (151,625.4 thousand USD), China (62,142.6 thousand USD), France (60,931.3 thousand USD) and India (51,503 thousand USD).



EXPORT OF PHARMACEUTICAL PRODUCTS FROM BELARUS, USD MLN



Source: National Statistical Committee of the Republic of Belarus

The share of domestic drugs in the Belarusian market is estimated at 50% in value terms for 2021. The increase in import-substituting pharmaceutical products depends largely on the availability of raw materials and active pharmaceutical ingredients, which, however, are not produced in Belarus. Generally, substances are bought in countries with significant competitive advantages in the production costs, namely India, Pakistan and China.

Since the production of substances is very expensive and based on scale effect, and also has low marginality, it is more appropriate to produce finished pharmaceutical products in Belarus. In 2021, export of pharmaceutical products and pharmaceutical drugs decreased slightly compared to 2020 and amounted to USD 311.4 mln.

The geographical structure of export reveals the significant impact of the CIS countries. Russia accounts for about 80% of export.

The mass segment and low prices are the main competitive advantages of Belarusian medicine producers.

Belarus has a high level of integration into the international system of pre-production testing and quality control of medicines.

During 2021, vendors of pharmaceutical products of Belarus supplied manufactured products to 37 countries of the world, including all CIS countries, near and far-abroad countries, 'far arc' countries. Moreover, in 2021, the products were shipped to new markets – to Libya – for 29.0 thousand USD and to Kenya – for 2.2 thousand USD.

Geographical diversification remains one of the priority areas for pharmaceutical companies, as the Russian Federation currently accounts for the main volume of supplies.

One of the main objectives of pharmaceutical industry development is to optimize the product range produced by domestic pharmaceutical companies in order to saturate the domestic pharmaceutical market and stimulate access to foreign markets.

2.2 Transport and Logistics

THE COUNTRY FOR LONG-TERM PARTNERSHIP

The transport complex is an essential part of economic and social infrastructure of the country, and is aimed to meet efficiently the needs of the population in transport services, maintain activity of all sectors of the economy and provide national security.

Belarus is located at the intersection of major pan-European transport corridors (II West-East and IX North-South with IX B branch), and its advantageous geographical position has determined a well-developed transport infrastructure. The trans-European transport corridor, as well as its branch, provides access for cargo owners from the regions of Eastern Ukraine and Central Russia to the specialized seaports of Klaipeda, Ventspils and Kaliningrad.

The transport infrastructure of Belarus includes a wide network of railways, air routes, highways, river and pipeline transport.

The growth of cargo flows on Belarusian routes is achieved by timely response to changes in the transport services market, optimization of traffic flow diagrams for the basic commodities of foreign commerce and improvement of tariff conditions.

The main consumers of transport services of the Republic of Belarus are Lithuania, Germany, Russia China.

The share of international transportation in the total cargo turnover is about 76%, and in passenger turnover – 27%.

In 2021, exports of transport services were the highest in the history of the sovereign republic – \$4.3 billion.

Currently, a set of measures is being implemented in Belarus in order to develop the logistics system and transit potential.

In 2021, more than USD 19 mln of foreign investment was attracted in the "Transport" activity category.



The length of railways is 5,474 km, including 1,370 km of electrified sections., 2021



The length of motor roads is 103.4 thousand km, including 90.0 thousand km of hard-surface roads, 2021



The total pipeline length is nearly 11.7 thousand km, 2/3 of which are gas pipelines, 2021



The total length of the operated waterways is 2.1 thousand km., 2021

WATER TRANSPORT

Navigation in the Republic of Belarus is carried out by inland waterways (the Dnieper, Berezina, Sozh, Pripyat, Western Dvina, Nieman rivers, Dnieper-Bug and Mikashevichy channels). The total length of Belarusian inland waterways amounts to 2,074 km, including 1,126.7 km of the waterways with guaranteed depth.

Water transport is important since its energy consumption per unit of transport work is much lower than that of road transport and 1.5-2 times less than that of rail transport.

In this regard, it is very important to reanimate the former waterways connecting the Black and Baltic Seas basins. Among them is the Dnieper-Vistula-Oder water transport connection. A number of export-import freight flows of Belarus, Poland, Ukraine and other European countries, as well as flows from Scandinavia, the volume of which is estimated at millions of tons, are connected to this transport system.

Water tourism development, reconstruction of inland waterways, which provide access to the territory of Ukraine and to the Black Sea, infrastructure development on the international waterway E-40, transport fleet modernization, establishment of the State Water Transport Administration and other measures contribute to improving the water transport system.

The State Register of Ships of Belarus has registered 827 vessels, including 333 self-propelled vessels and 494 non-self-propelled vessels. Total carrying capacity of cargo vessels exceeds 240 thousand tons.



about 2.4 million tons of cargo were transported, 2021



100 thousand passengers were transported, 2021

AIR TRANSPORT

Air transport is a complex of enterprises and organisations transporting passengers and cargo by air both in Belarus and outside, as well as performing aerial work. In Belarus, every major regional city has its airport.



More than 1.9 million passengers were transported, 2021



More than 1.9 million passengers were transported, 2021

The development of Belarusian air transport is associated with continuous work to increase the capacity of airports, expand the transportation geography, increase the efficiency of regional airports, replace the equipment of automated control systems, use visualization systems and tools, enhance the aviation security, etc.

There are 7 registered airlines in the republic that perform international carriage by air, five of which are cargo airlines. Belavia, the main passenger air carrier, operates modern Western-made aircrafts purchased in ownership or under lease schemes. There are 11 certified aerodromes in the Republic of Belarus, 6 of which are international. The Minsk National Airport is the leader in passenger traffic.

Despite the negative impact of Western sanctions and certain difficulties in the implementation of production activities, air entities operate steadily: labour collectives are preserved, on time payment of wages, tax payments and loan obligations are ensured.

In 2021, work was carried out on the implementation of major investment projects. The Air Traffic Control Center was put into operation. Design and estimate documentation for reconstruction of the first runway of the Minsk National Airport, as well as the Architectural Concept for Prospective Development and Complex Improvement of the Airport Territory were developed.

ROAD TRANSPORT



61.2 million passengers
were transported, 2021



about 128.6 million
tons of cargo were
transported, 2021

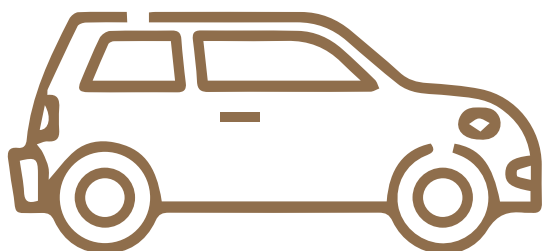
Road transport in conjunction with urban electric transport and the metro carries over 90% of the total passenger traffic. In addition, about 50% of the total freight traffic is transported by road.

The share of international transportation in the total cargo turnover is about 76%, and in passenger turnover – 27%. In 2021, exports of transport services were the highest in the history of the sovereign republic – \$4.3 billion.

In Belarus, there were 324 motor vehicles per 1 thousand people in 2021.

In the field of road transport, two key challenges are to create conditions for international cargo transportation and passenger transportation market. In 2021, municipal transport organisations purchased 437 buses, 163 trolleybuses, and 18 electric buses (in 2020 – 196 buses, 84 trolleybuses, and 9 electric buses).

Introduction of advanced digital technologies in transport plays an important role for the industry. In order to facilitate cooperation among all participants of transport activities, work is underway to create a common digital trust space that will provide a full range of services related to logistics, passenger and cargo transportation.



RAILWAY TRANSPORT



61.2 million passengers
were transported, 2021



about 128.6 million
tons of cargo were
transported, 2021

Railway transport is one of the most important elements of the transport system of the Republic of Belarus.

Railway transport organisations employ more than 75 thousand people.

The Belarusian Railway State Association is the railway network operator, which provides about 75% of all freight traffic in the country and over 50% of passenger traffic.

The operational length of the railways is 5.5 thousand km.

Currently, railroad passenger service covers more than 2,100 settlements of the republic. The Belarusian Railway is one of the most important links in ensuring trade and economic ties between the countries of the European Union and the Asia-Pacific region.

The Belarusian Railway successfully implements joint transport and logistics projects of servicing container traffic between Europe and Asia. The growth in container traffic between the European Union and China and vice versa should be considered as a positive result.

In 2021, the volume of transit container traffic increased by 29% and amounted to about 930 thousand containers in the TEU, including in China-Europe-China communication it increased by 1.3 times.

The frequency of container trains from China to Europe has already reached 26 times a week, and from Europe to China – 21 times a week.

PIPELINE TRANSPORT

The share of pipeline transport in the total cargo turnover of Belarus is 37.5%.

Druzhba (large oil pipeline) and Yamal-Europe (main gas pipeline) pipelines are of particular importance, providing transit transportation of energy commodities from Russia to the European Union through Belarus. The total length of pipelines is within 11.8 thousand km, 2/3 of which are gas pipelines.

In 2021, 99,032.2 thousand tons of cargo were transported through Belarusian pipelines, the cargo turnover amounted to 44,577.9 million tons km.

LOGISTICS INFRASTRUCTURE

The sharp increase in the number of logistics centers in Belarus, which was largely due to the low launching base, was replaced by a period of qualitative development. It is precisely with qualitative changes in the former quantitative boundaries that logistics responds to crisis phenomena in the economy. According to the World Bank, in developed countries, logistics services provide from 15 to 25% of a country's GDP with a tendency to increase. In the European Union, 20–25% of GDP is formed due to logistics. In recent years, the trend towards increasing the share of logistics services in GDP has been observed in Belarus.

The total volume of freight forwarding and logistics services for 2021 amounted to more than USD 3.38 bln (in 2020 - USD 2.53 bln, or growth by 33%).

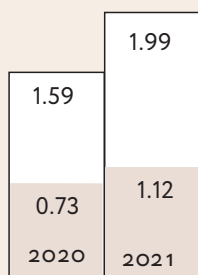
The total volume of freight forwarding services amounted to USD 3.11 bln (+34% compared to 2020).

The total volume of logistics services amounted to – USD 265.2 mln (growth by 2020 was 26%): in transport and logistics centers – USD 71.6 mln; in wholesale and logistics centers, trade and logistics centers – USD 18.8 mln; in customs and logistics centers – USD 2.9 mln; in other infrastructure facilities (terminals, stations, ports, airports and others) – USD 171.9 mln.

Currently, about 60 logistics centers operate in Belarus, of which Minsk accounts for more than 70%. About 25% of the existing logistics centers are state-owned, while the rest were created by domestic (OMA, Prostor, Euroopt, etc.) and foreign investors (from Russia, Azerbaijan, Iran and China). According to NAI Belarus, the warehouse segment is one of the few in the commercial real estate market that remained stable during the 1st and 2nd waves of covid-19 pandemic in 2020, and throughout 2021. The year 2021, which was generally very successful for Belarusian economic entities engaged in FEA, both in the field of export and import, contributed to the demand for warehouses.

Warehouse market supply has increased significantly for the period of 2021, when almost 150 thousand square meters of new warehouses were commissioned for operation in Minsk, its suburbs and the territories adjacent to the metropolitan agglomeration. This is one of the best commissioning volumes in the history of modern warehousing logistics market, which began in 2008 (since the implementation of the Logistics System Development Program of the Republic of Belarus for the period 2008-2015).

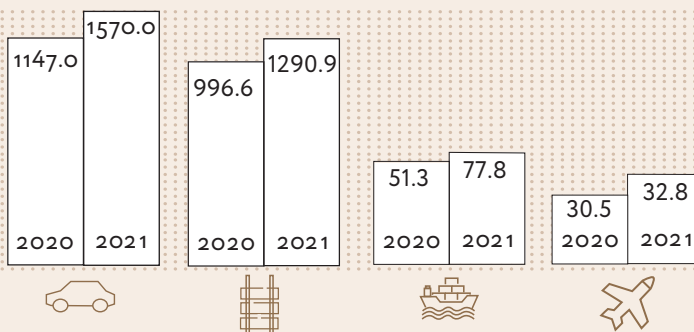
VOLUME OF FREIGHT FORWARDING SERVICES
(ASSOCIATION OF INTERNATIONAL FREIGHT
FORWARDERS AND LOGISTICS BAIF)



Source: Association of International Freight Forwarders and Logistics BAIF

- ☐ Under agreements with non-residents of the Republic of Belarus
- ☐ Under agreements with residents of the Republic of Belarus

VOLUME OF FREIGHT FORWARDING SERVICES RENDERED (BY TYPE OF TRANSPORT), USD BLN:



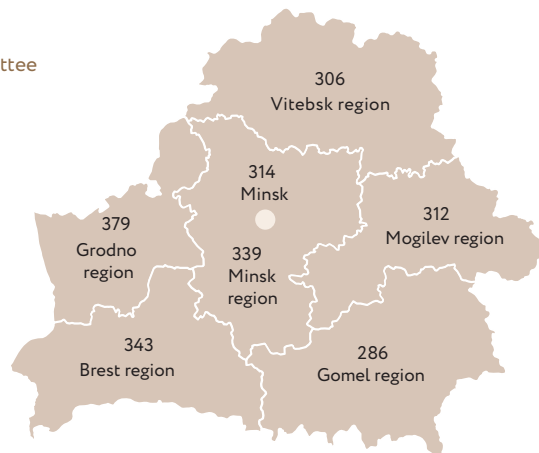
In total, almost 1,400 thousand square meters of modern warehouses were built by the first quarter of 2022. In addition to Khatezhino SLC, another new and large facility is the Gippo logistics (distribution) centre (BelVillesden) near the village of Yarkovo. The facility's specifics are that a Kitchen Factory was created on its basis, which will centrally supply the Gippo network facilities with its products, semi-finished products. The facility was commissioned at the very end of 2021, and the main organisation of the facility's operation occurred in the I quarter of 2022.

High demand for warehouses, establishment of long-term warehouse inventory made it possible not only to maintain stable rental rates, but also to keep the vacancy rate at a low level. Moreover, space was occupied both in long-standing facilities and in new ones, with a term of one to one and a half year after commissioning.

In a situation of persistently high demand, typical for 2021 and I quarter of 2022, rental rates, even denominated in euros, remained at the same level: about 7 euros per 1 sq.m. of class A warehouse; 5 euros per 1 sq.m of class B warehouse.

NUMBER OF CARS PER 1,000 POPULATION IN 2021, UNITS

Source: National Statistical Committee of the Republic of Belarus



2.3 Mechanical Engineering

Mechanical engineering is one of the main industries that determine the development of the world economic system. Its technological level dictates the price and quality parameters of products of industrial enterprises, and ensures their competitiveness. The machine-building complex of Belarus includes production of electrical equipment, machinery and equipment, computer, electronic and optical products, as well as transport vehicles and equipment.

Modern innovative processes in Belarusian mechanical engineering are based on higher-level technologies (bio-, nanotechnology, information and communication, aerospace), the use of the latest materials with specified properties, and achievements of micro- and photoelectronics, which form the technological basis of the knowledge economy. The production potential of the machine-building industry in Belarus comprises the highly qualified workforce and extended infrastructure, which includes know-how, scientific organisations, supply and distribution channels.

Industry leaders:

Belarusian machine-building industry is widely known abroad for such national brands as BelAZ dump trucks, Belarus tractors, and MAZ trucks. Amkodor's special equipment and Gomselmash's agricultural machinery have also found their own markets, constantly expanding the geography of exports.

According to the Ministry of Industry of the Republic of Belarus, in 2021, a significant increase in physical terms was achieved both in production and sales for the main commodity groups of mechanical engineering.

Thus, the following was produced: tractors – 35.9 thousand units (growth rate 112.9%), dump trucks – 728 units (200.6%), harvesters – 2036 units (111.2%), transformers – 30 thousand units (107.2%), TV sets – 1.44 million units (106.5%), passenger vehicles – 1487 units (103.3%), freight vehicles – 7416 units.

The following was realized: tractors – 37.7 thousand units (116.9%), dump trucks – 788 units (180.7%), harvesters – 2058 units, transformers – 29.7 thousand units (108.8%), TV sets – 1.46 million units (106.5%), passenger vehicles – 1554 pieces (104%), freight vehicles – 7899 units.

ELECTRIC TRANSPORT DEVELOPMENT IN BELARUS

In April 2021, the Government of Belarus approved a comprehensive program for the development of electric transport for 2021-2025.

The program is aimed at creating a new area of economic growth through the formation of the machine-building industry – production of electric transport, conditions for increasing the number of

zero emission vehicles in use, expansion of electric transport infrastructure and minimizing the negative impact on the environment.

According to the Belarusian Automobile Association, 46,837 new cars were sold in 2021, of which passenger cars accounted for 88% and commercial cars 12%. The market share of electric cars amounted to 0.1%, and that of B-class passenger cars amounted to 40.4%.

In order to actively attract investment in the machine-building complex, the work is carried out in the following areas:

- formation and development of innovative and industrial clusters;
- intensification of industrial subcontracting and technology transfer;
- implementation of joint infrastructure projects with investors based on public-private partnership;
- creation of a set of incentives for investment aimed at accelerating the development and implementation of fundamentally new technologies, implementation of innovative projects, and improvement of resource efficiency of production and product quality;
- machine-building enterprises' capitalization growth.

The development of cooperation, interaction and collaboration in the machine-building industry contributes to the improvement of the investment climate, increase in the export component of machine-building enterprises.

2.4 Food Industry

GROWTH POTENTIAL

Belarus is almost entirely self-sufficient in food: imports account for less than 24% of total consumption, and certain types of agricultural products represent export potential. Belarusian products are well known abroad. Belarus has become one of the leading food exporters over the last years.

Per capita agricultural production in the country corresponds to the level of developed countries and in many positions (production of potatoes, sugar beet, meat and milk) exceeds the indicators achieved in the CIS countries.

It is projected that the growth potential of the food industry will remain at a high level in the coming years, which offers good opportunities for domestic and foreign investors.

FEEDSTOCK

The food industry plays a leading role in the structure of the industrial production in Belarus. Along with metallurgic and fuel complexes, the food industry is a leader in the production of industrial goods.

Belarus has a high potential for the food industry development due to the feedstock availability and abundance of agricultural products, as well as labour and land resources in the countryside. Belarusian agricultural production ensures national food security.

Food security is considered as one of the main indicators of social and economic development of any region.

According to the Global Food Security Index (2021), Belarus ranks 36th out of 113 countries.

Global Food Security Index 2021	
Country	Ranking
Ireland	1
Germany	11
Poland	22
Russia	23
Belarus	36
Ukraine	58

Belarus ranks 26th in the world by the Food Quality and Safety Sub-Index:

Country	Ranking
Canada	1
Finland	4
Russia	23
Belarus	31
Poland	40
Ukraine	55

According to the Ministry of Agriculture and Food of the Republic of Belarus in 2021, export value of food products and agricultural feedstock increased by 17.3% and reached USD 6.7 bln by 2020. The result is an increase of about USD 1 bln during the year. Positive balance of trade amounted to USD 2.2 bln and increased by USD 700 bln or 44% by 2020.

Export ratio of food products and agricultural feedstock in the total export volume of the Republic of Belarus amounted to about 17%. Belarusian food was supplied to 109 countries, the Eurasian Economic and European Union, Asia, Africa, the Middle East, South America and North America.

Supplies have grown to almost all regions. Exports to the CIS countries (including Russia) have grown by 13%, to the European Union – by 43.7%, to Asia and Oceania – by 47.1%, to America and the Caribbean – by 42.1%. Export supplies to certain African countries have grown: Ghana, Egypt, the Democratic Republic of the Congo, Cote d'Ivoire, Libya, Mauritania, Mali, and Equatorial Guinea.

In general, supplies to far-abroad countries have increased by 45.1% compared to 2020. Belarus accounts for 6% of world trade in dairy products. At the same time, the EAEU countries account for 9.1% of the world milk production. Belarus' share in mutual trade of dairy products in the EAEU is about 85%.

According to the Milk Market Observatory report in June 2021, Belarus ranks 2nd in the world in exports of condensed milk, 3rd in exports of butter and whey powder, 4th in exports of cheese, 5th in exports of skimmed milk powder.

The food industry in Belarus is attractive to foreign investors. Projects for the production of import-substituting licenced products in the brewing and confectionery industry, a number of joint ventures have proved to be successful.



2.5 IT Sector

Information and communication technologies cast the role of an essential development tool for the high-tech sector of the economy, providing conditions for the transition to the digital economy, improving the institutional and creating a favorable business environment. The share of the gross added value of the ICT sector in the GDP has increased in 2021 and reached 7.1% (6.6% in 2020). Further increase in the number of residents of the Hi-Tech Park (HTP) played the pivotal role in the added value growth.

HTP provides its residents with minimum taxes, instruments of so-called "English law", possibility of free floating of capital, transparent regulation of blockchain and cryptocurrencies and many other preferences.

HTP residents can engage in 37 types of activities: from cutting-edge artificial intelligence solutions to high-end software development, engineering solutions, games and mobile apps, IT in healthcare, agriculture, fintech, banking software, laser technology, optics.

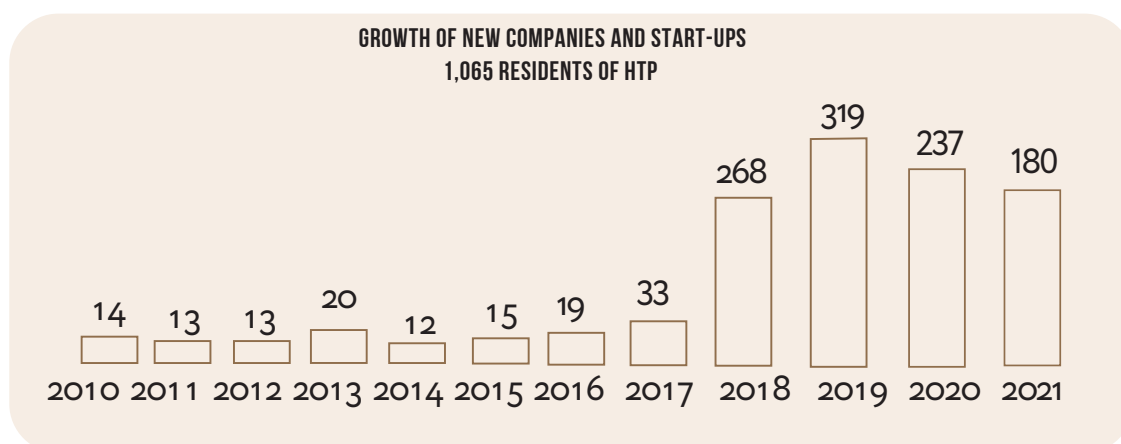
319 new companies joined the Park in 2019, with a further 417 in 2020-2021. In just 5 years since the adoption of the Digital Decree, the number of Park residents increased 5 times, rising from 192 to 1,065.

According to Balance of Payments, the share of telecommunication, computer and information services exports in 2021 amounted to 31.4% of total services exports and increased by 1.3% compared to 2020.

Computer services are the fastest-growing type of service: in 2021, their export value reached USD 3.2 bln (compared to USD 160 mln in 2009). The reasons for the rapid development of exports of computer services are the growth of external demand, extended infrastructure, solid engineering and technical background of the human resources, as well as significant tax benefits within the HTP. The Decree No. 8 On the Development of the Digital Economy (commenced on March 28, 2018), which improved and extended the special HTP regime until 2049, while retaining the extraterritoriality principle, became a powerful incentive for the development of the IT sector in Belarus.

The Park's share in Belarus' GDP reached 4.8% at the end of 2021, its value in the formation of the GDP rate amounted to 0.6 percentage points (out of 2.3%). Thus, HTP provided more than a quarter of Belarus' economic growth in 2021.

Tax payments to the budget for 2021 increased by 76% and totalled USD 290 mln. Over the past year, about 8 thousand new jobs were created in HTP. By the end of 2021, more than 78 thousand professionals are already employed at the Park. In addition, 112 development centers of international companies are currently concentrated in HTP.



HTP promotes the development of regions. Thanks to the Park's legal regime, which is valid throughout Belarus, a resident can be registered and operate anywhere in the country.

More than 35% of the Park's residents are companies with foreign capital. Foreign direct investment in 2021 amounted to USD 529.5 mln. Thus, a significant growth was achieved and the basis for accelerated development of the product model of the IT-business was established.

HTP Belarus is one of the largest clusters in Central and Eastern Europe for companies interested in IT business development. The uniqueness of HTP is in the successful combination of high-quality technical education and high level of professionalism of IT-specialists on the one side and governmental support of the IT-industry on the other. Consumers of Belarusian software created by HTP residents are the well-known global corporations, such as Microsoft, HP, Coca-Cola, Colgate-Palmolive, Google, Toyota, Citibank, MTV, Expedia, Reuters, Samsung, HTC, Mitsubishi, British Petroleum, British Telecom, the London stock exchange, the World Bank and others. HTP resident companies are included in the list of the largest software developers and suppliers "Software 500", published by Software Magazine, an influential publication of the global IT industry, and successfully compete in the high-tech markets of North America and Western Europe.

Belarus is introducing one of the most progressive legal systems in the world in the field of digital economy. Currently, legal conditions have been established for ICO, as well as for the use of cryptocurrency and the introduction of smart contracts. Belarus is becoming the first jurisdiction in the world with comprehensive legal regulation of businesses based on blockchain technology. Conditions for the development of IT product companies in the country are provided.

