



Belarus

Prepared by Lex Mundi member firm,
Magisters

This guide is part of the Lex Mundi Guides to Doing Business series which provides general information about legal and business infrastructures in jurisdictions around the world. View the complete series at: www.lexmundi.com/GuidestoDoingBusiness.

Lex Mundi is the world's leading network of independent law firms with in-depth experience in 100+ countries. Through close collaboration, our member firms are able to offer their clients preferred access to more than 21,000 lawyers worldwide – a global resource of unmatched breadth and depth.

Lex Mundi – the law firms that know your markets.

Doing Business in Belarus
2010

Prepared by Magisters
www.magisters.com

GUIDE TO DOING BUSINESS IN BELARUS

I. THE COUNTRY AT A GLANCE*

* The following sources have been consulted for general information about the country:

<http://president.gov.by/en/> - the official site of the President of the Republic of Belarus

<http://www.mfa.gov.by/en/> - the official site of the Ministry of Foreign Affairs of the Republic of Belarus

<http://www.belarus.by/en/> - the official website of the Republic of Belarus

A. What languages are spoken?

Belarusian and Russian are the official state languages of the Republic of Belarus. The most popular foreign languages are English, German and French.

B. What is the exchange rate for the U.S. dollar, the Euro?

The official currency is Belarusian rouble (BYR). The official exchange rates are USD 1:BYR 2,859.00; EUR 1:BYR 4,119.53 as of January 1, 2010.

C. Describe your country's geography, proximity to other countries and climate.

The Republic of Belarus (hereinafter – Belarus) is situated in the central part of Europe. The total area is 207,600 square kilometers. Belarus has a moderate continental climate, with cool humid winters and warm summers. Winter is mild with lengthy thaw periods and summer is moderately warm. In January, average temperatures vary from -4°C to -8°C (24.8 °F – 17.6 °F). In July the average temperature is +17°C to +19°C (62.6 °F – 66.2 °F). Average annual precipitation ranges from 550 mm in the south to 700 mm in the hills of middle region. Belarus is situated in the Central-European Time Zone: GMT +2.

Belarus is divided into 6 administrative regions (“oblasts”), each centered near a major city:

- Brest - 316,400 inhabitants
- Vitebsk – 346,900 inhabitants
- Gomel – 486,300 inhabitants

- Grodno –332,000 inhabitants
- Minsk (capital) – 1.8 million inhabitants
- Mogilev – 371,300 inhabitants

The typical Belarusian landscape is uplands, plains, and lowlands. Lowlands make up 70% of the Belarusian territory. Belarus has about 20,800 rivers and streams which flow to the Black Sea and the Baltic Sea. The aggregate length of rivers and streams in Belarus is 90, 600 kilometers. There are 10, 800 lakes.

The biggest rivers which span more than 500 km are the Dnieper and its tributaries Pripyat, Sozh, and Berezina; the Neman and its tributary, the Vilia; and the Western Dvina. All major rivers as well as the Dnieper-Bug canal are navigable.

Belarus has international borders with five countries:

- Russia (to the east and north-east)
- Ukraine (to the south)
- Poland (to the west)
- Lithuania (to the north-west)
- Latvia (to the north)

D. Are there cultural influences or prohibitions in the way business is conducted?

There are no cultural influences or prohibitions in the way business is conducted.

E. Are there religious influences or prohibitions in the way business is conducted?

There are no religious influences or prohibitions.

Everyone has the right to independently determine their stance on religion, profess any religion individually or jointly with others, or to profess none at all, express and spread beliefs connected with their stand on religion, and to participate in acts of worship, religious rituals and rites, which are not prohibited by the law. The people of Belarus exercise a wide range of religions freely and peacefully.

Orthodoxy is the most ancient Christian denomination which is spread across the territory of Belarus. As of early 2009 there were 1,473 Orthodox communities and 1,274 Orthodox churches in Belarus, with another 152 under construction.

Many other religions are also well represented in the country, including:

- Roman Catholics (almost 400 churches)

- Protestants (more than 500 communities including Lutherans, Mormons, Baptists, Calvinists)
- Jews (more than 40 Hebrew communities)
- Muslims (27 communities and nine mosques)

As of June 1, 2009, the population of Belarus was 9,663,500.

