

Belarus.

Investment

Guidebook.

Investment opportunities,
legal and economic environment

Prepared by:



NATIONAL AGENCY
OF INVESTMENT
AND PRIVATIZATION
Republic of Belarus

Arzinger
Law Offices



Dear reader,

In today's dynamically changing world, the state's success in attracting foreign direct investment (hereinafter - FDI) largely depends on its ability not only to realize current, but also to anticipate future business needs and, accordingly, to act proactively in creating a favorable investment climate.

Based on its key competitive advantages – a unique location, significant human, industrial and logistical potential, progressive legislation – Belarus today continues to consistently improve the conditions for doing business, sensitively adapting to new realities and successfully implementing a course for the digital transformation of the national economy. A stable domestic political situation, a high level of public safety, clear and constantly improving legal regulation of investment activities in order to reduce risks and costs for the investor, a variety of preferential regimes and an individual approach are only a small part of the privileges that every investor can count on when assessing the prospects of opening an enterprise in our country.

The National Agency for Investment and Privatization acts as a reliable and competent business partner at all stages of the implementation of investment projects in Belarus, leveraging its long-term experience and expertise in providing professional consulting, communication and organizational support to investors free of charge. This publication contains the most relevant information on the most promising sectors of the Belarusian economy for FDI, opportunities under various preferential regimes, legal aspects of investment, the main areas of multi-vector international cooperation of Belarus and much more.

Yuri Chebotar,
Minister of Economy
of the Republic of Belarus



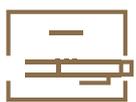
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Investment opportunities

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1. Belarus in the world rankings

Starting from 1995, Belarus has been constantly improving its indicators on the Human Development Index. Following the 2023/24 Human Development Report, Belarus is classified as a country with a very high level of human development.

Belarus ranks high for the total number of changes aimed at improving the business climate. Much has been done to liberate entrepreneurship. The institution of state support of small and medium-sized businesses is developing: The Belarusian Fund for Financial Support to Entrepreneurs provides guarantees on the obligations of entities; there are opportunities to receive funds for business development from local budgets on an irrevocable, free of charge basis; part of the capital costs incurred during implementation of investment projects with loans from the Development Bank is reimbursed from the republican budget.

In 2023, Belarus ranked 78th in the Legatum Prosperity Index among 167 countries, located between Russia and Saudi Arabia, while occupying the 45th position in terms of economic quality (between Romania and Portugal).

In 2023, the country ranked 98th out of 180 countries by Transparency International Corruption Perception Index.

Cornell University, INSEAD Business School and the World Intellectual Property Organization (WIPO) published the Global Innovation Index 2023. Belarus ranked 80th in the world ranking, 37th in the human capital and research and 47th in the knowledge and technology outputs. In the Global University Ranking, Belarus ranks 77th.

According to CEOWORLD, Belarus is in the 7th position in terms of average IQ among 199 countries, located between South Korea and Finland, beating out countries such as Germany, Russia, Canada, and the USA.



Belarus belongs to the group of countries with a high level of human development, surpassing countries such as China, Brazil, Mexico, Armenia, Azerbaijan, and Ukraine.

According to the 2023 Social Progress Index, Belarus ranks 61st out of 170 countries, located between Northern Macedonia and Bosnia and Herzegovina. Belarus has the highest scores on the following components of social progress: Basic Education, Nutrition and Medical Care, Housing, Water and Sanitation, Information and Communications.

The 2024 Global Outsourcing 100 includes Belarusian companies: A1QA (Quality Technologies CSC), Innwise Group (Factory of Innovations and Solutions LLC), Qulix Systems (Qulix Systems CSC), Science Soft (NAUCHSOFT CSC), Vention (Techartgroup LLC). This is a ranking of the top 100 outsourcers in the world according to the International Association of Outsourcing Professionals (IAOP).

The best outsourcers also include foreign companies with Belarusian development centers registered in the Hi-Tech Park: Andersen and IBA Group.

The ranking is based on comprehensive data that IAOP experts receive from the companies themselves and from independent sources. The information enables to assess the success of the ranking participant development in the market, as well as the quality of its solutions and customer satisfaction.

Following the annual ranking of cities in the world, according to the Resonance Consultancy, Minsk ranked 77th, located between Mexico City (the capital of Mexico) and Lyon (France). Bloomberg calls the Resonance Consultancy's rating "The most comprehensive study of its kind; it identifies cities that are most desirable for locals, visitors and businesspeople alike, rather than simply looking at livability or tourism appeal."

According to the Numbeo Quality of Life index, Belarus ranks 57th, beating out countries such as Russia, Brazil, China, and Hong Kong.

QUALITY OF LIFE INDEX 2024		
Country		Rating
Netherlands		1
USA		17
Poland		38
Turkey		51
Belarus		57
Ukraine		59
China		65
Russia		66

SOCIAL PROGRESS INDEX 2023		
Country		Rating
Denmark		1
USA		29
Poland		36
Ukraine		59
Belarus		61
Kazakhstan		63
Russia		76
China		77

HIGHEST AVERAGE IQ 2024		
Country		Rating
Japan		1
China		5
Belarus		7
USA		29
Poland		33
Russia		35
Ukraine		57
Kazakhstan		63

2. Investments for sustainable growth and security

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

The key area of investment will be the implementation of production digitalization projects. It is planned to implement projects to create AI technologies. A transition to an intellectual economy based on the digital transformation of all spheres of life is necessary. Artificial intelligence, robotics, biotechnology and genetic engineering, big data, neural networks, nanotechnology, cloud, quantum and smart technologies are the future vectors of development of the national economy. And the technologies of "smart cities", digital products and services will become the key to a comfortable living environment.

It is planned to expand investments in human development, primarily healthcare and the implementation of projects to promote a healthy lifestyle, as well as in education in order to form a class of "intelligent" personnel for the digital economy.

The Great Stone China-Belarus Industrial Park will develop already formed clusters of specialized companies in mechanical engineering, integrated logistics, medicine and electronics.

A dynamically developing area of investment will be "green" projects, including circular economy, related to the creation and development of environmentally friendly and waste-free industries, safe waste processing technologies, hydrogen technologies, environmentally friendly energy, water and air purification systems, low-carbon transport infrastructure.

Promising projects include the processing of local mineral resources and agricultural raw materials, developing industrial agricultural production, creating new high-performance jobs, constructing necessary infrastructure facilities in small towns and rural areas.



2.1 Pharmaceutical industry

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

DEVELOPED HR POTENTIAL

The pharmaceutical industry of Belarus employs more than 10 thousand professionals of different training levels, and all with a wide range of skills. Every year, they are joined by specialists skilled in developing original and generic medicines using biotechnology and organic synthesis methods, registering and promoting 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.

STATE SUPPORT FOR INVESTMENT PROJECTS

On August 30, 2021, the President of the Republic of Belarus signed Decree No. 327 "On the development of the pharmaceutical industry", aimed at further development of the pharmaceutical industry; creation of new pharmaceutical industries; increasing the volume of medicines production and the growth of their exports. More than 20 investment projects are planned to be implemented at pharmaceutical enterprises by 2030, about 300 names of medicines will be developed.

As per Decree, pharmaceutical organizations may be provided with subsidies for:

- reimbursement in 2022-2030 of part of the interest for the use of loans received under guarantees from the Government of the Republic of

Belarus for the implementation of investment projects for the creation, technical re-equipment and reconstruction of production facilities aimed at creating new production facilities and (or) expanding the range of medicines;

- compensation in 2022-2025 for part of the costs associated with:

- 1) preclinical (non-clinical) research and clinical studies (tests), as well as with the implementation of work on examination and registration (confirmation of registration) of medicines, bringing registration dossiers in line with the EAEU requirements;

- 2) obtaining certificates of compliance with the requirements of the Rules of Good Manufacturing Practice of the EAEU;

- 3) with the inspection and certification of the production of medicines for compliance with international GMP requirements.

In addition, the Decree provides for exemption of pharmaceutical manufacturers from VAT and customs duties with reference to technological equipment, components and spare parts for it, raw materials and materials imported into the territory of Belarus for exclusive use in the country in order to implement certain investment projects.

If 5 years ago the capacity of the Belarusian pharmaceutical market was estimated at USD 650 million, now it is USD 1 billion 125 million. The share of domestic medicines in value terms exceeds 50% annually. Every year, from 60 to 100 new domestic drugs are registered on the Belarusian market.

One of the most important trends in the Belarusian pharmaceutical market is the development of the biotechnology sector. First of all, this is vaccine production, the production of drugs based on monoclonal antibodies, medicines from blood and its components, and immunobiological agents. In the near future, significant efforts will be made towards the development of the raw material base, i.e., the production of pharmaceutical substances.

Manufacture of medicines is based on pharmaceutical substances Belarusian medicines use mainly imported substances, there are few completely Belarusian medicines. About 100 pharmaceutical substances are produced in Belarus, the rest is imported. The import of substances makes more than 90%.

The main supplier of substances to Belarus is China (more than 70% of names), the second one is India. Salines, cotton wool, bandages and other dressing materials are produced by Belarusian enterprises.

About 40% of the medicines used are of plant origin, the rest are created by chemical synthesis.

The main export position of the domestic pharmaceutical industry is medicines packaged for retail sale. Over the past 5 years, products worth over USD 1.3 billion have been exported, of which medicines packaged for retail sale made more than 90%. The exports geography covers about 70 countries. The main partners are the Russian Federation, Kazakhstan, Uzbekistan, Azerbaijan, Ukraine, Kyrgyzstan, Moldova, Georgia, Romania, and Turkmenistan. They make up more than 95% of Belarusian pharmaceutical exports.

In the pharmaceutical industry, imports of products are on average 3 times more than exports.

The main import position is also medicines packaged for retail sale. Over the past 5 years, the value of imported products made more than USD 4 billion, of which medicines packaged for retail sale made about 65%.

The imports geography covers about 90 countries. The main importing countries are the Russian Federation, Germany, France, India, Poland, Italy, Slovenia, the United States of America, Hungary, the Netherlands. They account for more than 65% of pharmaceutical imports.

In 2021-2025, it is planned to increase the production of domestic medicines and expand their range, providing up to 70% of international nonproprietary names of medicines in the country, and increase the export of pharmaceutical products by 2 times.



2.2 Transport and Logistics

A COUNTRY FOR LONG-TERM COOPERATION

The transport complex is the most important link in the economic and social infrastructure of the country and is designed to timely and efficiently meet the needs of the population for transportation services, the vital activity of all sectors of the economy and the national security of the state.

Belarus is located at the intersection of the main pan-European transport corridors (II "West-East" and IX "North-South" with branch IX B), and its advantageous geographical position has determined its well-developed transport infrastructure. The Trans-European Transport Corridor, as well as its branch, provide 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 is represented by a wide network of railways, air routes, highways, river and pipeline transport.

The growth of freight traffic on Belarusian highways is achieved through timely response to changes in the transport services market, optimization of transport schemes for key foreign trade goods and improvement of tariff conditions.

As of January 1, 2024, more than 11.2 thousand organizations of various forms of ownership and more than 36 thousand sole proprietors operate in the transport sector of the Republic of Belarus.

According to preliminary estimates, in 2023, the share of the transport industry in the gross domestic product of the Republic of Belarus made 4.7%, and transport services made more than 40% of the country's total exports of services.

The volume of exports of transport services increased significantly to countries such as Brazil (4.9 times), Pakistan (4.2 times), Turkmenistan (3.6 times), Egypt (2.5 times), China (2.3 times), Indonesia (2.2 times).

About the work of transport in Belarus in 2023:

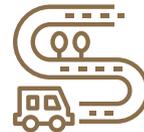
The freight turnover is 72,919.8 million tonne-kilometers, which made 82.3% by 2022.

The passenger turnover is 23,900.6 million passenger-kilometers, which made 108.1% by 2022.

1629.6 million passengers were transported, which made 103.9% by 2022.



The length of the railways is 5,474 km, including 1,370 km of electrified ones, 2023



The length of highways is 103.4 thousand km, including hard-surfaced - 90.0 thousand km, 2023



The total length of the pipelines is almost 11.7 thousand km, of which 2/3 are gas pipelines, 2023



The total length of the operated waterways is 2.1 thousand km, 2023

WATER TRANSPORT

The inland waterways of the Republic of Belarus are located in the basins of the Dnieper, Neman, Western Dvina and Bug rivers. The length of the country's rivers is more than 50 thousand km. Of these, about 3.5 thousand km are suitable for transport navigation, of which 1,252.1 km with guaranteed waterway dimensions. About 2,136 km of waterways are currently in use.

In the field of inland waterway transport, the State Institution "State Administration of Water Transport" has been established, which is reforming the legal framework for the development of navigation. The creation of a market for water transport carriers and port operators has been expedited by reforming the Republican Transport Unitary Enterprise "Belarusian River Shipping Company"

The Shipping Company includes 7 river ports located in three regions: the river ports of Brest, Pinsk and Mikashevichi - in Brest region; Gomel, Mozyr and Rechitsa - in Gomel region; Bobruisk - in Mogilev region. Ports located in the cities of Bobruisk (Berezina river), Gomel (Sozh river), Mozyr (Pripyat river) have an opportunity to transship goods by rail.

The Shipping Company has more than 160 units of the transport fleet on its balance sheet, including:

- 51 tugboats;
- 98 non-selfpropelled barge-platforms with 900t lifting capacity;
- 7 passenger boats.



About 1.2 million tons of cargo were transported, 2023



About 119.9 thousand passengers were transported, 2023

During the 2023 navigation, the Shipping Company transported 1226.6 thousand tons of cargo and 119.9 thousand passengers

The main transported goods are construction sand, crushed stone and screenings. The largest amount of cargo was transported by the river ports of Gomel (372.3 thousand tons), Brest (333.4 thousand tons) and Pinsk (195.6 thousand tons). The freight turnover made 13.6 million tkm.

The motor ships Grodno (port of Brest, carried 38.8 thousand passengers), Pinsk (port of Pinsk; 34.1 thousand passengers) and Gomel (port of Gomel; 47.0 thousand passengers), which service sightseeing and walking routes from April to October, were involved in passenger transportation. The passenger turnover made 1.7 million passenger km

The characteristics of waterways enable both local and international freight transportation (along the Pripyat and Dnieper rivers to the Black Sea). The most effective is transportation of heavy and bulky goods, since the energy consumption per unit of transport work is an order of magnitude lower than that of road transport, and 1.5-2 times less than that of rail transport.

Therefore, it is very important to revitalize the former waterways connecting the basins of the Black and Baltic Seas. Among them is the Dnieper-Vistula-Oder water transport link.

A number of export-import commodity cargo flows from 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.

The development of water tourism, the reconstruction of inland waterways providing access to the territory of Ukraine and to the Black Sea, the development of the infrastructure of the international waterway E-40, the modernization of the transport fleet, the creation of the State Administration of Water Transport and other measures contribute to the improvement of the water transport system.

AIR TRANSPORT

Air transport is a set of enterprises and organizations engaged in air transportation of passengers and cargo both in Belarus and abroad, as well as performing aviation work. In Belarus, every major regional city has its own airport.

There are 7 registered aircompanies operating international air transportation in the republic, five of which are freight companies. The Belavia Airline, which is the main passenger air transporter, has modern Western-made aircraft in operation, acquired by ownership or with the use of leasing schemes.

There are 11 certified airfields in the Republic of Belarus, of which 6 are international. Minsk National Airport is the leader in terms of passenger traffic. In 2023, 5 new foreign airlines were attracted to Minsk National Airport.

The 2023 marked an increase in the mobility of the population, the number of legal entities and sole proprietors providing transport and transport and logistics services increased, and the volume of investments in transport activities increased. There is a positive trend in terms of the growth of investments in fixed assets in the organizations of the industry.

In general, investments in the transport sector grew up by 23.6% (8.8 percentage points higher than the pace values in the republic).

ROAD TRANSPORT

On average, road transport carries about 60% of the total number of passengers. In addition, about 20-25% of all freight traffic is carried out by road.

In the field of international road freight transportation, the number of bilateral shipments to Russia has increased. They have become to be more active to the countries of Transcaucasia, Central Asia, Iran and Turkey, and transportation from China began.

To ensure export by road, over 32 thousand permits were additionally received for transporting to Azerbaijan, Armenia, Iran, Georgia, Kazakhstan, China, Mongolia, Russia, Turkey and Uzbekistan (1.3 times more than the initial quota). Currently, international cargo transportation is possible on the territory of 14 foreign countries.

Introducing advanced digital technologies in transport plays an important role for the industry. To simplify the interaction of all participants in transport activities, work is underway to form a single digital trust space that will provide a full range of services related to logistics, passenger and freight transportation.

ЖЕЛЕЗНОДОРОЖНЫЙ ТРАНСПОРТ

Railway transport is one of the most important elements of the transport system of the Republic of Belarus. The operator of the railway network is the Belarusian Railway State Association.

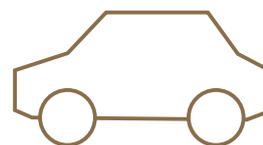
Today, the Belarusian Railway is the leader of the national transportation system.

Currently, it is successfully developing and provides more than 60% of the cargo turnover of all types of public transport and more than 30% of passenger turnover in Belarus.

The operational length of the railway tracks is 5.5 thousand km.

Currently, passenger rail service covers more than 2,100 settlements of the republic.

The volume of passenger traffic in 2023 made 62 million people, the volume of traffic in communication with the Russian Federation made 2.7 million people.



Belarus is a crossroads that converges the most important trans-European corridors, designated according to the international classification number 2 (West–East) and number 9 (North–South) with branch 9b.

Transport corridor No. 9 connects Finland, Lithuania, Russia, Belarus, Ukraine, Moldova, Romania, Bulgaria and Greece, crosses the territory of the republic from north to south bypassing major industrial centers - Vitebsk, Mogilev, Gomel.

The pan-European transport corridor No. 2: Berlin – Warsaw – Minsk – Moscow – Nizhny Novgorod connecting Germany, Poland, Belarus and Russia, defined by the European Union as a priority among Crete corridors in connection with the importance of traffic in the message the West–East.

As a result of the measures taken in 2023, the volume of export shipments by rail made 115.4% by 2022, of which about 83% accounted for transportation with Russia (an increase of 1.5 times), of which half were transported through Russian ports (an increase of 2.3 times).

PIPELINE TRANSPORT

The share of pipeline transport in the total volume of freight turnover in Belarus is on average 40%.

Of particular importance are the Druzhba pipelines (a large oil pipeline that has pumped more than 3 billion tons of oil during its existence) and Yamal-Europa (the main gas pipeline), through which energy resources transit from Russia to the European Union through Belarus. The total length of the pipelines is within 11.8 thousand km, of which 2/3 are gas pipelines.

LOGISTICS INFRASTRUCTURE

The sharp increase in the number of logistics centers in Belarus, which was largely due to the low starting base, was replaced by a period of qualitative development. It is with qualitative changes in the previous quantitative boundaries that logistics responds to crisis phenomena in the economy. In 2023, there were 67 logistics centers of various functions in the country. 18 logistics centers have a state form of ownership or a share of more than 50% of the state's shares. The rest of the centers are private.

With reference to services:

- about 20 specialize in providing transport and logistics services;
- about 20 offer distribution and allocation functions;
- the rest work in the niche of warehousing and goods processing services for own needs or rent out space for production.

Container train transportation through the territory of the Republic of Belarus in the China-Europe-China connection, the infrastructure of cargo terminals of the Belarusian Railway are effectively developing, and a Transportation Management Center has been opened.

In the transport sector, work continues to improve existing technological processes and increase the level of their automation and digitalization.

On August 18, 2023, an Agreement on International Road Transport was signed in Moscow as part of implementing the activities of the Union Program for the Unification of Transport market regulation. The implementation of the signed Agreement will enable to perform coastal road transportation of goods across the territory of Russia under the conditions specified in the Agreement, as well as by January 1, 2030, to gradually switch to a complete non-permissive system for international road transportation of goods. This step will make the capacious domestic Russian cargo transportation market available to Belarusian carriers.

The process of creating a large regional logistics center on the territory of the Great Stone Industrial Park is actively underway. Currently, the first stage of the logistics complex with a total area of 50 thousand square meters with technological platforms for handling operations and a container terminal is operating.

The next stage is the construction of a bimodal cargo terminal with an area of 800 thousand square meters involving the management company of Europe's largest river port Duisburg Hafen, the logistics operator China Merchants Group and Hupak Intermodal SA (Switzerland). The terminal construction will allow increasing traffic flows through Belarus.

The market of industrial and logistics real estate (hereinafter – I&L) of the Minsk region (30Minsk+25 km from Minsk ring road) turned out to be the most stable segment of commercial real estate. In the first quarter of 2024, there is no new supply on the market, and the stock remains in the amount of 1,612 thousand square meters.

The projected commissioning of production and warehouse space during the year may amount to 225 thousand square meters in more than 10 facilities, including the expected commissioning of part of the announced 125 thousand square meters of space in the LC Wildberries in the Great Stone Industrial Park.

Demand at low vacancy provokes an increase in rental rates and an increase in tenant interest in Class C and D storage areas.

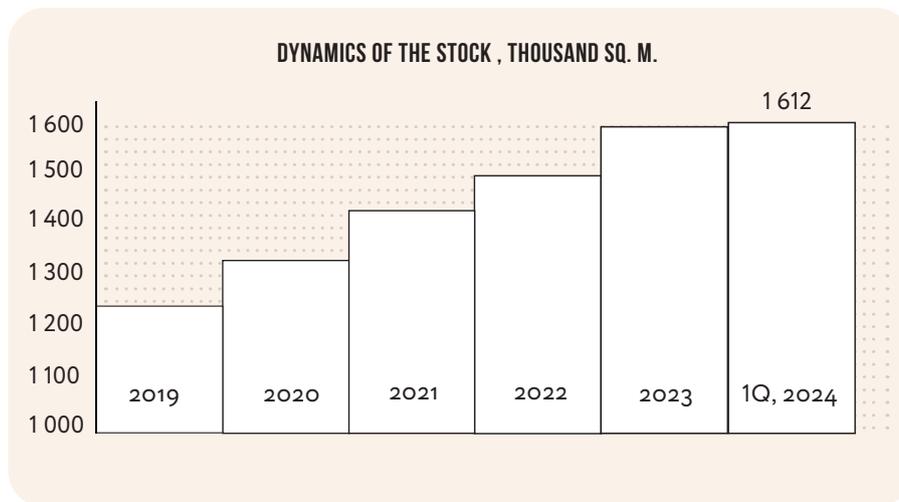
The supply of Class A and B areas in the Minsk region is almost exhausted. The size of the available vacant space does not meet the needs of large tenants and exceeds the request of small companies. High demand for industrial and warehouse real estate in the face of new economic

and logistical factors, in addition to rising rates, has affected the decrease in vacancy. It can be expected that the vacancy rate will remain at the level of 1% in the coming periods.

The rental rates of I&L real estate, as predicted by experts, continue to grow. The highest growth is observed at the lower boundary of class B (+25%), and the lowest is at the upper boundary of the same class (+3%).

The highest rates are recorded on an area of 3.5 thousand square meters, while the maximum value of the requested rates during the period reached 10 euros (sq. m/month).

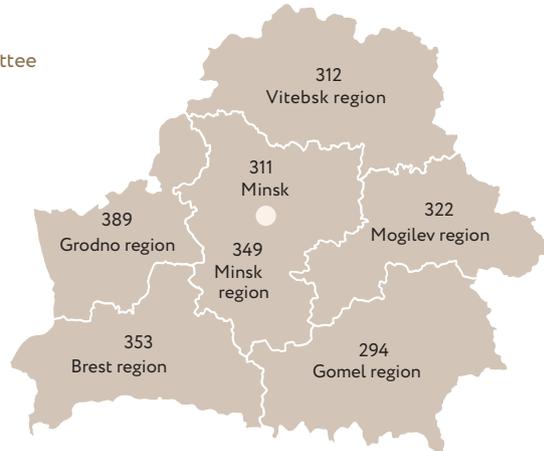
According to experts, rates will continue to rise in the coming periods, and vacancies will remain at a low level.



2.3 Mechanical engineering

NUMBER OF CARS PER 1000 POPULATION IN 2023, UNITS

Source: National Statistical Committee of the Republic of Belarus



Mechanical engineering is one of the main industries which determines the development of the global economic system. Its technological level dictates the price and quality parameters of the products of industrial enterprises and related industries, ensures their competitiveness. The machine-building complex of Belarus includes the production of electric equipment, machinery and equipment, computing, electronic and optical devices, as well as vehicles and equipment. Modern innovative processes in mechanical engineering in Belarus are based on higher technologies (bio-, nanotechnology, information and communication, aerospace), the use of the latest materials with specified properties, achievements of micro- and photoelectronics, which form the technological basis of the knowledge economy. The production potential of the mechanical engineering in Belarus is characterized by a highly qualified workforce and a developed infrastructure, the elements of which include accumulated experience, scientific organizations, supply and distribution channels.

In 2023, more than 80% of machine-building products were sold abroad. Tractors of Minsk Tractor Works OJSC, dump trucks of BELAZ OJSC, trucks and buses of MAZ JSC, passenger cars of BELJI JCSC, household appliances of Horizont JSC, Vityaz JSC, ATLANT CJSC, elevators of Mogilevliftmash JSC, combine harvesters of Gomselmash JSC, road construction and forestry

machines of Amkodor JSC and other numerous products of our flagships are supplied annually to more than 130 countries around the world.

Globally, Belarus accounts for about 8% of tractors, 30% of heavy dump trucks and 17% of combine harvesters. Minsk Tractor Works is one of the eight largest manufacturers of wheeled tractors in the world.

The machine-building complex of the republic has more than 1,200 organizations, the main of which are:

- Amkodor JSC, one of the leading manufacturers of specialized machinery and equipment both in Belarus and among the CIS countries.
- BELAZ OJSC is the world's main manufacturer of large and extra large capacity dump trucks.
- Minsk Tractor Works OJSC is considered one of the world leaders in the agricultural machinery production.
- MAZ JSC specializes in the production of trucks and passenger vehicles.
- Integral JSC is a developer, manufacturer and exporter of microelectronic components and electronic products.
- Minsk Motor Plant JSC is the country's leading enterprise for the diesel engines production.

DEVELOPMENT OF ELECTRIC TRANSPORT IN BELARUS

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

As part of the implementation of the Comprehensive Program, the following are provided:

- creation of production facilities for freight, passenger, specialized, passenger and individual electric vehicles, as well as its components;
- organization of scientific support, standardization, certification and conformity assessment of electric vehicles (basic components) for its safe operation on public roads;
- creating charging infrastructure for electric transport based on a nationwide network of electric charging stations (630 charging stations are operating as of 01.01.2024);
- elaborating a set of measures to stimulate the electric transport development.

The Comprehensive Program is aimed at systematic development of the mechanical engineering based on the creation of electric transport facilities for various functional purposes and their component base to solve the tasks of gradually increasing the use of electric energy in passenger and freight transportation.

To date, a scientific and engineering school has been formed and methods of designing electric power plants of vehicles and their basic components have been mastered, taking into account the technological capabilities of domestic enterprises, design documentation has been developed using these techniques, various components of electric power units have been manufactured and tested in bench conditions and as part of vehicles.

2.4 Food industry

In recent years, Belarus has gained the status of one of the leading food exporters. In 2023, the export of Belarusian agricultural products amounted to 7.93 billion dollars, and the geography of exports – 103 countries of the world.

Agriculture generates 7% of Belarus' GDP and creates more than 250,000 jobs. 77% is the share of food products of own production.

In the world ranking of agricultural and food producers, Belarus ranks 6th in the production of skimmed milk powder, 10th in animal oil, 12th in potatoes, 15th in whole milk powder, 16th in rapeseed oil.



Belarus almost completely provides itself with food. The level of food security for all types of products in our country reaches 95%. The country produces 139 kg of meat per person, and consumes 98 kg. High self-sufficiency is observed in eggs and vegetables. The dairy production is almost four times higher than their consumption: 908 kg is produced per person, and 238 kg is consumed. All surplus products of the food industry enterprises of the republic are exported without prejudice to the domestic market. Over 80% of exports are to the market of the Eurasian region.

Traditionally, the key driver of the growth of the food industry is milk processing, which ensures the receipt of the largest amounts of foreign currency from the export of finished products. Dairy products occupy the largest share in the structure of commercial food production – 28%.

In general, over the past 30 years, Belarus has increased grain production by 20.3 percent, milk by 33.7, and meat by 5.1. Due to the comprehensive upgrade and technical re-equipment of agro-industrial organizations, labor productivity in the industry has increased by more than 19 times. At the same time, the country has reached the highest level of self-sufficiency in food in the EAEU.

Agricultural production per capita in Belarus corresponds to the level of developed countries and in many respects exceeds the indicators achieved in the CIS countries. Over 30 years, the number of farms has increased 4.7 times, and their share in the total volume of agricultural production has increased almost 14 times. Exports of agricultural raw materials and food have increased more than 24 times in 28 years – from USD 317.6 million in 1995 to USD 7.9 billion in 2023.

According to forecasts, the growth potential of the food industry in the years to come will remain at a high level, which opens up good opportunities for national and foreign investors.

The Belarusian food industry is attractive to foreign investors. Projects for the production of import-substituting licensed products in the brewing and confectionery industries, as well as a number of joint ventures, have proven themselves well.

AGRICULTURAL ACTIVITY

Indicator	1993	2023
Milk production	5 584 thousand tons	8 331,2 thousand tons
Yield of grain and leguminous crops	27,2 centners/ hectare	33,2 centners/ hectare
Gross yield of sugar beet	1 569 thousand tons	4 778,8 thousand tons
Gross yield of vegetables	1 048 thousand tons	2 798,9 thousand tons

2.5 IT sector

Information and communication technologies are assigned the role of a necessary tool for the development of the high-tech sector of the economy, creating conditions for the transition to the digital economy, improving the institutional and formation of a favorable business environment.

Based on the 2023 Global Innovation Index, Belarus ranked 22nd in terms of access to ICT and 28th in terms of ICT usage among 132 countries of the world.

Belarus has established a well-developed data transmission network, data storage and processing centers, identification mechanisms, online payment systems, modern electronic services and information security tools.

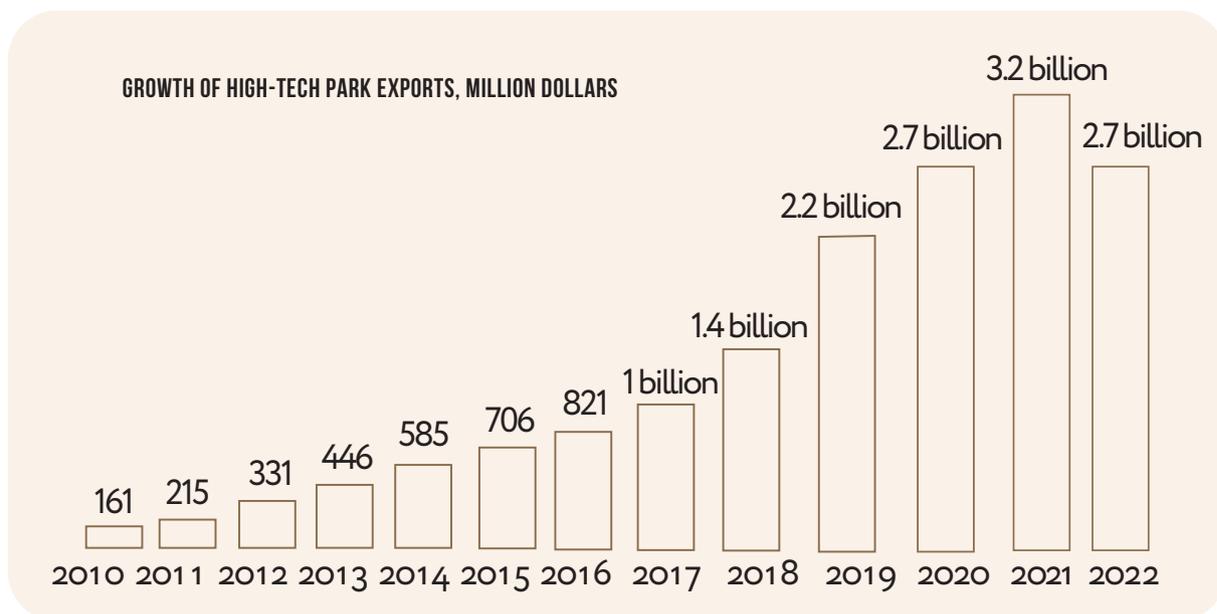
Following the first quarter of 2024 results:

- the LTE (4G) mobile network covers 99% of the population,
- the number of mobile connections is 120.5% of the total population,
- 89.5% of households have Internet access.