Belarus is one of the leading IT competence centers in the CIS and Eastern Europe thanks to the establishment of the High-Tech Park. This is largely due to the high level of IT education. IT sector experts note that training of commercially successful IT specialists requires high budgets and greater flexibility in educational processes. This is facilitated by the active interaction of universities and HTP residents. More than 90 joint research and production laboratories on the basis of higher education institutions are created and supported by the Park companies. In addition, the residents have developed and run specialized educational courses in the relevant university departments. At the same time, more than 40 branches of university departments have been opened directly on the premises of HTP residents and the territory of the Hi-Tech Park.

HTP promotes the development of regions. HTP residents actively invest in the education system and the quality of graduates' training. In particular, funds are allocated for the creation and strengthening of the material and technical base of universities, schools, lyceums, technical schools, organisation and holding of seminars, training for teachers and students, support and holding of republican and international contests, conferences, Olympiads in physics, mathematics, computer science, and the development of innovative entrepreneurship among the young.



3. One-stop shop for investors: National Agency of Investment and Privatization

A photograph of four business professionals in a modern office setting. Three people are seated around a small table, and one person is standing, gesturing towards them. The office has large windows that look out onto a sunset, creating a warm, orange and yellow glow. The scene is reflected on the polished floor.

National Agency of Investment and Privatization aims to assist foreign investors to find a niche for doing business in Belarus. The Agency acts as a 'one stop shop' for foreign direct investors at no cost.

3.1 Services



CONSULTING AND INFORMATION SERVICES FOR INVESTORS

- Handling investor enquiries
- Providing information on doing business conditions and investment climate in Belarus
- Analysis of priority investment sectors
- Investment proposals
- Public-private partnership (PPP) projects



BUSINESS MISSIONS

- Visit arrangements (visa facilitation, accommodation, logistics)
- Meetings schedule development (negotiations with local authorities, private institutions, potential partners)
- Support and assistance at meetings



PROJECT MANAGEMENT

- Developing of a roadmap for project implementation
- Search for suppliers, service providers and JV partners
- Liaising with state bodies and industry regulators
- Assistance in solving administrative issues
- Assistance in dealing with issues related to PPP projects



"INVESTOR'S ROADMAP" INTERACTIVE PORTAL ([HTTPS://MAP.INVESTINBELARUS.BY/](https://map.investinbelarus.by/))

- Database of investment proposals, concessions and PPP projects
- Database of real estate and land property
- Analytical materials, competitive advantages of the regions of Belarus



SITE SELECTION SUPPORT

- Search for greenfield and brownfield project opportunities
- Site visits
- Cooperation with local authorities



POST-INVESTMENT SERVICES

The agency provides re-investment promotion and enterprise development support, including:

- Assistance in the selection of suitable site, real estate and investment projects
- Search for business partners
- Arranging negotiations with local and state authorities
- Assistance in solving problems with investment project implementation
- Providing information about investment incentives
- Consideration of investors' proposals on improving the investment climate, etc.

3.2 Public-private partnership (PPP) in Belarus

PPP AS AN ALTERNATIVE INSTRUMENT OF INFRASTRUCTURE DEVELOPMENT



PPP is an institutional and organisational alliance of state and business with the aim to implement socially significant projects in the priority sectors of the economy of the Republic of Belarus.

The Public-Private Partnership Center (PPP Center) in Belarus was established on April 1, 2014 on the site of the Research Economic Institute of the Ministry of Economy. On September 1, 2016 the PPP Center was moved to the structure of the Agency in order to increase the Center's potential and effectiveness of its interaction with state authorities in attracting investments to the Republic of Belarus.

PPP Center searches for and promotes PPP projects, attracts investors to implement these projects, cooperates with key state stakeholders and international organisations to develop PPP market in Belarus.

PPP DEVELOPMENT AND IMPLEMENTATION PROCESS IS AIMED AT:

- consolidation of material, financial, intellectual, scientific, technical and other resources;
- ensuring the balance of interests and risks of both public and private parties;
- raising extra-budgetary funds to implement investment projects, plans and initiatives to develop infrastructural facilities.

PPP PROJECT DEVELOPMENT INCLUDES THE STAGES AS FOLLOWS:

STAGE 1 PREPARATION OF THE PROPOSAL FOR PPP PROJECT IMPLEMENTATION:

PPP project in Belarus can be initiated by public authorities or private business.

Public or private initiator prepares PPP project concept and submits it to the public authorities for their agreement within the limits of their competence. After that, the concept is brought to the Interministerial Infrastructure Coordinating Board (hereinafter – IICB) or the Digital Economy Development Council (hereinafter – DEDC) (for PPP projects in ICT sphere).

In case the concept is approved by the IICB or DEDC, the initiator prepares proposal documentation, which includes feasibility study, passport of the project, draft PPP agreement. Then the proposal documentation is submitted to the public authorities for their agreement within the limits of their competence. After that the Agency forms comprehensive conclusion about the proposal. In case of positive conclusion, public initiator or concerned public body (for private initiative) prepares a package of documents and submits it to the Monetary and Credit Commission (hereinafter – MCC) or local executive committee, depending on the level of PPP project and amount of budget obligation, for their consideration.

STAGE 2
ADOPTION OF LEGAL ACT TO AUTHORISE PPP PROJECT
IMPLEMENTATION:

Subject to the approval by the MCC or local executive committee, public initiator or concerned public body prepares in a prescribed manner a draft legal act on PPP project implementation. The final decision about PPP project implementation is made by the President, Council of Ministers or local Council of Deputies, depending on the public partner subordination. The decision is executed in the form of a legal act.

STAGE 3
TENDER TO CHOOSE A PRIVATE PARTNER:

Public partner designs tender documentation, creates tender commission and organizes the tender to choose a private partner. Tender commission determines the winner.

STAGE 4
CONCLUSION AND EXECUTION OF THE PPP AGREEMENT

PPP agreement is concluded for the period of the PPP project implementation between public and private partners within twelve months from the day the winner of the tender is determined.

PPP LEGISLATION IN BELARUS

Implementation of PPP projects in Belarus is carried out in accordance with the following legal acts:

- Law of the Republic of Belarus No. 345-3 as of December 30, 2015 On Public Private Partnership;
- Resolution of the Council of Ministers of the Republic of Belarus No. 532 as of July 6, 2016 On Measures for the Implementation of the Law of the Republic of Belarus as of December 30, 2015 On Public Private Partnership;
- Decree of the Ministry of Economy of the Republic of Belarus No. 49 as of July 27, 2016 On Measures for the Implementation of the Law of the Republic of Belarus as of December 30, 2015 On Public Private Partnership.

FOR MORE INFORMATION ON PPP IN
 BELARUS, PLEASE, VISIT OUR DEDICATED
 WEBPAGE

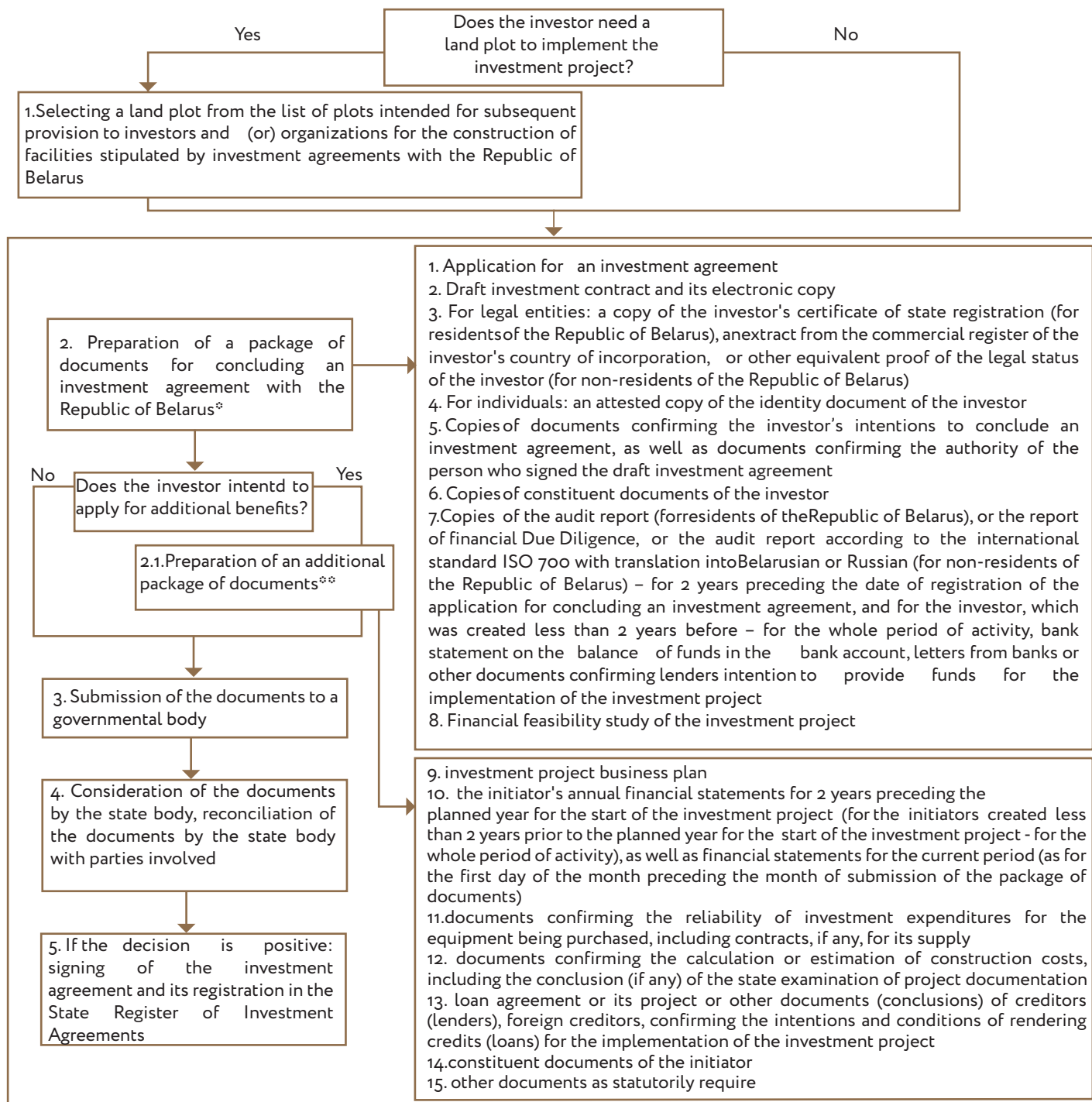
<https://investinbelarus.by/public-private-partnerships/>

OR SEND US YOUR REQUEST VIA EMAIL
mail@investinbelarus.by

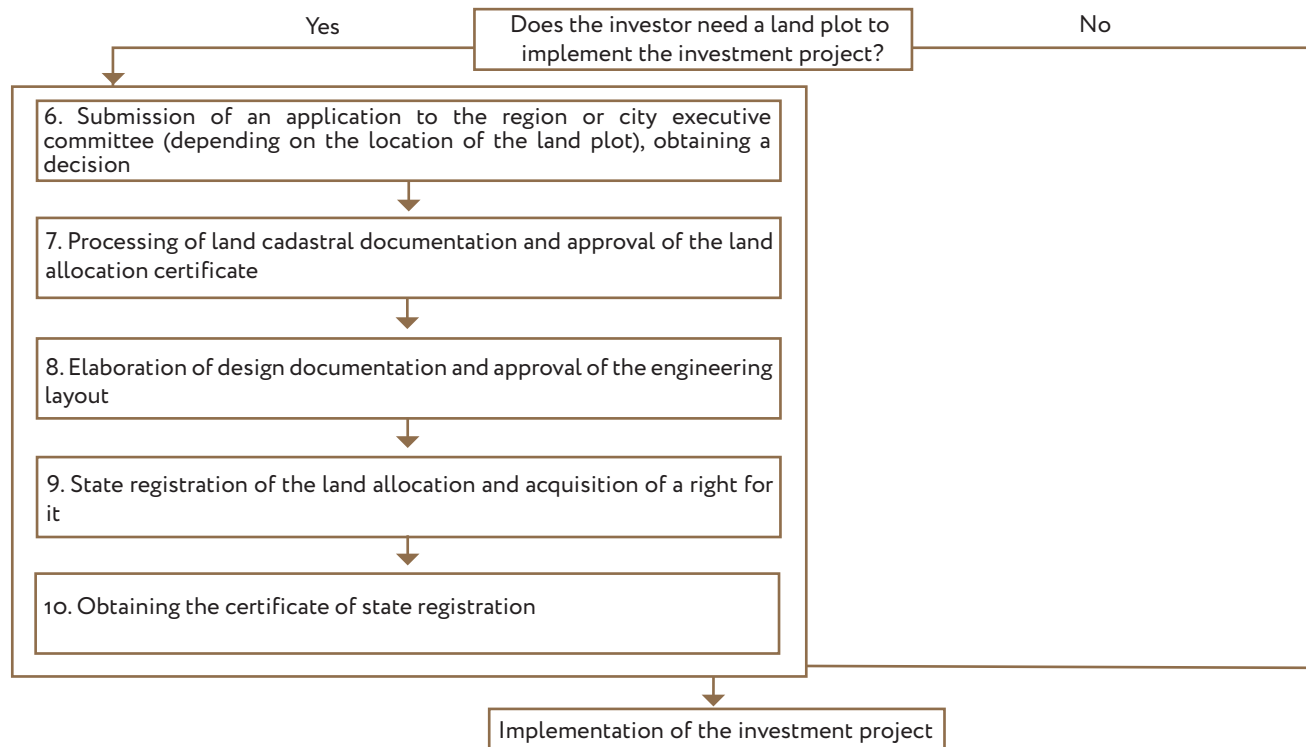


3.3 Investor's guide: step-by-step algorithms

CONCLUDING OF AN INVESTMENT AGREEMENT WITH BELARUS



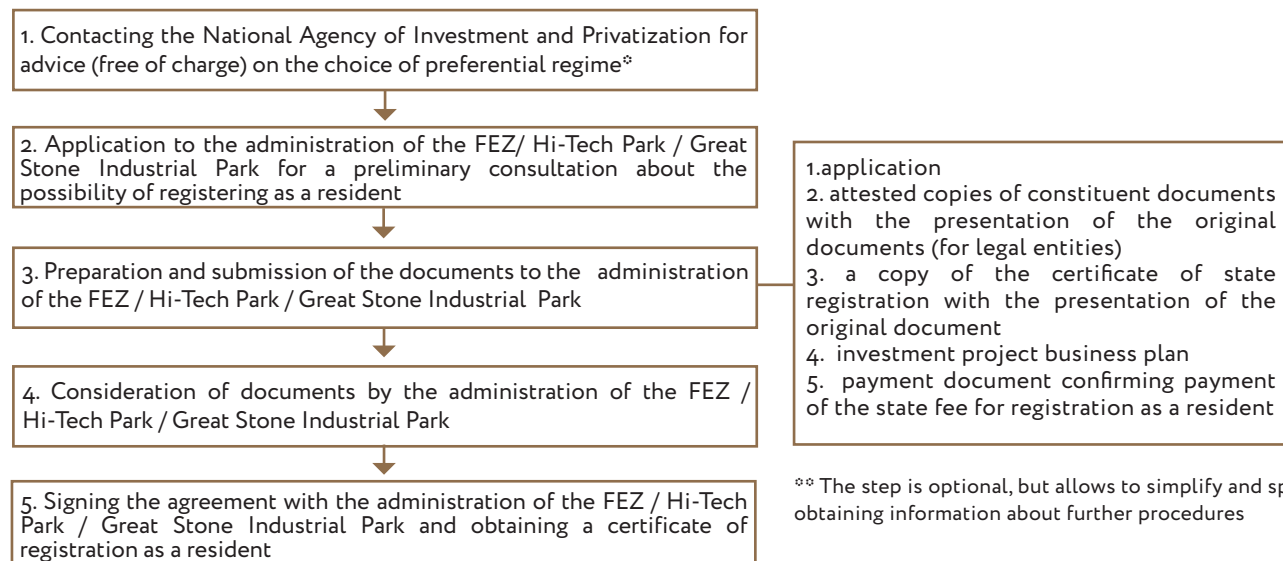
CONCLUDING OF AN INVESTMENT AGREEMENT WITH THE REPUBLIC OF BELARUS (CONTINUED)



* for details of the requirements for the list, translation, legalization of the documents - see paragraph 4 of the Regulation on the procedure for concluding, amending and terminating investment agreements between an investor (investors) and the Republic of Belarus, approved by Resolution of the Council of Ministers of the Republic of Belarus dated July 19, 2016 N 563

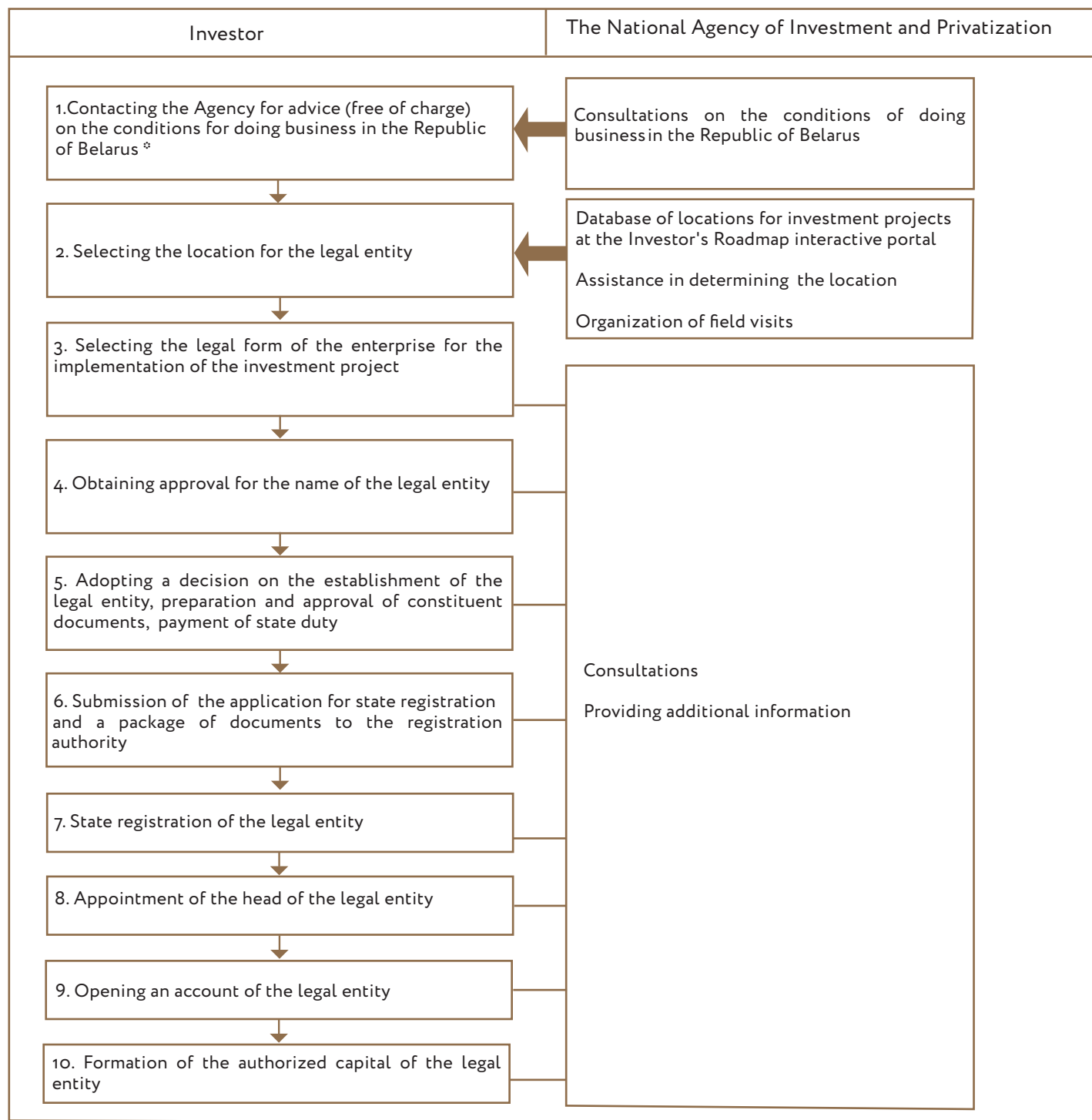
** Chapter 3 of the Regulation on the procedure for concluding, amending and terminating investment agreements between an investor (investors) and the Republic of Belarus, approved by Resolution of the Council of Ministers of the Republic of Belarus dated July 19, 2016 N 563; clause 16 of the Regulation on the organization of the development, approval and consideration of business plans for investment projects, as well as the examination of investment projects, approved by the Decree of the Council of Ministers of the Republic of Belarus dated May 26, 2014 No. 506

BENEFITING FROM PREFERENTIAL REGIMES OF THE REPUBLIC OF BELARUS: REGISTRATION AS A RESIDENT OF A FREE ECONOMIC ZONE (FEZ), BELARUS HI-TECH PARK, OR THE GREAT STONE INDUSTRIAL PARK



** The step is optional, but allows to simplify and speed up obtaining information about further procedures

THE PROCEDURE FOR CREATING A LEGAL ENTITY



* The step is optional, but allows to simplify and speed up obtaining information about further procedures

Belarusian Economy



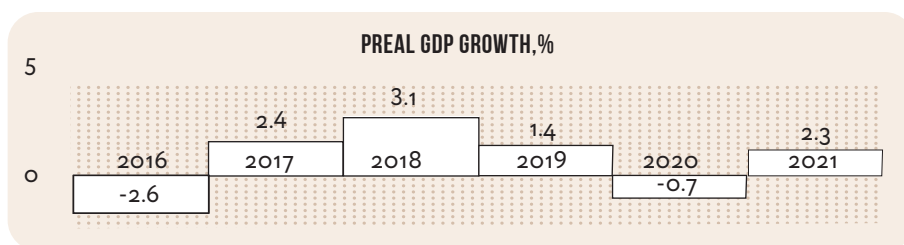
4	BELARUSIAN ECONOMY OVERVIEW	30
4.1	CONSUMER PRICE INDEX	32
4.2	INTERNATIONAL TRADE	33
5	INTERNATIONAL COOPERATION AND FOREIGN CAPITAL IN BELARUS	35

5.1	FDI ON NET BASIS	36
5.2	EURASIAN INTEGRATION	37
5.3	BELARUS AND CHINA: TOWARDS THE NEW LEVEL OF COOPERATION	40

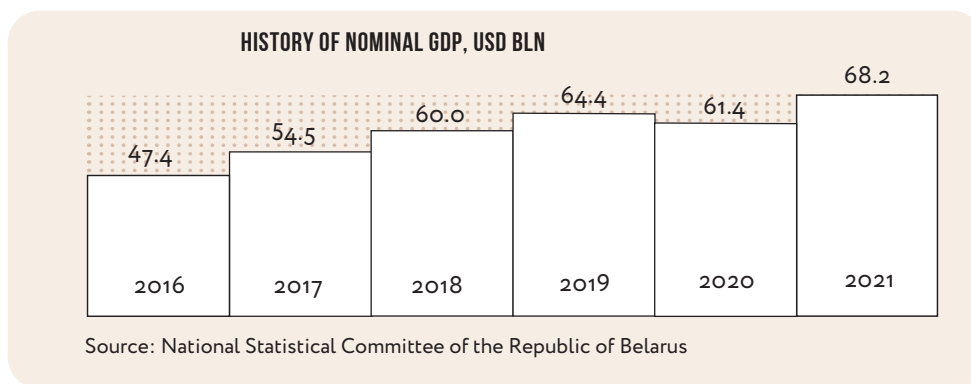
4. Belarusian economy

overview

REAL GDP



NOMINAL GDP



In 2021, Belarus' GDP amounted to USD 68.2 bln, in comparison with 2020, Belarus' GDP in comparable prices grew by 2.3%. In the GDP structure, the largest shares are industry – 27.1%, services – 28.3%, trade – 8.7%, information and communication – 7.4%, agriculture, forestry and fisheries – 6.8%.

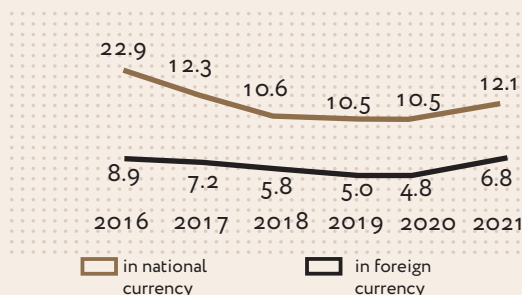
Such economic activities as mining (+ 2.8%), manufacturing (+5.9%), energy supply (+12.6%), water supply and waste treatment (+2.7%) showed positive dynamics in 2021.

Grodno region shows the highest growth in gross regional product in 2021 (+4.8% compared to 2020).