F. Explain your country's infrastructure. Be sure to explain which cities have airports, railroad systems, ports and public transportation.

The capital of the Republic of Belarus is Minsk. It has excellent transport links including two airports, two underground lines, and a well-developed road system.

Belarus occupies an advantageous economic, geographic and geopolitical position in Eastern Europe at the crossroads of major railways and roads, oil, gas and product pipelines and systems of communication between Western Europe, regions of Russia and Asian countries, Ukraine and the Baltic States.

Other major Belarusian cities have airports (Brest, Gomel, Mozyr, Vitebsk, Grodno and Mogilev).

Transportation

- Railways – 5,511 km, including 897 km of electric track
- Highways – 85,700 km, including paved roads 74,300 km
- Oil pipelines – 2,984 km
- Gas pipelines – 7,421 km

G. Explain the communication system.

- Main telephone equipment – about 3.7 million
- Mobile phones users – 8.35 million
- Internet users - more than 3.1 million

H. Describe the public services – i.e. water, electricity, gas. Are they publicly or privately owned?

The State has the monopoly in the sphere of energy supplies and is thus the main supplier of energy services. However, engineering infrastructure facilities (e.g. power plants) can be privately owned. Objects of exclusive state ownership (water, subsoil, etc.) may be subject to concession. Privately owned companies can participate in the energy supply network between the state as the main energy supplier and the ultimate consumer. However as a rule, energy supply organizations are publicly owned.

II. GENERAL CONSIDERATIONS

A. Investment policies

1. Does the country generally welcome investment? Are there government or private agencies devoted to the promotion of investment?

Foreign investments are welcomed in Belarus. Belarus has actively worked to attract and promote investment. The business environment is being liberalized, and with a large focus on the industrial and innovation sector, there is a wealth of opportunity for investment.

Belarus guarantees foreign investors:

- equal treatment
- property rights and their stability
- protection against non-repayable nationalization
- the right to transfer profits after taxation to the country of residence

Decree No. 10 of the President of Belarus from 6 August 2009 “On Creating Additional Conditions for Investment Activities in the Republic of Belarus” (hereinafter – Decree No. 10) sets the rules that make it easier to start investment projects in Belarus and identifies investors’ responsibilities in this respect.

Decree No. 10 introduces a three-level system for concluding investment agreements with Belarus, depending on the significance of the project and related preferences. Decree No. 10 determines mandatory conditions for the conclusion of investment agreements and provides for the opportunity to expand them depending on the specific nature of the industry and the investment project.

Regulations on the procedure for the conclusion (termination) of investment agreements with Belarus was approved by Resolution No. 1449 of the Council of Ministers of the Republic of Belarus from November 06, 2009 “On Measures to Implement Decree No. 10 of the President of Belarus of August 6, 2009”.

According to Decree No.10, parties to an investment agreement are:

- on the one side – Belarus represented by the Government or an authorized state body of the Republic of Belarus;
- on the other side - national and/or foreign investors.

Pursuant to Decree No. 10, upon the conclusion of an investment agreement, the investor can receive the following additional benefits:

- get land under lease for construction purposes without a tender;
- be guaranteed that the lease payments for such land shall not be raised within the term of the investment project;
- be exempted from the state fee for the conclusion of a land lease agreement;
- be released from import custom duties and VAT for equipment and spare parts related to investment projects;
- be released from the state fee for the issue of work permits for non-resident employees in Belarus, as well as other benefits.

In order to improve coordination with foreign and national investors and make Belarus more attractive for investors, Decree No. 413 of the President of Belarus “On Providing Authority to Private Individuals and Legal Entities to Represent the Interests of the Republic of Belarus in Attracting Investment to the Republic of Belarus” from August 6, 2009, has introduced a new institutional framework for investment activity - investment agents. The decision on the granting the authority of an investment agent to represent the interests of Belarus will be taken by the Government.