In the next five years, the guidelines and pace of work will be determined by the State Program "Digital Development of Belarus". As a result of its implementation, it is planned to further increase the technological level of Belarus' development both nationally and globally, to form a unified architecture of government data and its management policy. This will create a digital information ecosystem. Most government functions and business processes of organizations will be transferred to electronic form. The 2022 Decree No. 136 defined the Ministry of Communications as the regulator of digital development. The Ministry of Communications has also received new powers to manage these processes.

The Center for Digital Development and the Center for Advanced Research in this area were established.

The High-Tech Park plays a huge role in supporting the IT and digital transformation of Belarus. It attracts new residents by providing them with tax incentives and other benefits. Currently,



HTP has more than 1,000 companies engaged in the IT sector.

Residents can engage in 40 areas of activity: from AI to fintech and laser technologies. At the same time, the income tax is 13%. The exception is 5% of the profits of foreign companies without representative offices.

Today HTP resident companies are actively working in the domestic market, introducing their own ready-made solutions into the economy and social sphere of Belarus.

HTP is a regulatory "crypto sandbox" – 5 crypto exchanges and other blockchain companies operate here. According to Decree No. 8, their income from crypto activities is not taxed.

On April 12, 2023, the Decree of the President of the Republic of Belarus No. 102 "On the development of the Hi-Tech Park" was issued. The document is aimed at creating conditions for the further promising development of the Hi-Tech Park based on modern technological trends and actually opens a new page in the history of the IT industry in Belarus. All conditions of activity in the park – legal, tax, financial – remain at the same level without any changes

According to the Decree, a management company will appear in the HTP structure, which will ensure its strategic, organizational and ongoing development. Its functions include:

- assistance in expanding the export of goods (works, services) produced (provided) by HTP residents;
- organization of HTP international cooperation aimed at expanding exports, attracting foreign investment, ensuring the receipt of payments to Belarus, and coordinating the activities of HTP residents on these issues;
- representation of HTP in cooperation with foreign partners;
- implementation of measures to strengthen the business reputation of HTP and its residents;
- assistance in attracting investments involving international partners (including incubators, accelerators, venture funds).

For companies interested in IT business development, the Belarusian Hi-Tech Park is one of the largest clusters in Central and Eastern Europe.

Due to the legal regime of the Park, which operates throughout the territory of Belarus, a resident can be registered and operate anywhere in the country.

The uniqueness of HTP is in the successful combination of high-quality technical education, a high level of professionalism of IT specialists and government support for the IT industry.

IT education and IT industry

Thanks to the creation of the Hi-Tech Park, Belarus is one of the leading centers of competence in the field of information technology in the CIS and Eastern Europe. This is largely due to the high level of IT education.

IT sector experts point out that training IT professionals in demand by the market requires fairly high budgets and greater flexibility in educational processes. Active cooperation between universities and HTP residents helps to ensure this.

The Park's companies have established and maintain more than 90 joint research and production laboratories based on higher educational institutions. In addition, residents have developed and are conducting specialized educational courses at specialized departments of universities. At the same time, more than 40 branches of university departments are open directly on the premises of HTP residents and the territory of the Hi-Tech Park.

HTP residents are actively investing in the education system and the quality of graduate training. In particular, funds are allocated for the creation and strengthening of the material and technical base of universities, schools, lyceums, technical schools, organization and holding of seminars, trainings for teachers and students, support and holding of national and international competitions, conferences, Olympiads in physics, mathematics, computer science, as well as for the development of innovative entrepreneurship among young people.

3. "One window" for investors: The National Agency of Investment and Privatization



The National Agency of Investment and Privatization strives to help foreign investors find a niche for doing business in Belarus. The Agency acts as a single support center for foreign direct investors on a free basis.

3.1 Services



CONSULTING AND INFORMATION SERVICES FOR INVESTORS

- Work with investor appeals
- Providing information on the conditions for doing business and investment climate in Belarus
- Analysis of priority sectors of the economy for attracting investments
- 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/>)

- 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 AS A TOOL FOR CREATING AND DEVELOPING INFRASTRUCTURE

PPP is an institutional and organizational alliance between the state and business in order to implement socially significant projects for the creation or modernization of infrastructure facilities.

The Agency has a PPP Center that searches for and promotes PPP projects, attracts investors to implement these projects, and cooperates with key concerned government agencies and international organizations to develop the PPP market in Belarus.

IMPLEMENTATION OF PPP PROJECTS AIMS AT:

- consolidation of material, financial, intellectual, scientific, technical and other resources;
- balancing the interests and risks of both public and private parties
- attracting extra-budgetary funds to implement investment projects, plans and initiatives aimed at infrastructure facilities development.

THE PPP PROJECT DEVELOPMENT INVOLVES THE FOLLOWING STEPS:

STEP 1 PREPARING A PROPOSAL ON A PPP PROJECT IMPLEMENTATION:

A PPP project in Belarus can be initiated by government agencies or private businesses (legal entities, including foreigners, or sole proprietors).

The public or private initiator prepares the concept of a PPP project, which is then coordinated with government agencies within their competence.

If the concept is approved, the project initiator develops the proposal documents, which include a feasibility study, a project passport, and a draft PPP agreement. The developed documents of the proposal are also coordinated with the state bodies involved.

After coordinating the proposal documents, the public initiator or the body involved (in the case of a private initiative) forms a package of documents for consideration by the Currency and Credit Committee (CCC) or a local authority (depending on the level of the PPP project).

STEP 2 MAKING A DECISION ON A PPP PROJECT IMPLEMENTATION:

After approval by the CCC or the local authority, the public initiator or the involved body submits, in due order, a draft legal instrument on the PPP project implementation. The decision on a PPP project implementation can be made by the President, the Council of Ministers or the local Council of Deputies. The decision is made in the form of a legal instrument.

STEP 3 COMPETITION TO SELECT A PRIVATE PARTNER:

The state partner develops the competitive documentation, creates a competition committee and conducts a competition to select a private partner. The competition committee selects the winner.

STEP 4 CONCLUSION AND EXECUTION OF A PPP AGREEMENT

A PPP agreement is concluded between a public and a private partner within twelve months from the date the competition winner was identified, for the duration of the PPP project.

DIRECT NEGOTIATIONS

A PPP agreement can be concluded without a competition, but using the direct negotiation procedure, if the following conditions are met:

- the proposal for a PPP project implementation was prepared by a private initiator;
- the implementation of a PPP project does not require budgetary funds and (or) funds from state extra-budgetary funds, including funds to finance cost recovery and profit (income) from a private partner;
- there are no statements of interest from other potential investors.

THE LEGISLATIVE FRAMEWORK OF PPP IN BELARUS

The PPP projects in Belarus are implemented according to the following legal instruments:

- Law of the Republic of Belarus No. 345-Z of December 30, 2015 "On Public-Private Partnership";
- Resolution of the Council of Ministers of No. 532 of July 6, 2016 "On measures to implement the Law of the Republic of Belarus of December 30, 2015 "On Public-Private Partnership";
- Resolution of the Ministry of Economy of the Republic of Belarus No. 49 of July 27, 2016 "On measures to implement the Law of the Republic of Belarus of December 30, 2015 "On Public-Private Partnership";
- Resolution of the Ministry of Economy of the Republic of Belarus No. 20 of December 30, 2022 "On certain issues of public-private partnership"

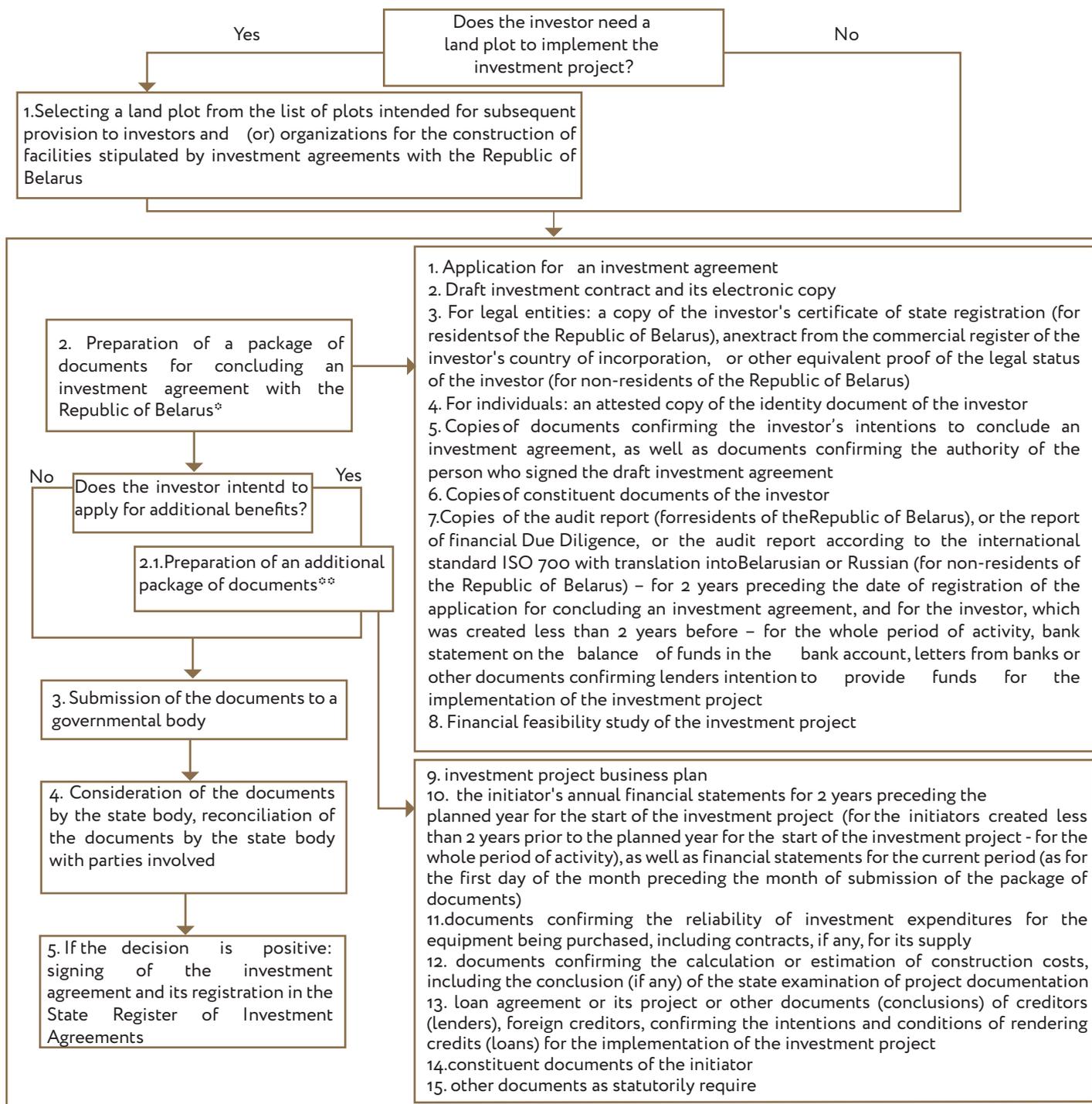
FOR ADDITIONAL INFORMATION ABOUT PPP
IN BELARUS PLEASE VISIT OUR PAGE AT
<https://investinbelarus.by/public-private-partnerships/>

OR SEND US AN EMAIL REQUEST TO
mail@investinbelarus.by

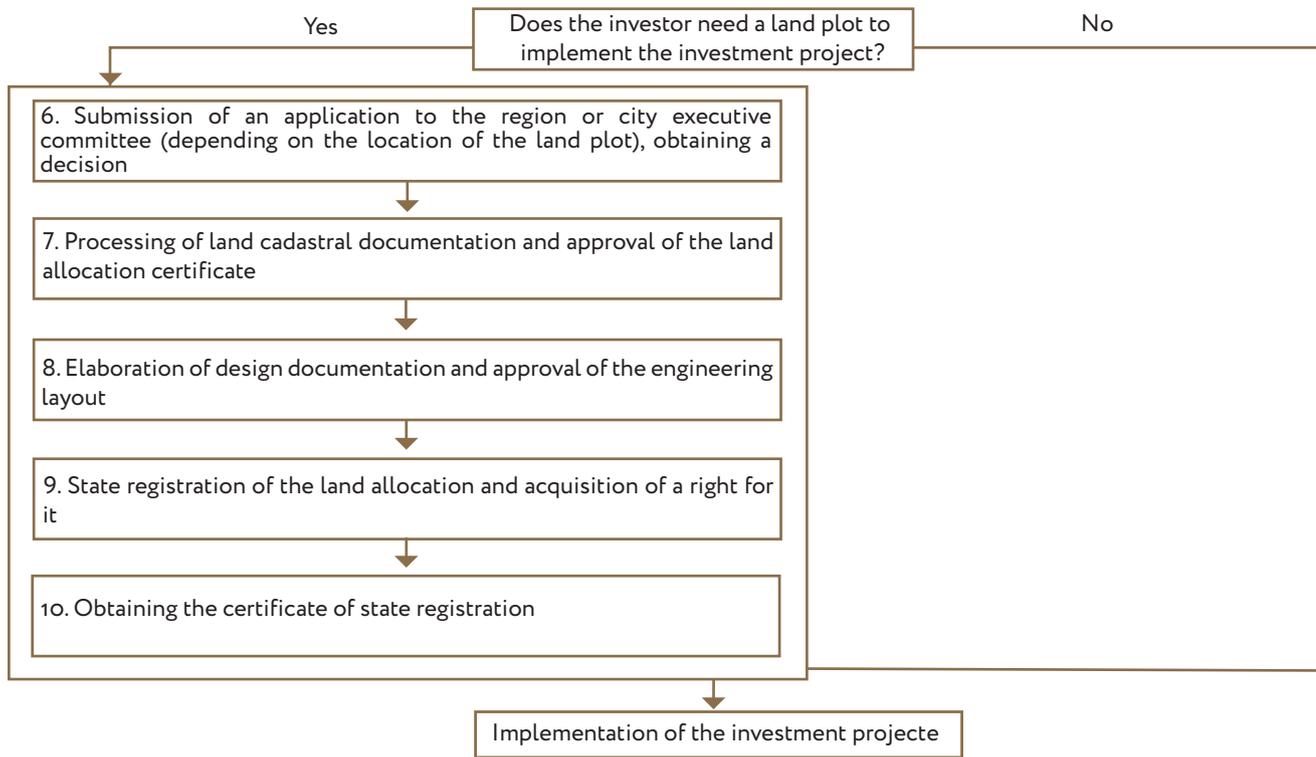


3.3 Investor's guide: step-by-step algorithms

CONCLUDING OF AN INVESTMENT AGREEMENT WITH BELARUS



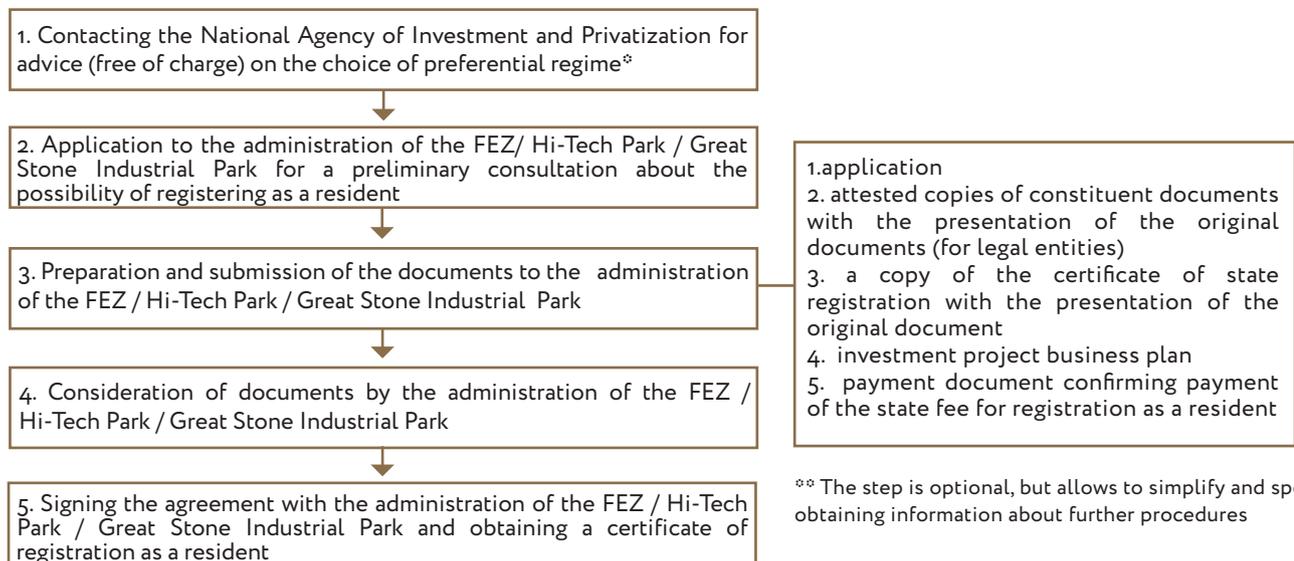
Concluding of an investment agreement with the Republic of Belarus (continued)



* 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

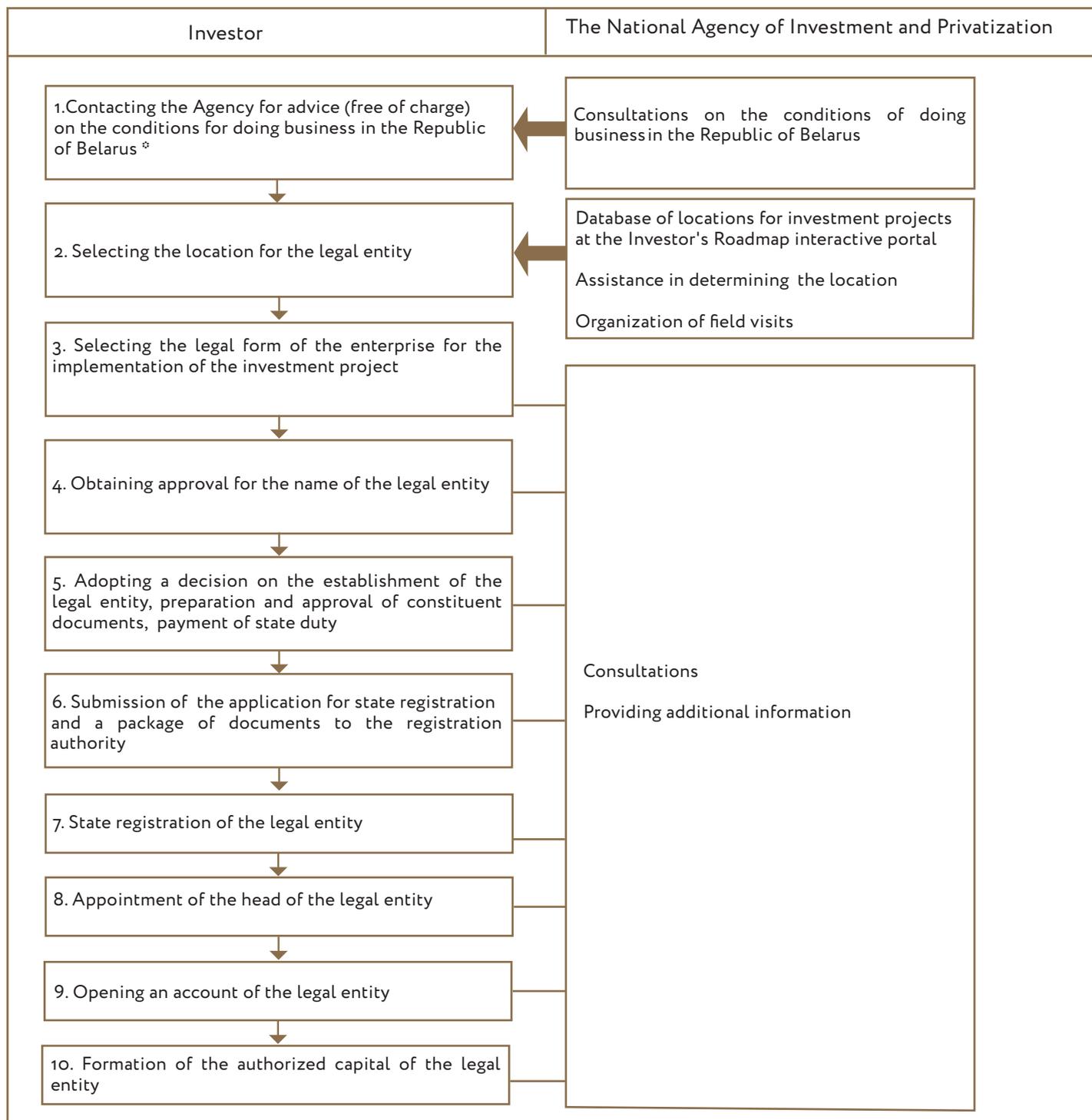
** Chapter 3 of the Regulation on the procedure for concluding, amending and terminating investment agreements between an investor (investors) and the Republic of Belarus, approved by Resolution of the Council of Ministers of the Republic of Belarus dated July 19, 2016 N 563; clause 16 of the Regulation 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

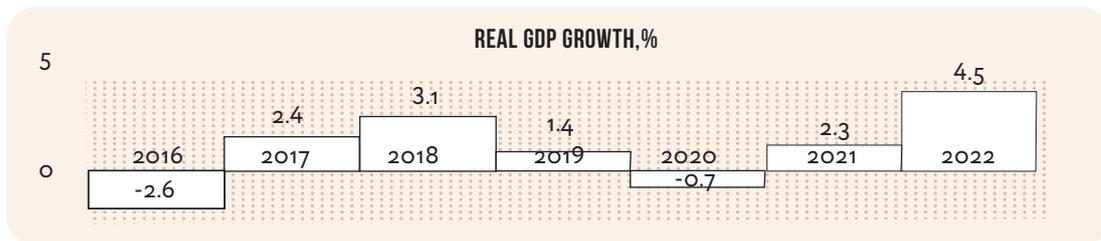


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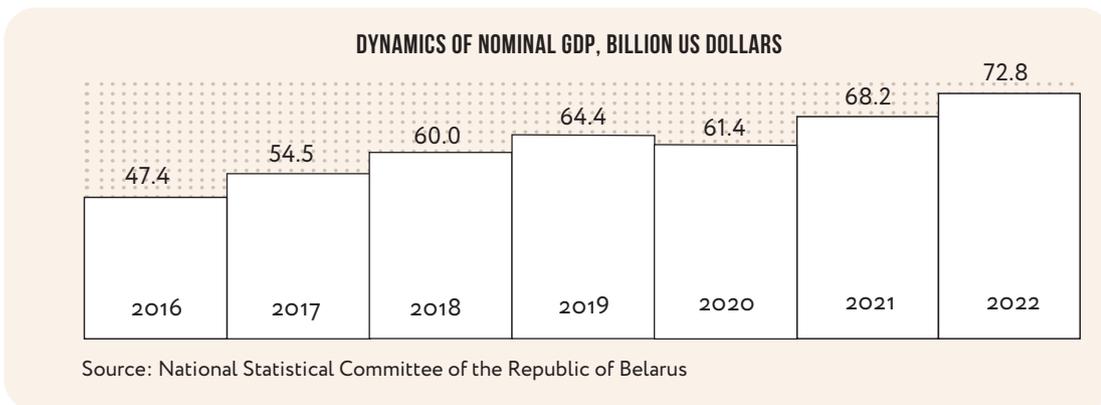
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4. General information about the economy of Belarus

Real GDP



Nominal GDP



The Republic of Belarus is an export-oriented state with a developed industry, service sector and agriculture. Belarus adheres to the model of a socially oriented market economy, which has proven its viability and effectiveness.

In general, in 2015-2023, the country's GDP increased by 5.1% in comparable prices, while labor productivity increased by 13.8% over the specified period. Gross domestic product per capita in 2015-2023 increased by 8.3%.

In 2023, Belarus's GDP made USD 71.82 billion, an increase of 3.9% compared to 2022. The GDP deflator index in 2023 compared to the previous year was 107.3%

The share of the service sector in GDP is 47.8% (of which 9.7% is in retail and wholesale trade; 4.9% is in transport and warehousing), the share of the production sector is 39.8% (of which 25.8% is in industry; 7.2% is in agriculture, forestry and fisheries).

DYNAMICS OF THE INTEREST RATE ON NEW LOANS TO LEGAL ENTITIES, % ANNUALLY



Source: National Bank of the Republic of Belarus

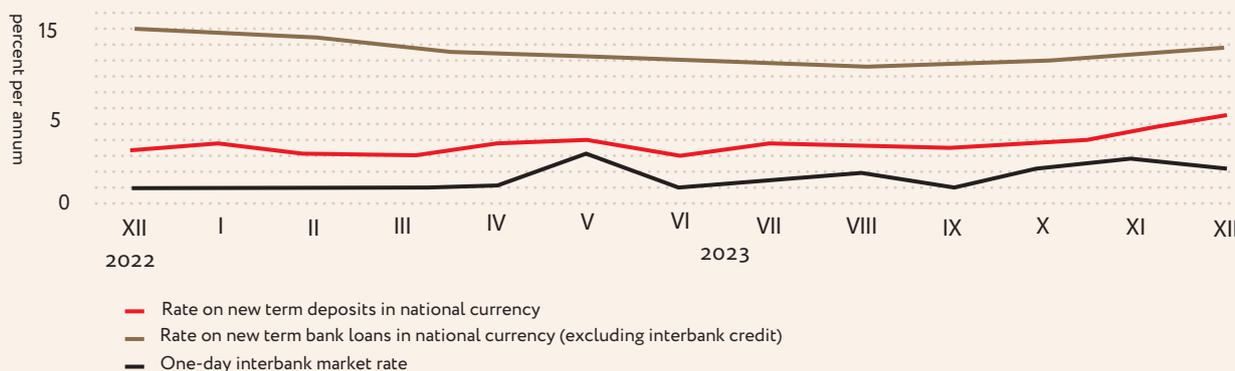
The main directions of the monetary policy of the Republic of Belarus for 2024 were approved by Resolution of the Board of the National Bank No. 363 of October 19, 2023.

In 2024, the National Bank will maintain the continuity of its policy and focus its activities on ensuring macroeconomic stability, creating a transparent and comfortable business environment, improving social standards and the level of protection of the population in the financial sector.

In 2024, monetary policy will aim to limit inflation, measured by consumer price increases, within 6%.

Priority will be given to crediting effective investment projects, export-oriented business entities, as well as organizations producing import-substituting products. It is planned to expand the scope of use of bank trade finance, the cost of which, as a rule, is lower than the cost of traditional lending.

DYNAMICS OF AVERAGE INTEREST RATES OF THE FINANCIAL MARKET, IN NATIONAL CURRENCY



Source: National Bank of the Republic of Belarus

Attractive price conditions for loans from banks provided on market terms are expected to remain. The interest rate on new bank loans to legal entities and individuals in national currency (excluding interbank loan rates) is estimated at 8.5-9.5% per annum on average for 2024.

The refinancing rate of the National Bank is estimated at 9-9.5% per annum on average for 2024.

The exchange rate policy will be implemented in a floating exchange rate regime, which provides for the formation of the Belarusian ruble exchange rate under the influence of the ratio of demand for foreign currency and its supply in the domestic foreign exchange market.

Foreign trade

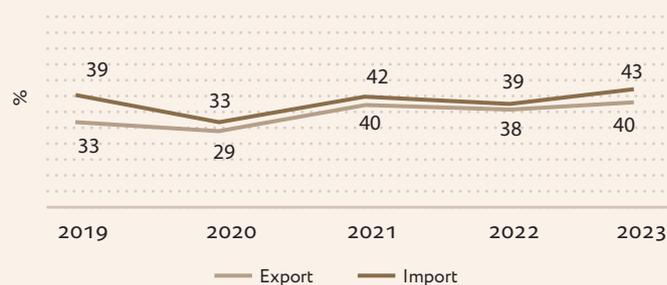
The Republic of Belarus implements a multi-vector foreign economic policy and maintains trade relations with 200 countries around the world. Export is one of the priorities for the development of the Belarusian economy. About 60% of the products are supplied to foreign markets, which is typical for countries with a high degree of development and openness of the economy.

In 2023, the foreign trade turnover of the Republic of Belarus reached USD 83.4 billion, which is 8.45% more than in 2022. Export of goods made USD 40.2 billion and grew by 4.69% compared to the previous year. Imports of goods made USD 43.2 billion and it grew by 12.21%.

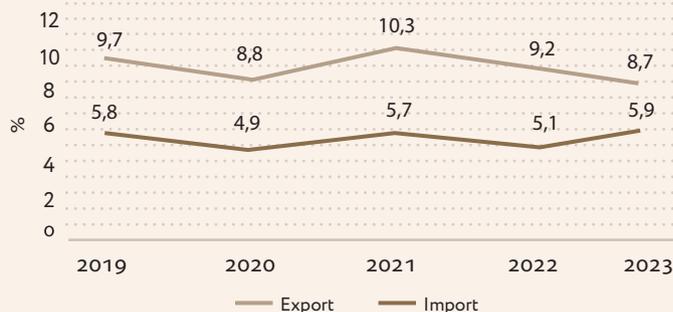
The commodity structure of Belarusian exports includes more than a thousand commodity items at the level of four characters of the CN FEA EEU. The most important export positions are petrochemicals, mechanical engineering, metallurgy, woodworking, light industry, dairy and meat products, furniture, glass, fiberglass, cement.

The country's place and role in the international services market is growing. Compared to 2010, their exports increased almost 2 times. In 2023, this figure reached USD 8.5 billion.

FOREIGN TRADE IN GOODS, BILLION US DOLLARS



EXTERNAL TRADE IN SERVICES, BILLION US DOLLARS



4.1 Consumer price index

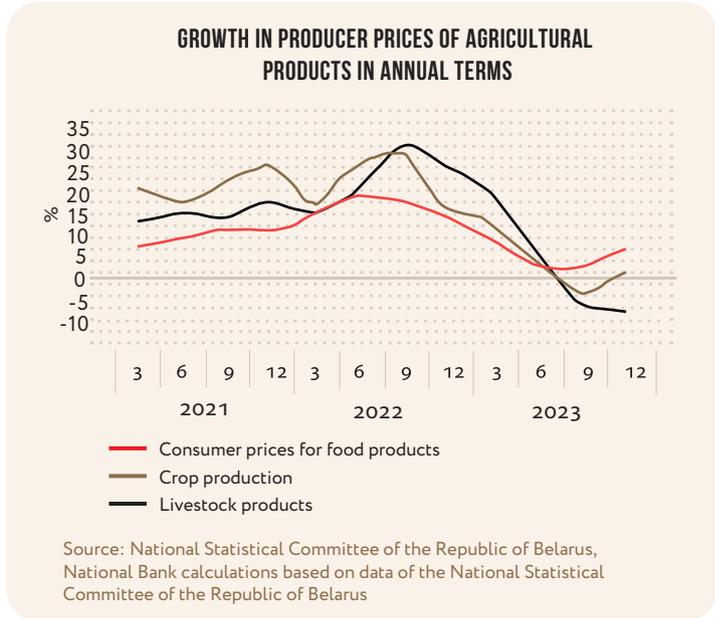
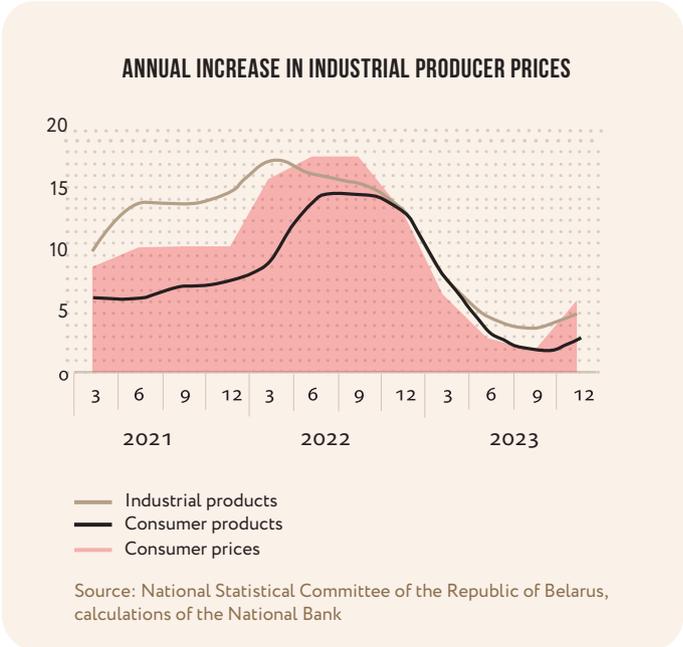
The consumer price index for goods and services for the period January 2024 to January 2023 made 105.9%, including for food products – 106.9%, for non-food products – 103.1%, for services – 107.5%.