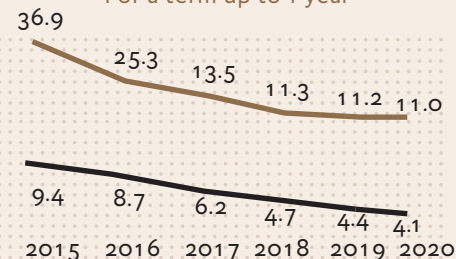
The situation in the monetary sphere in 2021 was formed in the context of the need to maintain and increase the savings activity of the population and economic entities in order to replenish the resource base of banks and subsequently meet the needs of the economy in resources. At the same time, the average interest rate on new time bank deposits of individuals in national currency in December 2021 amounted to 14.92 percent per annum (in December 2020 – 17.48 percent per annum), the average interest rate on new time bank deposits in the national currency of legal entities – 5.1 percent per annum (in December 2020 – 12.37 percent per annum). The level of average loan interest rates has not changed significantly. Thus, support was provided to non-financial sector entities. These measures have slowed down the outflow of savings from the banking system.

DYNAMICS OF INTEREST RATES ON NEWLY PROVIDED CREDITS FOR LEGAL ENTITIES, % PER ANNUM

For a term more than 1 year



For a term up to 1 year



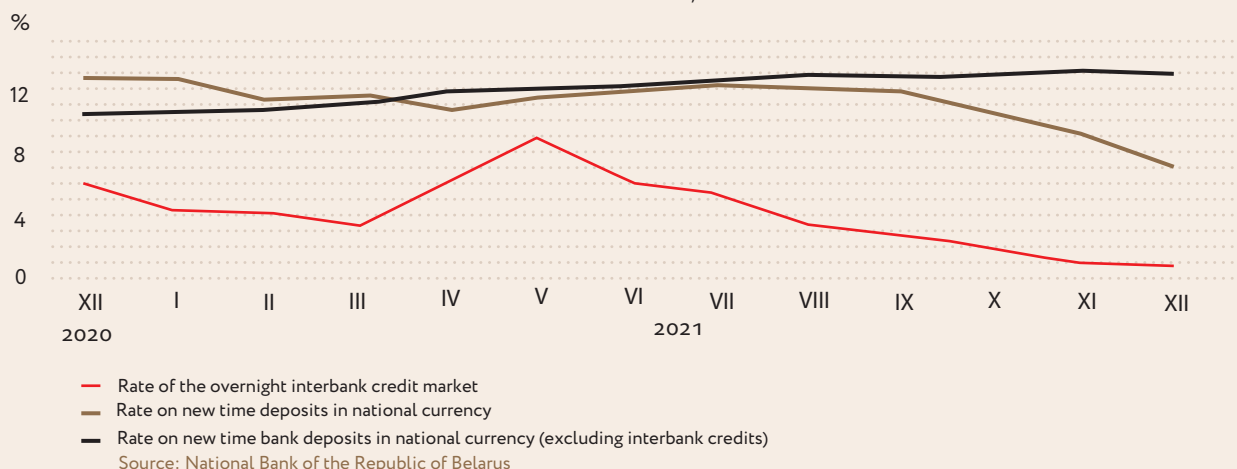
Source: National Bank of the Republic of Belarus

FOREIGN TRADE:

In 2021, Belarus increased exports of goods and services by 32.5% to USD 49.261 bln compared to the same period in 2020. The Republic of Belarus is an export-oriented state with the developed services sector and agriculture. The key sectors of the economy are industry, agriculture, construction, trade, transport, information and communication. Despite the lack of domestic fuel and energy resources, as well as of the essential raw

materials, and regardless of the external economic shocks in recent years, Belarus has retained its industrial potential. The development of industry determines to a significant extent the major economic trends in the country. In 2021, exports of goods of the Ministry of Industry amounted to about USD 5.3 bln, growth rate – 135.5%. The balance of foreign trade in goods is positive – USD 2.4 bln.

DYNAMICS OF AVERAGE INTEREST RATES, PERCENT PER ANNUM



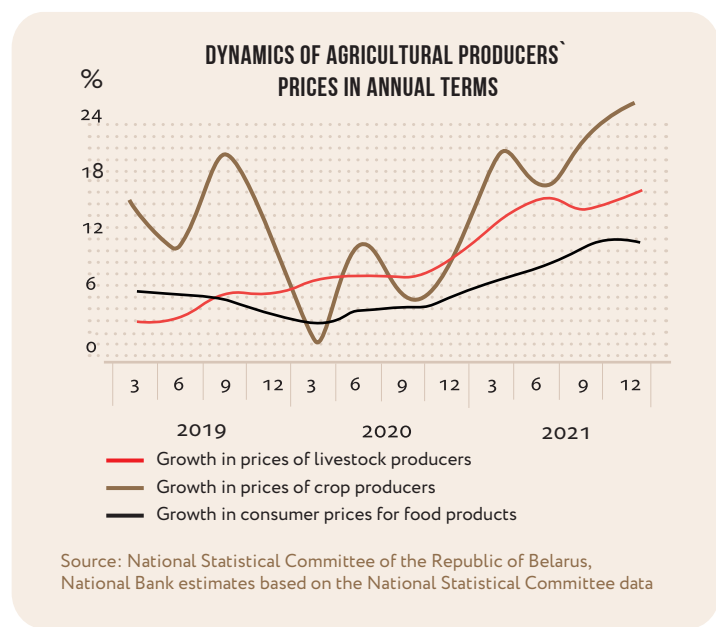
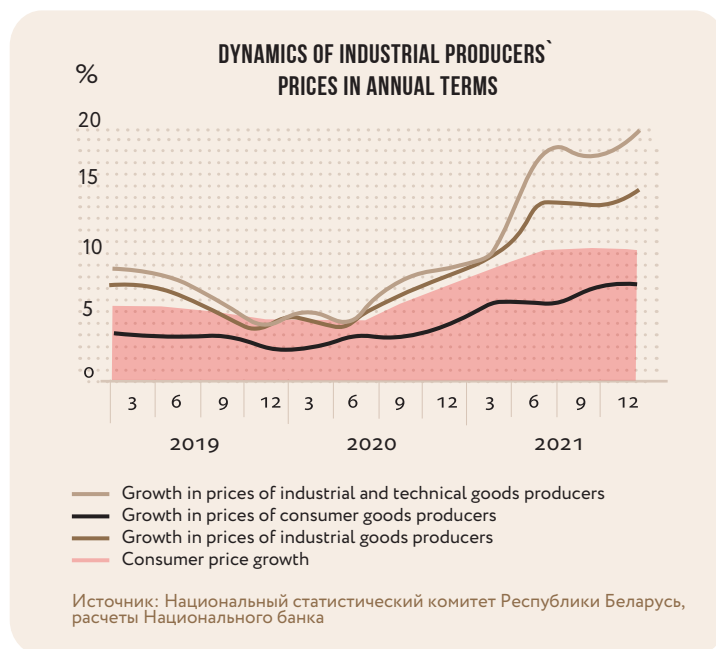
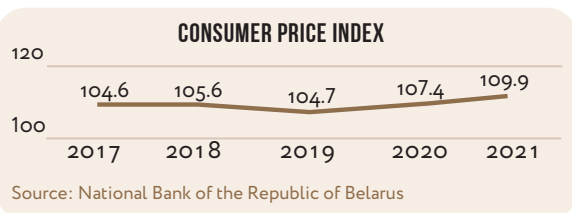
4.1 Consumer price index

In 2021 Q4, the intensity of inflation continued to slow down. The annual consumer price growth amounted to 9.97% in December 2021. The annual core inflation amounted to 9.8% in December 2021 (9.9% in September 2021). In terms of consumer market segments, there were no significant changes in the strength of the impact on the overall free price growth compared to the previous quarter: the greatest contribution was still provided by the rise in prices for food products.

The slowdown in annual inflation relative to the previous quarter was due to the corresponding trend inflation dynamics, reflecting the price dynamics cleared of short-term shocks, as well as the less intensive increase in regulated prices and tariffs. Economic activity continued to have a neutral impact on inflation. Monetary policy limited the intensity of inflation

The annual rate of increase in regulated prices and tariffs in December 2021 decreased compared to the previous quarter and amounted to 9% (10.4% in September 2021). Price deceleration is largely attributable to the corresponding dynamics of tariffs for telecommunications services, as well as passenger transport.

The average broad money supply in annual terms in December 2021 increased by 6.6%, almost reaching the lower limit of the target of 7 – 10%. Such dynamics of the money supply had a restraining effect on the intensity of inflation in the country.



4.2 International trade

**COMMODITY STRUCTURE OF EXPORTS OF THE REPUBLIC OF BELARUS
IN 2019-2020, IN PERCENT OF TOTAL**

\$32.6 billion		\$29.0 billion		
16.4%		19.8%		Products of chemical and related industries
21.2%				
		13.4%		Mineral products
26.5%				
		19.2%		Transport vehicles Machinery and equipment
12.9%				
10.2%		19.7%		Food goods and agricultural raw materials
2.3%		7.6%		Non-precious metals
3.3%		6.4%		Wood and paper products
		3.0%		Textiles and textile products
7.2%		10.9%		Raw skins, fur and fur products
				Other
imports		exports		

Source: National Statistical Committee of the Republic of Belarus

In 2021, the balance of foreign trade in goods and services was positive and amounted to USD 3.8 bln (5.5% of GDP). The increase in surplus of trade in goods and services was due to outperforming growth rate of exports (by 32.5%) compared with the growth rate of imports (by 28.9%).

Exports of goods and services amounted to USD 49.3 bln (72.1% of GDP), imports of goods and services – USD 45.5 bln (66.6% of GDP). The foreign trade turnover of goods and services increased 1.3 times up to USD 94.7 bln.

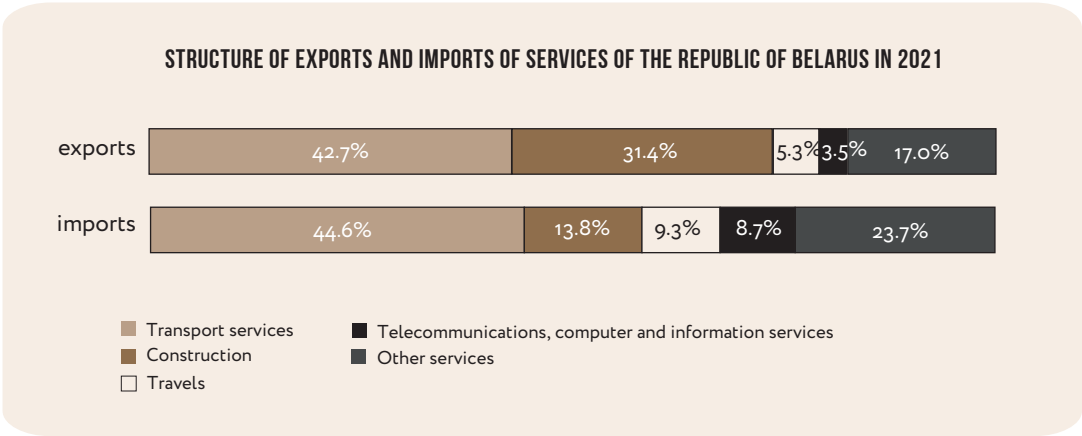
The balance of foreign trade in goods with the member states of the Eurasian Economic Union (hereinafter, EAEU) was negative and amounted to USD 6.6 bln and USD 7.4 bln with the Russian Federation.

In 2020, a significant share in the commodity structure of exports was taken by chemical products (19.8% of the total volume of exports of goods), food products and agricultural raw materials (19.7%), machinery, equipment and transport vehicles (19.2%), mineral products (13.4%).

In 2021, the balance of foreign trade in services was positive and amounted to USD 4.6 bln (6.7% of GDP). In 2021, exports of services amounted to USD 10.2 bln (15.0% of GDP). The increase in exports of services by 16.4% is primarily caused by the growth of exports of transport services (by 18.7%) and telecommunications, computer and information services (by 19.2%), while exports of construction services decreased (by 8.8%).

Transport, telecommunication, computer and information services provided 74.2% of the value of exports of services. The share of exports of construction services in the total exports of services decreased to 5.3%, travel – to 3.5%.

Residents of the EU countries were the major consumers of Belarusian services, which accounted for 38.4% of the total exports of services (including Poland – 8.7% and Germany – 8.5%). Exports of services to the EAEU member states amounted to 19.6% of exports of all services rendered (including to the Russian Federation – 18.2% of exports of services). Residents of the United States provided 14.8% of the total exports of services.



In 2021, imports of goods amounted to USD 39.8 bln (58.3% of GDP) and increased by USD 9.4 bln, or 31.0%, mainly due to trade with the Russian Federation (growth by USD 7.2 bln).

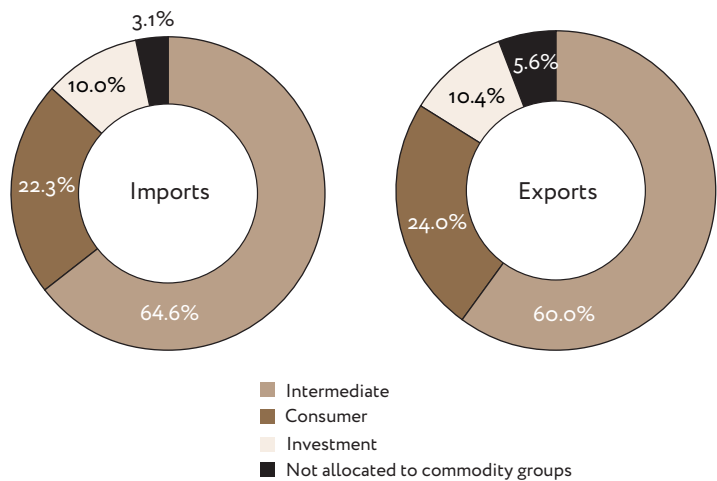
The increase of imports value occurred alongside an increase of both average import prices (by 21.3%) and the physical volume of imports (by 5.2%).

The commodity structure of imports was dominated by machinery and equipment (26.5%), mineral products (21.2%), chemical products (16.4%) and food and agricultural raw materials (12.9%).

Imports of services amounted to USD 5.7 bln (8.3% of GDP) and increased by 15.8% mainly due to the growth of imports of transportation services (by 37.5%), travel services (by 17.9%), telecommunication, computer and information services (by 14.4%). Imports of construction services decreased by 18.5%. Transport services accounted for the largest share of imports of services (44.6%), increasing by 7.0 percentage points as compared to 2020. The share of imports of construction services decreased by 5.8 percentage points to 13.8%. The share of imports of services related to the travel of Belarusian citizens abroad amounted to 9.3%, telecommunications, computer and information services - 8.7%.

Residents of the Russian Federation provided 27.0% of the total volume of services provided to the residents of the Republic of Belarus, residents of Lithuania – 8.8%, China – 6.0%, Poland – 5.3%, Cyprus – 3.9%, and Switzerland – 3.8%.

STRUCTURE OF EXPORTS AND IMPORTS BY CONSOLIDATED COMMODITY GROUPS IN 2021 (IN PERCENT OF TOTAL)



5. International cooperation and foreign capital in Belarus



The Republic of Belarus pursues a multi-vector foreign economic policy and actively participates in international integration processes. Belarus is an export-oriented country with well-developed industry and agriculture, 65% of its production is exported.

In 2021, Belarusian products were exported to the markets of 174 countries. The increase in exports of goods is registered in all regions of the world. Russia is the major trading partner of Belarus, its share in 2021 accounted for 49% of the value of foreign trade in goods, 41% of exports, 57% of imports.

The European Union is the second largest trading partner, accounting for a fifth of its foreign trade. Key importers of Belarusian products to the EU: Germany, Poland, the Netherlands, Lithuania, Italy, Latvia, France, Belgium, the Czech Republic, Sweden and Spain. In 2021, it was possible to increase the supply of Belarusian products to 21 EU countries. Belarusian manufacturers are gradually expanding their presence in the markets of Asia, Africa, America, and Oceania. Together with EAEU partners, work is being done to expand access to the markets of "far arc" countries through the conclusion of free trade agreements.

Belarus promotes cooperation with its partners in integration alliances and organisations of the Post-Soviet states: the Commonwealth of Independent States (CIS), the Eurasian Economic Union and the Collective Security Treaty Organisation (CSTO).



5.1 FDI on net basis

In 2021, foreign investors invested USD 8.7 bln in the real sector of the economy of Belarus, including USD 6.6 bln of foreign direct investment (FDI).

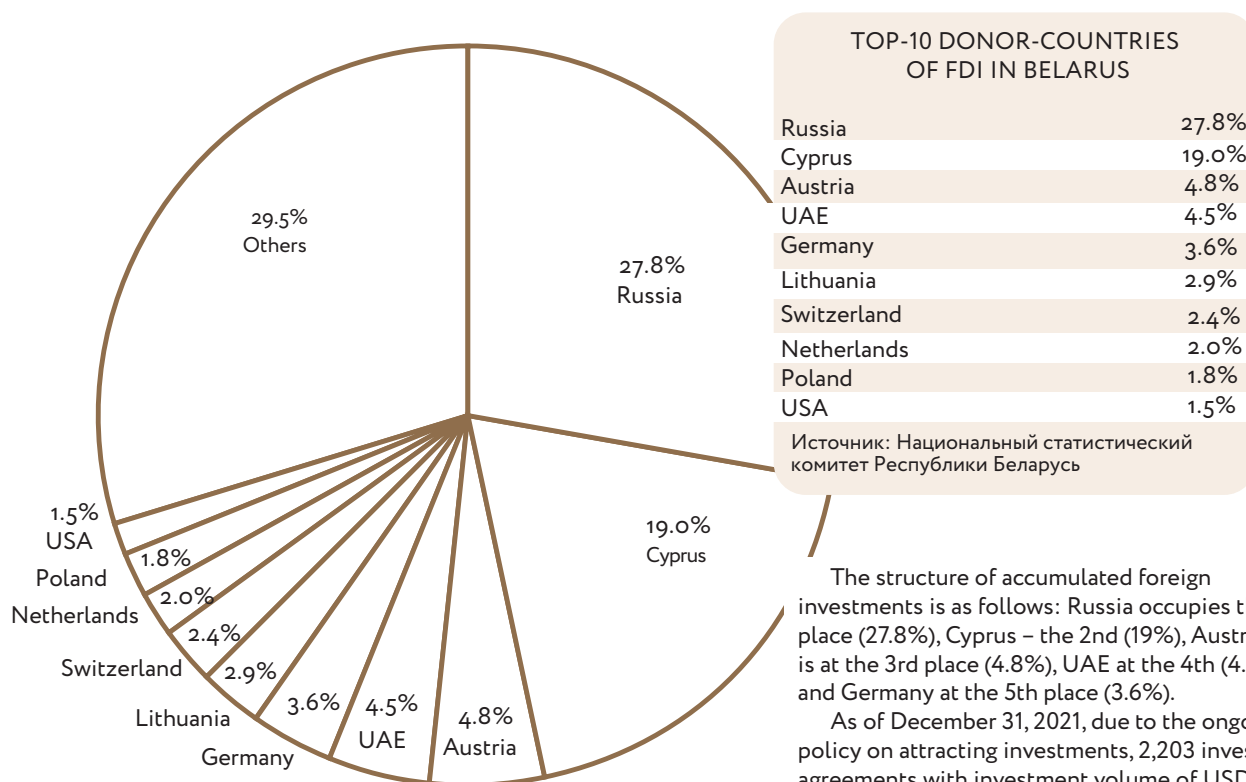
In 2021, FDI admission on a net basis (excluding debt to direct investors for goods, work and services) to the Belarusian economy amounted to USD 1.2 bln.

As of January 1, 2022 there are 6,231 registered companies with foreign capital in Belarus.

A significant amount of foreign direct investment in 2021 came from the Russian Federation (35%).

The Russian Federation remained a major direct investor in the Belarusian economy, with residents providing (on a net basis) USD 0.4 bln, or 35.4% of the total net inflow of direct investment from abroad in 2021.

Significant direct investments on a net basis were also made by the residents of Cyprus, the United Arab Emirates, Austria and Germany. The largest amounts of foreign direct investment are directed to manufacturing, financial and insurance activities, information and communications.



The structure of accumulated foreign investments is as follows: Russia occupies the 1st place (27.8%), Cyprus – the 2nd (19%), Austria is at the 3rd place (4.8%), UAE at the 4th (4.5%) and Germany at the 5th place (3.6%).

As of December 31, 2021, due to the ongoing policy on attracting investments, 2,203 investment agreements with investment volume of USD 42.75 bln were registered at the State Register of Investment Agreements with the Republic of Belarus. A total of 29 investment agreements were registered in 2021, with a total value of USD 4,188.22 mln.

5.2 Eurasian integration



The Eurasian Economic Union (EAEU) is an international organisation of regional economic integration with international legal personality. Freedom of movement of goods, services, capital and labour, as well as coordinated, coherent and common policy in the key sectors of economy are provided within the Union.

The Eurasian Economic Union (EAEU) is an international organisation of regional economic integration with international legal personality. Freedom of movement of goods, services, capital and labour, as well as coordinated, coherent and common policy in the key sectors of economy are provided within the Union.

The Agreement on the Eurasian Economic Union was signed by the presidents of the Republic of Belarus, the Republic of Kazakhstan and the Russian Federation on May 29, 2014 in Astana. This Agreement came into force on January 1, 2015. On January 1, 2018, the Treaty on EAEU Customs Code came into force.

The Union membership is open to any state, which shares the goals and principles of the EAEU, on the terms agreed by Member States. Furthermore, any interested State is provided with the possibility to get an observer status within the Union.

On October 10, 2014, the Treaty on accession of the Republic of Armenia to the Agreement on the EAEU (dated May 29, 2014) was signed during the meeting of the Supreme Eurasian Economic Council (SEAEC) in Minsk. The Treaty came into force on January 2, 2015.

On December 23, 2014, during the SEAEC meeting in Moscow the Heads of states signed the Treaty on accession of the Kyrgyz Republic to the Agreement on the EAEU. The Treaty came into force on August 12, 2015.

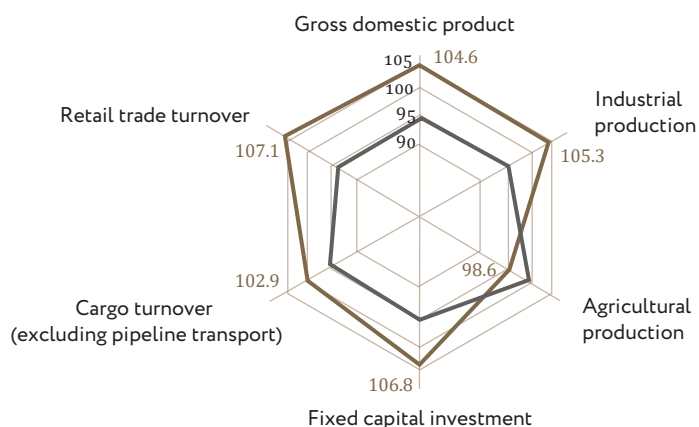
On May 14, 2018, at the meeting of the SEAEC in Sochi the status of an observer state in the EAEU was granted to the Republic of Moldova. The Union is empowered to perform within its competence international activities, aimed to solve the problems which the Union faces.

The Free Trade Agreement between the member states of the EAEU and the Socialist Republic of Vietnam is in effect since 2016.

An Agreement on Trade and Economic Cooperation between the EAEU member states, on the one hand, and the People's Republic of China, on the other, as well as the Interim Agreement to establish a free trade zone between the EAEU member states, on the one hand, and the Islamic Republic of Iran, on the other, were signed in 2018. The possibilities of launching free trade agreements with Singapore, Israel, India, Egypt, and of unifying the trade regime with Serbia are being negotiated. In general, more than 50 countries demonstrate interest in cooperation with the EAEU in different formats.

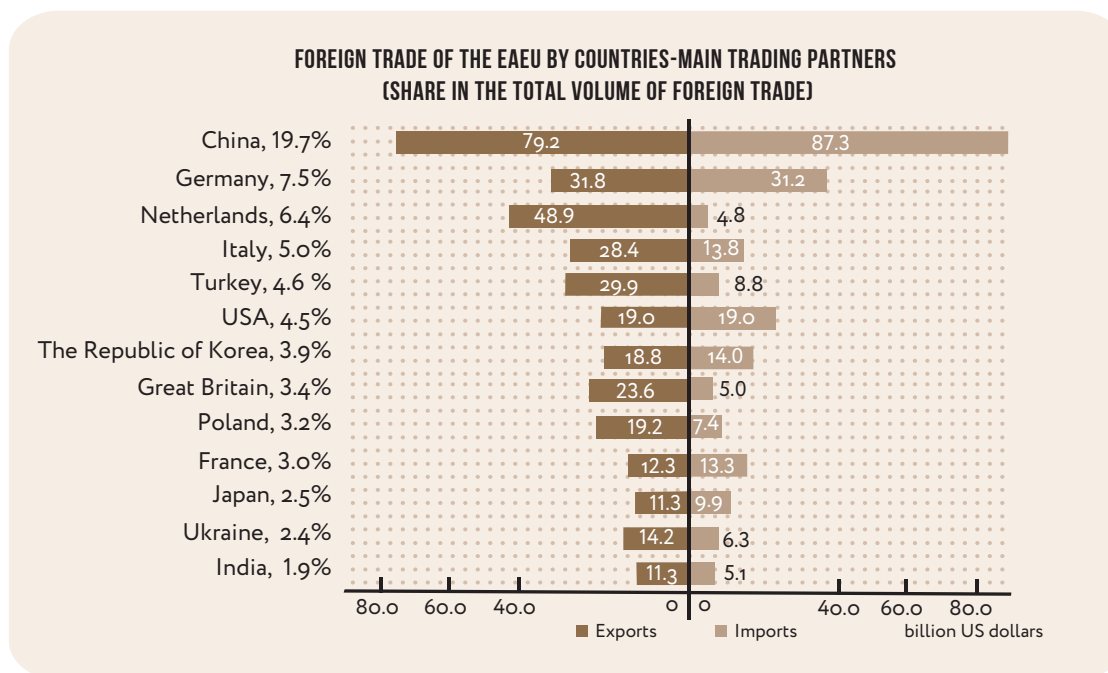
The EAEU member states have a great potential in the leading sectors of the economy. The EAEU ranks first in the world in oil and natural gas production, second in the production of mineral fertilizers and the length of railways, third in the production of wheat and potatoes, iron production, fourth in the production of electricity and meat, and fifth in the total length of roads and steel production.