In 2008 Belarus adopted a privatization plan for 2008-2010 and designated a list for the sale of open joint stock companies in which the state owns shares. According to the plan, more than 500 national unitary companies from all sectors of the economy will be transformed into open joint stock companies. In 2008 some 156 national unitary companies were reorganized and 107 joint stock companies were created on their basis. Large industrial companies were turned into open joint stock companies.

Foreign and domestic investors can also be granted certain benefits: for investing in Free Economic Zones: taxation (full/partial exemption), exemption from customs duties (for own-produced goods), etc.; for investing in High-Tech Park: full exemption from most taxes; for investing in towns with a low population (up to 50,000 inhabitants): full/partial tax exemption, exemption from import customs duties for capital contributions; for investing in rural areas: exemption from profits tax from the sale of goods or rendering of services and work in rural areas; exemption from real estate tax with regard to real estate facilities located in rural areas, etc.

Investment regulations have been liberalized considerably. According to the Doing Business 2010 report prepared by the World Bank and the International Finance Corporation, Belarus has been named among the top 10 reformers (No. 4) in the sphere of the liberalization of business. Belarus is ranked 58 of 183 economies in the Ease of Doing Business rating.

For more detailed information see:

<http://www.doingbusiness.org/Documents/CountryProfiles/BLR.pdf>
<http://www.doingbusiness.org/Features/Reformers2010.aspx>

2. What is the rate of inflation?

In 2009 inflation amounted to 10.1%.

3. Explain any sector exceptions, incentives or restrictions on foreign investment?

Pursuant to the Investment Code of the Republic of Belarus, foreign investments in the following spheres are prohibited:

- the provision of defense and security of Belarus without a special decision from the President of the Republic of Belarus;
- the manufacture and sale of narcotics, strong and poisonous substances on the list approved by the Ministry of Health of the Republic of Belarus.

Foreign investment in the property of legal entities having a monopoly on the market of the Belarus is not allowed without the approval of the Ministry of Economy of the Republic of Belarus.

Generally, there are no restrictions on the participation of foreign investors, except in a few regulated fields (for example, insurance, where the share of foreign investment cannot exceed 30% in the charter capital of all insurance companies; banking, where the participation of foreign investment cannot exceed 50% of the banking sector).

4. Describe de facto restrictions on investment, if any, such as bureaucratic discretion.

There are no de facto restrictions or prohibitions. Certain discretion belongs to designated Government authorities at the stage of concluding an investment agreement.

The activity (inactivity) of public entities or their officials violating investors' rights and (or) causing losses and other kinds of damage, can be appealed in court by the investor.

5. What are the sizes of the different markets?

The main economic sectors include machine-building, the chemical and petrochemical industries, fuel and energy, agriculture, forestry, woodworking, etc.

Almost half of the existing companies in Belarus are privately owned. They account for more than 60% of the country's industrial output.

The GDP structure is as follows:

- Industry – 28.1%
- Agriculture – 8.4%
- Construction – 9.4%
- Transport & Communication – 8%
- Trade & Catering – 10.6%
- Other – 35.5%

In 2008 foreign investors invested 6,525.9 billion U.S. dollars in the real sector of the economy (excluding banks), including:

- 2,279.8 billion U.S. dollars of direct investment
- 1.7 billion U.S. dollars of portfolio investment
- 4,244.3 billion U.S. dollars of other types of investment

The main investors had been economic entities from Russia, Switzerland, Britain, Cyprus, Austria and Germany.

6. What types of businesses are conducted in the country?

Manufacturing dominates the Belarusian economy. The main economic sectors include machine-building, trade, the chemical and petrochemical industries, fuel and energy, agriculture, forestry, woodworking, IT & telecommunications, etc.

B. Diplomatic Relations

1. Explain any established diplomatic relations your country may have.

At present, Belarus has established diplomatic relations with about 170 countries and has approximately 70 diplomatic missions in 47 countries.

Foreign nations are represented in Belarus by 42 embassies and 18 consulates. There are also 13 country offices of international organizations in Belarus.

Belarus is party to more than 3,000 international treaties featuring over 1,700 bilateral and about 1,500 multilateral agreements.