For the same period (January 2024 to January 2023), the industrial producer price index was 105.1%, the agricultural producer price index was 97.0%, the construction price index was 112.3%, and the freight transportation tariff index was 115.1%.

Constantly regulated prices (tariffs) increased by 8.9% in 2023.

At the same time, the final inflation in 2023 was formed at the level of 5.1%. During 2023, the annual inflation rate not only returned to the target trajectory, but also rewrote the historical minimum several times (in May – 3.7%, June – 2.9, July – 2.7, August – 2.3, September – 2%).

The inflation target for 2024 is not more than 6%.



4.2 Foreign trade

In balance of payments methodology, exports of goods and services in 2023 made USD 47.87 billion, an 102.1% increase compared to 2022. Imports of goods and services made USD 47.40 billion, which is 112.1% more than the 2022 figure. At the end of 2023, there was a positive balance of trade in goods and services at the level of USD 472.3 million.

If we consider only the export and import of services in 2023, exports made USD 8.50 billion (92.1% against the previous year), imports – USD 5.68 billion (112.8% against the previous year). The balance of services made USD 2.83 billion. More than half of exports and imports are intermediate goods, a bit less than a third are consumer goods.

Foreign trade with the CIS countries in 2023 reached 51.5 billion. Exports made USD 27.2 billion, imports - 24.3 (the balance made almost USD 2.9 billion).

Belarus maintains trade relations with most countries of the world. In particular, in 2023, it traded with 200 countries.

The main trading partners are the Russian Federation, China, the United Arab Emirates,

Germany, Poland, Turkey, Kazakhstan, Brazil, Italy, Uzbekistan, Lithuania, India.

Regionally, 65.1% of Belarus' commodity exports are to the EAEU countries. The presence of Belarusian manufacturers in the markets of Asia, Africa, America and Oceania is gradually expanding. Together with the EAEU partners, work is underway to expand access to the markets of the far arc countries through the conclusion of free trade agreements.

The main consumers of Belarusian services in 2023 were the Russian Federation, the United States of America, Poland, China, Germany, Kazakhstan, Brazil, the United Arab Emirates, Cyprus, Lithuania. An important tool for diversifying Belarusian exports and strengthening trade and economic ties is the country's active integration into the international trading system.

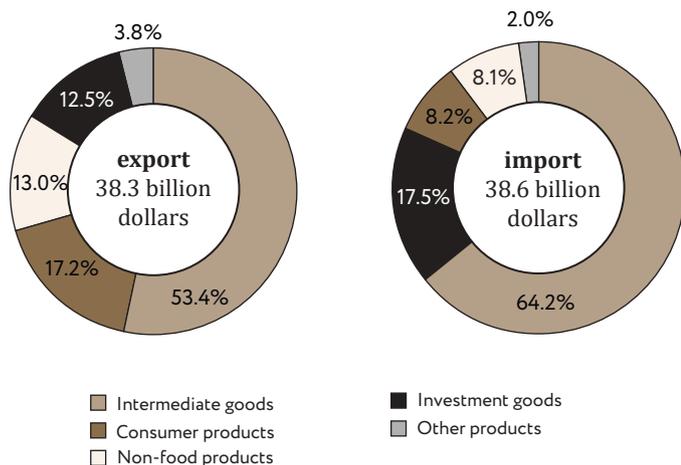
Export Support Institutions

The Republic of Belarus has established an export support system, specialized institutions are operating in export lending, leasing, and export risk insurance – JSC Development Bank of the Republic of Belarus, JSC Promagroleasing, and BRUPEIS Beleximgarant.

The export support system includes financial mechanisms:

- provision of export credits and insurance of export risks with the support of the state;
- compensation of part of interest on loans and leasing payments to consumers of Belarusian products using the resource and customer base of foreign banks;
- compensation to exporters of up to 50% of the costs of participating in international specialized exhibitions and conducting conformity assessment of products in foreign countries;
- financing from budgetary funds of part of the expenses for the organization of national exhibitions (expositions) of the Republic of Belarus abroad.

STRUCTURE OF EXPORTS AND IMPORTS BY MAJOR GROUPS OF GOODS IN 2023 (AS A PERCENTAGE OF THE TOTAL)



5. International cooperation and foreign capital in Belarus



The Republic of Belarus implements a multi-vector foreign economic policy and actively participates in international integration processes.

Belarus maintains diplomatic relations with 183 countries of the world and is currently represented by 70 foreign institutions (including: 56 embassies, 2 permanent missions, 11 consulates general and 1 consulate) in 56 countries, and taking into account the accreditation of part-time ambassadors – in more than 90.

Belarus concentrates its foreign policy efforts on a number of the most important and promising vectors. Among them is, first of all, the Russian Federation, with which strategic allied cooperation is based on the Agreement on the Creation of the Union State of Belarus and Russia.

Relations of all-weather and comprehensive strategic partnership are developing with the People's Republic of China. Consistently defending the ideas of integration, Belarus takes an active and constructive position in the unifying entities in the post-Soviet space - the Eurasian Economic Union, the Commonwealth of Independent States, the Collective Security Treaty Organization.

In order to strengthen Belarus' international position, our has established a full-scale membership in the Shanghai Cooperation Organization is implemented.

Cooperation with the far arc countries of Belarusian foreign policy – Asia, Africa and Latin America – is reaching a qualitatively new level.



5.1 FDI on a net basis

In 2023, foreign investors invested USD 7.716 billion in gross foreign investment in the real sector of the Belarusian economy, including USD 5.774 billion in foreign direct investment (FDI).

- Top 5 industries for foreign direct investment:
- industry – 35.81%;
 - transportation, warehousing, postal and courier activities – 21.53%;
 - wholesale and retail trade; repair of cars and motorcycles – 19.99%;
 - information and communication – 11.07%;
 - construction – 4.5%.

In 2023, the net inflow of foreign direct investment (excluding debt to a direct investor for goods, works and services) into the Belarusian economy made USD 1.642 billion, an increase of 7.25% compared to 2022. The manufacturing industry received 29.80% of investments, in wholesale and retail trade – 11.13%, in financial and insurance activities – 22.25%, in construction – 11.37%, in transport activities – 1.56%.

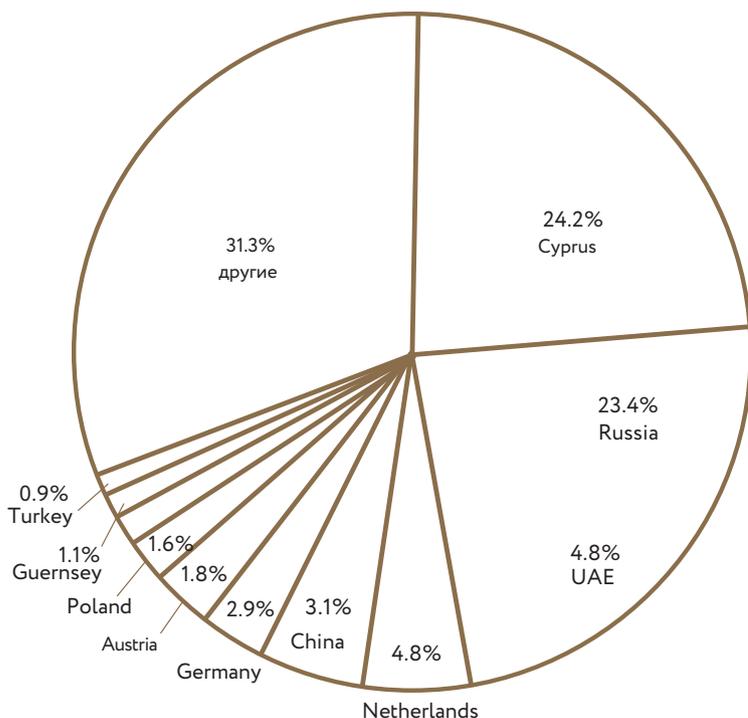
The main flow of investments on a net basis in 2023 came from Cyprus – 24.21%, the Russian Federation – 23.38%, the United Arab Emirates – 4.84%, the Netherlands – 4.83%, China – 3.13%, Germany – 2.90%, Austria – 1.80%, Poland – 1.55%, Guernsey – 1.08%, Turkey – 0.91%.

Decree No. 119 of March 29, 2024 approved the State Investment Program for 2024. In total, 120 facilities are included in the State Investment Program this year, 41 of which are planned to be put into operation. It is also planned to start financing the construction (reconstruction) of 16 new facilities, including 4 road construction facilities, 2 family-type orphanages, 2 hospitals, 4 infrastructure facilities.

About USD 656 million (at the rate of 3.2 rubles per dollar) are allocated for financing the objects included in the program, of which more than 80% is for the implementation of the state programs "Roads of Belarus", "Public Health and Demographic Security", "Ensuring Law and Order", "Agricultural Business", "Border Security", "Education and Youth Policy", "Housing Construction" and others.

As of January 1, 2024, 11,185 companies with foreign ownership were registered in Belarus, which is 7.4% of the total number of legal entities in the country (an increase of 5.5% compared to 01.01.2023).

TOP-10 DONOR-COUNTRIES OF FDI ON A NET BASIS IN BELARUS



5.2 Eurasian integration



The Eurasian Economic Union (EAEU) is an international organization of regional economic integration with international legal personality. The Union ensures the freedom of movement of goods, services, capital and labor, and the implementation of a coordinated, concerted or unified policy in key sectors of the economy.

The Eurasian Economic Union (EAEU) is an international organization of regional economic integration with international legal personality. The Union ensures the freedom of movement of goods, services, capital and labor, and the implementation of a coordinated, concerted or unified policy in key sectors of the economy.

The Treaty of 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. The Agreement entered into force on January 1, 2015. On January 1, 2018, the Agreement on the Customs Code of the EAEU entered into force.

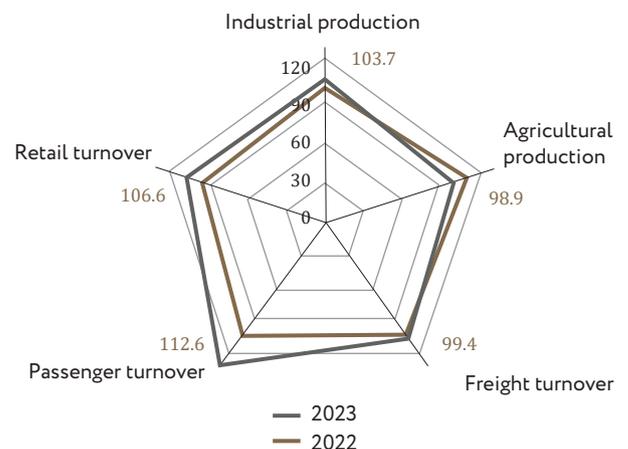
The Union is open for accession by any State that shares its goals and principles, on terms agreed by the Member States. It also provides for the possibility of obtaining the Union observer state status.

In the course of the meeting of the Supreme Eurasian Economic Council (hereinafter referred to as the Supreme Council) on October 10, 2014 in Minsk, the Agreement on the accession of the Republic of Armenia to the Treaty on the EAEU dated May 29, 2014 was signed. The Agreement entered into force on January 2, 2015.

In the course of the Supreme Council's meeting on December 23, 2014 in Moscow, an Agreement on the accession of the Republic of Kyrgyzstan to the Treaty on the EAEU was signed. The Agreement entered into force on August 12, 2015.

At the Supreme Council's meeting on May 14, 2018 in Sochi, the EAEU observer state status was granted to the Republic of Moldova. On January 1, 2018, the EAEU Customs Code came into force, which simplified and expedited the process of passing customs procedures. It envisages the maximum transfer of customs operations to electronic form, the use of a single window mechanism in working with documents, reducing the release time of goods, and more.

EAEU KEY ECONOMIC INDICATORS (AS A PERCENTAGE OF THE CORRESPONDING PERIOD OF THE PRECEDING YEAR)



The Union is entitled to implement, within its competence, international activities aimed at solving the tasks facing the EAEU.

The Free Trade Agreement between the EAEU and Vietnam has been implemented since 2016, and the Agreement on Trade and Economic Cooperation between the EAEU and China has been implemented since 2019. On October 1, 2019, the first agreements from the package of a comprehensive trade deal between the EAEU countries and Singapore were signed; on October 25, 2019, a free trade agreement with Serbia was signed. As a follow-up to the Interim Agreement leading to the formation of the EAEU Free Trade Zone with Iran (entered into force in 2019), a full-scale free trade agreement of the Union with Iran was concluded in December 2023. Negotiations are underway to create free trade zones of the EAEU with Egypt, the UAE and Indonesia.

On December 25, 2023, the EAEU Heads of States signed a Declaration on the further development of economic processes within the framework of the Eurasian Economic Union until 2030 and for the period up to 2045, the Eurasian Economic Path. The Declaration defines the tasks of the Union for the medium term until 2030 on the way to turning the EAEU by 2045 "into a self-sufficient, harmoniously developed and attractive macro-region for all countries of the world, possessing economic, technological and intellectual leadership and maintaining a high level of well-being of the population of the member states."

The EAEU member states have 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, third in the length of railways and in the production of wheat and potatoes, fourth in pig iron production, electricity generation and the total length of highways, as well as fifth in steel production.

In absolute figures, the gross domestic product of the EAEU in 2023 made USD 2,391.9 billion, industrial production - USD 1,444.6 billion, agricultural production - USD 135.6 billion, investment in fixed assets - USD 279.7 billion, retail turnover - USD 640.8 billion. Freight turnover made 6.1 trillion

tonne-kilometers (0.6% lower than in 2022), passenger traffic – 14 billion. people (6.1% higher than in 2022), passenger turnover – 609.3 billion passenger-kilometers (12.6% higher than in 2022).

Retail trade turnover (through all sales channels) of the EAEU member states increased by 6.6% in January-December 2023 compared to January-December 2022.

The Eurasian Economic Commission (EEC, the supranational regulatory body of the EAEU) has formed a map of the industrialization of the EAEU. These are 185 projects with an estimated cost of more than USD 300 billion in more than 21 industries and 550 technological areas. It contains the projects of all five Member States. Key attention is paid to high-tech industries where serious import dependence and the necessary resource base and competencies are available: pharmaceuticals, microelectronics, aircraft engineering, machine tool construction.

The main directions of the EAEU's international activities for 2024 have been approved. The priority areas for the Union in 2024 will be such areas as interaction with the CIS states and other neighboring countries, the development of cooperation with the observer states of the Union - Cuba and Uzbekistan, the development of a systematic dialogue with the Shanghai Cooperation Organization (SCO), the Association of Southeast Asian Nations (ASEAN), the BRICS countries and other states and integration associations of Central Asia and the Middle East to expand economic cooperation in the context of the idea of a Large Eurasian Partnership.

The priority is also to promote the implementation of the Member States' export potential, the development of Eurasian transport corridors as part of the global transport communications system, the creation of favorable business conditions, including simplification of trade procedures and the elimination of internal barriers, and others.

Belarus' participation in the EAEU opens up additional opportunities for foreign investors:

- ① Free movement of both national goods and goods from third countries as part of the common market of the Union;
- ② General customs tariff and non-tariff regulation in trade with third countries to protect the interests of Belarusian manufacturers, including enterprises with foreign investments;
- ③ Exemption from customs duties on the import of production equipment, raw materials for the implementation of investment projects (if such raw materials are not produced in the Member States);
- ④ Tariff preferences for goods imported from third countries as a contribution to the company's authorized capital;
- ⑤ Free access to the 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 EU markets due to the favorable geographical location of Belarus;
- ⑦ Legal safeguards for investors, including the right to compensation and use of investment income, as well as guarantees of expropriation rights, procedures for resolving investment disputes through arbitration and national court or the International Center for Settlement of Investment Disputes;
- ⑧ Joint measures to encourage the goods export from Member States to third countries contain a number of mechanisms to support exporters, such as insurance and export lending, international leasing, brand promotion under the "EAEU goods" name, exhibitions and fairs, advertising and reputation enhancement abroad;
- ⑨ The introduction of a single window system within the Union to simplify and accelerate the procedure of foreign trade through effective communication between government agencies and participants in foreign economic activity.

5.4 Belarus and China: towards a new stage of cooperation



The high level of Belarusian-Chinese political relations serves as the basis for the development of mutual trade relations.

Diplomatic relations between the Republic of Belarus and the People's Republic of China were established on January 20, 1992. In September 2022, on the sidelines of the events of the Shanghai Cooperation Organization, the Heads of Belarus and China adopted a Joint declaration on establishing the highest level of relations in history: an all-weather and comprehensive strategic partnership. In March 2023, during the state visit of President of Belarus Alexander Lukashenko to China, the heads of Belarus and China adopted a joint statement on the main principles of the development of exemplary relations of all-weather and comprehensive strategic partnership between Belarus and China in a new era.

The development of relations with China is a strategic direction of the foreign policy of the Republic of Belarus. In 2023, in the period from February 28 to March 2, the President paid an official visit to the People's Republic of China, during which about 40 agreements and contracts worth 3.5 billion US dollars were signed in such areas as banking and finance, agriculture and food production, construction, heavy industry, healthcare, sports and tourism, media and scientific cooperation.

Among the most significant results are the adoption of a Joint Plan of applied measures for the development of all-weather and comprehensive strategic cooperation, the creation of a joint venture for the production of dairy products in Shenyang, Liaoning Province and new production facilities at the site of the Great Stone China-Belarus Industrial Park.

The 2023 was a record year regarding the number of new residents in the Great Stone China-Belarus Industrial Park. Last year, the park

registered 26 companies with a total amount of declared investments of USD 123.9 million and plans to create 7,360 new jobs.

As part of the First Forum of Rectors of Higher Education Institutions of Belarus and China held in Minsk, an agreement on establishing the Association of Universities of the two countries involving more than 80 Belarusian and Chinese universities, was signed.

China is one of the most important trade and economic partners of Belarus. Over the past 32 years, the bilateral trade turnover between China and Belarus has grown from the initial USD 60.8 million to the historical mark of USD 8.443 billion in 2023, increasing almost 139 times.

In 2023, 27 intergovernmental, interdepartmental and interregional agreements were signed, about 8 commercial contracts in various fields - industrial and agricultural activities. The signed documents affect almost the entire range of Belarusian-Chinese relations and reflect their comprehensive nature.

An important strategic document has been signed – a comprehensive strategy for joint industrial development. The strategy involves the creation of joint high-tech innovative industries and the development of industrial cooperation as one of the priority areas of cooperation.

A big bet is made on the agreement on trade in services and investment. This is actually a free trade zone in services and investments, which implies the absence of barriers. According to international experience, this is about +12.5% in trade in services and +30% in investments.

Work is actively underway to deepen cooperation with the regions of China. To date, more than 100 agreements have been signed between the provinces of China and the regions and cities of Belarus.

On June 5, 2012, the Decree of the President of the Republic of Belarus No. 253 "On the establishment of the Great Stone China-Belarus Industrial Park was signed. The Great Stone Industrial Park is a special economic zone in Belarus, created as part of the Chinese-Belarusian intergovernmental cooperation. The Industrial Park is located in the Smolevichy district of the Minsk region, 25 km from the capital of the Republic of Belarus, Minsk, and covers an area of 112.5 square kilometers. The advantageous geographical location is due to the park's close proximity to Minsk International Airport, the railway, the Berlin-Moscow transnational highway, as well as access to the port of Klaipeda on the Baltic Sea coast at a distance of 500 km. The Industrial Park reveals the potential of Belarus as a link between the countries of Europe, Russia and Asia, and also provides free access of goods produced in the Industrial Park to the market of the Eurasian Economic Union (Russia, Belarus, Kazakhstan, Armenia, Kyrgyzstan) with a capacity of 185.5 million people.

It is planned to place industrial and residential areas, office and shopping and entertainment complexes, financial and research centers on the territory of the park. In fact, a modern international eco-city is being built with an emphasis on high-tech and competitive innovative industries with high export potential. The project is being developed within the framework of interstate Chinese-Belarusian cooperation and signed relevant intergovernmental documents.

Any companies can act as residents of the industrial park, regardless of the country of origin of the capital. Realizing the intense competition for investors in the global market, the state has created a favorable investment climate for residents of the Industrial Park, guaranteed by both national legislation and special international agreements and obligations, provided unprecedented benefits and preferences, formed a separate and independent public administration body providing comprehensive administrative services on the "one station" principle.

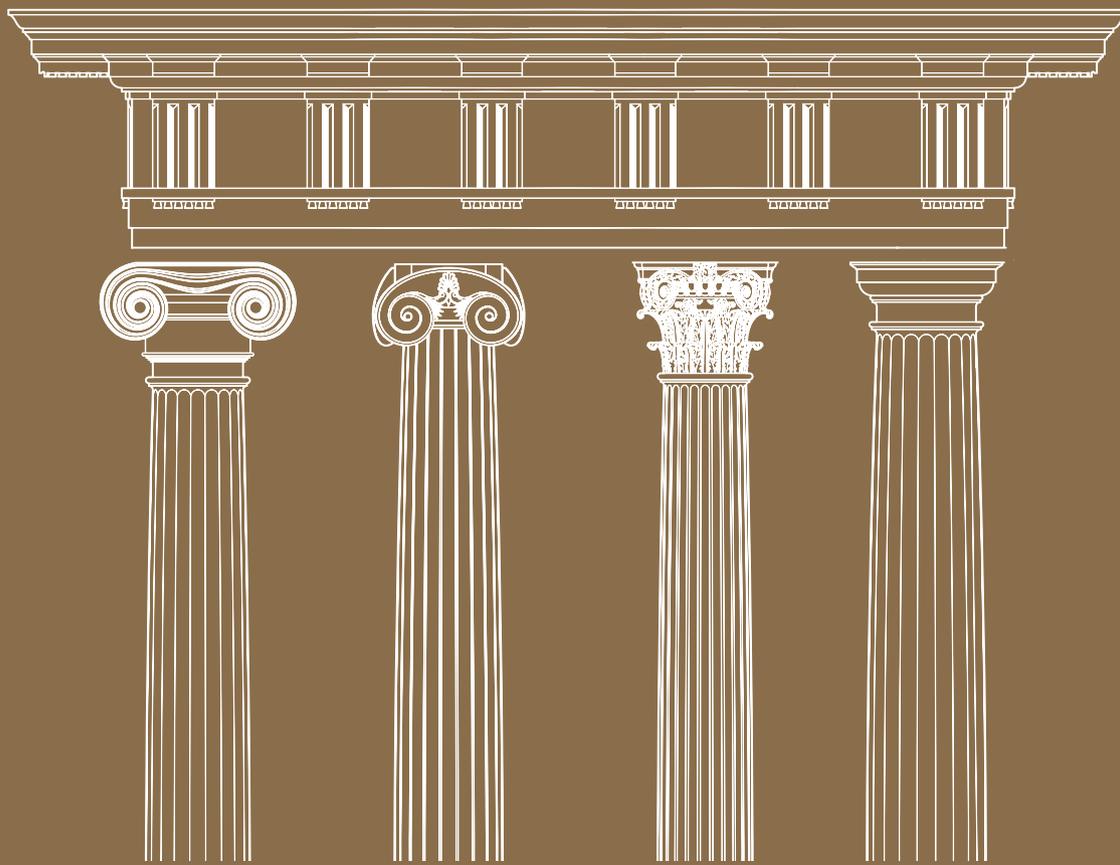
Investors are offered land plots for rent or sale into private ownership with all the necessary engineering and transport infrastructure, communications, networks and connection points for the design and construction of facilities. In addition, companies can rent (purchase as private property) ready-made production facilities in standard production buildings equipped with all the necessary infrastructure to launch production in the shortest possible time.

The park has all the necessary infrastructure: motorways, modern roads with 4-6 lanes, including traffic lights and bike paths, pipelines, water supply facilities, water intake facilities, pumping stations, sewage treatment plants, gas supply facilities, an electric substation and networks, as well as a fire station.

As of February 2024, the number of the Great Stone Industrial Park residents has reached 127 (from 14 countries of the world). The export of goods by the Park residents made USD 135.8 million, and import – USD 248.5 million. Balance – USD -112.7 million. Foreign direct investment on a net basis (excluding debt to a direct investor for goods, works, services) in 2023 made USD 28.7 million US dollars, 199.1% increase compared to 2022.

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 legislation



6.1.1. General principles, investment methods and safeguards for investors

The Republic of Belarus pays priority attention to the creation of conditions for attracting investments into the country's economy from both foreign and national investors. This is due to the openness and export orientation of the country's economy, its location at the intersection of important transport and logistics routes and participation in international economic and political entities, the need to modernize the economy using innovative technologies.

When making investments in the Republic of Belarus, the priority of generally recognized principles of international law is recognized. Investment protection measures provided for by international treaties are also available to foreign investors in the Republic of Belarus.

The key regulatory instrument that enshrines the basic principles of investment activity in the Republic of Belarus is the Law of the Republic of Belarus No. 53-Z of July 12, 2013 "On Investments" (hereinafter referred to as the Investment Law).

The implementation of investments in the Republic of Belarus is based on the following principles:

- the principle of the rule of law;
- the principle of equality of investors (investors are equal before the law and exercise their rights without any discrimination;
- the principle of good faith and reasonableness of investments (investors make investments in good faith and reasonably without causing harm to other persons, the environment, historical and cultural values, infringement of the rights and legitimate interests of others and abuse of rights);
- the principle of inadmissibility of arbitrary interference in private affairs (no interference in private affairs is allowed, except in cases where such interference is made in the interests of national security, public order, protection of morality, public health, rights and freedoms of others);
- the principle of ensuring the restoration of infringed rights and legitimate interests, their

judicial protection (investors are safeguarded the protection of rights and legitimate interests in court and in other ways provided for by the legislation of the Republic of Belarus, as well as international treaties of the Republic of Belarus).

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

- creation of a commercial organization;
- acquisition, creation, including through construction, of real estate objects (except for the acquisition and construction by citizens of residential buildings and premises for their stay and residence of their family members);
- acquisition of intellectual property rights;
- acquisition of shares, stocks in the authorized capital, shares in the property of a commercial organization, including when the authorized capital of a commercial organization is increased;
- based on a concession;
- within the framework of public-private partnership;
- other non-prohibited methods.

The Investment Law also provides safeguards for foreign investors:

- safeguards of transfer abroad of compensation for nationalization and requisition, after payment of taxes and other mandatory payments – profit (income) and other legitimately received funds, as well as payments in favor of a foreign investor related to the implementation of investments;
- safeguards against adverse changes in tax legislation (to an investor who has concluded an investment agreement with the Republic of Belarus) in the form of an increase in tax rates and (or) the introduction of new taxes and fees. The safeguard is valid only if fixed in the investment agreement;
- protection of property from nationalization and requisition (allowed only in exceptional cases, subject to the conditions established by law);
- limitation of the presentation of claims to the investor (certain requirements to the investor arising in connection with the implementation of investments cannot be presented after 3 years from



the date of occurrence of circumstances with which the relevant requirements are related and (or) from which the relevant requirements arise). It is important to take into account that this restriction does not apply to requirements arising from tax, customs, labor and related relations, as well as from relations related to bringing persons to criminal and administrative responsibility;

- the possibility of dispute resolution 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:

- the right to create a commercial organization;
- the right to benefits and preferences (when investing in priority sectors of the economy);
- the right to conclude agreements with the Republic of Belarus, including an investment agreement, a special investment agreement, as well as the implementation of preferential investment projects;
- the right to attract foreigners and stateless persons under employment contracts.

6.1.2. International agreements of the Republic of Belarus in the field of investments

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

- Convention on the settlement of investment disputes between states and nationals of other states (Washington, 1965);
- Convention Establishing the Multilateral Investment Guarantee Agency (Seoul, 1985, as amended);
- CIS Agreement on Cooperation in the field of investment activities (Ashgabat, 1993);
- Convention on the Protection of the Rights of the Investor (Moscow, 1997);
- Treaty on the Eurasian Economic Union (Astana, 2014, with appropriate amendments).

The Republic of Belarus is also a party to more than 65 bilateral investment protection agreements. Currently, agreements have entered into force with the following States: Austria, Azerbaijan, Armenia, Bahrain, Bulgaria, Bosnia and Herzegovina, Great Britain, Hungary, Venezuela, Vietnam, Germany, Georgia, Denmark, Egypt, Israel, India, Jordan, Iraq, Iran, Italy, Cambodia, Qatar, Cyprus, China, North Korea, Korea, Cuba, Kuwait, Kyrgyzstan, Laos,

Lebanon, Libya, Lithuania, Mexico, Moldova, Mongolia, Netherlands, UAE, Oman, Pakistan, Poland, Romania, Saudi Arabia, North Macedonia, Serbia, Singapore, Syria, Slovakia, Tajikistan, Turkmenistan, Turkey, Uzbekistan, Ukraine, Finland, Croatia, Czech Republic, Switzerland, Sweden.

A number of bilateral agreements to which the Republic of Belarus is a party have not yet entered into force, including agreements with Bangladesh, Slovenia, Sudan, the USA, France, and Estonia.

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 specific investment project corresponding to priority activities (sectors of the economy) for investments, the list of which is determined by the Council of Ministers of the Republic of Belarus. The list is fairly wide. These include, among others, agriculture, food production, textiles, chemical products, pharmaceutical products, production of machinery and electrical equipment, electricity supply, construction, transport activities, services provision, scientific activities.

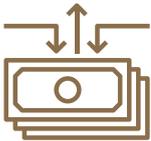
Depending on benefits provided to the investor, investment contracts are divided into two levels:

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

The first level investment agreement is concluded on the basis of a decision of the republican body of public administration, a state organization subordinate to the Government, the Presidential Office or the regional (Minsk City) executive committee.

The legislation envisages a list of essential benefits that are provided to an investor as part of the first-level investment agreements:

- exemption from income tax in respect of profits from the sale of goods of own production produced on real estate objects created under the investment agreement (in case of termination of the investment agreement in connection with its execution);



- provision to an investor of a land plot included in the list of plots for the implementation of investment projects, without holding an auction for the right to conclude a lease agreement, an auction with conditions for the right to design and build capital structures (buildings, structures) and an auction for the sale of land plots to private ownership;

- construction of facilities provided for by the investment project, with the right to remove flora objects without compensation for the cost of removed flora objects.