**EAEU MAIN ECONOMIC INDICATORS
(AS A PERCENTAGE OF THE CORRESPONDING PERIOD OF THE PREVIOUS YEAR)**



Foreign trade in goods of the Eurasian Economic Union:

In 2021, the total volume of foreign trade in goods of the EAEU member states with third countries amounted to USD 844.2 bln, including exports of goods – USD 525.7 bln and imports – USD 318.5 bln.



In 2021, trade turnover of the Republic of Belarus with the EAEU member states amounted to USD 41.3 bln, including exports of goods – USD 17.5 bln, imports of goods – USD 23.9 bln.

The share of the EAEU countries accounted for 43.8% of the total export volume of the Republic of Belarus in 2021 (in 2020 – 49.5%), of which the Russian Federation accounted for 41.1% (47.9% in 2020).

Foreign trade in services between Belarus and the EAEU member states in 2021 amounted to USD 3.6 billion (exports of services – USD 2.01 bln, imports of services – USD 1.6 bln). The share of the EAEU countries accounted for 19.7% of the total export volume of the Republic of Belarus in 2021 (22.7% in 2020), of which the Russian Federation accounted for 18.2%.

The creation of the Union allows member states to coordinate their industrial policies so as not to duplicate production, as well as to organize production chains and supply components for joint production. Opportunities for industrial cooperation and joint investment and innovation projects have increased significantly.

One of the EAEU activities is the development of a common trade, monetary and tax policy, namely the maximum possible economic integration.

The Agreement on the EAEU provides that the formation of the EAEU common market will be implemented step by step in some of the most sensitive sectors of economy. In particular, the common market of drugs and medicine devices started operating at the end of 2016, the common markets of electricity, oil and gas will come into operation not later than in 2025.

The Heads of States have approved the Priority Directions for implementation of the Digital Agenda of the Eurasian Economic Union for the period till 2025.

PARTICIPATION OF BELARUS IN THE EAEU OPENS UP ADVANCED OPPORTUNITIES FOR FOREIGN INVESTORS:

- 1 FREE MOVEMENT OF BOTH DOMESTIC GOODS AND GOODS FROM THIRD COUNTRIES WITHIN THE COMMON MARKET OF THE UNION;
- 2 COMMON CUSTOMS TARIFF AND NON-TARIFF REGULATION IN TRADE WITH THIRD COUNTRIES TO PROTECT THE INTERESTS OF DOMESTIC PRODUCERS, INCLUDING FOREIGN INVESTMENT ENTERPRISES;
- 3 RELIEF FROM CUSTOMS DUTY ON THE IMPORTATION OF MANUFACTURING EQUIPMENT, RAW MATERIALS TO IMPLEMENT INVESTMENT PROJECTS (IN CASE SUCH RAW MATERIALS ARE NOT PRODUCED IN THE MEMBER STATES);
- 4 TARIFF PREFERENCES FOR THE GOODS IMPORTED FROM THIRD COUNTRIES AS A CONTRIBUTION TO THE STATUTORY FUND OF A COMPANY;
- 5 FREE ACCESS TO THE LARGE COMMON MARKET OF GOODS AND SERVICES OF THE EAEU FOR FOREIGN INVESTORS WHO INVEST IN BELARUS;
- 6 EFFECTIVE LOGISTICS PROJECTS WITH ACCESS TO THE EAEU AND THE EU MARKETS DUE TO THE FAVOURABLE GEOGRAPHICAL LOCATION OF BELARUS;
- 7 LEGAL GUARANTEES FOR INVESTORS, INCLUDING THE RIGHT TO REPARATION AND USE OF INVESTMENT INCOME, AS WELL AS GUARANTEE OF THE RIGHTS IN EXPROPRIATION, PROCEDURES FOR RESOLVING INVESTMENT DISPUTES THROUGH ARBITRATION AND NATIONAL COURT OR THE INTERNATIONAL CENTRE FOR SETTLEMENT OF INVESTMENT DISPUTES;
- 8 JOINT MEASURES TO PROMOTE EXPORTS OF GOODS OF THE MEMBER STATES TO THIRD COUNTRIES CONTAIN A NUMBER OF MECHANISMS TO SUPPORT EXPORTERS, SUCH AS INSURANCE AND EXPORT CREDITING, INTERNATIONAL LEASING, BRAND PROMOTION OF "THE EAEU PRODUCT" AND A UNIFIED MARKING OF THE EAEU PRODUCTS, EXHIBITION AND TRADE FAIR ACTIVITIES, ADVERTISING AND IMAGE PROMOTION ACTIVITIES ABROAD;
- 9 IMPLEMENTATION OF THE SINGLE-WINDOW SYSTEM WITHIN THE FRAMEWORK OF THE UNION WILL SIMPLIFY AND SPEED UP PROCEDURES OF FOREIGN TRADE DUE TO EFFECTIVE COMMUNICATION BETWEEN THE STATE BODIES AND PARTICIPANTS OF FOREIGN ECONOMIC ACTIVITY.

5.3 Belarus and China: towards the new level of cooperation

The high level of Belarusian-Chinese political relations serves as a solid basis for the development of bilateral trade ties.

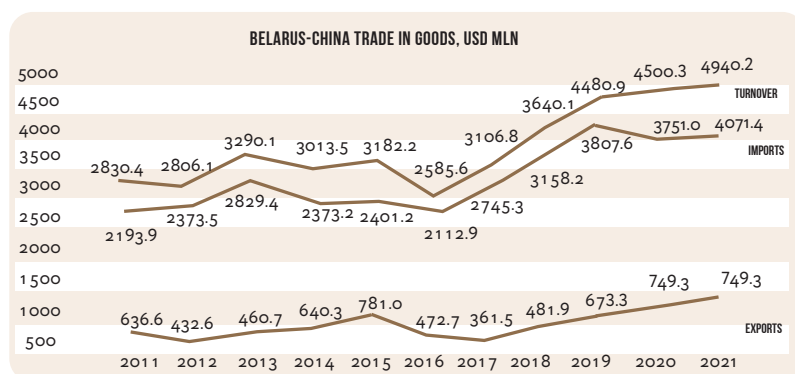
China is one of the most important trade and economic partners of Belarus. China traditionally ranks among the top three trade partners of Belarus. At the end of 2021, the foreign trade turnover between Belarus and China amounted to a record USD 5.9 bln, with a growth rate of 108.7%. The growth rate of exports is 109.7%, imports – 108.3%.

Bilateral trade reached USD 4.9 bln, with a growth rate of 111.8% by 2020 and 111% by pre-pandemic 2019. Exports of Belarusian goods to the PRC totalled USD 868.8 mln, a growth rate of 117.5%. Imports from China to Belarus amounted to USD 4.07 bln, a growth rate of 110.6%. Thus, Belarusian exports to China are outstripping

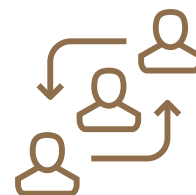
The structure of Belarusian exports to China has a pronounced advantage in the supply of food and agricultural products. Belarus is in the top 10 suppliers to China of potash fertilizers (3rd place), whey (5th place), meat products (chicken and beef (9th and 10th places), rapeseed oil (10th place). As of 01.01.2022, 123 Belarusian producers were accredited in the PRC, of which: 63 for dairy products, 18 for frozen beef, 11 for frozen chicken meat, 9 for frozen berries, 7 for processed fish products, 6 for dairy feed products, 4 for sugar beet pulp, 4 for mink skins and 1 for peat.

Bilateral investment cooperation is the core of the Belarusian-Chinese economic relations. According to the National Statistical Committee of Belarus, in 2021 Belarus received investments from China in the amount of USD 104.6 mln, including direct investments – USD 73.2 mln, of which on a net basis (excluding debt to direct investor for goods, work, services) USD 17.8 mln. In 2021, the share of China (including Hong Kong and Taiwan) in total FDI on a net basis in Belarus amounted to 1.3%.

As of the beginning of 2021, 157 companies with Chinese investments were registered in Belarus: 45 joint ventures and 112 with Chinese capital. For comparison, by the beginning of 2019, 126 companies with Chinese investments were registered in Belarus: 37 joint ventures and 89 with Chinese capital.

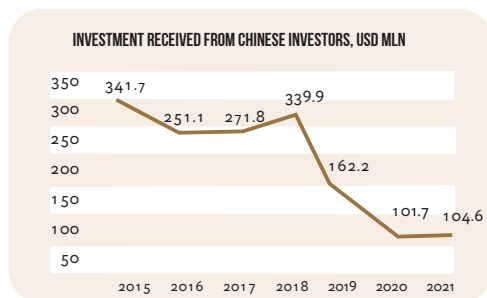


The main articles of Belarusian exports of goods to China are potash fertilizers, frozen beef, sawn timber, meat and edible offal of poultry, condensed and dry milk and cream, wood pulp, sodium or sulfate, whey, sugar, rapeseed oil, electronic integrated circuits.



A developed contractual legal framework for cooperation has been established between the Republic of Belarus and the People's Republic of China. More than 80 contracts have been signed. The most important are the joint declaration of Belarus and China on the establishment of trustworthy all-round strategic partnership and mutually beneficial cooperation, as well as agreements on trade and economic cooperation, on avoiding double taxation, on encouraging and mutual protection of investments.

On June 5, 2012, the Decree of the President of the Republic of Belarus No. 253 "On the establishment of the Chinese-Belarusian industrial Park "Great Stone" was signed. The Great Stone Industrial Park is a special economic zone in Belarus created within the framework of the Chinese Belarusian intergovernmental cooperation. The Industrial Park is located in the Smolevichi district of the Minsk region, 25 km from the capital of the Republic of Belarus, Minsk, and covers an area of 112.5 sq. km. The Park's favourable geographical location arises from its close proximity to the Minsk International Airport, to the railway and to the Berlin-Moscow transnational highway, as well as from access to the Klaipeda port on the Baltic sea coast at a distance of 500 km. The Industrial Park unlocks the potential of Belarus as a connecting link among the countries of Europe, Russia and Asia, and also provides free access to the market of the Eurasian Economic Union (Russia, Belarus, Kazakhstan, Armenia, Kyrgyzstan) with a total capacity of 184 million people. In the territory of the Park it is planned to build industrial and residential zones, office, shopping and entertainment complexes, financial and research centers.



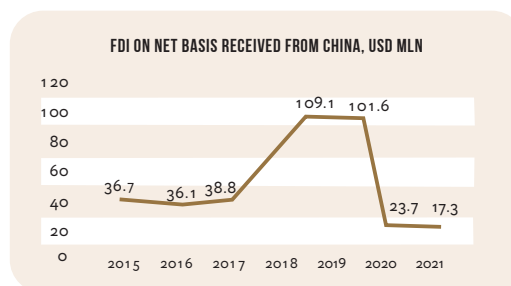
As of May 2022, the number of residents of the Great Stone Industrial Park has reached 90 with a total announced investment of USD 1.24 bln. Priority areas of investment cooperation are:

- mechanical engineering
- electronics and telecommunications
- fine chemistry
- biotechnologies

- new material
- logistics
- pharmaceuticals, etc

The Park has three-level management structure:

- Intergovernmental Coordination Council (the superior body, exercising strategic management and solving the issues that require participation of both Belarusian and Chinese sides);
- Industrial Park Administration (state institution, established by the Council of Ministers of the Republic of Belarus, servicing residents and investors on the basis of "one-stop shop" principle);
- Industrial Park Development Company, CJSC (established by Belarusian and Chinese founders, responsible for attraction of investors, design and construction of the Park infrastructure).



The Great Stone has a great potential in the field of logistics. The project to create a trade and logistics sub-Park is being implemented by the largest resident of the Park, ZAO China Merchants CHN-BLR Commerce and Logistics Company. In April 2018, Duisburger Hafen AG, the managing company of the largest river port globally in Duisburg, became a shareholder of "Industrial Park Development Company". With its participation, the construction of a multi-modal railway terminal will be carried out in the Park.

The Park is also developing as a center of science and innovation. Currently, an innovative center for commercialization of scientific and technical achievements is being built.

The purpose of the Industrial Park is to provide the most comfortable conditions for the development of modern production facilities. The major part of the Park's territory is engaged in the development of its industrial and logistics potential. The rest of the territory is intended for commercial and social industries. Another goal of the "Great stone" is to bring the cooperation between the state and private business to a qualitatively new level. For this purpose, the Park is developing a social infrastructure that will use the mechanism of public-private partnership.

Legal environment for investment

Currently, Belarus has a stable system of legal regulation of investment activities, conditions have been created for the development of public-private partnership and a number of special preferential legal regimes providing for establishment of production and sale of goods on preferential terms, including in the EAEU territory.



6.1 Investment Law



6.1.1. General principles, methods of investment and guarantees for investors

The Republic of Belarus prioritizes creation of conditions for attraction of investments into its economy both from foreign and domestic investors. This is due to the openness and export orientation of the country's economy, its location at the crossroads of important transport and logistics routes and international economic and political entities, and the need to modernize the economy using innovative technologies.

When making investments in the Republic of Belarus, the priority of universally recognized principles of international law is recognised. For foreign investors in the Republic of Belarus, the means of protection of investments stipulated by international treaties are also available.

The key legal act that establishes the basic principles of investment activity in the Republic of Belarus is the Law of the Republic of Belarus of July 12, 2013 On Investment (hereinafter – Investment Law).

Investment in the Republic of Belarus is based on the following principles:

- rule-of-law principle;
- principle of equality of investors (investors are equal before the law and enjoy rights without any discrimination);
- principle of good faith and reasonableness of investment (investors make investments in good faith and reasonably without causing harm to others or abusing their rights);
- principle of non-arbitrary interference in private affairs (no interference in private affairs is permitted except in the interests of national security, public order, protection of public morals, public health, rights and freedoms of others);
- principle of ensuring restoration of violated rights and legitimate interests, their judicial protection (investors are guaranteed protection of rights and legitimate interests in court and by other means provided by the legislation of the Republic of Belarus, including international treaties of the Republic of Belarus).

The list of investment methods is contained in the Investment Law and is open. They include:

- establishing a commercial company;
- acquisition, creation, including by means of construction, of objects of immovable property;
- acquisition of rights to intellectual property items;
- acquisition of shares, interests in the authorized capital, stocks in the property of a commercial entity, including cases of increase of the authorized capital of a commercial entity;
- concession ;
- within the public-private partnership;
- other methods.

The Investment Law also establishes guarantees for foreign investors:

- guarantees to transfer compensation and other funds of foreign investors abroad;
- protection of property from nationalisation and requisition (allowed only in exceptional cases under conditions established by law);
- possibility of resolving disputes in international arbitration courts (for disputes not falling within the exclusive competence of the courts of the Republic of Belarus).

Investors are also granted the following rights:

- right to establish a commercial entity;
- right to exemptions and preferences (when investing in priority areas of the economy);
- right to conclude an investment agreement;
- right to employ foreign workers under employment contracts.



6.1.2. INTERNATIONAL AGREEMENTS OF THE REPUBLIC OF BELARUS IN THE AREA OF INVESTMENTS

The Republic of Belarus is a party to a number of multilateral international agreements, including:

- International Convention on the Settlement of Investment Disputes between States and Nationals of Other States (Washington Convention; 1965);
- CIS Agreement on Cooperation in the Field of Investment Activities (1993);
- Energy Charter Treaty (provisional, not ratified; 1994)
- Investor Protection Convention (Moscow, 1997);
- reaty on the Eurasian Economic Union (2014).

The Republic of Belarus is also a party to more than 65 bilateral investment protection agreements with the following states: Austria, Azerbaijan, Armenia, Bahrain, Belgium, Bulgaria, Bosnia and Herzegovina, Great Britain, Hungary, Venezuela, Vietnam, Germany, Georgia, Denmark, Egypt, Israel, Jordan, Iran, Spain, Cambodia, Qatar, Cyprus, China, DPRK, Cuba, Kuwait, Kyrgyzstan, Laos, Latvia, Lebanon, Libya, Lithuania, Luxembourg, Macedonia, Mexico, Moldova, Mongolia, Netherlands, UAE, Oman, Poland, Romania, Saudi Arabia, Serbia, Singapore, Syria, Slovakia, Tajikistan, Turkey, Ukraine, Finland, Croatia, Czech Republic, Switzerland, Sweden and South Korea.

6.1.3. INVESTMENT AGREEMENT

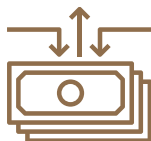
An investment agreement is concluded between an investor and the Republic of Belarus in order to create special conditions for an investor in the implementation of a concrete investment project. In practice, such an agreement is concluded for projects in priority investment areas. The list of these areas is quite wide. They include, inter alia, agriculture, production of foodstuffs, textiles, chemical products, pharmaceutical products, production of machinery and electric equipment, supply of electric power, construction, transport activities, rendering of numerous services, scientific activities.

Depending on the benefits granted to the investor, investment agreements are divided into two levels:

- first-level investment agreement (provides for the benefits established by law);
- second-level investment agreement (provides for additional benefits, except as provided by law).

The first-level investment agreement is concluded on the basis of a decision of the republican public administration body, state organisation subordinated to the Government or Regional (Minsk City) Executive Committee. Legislation provides for a list of substantial benefits that are granted to the investor within the framework of first-level investment agreements:

- provision of a land plot to an investor without holding an auction for the right to conclude a lease agreement;
- construction of facilities stipulated by the investment agreement with the right to remove vegetation without paying compensation for the value of the removed vegetation;
- deduction of VAT in full upon acquisition in the Republic of Belarus and import into the country of goods (works, services), property rights used for construction, equipment of facilities provided for by the investment agreement;
- determination of a contractor or developer of design documentation, suppliers of goods, service providers for construction without performance of procedures, stipulated by the legislation;
- exemption from customs duties and VAT levied by the customs authorities on import of equipment, components and spare parts for the investment project;
- exemption from payment of the fee for the right to conclude a land lease agreement;
- exemption from land tax;
- exemption from compensation for agricultural and (or) forestry production losses associated with the withdrawal of a land plot;
- exemption from VAT and income tax in connection with donation of capital structures and other fixed assets transferred for the implementation of the investment project;
- exemption from payment of the state duty for issue (prolongation) of permits for engagement of foreign labour force in the Republic of Belarus;
- possibility of allocating work stages in the construction project with execution of works on construction of the facility at the current stage with execution of design work for the subsequent stages, provided that the duly approved architectural design is available.



The conclusion of the second-level investment agreement will require a decision of the Government and consent of the President of Belarus.

The conclusion of such an agreement involves the provision by the investor of a business plan of the investment project and the performance of a state due diligence on the investment project.

6.2 Concessions



One of the ways of making investments in the Republic of Belarus is the conclusion of a concession agreement. Under such an agreement the investor obtains a temporary right to perform a certain activity within the exclusive competence of the state (e.g. land management, genetic engineering, production of toxic substances, lottery organisation and holding, import of alcohol and tobacco products), or the right to use property belonging to the state (subsoil, water, forest, land).

Investors who make investments on the basis of a concession are provided with guarantees stipulated by the investment legislation. The concession agreement may provide for benefits and preferences for investors or companies established by them in Belarus.

Prior to the conclusion of the concession agreement, the list of facilities for the concession shall be published in the media and on the Internet, the type of concession agreement and the concessionaire selection method shall be determined, the concession body shall be determined, and a tender shall be held to select the concessionaire. As a rule, tenders are public. Closed tenders may be held for concession objects, information on which constitutes state secrets, and objects of strategic importance for the Republic of Belarus. Lists of such objects are also not published.

Concession agreements, depending on the subject matter of an agreement, are divided into 3 types:

- full concession agreement: whereby the investor retains ownership of the produced products;
- production sharing concession agreement: whereby produced products are shared between the concessionaire (investor) and the grantor;
- service (work) concession agreement: whereby the ownership of the produced products is transferred to the grantor.

Sub-concession is prohibited.



6.3 Public-private partnership

Another mechanism available to investors is the public-private partnership (hereinafter, PPP). It is implemented in relation to infrastructure facilities in the following areas: road and transport activities, public utilities and communal services, healthcare, social services, education, culture, physical culture, sports, tourism, telecommunications, energy, refining, transportation, storage, oil supply, transportation, storage, gas supply, gas provision, agribusiness, defense, law enforcement, scientific, scientific and technological activities, information and telecommunication technologies. However, this list is not closed, so it is possible to implement projects in other areas.

A corresponding agreement is signed between the public partner and the private partner for a certain period that provides for the rights, obligations, and benefits provided for the implementation of the PPP project.

A public partner can be:

- The Republic of Belarus, on behalf of which a state body or other state organisation authorized by the President or the Government acts;
- administrative and territorial unit, on behalf of which the local executive and administrative body acts.

A private partner can be a commercial entity or an individual entrepreneur registered in accordance with the legislation of the Republic of Belarus. If a foreign entity or a group of legal entities and foreign entities wins the tender for determining a private partner, they are obliged to establish a legal entity in the Republic of Belarus to act as a private partner in the framework of the PPP.

If the private partner is supported by third parties to implement a PPP project, the public partner, the private partner, lenders of the private partner and other third parties can also conclude a cooperation agreement.

Another mechanism available to investors is the public-private partnership (hereinafter, PPP). It is implemented in relation to infrastructure facilities in the following areas: road and transport activities, public utilities and communal services, healthcare, social services, education, culture, physical culture, sports, tourism, telecommunications, energy, refining, transportation, storage, oil supply, transportation, storage, gas supply, gas provision, agribusiness, defense, law enforcement, scientific, scientific and technological activities, information and telecommunication technologies. However, this list is not closed, so it is possible to implement projects in other areas.

A corresponding agreement is signed between the public partner and the private partner for a certain period that provides for the rights, obligations, and benefits provided for the implementation of the PPP project.

A public partner can be:

- The Republic of Belarus, on behalf of which a state body or other state organisation authorized by the President or the Government acts;
- administrative and territorial unit, on behalf of which the local executive and administrative body acts.

A private partner can be a commercial entity or an individual entrepreneur registered in accordance with the legislation of the Republic of Belarus. If a foreign entity or a group of legal entities and foreign entities wins the tender for determining a private partner, they are obliged to establish a legal entity in the Republic of Belarus to act as a private partner in the framework of the PPP.

If the private partner is supported by third parties to implement a PPP project, the public partner, the private partner, lenders of the private partner and other third parties can also conclude a cooperation agreement.

6.4 Preferential regimes



The legislation provides for special preferential legal regimes in order to encourage business development in certain areas and regions of Belarus. Such regimes provide benefits and preferences to businesses, simplify the procedure for doing business, and allow the performance of special types of activities and the application of foreign law.

Such preferential regimes are established for:

- High-Tech Park (clause 6.3.1);
- Great Stone Industrial Park (clause 6.3.2);
- Free economic zones (clause 6.3.3);
- Medium and small towns, rural areas (clause 6.3.4);
- South-East District of Mogilev region (clause 6.3.5);
- Orsha district of Vitebsk region (clause 6.3.6);
- Bremino-Orsha Special Economic Zone (clause 6.3.7);
- Avgustovsky Channel Special Tourism and Recreation Park (clause 6.3.8).

6.4.1. HIGH-TECH PARK (HTP)

HTP is the "highlight" of modern Belarus, a cluster whose residents are engaged in the development and creation of projects and products using information technologies (<https://www.park.by/>). The Decree of the President of the Republic of Belarus of December 12, 2017 No. 8 On Development of Digital Economy, provided residents with a number of benefits and new legal instruments, both in the field of taxation and in the field of corporate and labour relations. For HTP residents, there is a list of activities that residents can engage in, for example:

- production of software programs as directed by the user;
- design, development and implementation of automated control systems;
- development, maintenance, operation and implementation of unmanned control systems for vehicles;

- development, maintenance and implementation of hardware and software technologies for the financial sector (contactless technologies for cashless payments, mobile payments, electronic trading, etc.) and financial information technologies;
- creation and training of neural networks and other algorithms in special areas of artificial intelligence and implementation of results of these activities;
- cryptocurrency platform operator activities;
- cryptocurrency exchange operator activities;
- mining;
- e-sports activities, including training of e-sports teams, organisation and conduct of competitions, organisation of their broadcasts.