2. Give addresses, and contact information for the embassies or consulates in your country.

The addresses, and contact information for embassies and consulates are available on the official site of the Ministry of Foreign Affairs of the Republic of Belarus:

http://www.mfa.gov.by/en/about/foreign_missions/ (last visited on December 17, 2009).

3. Are there prohibitions or restrictions on certain business dealings with the country?

On the whole, there are no restrictions or prohibitions in business dealings with the country.

4. Explain any travel restrictions to or within the country?

Citizens of most countries need a visa to enter and stay in Belarus.

As a rule, foreign citizens and stateless persons are registered at the local Citizenship and Immigration Office of the Ministry of Internal Affairs of Belarus within 3 business days following the day of arrival (general rule). The citizens of Lithuania, Latvia and the Russian Federation need not register until 30 days after the date of arrival.

For more detailed information see Section XVI B.

C. Government

1. Explain your country's election system and schedule. Is there an anticipated change in the present government?

Belarus is a presidential republic where the role of the President is quite strong. The Republic of Belarus is a unitary, democratic and social state, based on the rule of law.

Pursuant to the Constitution of the Republic of Belarus of 1994, elections are free. The following state bodies of Belarus are elected:

- The President
- Parliament
- Local Councils

Voters decide independently whether to take part in elections and who to vote for. Preparations for an election and the election itself are open and public.

Candidates standing for public office take part in elections on an equal basis. Parliamentary elections are direct. Parliamentarians are elected directly by citizens. Voting is secret. Members of the Parliament are elected for a term of 4 years.

The President is elected directly by the people of Belarus for a term of 5 years by universal, free, equal, direct and secret voting. A person, who has support of at least 100,000 voters, can register as a Presidential candidate.

On the July 10, 1994 Alexander Grigoryevich Lukashenko was elected President of the Republic of Belarus. In September 2001 he was elected for a second term and on March 19, 2006 he was reelected as Head of the Republic of Belarus for a third time. The next Presidential elections will take place in early 2011.

The most recent amendments were developed in compliance with the recommendations of the Office for Democratic Institutions and Human Rights of the Organization for Security and Co-operation in Europe and are directed towards the democratization of electoral procedures in Belarus.

The present government of Belarus is stable.

2. Is the present government stable? Briefly explain your country's political history in the last decade.

Executive power in the Republic of Belarus is exercised by the Government - the Council of Ministers of Belarus. The Government is subordinate to the President of the Republic of Belarus and reports to the Parliament of Belarus. The Council of Ministers has the right to put forward legislative initiatives.

The Government of the Republic of Belarus consists of the Prime Minister, his/her deputies and ministers. Heads of other central bodies of state administration can be members of the Government. At present the national government is stable.

Belarusian political history:

1990 - 1991 – The collapse of the USSR and subsequent declaration of the independence of the Republic of Belarus.

1991 – The heads of Belarus, Russia and Ukraine meet in Belavezhszkaya Pushcha. The Commonwealth of Independent States was created with its capital in Minsk.

1994 – The Supreme Council of the Republic of Belarus adopts the Constitution of the Republic of Belarus

1994 – Alexander Lukashenko becomes the 1st President of the Republic of Belarus.

1999 – the Republic of Belarus and the Russian Federation sign an agreement creating a Union State

3. Explain your country's judicial system. Be sure to answer the following questions:

- Is the judicial system generally perceived to be impartial?

The judicial system is generally perceived to be impartial.

Judicial proceedings are adversarial and based on the equality of the parties involved in the trial. Judges are independent and only subordinate to the law. Judicial power in Belarus is vested in courts. The Constitutional Court exercises subsequent control of the constitutionality of legal acts adopted in the Republic of Belarus.

The judicial branch includes the Constitutional Court and a system of economic (commercial) courts and courts of general jurisdiction. The economic courts of Belarus have jurisdiction over disputes between legal entities in the sphere of commercial activity.

The system of commercial courts includes:

- The Supreme Economic Court of the Republic of Belarus
- Economic courts of the six regions (oblasts) and the Economic court of the city of Minsk
- Courts of general jurisdiction preliminarily deal with disputes involving private individuals in civil, criminal and administrative proceedings.