- deduction of VAT in full upon purchase on the territory of the Republic of Belarus and import into the territory of the country of goods (works, services), property rights used for construction, equipping facilities provided for by the investment agreement;

- identification, without implementing procedures established by law, of a contractor or developer of project documentation, suppliers of goods, performers of services for construction;

- exemption from customs duties and VAT levied by customs authorities when importing equipment, components and spare parts for an investment project;

- exemption from payment for the right to conclude a land lease agreement;

- exemption from land tax and rent for land plots until December 31 of the year following the year in which the last of the facilities provided for in the investment agreement was put into operation;

- exemption from compensation for losses of agricultural and (or) forestry production due to land plot seizure;

- exemption from VAT and income tax in connection with the gratuitous transfer of capital buildings and other fixed assets transferred for the purpose of implementing an investment project;

- the possibility of providing support in the form of budget transfers and budget loans;

- the right to reimbursement of costs (part of the costs) associated with the creation of infrastructure facilities;

- exemption from payment of the state fee for the issuance (extension of validity) of special permits for the right to engage in labor activity in the Republic of Belarus;

- it is allowed to exceed the basic dimensions of sanitary protection zones in facilities affecting human health and the environment;

- it is allowed to change the functional purpose of individual parts of the construction facility. At the same time, the functional purpose of the facility as a whole cannot be changed;

- the possibility of allocating stages of work in a construction project with the implementation of work on the facility construction at the current

stage simultaneously with the implementation of design work for subsequent stages in the presence of a duly approved architectural project.

To conclude a second-level investment agreement, a decision of the Government and the approval of the President of the Republic of Belarus is required. The conclusion of such an agreement, in addition to the documents submitted for the conclusion of a first-level investment agreement, also involves the submission by the investor of a business plan for the investment project and the passage of a state comprehensive examination of the investment project.

6.1.4. Special investment Agreement

A special investment agreement is a type of investment agreement providing for the organization of production of improved products on the territory of Belarus with the possibility of its sale within the framework of public procurement using the procurement procedure from a single source at set prices.

A special investment agreement is concluded only for the creation of production and only improved products. Moreover, it allows to guarantee sales through public procurement.

Improved products are considered products that meet one of the following requirements:

- the products that have not been previously produced in Belarus; or

- the products have been improved as compared to products previously produced in Belarus in terms of their properties or methods of use and have received a new designation or a new definition (name).

In order to conclude a special investment agreement, the investment project should correspond to priority activities. The list of priority types of activities (sectors of the economy) for investment is determined by the Resolution of the Council of Ministers No. 417 "On priority types of activities for investment" (hereinafter – Resolution No. 417). In addition, the compliance of the investment project with the criteria determined by the Council of Ministers must be established and confirmed by a financial and economic assessment.

The benefits provided in the implementation of a special investment agreement are similar to the benefits and preferences provided under a regular investment agreement.

6.1.5. Preferential investment project

A preferential investment project is a new investment mechanism, the implementation of which does not require the conclusion of an investment agreement. This institute is aimed at attracting investments in priority sectors of the regional economy.

The preferential investment project is implemented on the basis of a decision of the executive committee on the inclusion of this project in the list of preferential investment projects. This decision sets out all obligations of the parties within the framework of the project.

To implement a preferential investment project, it is necessary that this project corresponds to the regional list of priority activities (sectors of the economy) for investment. If the executive committee has not adopted the relevant regional list, compliance with the list of priority activities (sectors of the economy) determined by the Council of Ministers (defined by Resolution No. 417) is assessed.

Preferential investment projects cannot be implemented in Minsk. Only a legal entity or sole proprietor registered in Belarus can act as an investor in such projects.

The list of benefits that an investor is entitled to claim when implementing a preferential investment project is less extensive than the list under a conventional investment agreement. For example, when implementing a preferential investment project, there is no exemption from income tax in respect of profits from the sale of goods of its own production, nor is there a permit for exceeding the basic size of sanitary protection zones, changing the functional purpose of individual parts of the construction object. Investors implementing a preferential investment project are also not entitled to claim a safeguard against adverse changes in tax legislation.

6.2 Concessions

One of the ways to make investments in the Republic of Belarus is to conclude a concession contract.

Under such an contract, the investor receives:

- the right to implement an activity that is subject to the exclusive right of the State (for example, land management, genetic engineering, production of toxic substances, activities for organizing and conducting lotteries, import of alcoholic beverages, tobacco raw materials and tobacco products); or
- the right to own and use objects that are the exclusive property of the state (subsoil, water, forests) or objects that are only owned by the state (for example, agricultural land, forestry, water resources, wildlife in their natural habitat, nuclear energy facilities, public highways, airfields and airports, metro).

Investors making investments on the basis of a concession are provided with safeguards provided for by the investment legislation. The concession contract may provide benefits and preferences for

investors or companies created by them in Belarus.

Prior to concluding the concession contract, a list of objects for the concession is posted in the media and on the Internet, the type of concession agreement is determined, the method of choosing the concessionaire and the concession authority is identified. This is followed by a competition to select a concessionaire. To participate in the competition, an investor should meet a number of requirements defined by law and provide supporting documents (an audit report, a bank statement on the availability of funds in a bank account, etc.). As a rule, competitions are open. Closed competitions may be held when facilities, information about which is state secrets, and facilities of strategic importance to the Republic of Belarus, are provided into concession Lists of such facilities are also not published. As a result of the competition and signing the protocol on its results, the concession authority notifies the investor about the procedure and place of negotiations on the preparation for signing the draft concession contract.

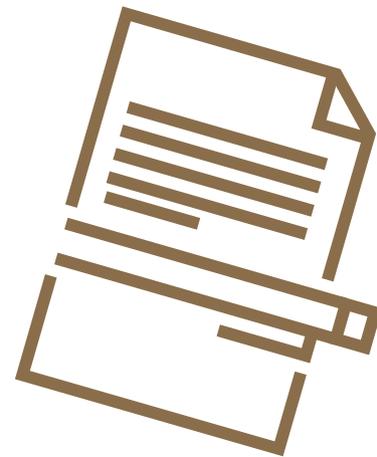
Concession contracts, depending on the subject of the contract, are divided into 3 types:

- a full concession contract: subject to the contract, the ownership of the manufactured products arises and remains with the investor. Unless otherwise specified in the concession contract, the tax burden is also imposed on the investor;
- production sharing concession contract: according to it, the manufactured products are divided between the concessionaire (investor) and the concedent in proportion to the volumes specified in the contract;
- concession contract for the provision of services (work performance): according to it, the ownership of the manufactured, processed products passes to the concedent. The concessionaire, in turn, receives a reward.

Concession contracts for the provision of services (work performance) are divided into:

- concession contract for the provision of services (work performance) with risk – upon conclusion of such a contract, remuneration is paid to the investor only if the result provided for in the concession contract is achieved;
- concession for the provision of services (work performance) without risk – upon conclusion of such a contract, the investor receives remuneration regardless of the result achieved.

The concessionaire is not entitled to transfer concession objects to a subconcession, transfer its rights and obligations under the concession contract to another person, provide concession objects for rent (leasing), gratuitous use, pledge, as well as pledge its rights under the concession contract, make them as a contribution to the authorized capital of a legal entity and otherwise encumber them with the rights of third parties.



6.3 Public-private

partnership

Another mechanism available to investors is the mechanism of public-private partnership (hereinafter – PPP), which is a tool for long-term cooperation between the state and the investor in relation to infrastructure facilities in the following areas: road and transport activities, public utilities and public services, healthcare, social services, education, culture, physical culture, sports, tourism, telecommunications, energy, processing, transportation, storage, oil supply, transportation, storage, gas supply, agro-industrial production, defense, law enforcement, scientific, research and

technical activities, information and telecommunication technologies. This list is not closed, so it is possible to implement projects in other areas.

To implement a PPP project, a PPP agreement is concluded based on the results of a competition or direct negotiations between a public and private partner which, among other things, provides for the duration of the project, rights, obligations and benefits provided for the implementation of the PPP project. The PPP agreement is subject to registration in the state register of PPP agreements.

A government partner can be:

- the Republic of Belarus, represented by a state body or other state organization authorized by the President or the Government;
- an administrative-territorial unit, represented by the local executive and administrative body authorized by the local Council of Deputies.

A private partner may be a commercial organization (with the exception of state unitary enterprises, state associations, as well as business entities, with more than 50 percent of shares (shares in the authorized capital) belonging to the state) or an individual entrepreneur registered in Belarus. If a foreign organization or a group of legal entities and (or) foreign organizations participated in the competition or negotiations, they are obliged to establish a commercial organization in Belarus for the purpose of concluding and implementing a PPP agreement as a private partner.

If a private partner uses the support of third parties to implement a PPP project, the public partner, the private partner, the creditors of the private partner and other third parties may also conclude an interaction agreement for the period of execution of the PPP agreement, as well as upon its modification or termination.

The PPP project includes 5 steps:

1. preparation, consideration and assessment of a proposal for the implementation of a PPP project (can be initiated by both a public and a private partner);
2. making a decision on a PPP project implementation;
3. organizing and conducting a competition or direct negotiations;
4. conclusion of a PPP agreement;
5. implementation of the PPP agreement.

Proposal for the implementation of a PPP project should contain a feasibility study, a draft PPP agreement and other documents determined by the Government.

Depending on the level of the state partner, the decision on its implementation is made by the President, the Government or the local Council of Deputies.

If, within 30 days after posting the decision on the PPP project implementation on the Internet, no statements of interest have been received or the received applications have not been accepted for consideration, the state partner decides to conclude a PPP agreement with a private initiator without

holding a competition through direct negotiations. In case of receipt of one or more statements of interest, the state partner organizes and conducts a competition.

The competition can be two-stage and three-stage. The two-stage competition includes:

- preliminary selection of the competition participants;
- competition winner identification

The three-stage competition consists of the following stages:

- pre-selection;
- conducting consultations with the listed participants of the competition;
- competition winner identification.

The winner of the competition is the participant of the competition, whose competitive offer, according to the decision of the committee, is the best in comparison with the competitive offers of other participants of the competition. If the competitive offer is submitted by only one participant, the committee considers the competition offer of this participant and recognizes him as the winner if his competition offer complies with the final competition documentation.

A PPP agreement is concluded through direct negotiations (i.e., without a competition) subject to the following conditions:

- the proposal for a PPP project implementation was prepared by a private initiator;
- the implementation of a PPP project does not require budgetary funds and (or) funds from state extra-budgetary funds, including funds to finance cost recovery and profit (income) from a private partner;
- there are no statements of interest on participation in the competition from other persons.

Safeguards for private partners include, among other things:

- safeguards provided for investors in Belarus;
- stability of the terms of the PPP agreement (if this is provided for in the agreement itself, the parties have the right to change the PPP agreement in terms of ensuring the rights of a private partner if, due to changes in legislation, the private partner is largely deprived of what he had the right to expect when concluding such an agreement);
- the change of a private partner by way of assignment of a claim, transfer of debt and other means is allowed only with the consent of the public partner (unless otherwise provided by the PPP agreement) and is implemented by a

competition. A change of a private partner can be made, for example, in case of declaring it bankrupt.

- no interference in the activities of a private partner is allowed, except in cases provided for by law and the PPP agreement;
- the protection of property and other rights is safeguarded;

- a private partner who properly fulfills its obligations is safeguarded to finance the obligations of the public partner during the project period in accordance with the PPP agreement;

- the private partner can independently identify suppliers and performers, regardless of the sources of financing for the PPP project.

6.4 Preferential



regimes

In order to encourage business development in certain areas and regions of Belarus, the legislation provides for special preferential legal regimes. Within the framework of such regimes, business benefits and preferences are provided, the procedure for doing business is simplified, special types of activities and the application of foreign law or instruments of foreign law are allowed.

Such preferential regimes are established, inter alia, for:

- High-Tech Park (clause 6.4.1);
- The Great Stone Industrial Park (clause 6.4.2);
- Free economic zones (clause 6.4.3);
- Medium and small towns, rural areas (clause 6.4.4);
- The South-eastern region of the Mogilev oblast (clause 6.4.5);
- Bremino-Orsha Special Economic Zone (clause 6.4.6);
- Special tourist and recreational park "Augustow Canal" (clause 6.4.7).

6.4.1. Hi-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 technology. Decree of the President of the Republic of Belarus No. 8 of December 21, 2017 "On the development of digital economy" (hereinafter – Decree No. 8) provided residents with a number of benefits and new legal instruments both in the field of taxation and in the field of corporate and labor relations.

For HTP residents, the Regulation on the Hi-Tech Park, approved by Decree of the President of the Republic of Belarus No. 12 of September 22, 2005 "On the Hi-Tech Park", establishes a list of activities that they can engage in, for example:

- design, development, implementation (including granting permission to use the software, assignment (transfer) of the exclusive right to the software) and documentation of information systems, software, including computer games, for any platforms;
- programs production as directed by the user;
- design, development and implementation of automated control systems;
- development, maintenance, operation and implementation of unmanned vehicle control systems;
- development, maintenance and implementation of hardware and software technologies for the financial sector (contactless technologies for making payments in cashless form, mobile payments, electronic trading, etc.), financial information technologies;
- creation, training of neural networks and other algorithms in specialized sections of artificial intelligence and implementation of the results of this activity;
- cryptoplatform operator activities;
- cryptocurrency exchange operator activities;
- mining;
- cybersports activities, including training of cybersports teams, organization and conduct of competitions and their broadcasts, providing advertising services in the implementation of such activities.

If a resident plans to engage in a different type of activity in the field of new and high technologies than provided for in Decree No. 8, then this must be coordinated with the HTP Supervisory Board.

As part of the HTP legal regime, the following benefits are provided, among others:

1. exemption of HTP residents from income tax, at the same time:

- HTP residents are not exempt from income tax calculated, withheld and transferred in performing tax agent duties;

- HTP residents are subject to income tax at a rate of 9%:

- ~ profit from alienation by a participant of a share in the authorized capital, a share of the organization;

- ~ profit from the sale of the enterprise as a property complex;

- ~ profit from the sale (repayment) of securities;

- ~ income in the form of interest for funds provision (including interest from the funds placement in deposits); dividends from sources outside Belarus, income of a participant (shareholder) upon liquidation, withdrawal (exclusion) from the membership; income of a participant in the form of the value of a share in the authorized capital, an increase in the nominal value of shares at the expense of the organization's own capital in the event of a change in the percentage share in the authorized capital by more than 0.01%; a positive difference arising between the value of the property upon transfer / receipt and repayment of the loan;

- ~ the benefit does not apply to profits from the sale of property (including real estate) used by a HTP resident;

2. exemption of HTP residents from VAT on turnover from the sale of goods (works, services), property rights on the territory of Belarus, while:

- the benefit does not apply to sales turnover of goods placed under the customs procedure of export, as well as exported (without obligations to re-import into the territory of Belarus) to the EAEU Member States;

- the benefit is not provided to HTP residents regarding rental rate from the rental of real estate;

- the benefit does not apply to turnover from the sale of property (including real estate) used by a HTP resident;

- HTP residents have the right to waive the use of VAT tax benefit for a period of at least a calendar year by submitting a relevant notice to the tax authority;

3. exemption of HTP residents from offshore fees in respect of offshore taxable objects in settlements for advertising, marketing, intermediary services, as well as in the payment (transfer) of dividends to the founders (participants) of the HTP resident, part of the profit accrued to the owner of the HTP resident's property;

4. exemption of HTP residents from import customs duties and VAT levied by customs authorities when importing technological equipment, components and (or) spare parts for it for use exclusively on the territory of Belarus for the implementation of investment projects as part of HTP activities;

5. the income tax rate is 9%, unless more preferential conditions are provided for by law, in respect of income of HTP residents being income tax payers, income in the form of dividends received from an HTP resident by a participant (shareholder) of such a resident on shares (stocks) belonging to him, shares in authorized capital, shares in property of legal entities (including those registered abroad);

6. exemption from income tax on the sale of stocks/shares in the authorized capital of a HTP resident, subject to the condition of continuous ownership for at least 365 calendar days;

7. the tax rate on income of foreign organizations that do not operate in Belarus through a permanent establishment is 0% in respect of income received from a HTP resident, from:

- alienation of shares (stocks) in the authorized capital of a HTP resident, provided that they are actually owned for at least 365 calendar days;

- data processing and information placement activities;

- providing comprehensive data processing services and compiling specialized reports based on this data;

- providing data entry and processing services;

- providing space and time for advertising on the global computer network Internet;

- activities of web portals for the operation of websites using search engines in order to create and maintain extensive databases of Internet addresses and content in a format that provides easy information search;

- provision of disk space and (or) a communication channel for placing information on the server and its maintenance services;

- debt obligations of any kind, regardless of the method of their registration, royalties;

- intermediary services, advertising services;

8. the tax rate on income of foreign organizations that do not operate in Belarus through a permanent representative office when paying dividends is 5%, unless international treaties provide for a more preferential rate;

9. land plots on the HTP territory necessary for the construction of buildings for the activities of HTP residents are exempt from land tax for a period of up to 3 years;

10. exemption from real estate tax of taxable objects located on the HTP territory, for which HTP residents are recognized as payers, with the exception of such objects leased by them;

11. the possibility of exemption from paying insurance premiums to the Social Security Fund of the Republic of Belarus (FSZN) from salaries in terms of income exceeding the one-time average salary in the republic for the month preceding the month for which mandatory insurance premiums must be paid ;

12. HTP residents are not subject to legislation on the procedure for conducting and controlling foreign trade operations;

13. until 01.01.2025, the turnover, profit and income of HTP residents from mining, creation, acquisition, and alienation of tokens are not recognized as objects of taxation by income tax and VAT, income tax from individuals.

14. In addition, HTP residents do not apply an increased income tax and profit tax rate of 25% .

HTP residents also have access to English law instruments as a "legal experiment", such as a convertible loan, an agreement on compensation for property losses, a non-competition agreement, a no poaching agreement , and an option agreement.

The preferential HTP regime is valid until 01.01.2049.

HTP residents can be companies and sole proprietors registered in the territory of the Republic of Belarus. The HTP has the principle of extraterritoriality, which allows applying the legal regime regardless of the specific location (residence) on the territory of the Republic of Belarus.

To register as a HTP resident, the applicant should submit to the secretariat of the HTP Supervisory Board:

- a business project that will specify one or more types of activities allowed for HTP residents, specific measures for their implementation, types and volumes of goods (works, services), property rights, justification for the need for their implementation, planned results of financial and economic activities;

- a number of documents about the applicant, including certified copies of the charter and the certificate of state registration with the provision of their originals.

The decision on registration (approval of a new (additional) business project) is made by the HTP Supervisory Board within 2 months from the date of documents submission by the applicant.

Prior to making a decision on registration of the applicant as an HTP resident (on approval of a new (additional) business project), the HTP Supervisory Board may instruct the secretariat of the HTP Supervisory Board perform a scientific and technical examination of the documents submitted by the applicant, including with the involvement of experts (scientific and other organizations, scientists and specialists). In this case, the period for reviewing documents and making a decision may be extended for the period of the examination, but not more than 30 calendar days.

6.4.2. The Great Stone Industrial Park

Preferential legal regime for residents of the Industrial Park is established by Decrees of the President of the Republic of Belarus No. 253 of June 05, 2012 "On the creation of the Great Stone Industrial Park" and No. 166 of May 12, 2017 "On Improving the special legal regime of the Great Stone Industrial Park". Preferential treatment for residents of the Industrial Park is valid until 2062.

The main activities of the Industrial Park are:

- creation and development of industries in the fields of electronics and telecommunications, pharmaceuticals (including biopharmaceuticals), medical devices, medical care, laboratory diagnostics, fine chemistry, biotechnology, mechanical engineering, new materials, integrated logistics, e-commerce, activities related to the storage and processing of large amounts of data, socio-cultural activities;

- creating conditions for the implementation of innovative activities in the industrial park, attracting subjects of innovative activity of the industrial park

and providing them with support, the development of land plots on the territory of this park with the construction of infrastructure facilities on them, their maintenance and creating conditions for attracting residents of the industrial park, investors of the industrial park, subjects of innovative activity of the industrial park to such sites;

- performing research, development and technological works using 5G technologies and artificial intelligence in the above-mentioned areas of activity.

The benefits for residents of the Industrial Park include:

- exemption from income tax on profits from the sale of goods (works, services) of own production produced on the territory of the Industrial Park for 10 years, after which income tax is paid at a rate reduced by 50% from the rate established by the Tax Code until 2062;

- exemption from real estate tax and land tax on land plots in the territory of the Industrial Park;

- the rate of profit tax, income tax, income tax on foreign organizations that do not operate in Belarus through a permanent representative office, on dividends and equivalent income paid to the founder (participant, shareholder, property owner) – the actual owner of the income, during the first 5 years from the date of accrual of dividends and income equated to them – 0%, and for large investment projects – for 10 years;

- exemption from payment of an offshore fee for the transfer of dividends and income equivalent to them to the founders (participants, shareholders, property owners);

- until 01.01.2027, the tax rate on income of foreign organizations that do not operate in Belarus through a permanent representative office, who are the actual owners of income from royalties accrued by residents of the Industrial Park, subjects of innovative activity (within 2 years from the date of registration), a joint company to foreign companies in the form of remuneration for information regarding industrial, commercial or scientific experience (including know-how), fees for a license, patent, drawing, utility model, diagram, formula, industrial design or process, is 5%;

- exemption from VAT and customs duties on goods (technological equipment, components and spare parts for it, raw materials and supplies) imported for use exclusively in Belarus in order to implement investment projects involving the construction and (or) equipping of Industrial Park facilities;

- procedures established by law governing the procurement of goods (works, services) during the construction of facilities and the regulation of prices and tariffs for goods (works, services) in construction are not applied;

- visa-free entry and exit procedure for foreigners involved in the implementation of investment projects in the Industrial Park, founders, participants, shareholders, property owners (their employees) and the right to stay in the territory of the Republic of Belarus for such foreigners for 180 days in a calendar year without a temporary residence permit;

- simplification of customs procedures for the import of goods, including the possibility of releasing goods before filing a declaration for goods and the absence of the need to provide security for the fulfillment of obligations on paying customs duties, taxes, special, anti-dumping, countervailing duties in implementing large investment projects;

- stabilization clause in the field of taxation until 01.01.2027.

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

Since 2021, residents and other entities operating in the Industrial Park have had access to such English law instruments as a convertible loan, an option to enter into an agreement and an option agreement.

Companies registered in Belarus can become residents of the park. The resident company must be registered on the territory of the Industrial Park and have an agreement with the administration of the Industrial Park on the terms of activity in the Industrial Park.

In addition, the resident's investment project must meet the following conditions:

- it should be implemented on the territory of the Industrial Park according to directions of its activities;

- the volume of investments must be at least USD 5 million or at least USD 500 thousand (excluding R&D), provided that they are implemented in the specified amount within 3 years from the date of concluding an agreement with the administration of the Industrial Park on the terms of activity in the Industrial Park;

- the declared volume of investments in the implementation of a major investment project should amount to USD 50 million or more,

provided that investments in the specified amount are made within 5 years from the date of concluding an agreement with the administration of the Industrial Park on the terms of activity in the industrial park.

The administration of the Industrial Park has the right to make decisions on registration as a resident of the Industrial Park of a legal entity implementing (planning to implement) an investment project in the Park that does not meet the above requirements, but meets the main objectives of the Industrial Park.

Apart from residents, the preferential regime for not more than 2 years can also be leveraged by subjects of innovative activity who perform their activities within the Industrial Park in accordance with the main directions of its activities, or, in case of such a discrepancy, meeting the main objectives of the Industrial Park's activities by decision of its administration.

In order to become a resident of an Industrial Park, it is necessary to submit to the Industrial Park a residency application, a justification for an investment project, and a draft agreement on the terms of operation.

6.4.3. Free economic zones

Today, there are 6 free economic zones (hereinafter – FEZ) in the Republic of Belarus: in the city of Minsk and each regional center, with more than 420 companies operating.

The main normative regulation:

- Law of the Republic of Belarus No. 213-Z of December 07, 1998 "On free economic zones";
- Decree of the President of the Republic of Belarus No. 262 of June 09, 2005 "On certain issues of the activities of free economic zones in the territory of the Republic of Belarus";
- Resolution of the Council of Ministers of the Republic of Belarus No. 657 of May 21, 2009 "On approval of the Regulations on free economic zones and amendments and additions to the Resolutions of the Council of Ministers of the Republic of Belarus (recognition of certain of them or their provisions as invalid) on the activities of free economic zones";
- Resolution of the Council of Ministers of the Republic of Belarus No. 891 of August 12, 2005 "On approval of Charters of administrations of free economic zones", etc.

Benefits for FEZ residents are valid until December 31, 2049 and include, among other things, the following (subject to certain conditions):

- exemption from income tax on profits received from the sale of goods (works, services) of own production for export/to other residents of the FEZ;
- 0% import VAT on goods manufactured using imported raw materials (imported under the procedure of a free customs zone) and then sold on the EAEU market;
- exemption from real estate tax and land tax;
- exemption from customs duties within the framework of the free customs zone regime;
- exemption from the state fee for the issuance of a special permit for the right to engage in labor activity in Belarus;
- exemption from compensatory plantings and payments of the cost of the removed objects of the flora, compensation payments for harmful effects on objects of the animal world and (or) their habitat.

To simplify the import procedure, sites are allocated and equipped on the FEZ territory, where the customs procedure of the free customs zone is applied.

Investment projects within the FEZ should include:

- the volume of investments is not less than 1 million euros, alternatively, a volume of 500 thousand euros is possible, provided that investments are made within 3 years from the date of conclusion of the agreement on the terms of activity in the FEZ;
- creation and (or) development of export-oriented production and (or) import substitution.

Only Belarusian legal entities or sole proprietors with a location (residence) within the boundaries of this FEZ can be registered as residents of the FEZ, who have concluded an agreement with the administration of the FEZ on the terms of activity in the FEZ, which reflects the procedure and conditions for the implementation of the investment project.

To register as a FEZ resident, an applicant should submit an application, a business plan for an investment project and a payment document confirming payment of the state fee. If there are two or more claimants for the creation of similar productions or for the same land plots and production sites, a competition is held.

FEZ residents are subject to the safeguards provided for by the investment law.

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 May 07, 2012 "On stimulating entrepreneurial activity in medium and small urban settlements, rural areas".

This special legal regime is applied on the territory of medium-sized, small urban settlements, rural areas, namely: on the entire territory of the Republic of Belarus, with the exception of the territory of 22 large cities: Baranovichi, Bobruisk, Borisov, Brest, Vitebsk, Gomel, Grodno, Zhodino, Zhlobin, Lida, Minsk, Mogilev, Mozyr, Molodechno, Novopolotsk, Orsha, Pinsk, Polotsk, Rechitsa, Svetlogorsk, Slutsk, Soligorsk.

A special legal regime applies to Belarusian commercial organizations and sole proprietors registered and engaged in the production of goods (performance of works, provision of services) on the territory of such cities and localities for 7 years from the date of their state registration.

Among the benefits provided to businesses in such territories – within 7 calendar years from the date of their state registration:

- the right not to calculate or pay income tax (for commercial organizations) and income tax (for sole proprietors) in respect of profits and income received from the sale of goods (works, services) of their own production;
- exemption from payment of the state fee for the issuance of licenses (if necessary), extension of their validity;
- exemption from payment of other taxes and fees (with the exception of VAT, excise taxes, stamp and offshore fees, state duty, patent duty, recycling fee, customs duties and fees, land tax, environmental tax, tax for extraction (withdrawal) of natural resources and other taxes calculated, withheld and (or) transferred when performing the duties of a tax agent);
- exemption from the mandatory sale of foreign currency received through transactions with non-residents from the sale of goods

(works, services) of own production, including from leasing property.

Within 7 calendar years from the date of the decision to establish an affiliate and (or) other separate subdivision with a separate balance sheet and bank account on the territory of medium-sized, small urban settlements, rural areas outside the location of the commercial organization itself (if such a decision was made before December 12, 2018), Belarusian organizations have the right not to calculate and not to pay:

- income tax in respect of profits earned by a separate division from the sale of goods (works, services) of its own production;
- real estate tax on the value of capital facilities (buildings, structures), their parts, which are on the balance sheet of a separate subdivision and located on the territory of medium-sized, small urban settlements, rural areas.

6.4.5. South-East region of Mogilev oblast

For the integrated socio-economic development of the South-East region of the Mogilev oblast (hereinafter – the South-East region) (Krichev, Klimovichi, Krasnopolie, Kostyukovichi, Slavgorod, Cherikov and Khotimsk districts of the Mogilev oblast), the Decree of the President of the Republic of Belarus No. 235 of June 08, 2015 "On the socio-economic development of the South-East region of the Mogilev oblast" introduced a special legal regime, which provides that for employees of legal entities and individual entrepreneurs registered from July 01, 2015 to December 31, 2025 on the territory of the South-East region and implementing activities on the goods production (performance of works, provision of services), income tax for 7 years from the date of activity commencement by a company or a sole proprietor is 10% (the standard amount is 13%). In addition, for employers – commercial organizations, the amount of premiums to pension insurance in the Social Security Fund has been established at a rate of 24% (the standard amount is 28%). This benefit is also valid for 7 years from the date of commencement of activities for the production of goods (performance of works, provision of services).

A number of preferences are also established by Decree of the President of the Republic of Belarus No. 177 of May 28, 2020 "On measures for the development of the South-East region of the Mogilev oblast", which provides, among other

things, exemption of organizations registered in the territory of the South-East region, when implementing investment projects in the South-East region to create (expand) the production of goods (works, services) from compensation for agricultural losses and (or) forestry production, as well as compensation payments for the cost of the deleted flora objects.

6.4.6. Bremino-Orsha Special Economic Zone

Orsha district offers for business a special legal regime of the special economic zone "Bremino-Orsha", established in accordance with Decree of the President of the Republic of Belarus No. 106 of March 21, 2019 (hereinafter – Decree No. 106), the validity period of which is 50 years.

The management bodies of the SEZ Bremino-Orsha are the management company LLC Bremino Group and the State Institution Administration of Vitebsk Free Economic Zone.

As part of a special legal regime, the following preferences and benefits are provided, among others:

- no prior approval of the land plot location and the production of its urban planning passport is required;
- the requirements for procurement in construction when choosing participants in the construction of the SEZ Bremino-Orsha facilities do not apply;
- there is no need to develop pre-project (pre-investment) documentation;
- exemption from income tax in respect of profits received from the sale of goods (works, services) of own production produced on the territory of the SEZ Bremino-Orsha during 9 calendar years from the tax period in which the gross profit arose;
- exemption from real estate tax on real estate located on the SEZ territory for 20 years from the date of registration as a resident of the SEZ Bremino-Orsha;
- the rate of 0% on income tax, profit tax, income tax of foreign organizations that do not operate in the Republic of Belarus through a foreign representative office, on dividends and equivalent income accrued to founders – Belarusian residents and non-residents - the actual owners of income, for 5 calendar years starting from the first calendar year in which dividends or income equated to them have

been accrued; also, in respect of these payments transferred to the founders, there is an exemption from the offshore fee;

- the right to deduct in full the amounts of VAT recognized as tax deductions presented upon purchase on the territory of Belarus (paid upon importation into the territory of Belarus) of goods (works, services), property rights used for the construction and equipping of facilities in the SEZ Bremino-Orsha, regardless of the amounts of VAT calculated from the turnover of sale of goods (works, services), property rights, but no later than December 31 of the year following the year of commissioning of the relevant SEZ facility;
- until January 01, 2028, the rate of 5% on income tax for foreign organizations that do not operate in the Republic of Belarus through a permanent representative office, who are the actual owners of royalty income in the form of remuneration for information regarding industrial, commercial or scientific experience (including know-how), license fees, patent, drawing, utility model, scheme, formula, industrial design or process;
- the procedure of a free customs zone is applied within SEZ;
- free pricing in the formation of prices (tariffs) for goods (works, services) of own production;
- stabilization clause in the field of taxation until January 01, 2027.

To register as a resident of the Bremino-Orsha SEZ, you must submit an application, a business plan for an investment project and a draft agreement on the terms of economic activity in the Bremino-Orsha SEZ with the management company Bremino Group LLC.

Only a legal entity located on its territory and implementing (planning to implement) an investment project on its territory, which simultaneously meets the following conditions, can become a resident of the SEZ Bremino-Orsha:

- the implementation of economic activities on the territory of the SEZ Bremino-Orsha meets its areas of activity;
- the volume of investments is the equivalent of at least USD 5 million, and in implementing an investment project with R&D - at least USD 500 thousand.
- the volume of investments can be the equivalent of USD 500 thousand to USD 5 million, provided that the project is implemented within 3 years from the date of agreement conclusion on the terms of SEZ economic activity.