If a resident plans to engage in activities other than those provided for in Decree No. 8, this should be agreed with the HTP Supervisory Board. HTP residents are granted, inter alia, the following benefits:

- as a general rule, exemption from income tax, VAT, offshore duty, import duties and import VAT (in respect of technological equipment, its components and/or spare parts in order to use them exclusively in Belarus for implementation of investment projects within the HTP activity; to receive an exemption it is necessary to obtain a conclusion from the HTP administration), land tax and local taxes;
- income tax rate in case of disposal by a participant of the share in the statutory fund, disposal of the enterprise as a property complex, sale (redemption) of securities – 9%;
- income tax exemption on disposal of shares / participatory interest in the authorized capital of HTP resident if continuous holding for at least 365 calendar days is observed;
- tax rate on income of foreign organisations which do not carry out the alienation of shares in the authorized capital of an HTP resident – 0%;

- tax rate on income of foreign organisations which do not carry out activities in Belarus through a permanent establishment when paying dividends – 5%, royalty – 0%;
 - and plots in HTP territory required for construction of buildings are exempt from land tax for the period of up to 3 years;
 - exemption from payment of insurance premiums to the National Social Security Fund (hereinafter, NSSF) from wages in terms of income exceeding the one-time average salary in Belarus for the month preceding the month for which mandatory insurance premiums should be paid;
 - HTP residents are not subject to legislation on the procedure for conducting and controlling currency transactions;
 - profit and income from mining, creation, acquisition and disposal of tokens are exempt from income tax and VAT until January 1, 2023.
- English law instruments such as convertible loan, non-competition agreement, non-transfer of employees agreement, option agreement are also available to HTP residents. These instruments have not yet been incorporated into the Civil Code and constitute a "legal experiment".
- HTP preferential regime is valid until January 1, 2049.

HTP residents may be companies and individual entrepreneurs registered on the territory of the Republic of Belarus. It is not required to reside in the HTP territory physically.

In order to register as an HTP resident, it is necessary to submit to the HTP administration:

- a business project specifying one or several types of activities allowed for HTP residents, specific activities for their implementation, types and volumes of goods, works and services to be performed by the resident, planned results of financial and economic activities;
- a number of documents about the applicant, including a certified copy of the charter and a certificate of registration.

The decision on registration or denial of registration is taken by the HTP Supervisory Board. By its decision, the HTP administration may be entrusted to conduct a scientific and technical expert evaluation of the business project in order to make a decision on registration.

6.4.2. GREAT STONE INDUSTRIAL PARK (INDUSTRIAL PARK)

Preferential legal regime for Industrial Park residents is established by the Decrees of the President of the Republic of Belarus No. 253 of 05.06.2012 On Establishment of the Great Stone Industrial Park and No. 166 of 12.05.2017 On Improvement of the Special Legal Regime of the Great Stone Industrial Park. For more information, see <https://industrialpark.by/>.

The main activities of the Industrial Park are as follows:

- establishment and development of industries in the fields of electronics and telecommunications, pharmaceuticals (including biopharmaceuticals), medical products, medical services, laboratory diagnostics, fine chemistry, biotechnology, engineering, new materials, complex logistics, e-commerce, activities related to storing and processing large data volumes, social and cultural activities;
- creation of conditions for carrying out innovation activity in the Industrial Park, attracting and supporting the subjects of innovation activity of the Industrial Park, development of land plots on the territory of this park with construction of infrastructure facilities on them, their maintenance and creation of conditions for attracting residents of the Industrial Park, investors of the Industrial Park, subjects of innovation activity of the Industrial Park to such plots;
- implementation of research, development and technological work with the use of 5G technologies and artificial intelligence.

Benefits for Industrial Park residents include the following:

- exemption from income tax on revenue from the sale of goods (work, services) of own production for 10 years, after which income tax is paid at a rate reduced by 50% until the end of the Industrial Park's special legal regime;
- exemption from real estate tax and land tax on land plots in the Industrial Park;
- income tax rate, profit tax, income tax for foreign companies not operating in Belarus through a permanent establishment, and for dividends paid to the founder, for the first 5 years following the declaration of profit – 0%, and for major investment projects – for 10 years;

- exemption from VAT and customs duties on goods (technological equipment, components and spare parts, feedstock and materials) imported exclusively for the implementation in Belarus of investment projects that include construction and/or equipping of Industrial Park facilities
- procedures for construction procurements and regulation of prices and tariffs for goods (work, services) in construction are not applied;
- 180 days of visa-free stay in the territory of the Republic of Belarus for workers of residents who are foreign citizens;
- simplification of customs procedures for the import of goods, including the possibility of release of goods before filing a declaration for goods of own production and the absence of the need to provide security for the fulfilment of the obligation to pay customs duties and fees – when implementing major investment projects.

Since 2021, such English law instruments as the convertible loan and option agreement have become available to residents and other entities operating in the Industrial Park.

Preferential regime for Industrial Park residents is valid until 2062.

The guarantees established by the investment legislation of the Republic of Belarus also apply to Industrial Park residents.

Companies registered in Belarus can become residents of the Industrial Park.

A resident company should be registered in the Industrial Park. In addition, a resident's investment project should meet the following conditions:

- should be carried out on the territory of the Industrial Park in accordance with the Park's activities;
- investment volume should be at least USD 5 mln, and when implementing the project for the performance of research, development and technological work – at least USD 500,000;
- for a project to be recognized as a major project, the investment volume should be at least USD 50 mln.

In addition to residents, start-ups operating within the Industrial Park and registered as innovation entities can enjoy preferential regime for a period of not more than 2 years.

In order to become a resident of the Industrial Park, it is necessary to submit to the Industrial Park an application for residency status, justification for an investment project, draft agreement on business environment and copies of the certificate of registration and incorporation documents.

6.4.3. FREE ECONOMIC ZONES (FEZS)

At present, Belarus has 6 FEZs (in the city of Minsk and each regional center), which account for over 440 companies.

The main legal regulation: the Law of the Republic of Belarus of 07.12.1998 No. 213-Z On Free Economic Zones, the Decree of the President of the Republic of Belarus of 09.06.2005 No. 262 On Certain Issues of Free Economic Zones on the Territory of the Republic of Belarus, Resolutions of the Council of Ministers concerning each FEZ and further (<https://economy.gov.by/ru/cez-lgoty-preferencii-ru/>).

Benefits for FEZ residents are valid until December 31, 2049 and include the following:

- exemption from income tax if the goods produced and sold are exported or sold to other FEZ residents;
- Exemption from income tax when selling goods (work, services) of own production;
- Exemption from real estate tax and land tax;
- exemption from "import" VAT in relation to goods placed by FEZ residents under the customs procedure of release for internal consumption, produced (obtained) with the use of foreign goods placed under the duty-free customs treatment;
- Exemption from import customs duties when placing goods under the duty-free customs treatment;
- exemption from payment of compensation for the value of removed plants;

To simplify import procedures to the FEZ territory, areas under the duty-free customs treatment are allocated and equipped.

Investment projects within FEZ should envisage:

- investment volume of at least EUR 1 mln, an alternative amount of EUR 500,000 is applicable, provided that investments are made within 3 years from the conclusion of agreement on business environment in FEZ;
- creation and/or development of export- and/or import substitution-oriented production.

Only Belarusian legal entities or individual entrepreneurs can be registered as FEZ residents, who are actually registered in given FEZ and have concluded agreement on business environment in FEZ with the FEZ administration, which reflects the procedure and conditions of the investment project implementation.

To register as a FEZ resident, it is necessary to submit an application, certified copies of the incorporation documents and certificates of registration, business plan for an investment project and pay a state duty. If there are two or more applicants for the same production facilities or for the same land plot and production area, a tender will be held.

FEZ residents are subject to guarantees provided by the investment legislation.

6.4.4. MEDIUM AND SMALL TOWNS, RURAL AREAS

A special legal regime applied to stimulate business in medium and small towns, as well as rural areas, was introduced by Decree of the President of the Republic of Belarus No. 6 of 07.05.2012 (Decree No. 6). The territory of medium-sized, small urban settlements, rural areas means the territory of the Republic of Belarus, except for the territory of the cities of Baranovichi, Bobruisk, Borisov, Brest, Vitebsk, Gomel, Grodno, Zhodino, Zhlobin, Lida, Minsk, Mogilev, Mozyr, Molodechno, Novopolotsk, Orsha, Pinsk, Polotsk, Rechitsa, Svetlogorsk, Slutsk, Soligorsk.

This legal regime applies to legal entities and individual entrepreneurs registered and carrying out activities for the production of goods (work, services) on the territory of such cities and localities for 7 years from the date of their state registration.

Among the benefits granted to businesses in these areas:

- exemption from income tax in respect of profits and income received from the sale of goods (work, services) of own production;
- exemption from payment of the state duty for the issuance of licences, if such licences are necessary;
- exemption from real estate tax.

The above benefits may also apply to branches or other separate subdivisions in medium and small towns and rural areas, if they have a separate balance sheet and bank account.

6.4.5. SOUTH-EAST DISTRICT OF MOGILEV REGION (SED)

A special legal regime was introduced for the integrated social and economic development of the SED (Krichev, Klimovichi, Krasnopolye, Kostyukovichi, Slavgorod, Cherikov and Khotsimsk districts) by Decree of the President of the Republic of Belarus No. 235 of 08.06.2015 On Social and Economic Development of the South-East District of Mogilev region.

This legal regime is valid until December 31, 2025 and stipulates that for employees of legal entities and individual entrepreneurs registered in the SED territory, the income tax for 7 years from the date of registration of the company or individual entrepreneur is 10%, and the amount of contributions to the National Social Security Fund is 24% (compared to standard rates of 13% and 34%, respectively).



6.4.6. ORSHA DISTRICT OF VITEBSK REGION

A special legal regime was also introduced in Orsha district of Vitebsk region in accordance with Decree of the President of the Republic of Belarus No. 506 of 31.12.2018.

This legal regime is part of the Orsha District Development Program until 2023 and includes, inter alia, the following benefits:

- possibility of application of the simplified tax system with payment of tax in relation to revenue from the sale of goods of own production at a rate of 1%, and from the sale of work (services) of own production at a rate of 2%;
- pay mandatory insurance premiums to the National Social Security Fund at a reduced rate of 24%;
- have the right to apply an investment deduction in the amount not exceeding 30% for buildings, constructions and transfer devices and in the amount not exceeding 50% for machinery and equipment, each of which is used in entrepreneurial activity on the territory of Orsha district;
- have the right to apply construction and technical standards of EU, EAEU and PRC with state expertise of design documentation without its adaptation to Belarusian standards in the development of design documentation for construction projects in Orsha district;
- exemption from the need to compensate agricultural and forestry production losses;
- when granting a deferral and (or) instalments for the payment of taxes, fees (duties), interest is not accrued on penalties levied by the tax authorities.

6.4.7. BREMINO-ORSHA SPECIAL ECONOMIC ZONE

Orsha district offers another special legal regime for business in the Bremino-Orsha Multimodal Industrial Logistic Center. In accordance with the Decree of the President of the Republic of Belarus No. 106 of 21.03.2019 (Decree No. 106), this center became a special economic zone, the legal regime for which is established for 50 years.

Under the special legal regime, the following preferences and benefits are granted:

- possibility of lease mortgage to banks;
- no prior approval of the land plot location is required;
- no construction procurement requirements are applied;
- no development of pre-project (pre-investment) documentation is required;

- exemption from income tax in respect of profit received from sale of goods (work, services) of own production, for 9 years from the tax period in which the gross profit arose;
- exemption from real estate tax for 20 years;
- 0% rate of income tax, dividend tax and related income for 5 years from the date of declaration of profit (for resident founders and joint ventures);
- right to deduct VAT in full when importing or purchasing goods (works, services), property rights for the construction and equipping of facilities in the special economic zone on the territory of the Republic of Belarus;
- tax rate on income of foreign organisations on royalties is 5% (until January 1, 2028);
- Stabilization clause in the area of taxation is provided (if the adopted normative legal acts aggravate the resident's situation, the legislation in force on the date of entry into force of Decree No. 106 shall apply; this clause is valid until January 1, 2028).

For implementation of an investment project in a special economic zone, it is necessary to conclude agreement on business environment between a resident and a management company of this special economic zone. Vitebsk FEZ administration also takes part in the management.

A resident of a special economic zone may become only a legal entity situated on its territory and implementing an investment project which is simultaneously:

- corresponds to the activities of a special economic zone;
- investment volume is at least USD 5 mln, and in case of the investment project with implementation of research, development and technological work – at least USD 500,000; Investment volume can range from USD 500 thousand to 5 mln, provided that the project is implemented within three years from the conclusion of agreement on business environment.

6.4.8. AVGUSTOVSKY CHANNEL SPECIAL TOURISM AND RECREATION PARK

According to Decree of the President of the Republic of Belarus No. 220 of May 26, 2011, benefits are provided for the implementation of investment projects in the territory adjacent to the Belarusian part of the Avgustovsky Channel till 2031 in order to develop the tourism industry and infrastructure.

A number of preferences are provided for Park residents, including exemption from:

- tax on income received from the sale of goods, work or services of own production for a period of 5 calendar years; after this period, the tax is reduced by 50%;
- real estate tax (buildings and structures located in the Park's territory, regardless of their designated use, including lease) and payment for the right to conclude agreement on the lease of a plot of land located within the Park's boundaries
- import customs duties and VAT on the import into the territory of the Republic of Belarus of technological equipment, its components and spare parts, feedstock and materials for use exclusively on the territory of the Republic of Belarus for the implementation of investment projects within the Park boundaries according to the list of goods approved by the Grodno Regional Executive Committee;

- compensation for agricultural or forestry production losses caused by seizure of agricultural and forestry fund lands;
- payment of the state duty for the issuance of special permits to foreigners for the right to engage in labour activity.

Legal entities and individual entrepreneurs representing projects with investment volume of at least EUR 200 thousand aimed at creation and development of tourist industry and infrastructure facilities in certain types of activities can become the Park residents.



6.5 Innovation activities

The Republic of Belarus supports the implementation of innovative projects and the development of innovative technologies.

The concept of innovation activity is contained in the Law of the Republic of Belarus of 10.07.2012 On State Innovation Policy and Innovation Activities, which, inter alia, includes:

- R&D work required to transform novation into innovation;
- development of new or improved products, new or improved technology, creation of new services, new organisational and technical solutions;
- performance of work on preparation and mastering the production of new or improved products, mastering the new or improved technology, preparation of application of new organisational and technical solutions;
- production of new or improved products, production of products based on new or improved technology;
- introduction of new or improved products, new or improved technology, new services, new organisational and technical solutions into civil circulation or for their own use.

Residents of the Republic of Belarus are entitled to claim for funds from innovation funds by applying to the State Committee on Science and Technology, the Belarusian Innovation Fund to implement innovative projects under the State Programme of Innovative Development, to carry out research, development and technological work as part of innovation activities. Funds are allocated on a competitive basis.



6.6 Corporate law: organizational and legal forms of business in Belarus

There are various organisational and legal forms of corporate presence available to foreign investors planning to do business in Belarus. Let's consider the most common of them.

6.6.1 REPRESENTATIVE OFFICES OF FOREIGN COMPANIES IN BELARUS

Representative office of foreign companies in Belarus is a convenient form at the initial stage of business in Belarus for the purpose of preparatory and auxiliary activity – for example, market research, investment opportunities, ticket sales, and other socially useful activity.

Representative office operates on the basis of the Statute. It is managed by the Head of the representative office, acting by virtue of the power of attorney and contract concluded with him. It is important to note that the number of foreign employees of the representative office cannot exceed 5 people, and employees of the representative office cannot be directly involved in the conduct of business by the parent company. Representative offices of foreign companies are established on the basis of permits of Regional (Minsk City) Executive Committees. A permit for establishing a foreign representative office is issued for 3 years with a possibility of prolongation for the same period. State duty for three years of validity of the permit for establishing a representative office in Belarus equivalent to 195 basic units (about EUR 2,447). A foreign company pays this duty before submitting the documents to the relevant executive committee.

A permit for establishing a representative office is issued within 30 days after submission of a package of documents to the executive committee at the planned location.

Outstanding procedures after the permit issuance take at least two weeks and include registration with the tax authorities, National Social Security Fund, insurance company, as well as opening representative office bank accounts.

Representative offices of foreign companies are established on the basis of permits of Regional (Minsk City) Executive Committees. A permit for establishing a foreign representative office is issued for 3 years with a possibility of prolongation for the same period. State duty for three years of validity of the permit for establishing a representative office in Belarus equivalent to 195 basic units (about EUR 2,447). A foreign company pays this duty before submitting the documents to the relevant executive committee.

A permit for establishing a representative office is issued within 30 days after submission of a package of documents to the executive committee at the planned location. Outstanding procedures after the permit issuance take at least two weeks and include registration with the tax authorities, National Social Security Fund, insurance company, as well as opening representative office bank accounts.

Representative offices should be distinguished from permanent establishments of foreign companies for tax purposes. Tax legislation provides that foreign companies may conduct entrepreneurial activity in Belarus through a so-called permanent establishment of a foreign company for tax purposes.

Such a representative office is not a structural subdivision and is not subject to registration, but is registered with the tax authority at the request of a foreign company. Tax legislation provides criteria for the recognition of a foreign company as operating through a permanent establishment for tax purposes. For example, such a criterion may be the implementation of construction or other activities in Belarus for a long period of time or the presence in Belarus of a permanent representative (dependent agent) who ensures the conclusion and execution of contracts in the interests of a foreign company.

Specific criteria and grounds for recognition of a permanent establishment are specified by the tax legislation and international double taxation treaties. The consequence of recognizing the existence of a permanent establishment is the payment by a foreign company of all taxes and obligatory payments, as for a Belarusian legal entity. It should be noted that in some cases it may be more advantageous for a foreign company to operate through a permanent establishment for tax purposes than to establish a subsidiary.

6.6.2 COMMERCIAL LEGAL ENTITIES

(1) Forms and types of commercial legal entities

Commercial legal entities in Belarus are usually created as limited liability companies, and more rarely as joint stock companies or unitary enterprises. It is important to note that the chosen form of a legal entity does not affect the taxation of this organisation.

A **Limited Liability Company (LLC)** is the most widely used form of business. LLC members can be both individuals and legal entities. An LLC may consist of a single member. Shares in LLC authorized capital do not require separate registration. Shares in an LLC, as well as the number of votes and the amount of profit attributable to a given share, are determined in proportion to the members' contribution to the authorized capital of an LLC. However, the member may establish a non-proportional shareholding structure, number of votes or share in profits.

The popularity of LLCs stems from the convenience of owning and disposing of shares in the authorized capital, as well as from the flexible distribution of rights and duties in its management.

In LLCs of other business companies, members may enter into an agreement on the procedure for exercising members' rights (the so-called member's agreement), as will be described in more detail below.

A **Additional liability company (ALC)** is a kind of business company. Its authorized capital is also divided into shares, but, unlike an LLC, members of an ALC bear subsidiary responsibility for its obligations. At that, members are liable jointly, i.e. in case of insufficient property of one member, liability for the company's obligations is distributed among the other members of an ALC. The amount of additional liability is determined by members independently, but it cannot be less than the statutory minimum of 50 basic units (about EUR 470). Otherwise, an ALC is completely similar to an LLC.

A **Joint Stock Company (JSC)** is founded by one or more individuals and/or legal entities (shareholders), and the authorized capital of a JSC is divided into shares. Shares in the JSC are securities issued by the company. Their issue is registered with the Department of Securities of the Ministry of Finance (or its relevant territorial subdivisions).

Issue (cancellation) of shares or increase (decrease) in their nominal value is also accompanied by registration. Transactions with shares in a JSC can be made on a recognized market (transactions within the Belarusian Currency and Stock Exchange) and unrecognized markets (without exchange mediation). If transactions with shares in a JSC are not made on an unrecognized market, they must be registered by professional operators in the securities market (broker or depository with an appropriate licence).

JSCs are divided into two types: open (OJSC) and closed (CJSC). Shares in an OJSC may be sold freely to the general public without the consent of other shareholders. The main difference between a CJSC is that its shares may only be sold to other shareholders or to a limited range of individuals determined under its articles. In addition, CJSC shareholders have a pre-emptive right to acquire shares of other shareholders.

A **Unitary Enterprise (UE)** has a single owner. This form of a legal entity was popular at the time, when the law did not allow setting up an LLC with a single member. Currently, UEs are rarely founded. The property of a UE is the property of its owner, and the UE itself owns such property on the right of economic jurisdiction. The property of a UE is indivisible and cannot be distributed by deposits (shares). Thus, a UE is a commercial company not endowed with the right of ownership of the property assigned to it by the owner, which can be founded exclusively by a single legal entity or individual (matrimonial regime is allowed).

A UE may be sold or otherwise assigned as a whole asset complex, including buildings, equipment, inventory, raw materials, finished goods, claims, debts, trademarks and other exclusive rights of the UE. Such an asset complex is considered a real estate object and is registered with the National Cadastral Agency (including related rights and operations).

To attract a partner into the business, it is practised to reorganize a UE into an LLC or a legal entity of another organisational and legal form allowing for multiple shareholders/members.

(B) MINIMAL AMOUNT OF AUTHORIZED CAPITAL AND NUMBER OF SHAREHOLDERS/MEMBERS

TYPE / FORM OF LEGAL ENTITY	MINIMAL AUTHORIZED CAPITAL ACCORDING TO LEGISLATION	MINIMAL NUMBER OF SHAREHOLDERS (MEMBERS) / OWNERS	AUTHORIZED CAPITAL FORMATION PROCEDURE
UNITARY ENTERPRISE (UE)	NOT STATED	Only one owner of assets	Authorized capital should be declared in BYN and fully paid within 12 months after state registration of a legal entity. The legislation also allows members to make contributions that do not change authorized capital value. Such contributions do not constitute a loan and do not require repayment, accordingly. Such contributions may be useful at the start of business activities, when funds are needed for the lease of premises, purchase of equipment, wages of hired employees, and setup for production.
LIMITED LIABILITY COMPANY (LLC)	NOT STATED	Minimum 1, maximum 50	
CLOSED JOINT-STOCK COMPANY (CJSC)	100 BASIC UNITS (ABOUT EUR 1,254)	Minimum 1, maximum is unlimited	
OPEN JOINT-STOCK COMPANY (OJSC)	400 BASIC UNITS (ABOUT EUR 5,019)		



6.6.3 MANAGEMENT

(1) Business companies

Management structure of an LLC and a JSC includes: a) supreme management body – general meeting of members (shareholders) and b) executive body – Director (Management Board). There may also be established an intermediate body – Supervisory Board (Board of Directors).

The general meeting of members/shareholders (Meeting) is the supreme managing body in an LLC and a JSC. The Meeting must be held at least once a year, extraordinary meetings are possible.

The Meeting can decide on issues of reorganising and liquidating the company, amending its articles, changing the amount of authorized capital, forming other managing bodies, and other strategic issues. The Meeting can be convened and held remotely using digital technologies. Establishing a Supervisory Board (Board of Directors) is mandatory only in an open JSC with the number of shareholders of more than 50 shareholders, but is also possible in an LLC and a closed JSC. The competence of this body, as determined by the company's Articles of Association, may include such issues as determination of the company's main activities, formation and early termination of powers of executive bodies, convening and holding of the Meeting, and resolution of other issues prescribed by law (if no Supervisory Board is established, its main powers are exercised by the Meeting, and the Meeting may exercise part of the powers of the Supervisory Board even if the latter exists, as long as the division of powers between the bodies is correctly defined in the Articles of Association). Members of the Supervisory Board (Board of Directors) may only be individuals (not necessarily members of the company), for the performance of their functions may receive remuneration.

The executive bodies have residual competence and manage the current activities of the company. They are accountable to the Meeting and the Supervisory Board (if any). The company may be managed by a sole and/or collegial executive body (Director/Management Board). The company may simultaneously have two executive bodies – the Director and the Management Board, and the Director shall be the Chairman of the Management Board. When choosing such a structure of executive bodies, it is important to clearly delineate their competencies in the Articles of Association, for example, taking into account the importance of a particular decision to the company.

The functions of the executive body may be transferred to an outsourced organisation or manager. It is most popular in Belarus to appoint a Director.

A foreign citizen may be appointed as a director/member of the Board of Directors in any company, provided that he/she has a special work permit. Citizens of states which are parties to the Eurasian Economic Union and employees of HTP residents do not need to obtain a work permit. A permit is also not required to perform the functions of a member of the Supervisory Board (Board of Directors).

In order to control the company's activities, the shareholders/members must elect an audit commission or an auditor. This supervisory body is entitled to inspect the company's financial and business operations at any time and to have access to all documents related to the company's operations. An auditor is obliged to inspect the annual accounts and balance sheets of the company before they are submitted to the Meeting for approval.

2) Unitary enterprise

The owner of a UE is the supreme management body. Exclusive competence of the owner covers introducing amendments to the UE articles, increasing (decreasing) authorized capital. The owner appoints and dismisses the director of the UE. The owner may personally be the director of the UE (in this case, the conclusion of a labour contract is not mandatory).

6.6.4 SHAREHOLDERS' AGREEMENT

Belarusian corporate law allows the use of such a tool for regulation of relations between owners as shareholders' agreement in a JSC or members' agreement in an LLC (hereinafter, shareholders' agreement). Such shareholders' agreement may be concluded, inter alia, between all members simultaneously. A shareholders' agreement allows coordinating the members' activities related to the company management, as well as to establish special mechanisms for exercising the rights and protecting the legitimate interests of the members.