The system of courts of general jurisdiction includes:

- The Supreme Court of the Republic of Belarus
- The courts of the six regions (oblasts), the Court of the city of Minsk, and the Belarusian Military Court
- District courts and the Inter-Garrison Military Courts

The system of general and economic courts is based on principles of territoriality and specialization. The formation of extraordinary courts is prohibited.

- Must disputes be resolved in the country?

In cases when the state courts of Belarus have exclusive jurisdiction over a certain dispute, such dispute must be resolved by the state courts of the Republic of Belarus.

- Is there a political method for resolving disputes?

The judiciary is free from political influences. The Constitution of the Republic of Belarus provides that the state power in Belarus is exercised according to the principle of the division of power.

- Are alternative methods of dispute resolution permitted?
Alternative methods of dispute resolution, such as arbitration and mediation, are permitted and encouraged in Belarus.

Disputes between any legal entities arising out of foreign trade and other international economic transactions, as well as other disputes of an economic nature, can be submitted to arbitration.

Mediation can be conducted by a mediator before proceedings in the commercial court and commenced upon the initiative of the parties to the dispute, or the commercial court, with the consent of the parties.

- How long does it take to resolve disputes?

A case is considered by a commercial court of the first instance within a period of no more than one month from the date of the commencement of proceedings. Cases involving foreign persons located outside the Republic of Belarus must be resolved within 7 months of the commencement of proceedings, unless otherwise established by an international treaty of Belarus.

The International Arbitration Court attached to the Belarusian Chamber of Commerce and Industry (hereinafter – the “IAC”) considers a case and renders an award within 6 months of the date of its initiation.

Courts of general jurisdiction resolve cases in the first instance within the following periods:

- administrative cases are considered within fifteen days of the receipt of files by the judge.
- civil cases are resolved within two months of the day on which the application is received by the court.

- Can foreign judicial decisions be enforced in the country?

Foreign judicial decisions can be recognized and enforced by the courts in Belarus, if the recognition and enforcement of such decisions is stipulated by the legislation or international treaties of the Republic of Belarus, or on the basis of reciprocity.

Foreign judicial decisions are enforced by commercial courts and courts of general jurisdiction according to proceedings established by the Code of Civil Procedure as amended from January 11, 1999 and the Code of Commercial Procedure as amended from December 15, 1998.

- Can decisions from the country be enforced outside the country?

Decisions from the country can be enforced outside the country if the law of the respective foreign country allows for such enforcement.

- Are there separate tribunals depending upon the subject matter of the case?

The judicial system of the Republic of Belarus includes:

- The Constitutional Court of the Republic of Belarus
- The system of commercial courts resolving disputes in

- commercial proceedings
- administrative proceedings
- The system of courts of general jurisdiction resolving disputes in:
 - criminal proceedings
 - administrative proceedings
 - civil proceedings

The system of courts of general jurisdiction includes separate military courts, which resolve all civil and criminal cases in which military personnel are involved. According to the law, other specialized courts (family, administrative, juvenile) can be created within the system of courts of general jurisdiction.

Disputes are generally distributed among different judicial panels (judges) specializing in various subject matters within the respective court system. For example, the Supreme Court of the Republic of Belarus has four panels: civil, criminal, intellectual property and military.

The establishment of extraordinary tribunals is prohibited.

- Are there different legal systems within the country or its political subdivisions?

Belarus has a unified legal system which is effective throughout the territory of the country.

- Can the investor choose to be subject to the country's jurisdiction or not?

Disputes between residents and non-residents, as well as between 2 non-residents can be resolved by Belarusian courts. All cases involving foreign entities and arising from administrative and other public relations in the Republic of Belarus are considered in the commercial courts of Belarus. Agreement of the parties cannot supersede the exclusive jurisdiction of commercial courts.

5. Explain your country's legislative system.

The Parliament (National Assembly) is a legislative and representative body.

The Parliament consists of two chambers:

- the House of Representatives (110 deputies)
- the Council of the Republic (64 deputies)

Deputies are elected to the House of Representatives in accordance with the law, on the basis of universal, equal, free and direct voting and by secret ballot. The House meets for 2 regular sessions every year. Extraordinary sessions can be called by a decree of the President of the Republic of Belarus. The Parliamentary term is 4 years.