6.4.7. Special tourist and recreational park "Augustow Canal"

Subject to Decree of the President of the Republic of Belarus No. 220 of May 26, 2011 "On the creation of a Special Tourist and Recreational Park "Augustow Canal", in order to develop the tourism industry and infrastructure until 2031, benefits are provided for the implementation of investment projects in the territory adjacent to the Belarusian part of the Augustow Canal.

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

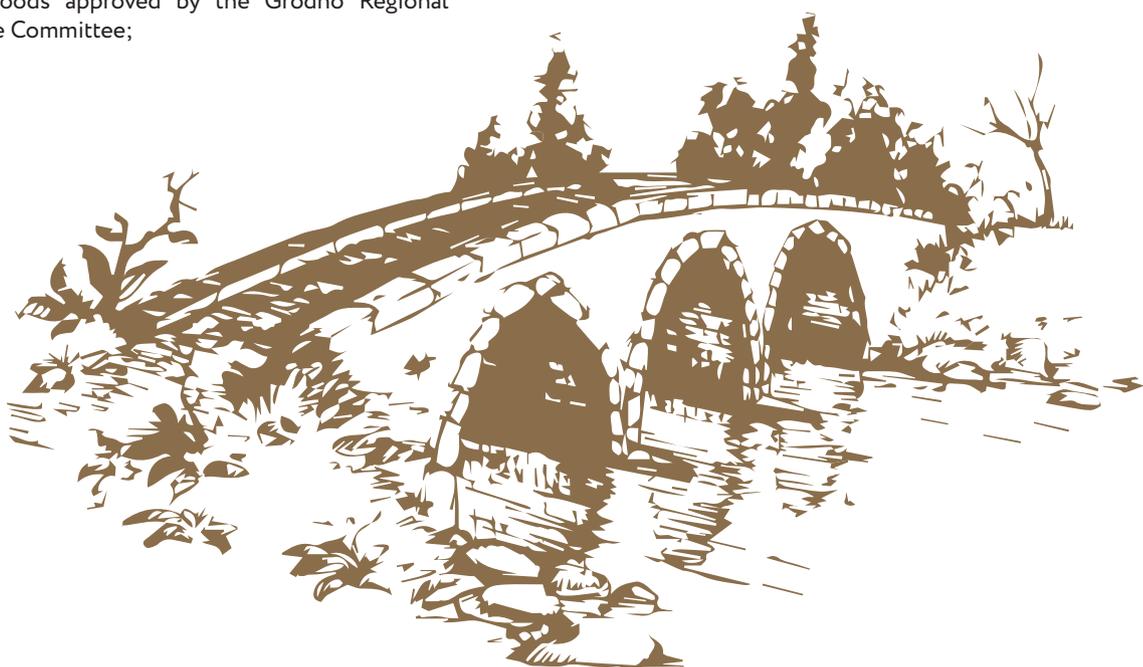
- income tax in part of the profit received from the sale of goods (works, services) of own production, within 5 calendar years from the year in which the gross profit arose. After this period, the profit will be taxed at a rate reduced by 50% of the statutory rate, but not more than at the rate of 12%;
- real estate tax on buildings and structures located on the Park territory, regardless of the direction of their use, including when renting, other paid or gratuitous use;
- VAT on sales of goods (works, services) of own production on the territory of Belarus;
- fees for the right to lease a land plot located within the Park boundaries;
- import customs duties and VAT on the import into the territory of Belarus of technological equipment, components and spare parts for it, raw materials and materials for use exclusively on the territory of Belarus in order to implement investment projects within the Park boundaries according to the list of goods approved by the Grodno Regional Executive Committee;

- compensation for losses of agricultural and (or) forestry production caused by the seizure of agricultural lands and forest lands located within the Park boundaries for the implementation of an investment project, as well as compensation payments related to the transfer and cutting of green spaces on the lands of settlements;

- payment of the state fee for the issuance of special work permits to foreigners and stateless persons attracted by Park residents for the implementation of an investment project.

There is also a reduced rent coefficient within the Park – 0.0025.

Legal entities and sole proprietors can become residents of the park, representing projects with investments in their implementation of at least 200 thousand euros aimed at creating and (or) developing tourism industry and infrastructure facilities while implementing certain types of activities established by law in the Park (including floriculture, nursery production, horse breeding, production of decorative wood products, provision of camping services, etc.).



6.5 Innovative activities

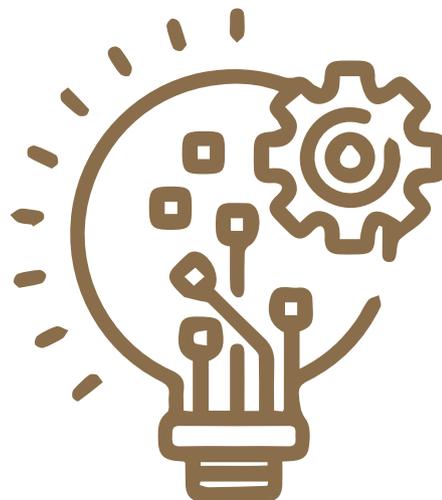
The Republic of Belarus supports the implementation of innovative projects and the development of innovative technologies.

The concept of innovation activity is contained in the Law of the Republic of Belarus No. 425-Z of July 10, 2012 "On State Innovation Policy and Innovation activity". This is an activity to transform novelty into innovation. In particular, it may include:

- performing research work necessary to transform novelty into innovation;
- developing new or improved products, new or improved technology, creating new services, new organizational and technical solutions;
- performing work on the preparation and development of the production of new or improved products, the development of new or improved technology, the preparation of the application of new organizational and technical solutions;
- production of new or improved products, production of products based on new or improved technology;
- introduction into civil circulation or the use of new or improved products, new or improved technology, new services, new organizational and technical solutions for their own needs.

Innovative activities can be financed at the expense of the republican and (or) local budgets on a competitive, refundable or irrevocable basis following the results of the state scientific and technical expertise of innovative projects, given the

risk assessment of innovative activities in the course of their implementation. Funds from innovation funds can be obtained, among other things, for the implementation of innovative projects performed as part of the state program for innovative development of the Republic of Belarus, the implementation and financing of research, development and experimental technological works, the organization of activities and the development of the material and technical base by contacting the State Committee for Science and Technology, the Belarusian Innovation Fund, the regional executive committees and the Minsk City Executive Committee.



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

For foreign investors planning to do business in Belarus, various organizational and legal forms of corporate presence in the country are available.

6.6.1. Offices of foreign organizations in Belarus

Offices of foreign organizations in Belarus is a convenient form at the initial stage of business in Belarus in order to implement preparatory and auxiliary activities – for example, to study markets for goods and services, investment opportunities, creation of commercial organizations with the participation of foreign investors, the sale and booking of transport tickets and other socially useful activities.

The office operates on the basis of the regulations on the representation of a foreign organization approved by this foreign organization. It is headed by the head of the office, who acts on the basis of a power of attorney and an agreement concluded with him. The number of foreign employees in the office cannot exceed 5 people (including the head). The office is not entitled to perform business activities in the name and on behalf of a foreign company.

Offices of foreign organizations open on the basis of permits from the regional (Minsk City) executive committees, the state Institution Administration of the Great Stone Industrial Park (hereinafter referred to as the Park Administration), depending on their location. Permission to open a representative office of a foreign organization is issued indefinitely. The amount of the state fee for issuing a permit to open a representative office in Belarus is 65 basic units. A foreign organization pays

this fee prior to submitting documents to the registration authority.

A permit to open a representative office is issued within 30 days from the date of submission of the package of documents to the registration authority. If it is necessary to send a request to other government agencies, organizations, this period is extended to 2 months.

The remaining procedures after the issuance of the permit take approximately one to two weeks and include written notification to the executive committee (Park Administration) of the staffing table, contact information of the office of a foreign organization, registration with tax authorities, Social Security Fund, Belgosstrakh, official stamp making (if necessary), conclusion of an agreement with the head of the office, as well as opening the office bank account.

Among other things, the representative office of a foreign organization is obliged once a year (from January 1 to March 1) to submit to the executive committee (Park Administration) a written report on the activities of the representative office containing a certain list of information.

Given the entry into force of the new edition of the Civil Code of the Republic of Belarus on November 19, 2024 (hereinafter – the Civil Code), a novel about an affiliate opening will appear in the article regulating the foreign organization office activities.

An affiliate of a foreign legal entity shall mean its separate subdivision, open and located on the territory of the Republic of Belarus, and performing all or part of its functions, including representative functions.

The right to open a representative office has been granted to a foreign organization, and only a foreign entity with the status of a legal entity will have the right to open an affiliate.

At the same time, legislative acts may establish restrictions on the implementation of entrepreneurial and other activities by a foreign legal entity through the opening of an affiliate.

An affiliate of a foreign legal entity will be considered open on the territory of the Republic of Belarus from the date of making an entry about it in the register of representative offices of foreign organizations and affiliates of foreign legal entities.

The Government of the Republic of Belarus will regulate all other issues of opening affiliates of foreign legal entities, the procedure for maintaining the register of representative offices of foreign organizations and affiliates of foreign legal entities, as well as determining the grounds and procedure for termination of their activities.

Offices of foreign organizations should be distinguished from permanent representative offices of foreign organizations for tax purposes, which are recognized as such in accordance with the criteria and grounds established by tax legislation and international double taxation agreements, if any:

- a permanent place of business through which a foreign organization fully or partially implements business and other activities on the territory of Belarus;
- permanent representative (dependent agent) – an organization or an individual who implements activities on behalf of a foreign organization and (or) in its interests and (or) having and using the powers of a foreign organization to conclude contracts or agree on their essential terms;
- if a foreign organization performs work (provides services) on the territory of Belarus, the place of work performance (provision of services) by a foreign organization from the beginning of its existence is recognized as a permanent representative office of a foreign organization, provided that such activity is implemented for a period exceeding 180 days (continuously or collectively) in any 12-month period that begins or

ends in the relevant tax period, including in the case of activities in different places.

A permanent representative office of a foreign organization is not a structural unit and is not subject to registration. However, a foreign organization planning to implement activities in Belarus through a permanent representative office is obliged to register with the tax authorities of Belarus before starting such activities.

The consequence of recognition as a permanent representative office is the payment by a foreign organization of all taxes and mandatory payments in the order established for Belarusian organizations. In some cases, it may be more profitable for a foreign organization to operate through a permanent representative office than to establish a subsidiary in Belarus.

6.6.2. Commercial organizations

Commercial organizations are established in Belarus, as a rule, in the form of limited liability companies, less often in the form of joint-stock companies (closed or open), unitary enterprises or companies with additional liability. Commercial organizations can also be created in the form of business partnerships (full and limited), production cooperatives or peasant farms. In general, the form of a commercial organization does not affect taxation, but some of the features inherent in one form or another. must be taken into account.

A limited liability company (hereinafter referred to as LLC) is the most widely used form of doing business in Belarus.

LLC members can be both individuals and legal entities. An LLC may consist of one participant, but not more than 50 participants. Shares in the LLC authorized capital do not require separate registration. Shares in the LLC authorized capital, as well as the number of votes at the general meeting of participants and the amount of distributed profit, as a rule, are proportional to the size of participants' contributions to the authorized capital of an LLC. Participants may establish in the articles of association of an LLC a disproportionate ratio between contributions and shares, as well as between shares and the number of votes / the amount of profit to be distributed.

The popularity of LLC is due to the convenience of owning and disposing of shares in

the authorized capital, the absence of a minimum requirement for the size of the authorized capital, as well as the flexible distribution of rights and responsibilities for its management.

The organizational and legal form of an additional liability company (hereinafter referred to as ALC) is similar to the form of an LLC. Its authorized capital is also divided into shares, but unlike LLC, ALC participants bear subsidiary responsibility for its obligations. At the same time, the participants are jointly and severally liable, i.e. if the property of one participant is insufficient, the responsibility for the obligations of the company is distributed among the other ALC participants. The amount of additional liability is determined by the participants themselves in the articles of association, but it cannot be less than the legal minimum of 50 basic units. In other respects, ALC is similar to LLC, the norms of the legislation on LLC apply to ALC, unless otherwise provided by legislative acts.

A joint-stock company (hereinafter - JSC) is established by one or more individuals and/or legal entities (shareholders), and the authorized capital of the JSC is divided into shares. The shares of the JSC are securities issued by the JSC itself. The issue of shares is registered with the Securities Department of the Ministry of Finance (or with the territorial bodies of the Ministry of Finance).

Additional issue (cancellation) of shares, change in their nominal value, consolidation or splitting of shares, change in the category of shares or type of preferred shares are also subject to state registration.

Transactions with JSC shares can be made on organized (transactions in the trading system of the organizer of securities trading, including the Belarusian Currency and Stock Exchange) and unorganized markets (outside such a trading system). If transactions with JSC shares are made in an unorganized market, they must be registered by professional participants in the securities market (broker or depository), except for transactions and cases provided for by law.

Joint-stock companies are divided into two types: open (hereinafter – OJSC) and closed (hereinafter - CJSC). The OJSC shares can be freely placed and traded among an unlimited number of persons. The main difference of a CJSC is that its shares are placed only among the shareholders of this company and (or) a limited number of persons determined by the CJSC articles of association or by

a decision of the general meeting of shareholders adopted by at least 2/3 of the votes of all shareholders. In addition, the CJSC articles of association may provide that the CJSC shareholders have a pre-emptive right to purchase shares of other shareholders, if such a right is not provided, the CJSC shareholders have the right to alienate their shares to third parties, the range of which may be limited by the CJSC articles of association or by a decision of the general meeting of shareholders adopted by at least 3/4 of the votes of the shareholders participating in this meeting.

A unitary enterprise has one founder (owner of the property). Currently, unitary enterprises are rarely created due to the relative complexity of selling their businesses.

The property of the unitary enterprise is the property of its founder, and the unitary enterprise itself owns such property on the right of economic management. The property of the unitary enterprise is indivisible and cannot be distributed among deposits (shares).

Thus, the unitary enterprise is a commercial organization that is not endowed with the right of ownership of the property assigned to it by the owner, which can be created exclusively by one legal entity or individual (the regime of joint ownership of spouses is allowed). The unitary enterprise can be sold or ceded as a single property complex, including buildings, structures, equipment, inventory, raw materials, products, land plots (with the exception of land plots granted on the right of lifelong inherited ownership, permanent use, temporary use, as well as objects seized or restricted in circulation), claims, debts (with the exception of those arising from administrative, family, and labor relations), exclusive rights to intellectual property objects, including rights to means of individualization (except for the right to geographical indications), lease rights, other property and property rights in cases provided for by law. Such a property complex is considered a real estate object and is registered with the National Cadastral Agency (including related rights and transactions). To attract a partner to the business, the reorganization of the unitary enterprise into an LLC or other business entity is practiced.

Starting from November 19, 2024, the Civil Code introduces a new law that provides legal entities with the opportunity to act on the basis of standard charters. The exceptions are:

- business partnerships;
- joint-stock companies;

- political parties,
- trade unions;
- public integrations, their associations (unions);
- unions (associations) by type (types) of sports created with the participation of public associations;
- funds;
- republican state-public associations.

The standard charter will not contain information about:

- the name of the legal entity;
- its location;
- the amount of the authorized capital;
- the owner of the property (founders, participants);
- the size of the shares, the size and composition of the contributions of the participants (mutual contributions);
- within the limits of subsidiary liability.

MINIMUM SIZE OF THE AUTHORIZED CAPITAL AND NUMBER OF PARTICIPANTS

Type / Form of a legal entity	The minimum size of the authorized capital	Minimum / maximum number of participants / shareholders / owners	The procedure for the formation of the authorized capital	The possibility of using a standard Articles of Association (from November 19, 2024)
Unitary Enterprise	Not established	Only 1 property owner	<p>The authorized capital must be formed in Belarusian rubles and fully deposited within 12 months from the date of state registration of the legal entity (unless a shorter period is specified by the articles of association).</p> <p>The legislation also allows participants to make contributions that do not lead to an increase in the authorized capital and a change in the size of shares. Such contributions are not a loan and, accordingly, do not require their return. They can be useful at the beginning of an activity, when funds are needed for renting premises, purchasing equipment, paying salaries to employees, and organizing production.</p>	Yes
Limited Liability Company	Not established	Minimum 1 Maximum 50		Yes
Additional liability Company	Not established The minimum amount of additional liability – 50 basic units	Minimum 1 Maximum 50		Yes
Closed Joint Stock Company (CJSC)	100 basic units	Minimum 1		No
Open Joint Stock Company (JSC)	400 basic units	Minimum 1		No

6.6.3. Management

Business companies

The structure of the management bodies of LLC, ALC and JSC includes: a) the supreme governing body – the general meeting of participants (shareholders) and b) the executive body – the sole (director or CEO) and/or collegial (management board or directorate). An interim body may also be created – the Board of Directors (Supervisory Board), and in joint-stock companies with more than 50 shareholders, its creation is mandatory.

The general meeting of participants/shareholders (hereinafter referred to as the Meeting) must convene at least once a year (not

later than March 31) to approve annual accounts, distribute profits and elect members of the bodies. Extraordinary meetings may be convened and held throughout the year to resolve the most important issues of activity.

The exclusive competence of the Meeting includes the reorganization and liquidation of the company, amendment of the articles of association, change in the size of the authorized capital, election of other bodies (except for the election of the executive body, which can be transferred by the articles of association to the Board of Directors) and other issues in accordance with the legislation and the articles of association. The Meeting may be

convened and held in a remote format using remote service systems.

The articles of association may refer to the competence of the Board of Directors (Supervisory Board) issues that do not fall within the exclusive competence of the Meeting, including the definition of the main directions of the company's activities, the election of executive bodies, the decision to establish and liquidate representative offices and affiliates, unitary enterprises, other legal entities, as well as participation in them. By default, in accordance with the legislation, the competence of the Board of Directors (Supervisory Board) includes identification of the development strategy of a business company, approving the annual financial and economic plan and monitoring its implementation, convening, preparing and holding a Meeting and other issues.

If the Board of Directors (Supervisory Board) is not created, its powers are exercised by the meeting, with the exception of some issues that may be transferred to the executive body, in particular, the convening, preparation and holding of the Meeting.

Members of the Board of Directors (Supervisory Board) may be only individuals (not necessarily participants or employees of the company) who may receive remuneration for performing their functions by decision of the Meeting.

The executive bodies manage the company's day-to-day activities with competence on all issues not falling within the competence of higher management bodies.

An organization may simultaneously have two executive bodies – a sole and a collegial, while the sole executive body will be headed by a collegial one. When choosing such a structure of executive bodies, their competence should be delimited in the articles of association.

Functions of the executive body may be transferred to a management organization or a manager.

The most common option in Belarus is to appoint only a sole executive body – the director or general director and conclude an employment contract with him.

A foreign citizen may be elected to the executive bodies as a director/member of the

management board in any organization, provided that a special permit for the right to engage in labor activity in the Republic of Belarus is issued in respect of him. In relation to citizens of the states that are members of the Eurasian Economic Union; HTP resident employees; resident employees, subjects of innovative activity of the Great Stone Industrial Park, a joint company for its development (when attracting a foreigner to the positions of managers and specialists who are highly qualified employees), such a permit is not required.

A special permit is also not required for foreigners to perform the functions of a member of the Board of Directors (Supervisory Board).

In order to control the company's activities, the participants must elect an audit commission or an auditor. This control body has the right to inspect financial and economic activities of the company at any time and have access to all documentation related to its financial and economic activities. It is mandatory for the auditor (audit commission) to verify the reliability of accounting and reporting data in the company's annual financial statements before they are submitted for approval to the Meeting.

Unitary enterprise

The body of the unitary enterprise is the head, who is appointed by the owner of the property and reports to him. The owner of the property of the unitary enterprise is an individual who has the right to directly perform the functions of a manager. The exclusive powers of the owner include: determining the subject and objectives of the unitary enterprise's activities, reorganization and liquidation of the unitary enterprise, approval of the articles of association, amendments and (or) additions to it, formation, amendment of the authorized capital, appointment of the head of the unitary enterprise, control over the activities of the unitary enterprise, the intended use and safety of its property, seizure of property from the unitary enterprise, approval of transactions for the sale, lease, pledge and other disposal of real estate owned by the unitary enterprise on the basis of economic management.

6.6.4. Shareholder Agreement / Agreement on the exercise of the rights of participants

Belarusian corporate legislation allows the leverage such a tool for regulating relations between participants in business companies as a joint-stock agreement in a joint-stock company or an agreement on the exercise of the rights of participants in an LLC.

Such an agreement (contract) may be concluded, among other things, between all participants at the same time. This agreement (contract) allows to coordinate the activities of the participants related to the business company management, as well as to establish special mechanisms for the realization of the rights and protection of the legitimate interests of the participants.

The following obligations may be established by an agreement (contract):

- to vote in a certain way at a Meeting;
- coordinate the voting option at the Meeting with other participants;
- to acquire or alienate stocks (shares in the authorized capital) at a predetermined price and/or upon the occurrence of certain circumstances;
- refrain from alienating stocks (shares in the authorized capital) until certain circumstances occur;
- to implement other actions in coordination related to the management of the company, its activities, reorganization and liquidation.

Such an agreement (contract) cannot establish obligations of its parties to vote according to the instructions of the company's management bodies.

6.6.5. Creation of a commercial organization

Creating a commercial organization in Belarus requires that the following actions must be performed:

- choose a name and coordinate it with the registering authority by personal request, sending documents by mail or electronically using the Unified State Register of Legal Entities web portal ;
- select the address of the organization's location (fictitious addresses without real placement are not allowed);
- prepare the articles of association or use a standard one established by law for certain

categories of legal entities;

- make necessary decisions on the establishment of the organization, approve the articles of association (if necessary), form bodies and elect (appoint) their members, make other necessary decisions to start operating;
- submit an application for registration of an organization with an attached package of documents to the registering authority by personal appeal, including through authorized representatives, or electronically using the Unified State Register of Legal Entities web portal with authorization using an electronic digital signature (for residents of the Republic of Belarus).

Documents issued by foreign organizations in respect of participants (extract from the trade register, power of attorney, notarized copies of personal passport, other documents) must be legalized or apostilled, unless otherwise provided by international agreements concluded with the participation of the Republic of Belarus, and also accompanied by a translation into Belarusian or Russian (the translator's signature is notarized).

State registration is performed by the registering authority on the day of submission of documents by affixing a registration stamp on the articles of association and making an entry on state registration in the Unified State Register. The remaining procedures take approximately one week and include obtaining a certificate of state registration, notifications of registration with tax authorities, the Social Security Fund, Belgosstrakh, stamp making (working without a stamp is possible but business traditions suggest its use), concluding contracts with the head and chief accountant or persons performing their functions, as well as opening bank accounts.



6.7 Privatization

Belarus is implementing a planned privatization, which allows national and foreign investors to become owners of facilities from various sectors of the economy. The objects of privatization in Belarus can be:

- stocks (shares in the authorized capital) of business entities owned by the state;
- enterprises as property complexes of state-owned unitary enterprises.

Potential investors can join the privatization of state-owned unitary enterprises at different stages:

- as new shareholders during the transformation of the unitary enterprise into an OJSC;
- by acquiring state-owned shares after the transformation of the unitary enterprise into an OJSC;
- by acquiring a state-owned or communal unitary enterprise as a property complex.

The sale of OJSC's shares owned by the Republic of Belarus is implemented by decision of the President of the Republic of Belarus; OJSC's shares owned by administrative-territorial units – in accordance with the procedure determined by the relevant local Councils of Deputies.

Subject to the Methodological Recommendations for the implementation of the privatization of shares owned by the Republic of Belarus, approved by the State Property Committee of the Republic of Belarus, the official websites of the State Property Committee and regional executive committees (Minsk City Executive Committee) shall contain lists approved by the board of the State Property Committee indicating the sizes of the blocks of shares offered for sale, the methods and conditions of their sale, as well as the application forms of a potential investor interested in purchasing shares.

Currently, there is no such list on the State Property Committee's website, but it contains an indication that investors' proposals for the acquisition of shares of JSC owned by the Republic of Belarus are considered by the State Property Committee on an individual basis. There are such lists on the websites of the regional executive committees (Minsk City Executive Committee).

6.7.1. Co-founder of an open joint stock company

State bodies may decide to reorganize state-owned unitary enterprises in the form of transformation into an open joint stock company. The State Property Committee (its divisions), depending on the number of people working in the unitary enterprise, may announce a competition to select a private investor in addition to the state – the future shareholder of the new joint stock company. The winner of the competition is determined by a specially created commission or through direct negotiations if there is only one participant in the competition.

By December 31, 2025, up to 50% of state-owned shares of JSC created in the process of transformation of state unitary and rental enterprises are exchanged for nominal privatization checks "Property". Cheques "Property" can be exchanged for shares of enterprises through Belarusbank.

6.7.2. Acquisition of state-owned shares in joint-stock companies and enterprises as property complexes

The organization of auctions (competitions) for the sale of shares or enterprises as property complexes is performed by the State Property Committee, its territorial bodies, local executive committees acting on behalf of the Republic of Belarus or an administrative-territorial unit as owners of state property. Information of the competition or auction is published by the Belarusian media and on the official websites of the State Property Committee and the regional (Minsk City) executive committees.

The participant of the auction (competition) submits an application and all necessary documents for participation. Participants must also submit bids that comply with the terms of the competition. The competition or auction winner becomes a shareholder of a joint stock company or the owner of an enterprise as a property complex.

6.8 Obtaining consent of the antimonopoly authority for certain transactions and acts



The commission of certain legal actions (the creation of companies, their reorganization, the creation of holdings, associations and other associations, transactions with stocks (shares) of companies, the acquisition of rights allowing the company to give binding instructions, and other actions) can have a serious impact on the state of competition in the commodity market. Such actions, if meeting certain criteria, are recognized as economic concentration and are subject to control by the Ministry of Antimonopoly Regulation and Trade (hereinafter – MART).

MART controls economic concentration in two ways: permissive and notification.

The permissive method of control is to issue consent for the implementation of economic concentration. MART consent is obtained prior to taking actions on economic concentration.

The most common cases of economic concentration that require the consent of the MART are the following:

- acquisition of voting stocks (shares in the authorized capital) of a company, if the book value of the assets of the acquiring company, or the company whose stocks (shares) are being acquired, exceeds 400 thousand basic units or the annual revenue of any of these companies exceeds 800 thousand basic units, and as a result, the acquiring company will dispose of more than 25% (if before that it disposed of lesser amount) or more than 50% (if before that it disposed of from 25% to 50%) of voting stocks (shares);
- acquisition of the company's property located on the territory of the Republic of Belarus, which is its fixed assets and (or) intangible assets, if

the book value of the acquired property exceeds 20% of the book value of the fixed assets and intangible assets of the company whose property is being acquired, and at the same time the book value of the assets of the acquiring company or the company whose property is being acquired exceeds 400 thousand basic values or the annual revenue of any of these companies exceeds 800 thousand basic values;

- reorganization of companies in the form of a merger or amalgamation, if the book value of assets of one of the reorganized companies exceeds 400 thousand basic units or the annual revenue of one of the reorganized companies exceeds 800 thousand basic units;
- creation of holdings, incorporation of the company into the holding's membership;
- creation of associations, unions, if the total book value of assets of the founders of the created associations exceeds 400 thousand basic units or their total annual revenue exceeds 800 thousand basic units.

In order to obtain consent for economic concentration in MART, it is necessary to provide a package of documents in relation to the acquiring company and the company whose stocks (shares) are being acquired.

In the case of reorganization of companies or the creation of a holding company, association or other group, a package of documents is provided for all companies involved in the reorganization or creation of the association.

Applying for the MART consent for economic concentration is not subject to state duty.

MART, within 10 working days, either accepts the submitted package of documents for consideration, or rejects it if the documents do not meet the set requirements.

Based on the results of the documents consideration, the antimonopoly authority makes one of two decisions: a decision on consent to economic concentration or a decision on a reasoned refusal of consent. The decision must be made not later than 30 calendar days from the date of documents submission by the applicant to MART.

MART has the right to refuse consent if economic concentration may lead to the emergence or strengthening of the dominant position of the company or the prevention, restriction or elimination of competition in the commodity market.

When issuing a decision on consent to economic concentration, MART may establish conditions that ensure the competitive behavior of companies in the commodity market.

The decision on consent is valid for one year from the date of its adoption.

The notification method of monitoring economic concentration involves the implementation by the antimonopoly authority of subsequent control upon receipt of notifications of an economic concentration.

It is necessary to notify MART of the economic concentration that has taken place:

- when an economic concentration involves individuals and/or legal entities that are part of the same group of persons on the basis of one person owning more than 50% of the votes attributable to the voting stocks (shares in the authorized capital) of another person;
- when economic concentration involves companies in which the same persons own more than 50% of the voting stocks (shares in the authorized capital);
- when unitary enterprises, whose property owner is one and the same person, participate in economic concentration – in the case of economic concentration as a result of the reorganization of companies or the creation of associations;
- when an economic concentration involves a unitary enterprise and a business entity, whose property owner and the owner of more than 50%

of the voting stocks (shares in the authorized capital) is the same person - in the case of economic concentration as a result of the reorganization of companies or the creation of associations;

- when an economic concentration involves a business entity and a unitary enterprise, the whose property owner is such a business entity – with economic concentration as a result of the reorganization of companies or the creation of associations.

The notification is submitted in MART not later than 1 month from the date of the implementation of the economic concentration actions.

It should be remembered that the scope of the Belarusian antimonopoly legislation is not limited to the territory of the Republic of Belarus and extends to the commission of actions outside its borders that lead or may lead to the prevention, restriction or elimination of competition in its commodity markets, as well as to the commission of actions on economic concentration in relation to Belarusian companies.

This means that obtaining the MART consent for economic concentration or submitting a notification of economic concentration is mandatory even if the actions of economic concentration are implemented outside the Republic of Belarus.



6.9 Financial regulation



in Belarus

6.9.1. Electronic money in Belarus

Along with cash and classic non-cash payments, electronic money is used in Belarus. The basic requirements for the turnover of electronic money are fixed in the Rules for conducting transactions with electronic money (approved by Resolution of the Board of the National Bank of the Republic of Belarus No. 350 of September 16, 2022).

In Belarus, not only foreign electronic money is widely used, but also electronic money issued by residents of the Republic of Belarus who implement payment activities in accordance with the requirements of legislation in the field of payment systems and payment services (national electronic money). For example, MTS Dengi (Belarusian issuing bank - JSC "Bank Dabrabyt"), QIWIBel (Belarusian issuing bank - CJSC "Bank "Reshenie"), Oplati (Belarusian issuing bank - JSC "Belinvestbank"), Berlio (Belarusian issuing bank "JSC Belgazprombank").

The distribution of electronic money issued by non-residents (foreign electronic money) in Belarus is implemented by resident agents (legal entities that have concluded contracts with the operator of the electronic payment system of a non-resident (issuer) in compliance with the requirements of legislation in the field of payment systems and payment services. An example of foreign electronic money in circulation is the Russian service YooMoney (the Belarusian agent bank - JSC "Sber Bank").

Individuals can use foreign and national electronic money to pay for goods, works, services, and other transactions in compliance with the requirements of Belarusian legislation.

Legal entities and sole proprietors can receive and spend national electronic money when paying for goods (works, services), making other transactions and transactions with electronic money in compliance with legal requirements. Legal entities and sole proprietors can use foreign electronic money for exchange, for issuing

employees to pay for travel and other expenses abroad, paying winnings (returning non-winning bets) in gambling, making payments to non-resident recipients in accordance with the procedure established by law, receiving electronic money from non-residents as a result of refunds on the grounds provided for by law, only if these legal entities, sole proprietors, open electronic wallets in accordance with the Rules for conducting transactions with electronic money.

When issuing, distributing, and redeeming electronic money issued by residents or non-residents, funds are transferred (deposited, issued) in compliance with the requirements of currency legislation on the use of foreign currency between residents, foreign currency and (or) Belarusian rubles between residents and non-residents, Belarusian rubles and (or) foreign currency between non-residents.