A shareholders' agreement may set the following obligations:

- to vote in a certain way at a general meeting of shareholders;
- to coordinate a voting option with other shareholders;

- to acquire or dispose of shares at a predetermined price and/or subject to occurrence of certain circumstances;
- to refrain from disposing of shares before the occurrence of certain circumstances; and
- to perform other concerted actions associated with the management of the company, company activities, reorganisation, and liquidation of the company.

Obligations of a party to a shareholders' agreement to vote according to the instructions of the management bodies of a company in respect of which the agreement has been signed cannot be the subject of a shareholders' agreement.

6.6.5 ESTABLISHING A COMMERCIAL COMPANY

To establish a commercial company in Belarus, the following actions are required:

- choose and agree the name with the territorial administration or use the web-portal of the Unified State Register of Legal Entities (<http://egr.gov.by/egrn/index.jsp?content=eJurReorgCreate>);
- choose the company address (fictitious addresses without a real address are not allowed)
- execute the articles of association;
- make the necessary decisions on setting up a company, where to approve the articles of association, choose and appoint persons to the management bodies, make other necessary decisions for the commencement of activities;
- submit the company registration application with the attached package of documents to the territorial administration or use the web-portal of the Unified State Register of Legal Entities (<http://egr.gov.by/egrn/index.jsp?content=eJurRegForm>) with authorization using digital signature (for residents of the Republic of Belarus).

For information: some functions of the web-portal of the Unified State Register of Legal Entities may be restricted for residents of foreign countries.

When setting up a company, members must personally appear at the registering authority or issue a power of attorney to the representative. Documents issued by foreign companies (extracts from the commercial register, notarised copies of incorporation documents or personal passport) must be legalised or apostilled, unless otherwise provided for in international treaties with the Republic of Belarus.

State registration process takes one working day, and all activities related to the company's functioning, including opening bank accounts, take about two weeks.

A company is deemed to be operating from the date of its state registration, which is carried out on the day of filing the documents by putting a relevant stamp on the articles of association. Registration with the tax authorities, National Social Security Fund, statistical authorities and insurance company is accomplished without involvement of the applicant during the next five business days. After registration, the applicant should hire the head and chief accountant, produce corporate seal (it is also possible to work without a seal, but business practices still require it today), and open bank accounts.

6.7 Privatization

Belarus is undertaking planned privatization to allow domestic and foreign investors to become owners of objects from various sectors of the economy.

Privatization objects in Belarus can be:

- state-owned shares (shares in authorized capital);
- housing;
- state enterprises;
- leased state property.

Potential investors can join the privatization of state enterprises process at various stages:

- access as new shareholders during transformation of enterprises into open joint-stock companies;
- by acquisition of state-owned shares in existing open joint-stock companies;
- by acquisition of a state or municipal unitary enterprise as an asset complex.

Website <http://www.gki.gov.by/ru/auction-auinf-auishares/> of the State Property Committee of the Republic of Belarus (hereinafter, Goskomimushchestvo) annually publishes a list of joint-stock companies in which shares are available for purchase. The above Internet resource contains information on the terms of privatization, Belarus share in the privatization object, and a brief description of privatization objects.

If an investor is interested in purchasing shares from the list, it sends a letter to the State Property Committee. Subsequently, this letter is reviewed by a special commission that decides on the feasibility of preparing a decision of the President on privatization of shares via tender, auction or direct sale.

An investor interested in acquiring properties not on the list of the State Property Committee may also take the initiative. If the government finds the terms offered by the investor favourable, the object may also be sold.

6.7.1 CO-FOUNDER OF AN OPEN JOINT-STOCK COMPANY

State bodies may decide to transform state unitary enterprises into a joint-stock company. The State Property Committee (its local divisions), depending on the size of the unitary enterprise which is to be transformed, may announce a contest to choose a private investor in addition to the state – the future shareholder of an open joint-stock company. The winners are selected after the contest by a specially established commission, or may be directly negotiated if there is only one contest participant. It is also possible to acquire a share in a transformed company at the stage of sale of shares.

6.7.2 ACQUISITION OF STATE-OWNED JSC SHARES AND ENTERPRISES AS ASSET COMPLEXES

The State Property Committee can also itself organize an auction or contest for the sale of state-owned shares or enterprises. The contest or auction is announced in the Belarusian mass media and on the Committee's official website www.gki.gov.by. The investor prepares all necessary documents for participation. Contest participants should also file a tender proposal corresponding to the terms of the contest. The winner of the contest or auction becomes either the shareholder in the company or the owner of the enterprise as an asset complex.

6.7.3 OBTAINING THE CONSENT OF A COMPETITION AUTHORITY FOR CERTAIN TRANSACTIONS AND ACTIVITIES

Certain business activities (purchase of shares/share, creation of holdings, acquisition of real estate and others) may affect competition in the country – lead to increase/decrease in prices, affect the conditions of circulation of goods in the commodity market. A number of such actions and transactions are recognised as economic concentration and require the prior consent of the Ministry of Antimonopoly Regulation and Trade or its regional branches (hereinafter, MART) or notification of this authority if certain indicators are exceeded. The most common cases in which the consent of the MART is required are:

- acquisition of shares (interests) when the book value of assets (over 200 thousand basic units ~ EUR 1.8 million) or annual revenue (over 400 thousand basic units ~ EUR 3.6 million) exceeds the target company or the acquiring company;
 - acquisition of property located in Belarus that constitutes over 20% of fixed assets of the target company if the book value of the assets (over 200,000 basic units ~ EUR 1.8 million) or the annual revenue (over 400,000 basic units ~ EUR 3.6 million) exceeds the target company or the company whose assets are on sale;
 - establishment of a holding company if the total book value of assets of the companies to be included in it exceeds (over 200 thousand basic units ~ EUR 1.8 million) or their total revenue (over 400 thousand basic units ~ EUR 3.6 million).
- Approval of the competition authority will require a package of documents from the acquiring company and the company whose shares (interests, property) are being acquired. If the holding is established, a package of documents will be required for all planned participants of the holding. Document review period is 30 days.

A simpler notification method about committing of economic concentration (according to the form established by the legislation within one month from the day of its implementation) is applied in the following cases:

- when the same people own more than 50% of shares (interests) in companies participating in the economic concentration;
- owner of the assets of unitary companies participating in an economic concentration is the same person.

Note that the Belarusian competition law has an extraterritorial effect: the performance by foreign entities of actions recognized as economic concentration under the Belarusian competition law in relation to Belarusian entities may require the prior consent of the MART. If a transaction or other action (inaction) of foreign entities is not directly related to Belarusian entities, but may

result in limitation or elimination of competition on the market (e.g., increase or decrease in prices (tariffs), change in terms of goods circulation) – such actions may also require the prior consent of the MART.

In Belarus, there is no state duty for the competition authority to review an application for consent to a transaction (or other action).

6.8 Financial regulation in Belarus



6.8.1. E-MONEY IN BELARUS

1) Legal regulation

In addition to cash and classic non-cash transactions, e-money is widely used in Belarus.

The basic requirements for e-money circulation are set out in the Rules of E-Money Transactions (approved by Resolution No. 201 of November 26, 2003 of the Board of the National Bank of the Republic of Belarus).

2) E-money turnover features

In Belarus, not only foreign e-money is widely used, but also e-money issued by Belarusian banks ("national e-money").

Some national e-money can be received by foreigners, including remotely.

The distribution, redemption and exchange of e-money issued by non-residents ("foreign e-money") in Belarus is possible only through a Belarusian agent bank (a legal entity opened in Belarus and licenced to perform banking activities).

Individuals may use foreign and domestic e-money to pay for goods, work, services and other transactions in compliance with legal requirements. When using foreign e-money, the requirements of currency legislation must be observed, such as restrictions on the use of foreign currency in settlements between residents.

Legal entities may spend national e-money for exchange, payment of their expenses, expenses of their employees on business trips, payment of customs duties and other fees to the budget;

foreign e-money for exchange, for issuing to employees for payment of expenses abroad, payment of gambling winnings.

3) Examples of foreign e-money in circulation:

YooMoney – Russian Federation (Belarusian agent bank is Sber Bank OJSC).

Used for online purchases with cashback and discounts.

WebMoney Transfer – RF (Belarusian agent bank is Technobank JSC).

Payment for communication services, online shopping, utilities, etc.

4) Examples of national e-money in circulation:

Berlio – Belarusian bank issuer – Belgazprombank OJSC.

Used to pay for fuel and related goods at petrol stations.

QIWIBel – Belarusian bank issuer – Reshenie Bank CJSC.

Used for online and offline payments, bank card transfers, payments for communication services and in-store settlements, cash withdrawals.

Oplati – Belarusian bank issuer – Belinvestbank OJSC.

Used by individuals to pay for goods, work, services, including payment for public transport services, money transfers between individuals.

6.8.2. CRYPTOCURRENCY IN BELARUS

1) Legal regulation

In Belarus, the circulation of cryptocurrency (tokens) is recognized by law.

The main regulatory act on the circulation of cryptocurrency is the Decree of the President of the Republic of Belarus No. 8 “On the development of the digital economy” of December 21, 2017.

2) Distinguishing characteristics of cryptocurrency circulation in Belarus

There are differences in the cryptocurrency circulation as applicable to individuals and legal entities.

Individuals are entitled to:

- own cryptocurrency (tokens);
 - mine and keep cryptocurrency (tokens) in virtual wallets;
 - exchange cryptocurrency (tokens) for another cryptocurrency (tokens);
 - purchase and dispose of cryptocurrency (tokens) for Belarusian roubles, foreign currency, electronic money;
 - donate and bequeath cryptocurrency (tokens).
- Mining, purchasing and disposing cryptocurrency (tokens) is not an entrepreneurial activity if an individual does not involve other individuals in this activity.

Tokens are not subject to declaration.

Legal entities are entitled to:

- create and place their own cryptocurrency (tokens) in Belarus and abroad by acting through a Belarus High-Tech Park resident who conducts relevant activities;
- keep tokens in virtual wallets;
- purchase, to dispose of cryptocurrency (tokens) and to effect other transactions (operations) involving cryptocurrency by acting through cryptocurrency platforms operators, cryptocurrency exchange operators, and other High-Tech Park residents who conducts relevant activities;

The above activities of individuals and legal entities shall not be subject to currency legislation.

However, the use of foreign currency in settlements between residents of the Republic of Belarus is not allowed, with the exception of transactions (settlements) made in the systems of cryptocurrency platforms operators or with these operators, as well as on foreign trading platforms.

3) Cryptocurrency benefits

Until January 1, 2023, the following categories will be exempted:

- individuals: from the income tax applied in respect of the income generated from mining, purchase, disposal and exchange of cryptocurrency (tokens);
- legal entities: from the corporate tax in respect of the income generated from the disposal of tokens where they are exchanged for other tokens;
- legal entities and foreign entities: from the value added tax in respect of the circulation generated from the disposal of cryptocurrency (tokens);
- legal entities who are High-Tech Park residents: from the value added tax and corporate tax in respect of the activities involving mining, creation, purchase, and disposal of cryptocurrency (tokens);

4) Cryptocurrency exchanges, cryptocurrency exchange offices, ICO organizers in Belarus

It's permitted in Belarus:

- opening a cryptocurrency exchange (obtaining the status of a crypto platform operator);
- opening a cryptocurrency exchange office (obtaining the status of a cryptocurrency exchange office operator);
- acting as an ICO organizer (providing services for the creation and (or) placement of cryptocurrency (tokens), services for the promotion of cryptocurrency (tokens), consulting and related services).

Only High-Tech Park residents can have this status.

The requirements for applicants and the requirements for the procedure for their activities are established by the Supervisory Board of the High-Tech Park.

For example, one of the requirements is a certain amount of the authorized capital of a legal entity. This amount must be formed by the time of application and be observed during the entire period of residence in the High-Tech Park:

- this amount is 2 million Belarusian roubles (or an amount in foreign currency equivalent to 2 million Belarusian roubles) for a cryptocurrency exchange or cryptocurrency exchange office, and
- 500 thousand Belarusian roubles (or an amount in foreign currency equivalent to 500 thousand Belarusian roubles) for an ICO organizer.



Thus, in Belarus,

- Currency.com, Free2ex.com, Bynex.by are registered as cryptocurrency exchanges;
- Whitebird.io is registered as a cryptocurrency exchange office;
- Finstore.by, Aetsoft.by are registered as ICO organizers.

6.8.3. FINANCIAL SUPPORT FOR SMALL AND MEDIUM ENTREPRENEURSHIP

To stimulate the development of small and medium entrepreneurship in Belarus, there is an opportunity to receive funding for a project both on a repayable and non-repayable basis (see examples below).

Moreover, the Development Bank of the Republic of Belarus and some commercial banks offer loans and leasing on preferential terms under a special program of financial support for small and medium entrepreneurship.

1) Belarusian Fund for Financial Support to Entrepreneurs

The Fund provides financial support in the following way:

- Provision of funds to small businesses on condition of repayment (loan) on a competitive basis.
- The loan amount is up to 256,000 Belarusian roubles. The loan maturity is up to 5 years.
- Provision of property on a competitive basis under the terms and conditions of financial lease (leasing).

The leasing amount is up to 256,000 Belarusian roubles. The loan maturity is up to 5 years.

The loan interest rate / the fee under the financial lease (leasing) agreement is set to be equal to the refinancing rate of the National Bank of the Republic of Belarus (since 01.03.2022 the refinancing rate has been 12%).

Subject to certain conditions, the interest rate may be set lower than the refinancing rate of the National Bank, including in the amount of 6.5% per annum.

- Providing guarantees for preferential loans, including to microcredits, issued by banks of the Republic of Belarus.

A guarantee amount for one small business entity cannot exceed 70% of the amount of a preferential loan, including microcredit. The guarantee fee is 5% of the amount of a guarantee.

Support is provided for the implementation of investment projects in the following areas:

- creation, development, and expansion of production of goods (works, services);
- organisation and development of production; sale of export-oriented and import-substituting products;
- manufacture of products intended for energy conservation and cost-effective use of resources;
- implementation of new technologies (having higher quality characteristics compared to the best analogues available in the given market, in a certain market segment, for which this technology is new); for the following purposes:
 - construction, acquisition of buildings, structures, isolated premises and (or) their repair and reconstruction;
 - acquisition of equipment, vehicles, special devices and appliances;
 - procurement of components, raw materials and materials for in-house production and provision of services.

The basis of the activity of the Belarusian Fund for Financial Support to Entrepreneurs is Decree of the President of the Republic of Belarus No. 255 "On some measures of the state support for small business" dated May 21, 2009.

2) Executive committees

Executive committees provide support to small businesses in the following way:

- as financial resources on condition of repayment, and on a reimbursable or non-reimbursable basis;
- as subsidies to repay part of the interest payable on bank loans.

Limits for the loan repayment in Belarusian roubles: no more than 0.5 of the refinancing rate of the National Bank, established on the date of the repayment of part of the interest; in foreign currency: in the amount of not more than 0.5 of the loan rate.

- as subsidies to repay part of the costs of paying lease payments under leasing agreements in terms of paying the amount of the lessor's remuneration.

Subsidy limits are set at an amount not exceeding 0.5 of the lessor's remuneration; as subsidies to repay part of the costs associated with participation in exhibition and fair events or with their organisation.



Subsidy limits are set at an amount not exceeding 50% of the costs incurred to pay for the rental of exhibition space and equipment, publication of printed materials about participants in events, and production and placement (distribution) of advertisement promoting in the media exhibition and fair events being organized. Support is provided on a competitive basis (i.e., based on the results of competitive selection of investment projects and business projects)

3) The Belarusian Innovative Foundation (BIF)

Scope of financing:

- scientific-technical work, design and experimental work, technological work;
- work that involves organizing and mastering scientific and technical products manufacture;
- venture projects.

Possible financing options:

- On a repayable basis in the form of loan

The loan interest rate: 0.5 of the refinancing rate of the National Bank of the Republic of Belarus. The loan maturity is up to 7 years, while providing an extension of principal and interest repayment of up to 2 years.

No loan insurance and collateral are required.

- On a non-repayable basis in the form of an innovation voucher up to 25 thousand US dollars.

It is provided to individuals and individual entrepreneurs with the aim of implementing the preparatory or design and engineering stage.

- On a non-repayable basis in the form of a grant in the amount of up to 100 thousand US dollars.

It is provided to legal entities that are small business entities, subject to financial participation of at least 10% of the total amount of necessary funds.

The grant is issued during the implementation of the design and engineering stage for scientific-technical, design and experimental, and technological work.

BIF provides support on a competitive basis.

6.9 Regulation of international economic activity

6.9.1. OPENING AND USING ACCOUNTS

1) Accounts opening and their use by a resident abroad

Residents (individuals and legal entities, individual entrepreneurs) have the right to open accounts in foreign banks without restrictions, using both Belarusian roubles and foreign currency as the currency of those accounts.

Residents can freely make payments between their accounts (both Belarusian and foreign ones).

Using such foreign accounts, residents can receive export proceeds (those related to goods, works, services, exclusive rights to intellectual property, etc.), loans, credits, dividends, and make other payments.

However, there is one requirement stating that earnings from export and the amount of prepayment for import, that are subject to return in cases when the counterparty does not fulfil (in whole or in part) its obligations, must be transferred to the resident's account in a Belarusian bank within 5 working days from the moment it is credited to a foreign account. Residents can make payments using funds held in their foreign accounts, subject to restrictions and prohibitions on making foreign exchange transactions with and between non-residents.

2) Opening accounts in a Belarusian bank by a non-resident

Non-residents have the right to open accounts in Belarusian roubles or foreign currency in Belarusian banks without restrictions.

The list of documents that must be provided to open an account for a non-resident varies from bank to bank.

As a rule, the main package of documents includes:

- a notarized and apostilled/legalised copy of the Articles of Association of a foreign entity;
- minutes (extract from the minutes) of the meeting of founders, or a civil law contract, or a power of attorney confirming the authority of officials (notarized copy, apostille/legalisation);
- a trade register extract of the country of incorporation of the non-resident (with apostille/legalisation);
- a notarized and apostilled copy of the passport of a person (persons) who will have the right to manage the account, etc.

A translation into Russian/Belarusian with notarization is required if the documents are drawn up in a foreign language.

On May 24, 2022, the Board of the National Bank of the Republic of Belarus adopted Resolution No. 198 which made it possible to remotely identify a director, chief accountant, and other authorized person of a non-resident in order to open a current bank account.

Some Belarusian banks already offer an option to open an account remotely.

6.9.2. BASIC RULES TO CONDUCT FOREIGN EXCHANGE TRANSACTIONS IN BELARUS

The main statutory instrument that sets forth the rules for conducting foreign exchange transactions is the Law of the Republic of Belarus No. 226-Z "On currency regulation and currency control" (as amended on June 30, 2020) dated July 22, 2003.

Foreign exchange transactions include:

- operations involving the use of foreign currency as a means of payment, except for currency exchange operations;
- transactions for the acquisition and disposal of securities in foreign currency,
- transactions between residents and non-residents, and between non-residents involving the use of Belarusian roubles as a means of payment, and acquisition and disposal of securities in Belarusian roubles;
- etc.

An agreement under which currency transactions are carried out is a currency agreement.

1) Rules for conducting currency transactions between residents and non-resident legal entities.

Currency transactions between resident legal entities and non-resident legal entities can be carried out in the following way:

a) in Belarusian roubles:

- no restrictions are applied when using a non-cash form;
- subject to the maximum amount of cash payments when using cash;

b) in foreign currency:

- no restrictions are applied when using a non-cash form,
- such transactions are prohibited when using cash, with the exception of certain cases established by law.

However, there are a number of requirements applied to such operations:

With regard to currency agreements providing for export and import (of foreign trade agreements) those requirements include:

- requirements for the mandatory provisions of currency agreements;
- repatriation of currency values.

At the same time, regarding all currency agreements, such requirements include:

- their registration.

2) Requirements for the mandatory provisions of currency agreements regarding export/import.

Repatriation of currency values Mandatory provisions for a currency agreement are established for agreements that govern export/import of the following:

- goods;
- property for rent;
- undisclosed information;
- exclusive rights to intellectual property items;
- property rights;
- performance of work, provision of services on a reimbursable basis to a non-resident/by a non-resident (hereinafter referred to as export/import items).

Mandatory provisions of an agreement under the Belarus currency legislation are as follows:

- term of payment by the non-resident of the transferred items of export;
- the term for the prepayment refund in cases when the non-resident has not fulfilled its obligations to transfer the items of import or has not fulfilled such obligations in full;

- the amount (approximate amount) of the monetary obligations of the parties under the agreement;
- payment terms (prepayment, payment after delivery, mixed payment).

Under agreements providing for export/import, the obligation to repatriate is established, i.e. the obligation of a resident to ensure the following is transferred to Belarusian accounts:

- proceeds from export items transferred to the non-resident, or
- the amount of the prepayment in cases when the non-resident has not fulfilled its obligations to transfer the items of import or has not fulfilled such obligations in full;

The term of repatriation depends on the terms of payment by the non-resident for the transferred items of export and the terms for the prepayment refund for the items of import established by the agreement.

3) Registration of currency agreements

One of the obligations of residents when working with currency agreements is that such agreements shall be registered on the web portal of the National Bank of Belarus in certain cases.

Criteria (cases) for registration of currency agreements (in aggregate):

- a) A currency agreement is concluded between a resident and a non-resident.

For example, donation agreements in foreign currency between citizens of Belarus will not be registered.

- b) Separate transactions are carried out under a currency agreement, the list of which is closed.

For example, such operations include settlements during export/import, making a contribution by a non-resident to the authorized capital of a resident legal entity, obtaining a loan from a non-resident, etc.

- c) Such currency agreement does not specify the amount of monetary obligations, or it is specified and, as of the date of conclusion of the agreement, reaches 4,000 base values for resident legal entities and individual entrepreneurs / 2,000 base values for resident individuals.

After registration of such agreements, the resident must submit information on their alterations and execution to the web portal.

4) Currency transactions involving non-resident individuals.

Unlike currency transactions between legal entities, which can be carried out without restrictions in a non-cash form, Belarusian legislation is based on the prohibition on currency transactions involving non-resident individuals.

At the same time, there are legal exceptions to this prohibition.

For example,

The following operations are allowed between a resident legal entity and a non-resident individual:

- payments and transfers in foreign currency in a non-cash form from/to an account of a resident legal entity in a Belarusian or a foreign bank;
- transactions in foreign currency under real estate rental contract where such real estate is located in the territory of a foreign state, etc.

The following operations are allowed between a resident individual and a non-resident individual:

- payments and transfers in foreign currency in a non-cash form;
- operations in foreign currency in the territory of a foreign state;
- accepting/giving away foreign currency/Belarusian roubles/securities denominated in foreign currency or in Belarusian roubles as a gift or as a donation (cancelling a gift/donation), for storage and their return, by way of inheritance;
- providing interest-bearing loans, etc.

5) Currency transactions involving resident individuals.

Currency transactions between resident individuals and non-resident legal entities are prohibited, with the exceptions of:

- payments and transfers in a non-cash form;
- currency transactions in a foreign country;
- payment of remuneration in foreign currency for performance of labour duties;
- payment/reimbursement of expenses for a business trip or referral for training;
- transactions in foreign currency under real estate rental contract where such real estate is located in the territory of a foreign state;
- transactions in foreign currency when discharging consular functions and collecting appropriate fees and duties.

6.10 Legal status of land and other immovable property



In accordance with the civil legislation of Belarus, the following is classified as real estate: land plots, subsoil plots, surface water bodies and everything that is inseparable from or strongly connected with the land, that is, objects that cannot be moved without disproportionate damage to their purpose, including forests, perennial plantations, capital structures (buildings, structures), unfinished mothballed permanent buildings, isolated premises, and parking spaces.

An enterprise as a whole as an asset package, as well as aircraft and sea vessels subject to state registration, inland navigation vessels, river-sea navigation vessels, and space objects shall be deemed to be real estate and shall be treated as such. Legislative acts may classify other property as immovable as well.

6.10.1 REAL ESTATE REGISTRATION

Real estate, as well as any relevant rights to it and transactions thereof are subject to state registration. Such registration is public.

The document confirming the state registration in respect of property or rights to it is a state registration certificate. The registration of a real estate transaction is certified by making a registration inscription on the original document expressing the content of the registered transaction.

A real estate transaction shall be invalid if the requirement for state registration is not fulfilled. In some cases, the legislation establishes deadlines for applying for state registration.

Refusal or evasion of state registration of real estate, rights to it and transactions relating to it may be appealed in court.

The procedure for state registration and the grounds for refusal of registration are established by the legislation on state registration of real estate, rights to it and transactions relating to it.

Such transactions with real estate as lease, sublease and gratuitous use of buildings and structures and rights to them are not subject to state registration.

Registration is carried out by territorial agencies for state registration and land cadastre (**local agency**) in accordance with the declarative principle (provisions are made for appearance in person of the applicant or his representative) for a fee. All information about registered real estate is available in the Unified State Register of Real Estate, Rights and Transactions (**the Real estate register**). Registration data is open to public access, except for those that contain personal data of individuals, and are provided on a fee basis. Any person may request information (including information on ownership and other rights) on a specific real estate unit by providing its address and/or inventory/cadastral number.