The Council of the Republic is a chamber of regional representation. Local Councils elect a total of 56 members: 8 in each region and 8 in Minsk. The President selects the rest of the members (8).

Any bill, unless otherwise specified by the Constitution, is initially considered by the House of Representatives and then by the Council of the Republic. A bill, unless otherwise specified in the Constitution, becomes a law after its approval by a majority of votes of the full composition of the House of Representatives and the Council of the Republic, subject to the signature of the President of Belarus.

The right to initiate legislation is vested in:

- the President of the Republic of Belarus,
- deputies of the House of Representatives and the Council of the Republic of the National Assembly of the Republic of Belarus,
- the Council of Ministers of the Republic of Belarus,
- the citizens of the Republic of Belarus having the right to vote, in an amount of not less than 50,000 people.

D. Environmental Considerations

1. What is the public/government attitude toward environmental regulation?

The Law "On Environmental Protection" from November 26, 1992 stipulates that the protection of the environment is a prerequisite for the stable economic and social development of the state. Environmental protection and the rational use of natural resources are among the top priorities of Belarusian state policy. The Ministry of Natural Resources and Environmental Protection of the Republic of Belarus is a national state administrative body in charge of the exploitation of natural resources and environmental protection, pursuant to state ecological policy.

The main directions of the state policy of the Republic of Belarus in the sphere of environmental protection are:

- ensuring the rights of citizens to a favorable environment and compensation of harm caused by the violation of these rights;
- improvement of state management in the sphere of environmental protection;
- a scientific approach to environmental protection;
- creation of legal and economic mechanisms, promoting the rational use of natural resources;
- the rational use of natural resources;
- improvement of the environmental protection system and environmental management;
- creation of a system of specifically protected natural territories;
- provision of protection of a variety of biological and landscape forms;

- ensuring the permanent functioning of the national system for monitoring the environment of the Republic of Belarus;
- implementation of state ecological expertise;
- reporting and distribution of ecological information;
- organization and development of an educational system in the sphere of environmental protection and the formation of an ecological culture, as well as the training of environmental protection specialists;
- rendering assistance to public associations, conducting activity in the sphere of environmental protection;
- engaging citizens and public associations in the protection of the environment and control of its status;
- international cooperation in the sphere of environmental protection.

2. Explain any environmental regulations.

Economic stimulation measures directed towards environmental protection in industries affecting the environment, can be divided into material incentives (preferential taxation), coercive (environmental tax) and countervailing measures (compensation for damage caused to the environment).

Limitations are established with regard to:

- use (extraction, mining) of natural resources,
- air pollution and waste of contaminating substances,
- disposal of waste and other kinds of elements, harmful to the environment, etc.

If the user exceeds the above-mentioned limits established by law, applicable environmental tax rates are increased.

Belarus is a party to the 1989 Basel Convention on the Control of the Trans-Boundary Movement of Hazardous Wastes and their Disposal and the 2001 Stockholm Convention on Persistent Organic Pollutants, as well as a number of other international conventions and protocols.

E. Intellectual Property

- Describe the law for the protection of intellectual property, including trademarks, copyrights, patents and know-how.

The state system of intellectual property protection in Belarus began to emerge in 1992 with the establishment of the State Patent Office of the Council of Ministers of the Republic of Belarus and the Office of Copyright and Related Rights.

1993 saw the adoption of the first laws of the Republic of Belarus on the protection of industrial property objects - inventions, industrial designs, and trademarks. The Law "On Copyright and Neighboring Rights" was adopted in 1996.

In accordance with Decree No. 66 of the President of the Republic of Belarus from February 12, 2004, the National Center of Intellectual Property (hereinafter – “the NCIP”) ensures the protection of intellectual property rights.