6.9.2. Cryptocurrency in Belarus

In Belarus, the turnover of cryptocurrencies (tokens) is allowed at the legislative level. The main regulatory act on cryptocurrencies turnover is Decree No. 8 of the President of the Republic of Belarus of December 21, 2017 "On the development of digital economy".

There are differences in the turnover of cryptocurrencies among individuals and legal entities.

Individuals have the right to own tokens and, taking into account the specifics established by law, perform the following operations:

- mining;
- storing tokens in virtual wallets;
- exchange of tokens for other tokens;
- acquisition, alienation of tokens for Belarusian rubles, foreign currency, electronic money;
- donation and bequest of tokens.

Mining, acquisition and alienation of tokens are not entrepreneurial activities if an individual

implements such activities independently without involving other individuals under labor and (or) civil law contracts. Tokens are not subject to declaration.

Sole proprietors, in addition to the rights of an individual, also have the right:

- through an HTP resident engaged in the relevant type of activity, create and place their own tokens in Belarus and abroad;
- to perform other activities using tokens in accordance with the procedure established by law.

Legal entities have the right to own tokens and, taking into account the specifics established by law, perform the following operations:

- through an HTP resident engaged in the relevant type of activity, create and place their own tokens in Belarus and abroad;
- store tokens in virtual wallets;
- through cryptocurrency platform operators, cryptocurrency exchange operators, and other HTP residents engaged in the relevant type of activity, acquire, alienate tokens, and perform other transactions (operations) with them.

The above-mentioned transactions of Belarusian residents - individuals and legal entities (except banks and non-bank financial institutions) are not subject to currency legislation. The currency legislation also does not apply to HTP residents when they perform transactions using tokens. However, the use of foreign currency in settlements between residents of the Republic of Belarus is not allowed, with the exception of transactions (settlements) performed by such residents among themselves in the systems of cryptocurrency platform operators or with these operators, as well as on foreign trading platforms.

At the same time, they are not recognized as objects of taxation until December 01, 2025:

- VAT and profit tax (income tax) – turnover, profit (income) of HTP residents from mining activities, creation, acquisition, alienation of tokens;
- income tax – income from mining, acquisition (including by way of donation), alienation of tokens for Belarusian rubles, foreign currency, electronic money and (or) exchange for other tokens;
- VAT – turnover on the alienation of tokens, including by foreign organizations that do not operate in the Republic of Belarus through a permanent representative office and are therefore not registered with the Belarusian tax authorities;

- income tax is the profit from the alienation of tokens by exchanging them for other tokens.

Since transactions of legal entities are to be implemented through cryptocurrency exchange operators and crypto platforms, and other persons implementing the relevant type of activity who are residents of the HTP, the HTP Supervisory Board has established additional requirements. In particular, one of the requirements is a certain amount of the authorized capital of a legal entity, which must be formed from cash at the time of applying for registration as an HTP resident and be observed throughout the entire period of holding HTP resident status:

- for the operator of the cryptocurrency platform, the operator of the cryptocurrency exchange, and other companies whose activities are related to tokens – 2,000,000 Belarusian rubles;
- for the organizer of the ICO, implementing activities related to the provision of services only for transactions (operations) with tokens in the interests of other persons – 500,000 Belarusian rubles.

The authorized capital in the part exceeding 2,000,000 Belarusian rubles and 500,000 Belarusian rubles, respectively, can be formed at the expense of non-monetary deposits.

In addition, cryptocurrency platform operators and cryptocurrency exchange operators are required to ensure that funds in the amount of at least 1,000,000 Belarusian rubles and at least 200,000 Belarusian rubles are available on accounts in banks of the Republic of Belarus, respectively.

For example, the following entities have been registered in Belarus:

- as operators of cryptocurrency platforms – Currency.com (Dzengi Kom CJSC), Dzengi.com (Dzengi CJSC), Free2ex.com (Pixel Internet LLC), Bynex.io (ERPBEL LLC);
- as a cryptocurrency exchange operator – Whitebird.io (White Bird LLC);
- as an ICO organizer – Finstore.by (DFS LLC).

6.9.3. Financial support for small and medium-sized businesses

To stimulate the development of small and medium-sized businesses in Belarus, it is possible to obtain financing for the project on both a refundable and non-refundable basis.

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-sized businesses.



Belarusian Fund for Financial Support of Entrepreneurs

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

The Belarusian Fund for Financial Support of Entrepreneurs provides support in the implementation of investment projects in the following areas:

- creation, development and expansion of production of goods (works, services);
- organization, development of production, sale of export-oriented, import-substituting products;
- production of products aimed at energy and resource conservation;
- introduction of new technologies (with higher quality characteristics compared to the best analogues available in a given market, a certain market segment for which this technology is new);
- other areas of investment projects determined by the Council of Ministers of the Republic of Belarus, regional executive committees or the Minsk City Executive Committee, depending on which budget funds will be used,

in order to:

- construction, acquisition of buildings, structures, isolated premises and (or) their repair and reconstruction;
- purchase of equipment, vehicles, special devices and appliances;
- purchases of components, raw materials and supplies for own production and provision of services.

Financial support is provided in the form of:

- Provision of funds on a refundable basis (loan) on a competitive basis to small business entities. The loan amount is up to 15,000 basic

units (600,000 Belarusian rubles). Period – up to 5 years.

- Provision of property on a competitive basis on the terms of financial rent (leasing). The lease amount is up to 8,000 basic units (320,000 Belarusian rubles). Period – up to 5 years.

The interest for loan use / remuneration under the financial lease agreement is set at the refinancing rate of the National Bank of the Republic of Belarus (from June 28, 2023, the refinancing rate is 9.5%).

Given the social and economic significance of the investment project, the interest rate may be set less than the refinancing rate of the National Bank, but not lower than 0.5 of this rate. The website of the Belarusian Fund for Financial Support of Entrepreneurs indicates the conditions for applying a rate of 6.5% per annum.

The provision of safeguards on concessional loans, including micro-loans, issued by banks of the Republic of Belarus for the implementation of an investment project in which the share of the borrower's own funds is at least 30% of the amount of a concessional loan, including a micro-loan.

The amount of the guarantee to one small business entity may not exceed 70% of the amount of a preferential loan, including a micro-loan, and 30% of the funds provided to the fund for the provision of guarantees during the financial year. The guarantee fee is 5% of the amount of the guarantee provided.

Executive Committees

Executive Committees provide small business entities with support in the form of:

- financial resources on a returnable reimbursable or gratuitous basis;
- subsidies to reimburse part of the interest for the use of bank loans;
- Reimbursement of part of the interest for the use of bank loans received in Belarusian rubles is performed in the amount of not more than 0.5 of the refinancing rate of the National Bank established on the date of reimbursement of part of the interest, in foreign currency – in the amount of not more than 0.5 of the loan rate;
- subsidies to reimburse part of the expenses for the payment of lease payments under leasing agreements in terms of payment of the amount of remuneration of the lessor in an amount not exceeding 0.5 of the amount of remuneration

(income) of the lessor from the month following the month in which the executive committee decided on such compensation, and until the expiration of financial lease agreements;

- subsidies to reimburse part of the expenses of small businesses related to participation in exhibition and fair events or their organization in an amount not exceeding 50% of the costs incurred to pay for the rental of exhibition space and equipment, the publication of printed materials about participants of events, the production and placement (distribution) of advertising of organized exhibition and fair events in the media.

Support is provided on a competitive basis (competitive selection of investment projects and business projects is performed).

Belarusian Innovation Fund

The activities of the Belarusian Innovation Fund are based on Decree of the President of the Republic of Belarus No. 174 of March 25, 2008 "On improving the activities of the Belarusian Innovation Fund" and Decree of the President of the Republic of Belarus No. 229 of May 20, 2013 "On some measures to stimulate the implementation of innovative projects".

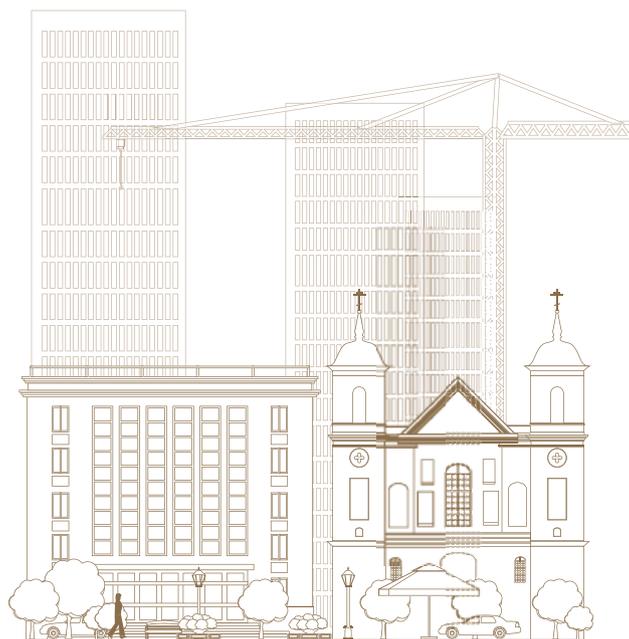
The area of financing:

- research, development and technological works implemented as part of innovative projects;
- work on the organization and development of the production of scientific and technical products obtained as a result of the implementation of innovative projects and tasks of state scientific and technical programs;
- providing state financial support for the implementation of innovative projects in the form of the innovative vouchers and grants at the expense of funds allocated to the Belarusian Innovation Fund for these purposes from innovative funds formed in accordance with the procedure established by law;
- venture projects.

Possible financing options:

- on an irrevocable basis, after passing a competitive selection for a period of up to 1 year (if it is impossible to complete testing and registration of products during the implementation of innovative projects in the field of healthcare, veterinary medicine, pharmaceuticals and biotechnologies during the specified period, it can be set up to 2 years) in the form of an innovation voucher – during the implementation of a preparatory (an amount equivalent to at least more than USD 25 thousand) or the design and technological stage (an amount equivalent to no more than USD 100 thousand), a grant - for the implementation of the design and technological stage (an amount equivalent to not more than USD 100 thousand);

- on a refundable basis, after passing the state scientific and technical expertise and competitive selection in accordance with the established procedure, during the implementation of the production stage (interest is accrued for the use of funds in the amount of 0.5 of the refinancing rate of the National Bank, effective on the day of their accrual, a delay in the return of funds for up to 2 years may be granted, while the total period of use of the allocated funds and their return should not exceed 7 years from the date of commencement of the contract).



6.10 Regulation of foreign economic activity

6.10.1. Resident and non-resident statuses in currency relations

The currency legislation of the Republic of Belarus operates with its own definitions of resident and non-resident, which differ from similar concepts, for example, in tax legislation. The status of a resident or non-resident in the context of currency relations affects which currency transactions, with whom and in which currency a person can make.

Residents include:

individuals – citizens of the Republic of Belarus, with the exception of those who have a document confirming the right to permanent residence in a foreign country, and who actually stayed on the territory of the Republic of Belarus for a total of 183 days or less in a calendar year, as well as foreign citizens and stateless persons who have received a permanent residence permit in the Republic of Belarus;

- legal entities established in accordance with the legislation of the Republic of Belarus, with their location in the Republic of Belarus, their affiliates and representative offices located in the Republic of Belarus and abroad;

- sole proprietors registered in the Republic of Belarus;

- diplomatic missions, consular offices and other representative offices of the Republic of Belarus located outside the Republic of Belarus;

- the Republic of Belarus, its administrative-territorial units involved in relations regulated by the currency legislation of the Republic of Belarus.

Non-residents include:

- individuals who are not residents according to the criteria specified above;

- legal entities established in accordance with the legislation of foreign states with a location outside the Republic of Belarus, their affiliates and

representative offices located in the Republic of Belarus and abroad;

- sole proprietors registered in foreign countries;

- organizations that are not legal entities established in accordance with the legislation of foreign states with a location outside the Republic of Belarus, their affiliates and representative offices located in the Republic of Belarus and abroad;

- diplomatic missions, consular offices and other representative offices of foreign states located in the Republic of Belarus and abroad;

- international organizations, their affiliates and representative offices located in the Republic of Belarus and abroad;

- foreign states, their administrative-territorial (state-territorial) entities involved in relations regulated by the currency legislation of the Republic of Belarus.

Until circumstances make it possible to determine the status of an individual – a citizen of the Republic of Belarus who has a document confirming the right to permanent residence in a foreign state, the person is recognized as a resident of the Republic of Belarus in the current calendar year if he/she was actually on the territory of the Republic of Belarus for more than 183 days in the previous calendar year.

6.10.2. Accounts opening and using

Opening and using accounts in foreign banks by a resident

Residents (individuals and legal entities, sole proprietors) have the right to open accounts in foreign banks without restrictions, both in Belarusian rubles and in foreign currency, unless otherwise established by legislative acts, as well as temporary currency restrictions are not established.

Residents have the right to transfer Belarusian rubles and foreign currency without restrictions from their accounts to their accounts opened in banks of Belarus and (or) in foreign banks, unless currency restrictions are established.

Residents can receive proceeds from exports (goods, works, services, exclusive rights to intellectual property, etc.), loans, credits, dividends from non-residents to accounts opened in foreign banks, and make other payments in the absence of relevant currency restrictions.

However, when legal entities-residents perform operations related to export, import, proceeds from export and the amount of advance payment upon import, subject to return if the counterparty does not fulfill (in full or in part) its obligations, must be transferred to the resident's account in a Belarusian bank within 5 working days from the date of its crediting to the account opened in a foreign bank.

Residents can make payments using funds held in their accounts with foreign banks, subject to currency restrictions and prohibitions on foreign exchange transactions.

Currency restrictions are imposed by the National Bank together with the Council of Ministers of the Republic of Belarus for a period of not more than 1 year in the event of a threat to the economic security of the Republic of Belarus, including the stability of the financial system, if the situation cannot be resolved by other economic policy measures.

The currency restrictions that may be imposed include, among other things, the requirement for the mandatory sale of foreign currency received by resident legal entities. Until August 02, 2018, Belarusian legal entities and individual entrepreneurs were required to implement mandatory sales of foreign currency on

the domestic market as a percentage of the amount of revenue in foreign currency credited to their accounts in banks of the Republic of Belarus, as well as in foreign banks. Currently, there is no such obligation and no corresponding currency restriction has been introduced.

Opening of accounts in a Belarusian bank by a non-resident

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

The list of documents that must be provided to open an account for a non-resident is determined by the bank independently, taking into account the requirements of the legislation.

As a rule, the main package of documents includes:

- a notarized copy of the charter of a foreign organization, apostilled/legalized;
- minutes (extract from the minutes) of the founders' meeting, or a civil contract, or a power of attorney confirming the powers of officials (notarized copy, apostille/legalization);
- an extract from the trade register of the country of incorporation of a non-resident or other equivalent proof of legal status in accordance with the legislation of the country of its incorporation (original or a notarized copy, apostilled/legalized);
- a notarized copy of the passport of the person(s) who will have the right to dispose of the account (apostilled/legalized), etc.

If the documents are written in a foreign language, then a translation into Russian/Belarusian is required with notarization of the translator's signature.

6.10.3. Basic rules for conducting currency transactions in Belarus

The main regulatory instrument, which establishes the rules for conducting currency transactions, is the Law of the Republic of Belarus No. 226-Z of July 22, 2003 "On Currency Regulation and Currency Control".

Currency values include foreign currency; securities in foreign currency; Belarusian rubles, securities in Belarusian rubles when conducting currency transactions with them between residents and non-residents, between non-residents, as well as in the case of their import

(export), sending to (from) Belarus.

Currency transactions include:

- transactions on the use of currency values as a means of payment, as well as on the acquisition and alienation of currency values, with the exception of currency exchange operations;
- transactions of residents with currency values on accounts in Belarusian and foreign banks, as well as transactions of non-residents on accounts in Belarusian banks that do not entail the transfer of ownership of these currency values;
- transfer of currency values by a person between their accounts in Belarusian and foreign banks;
- acquisition of currency values in the order of inheritance;
- transfer of currency values to trust management, storage and their return;
- import (export), sending of currency valuables to and from Belarus.

The agreement (contract) on the basis of which currency transactions are performed is a currency agreement.

Rules for conducting currency transactions between residents and non-residents – legal entities

Currency transactions between residents and non-resident legal entities can be implemented in Belarusian rubles and in foreign currency:

- in non-cash form - without restrictions;
- in cash – prohibited, except in certain cases established by law.

Residents and non-residents conduct currency transactions in accordance with the requirements of currency legislation on the basis of currency agreements concluded by them or on other grounds provided for by the legislation of the Republic of Belarus and (or) foreign countries.

With regard to currency agreements concluded between residents and non-residents providing for export/import (foreign trade agreements), the requirements have been set for:

- mandatory conditions;
- repatriation of currency valuables.

Requirements for mandatory conditions of currency contracts for export/import

Mandatory conditions are established for currency contracts under which exports/imports are implemented on a reimbursable basis:

- products;

- property for rent;
- undisclosed information;
- restriction of exclusive intellectual property rights
- property rights;
- performance of works, provision of services to a non-resident/non-resident (objects of export/import).

Such currency agreements should provide for:

- deadlines for the fulfillment of obligations by non-residents, in particular:
 - when exporting – the payment period for the transferred export objects by a non-resident;
 - when importing – the deadline for the refund of the prepayment, if the non-resident has not fulfilled or has not fulfilled in full his obligations to transfer the objects of import;
- the amount (approximate amount) of the monetary obligations of the parties under the agreement;
- settlement conditions, which are understood as the obligation of one party to make a settlement before fulfillment or upon fulfillment of obligations by the other party (prepayment, payment upon fact, mixed form).

According to foreign trade agreements, the obligation of repatriation is established, i.e. the obligation of a resident to ensure crediting to Belarusian accounts:

- proceeds for export objects transferred to a non-resident; or
- the amount of the prepayment, if the non-resident has not fulfilled or has not fulfilled in full his obligations to transfer the objects of import;

The period of repatriation is determined by a resident legal entity based on the conditions and actual deadlines for the fulfillment of obligations by the parties under a foreign trade agreement. In certain cases, for example, when initiating legal proceedings against a non-resident, the repatriation period is extended.

Registration of currency contracts

One of the duties of residents when working with currency contracts is their registration on the web portal of the National Bank of the Republic of Belarus in cases established by Resolution of the Board of the National Bank of the Republic of Belarus No. 37 of February 12, 2021 "On Registration of currency contracts by residents".

Criteria (cases) for registration of currency

contracts (in aggregate):

- a currency agreement is concluded between a resident and a non-resident. For example, contracts for the donation of currency values between citizens of Belarus are not subject to registration;

- separate transactions are implemented under the currency agreement, the list of which is closed. For example, such transactions include settlements during export/import, a non-resident's contribution to the authorized capital of a resident legal entity, and a resident's receipt of a loan from a non-resident;

- such a currency agreement does not define the amount of monetary obligations, or it is defined and at the date of conclusion of the agreement is equal to or exceeds 4,000 basic units for residents of legal entities and sole proprietors or 2,000 basic units for residents-individuals.

In conducting these currency transactions, the agreement is subject to registration before the resident performs actions aimed at fulfilling the currency agreement, or not later than 7 working days from the date following the date of receipt of funds under the currency agreement to the resident's account in a Belarusian or foreign bank (depending on which of the events occurs earlier). After registration of such agreements, the resident must submit documents and information on their modification and execution to the web portal.

Currency transactions involving non-resident individuals

Unlike currency transactions between legal entities, which can be carried out without restrictions in non-cash form, Belarusian legislation proceeds from the prohibition of currency transactions involving non-resident individuals with the establishment of exceptions to it.

The following transactions are allowed, among other things, between a resident legal entity and a non-resident individual:

- payments and transfers in foreign currency in non-cash form from/to the account of a resident legal entity in a Belarusian bank or a foreign bank;

- transactions in foreign currency under lease agreements for real estate located in the territory of a foreign state.

The following transactions are allowed, among other things, between a resident individual and a non-resident individual:

- to make payments and transfers in foreign currency in non-cash form outside of Belarus and

from abroad, except for payments made through ATMs, self-service terminals, payment terminals, self-service payment terminals installed and used on the territory of Belarus;

- conduct transactions in foreign currency on the territory of a foreign state;

- accept/give away foreign currency/Belarusian rubles/securities in foreign currency or Belarusian rubles as a gift or as a donation (cancel the gift/donation), for storage and return, in the order of inheritance;

- to provide loans for personal, family, household and other needs not related to the implementation of entrepreneurial activities, with the payment of interest on them.

Currency transactions involving resident individuals

Currency transactions between resident individuals and non-resident legal entities are prohibited, except:

- payments and transfers in foreign currency in non-cash form to the account of a non-resident legal entity in a foreign bank and from such an account (except for payments made through ATMs, self-service terminals, payment terminals, self-service payment terminals installed and used on the territory of Belarus);

- transactions with currency values in a foreign country;

- payment of remuneration in foreign currency for the performance of work duties, taking into account the requirements established by labor legislation;

- payment/reimbursement of expenses for an official business trip or a referral to study (internship, seminar, conference and other events related to professional development) outside Belarus, as well as the return of an unspent advance in foreign currency issued in connection with an official business trip, with a referral to study outside Belarus;

- transactions in foreign currency under lease agreements for real estate located in the territory of a foreign state;

- transactions in foreign currency in the performance of consular functions and the collection of appropriate fees and duties by diplomatic missions, consular offices and other representative offices of foreign states located in Belarus.

6.11 Legal status of land



and other immovable property

The civil legislation of Belarus refers to immovable property: land plots, subsurface areas, surface water bodies and everything that is firmly connected with the land, i.e., objects whose movement is impossible without disproportionate damage to their purpose, including forests, perennial plantations, capital structures (buildings, facilities), unfinished preserved capital structures, isolated premises, parking spaces.

The enterprise as a whole as a property complex, aircraft and sea vessels subject to state registration, inland navigation vessels, river-sea navigation vessels, and space objects are also considered to be immovable property. Other property may also be classified as immovable property by legislative acts.

6.11.1. Registration of immovable property

Immovable property, rights to it and transactions with it are subject to state registration. Such registration is public.

The document confirming the state registration in respect of immovable property or rights to it is a certificate of state registration. The state registration of transaction with immovable property is certified by making a registration inscription on the original document drawn up on paper expressing the content of the registered transaction, or issuing a certificate of state registration if the document expressing the content of the transaction is submitted to the registrar in the form of an e-document or an e-copy of the paper document.

Without fulfilling the requirement for state registration, transaction with immovable property is invalid. In some cases, the legislation sets deadlines for applying for state registration of immovable property objects.

Refusal or evasion of state registration of immovable property, rights to it and transactions with it may be appealed to the court.

The procedure for state registration and grounds for refusal of registration are established by the legislation on state registration of immovable property, rights to it and transactions with it.

Such transactions with immovable property as lease, sublease and gratuitous use of capital structures (buildings, facilities), isolated premises, parking spaces, and rights to them arising in connection with the conclusion of these transactions are not subject to state registration.

Registration is performed by the territorial agencies for state registration and land cadaster (local agency) according to the application principle (personal appearance of the applicant or his representative is provided, except in certain cases) for a fee.

All information about registered immovable property is available in the Unified State Register of Immovable Property, Rights to It and Transactions with It (Immovable Property Register). At the same time, with respect to subsoil areas, surface water bodies, forests, perennial plantings, aircraft and sea vessels, inland navigation vessels, river-sea navigation vessels, and space objects, the Government of the Republic of Belarus establishes special rules for state registration.

Registration data is open to public access, except for those that contain personal data of individuals, and are provided on a paid basis. Any person may request information (including information on ownership and other rights) on a specific immovable property object by its address and/or inventory/cadastral number. However, only copyright holders, their legal successors, and, in some cases, government agencies, other government organizations, notaries and lawyers can access the list of all rights to immovable property owned by a particular individual or legal entity. An extract on the rights to immovable property objects with the personal data of the right holders and persons in whose favor restrictions (encumbrances) have been established may be provided only to the owner, his representative or heir, the holder of other rights, the person in whose favor the restriction (encumbrance) of the right has been established, their representatives or heirs, notaries, state bodies, to other state organizations in cases provided for by legislative acts, as well as to authorized bodies.

6.11.2. Land plots

In Belarus, land plots are used in accordance with their intended purpose, which is established in the decision of the local executive body on the seizure and provision of land. The lands of the Republic of Belarus are divided into the following categories:

- agricultural land;
- lands of settlements, horticultural associations, dacha cooperatives;
- lands of industry, transport, communications, energy, defense and other purposes;
- lands of environmental, health, recreational, historical and cultural purposes;
- forest fund lands;
- water fund lands;
- reserve lands.

Subject to compliance with the conditions and restrictions established by legislation on the protection and use of land, the intended purpose of land plots may be changed by decision of local executive committees based on an application from an interested party and a package of documents attached thereto, including the justification for such a change.

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

- the right of ownership;
- the right of permanent use;

- the right of temporary use;
- the right to rent (the most common).

Land plots from state ownership to private ownership are provided, with some exceptions, according to the results of an auction (competition), including by conducting:

- electronic trading;
- public auctions in the form of an auction for the sale of an unfinished, non-conserved facility simultaneously with the sale into private ownership of a land plot necessary for the completion of construction and maintenance of this facility, in the event of the seizure of the plot from the investor due to non-fulfillment or improper fulfillment of the investment agreement in the absence of the investor's financial ability to complete the construction of the facility.

Without an auction, land plots may be transferred from state ownership to private ownership in cases established by the Land Code of the Republic of Belarus. For example, without an auction, it is possible to purchase a land plot for citizens – for the construction and maintenance of single-family, blockaded residential buildings in settlements, with the exception of regional cities and Minsk; for legal entities, sole proprietors – for the construction and maintenance of immovable property objects intended for the production of goods (performance of works, provision of services), with the exception of construction and maintenance of such facilities within the boundaries of certain cities; for the construction and maintenance of gas stations, retail facilities (except for branded stores owned by goods manufacturers).

According to the decision of the local executive committee, an investor may also be granted ownership of a plot for the facility construction under an investment agreement with the Republic of Belarus without an auction.

Lists of plots for the implementation of investment projects are necessarily posted on information stands and official websites of local executive committees (if any), and can also be distributed in other accessible ways on the global computer network Internet and through the media.

The right of permanent use of a land plot gives the right to own and use a land plot for its intended purpose without time limit. The following legal entities may own a land plot with the right of permanent use:

- agricultural organizations, including peasant farms, other organizations – for farming, including

peasant farms, as well as for private farming;

- legal entities engaged in forestry – for forest management;

- non-governmental legal entities – for the construction and maintenance of state-owned immovable property objects;

- legal entities – for the construction, maintenance of multi-apartment residential buildings (with the exception of high-comfort residential buildings according to criteria defined by legislative acts), construction and maintenance of hostels, garages and parking lots;

- legal entities – if it is required to provide them with another land plot in place of the seized one, in cases when the seized land plot is provided to such persons on the right of permanent use;

- legal entities – for the reconstruction of existing capital buildings, isolated premises in capital buildings, if an increase in the size of the land plot provided to a legal entity on the right of permanent use is required;

- legal entities – for the construction and maintenance of transport and engineering infrastructure facilities and roadside service facilities (except for the construction of roadside service facilities in Minsk, regional centers, Brest, Vitebsk, Gomel, Grodno, Minsk and Mogilev districts);

- agricultural organizations, including peasant farms, legal entities with a branch or other separate subdivision engaged in entrepreneurial activities for the production of agricultural products, whose revenue from sales of products is at least 50% of the total revenue of this branch or other separate subdivision, legal entities conducting forestry – for construction and maintenance of residential buildings, construction and maintenance of apartments in blocked residential buildings for employees of such organizations, employees of socio-cultural organizations, as well as for the accommodation of agroecotourists.

The above-mentioned entities may also be granted the right to temporary use of a land plot (for a maximum of 10 years, with some exceptions).

The right of temporary use may also be granted to concessionaires acting on the basis of concession agreements for a period of up to 99 years.

The lease term of a state-owned land plot should not exceed 99 years.

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

- auction for the right to conclude a land lease agreement;

- auction for the right to design and build capital buildings;

- an auction for the sale of capital structures (buildings, facilities), unfinished conserved and non-conserved capital structures and the right to lease a land plot necessary for the construction and maintenance of this property (the specified property and the right to lease a land plot necessary for the construction and maintenance of this property constitute a single auction item).

The provision of state-owned land plots is implemented in accordance with the procedure for the seizure and provision of land plots, established by the Council of Ministers of the Republic of Belarus.

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

- land users from whose lands the land plot is being withdrawn;

- land area and types of seized land;

- persons who are provided with a land plot;

- type of right to a land plot and its validity period if the right is urgent;

- the intended purpose of the provided land plot, as well as the purpose of the land plot in accordance with the unified classification of the purpose of real estate objects, if necessary, information on the transfer of the land plot from one category and type to others;

- the amount and conditions of payment for the right to lease a land plot;

- the amount of losses, damages to agricultural and (or) forestry production that are subject to compensation, the procedure and conditions for their compensation, the account of the republican budget intended for crediting the corresponding payments to it;

- the presence of restrictions (encumbrances) on the rights to use a land plot, including a land easement;

- conditions for the removal, preservation and use of the fertile soil layer, as well as the procedure for the return and (or) reclamation of lands provided for temporary use;

- other conditions for the allocation of a land plot (including the period for state registration in relation to the provided land plot, the period and other conditions for the occupation of the land plot).

Foreign legal entities can use land plots only on the right of lease.

6.11.3. Buildings and structures

The Code of the Republic of Belarus on Architectural, Urban Planning and Construction Activities entered into force on July 24, 2024. Subject to the provisions of the Code and CH 3.02.07-2020 "Construction facilities. Classification", buildings and structures are divided into 5 classes of complexity depending on their design features, purpose and technical and economic indicators. Based on the object complexity class, various requirements are imposed on the admission of participants in construction activities (customer, designer, contractor, engineering organization) to its implementation.

Buildings can be residential or non-residential by purpose. The building regulations of Belarus establish requirements for the design of facilities depending on the type of construction activity (construction, reconstruction, restoration, overhaul, landscaping, demolition) and the purpose of the facilities.

In some cases, the development of design documentation is not required (for example, during the construction and reconstruction of a single-family residential building on a plot of land provided for the construction and (or) maintenance of a single-family residential building, in accordance with Decree No. 202 "On the simplified procedure for the construction and reconstruction of construction facilities).

Buildings and structures, isolated premises in them may belong to foreign legal entities and individuals.

Rental rates for real estate owned by state legal entities are set in accordance with the rules defined by the Decree of the President of the Republic of Belarus No. 138 of May 16, 2023 "On the lease and gratuitous use of property" and are calculated in basic rental values using various coefficients.

The amount of the basic rental amount is set annually 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 preceding year. Starting from April 01, 2024, the basic rental amount is 17.76 Belarusian rubles.

Rental rates for immovable property objects privately owned by individuals and non-governmental legal entities, including foreign

ones, are determined by agreement between the landlord and the tenant. From September 23, 2022 to January 01, 2025 in Belarus, landlords are prohibited from determining in the contract the amount of rent for the use of property in an amount equivalent to a certain amount in foreign currency.

Local Councils of Deputies, executive committees (hereinafter referred to as local government and self-government bodies) have a preferential right to acquire certain buildings and other real estate objects that can be used for local needs and are located within their jurisdiction.

Lists of these real estate objects are established annually by local government and self-government bodies. In practice, a small number of objects are included in the lists, and the right is used extremely rarely. Registration in the Immovable Property Register of the transfer of ownership of an object included in the list will be carried out only after the local government and self-government bodies have made a decision to refuse to acquire it or have failed to make such a decision within the established time period.

Legal entities also have a preferential right to purchase capital structures (buildings, facilities) owned by the state (except for land plots), when leasing them for a period of at least 3 years with payment, upon submission of a written application, in installments for a period of up to 5 years with monthly indexation of payments.

6.11.4. Mortgage

A mortgage is a pledge of immovable property (land plots, capital structures (buildings, facilities), etc.) and other property equated to real estate by law.

A mortgage may arise from an agreement (mortgage by virtue of an agreement) or on the basis of a legislative act upon the occurrence of the circumstances specified therein, if the legislative act provides for which property and for which obligation is recognized as being in a mortgage (mortgage by virtue of legislation).