However, only right holders, their successors, government agencies and, in some cases, notaries and lawyers can access the list of all real estate items owned by a particular individual or legal entity.

6.10.2. LAND PLOTS

In Belarus, land plots are used in accordance with their intended purpose, which is established in the decision on the withdrawal and granting of a land plot, such decision being adopted by the local executive body. The lands of the Republic of Belarus are categorized as follows: agricultural lands, lands of settlements, industrial lands, lands for transportation and other purposes; lands of nature conservation, of health improvement, of recreational, of historical and cultural purposes; forest reserve lands, water reserve lands, reserve lands.

The purpose of land plots can be changed by a decision of local executive committees on the grounds of an application of an interested person and a package of documents attached to such application.

Belarusian legal entities (including those with foreign investments) may have the following rights to land:

- ownership;
- right of perpetual use;
- right of temporary use;
- leasehold (the most common one).

Transferring land plots from state ownership to private ownership, with some exceptions, is based on the results of an auction. State-owned land plots are also sold to Belarusian legal entities:

- through electronic trading;
- at a public auction for the sale of a construction-in-progress, non-mothballed facility in case of withdrawal of a plot from an investor due to non-fulfilment of an investment agreement.

Without an auction, land plots may be transferred from the state ownership to private ownership in cases established by legislative acts or specified by the President. For example, without an auction, a land plot can be purchased when buying a property. A prerequisite for this is that the property must be sold without an auction and must already be on the site.

Furthermore, by a decision of the local executive committee and without an auction, an investor can get ownership of a land plot in order to accommodate a construction object.

Furthermore, by a decision of the local executive committee and without an auction, an investor can get ownership of a land plot in order to accommodate a construction object.

Lists of sites for the implementation of investment projects shall in all cases be placed on information boards and official websites of the local executive committees on the Internet (if any), and can also be distributed in other accessible ways, including through the media.

Execution by investors of investment agreements with the Republic of Belarus that make provisions for giving land plots for the construction of facilities, is allowed after 30 days from the date of inclusion of the relevant plot in the list of plots intended for subsequent provision to investors and (or) organisations implementing investment projects for the construction of facilities provided for by investment agreements concluded with the Republic of Belarus.

The right to permanent use of a land plot gives the right to own and use a land plot for its intended purpose without a time limit. Below are categories of commercial legal entities that may own a land plot by the right of permanent use:

- agricultural enterprises;
- non-state legal entities (rights to land plots used for servicing state-owned real estate items);
- legal entities who use such plots for construction and maintenance of multi-apartment residential buildings (except for luxury residential buildings that fall under criteria defined by legislative acts), and for construction and maintenance of dormitories, garages, and car parks;
- legal entities in cases when it is required to provide them with another land plot instead of the seized one, in cases where the seized land plot is provided to such entities by the right of permanent use;
- legal entities – for the reconstruction of existing permanent structures, isolated premises in permanent structures, in cases when it is required to increase the size of a land plot provided to the legal entity by the right of permanent use;
- legal entities – for the construction and (or) maintenance of transport and engineering infrastructure facilities and roadside service facilities (except for the construction of roadside service facilities in Minsk, in administrative centers, and in Brest, Vitebsk, Gomel, Grodno, Minsk, and Mogilev districts);

The above entities may also be granted the right to temporary use of a land plot (for a maximum of ten years, with some exceptions).





The right of temporary use can also be granted to investors acting based on concession agreements with duration of up to 99 years.

Lease agreements can be concluded for a maximum of 99 years. Such agreements shall specify the amount of lease payments.

The general rule is that land plots owned by the state are leased based on the results of one of the following main types of auctions:

- auction for the right to conclude a lease agreement for a land plot;
- auction for the right to design and build permanent structures.

State-owned land plots are provided in accordance with the procedure for the withdrawal and provision of land plots, which, as of August 2022, was established by the President of the Republic of Belarus, and after 01.01.2023 will be established by the Council of Ministers of the Republic of Belarus.

A decision on withdrawal and provision of a land plot must specify:

- land users from whose lands the land plot is withdrawn;
- the area of the land plot, indicating that the area to be entered into the Real Estate Register and included in the lease agreement for the land plot (if the land plot is leased out) will be specified when establishing the boundaries of the land plot in situ;
- individuals who are granted the right to land;
- real right to the land plot and its validity period if the right is a fixed-term one;
- intended purpose of a land plot being provided, as well as the purpose of the land plot in accordance with the unified classification of the purpose of real estate objects and, if necessary, information on the transfer of the land plot from one category to another;
- the amount and terms of payment for the right to conclude a lease agreement for a land plot;
- the amount of losses, losses of agricultural and (or) forestry production subject to compensation, the procedure and conditions for their compensation, and a specified account of the republican budget intended for crediting relevant payments to it;
- existence of restrictions (encumbrances) of the rights to use the land plot, including land easement;
- conditions for the removal, preservation and use of the fertile soil layer, as well as the procedure for the return and (or) recultivation of the land provided for temporary use;

• other conditions for the allotment of the land plot (including the term for the state registration in respect of the land plot being provided, the term and other conditions for the occupation of the land plot).

Foreign legal entities can use land plots only by the leasehold right.

6.10.3. BUILDINGS AND CONSTRUCTIONS

The main document in the field of construction activities is the Law of the Republic of Belarus No. 300-Z "On architectural, city-planning and construction activities in the Republic of Belarus" dated 05.07.2004. In accordance with SN 3.02.07-2020 "Construction projects. Classification", buildings and structures are divided into 5 classes of complexity depending on their design features, purpose and technical and economic indicators. Various requirements for the admission of those participating in construction activities (customer, designer, contractor, engineering organisation) to these activities implementation are based on the complexity class of a construction project.

Buildings may be residential or non-residential, which is defined by their purpose. The building codes of Belarus establish requirements for the design of construction projects, depending on the type of construction work (construction, reconstruction, restoration, overhaul) and the projects purpose. In some cases, no project documentation has to be developed.

Buildings and structures, as well as isolated premises in them, may be owned by foreign legal entities and individuals.

Rental rates for real estate items owned by state legal entities should be established in accordance with the rules established by the presidential decree, and are calculated in the base rental values using various coefficients. The size of the base rental value is annually set by the Council of Ministers of the Republic of Belarus on April 1, taking into account the change in the consumer price index for the previous year in relation to the prior one. Taking into account the moratorium introduced by the President of the Republic of Belarus and its subsequent extension, the base rental value in 2022 remains at the level of 16.90 roubles (about 6.5 euros) until March 31, 2023.

Rental rates for real estate items that are privately owned by individuals and non-state legal entities, including foreign ones, are defined by agreement between the lessor and the lessee.

Local executive committees take precedence in terms of acquiring certain buildings and other real estate items that can be used for local needs and are located within their jurisdiction. Lists of these real estate items are established annually by local authorities. In practice, few objects are included in the lists, and the right is used very rarely. Registration in the Real Estate Register of the transfer of ownership of the object included in the list will be made only after the decision of the local executive committee to refuse to purchase it.

Also, legal entities have the priority right to acquire state property (except for land plots) when renting it for a period of at least 3 years with payment in installments for a period of up to 5 years, if the alienation of property was initiated by a state body that owns the leased property.

6.10.4. MORTGAGE

According to Belarusian legislation, mortgage is a pledge of immovable property (land plots, permanent structures (buildings, structures), etc.) and other property equated by legislative acts to immovable things.

A mortgage may arise from a contract (mortgage by virtue of a contract) or on the basis of a legislative act upon the occurrence of the circumstances specified in it, if the legislative act provides for what property is recognized as being in mortgage and what obligation this property is supposed to secure (mortgage by virtue of law). Mortgage can be used to secure obligations under credit agreements, loan agreements, purchase and sale agreements, lease agreements, works contracts and other agreements, as well as from infliction of damage, unless otherwise provided by legislative acts.

Mortgaged property may include real property and other property equated by legislative acts to immovable things, including property which will be received by the pledgor in the future and which at the time of the conclusion of a mortgage agreement is not deemed to be created in accordance with the law (for example, an apartment under construction).

When a company is mortgaged as a property complex, the right of pledge extends to all property included in the property complex, including the right to claim and exclusive rights, including those acquired during the mortgage period, unless otherwise provided by legislative acts or the mortgage agreement.

Mortgage of land plots and other property is allowed only insofar as their circulation is allowed by legislative acts.

Along with the mortgage of land plots owned by pledgors through the right of ownership, in relation to a land plot provided on a leasehold basis, such a right can be pledged, subject to payment for it. The following entities may act as pledgees of land plots (or pledgees of leasehold rights to such land plots):

- banks that have a special permit (licence) to carry out banking activities in terms of banking operations for the placement of raised funds on their own behalf and at their own expense on conditions of repayment, payment and maturity;
- OJSC Asset Management Agency, OJSC Development Bank of the Republic of Belarus on conditions that the listed organisations received interest on the mortgage loan;
- IFC, EBRD and the Eurasian Development Bank on condition that the pledge of a land plot (pledge of the right to lease a land plot) ensures repayment of a loan or of a credit granted to a Belarusian resident;
- China Development Bank, Export-Import Bank of China, IFC, EBRD, Eurasian Development Bank in relation to land plots located in the territory of the Great Stone Industrial Park on condition that the pledge of a land plot (pledge of the right to lease a land plot) ensures the repayment of a loan received by CJSC Industrial Park Development Company or a resident of the above park.

Mortgage of buildings, as well as mortgage of isolated premises located on a privately-owned land plot is allowed only in the case of simultaneous mortgage of the land plot (share in the land plot). A building or isolated premises shall not be deemed independent mortgaged property unless no payment for the right to conclude a lease agreement has been made. Therefore, buildings or isolated premises located on a privately-owned or leased land plot (provided that payment for the right to conclude the lease agreement has been made) can only ensure the repayment of bank loan agreements and loan agreements with the IFC, EBRD, Eurasian Development Bank, as well as China Development Bank and Export-Import Bank of China (for land plots located in the territory of the Great Stone Industrial Park).

The value of mortgaged property is defined by the parties when entering the agreement, unless otherwise provided by legislative acts.

At the same time, the value of a mortgaged land plot cannot be lower than the cadastral value of this land plot, and the value of mortgaged permanent structures (buildings, objects) located on the land plot or unfinished mothballed capital structures cannot be lower than their value determined by the market method, unless otherwise established by the President of the Republic of Belarus.

A mortgage secures the claims in the amount that these claims have at the time of satisfaction, including the amount of the main obligation.

Unless otherwise provided by agreement, this also includes interest, forfeit, claim for compensation for damages caused by non-performance or improper performance, expenses for payment of

debts of the pledgor for payments to the budget and (or) other obligatory payments related to the mortgaged property (if the pledgee, in accordance with the terms of the mortgage agreement or out of necessity bears such costs), the costs of foreclosing on the mortgaged property, including the costs of this property disposal during the foreclosure. Mortgage of real property (including an agreement thereof, as well as acquisition, transfer or termination of rights) requires its state registration in the Real Estate Register.



6.11 Intellectual property protection



In addition to national laws concerning intellectual property protection, the Republic of Belarus is a party to several international, regional and bilateral agreements in this domain.

The Republic of Belarus also closely cooperates with international and regional bodies active within the sector of intellectual property protection, including the World Intellectual Property Organization (WIPO), the European Patent Office and the Eurasian Patent Organization.

The national patent authority in Belarus is the National Centre of Intellectual Property (NCIP). Its activities include national registration of intellectual property (IP), of agreements concerning assignment of exclusive rights to IP items, of licence agreements, etc. The official website of the NCIP (ncip.by) publishes and regularly updates databases of registered IP objects.

6.11.1. INTELLECTUAL PROPERTY OBJECTS

The first group of IP objects is formed by copyrighted items (works of science, literature and art) and items of related rights (performances, phonograms and programmes of broadcasting organisations).

For acquisition and exercise of copyright and related rights, no registration procedures are required, as they arise from the moment the relevant objects are created. Computer programs, however, may be voluntarily registered with the NCIP if the copyright holder wishes to obtain additional evidence of its rights and the scope of rights in the event of any disputes with the third parties.

The second group of IP objects includes objects of industrial property rights:

- inventions, utility models, industrial designs

The rights to inventions, utility models and industrial designs are protected subject to obtaining a patent for such objects. Through the NCIP it is also possible to file an international application for an invention in accordance with the Patent Cooperation Treaty (PCT), and a Eurasian application to the Eurasian Patent Organization (EAPO).

- trademarks and service marks

Trademarks are protected in Belarus after their national registration with the NCIP, as well as during their international registration under the WIPO procedure, if such international registration is applicable in the territory of the Republic of Belarus.

In addition, in 2020, the EAEU member countries signed the Treaty on Trademarks, Service Marks and Appellations of Origin of Goods of the Eurasian Economic Union, and now a unified trademark registration system is being created within the entire EAEU.

- selection inventions

The rights to plant varieties and animal breeds (selection inventions) are subject to protection upon obtaining a patent. Simultaneously with the registration of a plant variety, the plant's name is registered, whereas the applicant receives a plant breeder's certificate.

- corporate names

The exclusive right to a corporate name arises and is subject to protection from the moment an entity is registered.

- layout designs of integrated circuits

To obtain legal protection, layout designs must be registered with the NCIP. Registered layout designs are provided with a certificate, which certifies the authorship, the priority of the design and the exclusive right to it.

- geographical indications

The legal protection of a geographical indication is based on registration with the NCIP. A geographical name identifies a product as originating from the territory of a certain geographical object, and therefore includes the name of the place of the product origin. At the same time, the right to use a product can be granted to several persons, both separately and jointly.

- production secrets (know-how)

There is no any established requirement for registration for the purpose of production secrets (know-how) protection. Know-how is protected under the trade secret mode. This regime is established by determining the scope of protected information and taking measures necessary to ensure its confidentiality. The trade secret mode includes restricting access to such secret by establishing a procedure for handling trade secret carriers, as well as ensuring that access to

information constituting the trade secret is being kept track of. An employer is entitled to conclude with employees who need access to trade secrets an obligation not to disclose trade secrets.

6.11.2. REGISTRATION OF AGREEMENTS IN RELATION TO RIGHT TO IP OBJECTS

Licensing agreements, agreements on the cession of rights, agreements on the pledge of property rights, franchise agreements, and other similar agreements regarding the rights to items of industrial property rights, as a rule, are subject to registration with the NCIP and come into force only after their registration. A similar rule applies when entering agreements to amend the above agreements, as well as terminating a franchise agreement.

6.11.3. PROTECTION AGAINST ILLEGAL IMPORT AND EXPORT

As a preventive measure against the practice of “gray” or parallel import of goods, the right holder of a trademark registered in the Republic of Belarus is entitled to include that trademark in the Customs Register of IP items maintained by the State Customs Committee of the Republic of Belarus.

If the customs authorities, when performing customs procedures, discover that any unauthorized person is trying to import or export goods marked with a trademark included in the register, the customs authorities will suspend the release of goods and inform the right holder, who will have the opportunity to apply to the customs authorities, the court or other state bodies to protect its rights.



6.12 Regulation of labour

6.12.1 EMPLOYMENT AGREEMENT

The basis for establishing labour relations between an employer and an employee in Belarus is an employment agreement. Types of employment agreements are provided for by the Labour Code of July 26, 1999 (LC), which is the main statutory instrument regulating labour relations.

The contract is the most widely used form to formalize labour relations.

The minimum term for which a contract can be concluded is 1 year; the maximum term is 5 years. The specific validity of a contract is defined by agreement of the parties. After the expiration of a 5-year contract, an employer is obliged to conclude a new contract for a period of at least three years.

The main differences between contract and agreement:

6.12.2 EMPLOYMENT TERMINATION

In Belarus, an employment relationship with an employee is terminated on the following grounds:

- by the employee own volition and at his/her request;
- by agreement of the parties;
- at the discretion of the employer.

At the request of the employee, the employment contract is terminated in the event of his illness or disability, entering the military service under an enlistment contract and other good reasons that prevent the performance of work under the employment contract, as well as in case of violation by the employer of labour legislation, a collective agreement, an employment agreement.

6.12.3. CONFIDENTIALITY AND COMPETITION

An employer may require employees to sign a non-disclosure agreement. Refusal to sign such an agreement represents grounds for dismissal of the employee.

It is important to note that an employer must first take care of establishing a trade secret mode, i.e. specify the scope of information to be protected, the procedure for accessing it and other aspects provided for by the legislation on the protection of trade secrets.

If the mode has been established and a non-disclosure agreement has been signed, an employer can compensate for his losses, including lost profits, in case of disclosure of confidential information.

Currently, the Belarusian legislator allows conclusion of non-competition agreements only with HTP residents.

A non-competition agreement may provide for monthly payments to an employee upon termination of employment in the amount of at least one third of the average monthly earnings for the last year, whereas the maximum allowable validity is one year from the date of dismissal.

6.12.4. OPTIONS

Since 2021, the legislation has made provision for concluding option agreements in LLCs and JSCs.

After a certain time and subject to certain conditions (for example, fulfilment of KPI, expiration of a certain period of work in the company), key employees of companies are given the right to receive part of the shares of the company as an incentive under an option agreement (agreement). Such a share may later be disposed of together with the shares of other participants (for example, when the company is bought out by a third party), with an option to distribute profit to such a share.

6.12.5. PERSONAL DATA

For the first time in Belarus, a normative act regulating the protection of personal data has been adopted – the Law "On the Protection of Personal Data" dated 07.05.2021. A specialized body – the National Personal Data Protection Center (NPDPC) – has been created.

As a general rule, personal data are processed with the consent of the personal data subject, except for cases provided for by legislative acts. However, when formalizing labour (service) relations, as well as in the process of labour (service) activities of the subject of personal data in cases provided for by law, no consent to the processing of personal data is required.

To maintain uniformity when processing personal data in the labour sector, NPDPC has developed Recommendations on the processing of personal data regarding labour (service) activities.

6.12.6. DIRECTOR EMPLOYMENT

Labour relations with the director as the sole executive body of a company can be different in certain aspects. The basis for regulation is both the employment contract and the Articles of Association of the company.

The same person may be a director in several entities at the same time, if it is provided for by the Articles of Association of the entity or agreed upon by the decision of the general meeting of participants.

Heads of state enterprises and enterprises with a state share of at least fifty percent are banned from carrying out other activities except for teaching, scientific, cultural activities and medical practice. Directors of enterprises of all forms of ownership cannot be members of the bodies carrying out control and supervisory functions of such an enterprise.

The head bears full financial liability for actual damage caused to the property of the entity.

The legislation provides for additional grounds for termination of employment relations with the director, which are as follows:

- bankruptcy proceedings initiated against the entity;
- a decision to terminate labour relations made by an authorized body (if such decision is not associated with a violation of the law or the contract by the head, early termination is possible if there is a condition in the employment contract on the amount of compensation for such early termination).

6.12.7. REMOTE WORK

Remote work is permitted in Belarus starting from 2020. Employees can work remotely not only in Belarus, but also abroad. To perform work, information, and communication technologies are used, and the personal attendance of an employee is necessary twice – when being hired and when labour relations are being terminated.

It is also possible to use combined working hours, that is, to alternate remote work and work in the office.

It is expected that the process of organising remote work of employees will be facilitated after the entry into force of changes in the Labour Code, which legalises electronic document management within an entity. In particular, such procedures as warning an employee, obtaining employee's consent, familiarization (including against signature) with local legal acts, with orders of the employer, notifications, requirements can be made remotely, including using handwritten signature analogues (that is, for example, using services like DocuSign, Digital signature, Adobe fill & sign, SignEasy, ZohoSign).

6.12.8. EMPLOYING FOREIGNERS

The labour activity of foreigners in Belarus is distinct, as they can work only if the employer has the following permissions:

- permission to attract foreign labour. This permit must be obtained in cases where an employer employs more than 10 foreigners or in cases where the total number of foreigners employed exceeds 10;
- special permission for labour activity. It shall be obtained by the employer for each foreigner, except when the employer is an HTP resident; the foreigner is a citizen of the Russian Federation, the Republic of Armenia, the Republic of Kazakhstan, the Kyrgyz Republic; the foreigner is a person who is not subject to the Law "On External Labor Migration".

Employing a foreigner shall comply with the requirements of the Labor Code. For this end, a foreign worker must present the documents required by law. However, there are some specifics here too: for example, educational documents obtained in a foreign country require legalisation.

A distinctive feature of an employment agreement with a foreigner is that such agreement must include provisions on the procedure for changing and terminating the employment agreement in case of cancellation of the special permit. Conditions for moving a remote worker to the Republic of Belarus, insurance conditions, and conditions for his residence in Belarus must be included as well. The term of an employment agreement must not exceed the term of the special permit, if required, i.e. such an employment agreement cannot be perpetual. An employment agreement must be drawn up in Russian or Belarusian language, as well as a language understandable to the employee.

An employment agreement shall be registered after conclusion. It is registered by the employer in the bodies of citizenship and migration within a month from the date of its conclusion. For this purpose, the employer provides two copies of the employment agreement – one copy belonging to the employer and the other, to the employee.

6.12.9. NON-LABOR RELATIONS

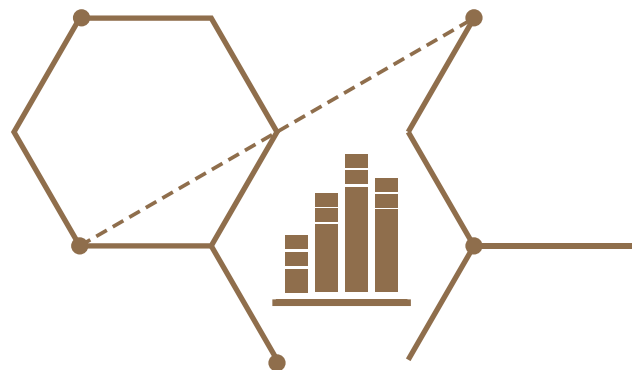
An entity can use contractors who are individuals by concluding a civil law contract. A works contract is of a fixed-term nature and is concluded, as a rule, for the performance of certain, most often one-time work, and is considered fulfilled and shall be terminated after the purpose is achieved. The legislator provides for the conclusion of a civil law contract if the need to perform any work is not of a permanent and long-term nature.

A contractor may provide services, perform work or create items of intellectual property both at the location of the organisation (while paying insurance premiums), and in another place at its discretion.

An organisation assumes obligations to ensure compliance with labor protection requirements, as well as obligations to pay social insurance contributions, to calculate, withhold and pay income tax. The amount of contributions and taxes is similar to the amount of such payments applicable to the employment relationship.

If the work is of permanent nature, inherent in the performance of official duties by the employee, then there is a risk of recognising such relations as labour relations.

Recognition of relations based on a civil law contract as an employment relationship may entail the need for additional payments (compensation for unused vacation leave, payments related to wages, fines for violation of labour laws, etc.).



6.13 Disputes resolution

6.13.1. STATE COURTS

State courts considering disputes between organisations and/or citizens can be divided into economic courts and courts of general jurisdiction. These courts operate under different procedural laws (the Code of Commercial Procedure and the Civil Procedure Code respectively). These courts are headed by the Supreme Court of the Republic of Belarus, in which judicial divisions have been established for the relevant areas of practice. Commercial disputes are heard by economic courts of the city of Minsk and regions.

The amount of the state fee for filing a claim with the court depends on the nature of the claim and its size. When applying to the economic court with a real action, a regressive scale of the state fee is applied: starting from 5% of the value of the claim (but not less than 25 base units or about 290 euros) and ending with 1%.

The procedural periods during which the economic court of first instance must hear a commercial dispute is two months (up to 7 months in cases involving foreign persons).

Along with action proceedings, there is a possibility of resolving cases within the framework of writ proceedings, which is allowed regarding cases without an issue in law and only for a certain case type. The most common is writ proceedings regarding debt recovery cases. In writ proceedings, cases are considered faster than in action proceedings, the cost of the state fee is much lower, and court hearings are not held.

6.13.2. NOTARIES

In Belarus, notarial activities are carried out by both governmental and private-sector notaries.

For a certain category of cases, notaries have the right to issue an enforcement inscription, which is recognized as an executive document. This is popular when collecting debts on indubitable cases, subject to primary documents availability. Obtaining an enforcement inscription speeds up the process of debt collection and makes it economical.

6.13.3. COMMERCIAL ARBITRATION

The parties may choose arbitration as a means to resolve disputes. There are two popular permanent international commercial arbitrations in Belarus: the International Arbitration Court at the Belarusian Chamber of Commerce and Industry (<https://iac.by/>) and the International Arbitration (Arbitral) Court "Chamber of Arbitrators at the Union of Lawyers" (<https://arbchamber.by/>). There are also about 30 permanent arbitration courts that are not international.

Belarusian legislation on international commercial arbitration is based on the 1985 UNCITRAL Model Law. Disputes of economic nature with foreign persons' participation, as well as disputes between Belarusian companies can be referred to international arbitration courts, unless this is prohibited by law (for example, bankruptcy cases cannot be referred to arbitration).

A judgement rendered by an international arbitration tribunal based in Belarus can be set aside in a state court only for a limited number of formal grounds and cannot be reviewed on the merits.

The Republic of Belarus is a party to the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards of 1958, as well as the European Convention on International Commercial Arbitration of 1961.