National Laws for the protection of intellectual property include:

- Law of the Republic of Belarus “On Trademarks and Service Marks” from February 5, 1993
- Law of the Republic of Belarus “On Copyright and Neighboring Rights” from May 16, 1996
- Law of the Republic of Belarus “On the Legal Protection of the Topology of Integrated Circuits” from December 7, 1998
- Law of the Republic of Belarus “On Geographic Names” from July 17, 2002
- Law of the Republic of Belarus “On Patents on Inventions, Industrial Models and Industrial Designs” from December 16, 2002
- Decree No. 440 of the President of the Republic of Belarus “On the Republic of Belarus Joining the International Convention for the Protection of the Rights of Performers, Manufacturers of Sound Recordings and Broadcasting Organizations” from August 7, 2002
- Decree No. 439 of the President of the Republic of Belarus “On the Republic of Belarus Joining the Convention for the Protection of the Interests of Producers of Phonograms Against Unauthorized Duplication of Their Phonograms” from August 7, 2002
- other.

- Does the country subscribe to international treaties? Describe.

Belarus has joined to the following international treaties in the field of intellectual property:

- Berne Convention for the Protection of Literary and Artistic Works (December 12, 1997)
- Budapest Treaty on the International Recognition of the Deposit of Microorganisms for the Purposes of Patent Procedure (October 19, 2001)
- Convention for the Protection of Producers of Phonograms against Unauthorized Duplication of Their Phonograms (April 17, 2003)
- Eurasian Patent Convention (August 12, 1995)
- International Convention on the Protection of New Varieties of Plants (January 5, 2003)
- Locarno Agreement Establishing an International Classification for Industrial Designs (July 24, 1998)

- Madrid Agreement (December 25, 1991)
- Madrid Protocol (January 18, 2002)
- Nairobi Treaty on the Protection of the Olympic Symbol (December 25, 1991)
- Nice Agreement Concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks (June 12, 1998)
- Paris Convention for the Protection of Industrial Property (December 25, 1991)
- Rome Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organizations (Can 27, 2003)
- Strasbourg Agreement Concerning the International Patent Classification (March 12, 1999)
- WIPO Copyright Treaty (March 06, 2002)
- WIPO Performances and Phonograms Treaty (Can 20, 2002)

- Are there substantive prior approvals by national investment boards?

There are no substantive prior approvals by national investment boards.

- What are the notarization requirements?

There are no notarization requirements regarding intellectual property.

- Are there regulatory guidelines for licenses?

As of January 25, 2010 the requirement for the registration of trademark assignment, pledge and license agreements has been replaced by the requirement for the notification of the NCIP regarding the conclusion, modification and termination of such agreements. Agreements relating to other objects of industrial property must be registered at the NCIP.

- Are there specific exceptions or requirements in relation to a particular product(s)?

There are no specific exceptions or requirements in relation to a particular product.

- When are royalties from licenses deemed to be excessive?

Belarusian legislation does not provide for limitations on the amount of royalties from licenses. The amount of royalties is determined by the agreement of the parties.

- Do local antitrust or competition laws apply to licenses?

Limitations of the right of parties under franchise contract (e.g. the obligation of the right-holder not to grant to other persons similar complexes of exclusive rights for use in a certain territory or for the right-holder to refrain from such activity in this territory, etc.) can be deemed by the court to be invalid upon the demand of the antitrust body or another interested person, if these limitations, taking into consideration the condition of the goods market and economic status of the parties, contradict antitrust laws.

All activities that can cause confusion for businesses, products or the business activities of competitors are prohibited and are considered illegal:

- the illegal use of a trade name, trademark (service mark), origin of goods, packaging, signboards, exhibits at trade shows and fairs, promotional materials, books and other documents;
- the introduction of goods into civil turnover with the illegal use of intellectual property, means for the individualization of the participants of the civil turnover or their products;
- the illegal copying of the image of the goods of another entity, except in cases when the copying of said goods or their components is due solely to their technical application;
- the introduction of the goods of another entity into civil turnover using the company's own means of individualization, unless otherwise provided for by the contract concluded between the business entities.

Pursuant to the Law No. 2034-XII of the Republic of Belarus from December 10, 1992 "On Counteraction to Monopolistic Activities and the Promotion of Competition" any agreements (coordinated actions) between economic entities wherein one of them has a dominant position on a commodity market, and the other is its counteragent, is prohibited and, by law, considered invalid fully or partially, if such agreements (coordinated actions) result or can result in the elimination or restriction of competition, or block its establishment and development,.