Mortgage can be secured by obligations under credit agreements, loan agreements, purchase and sale, lease, contract and other agreements, as well as from causing harm, unless otherwise established by legislative acts.

The subject of a mortgage may be immovable property and other property equated by legislative acts to immovable things, including those that will be received by the mortgagor in the future and which, at the time of conclusion of the mortgage agreement, is not considered to have been created in accordance with the law (for example, an apartment under construction).

When mortgaging an enterprise as a property complex, the right of pledge applies to all property that is part of the property complex, including the right of claim and exclusive rights, including those acquired during the mortgage period, unless otherwise provided by legislative acts or a mortgage agreement.

Mortgages of land plots and other property are allowed only insofar as their turnover is allowed by legislative acts. Along with the mortgage of plots owned by the mortgagors, in relation to a land plot provided on the basis of a lease, a pledge of such right is possible if a fee was charged for the right to lease the land plot.

The following persons may act as mortgagees of land plots (or mortgagees of lease rights to them):

- banks that have a special permit (license) to implement banking activities in terms of implementing a banking operation to place attracted funds on their own behalf and at their own expense on the terms of repayment, payment and urgency;
- JSC "Asset Management Agency", JSC "Development Bank of the Republic of Belarus";
- the IFC, the EBRD and the Eurasian Development Bank, if the pledge of the land plot (the pledge of the lease right to the land plot) ensures the repayment of the loan or repayment of the loan provided to the Belarusian resident;
- the Development Bank of China, the Export-Import Bank of China, the IFC, the EBRD, the Eurasian Development Bank in respect of land plots located on the territory of the Great Stone Industrial Park, if the pledge of the land plot (pledge of the right to lease the land plot) ensures the repayment of the loan or repayment of the loan provided by CJSC Industrial Park Development Company or to the resident of the mentioned park.

Mortgage of buildings, as well as isolated premises located on a private property plot, is allowed only with simultaneous mortgage of a land plot (a share in a land plot). A building or isolated premises located on a leased land plot can act as an independent subject of mortgage only if no

payment has been made for the right to conclude a land lease agreement. Consequently, buildings or isolated premises located on own or leased land (provided that payment has been made for the right to conclude a lease agreement) can only ensure the repayment of bank loan agreements and loan agreements with the IFC, the EBRD, the Eurasian Development Bank, as well as the Development Bank of China and the Export-Import Bank of China – for land plots located on the territory of the Great Stone Park.

The value of the property that is the subject of a mortgage is determined by the parties at the conclusion of the contract, unless otherwise established by legislative acts. At the same time, the value of the land plot that is the subject of the mortgage cannot be lower than the cadastral value of this land plot, and the value of capital structures (buildings, facilities) located on the land plot or unfinished preserved capital structures that are the subject of the mortgage cannot be lower than their value determined by the market method.

A mortgage provides for claims in the amount that these claims have at the time of satisfaction, including the amount of the main obligation, as well as, unless otherwise provided by the contract, interest, penalty, claim for damages caused by non-fulfillment or improper fulfillment. The mortgage also provides additional expenses of the mortgagee, in particular, the costs of paying the mortgagor's debt on payments to the budget and (or) other mandatory payments related to the property being the subject of the mortgage (if the mortgagee, in accordance with the terms of the mortgage agreement or by necessity, bears such expenses), as well as, unless otherwise provided the contract, the costs of foreclosing on the property that is the subject of the mortgage, including the costs of selling this property when foreclosing on it.

The mortgage of immovable property (both the contract and the emergence, transfer or termination of the right) requires state registration in the Immovable Property Register, except in cases provided for by legislative acts. Subsurface areas, water bodies, forests cannot be the subject of a mortgage, and mortgages of perennial plantations, air and sea vessels, inland navigation vessels, river–sea navigation vessels, space objects are not subject to registration in the Immovable Property Register.

6.12 Intellectual property protection



In addition to national laws in the field of intellectual property protection, the Republic of Belarus is a party to several international, regional and bilateral agreements in this field. The Republic of Belarus also closely cooperates with international and regional bodies active in the field of intellectual property protection, including the World Intellectual Property Organization (hereinafter – WIPO), the European Patent Office and the Eurasian Patent Organization.

The National patent authority in Belarus is the National Center for Intellectual Property (hereinafter – NCIP). It conducts national registration of intellectual property objects (hereinafter – IP), agreements on assignment of exclusive rights to IP objects, license agreements, etc. The official NCIP website publishes and regularly updates databases of registered IP objects.

6.12.1. Intellectual property objects

The first group of IP objects consists of copyright objects (works of science, literature and art that are the result of creative activity, regardless of the purpose and dignity of the works, as well as the way they are expressed) and objects of related rights (performances, phonograms, air or cable broadcasting).

For the creation and exercising copyright and related rights, no formalities are required, they arise by virtue of the fact of the creation of the work. Computer programs, however, can be voluntarily registered with the NCIP if the copyright holder wants to receive additional proof of their rights and their scope in case of any disputes with third parties.

The second group of IP objects includes objects of industrial property law.

Inventions, utility models, industrial designs

The rights to inventions, utility models and industrial designs are protected subject to obtaining a patent for them and registration in the State Register of Inventions of the Republic of Belarus, the State Register of Utility Models of the Republic of Belarus, the State Register of Industrial Designs of the Republic of Belarus, respectively. Through the NCIP, it is also possible to submit 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 in Belarus are protected after their national registration by the NCIP in the State Register of Trademarks and Service Marks of the Republic of Belarus, as well as during their international registration under the WIPO procedure, if such international registration extends to the territory of the Republic of Belarus. In addition, in 2020, the EAEU Member States signed an Agreement on Trademarks, Service Marks and Appellations of Origin of Goods of the Eurasian Economic Union, which entered into force on April 26, 2021. Its essence is that through one application it is possible to obtain legal protection for a trademark, which will be valid simultaneously in those countries that participate in the agreement. At present, there are five such countries: the Republic of Belarus, the Republic of Armenia, the Republic of Kazakhstan, the Kyrgyz Republic and the Russian Federation. However, due to the fact that the authorized office of each of these participating countries maintains its own national trademark registry, the compliance and registration procedure takes a long time.

Breeding achievements

The rights to plant varieties and animal breeds (breeding achievements) are subject to protection upon receipt of a patent and registration in the relevant state register of protected breeding achievements.

Brand names

The new version of the Civil Code, which comes into force in November 2024, clarifies that the company name is the name of the commercial organization under which it participates in civil

turnover. The exclusive right to a brand name arises and is subject to protection from the moment of inclusion in the Unified State Register of Legal Entities and Sole Proprietors.

Integrated circuit topographies

To obtain legal protection, topologies must be registered by NCIP in the State Register of Integrated Circuit Topologies of the Republic of Belarus. A certificate is issued for the registered topology, which certifies the authorship, priority of the topology and the exclusive right to it.

Geographical indications

The legal protection of geographical indications is based on the registration of NCIP in the State Register of Geographical Indications of the Republic of Belarus or by virtue of international treaties. A geographical name identifies a product as originating from the territory of a certain geographical object if the quality, reputation or other characteristics of the product are largely determined by its geographical origin. The geographical indication includes the name of the place of origin of the goods. At the same time, the right to use a geographical indication may be granted to several persons either separately or jointly. The Treaty on trademarks, service marks and appellations of origin of goods of the Eurasian Economic Union, of which the Republic of Belarus is a member, envisages the provision of legal protection of the name of the place of origin of the EAEU goods simultaneously in the territories of all EAEU states on the basis of its registration in the Unified Registry of names of places of origin of EAEU goods.

Production secrets (know-how)

To protect production secrets (know-how), there is no requirement for their registration and compliance with any formalities (registration, obtaining a certificate, etc.), Know-how is protected under the commercial secret regime if such information meets the established criteria. The commercial secret regime is considered established after the composition of information subject to protection has been determined and the person lawfully in possession of such information has taken a set of measures necessary to ensure its confidentiality. The commercial secret regime includes:

- restricting access to it by establishing a procedure for handling commercial secrets carriers, as well as monitoring compliance with such a procedure;

- accounting of persons who have gained access to commercial secrets;

- regulation of relations associated with employees' access to commercial trade secrets on the basis of an employment agreement (contract), as well as on the basis of an obligation of non-disclosure of commercial secrets, additionally concluded at the request of the employer with an employee who receives access to commercial secrets;

- regulation of relations associated with contractors' access to commercial secrets on the basis of a civil contract;

- identification of employees responsible for taking measures to ensure the confidentiality of information constituting a commercial secret.

Along with these mandatory measures, the owner of a commercial secret may apply other technical means and methods of information protection that are not prohibited by law, as well as other measures that do not contradict the law.

6.12.2. Registration of contracts with reference to IP rights

License agreements, assignment agreements, agreements on the pledge of property rights, franchise agreements, and other similar agreements with respect to rights to certain objects of industrial property law (inventions, utility models, industrial designs, plant varieties, integrated circuit topologies, trademarks and service marks) are subject to registration with the NCIP and enter into force from the date their registration or at a later date stipulated by the parties in the contract.

For amendments of such registered agreements, and for a franchise agreement, also in relation to its termination, a similar rule applies.

6.12.3. Customs protection of IP rights

As a measure to address the practice of parallel import of goods, the owner of an IP object has the right to include the relevant IP object in the Customs Register of IP Objects, which is maintained by the State Customs Committee of the Republic of Belarus (as of July 2024, this Register contains only trademarks).

If, when performing customs operations related to placing goods containing IP objects included in the Register under customs procedures, customs authorities discover signs of a breach of the rights of the owner of an IP object, the customs authorities will suspend the release of the goods for 10 working days and inform the declarant and the right holder (his representative) of this.

The EAEU Customs Code provides for the functioning of the Unified Customs Register of IP objects of the Member States, which, based on the application of the copyright holder or his

representative, provides for the inclusion of IP objects (objects of copyright and related rights, trademarks, service marks and appellations of origin of goods) protected in each member State.

A number of legislative acts provide for restrictions on exclusive rights to intellectual property objects – for more information, see paragraph 8.5 of the Guide.



6.13 Labor regulation

6.13.1. Employment contract

In Belarus, labor relations between an employer and an employee begin with the conclusion of an employment contract in accordance with the Labor Code of the Republic of Belarus (hereinafter referred to as the LC).

According to the validity period, it is possible to distinguish employment contracts concluded for:

- an indefinite period; or
- a certain period of not more than 5 years (fixed-term employment contract).

The contract, which is a type of fixed-term employment contract, has gained the most popularity in establishing employment relations.

The minimum duration of the contract is 1 year, and the maximum is 5 years, while the specific validity period is determined by agreement of the parties.

By agreement of the parties, the contract may be extended for a maximum period of at least 1 year, and with an employee who does not allow violations of production, technological, performance and labor discipline - until the expiration of the 5-year validity period. An extension for a shorter period may be made only with the written consent of the employee.

After the expiration of the 5-year contract period, by agreement of the parties, a new contract is concluded for a period of at least 1 year, and with

an employee who does not violate discipline – for a period of at least 3 years. The conclusion of a new contract for a shorter period is allowed with the consent of the employee, with a minimum period of 1 year.

Key differences between a contract and other types of employment agreements:

- the possibility of concluding contracts for implementing any type of work (other types of fixed-term employment contracts are tied to the conditions of performance or the nature of the assigned work, for example, for the performance of seasonal work, the duration of which is determined by natural and climatic conditions or for the performance of the duties of a temporarily absent employee for whom the job is retained);

- early termination of employment relations by agreement of the parties or on the grounds stipulated by the Labor Code (working under an employment contract concluded for an indefinite period, the employee has the right to notify the employer of the termination of the employment relations 1 month in advance without giving reasons; the employer is not granted such a “mirror” right);

- additional safeguards for employees (additional incentive leave, material incentives in the form of an increase in the wage rate, other safeguards when concluding, extending and terminating contracts with certain categories of employees);

- mandatory certification of employees at least once every 3 years.

6.13.2. Termination of employment relations

The Labor Code defines a list of grounds for termination of employment relations:

- by agreement of the parties;
- due to the expiration of a fixed-term employment contract (except in a situation where the employment relationship actually continues and neither party has demanded its termination);
- at the request of the employee (for contracts concluded for an indefinite period, with a 1-month notification without stating the reasons or if there are circumstances that make it difficult or exclude the continuation of the employment relationship, as well as in case of violations by the employer);
- at the request of the employee (for fixed-term employment contracts, if there are circumstances preventing the continuation of work or if the employer commits violations);
- at the initiative of the employer (general grounds are defined for fixed-term and indefinite employment contracts);
- in connection with the transfer of an employee with his consent to another employer or transfer to an elected position of an employee;
- in connection with the refusal of the employee to transfer to another location together with the employer; refusal to continue work due to changes in essential working conditions, refusal to continue work due to a change in the owner of the property and (or) reorganization of the organization, leasing of the property complex of the organization or transfer to trust management of stocks (shares in the authorized fund) of the organization;
- due to circumstances beyond the control of the parties;
- termination of an employment contract with a preliminary trial.

The circumstances that prevent the performance of work under an employment contract are recognized as illness or disability, the employee's admission to military service under a contract, as well as other valid reasons (practice includes a change in the employee's place of residence, other reasons are subject to assessment by the employer).

6.13.3. Privacy and competition

The employer may require employees who need access to commercial secrets to perform their duties to sign a non-disclosure agreement. Refusal to sign such an agreement is grounds for dismissal of the employee.

It is important to note that the employer must first take care to establish a commercial secret regime, i.e. determine the composition of information subject to protection, the procedure for accessing it and other aspects provided for by the legislation on the protection of commercial secrets.

If a regime is established and a non-disclosure agreement is signed, the employer can compensate for its losses, including lost profits, in the event of disclosure of a commercial secret.

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

The non-competition agreement must provide for monthly payments to the employee upon termination of the employment relationship with the HTP resident in the amount of not less than 1/3 of the average monthly salary of this employee for the last year of work, and the maximum permissible term of the agreement is 1 year from the date of dismissal.

6.13.4. Options in favor of employees

The legislation provides for the right of HTP residents to conclude an agreement among themselves and/or with third parties on the provision of an option to conclude a contract and an option agreement. In particular, it is established that:

- under an option to conclude a contract, one party grants the other party the right to conclude one or more contracts under the terms and conditions specified in the option;
- under an option agreement, one party, on the terms and conditions specified by this agreement, has the right to demand that the other party perform certain actions within a specified period (including paying money, transferring, providing or accepting property, exclusive rights to the results of intellectual activity).

During the term of the option to conclude an agreement and (or) an option agreement, the business entity (its body) shall not bear the obligation to reduce the authorized capital by the amount of the value of the share (part of the share) in its authorized capital acquired by the company itself (in the amount of the nominal values of the shares received at the disposal of the joint-stock company), in relation to which the relevant agreements have been concluded, nor shall it have the right to alienate such share (part of the share, stocks) to other persons, unless otherwise provided by the agreement.

Since 2021, the legislation provides for the possibility of gratuitous transfer or sale of stocks (shares) to members of the Board of Directors (Supervisory Board), executive body, employees of the relevant business entities, provided that they fulfill the conditions stipulated by local legal acts and (or) civil law (labor) contracts.

In view of the above, in practice, key employees of companies are given the right to receive a portion of the company's stock (shares) as an incentive after a certain period of time and subject to certain conditions (for example, achieving key performance indicators (KPI), working for the company for a certain period of time). Such stocks (shares) may later be alienated in accordance with the procedure established by the charter and legislation (including, for example, together with the shares of other participants in the case of a third-party buyout of the company), profits may be distributed to such stocks (shares).

6.13.5. Personal data

As a general rule, the personal data processing is implemented with the consent of the personal data subject, except in cases provided for by legislative acts.

However, when formalizing labor (duty) relations, as well as in the process of labor (duty) activity of the subject of personal data in cases provided for by law, no consent to the processing of personal data is required.

To ensure a uniform approach to personal data processing in the labour sphere, the National Centre for Personal Data Protection (hereinafter referred to as the NCPDP) has developed Recommendations on personal data processing in connection with labour (official) activities.

6.13.6. Employment of the head

Labor relations with the head as the sole executive body of the organization have their own characteristics. The sources of regulation are both the employment contract and the statutory document (articles of association) of the organization.

The owner has the right to establish in the statutory document the procedures that will precede the employment relationship with the head (competition, election to a position, etc.).

The same person can be the head of several organizations at the same time. The prohibition on performing other paid activities (except for pedagogical, scientific, creative activities and medical practice) is established for heads of state organizations and organizations with a state share of at least 50%.

The head of the organization may not be a member of the bodies with control and supervision functions in this organization.

The head bears full financial responsibility for the actual damage caused to the property of the organization.

The legislation provides additional grounds for termination of employment relations with the head, viz:

- opening of bankruptcy or liquidation proceedings against a company, introduction of rehabilitation in an insolvency or bankruptcy case;
- adoption by the property owner or the authorized body of the company of a decision to terminate the employment relationship (if the decision is not associated with a violation by the manager of the law or the contract, then early termination is possible only if the employment contract establishes a condition on the amount of compensation for such early termination).

6.13.7. Remote work

Employees can work remotely not only in Belarus, but also abroad.

Information and communication technologies are used to perform the work, and the personal presence of the employee is required only when concluding an employment contract.

Remote work can be implemented permanently or temporarily (continuously for up to 6 months during a calendar year). It is also allowed to introduce a combined work regime, i.e., performing it permanently or temporarily, alternating remote work and work at the employer's location.

The terms of exchange between the employer and the employee of electronic documents or messages in electronic form (including SMS messages, files and records) are determined by the employment contract, local legal acts. Written assignments, work results, statements, explanations of the employee, and other documents can be sent

electronically, and if necessary, the employee can familiarize himself with the documents under signature by exchanging electronic documents or in electronic form. The need to send copies of documents on paper to the employee is determined by the agreement of the parties (except for the agreement on changing the conditions specified in the employment contract, which is subject to mandatory sending on paper).

6.13.8. Hiring foreigners

A special feature of the labor activity of foreigners in Belarus is that, as a general rule, they can work provided that the employer obtains special permits for them to engage in labor activity in the Republic of Belarus.

Their receipt is not required in cases where:

- the employer is a HTP resident;
- the employer is a resident, a subject of innovative activity of the Great Stone Industrial Park, a joint company for its development – when attracting a foreigner to the positions of managers and specialists who are highly qualified employees;
 - a foreigner is a citizen of the Russian Federation, the Republic of Armenia, the Republic of Kazakhstan, the Kyrgyz Republic;
 - a foreigner is a person who is not covered by the Law "On External Labor Migration";
 - a foreigner is attracted to a position provided for in the list of professions or positions, admission to which is allowed without obtaining a special permit.

The employment of a foreigner is performed in accordance with the Labor Code requirements. To do this, a foreign employee must present the documents required by law. However, there are some peculiarities, in particular, educational documents obtained in a foreign country need to be legalized.

A distinctive feature of an employment contract with a foreigner is that it must include the conditions for the employee's relocation to Belarus, food, medical care, accommodation, as well as the amount of wages not lower than the minimum wage in effect in Belarus on the date of the contract (however, in practice, migration authorities recommend indicating a higher wage - not less than 50 basic units).

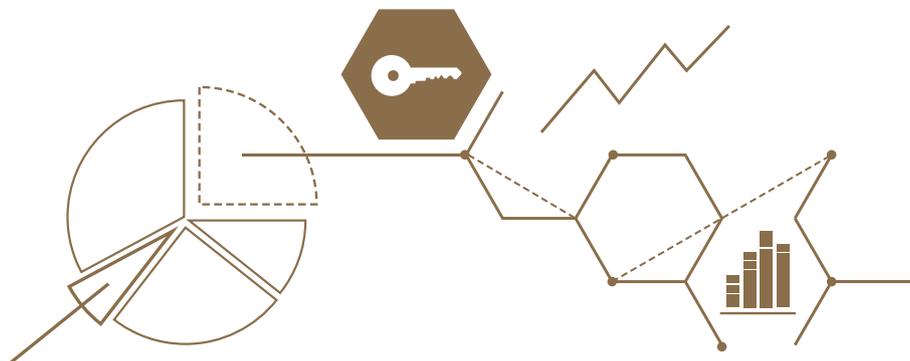
In addition, as a general rule, a fixed-term employment agreement (not a contract) is concluded with an immigrant worker. The term of the employment agreement should not exceed the period of validity of a special permit, if required, i.e. such an employment agreement cannot be indefinite or concluded on the terms of a contract. The validity period of the special permit varies from 1 to 2 years and can be extended once.

The employment agreement must be drawn up in Russian and (or) Belarusian, as well as in the native or other language understandable to the employee.

The employer must notify the Citizenship and Migration department of the conclusion (extension) and termination of an employment agreement with a foreigner within a period not exceeding 3 working days from the date of conclusion or termination of the employment agreement.

6.13.9. Civil law relations with individuals

Organizations may engage individuals as contractors (executors) by concluding a civil law contract.



Civil law contracts, the subject of which is the performance of work, provision of services and creation of intellectual property, are of a fixed-term nature and are concluded, as a rule, for the performance of certain, most often one-time, work, and upon achieving the goal are considered fulfilled and expire. 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.

The contractor (executor) may provide services, perform work or create intellectual property either at the location provided by the organization (with the organization paying insurance premiums to Belgosstrakh) or at another location of its choice. The organization undertakes obligations to ensure compliance with labor

protection requirements, payment of social security premiums to the Social Security Fund, calculation, withholding and payment of income tax. The amount of contributions and taxes is similar to the amount of such payments in an employment relationship.

If the work is of a permanent nature, inherent in the performance of job duties by the employee, then there is a risk that such relations will be recognized as labor relations.

Recognition of relations based on a civil law contract as labor relations may entail the need for extra payments (compensation for unused holidays; payments related to wages; fines for violating labor legislation; additional taxes and other mandatory payments, etc.).

6.14 Dispute settlement

6.14.1. State courts

The judicial system of Belarus consists of the Constitutional Court, which exercises judicial control over the constitutionality of legislation, and the system of courts of general jurisdiction, which administer justice in civil, economic, criminal and administrative cases. The system of courts of general jurisdiction is based on the principles of territoriality and specialization and is headed by the Supreme Court. It includes the economic courts of the regions and the city of Minsk, which consider commercial disputes.

On January 01, 2026, the Code of Civil Procedure will come into force, after which the consideration of civil and economic cases, which are currently regulated by different procedural laws (the Economic Procedural Code and the Civil Procedural Code), will be regulated by a single code. Such unification is intended to optimize the mechanisms for the administration of justice, as well as to minimize possible discrepancies in law enforcement. To improve the process efficiency, the new code also provides for a number of innovations: the use of electronic evidence, the institution of class action lawsuits, simplified legal proceedings, etc.

The amount of the state fee for filing a lawsuit depends on the nature of the claim and its size. When applying to an economic court with a property claim, a regressive scale of state duty is applied: starting from 5% of the claim price (but not less than 25 basic units) and ending at 1%.

The procedural period during which the court of first instance must consider a commercial dispute is approximately 3 months after the court receives the claim. In case of participation of a foreign person or particular complexity of the case, the period may be longer.

Also, for some categories of cases, if the claim is indisputable or is recognized (not contested) by the debtor, the dispute may be considered within the framework of writ proceedings without holding court hearings. The advantages of writ proceedings are the high speed of case consideration (20 working days from the moment the application is received by the court), as well as low state fees (up to 7 basic units).

6.14.2. Extrajudicial collection through a notary

In some cases and in the presence of documents established by law (including, as a rule, a written acknowledgement of debt by the debtor), the debt can be collected out of court by contacting a notary to obtain an executive inscriptions. This is a fast and effective way of debt collection, available to foreign debt claimants as well.

For the fulfillment of an executive inscription, the notary is paid a notary fee, not exceeding 10 basic units. The costs incurred by the claimant for the payment of the notary fee are collected from the debtor along with the debt itself on the basis of the corresponding executive inscription. An executive inscription is issued by a notary on the day of application for its execution, provided that the necessary information and documents are available (the presence of the debtor is not required). In case of a large amount of work, this period can be extended to three working days.

6.14.3. Commercial arbitration

The parties may also choose arbitration as a way to resolve the dispute. There are two permanent international commercial arbitration courts in Belarus: the International Arbitration Court at the Belarusian Chamber of Commerce and Industry and the International Arbitration Court "Chamber of Arbitrators at the Union of Lawyers". Also, there are more than 40 permanent arbitration courts.

Disputes of an economic nature involving foreign persons, as well as between Belarusian companies, may be referred to international

arbitration courts by agreement of the parties, unless this is prohibited by law (for example, bankruptcy cases cannot be referred to arbitration). A decision made by an international arbitration court with its seat in Belarus may be overturned by a State court on the basis of a petition from an interested party only on a limited number of formal grounds and cannot be reviewed on the merits.

The enforcement of decisions of international arbitration courts and arbitration courts located in Belarus is implemented by obtaining an enforcement document. An enforcement document is issued by an economic court on the basis of an application by a party to arbitration proceedings in whose favor the arbitration decision was made.

6.14.4. Foreign courts

Resolution of disputes involving foreign persons may also be referred to a foreign arbitration or state court. However, some categories of disputes are attributed to the exclusive competence of the economic courts of the Republic of Belarus, in particular:

- disputes involving immovable property located on the territory of Belarus;
- disputes on economic insolvency (bankruptcy) of legal entities and sole proprietors with a location or place of residence in Belarus;
- disputes related to the establishment, registration or liquidation of legal entities and sole proprietors on the territory of Belarus, as well as appeals against decisions of the bodies of these legal entities;
- disputes arising from administrative legal relations.



The Law “On the Application of Special Restrictive Measures” establishes exclusive jurisdiction for Belarusian courts over certain categories of disputes in the sphere of entrepreneurial and other economic activities related to sanctions or other unfriendly actions of foreign states against the Republic of Belarus, its citizens or organizations. For more information, see paragraph 8.6 of the Guide.

The execution of foreign court decisions in Belarus is possible on the basis of multilateral or bilateral international treaties, and in the absence of such, the principle of reciprocity, i.e. taking into account the execution of decisions of Belarusian courts in a foreign state. Today, Belarus has international treaties in the relevant area, including with the following countries: Armenia, Azerbaijan, Bulgaria, Vietnam, Egypt, China, Cuba, Cyprus, Czech Republic, Georgia, Hungary, Iran, Italy, Kazakhstan, Kyrgyzstan, Latvia, Lithuania, Moldova, Mongolia, Pakistan, Poland, Russia, Serbia, Slovakia, Syria, Tajikistan, Turkmenistan, Turkey, Uzbekistan.

The Russian Federation should be highlighted separately: judicial acts of arbitration courts of the Russian Federation and economic courts of the Republic of Belarus do not require a special recognition procedure and, on the basis of issued enforcement documents, are executed in the same manner as judicial acts of the courts of their own state.

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

6.14.5. Mediation

By agreement of the parties, the dispute can also be resolved through mediation. Mediation can be leveraged to resolve disputes in the areas of civil, commercial, labor and family law both before and after the parties go to court. The procedure is held with the assistance of mediators accredited by the Ministry of Justice, based on the principles of voluntariness, good faith, equality and cooperation of the parties, impartiality and independence of the mediator, as well as confidentiality. Following the negotiations outcomes, the parties may enter into a mediation agreement, in the event of non-fulfillment of which the interested party is

entitled to apply to the court for the issuance of an enforcement document for compulsory execution.

The Republic of Belarus has ratified the Singapore Convention on International Settlement Agreements Resulting from Mediation, which establishes, among other things, the conditions for executing international mediation agreements concluded for the purpose of settling commercial disputes, as well as a limited list of grounds for refusing such execution. In this regard, amendments were made to the Commercial Procedure Code and the Law “On Mediation” and, in particular, the procedure for issuing an enforcement document for the compulsory execution of an international mediation agreement and the grounds for refusing to issue such an order were defined in detail.

The amount of the state fee for considering an application for the issuance of an enforcement document for the compulsory execution of an “internal” mediation agreement or an international mediation agreement is 10 basic units.

6.14.6. Enforcement

The enforcement of executive documents in Belarus is implemented by bailiffs. The system of enforcement bodies of the Republic of Belarus is represented by the Main Directorate of Enforcement of the Ministry of Justice, as well as territorial bodies.

The claimant, on the basis of the received writ of execution, has the right to apply to the enforcement authorities to initiate enforcement proceedings. Within its framework, the bailiff ensures the compulsory execution of the writ of execution by means of foreclosure on the debtor’s funds and other property (including, for example, cryptocurrency), as well as other actions. The claimant does not pay the state fee (levy) in connection with the initiation of enforcement proceedings. As a general rule, expenses related to enforcement, as well as compulsory collection (for property claims - 10 percent of the amount collected) are collected (withheld) from the debtor.

Prior to applying to enforcement authorities, the claimant also has the right to apply to a bank or non-bank credit and financial institution to write off funds in the debtor’s accounts in an uncontested manner. In Belarus, there is an automated information system for the execution of monetary

obligations (hereinafter referred to as AIS IDO), which significantly expedites and simplifies the process of debt collection. After sending a request to the system through the bank servicing the creditor, the AIS IDO collects data on the debtor's funds in all of his existing accounts or electronic wallets. If funds are available (including in another currency), they are reserved and, taking into account the established order of payments, are debited from the debtor's account or electronic wallet.

Belarus has also created a database of enforcement proceedings, which contains data on all enforcement proceedings. Any interested person has the right to obtain some of the information from the said database. It is possible, for example, to find out the content of the requirements of the enforcement documents to the debtor, the amount of the debtor's debt (collection, remaining debt) according to the enforcement documents, the result

of execution and the date of completion of the enforcement proceedings. As a general rule, information is provided on a paid basis. The cost of the state duty is 3 basic values.

From April 10, 2022, as a counter-sanction measure, Belarus has temporarily suspended the execution of enforcement documents in favor of residents of unfriendly states on the list determined by the Council of Ministers of the Republic of Belarus. For more information, see paragraph 8.8 of the Guide.



7. Taxes and other mandatory payments



The main instrument regulating taxation in Belarus is the Tax Code of the Republic of Belarus.

A Belarusian organization has the status of a Belarusian tax resident and fulfills tax obligations with respect to income from sources in Belarus, income from sources outside of Belarus, as well as with respect to property located both within and outside of Belarus. A foreign organization is not a Belarusian tax resident and fulfills tax obligations only for activities performed in Belarus, or in relation to income from sources in Belarus, as well as in relation to property located on the territory of Belarus.

91 7.1 Profit tax

The payers of profit tax are organizations. At the same time, foreign organizations may be payers of profit tax only for activities performed in Belarus through a permanent representative office.

The standard profit tax rate is 20%. The profit tax rate increases to 25% for a Belarusian organization whose profit tax base, following the reporting period outcomes and cumulatively since the beginning of the calendar year, exceeds 25,000,000 Belarusian rubles.

The profit of organizations received from the sale of goods of their own production included in the list of high-tech goods is taxed at a preferential rate of 10% (Resolution of the Council of Ministers of the Republic of Belarus No. 308 of 17.05.2022 "On determining the list of high-tech goods").

Residents of science and technology parks also pay profit tax at a rate of 10%.

Banks, insurance companies and forex companies pay profit tax at a rate of 25%. In 2023 and 2024, the profits of commercial microfinance organizations are subject to profit tax at a rate of 30%.

With respect to dividends, the profit tax rate, as a general rule, is 12%, while Belarusian participants of Belarusian organizations have the right to a reduced tax rate of 6% if profits were not distributed consecutively during the 3 preceding calendar years, and 0% if profits were not distributed consecutively during the 5 preceding calendar years.

7.2 Income tax of foreign organizations (income tax)

Income tax payers are foreign and international organizations that receive income from sources in Belarus and do not perform activities in the country through a permanent representative office.