6.13.4. FOREIGN COURTS

Dispute resolution involving foreign parties may be referred to a foreign court. But some categories of disputes are referred to the exclusive competence of Belarusian courts, in particular:

- disputes, the subject of which is real estate located in the territory of Belarus;
- disputes on economic insolvency (bankruptcy) of legal entities located in Belarus;
- disputes related to the establishment, registration or liquidation of legal entities in the territory of Belarus, as well as disputes related to appealing against decisions of their bodies;
- disputes arising from administrative legal relations.

Enforcement of foreign judgments in Belarus is possible based on multilateral or bilateral international agreements, and in the absence of such, based on reciprocity, i.e. considering the execution of judgments of Belarusian courts in a foreign state (the existence of reciprocity by Belarusian courts is presumed). Today, Belarus has international treaties with the following countries in the relevant sector: Armenia, Azerbaijan, Bulgaria, China, Cuba, Cyprus, Czech Republic, Egypt, Georgia, Hungary, Iran, Italy, Kazakhstan, Kyrgyzstan, Latvia, Lithuania, Moldova, Mongolia, Pakistan, Poland, Russia, Serbia, Slovakia, Syria, Tajikistan, Turkmenistan, Turkey, Ukraine, Uzbekistan, Vietnam. The Russian Federation should be given particular emphasis: judicial acts of Russian courts on commercial disputes, in essence, are equated with acts of Belarusian courts (and vice versa) and do not need a special recognition procedure.

6.13.5. MEDIATION

Another alternative way to resolve a dispute is mediation. In Belarus, mediation can be used to resolve disputes in the field of civil, economic, labour and family law, both before and after initiating a case in court. Mediators act on the basis of the principles of confidentiality, impartiality and independence, and must comply with the rules of ethics approved by the Ministry of Justice. In case of non-execution of the mediation agreement on a voluntary basis, a party is entitled to apply to the court for the issuance of a writ of execution for enforcement.

In 2021, the Republic of Belarus ratified the Singapore Convention on International Settlement Agreements Resulting from Mediation, which establishes the possibility of executing international mediation agreements concluded for the purpose of settling commercial disputes, as well as a limited list of formal grounds for refusing such execution. The national mediation law and procedural code have been amended to regulate the enforcement of such mediation agreements.

6.13.6. ENFORCEMENT

Enforcement of judicial decisions and other executive documents is carried out by officers of justice. The unified system of enforcement agencies is represented by the main department of enforcement of the Ministry of Justice, as well as by territorial bodies. Private services of officers of justice are not provided.

In 2020, an automated information system for the fulfilment of monetary obligations (AIS FMO) began to operate, significantly speeding up and simplifying the process of debt collection. After sending a request to the system through a bank serving the recoverer, AIS FMO will collect data reflecting the availability of the debtor's funds on all accounts or electronic wallets belonging to such debtor. If such funds are available (including in another currency), they are blocked and, taking into account the established order of payments, are debited from the account or electronic wallet of the debtor. These operations take several dozens of minutes to perform.

In January 2021, a database of enforcement proceedings was launched containing data on all enforcement proceedings. Parties can find out the content of the requirements of the enforcement documents, the amount to be recovered, the enforcement actions taken, etc. At the same time, clients can find out the queue of a specific executive document in the register of debts for free. From May 2022, within the framework of enforcement proceedings, cryptocurrency may also be foreclosed on. To this end, an officer of justice seizes the debtor's cryptocurrency assets and transfers them to the virtual wallet of the enforcement authority. Subsequently, the frozen cryptocurrency is sold and its value is determined by the amount of funds credited to the account of the enforcement authority.



7. Taxes and other obligatory payments



The main normative legal act regulating taxation in Belarus is the Tax Code of the Republic of Belarus.

7.1 Corporate tax

Corporate tax is paid by entities. At the same time, foreign entities can be payers of corporate tax only in relation to activities carried out in Belarus through a permanent establishment, or in relation to income from sources in the Republic of Belarus and in relation to property located in the territory of Belarus.

The standard corporate tax rate is 18%. Since 2022, local authorities have been granted the right to increase the corporate tax rate by 2% (in 2022, the corporate tax rate in Gomel, Vitebsk, Mogilev regions is 20%).

A preferential rate of 5% is used to tax companies' profits generated from the sale of goods that are produced by those companies and are included in the list of high-tech goods (Resolution of the Council of Ministers of the Republic of Belarus No. 308 "About determination of the list of high-technology goods" dated May 17, 2022).

Banks, insurance companies, forex companies and microfinance organisations pay corporate tax at a rate of 25%.

With regard to dividends, Belarusian members of Belarusian entities are entitled to a reduced tax rate of 6% if no profit has been distributed during the last 3 calendar years; and at a rate of 0% if the profit has not been distributed over the past 5 years, notwithstanding the fact that the profit for distribution was, in fact, available.

7.2 Foreign companies' income tax (FCTI)

Payers of income tax are foreign entities that receive income from sources in the Republic of Belarus and do not operate in the country through a permanent establishment.

The following rates may apply for income tax:
- 5% on dividends if they are paid by an HTP resident

For reference: For a number of incomes, full exemption from income tax is provided. Such exemption includes income generated from the provision of data processing and information placement services to HTP residents, data entry and processing services, advertising services, intermediary services, etc. A 0% rate is also applied when alienating a share in the authorized capital of an HTP entity.

- 6% of participation in Belarusian investment funds for 3 calendar years, starting from the first calendar year in which the profit from such a fund was made: until January 1, 2025 in case of alienation of securities in Belarus (except for shares) and (or) their redemption; of shares in the authorized capital of an organisation located in Belarus

- 6% for international transportation, forwarding and freight charges;
- 10% on income from debt obligations (for example, income from credits and loans);
- 12% on dividends and income from the alienation of shares and interests in the entity's authorized capital;
- 15% for other types of income pursuant to the list provided by the Tax Code.

Double taxation treaties (DTTs) usually allow either exemption from tax on income (most often, this applies to ordinary business income) or establish reduced income tax rates depending on the type of income (royalties, property income, dividends).

To apply the relevant DTT, a non-resident must provide its Belarusian counterparty with an up-to-date certificate of its tax residency issued by a competent foreign authority.

In some cases, in order to apply a reduced rate, it will also be necessary to prove to the tax office that the recipient is the actual owner of the income, and does not perform exclusively intermediary functions in order to transfer that income to any third parties.

Income tax in Belarus is usually withheld by legal entities, individual entrepreneurs and individuals (for several types of income) who accrue and (or) pay income to a foreign person and are obliged to withhold the amount of tax from the amounts paid to a non-resident.

7.3 Income tax

Income taxpayers can be both citizens of the Republic of Belarus and foreign citizens or stateless persons.

The criterion of tax residency is important in determining whether there is a tax liability in respect of income tax.

As a general rule, a tax resident of Belarus is a person who has actually stayed in the territory of the Republic of Belarus for more than 183 days in a calendar year.

Tax residents pay income tax applicable to their income both from sources in Belarus and from sources outside the country.

Tax non-residents pay income tax applicable to their income from sources in the Republic of Belarus only.

The standard income tax rate is 13% (including dividends).

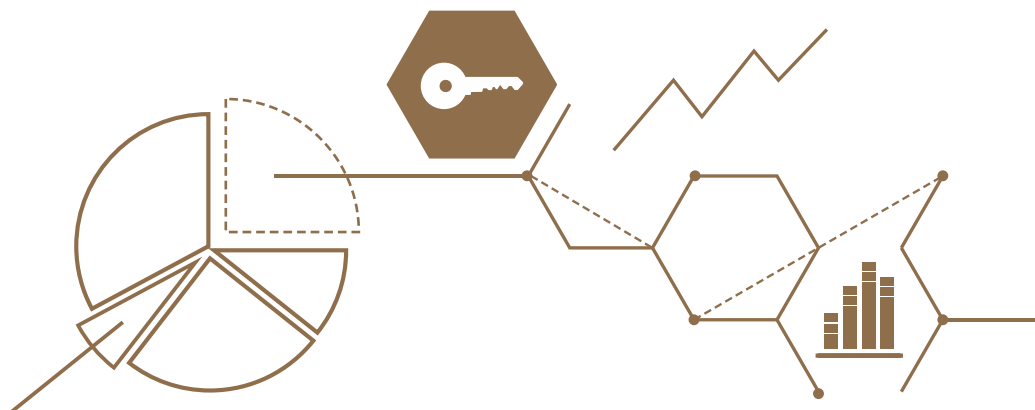
A rate of 16% applies to the income of individual entrepreneurs.

The rate of 16% also applies to a situation where the tax inspectorate reveals undeclared income of any individual and (or) a clearly expressed amount by which expenditures exceed the income.

A rate of 4% applies to certain winnings (returned unplayed bets) of gambling games from organizers-residents of the Republic of Belarus.

Members of a Belarusian entity have the right to apply a reduced rate of 6% when paying taxes applicable to the amount of dividends in cases when no decision has been made on the distribution of profits during the last 3 calendar years between the members (shareholders) of a Belarusian entity, provided these members are tax residents of the Republic of Belarus. A rate of 0% is allowed to be applied in cases when no decision has been made on the distribution of profits over the past 5 years between the members (shareholders) of a Belarusian entity, provided these participants are tax residents of the Republic of Belarus. This benefit applies only to participants who are tax residents of the Republic of Belarus.

Regarding income from the lease (sublease), rent of residential and non-residential premises in the territory of the Republic of Belarus, the income tax is established in fixed amounts. For example, for renting a one-room apartment in Minsk, it is necessary to pay 36.80 Belarusian roubles (approximately 14.50 US dollars) per month, for a two-room apartment – 73.60 Belarusian roubles (approximately 29 US dollars).



7.4 Contributions to the social insurance fund

Compulsory insurance contributions include pension and social insurance contributions. Payers who make these contributions include employers (including representative offices of foreign entities), and working individuals.

The base for accruing compulsory insurance contributions is wages, as well as other payments in kind and in cash, including premiums, bonuses and remuneration under civil law contracts.

As a rule, compulsory insurance contributions at a rate of 34% (including 28% of compulsory insurance contributions for pension insurance and 6% for social insurance) of the amount of payments are paid by an employer, and 1% by an employee. Usually, the entire amount of compulsory insurance contributions is withheld by an employer or other organisation when paying to an individual.

Contributions to the National Social Security Fund will not be paid from the amount of income that exceeds five times the average wage of employees in the republic for the month preceding the month for which compulsory insurance contributions were paid.

For individual business entities, benefits have been established for paying contributions to the National Social Security Fund, which can be used in relation to an employee if he/she wishes, for example, for:

- HTP residents
- residents of the Great Stone Industrial Park.

Thus, compulsory insurance contributions are not charged on the part of the income (payments) of these employees, which is the base for accruing such contributions, if that part exceeds the single average wage of employees in the republic for the month preceding the month for which compulsory insurance contributions must be paid.

For example, an employee received USD 1000 in August. The average salary in Belarus in July was USD 600. The amount of insurance contributions will be calculated by using the value USD 600 (not USD 1000).



7.5 Value added tax (VAT)

The first category includes the importation of goods into the Republic of Belarus, and in this case, the taxpayers are the importers of the relevant goods. When importing goods from the territory of the EAEU, VAT is collected by the tax authorities at the place of registration of the importer. In other cases, it is collected by customs authorities.

The second largest category includes turnovers associated with the realization of goods (works, services), and property rights in the territory of the Republic of Belarus, and, in this case, the tax liabilities for VAT are borne by persons carrying out the said realization.

The standard VAT rate is 20%. Other rates:

- 0%: for goods subject to the customs procedure for export and upon presentation of supporting documents;
- 10%: in plant growing and agricultural production;
- 10%: when importing and selling food products and goods for children in accordance with the list established by Appendix 26 to the Tax Code;
- 10%: when importing into the territory of the Republic of Belarus and (or) when selling pharmaceutical drugs and medical devices in the territory of the Republic of Belarus, subject to a number of conditions;

- 25%: for telecommunication services (service providers, operators providing mobile communications).

Belarus uses a single registration with the tax authority for the payment of all types of taxes, therefore, for the purposes of paying VAT, no separate registration is required. An exception to this rule is foreign organisations that incur VAT due to the sale of services in electronic form to individuals in the territory of the Republic of Belarus.

An electronic tax invoice (EFI) is the basic document for all VAT payers. An EFI is used to calculate VAT between sellers and buyers, as well as for deductible input VAT amounts. The EFI-based electronic document workflow is implemented using a special portal of electronic invoices (vat.gov.by), which is an information resource of the Ministry of Taxes and Dues of the Republic of Belarus. At the same time, an EFI is not a primary accounting document.

The obligation to draw up an EFI does not arise in the following cases:

- the subject of sale and purchase is not considered a tax unit subject to VAT and is not indicated in the tax return;
- certain banking transactions;
- insurance services;
- sale of goods, services (works) exempt from VAT, or sale of property rights to foreign companies not registered with the Belarusian tax authorities;
- goods are imported into the territory of Belarus on the basis of commission (intermediary) agreements;
- provision of services in electronic form by a foreign company to individuals.

7.6 Property tax

Property taxpayers are owners, tenants, lessees, borrowers. Property tax is paid by both legal entities and individuals.

In the case of legal entities, the objects of taxation are as follows:

- permanent structures (buildings, structures), their parts, which are the property or are covered by the economic management or the operational management of entities;
- permanent structures (buildings, structures), their parts located in Belarus and taken on a financial lease (leasing) from Belarusian entities, if the objects of leasing are not on the balance sheet of lessor entities;
- permanent structures (buildings, structures), their parts located in Belarus and taken on lease by entities (financial lease (leasing)); other compensated or free use provided by foreign entities that do not operate in Belarus through a permanent representative office;
- registered (by way of accounting, or registered in the income and expenditure ledger of entities applying the simplified taxation system) permanent structures (buildings, structures), their parts, the creation, modification of which or acquisition of rights for them, transfer of their ownership, economic management or operational management for which are subject to state

registration, before the state registration of their creation, modification or acquisition of rights for them, transfer of their ownership, economic management or operational management;

- permanent structures (buildings, structures), their state-owned parts, including parts received for gratuitous use by joint-stock companies created in the process of transformation of rental, collective (national), state, and state unitary enterprises.

In the case of individuals, the objects of taxation are as follows:

- permanent structures (buildings, structures), their parts owned by individuals by right of ownership or inherited parts; shares in the right of ownership or shares in the inheritance of the said property;
- unfinished permanent structures;
- permanent structures (buildings, structures), their parts, taken in financial lease (leasing) from an organisation by an individual acting as an individual entrepreneur when entering into the agreement, if under the terms of the financial lease (leasing) agreement these objects are not on the balance sheet of the lessor organisation;
- single-apartment residential buildings or apartments taken by an individual who does not act as an individual entrepreneur when entering into the agreement, in financial lease (leasing) under a financial lease (leasing) agreement providing for the purchase of the leased asset.

The standard real estate tax rate for entities and individual entrepreneurs is 1% of the book value of the buildings and structures or isolated premises. At their discretion, local executive bodies have the right to increase or decrease real estate tax rates for certain categories of payers, but not more than twice.

Relevant increasing (reducing) coefficients can be found on the website of the Ministry of Taxes and Dues of the Republic of Belarus.

There are some benefits for this tax applied to entities engaged in construction at their own expense.

Furthermore, reduced real estate tax rates are applied to permanent structures erected after 01.01.2019: 0.2%, 0.4%, 0.6%, 0.8% during, respectively, the second - fifth years from the date on which such buildings are commissioned. The tax rate for individuals (including individual entrepreneurs) is 0.1% of the value of the owned permanent structure, determined as of January 1, based on the estimated cost of one square meter of a standardized permanent structure (building, structure) and the total area of such construction object.

7.7 Land tax

Entities owning land plots under the right of permanent or temporary use or as private property, as well as individuals owning land plots in the territory of the Republic of Belarus under the right of temporary use, as private property, or life-long inheritable possession are recognized as land tax payers. The category of payers also includes individuals who have accepted land plots by inheritance.

Pursuant to the general rule, the land tax rate depends on the cadastral value of a land plot and ranges from 0.025% to 3% of it, depending on the functional use of the land plot, with the exception of the land tax on agricultural land for agricultural purposes, the rates of which are set depending on the cadastral valuation in the Tax code.

7.8 Offshore tax

Offshore tax is an additional tax liability that is applied when making payments to a non-resident of the Republic of Belarus, registered in one of the offshore zones – countries and regions with extremely favorable tax regimes. Offshore tax is also payable in cases when a non-resident is not registered in an offshore zone, but the money is transferred to such non-resident's bank account opened in the offshore zone.

The list of offshore zones is established by Decree of the President of the Republic of Belarus No. 353 "On approval of the list of offshore zones" dated May 25, 2006.

The offshore tax rate is 15% of the amount of the transferred funds.

The transfer of funds is not the only object of offshore taxation. Such objects of taxation also include:

- fulfillment of an obligation in non-monetary form, except for cases when a non-resident fulfills a counter-obligation by transferring funds to an account belonging to a resident of the Republic of Belarus;
- transfer of property rights and (or) obligations in connection with the change of persons in an obligation to which a non-resident is a party.

7.9 Ecological tax and tax for extraction (removal) of natural resources



The environmental tax depends on the amount of production waste, emissions of pollutants into the atmosphere during production, wastewater pollution, as well as the hazard class of the corresponding emissions or waste.

The tax for the extraction (removal) of natural resources is levied depending on the type (ore, sand, clay, salt) and the amount of natural resources being extracted. For oil, the tax rate is set on the basis of the average level of prices on the world markets for the tax period which has ended.

7.10 Tax treaties

As of January 1, 2022, double taxation treaties with 70 countries are in force in Belarus:

Armenia	Germany	Lithuania	Spain
Austria	Hungary	Macedonia	Sri Lanka
Azerbaijan	Hong Kong	Malaysia	Sweden
Bahrain	India	Moldova	Switzerland
Bangladesh	Indonesia	Mongolia	Syria
Belgium	Iran	Netherlands	Tajikistan
Bulgaria	Ireland	Oman	Thailand
China	Israel	Pakistan	Turkey
Croatia	Italy	Poland	Turkmenistan
Cyprus	Japan	Qatar	Venezuela
Czech republic	Kazakhstan	Romania	Vietnam
Denmark	North Korea	Russia	United Arab Emirates
Ecuador	South Korea	Saudi Arabia	Ukraine
Egypt	Kuwait	Serbia	Great Britain
Estonia	Kyrgyzstan	Singapore	USA
Finland	Laos	Slovakia	Uzbekistan
France	Latvia	Slovenia	
Georgia	Lebanon	South Africa	



8. Eurasian Economic Union



8.1 Customs Union

The Customs Union operates as part of the Eurasian Economic Union (EAEU). The Union has its own internal market of goods, provides for free movement of these goods between the territories of the EAEU member states (without the use of customs declaration and state control), and maintains uniform customs regulation. Within the framework of the internal market, free movement of goods, persons, services and capital is ensured, whereas import and export duties and other measures are not applied.

Unified customs regulation is based on the Customs Code of the EAEU, as well as international treaties and acts that are concluded within the framework of the EAEU and constitute its law.

The EAEU has adopted a Common Customs Tariff and unified Non-Tariff Regulatory Measures.

The Customs Code of the EAEU regulates the customs procedures implemented throughout the customs territory of the EAEU in relation to goods being transported across the customs border of the EAEU. Also, the Customs Code is used as a basis for customs control. When being handled in accordance with a relevant customs procedure, the customs declaration of goods, including the determination of their customs value, is carried out pursuant to the requirements of the Customs Code of the EAEU, and international treaties and acts constituting the law of the EAEU.

8.2 Technical regulations

The EAEU has a unified technical regulation, which is expressed as enforcement of uniform mandatory requirements established in the technical regulations of the EAEU and applied to products and processes within its territory. Release of products so as to provide for circulation of the above products within the territory of the EAEU is possible only after passing the necessary procedures for assessing compliance of such products with the requirements of this technical regulation, provided such products are subject to the relevant technical regulation in force.

The obligatory conformity assessment in the EAEU is carried out in accordance with uniform rules and procedures. Therefore, after passing such assessment, the circulation of such products in the territory of all EAEU member states is carried out without any additional requirements and without additional procedures, and the document confirming the conformity of these products is valid throughout the EAEU. The exception is sanitary, veterinary-sanitary and quarantine phytosanitary measures, for which, in addition to the uniform requirements of the EAEU, it is also possible to temporarily introduce such measures by each member state of the EAEU separately.

8.3 EAEU bodies

The EAEU has an independent system of Union bodies:

- Supreme Eurasian Economic Council;
- Eurasian Intergovernmental Council;
- Eurasian Economic Commission;
- Court of the Eurasian Economic Union.

The powers of these bodies are specified by the Treaty on the Eurasian Economic Union, signed on May 29, 2014 in Astana (hereinafter referred to as the EAEU Treaty), and other international agreements within the framework of the EAEU.



8.4 Court of the Eurasian Economic Union

The permanent judicial body of the EAEU is the Court of the Eurasian Economic Union (hereinafter referred to as the EAEU Court), which is located in Minsk, the Republic of Belarus. The EAEU Court is authorized to consider applications from both EAEU Member States and economic entities.

At the same time, economic entities have the right to file applications in connection with the violation

of their rights and legitimate interests on the following two grounds:

- concerning compliance of a decision of the Eurasian Economic Commission (hereinafter the EEC) or its individual provisions with the EAEU Treaty and international treaties within the framework of the EAEU;
- concerning challenging an EEC action (inaction).

Moreover, the right to file an application with the EAEU Court can be equally exercised by legal entities and individual entrepreneurs of both the Member States and third countries.

When applying to the EAEU Court, it is mandatory to follow the pre-trial procedure executed in the form of the applicant's preliminary application to the Member State or the EEC. If the Member State or the EEC fails to take measures to resolve the issue within 3 months, an applicant may apply to the EAEU Court.

An application to the EAEU Court requires paying a fee, but the fee is returned if the EAEU Court satisfies the requirements of the business entity. The rest of litigation costs is borne independently by each party to a dispute. During the consideration of a case by the EAEU Court at any stage, it is possible to settle out of court.

The application submitted by an economic entity is considered at a session of the Judicial bench of the EAEU Court with the participation of the parties to the dispute and/or their representatives. Decisions of the Judicial bench of the EAEU Court may be appealed to the Appellate Chamber of the EAEU Court.

8.5 Tax



treatment

In mutual trade in goods between the EAEU member states, indirect taxes (VAT and excises) are collected pursuant to the principle of the country of destination. As a result, when exporting goods from the territory of one member state of the EAEU, a zero VAT rate and/or exemption from payment of excises is applied, whereas imposition of indirect taxes occurs when these goods are imported into the territory of another member state of the EAEU.

During performance of work or the during provision of services, indirect taxes are collected in an EAEU member state, the territory of which is recognized as the place where work or services are implemented.

Information necessary to ensure the completeness of payment of indirect taxes is exchanged between tax authorities in the EAEU member states electronically, including the application for the import of goods and payment of indirect taxes being submitted by payers as an electronic document.

Taxation of income of an individual who is a tax resident of one EAEU member state, employed in another EAEU member state, is carried out in the latter from the first day of his work there.

8.6 Labour specifics



In the EAEU, both employers and customers who order works (services) have the right to hire workers from other EAEU member states without any restrictions applicable to the protection of the national labour market. At the same time, workers of the EAEU member states do not need to obtain a permit to work in another EAEU member state. In addition, workers and members of their families are exempted from the obligation to register (registration) within 30 days from the date of entry into the territory of an EAEU member state to carry out labour activities.

Education-related documents issued by educational institutions of an EAEU member state are recognized in other EAEU member states and do not require any additional recognition procedures, except for pedagogical, legal, medical and pharmaceutical activities.

Workers of a member state of the EAEU and their family members are also granted the right to unhindered transfer of funds in compliance with the established procedure; also, their children are granted the right to attend pre-school institutions and receive education in accordance with the legislation of the state of employment.

DISCLAIMER:

This document does not constitute an offer or invitation to subscribe for or purchase any securities. Neither this document nor anything contained therein shall form the basis of any agreement or obligation. This document is provided to you for informational purposes only and may not be reproduced or transferred to another person. Any investment decision in respect of the securities of the relevant entity must be made on the basis of a circular or issue prospectus approved by such entity, and not because of this document.

THE NATIONAL AGENCY FOR INVESTMENT AND PRIVATIZATION WILL BE PLEASED TO GIVE A HELPING HAND TO FOREIGN INVESTORS THAT HAVE INTEREST IN DOING BUSINESS IN BELARUS. WE CAN:

- ▶ Provide information about investment opportunities, preferential regimes and incentives, industries and legal framework
- ▶ Provide up-to-date information on investment projects
- ▶ Search and select options of plots of land and premises
- ▶ Find potential partners to implement an investment project and arrange meetings and negotiations with potential partners to establish cooperation
- ▶ Offer facilities for negotiations and provide support in the course of negotiations
- ▶ Arrange visits to the Republic of Belarus (draw up a visit programme and assist in obtaining a visa)
- ▶ Represent your interests in negotiations with national and local authorities regarding the implementation of investment projects as well as possible improvements in the conditions for doing business in Belarus
- ▶ Provide support during the post-investment phase

Follow us here:



#investinbelarus.by

www.investinbelarus.by



+375 17 200-81-75