Income tax rates are set, among other things, in the following amounts:

- 0% of debt obligations on loans and credits provided to the Republic of Belarus or the Government of the Republic of Belarus, as well as to Belarusian residents under state safeguards in the manner established by the President of the Republic of Belarus;
- 0% in relation to a number of incomes of foreign organizations that do not operate in Belarus through a permanent representative office received from an HTP resident, for example:
 - from implementing data entry and processing activities, information placement, hosting;
 - from advertising services, intermediary services;
 - from debt obligations, royalties;

- from the alienation of shares in the authorized capital (shares, stocks) of a High-Tech Park resident, subject to continuous actual ownership of them for at least 365 calendar days;

• 5% on dividends if they are paid by an HTP resident;

• 6% until January 01, 2025. For the following income received from participation in investment funds registered in Belarus (investment funds whose investment shares are registered in Belarus):

- from debt obligations;
- from the alienation of securities on the territory of Belarus (except shares) and (or) their repayment;

- from the alienation of shares in the authorized capital (shares, stocks) of Belarusian organizations (including exit and exclusion);

- within 3 calendar years, starting from the first calendar year in which the profit of such a fund arose;

- 6% on the cost of transportation, freight, demurrage and other payments arising in

connection with the implementation of international transportation, as well as payments for providing transport and forwarding services (except for payments in connection with implementing or organizing international transportation of goods by sea);

- 10% on income from debt obligations (for example, income from loans, credits);
- 12% on income from the alienation of shares in the authorized capital (shares, stocks) of Belarusian organizations;
- 15% on other types of income from the list provided by the Tax Code, including dividends.

Double taxation agreements (hereinafter – DTA) usually either allow exemption from income tax (most often this applies to income from ordinary business activities), or set reduced income tax rates depending on the type of income (royalties, income from real estate, dividends).

To apply the relevant DTA, a non-resident must provide its Belarusian counterparty with a current certificate of its tax residency, issued by a competent foreign authority on paper or in electronic form. Examples of such certificates for some countries are posted on the website of the Ministry of Taxes and Duties.

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

Income tax in Belarus is usually withheld by legal entities, sole proprietors and individuals (for several types of income) who accrue and/or pay

income to a foreign person, who are required to withhold the tax amount from the amounts paid to the non-resident.

From April 01, 2024 to December 31, 2026, an increased income tax rate of 25% has been established in respect of dividends and equivalent income paid to foreign participants of Belarusian organizations. The measure applies only to participants – foreign organizations with their location in one of the following States: the Australian Union, EU Member States, Canada, Liechtenstein, Norway, New Zealand, Albania, Iceland, North Macedonia, the United Kingdom of Great Britain and Northern Ireland, the USA, Montenegro, Switzerland.

From June 01, 2024 to December 31, 2026, the execution of certain provisions of international double taxation agreements was also partially suspended. The implementation of the provisions of agreements has been suspended with 27 countries: USA, France, Denmark, Poland, Sweden, Belgium, Lithuania, Latvia, Netherlands, Czech Republic, Bulgaria, Estonia, Romania, Cyprus, Switzerland, Slovakia, Austria, Hungary, Croatia, Macedonia, Italy, Germany, Finland, Ireland, Slovenia, Spain and Great Britain.

The provisions, the execution of which has been suspended, affect only the taxation of income in the form of dividends, interest on debt obligations and income from the alienation/use of property.

7.3 Income tax

Плательщиками подоходного налога могут являться Income tax payers may be both citizens of the Republic of Belarus and foreign citizens and stateless persons. The tax residency criterion is important for determining whether there is a tax liability with respect to income tax.

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

Tax residents pay income tax on income from both sources in Belarus and sources outside the country.

Tax non-residents pay income tax only on income from sources in Belarus (for example, dividends from Belarusian companies, income from the use of intellectual property in Belarus, income from the alienation of real estate (including an enterprise as a property complex) located in Belarus, income from the alienation of shares or other securities, shares in the authorized capital of Belarusian organizations, etc.).

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

The 20% rate is applied to the income of sole proprietors and notaries. For sole proprietors whose income from entrepreneurial activity, cumulatively since the beginning of the calendar year, exceeds 500,000 Belarusian rubles, the income tax rate is set at 30% throughout the entire tax period. Such sole proprietors have to establish a legal entity to continue their business activities from January 01, 2025.

The 26% rate applies to situations where the tax inspectorate reveals that an individual has an excess of expenses over income, as well as when other violations are discovered.

A rate of 4% applies to income in the form of winnings (returned unplayed bets) from gambling from Belarusian organizers.

Participants of a Belarusian organization have the right to apply a reduced rate of 6% when paying taxes on the amount of dividends if no decision was

made to distribute profits during the 3 preceding calendar years consecutively between participants (shareholders) of the Belarusian organization - tax residents of the Republic of Belarus, and a rate of 0% if such a decision was not made during the 5 preceding calendar years consecutively. This benefit applies only to participants who are tax residents of the Republic of Belarus.

If during a calendar year an individual received income from sources in the Republic of Belarus in the form of dividends under employment contracts, as well as under civil law contracts, the subject of which is the performance of work, provision of services and creation of intellectual property, in the amount of over 200,000 Belarusian rubles, then an increased tax rate of 25% is applied to the amount of such excess.

With reference to income from renting (subleasing) or leasing residential and non-residential premises in Belarus, income tax is set at fixed rates. For example, for renting a one-room apartment in Minsk, 47 Belarusian rubles must be paid per month, for a two-room apartment – 94 rubles.

7.4 Premiums to the Social Security Fund

Mandatory insurance premiums include premiums for pension and social insurance. Payers of premiums include, among others, employers, including representative offices of foreign organizations, and employed citizens. The object of their calculation is wages, as well as other payments in kind and in cash, including bonuses and remuneration under civil contracts.

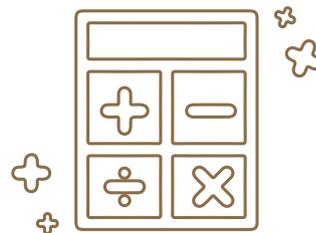
As a rule, mandatory insurance premiums at a rate of 34% (including 28% of mandatory insurance premium for pension insurance and 6% for social insurance (in case of temporary disability, pregnancy and childbirth, birth of a child, care of a child under 3 years of age, etc.)) of the amount of payments are paid by the employer, 1% by the employee. Usually, the entire amount of mandatory insurance premiums is deducted by the employer or other organization when making a payment to an individual.

Premiums to the Social Security Fund will not be paid from the amount of income that exceeds five times the average salary of workers in the republic for the month preceding the month for which mandatory insurance premiums are paid.

For certain business entities, benefits have been established for the payment of premiums to the Social Security Fund, which can be used in relation to an employee if he wishes, for example, for employees:

- HTP residents (except for employees providing maintenance and security of buildings, premises, and land plots);
- residents of the Great Stone Industrial Park, subjects of innovative activity of the industrial park, a joint company for the industrial park development.

For example, mandatory insurance premiums are not accrued on the part of the income (payments) of the said employees, which is the object for accrual of such premiums, exceeding a single amount of the average salary of employees in the republic for the month preceding the month for which mandatory insurance premiums must be paid. For example, an employee was paid a salary equivalent to 1000 euros in July. The average salary in Belarus for June is equivalent to 620 euros. The amount of insurance premiums will be calculated from the amount equivalent to 620 euros.



7.5 Value added tax (VAT)

The objects of VAT taxation are:

- import of goods into Belarus and (or) other circumstances, the presence of which is associated by the Tax Code and (or) customs legislation, international treaties of the Republic of Belarus, constituting the law of the EAEU, with the emergence of the obligation to pay VAT. The taxpayers are the importers of the relevant goods. When importing goods from the EAEU territory, VAT is collected by tax authorities at the place of the importer registration, in other situations – by customs authorities;
- turnover from the sale of goods (works, services), property rights on the territory of Belarus. As a general rule, tax obligations for VAT payment are borne by the persons implementing the said sale. If a service (work) is purchased from a foreign entity, in the event of a VAT tax liability, it is fulfilled by the Belarusian business entity – the purchaser of the service (work).

The standard VAT rate is 20%. Other rates (not an exhaustive list):

- 0% – on goods sold for export, upon presentation of documentary evidence of the actual export of goods outside Belarus;
- 10% - when selling plant products produced in the territory of Belarus, as well as when importing and (or) selling on the territory of Belarus plant products produced on the territory of the EAEU member states; when importing and selling food products and goods for children according to the list established by Appendix 26 to the Tax

Code; when importing into the territory of Belarus and (or) selling on the territory of Belarus medicines and medical devices, subject to a number of conditions;

- 25% – for telecommunication services.

In Belarus, a single registration with the tax authority is used for the payment of all types of taxes, therefore, for the purposes of paying VAT, separate registration is not required. An exception is made for foreign organizations that incur VAT from the sale of services in electronic form to individuals or from the electronic distance sale of goods on the territory of Belarus.

An electronic invoice (e-invoice) is a basic document for all VAT payers. The e-invoice is used to calculate VAT between sellers and buyers, as well as to deduct input VAT amounts. The e-invoicing is implemented using a special portal , which is an information resource of the Ministry of Taxes and Duties of the Republic of Belarus. At the same time, the e-invoice is not a primary accounting document.

In some cases, including but not limited to the following, an e-invoice is not created:

- for turnover from the sale of goods (works, services), property rights that are not recognized as an object of VAT taxation and are not subject to reflection in the VAT tax return;
- banks and non-bank financial institutions in the implementation of certain operations;

- by state bodies and other government organizations when selling goods (works, services), property rights in the event that they fulfill the conditions established by law;

- when implementing certain insurance services;

- when importing goods into the territory of Belarus on the basis of commission (intermediary) and other similar agreements;

- when providing services in electronic form by a foreign company to individuals;

- when selling goods (works, services), property rights exempt from VAT in accordance with the legislation on the territory of Belarus by foreign organizations and foreign sole proprietors who are not registered with the tax authorities of the Republic of Belarus;

- when selling goods (works, services), property rights, the VAT tax base for which, in accordance with the legislation, is recognized as equal to zero (equal to zero).

In relations with residents of the EAEU countries, to determine the place of sale of goods (works, services) for the purpose of paying VAT, as well as to determine the terms and procedure for paying VAT, it is necessary to be guided by Appendix No. 18 to the Treaty on the Eurasian Economic Union.



7.6 Real estate tax

Payers of real estate tax are legal entities and individuals, including those registered as sole proprietors.

Apart from exceptions established by law, the following are recognized as objects of taxation for legal entities:

- capital facilities (buildings, structures), their parts that are owned or under the economic management or operational management of organizations;

- capital facilities (buildings, structures), their parts located on the territory of Belarus and leased from Belarusian organizations, if the leased objects are not on the balance sheet of lessor organizations;

- capital facilities (buildings, structures), their parts located on the territory of Belarus and rented (leased) or taken for other paid or gratuitous use from individuals (both recognized and not recognized by Belarusian tax residents);

- capital facilities (buildings, structures), their parts located in Belarus and rented (leased) by organizations or taken for other paid or gratuitous use from foreign organizations that do not operate in Belarus through a permanent representative office;

- registered capital facilities (buildings, structures), their parts, the creation, modification of which or the emergence, transfer of ownership,

economic management or operational management to which are subject to state registration, before the state registration of their creation, modification or emergence, transfer of ownership rights, economic management or operational management to them;

- capital facilities (buildings, structures), their parts, which are in state ownership, received for free use by joint-stock companies created in the process of converting rental, collective (people's), state-owned unitary enterprises.

Apart from exceptions established by law, the following are recognized as objects of taxation for individuals:

- capital facilities (buildings, structures), their parts belonging to individuals by right of ownership or inherited, shares in the right of ownership or shares in the inheritance of the specified property;

- capital buildings not completed by construction, their parts;

- capital facilities (buildings, structures), their parts, taken by an individual acting as a sole proprietor at the conclusion of the contract, for financial rent (leasing) from an organization, if under the terms of the financial rent (leasing) agreement these objects are not on the balance sheet of the lessor organization;

- single-family residential buildings or apartments taken by an individual who does not act

as an sole proprietor at the conclusion of the contract, for financial rent (leasing) under a financial rent (leasing) agreement providing for the purchase of the leased item.

The standard real estate tax rate for organizations is 1%, the tax base, as a general rule, is determined based on the residual value of capital facilities (buildings, structures). Regional Councils of Deputies or, on their instructions, local Councils of Deputies of the basic territorial level and the Minsk City Council of Deputies have the right to increase or decrease real estate tax rates for certain categories of taxpayers, but not more than by 2 times.

The relevant increasing (decreasing) coefficients can be found on the website of the Ministry of Taxes and Duties of the Republic of Belarus.

The Tax Code provides for the application of reduced rates of real estate tax for capital facilities (buildings, structures) erected after January 1, 2019 – 0.2%, 0.4%, 0.6%, 0.8% during, respectively, the second – fifth years from the date of the facilities (buildings, structures) commissioning.

The standard tax rate for individuals (including sole proprietors) is 0.1% of the value of the capital facility (building, structure) they own, determined as of January 1 based on the estimated value of one square meter of a typical capital facility (building, structure) and the total area of the object (the length of the structure that has no area). With respect to real estate objects for which there is no data on area, Appendix 33 to the Tax Code establishes fixed rates of real estate tax (for example, with respect to a single-family terraced residential building, a garden house, etc.).

7.7 Land tax

Organizations and individuals, including those registered as sole proprietors, are recognized as land tax payers.

Land plots located on the territory of Belarus and shares in the right to them are recognized as objects of taxation by land tax:

- owned by organizations on the basis of private ownership, permanent or temporary use;
- owned by individuals on the right of private ownership, lifelong inherited possession or temporary use, as well as inherited by them;
- other land plots in respect of which, in accordance with the legislation, payers have the right to use;
- illegally occupied land plots.

As a general rule, the land tax rate ranges from 0.025% to 3% of the cadastral value of a land plot, depending on its functional use. The Tax Code also sets fixed rates in Belarusian rubles per hectare for certain categories of land, for example, for agricultural land.

Regional Councils of Deputies or, on their instructions, local Councils of Deputies of the basic territorial level and the Minsk City Council of Deputies have the right to increase or decrease real estate tax rates for certain categories of taxpayers, but not more than by 2 times.

Organizations have the right to apply reducing coefficients in relation to land plots (parts of land plots) on which capital facilities (buildings, structures) and their parts erected after January 01, 2019 by payers-organizations, are located. The coefficients are 0.2, 0.4, 0.6, 0.8 during, respectively, the second – fifth years from the date of facilities (buildings, structures) commissioning.

7.8 Offshore duty

Payers of the offshore duty are Belarusian organizations and sole proprietors. The objects of taxation by offshore duty are:

- transfer of funds by a Belarusian resident to a non-resident registered in an offshore zone, to another person under an obligation to this non-resident or to an account opened in an offshore zone;
- fulfillment of an obligation in non-monetary form to a non-resident registered in an offshore zone, except in cases of fulfillment by the non-resident of a counter obligation in the ways provided for by the Tax Code;
- transfer, in accordance with the law, of property rights and (or) obligations in connection with a change of persons in an obligation, the parties to which are a Belarusian resident and a non-resident registered in an offshore zone.

The Tax Code provides for exemption from offshore taxation in certain cases. For example,

Belarusian borrowers do not pay offshore fees when returning funds received as loans to lenders, or when paying interest on them.

The list of offshore zones is established by the Decree of the President of the Republic of Belarus No. 353 of May 25, 2006 "On approval of the list of offshore zones" and includes, among other things, the British Virgin Islands, Liechtenstein, Mauritius, Montenegro, the state of Wyoming (USA) and the state of Delaware (USA).

The offshore fee rate is 15% of the amount of funds transferred or the price of the contract from which obligations arise that are performed in non-monetary form or are transferred in connection with a change of persons in the obligation. As a general rule, the offshore fee is paid to the budget before transferring funds to the address of the resident of the offshore zone.

7.9 Environmental tax

Payers of the environmental tax are Belarusian organizations and sole proprietors, and payers of the waste disposal tax – industrial waste owners. The objects of the environmental tax are:

- emissions of pollutants into the atmospheric air and (or) total indicators of such pollutants specified in permits for emissions of pollutants into the atmospheric air or integrated environmental permits;
- wastewater discharge into the environment on the basis of permits for special water use or integrated environmental permits;
- industrial waste storage;
- the disposal of industrial waste or use of industrial waste as an insulating layer at waste disposal sites.

Environmental tax rates are set in amounts according to Appendices 7-9 to the Tax Code. The amount of environmental tax payable depends on the volume of industrial waste, pollutants emission into the atmosphere during production, wastewater pollution, and the hazard class of the relevant

emissions or waste. For example, for the emission of 1 ton of pollutants of the second hazard class into the atmosphere, the rate is set at 1,327.27 Belarusian rubles.

In certain cases, reduction coefficients are applied to environmental tax rates. For example, a coefficient of 0.64 is applied for emissions of pollutants into the atmosphere caused by the use of RDF fuel.

By Decree of the President of the Republic of Belarus No. 9 of January 10, 2020 "On taxation", transit of oil and (or) oil products through the territory of Belarus by main pipelines is also recognized as the object of environmental taxation. In relation to the said object, the environmental tax rate is set at 0.35 rubles for the transit of 1 ton of oil per 100 kilometers and 0 rubles for the transit of 1 ton of petroleum products per 100 kilometers.

7.10 Tax for extraction (withdrawal) of natural resources

Payers of the tax for the extraction (withdrawal) of natural resources are organizations (except budgetary) and sole proprietors.

The object of tax on the extraction (withdrawal) of natural resources is the extraction (withdrawal) of natural resources established by the Tax Code, including, but not limited to, underground and surface water, sand, potassium salts, rock salt, oil, gypsum, amber, gold, and grape snails.

Tax rates for the extraction (withdrawal) of natural resources are established in Appendices 10–11 to the Tax Code and Article 257 of the Tax Code. Tax for the extraction (withdrawal) of natural resources is levied depending on the type and volume of natural resources extracted. With respect to oil, the tax rate is set in Belarusian rubles per ton, but depends on the average price level on world markets for the past tax period. With respect to potash salts, the rates are set at 7.69 rubles for the extraction (withdrawal) of 1 ton of potash salts (in terms of potassium oxide) and 12% of the average weighted price of potash fertilizers on the domestic market and for export.

7.11 Fee for placement (distribution) of advertising

Payers of the fee for the placement (distribution) of advertising are Belarusian organizations and sole proprietors who are advertisers and who order services for the placement (distribution) of advertising from third parties.

The object of taxation is the provision to the advertiser of services for the placement (distribution) of advertising on the territory of the Republic of Belarus, including the placement (distribution) of advertising on the Internet.

Providing the following services to an advertiser for the placement (distribution) of advertising is not recognized as an object of taxation:

- social advertising;
- events organized by government agencies;
- on bulletin boards;
- in buildings (premises, structures);
- on official websites and other Internet resources of republican government bodies, local executive and administrative bodies, other

government bodies and government organizations, as well as in the media, the editorial boards of which are government bodies and government organizations;

- in the form of support to physical education and sports organizations.

A special procedure for fee payment is established for foreign advertisers. Such advertisers are obliged to place (distribute) advertising on the territory of the Republic of Belarus only with the involvement of advertising agencies – business entities of the Republic of Belarus. In this case, the fee payer will be an advertising agency, and the fee will be calculated from the cost of the services of advertising distributors whom the advertising agency has attracted to place (distribute) advertising.

The fee rate is set at 10% for outdoor advertising, placement (distribution) of advertising on vehicles, including in compartments of public transport. In all other cases, including advertising on the Internet, a fee rate of 20% is applied.

7.12 Agreements on the avoidance of double taxation

 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	 UAE
 Ecuador	 South Korea	 Saudi Arabia	 United Kingdom
 Egypt	 Kuwait	 Serbia	 USA
 Estonia	 Kyrgyzstan	 Singapore	 Uzbekistan
 Finland	 Laos	 Slovakia	
 France	 Latvia	 Slovenia	
 Georgia	 Lebanon	 South Africa	

Countries which are currently undergoing internal procedures necessary for entry into force:

-  Zimbabwe
-  Libya
-  Equatorial Guinea



8. Belarus' counter-sanctions policy

The normative basis of the counter-sanctions policy of the Republic of Belarus is:

- Decree of the President No. 93 of March 14, 2022 “On additional measures to ensure the stable functioning of the economy” (hereinafter referred to as Decree No. 93), aimed at strengthening the internal stability of the economy;
- Law No. 280-Z of July 12, 2023 "On the application of special restrictive measures", which establishes the principles and procedure for the application of special restrictive measures by the Republic of Belarus, as well as measures to eliminate obstacles to the protection of the rights, freedoms and legitimate interests of the Republic of Belarus, its citizens and organizations.



8.1 List of unfriendly countries

A number of provisions provided for by Decree No. 93, as well as other regulatory instruments in the field of counter-sanctions policy of the Republic of Belarus, are aimed at foreign states that commit unfriendly actions against Belarusian legal entities and (or) individuals ("unfriendly" states), as well as persons associated with such states.

The list of "unfriendly" states was approved by Resolution of the Council of Ministers of the Republic of Belarus dated No.209 of April 06, 2022 and includes Australia, the member States of the European Union, Albania, Great Britain, Iceland, Canada, Liechtenstein, New Zealand, Norway, Northern Macedonia, the USA, Montenegro, Switzerland.

8.2 Restrictions on reorganization of legal entities and withdrawal from membership (shareholders)

Decree No. 93 provides for the possibility of reorganization of legal entities of the Republic of Belarus, the property owners, participants of which are persons from "unfriendly" foreign states (hereinafter referred to as foreign states), as well as the withdrawal from such a legal entity of a participant being a person from a foreign state, only on the basis of a permit issued in the manner and under terms established by the Council of Ministers of the Republic of Belarus (hereinafter referred to as Permits).

The decision to issue a permit is drawn up in the form of a resolution of the Council of Ministers of the Republic of Belarus, which is valid for one year from the date of adoption.

The presence of a permit is a mandatory condition to implement state registration of a legal entity created as a result of the reorganization of a legal entity of the Republic of Belarus, the owner of the property, the participants of which are persons from foreign states, as well as amendments and (or) additions made to the articles of association of such legal entities in connection with their reorganization or withdrawal of a participant being a person from a foreign state.

The procedure and conditions for issuing permits are regulated by the Resolution of the Council of Ministers of the Republic of Belarus No. 27 of January 12, 2024 "On the issuance of permits". Another mandatory condition for state registration

of changes and (or) additions made to the charter of a legal entity related to the alienation of shares in the authorized capital of participants who are individuals from foreign countries is the payment of a fee in the amount of at least 25% of the market value of the alienated shares.

In addition to Decree No. 93, certain legislative acts provide for a number of other restrictive measures in various fields of activity, including those described below.



8.3 Seizure of property

The Law No. 240-Z of January 03, 2023 "On the seizure of property" introduced a mechanism for the seizure of property (things, including money and securities, other property, including property rights located on the territory of the Republic of Belarus and owned by the subjects of seizure) from "unfriendly" states, persons from such states, as well as affiliated persons in case of committing unfriendly actions against the Republic of Belarus, its legal entities and (or) individuals.

The seizure is implemented on the basis of a court decision on the application of the State Property Committee filed on the basis of a decision of the Council of Ministers on the need to take retaliatory measures. The issue of compensation (reparation) for the value of the seized property is resolved taking into account the application of compensation (reparation) when committing unfriendly actions against the Republic of Belarus, its legal entities and (or) individuals.

8.4 Transfer to temporary external control



Law No. 239-Z of January 03, 2023 "On issues of transfer to temporary external control" provides for a mechanism for transferring commercial organizations to temporary external control. This law and the Resolution of the Council of Ministers of the Republic of Belarus No. 56 of January 24, 2023 "On the implementation of the Law of the Republic of Belarus No. 239-Z of January 3, 2023 "On the issues of transfer to temporary external control" adopted in its development define the grounds for applying this measure:

- if the management of a commercial organization by the executive and (or) other management bodies and (or) its property owner has actually ceased;
- if the executive and (or) other management bodies of a commercial organization and (or) its property owner implement economically

unjustified actions that may lead to the actual termination of activities, liquidation and (or) bankruptcy of such a commercial organization, or causing damage to the commercial organization.

Temporary external management is introduced by decision of the executive committee for a period of up to 18 months in order to prevent unjustified termination of the activities of commercial organizations, causing damage to their workforces and ensuring the normal, profitable operation of commercial organizations. However, the law does not provide for the possibility of extending the specified period.

The law is temporary and is valid until December 12, 2025.

8.5 Restriction of exclusive intellectual property rights

The Law of the Republic of Belarus No. 241-Z of January 03, 2023 "On the limitation of exclusive rights to intellectual property objects" provides for some features of the legal protection of IP objects until December 31, 2024:

- The use of computer programs, audiovisual works, musical works, broadcasting, the copyright holders (or, where applicable, organizations for the collective management of property rights) of which are included in special lists (currently absent), is permitted, provided that such copyright holders or organizations for the collective management of property rights (1) are foreign states that commit unfriendly acts, and (2) have prohibited or have not given consent (permission) to use such legally disclosed IP objects on the territory of Belarus. The law provides for the payment of a remuneration for such use, which is credited to the NCIP accounts where it is stored until demanded by the copyright holder or the organization for collective management of property rights for 3 years from the date of crediting without the right to use it by the NCIP;

- import into the territory of Belarus and introduction into civil circulation of goods in which IP objects are used (contained, included) are permitted without the consent (permission) of copyright holders from foreign countries, including those committing unfriendly acts, if such products are included in the lists of products (groups of products) that are essential for the domestic market (currently absent), and are lawfully introduced into civil circulation on the territory of any state directly by copyright holders or other persons with their consent (permission) (legality is presumed). At the same time, the use of IP objects used (contained, included) in such products (groups of products) without the consent (permission) of the copyright holders, which is necessary for the use of these products (groups of products) in accordance with their intended purpose, is not recognized as a violation of

exclusive rights. In the event that a product (group of products) in which an IP object is used (contained, included) is included in the list of products (groups of products) that are essential for the domestic market, by decision of the State Customs Committee the relevant IP object is subject to temporary exclusion from the national customs register of IP objects.

In addition, the Law of the Republic of Belarus No. 160-Z of December 16, 2002 "On patents for inventions, utility models, industrial designs" provides for a mechanism for using objects of intellectual property rights without the consent of the copyright holder.

For example, the Council of Ministers of the Republic of Belarus, in order to ensure national security, state defense, protection and defense of life and health of people, has the right to make a decision to grant an interested individual or legal entity a compulsory simple (non-exclusive) license permitting the use of an invention, utility model, industrial design without the consent of the patent holder, but with the payment of remuneration to him. The decision to grant a compulsory license shall indicate the person to whom it is granted, the period for which it is granted, the actions to use the intellectual property right that the person who has received the license has the right to perform, the state body that must notify the patent holder of the decision to grant a compulsory license, the procedure for notifying the recipient of the compulsory license of the authorized state body about the payment or impossibility of payment of remuneration to the patent holder, as well as the amount and procedure for payment of such remuneration to the right holder.

8.6 Special restrictive measures

On July 31, 2023, the Law of the Republic of Belarus No. 280-Z "On the application of special restrictive measures" came into force. The Law defines the legal basis for the application by the Republic of Belarus of special restrictive measures aimed at excluding (minimizing) unfriendly actions of foreign States. The exclusive jurisdiction of Belarusian courts over certain categories of disputes and the possibility of applying to the court for an anti-suit injunction have also been established.

Decisions on the application or cancellation of special restrictive measures are taken by the Government of the Republic of Belarus in the form of resolutions. The ground for applying such measures is the commission by a foreign state of unfriendly actions against Belarus, its citizens or organizations (including in the form of unilateral restrictive measures) that are not sanctioned by the UN Security Council and/or are incompatible with the principles and norms of international law. Special restrictive measures may be introduced against foreign states that commit unfriendly acts, as well as citizens or organizations from such states.

In particular, the following types of special restrictive measures are provided: prohibitions and restrictions on the import, sale, transit of certain groups of goods, import of works and services to Belarus, export of goods, works and services to foreign countries; prohibitions and restrictions on financial transactions; deferment of the fulfillment of obligations (moratorium) under foreign trade agreements.

Compliance with special restrictive measures is mandatory for organizations and citizens of Belarus, foreign organizations subject to the law of the Republic of Belarus, foreign citizens and stateless persons temporarily staying, temporarily or permanently residing in Belarus. These persons may be held liable for failure to comply with special restrictive measures, while they are exempt from civil liability for failure to fulfill contractual and

other obligations, the fulfillment of which was significantly affected by special restrictive measures.

In addition, exclusive jurisdiction of Belarusian courts over cases on "sanctions" disputes has been established, unless otherwise provided by an international treaty of the Republic of Belarus or an agreement of the parties (for example, by concluding an arbitration or prorogation agreement). "Sanctions" disputes include disputes in the sphere of entrepreneurial and other economic activities involving:

- the Republic of Belarus, represented by its state bodies, Belarusian legal entities, sole proprietors and citizens of Belarus, against whom unfriendly actions have been committed;
- one Belarusian or foreign person with another Belarusian or foreign person, if the basis for such disputes is unfriendly actions towards Belarusian persons.

The rule on the exclusive jurisdiction of Belarusian courts over the above disputes also applies in the presence of an arbitration (prorogation) agreement between the parties, if such an agreement cannot be executed due to



committing unfriendly actions against one of the parties that create obstacles to the protection of its rights, freedoms, and legitimate interests.

In the above-mentioned “sanctions” disputes, a person against whom proceedings have been initiated in a foreign arbitration or state court, or if there is evidence that such proceedings will be

initiated, has the right to apply to a Belarusian court with a request for an anti-suit injunction, i.e. a court ban on the other party initiating or continuing proceedings abroad.

8.7 Restrictions on the payment of profits and (or) dividends

Resolution of the Council of Ministers No. 299 of April 19, 2024 “On the application of a special restrictive measure” established a restriction on the payment of distributed (accrued) profits and (or) dividends to foreign participants or owners of property of Belarusian legal entities who are persons from “unfriendly” states, and also determined the procedure for obtaining permission to pay such profits and (or) dividends.

The restriction applies if the amount of profit and/or dividends paid during the calendar year exceeds, in total, for all foreign participants (property owners) from “unfriendly” states 80 thousand basic units (currently 3.2 million Belarusian rubles) or the equivalent of this amount in foreign currency.

To remove the restriction, a legal entity of the Republic of Belarus may obtain permission to pay profits and (or) dividends to a foreign participant (property owner). Permission is issued by the regional (Minsk city) executive committee for each payment of profits and (or) dividends. However, to do this, the Belarusian enterprise should meet certain criteria (in particular, the number of employees must be at least 70% of the level of the same period of the previous year, there must be no arrears in taxes, fees, penalties and other mandatory payments to the budget, etc.)

In the event of a refusal to grant permission for payment, distributed (accrued) profits and (or) dividends are transferred to special accounts in Belarusian rubles opened in any bank in the Republic of Belarus. The rules for using such accounts are defined by the Presidential Decree No. 285 of September 13, 2023 “On special accounts”. During the period of validity of the special restrictive measure, funds in special accounts may be spent by the foreign participant (property owner) only for purposes stipulated by law (for example, to finance the implementation of investment projects in Belarus). Upon expiration of the restrictive measure, the foreign participant (property owner) can transfer funds from the special account to another bank account.

8.8 Suspension of execution of executive documents

On April 10, 2022, Decree of the President of the Republic of Belarus No. 137 “On enforcement documents” came into force, according to which the execution of enforcement documents issued in favor of residents of unfriendly countries was temporarily suspended. The list of unfriendly countries is determined by the Council of Ministers of the Republic of Belarus (see paragraph 8.1 of the Guide).

The measure applies to all types of enforcement documents, including enforcement documents issued by courts, as well as executive inscriptions issued by notaries.

At the same time, Decree No. 137 does not impose restrictions on settlements with creditors who are residents of unfriendly countries. Debtors can voluntarily repay debts in favor of such residents. Residents of unfriendly countries are also not prohibited from applying to state or arbitration courts, to a notary to collect a debt and obtain enforcement documents, to enforcement agencies to initiate enforcement proceedings (however, after initiation, enforcement proceedings will be suspended).



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OF INVESTMENT
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Republic of Belarus

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- ▶ 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

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