- What typical agreements do foreign corporations enter into with their wholly owned subsidiaries?

Foreign corporations typically enter into license, assignment, pledge and franchising agreements with their wholly owned subsidiaries

III. INVESTMENT INCENTIVES

- A. Explain any export incentives or guarantees. Be sure to answer the following questions:

- Are there tax incentives for exports?
- If so, are they limited to certain types of products?

The Republic of Belarus encourages the export of goods (works, services) by granting exporters certain tax incentives. As a rule, these incentives are not limited to certain types of products. The main export tax incentives are:

- reduced VAT rate (0%) for all exported goods, as well as work and services related to the export of goods (transportation, loading, etc.);
- VAT exemption for construction work under certain circumstances;
- reduced profits tax rate for exported goods.

- Is export financing available from government or private sources?
- If so, what forms of financing or guarantees are available?

According to Decree No. 534 of the President of the Republic of Belarus "On the Encouragement of Export of Goods (Works, Services)" from August 25, 2006, Belarusian banks shall provide export credits at commercial interest rates. The banks' expenses for covering the exporters' losses under such credit agreements are partially compensated by the state.

- Is there any governmental insurance for exports?

Residents exporting goods (works, services), including export under lease agreements, or carrying out investment activity abroad as well as their servicing banks, can enter into export insurance contracts supported by the state, provided that they undertake to partially participate in the covering of losses.

- Must a national be a participant in the enterprise in order for the investor to benefit from these incentives?

A national need not be a participant in an enterprise in order for the investor to benefit from these incentives

B. Explain any grants, subsidies or funds your country offers foreign investors. Be sure to answer the following questions:

- Are grants and subsidies restricted by the type of activity?
- What is the process for obtaining approval for these grants or subsidies?
- How long does it take to receive approval?
- Can the investor receive loans from the government or government agencies?

No specific grants, subsidies or funds are offered to foreign investors.

Under the Investment Code of the Republic of Belarus (hereinafter – the Investment Code), state support is rendered to investors (both foreign and national) in the following forms:

- Government guarantees;
- centralized investment funds.

A Government guarantee is the liability of the Republic of Belarus before the creditor for the fulfillment of the investor's obligation under a loan agreement. State guarantees are granted in cases involving of foreign credits and the credits of Belarusian banks in investment projects.

A Government guarantee can be granted to foreign creditors on the decision of the Government with the approval of the President of the Republic of Belarus. Several procedures must be followed before the Government takes the decision:

- state complex expertise of the investment project with a favorable conclusion of the Ministry of Economy of the Republic of Belarus;
- consideration of the investor's offer to receive the Guarantee of the Government by the Ministry of Economy, the Ministry of Finance, the Ministry of Foreign Affairs and National Bank of the Republic of Belarus (hereinafter – NBRB);
- legal conclusion of the Ministry of Justice of the Republic of Belarus on the compliance of the credit agreement with Belarusian legislation (if such conclusion is required under the credit agreement);
- conclusion of the authorized Belarusian bank (if the credit is provided by a non-bank financial organization).

Centralized investment funds from the state budget are annually stipulated in the State investment program in the amount of not less than 10 percent of the total value of capital investments according to the Law on the Budget for the following financial year. The funds are granted with payment of interest and payback after definite period in the following forms:

- funds for financing investment projects;
- Government guarantees securing the credits of Belarusian banks.

To receive centralized investment funds the investor must use its own funds in the amount of not less than 20 percent of the total volume of required investments.

The amount of state support depends on the significance of the investment project and is determined on a case by case basis by the President of the Republic of Belarus.

Belarusian legislation provides for state support to production based on new and advanced technology in the areas of information technology and electronics, production technology, new materials and chemical products, biotechnology, fuel and energy, ecology and the rational management of environment, agriculture and other technologies.

Investment projects connected to new and advanced technology have priority in regard to state support. The total amount of funds for financing investment projects cannot more than 80 percent of the total volume of necessary investment and investors are released from the requirement of obtaining bank guarantees.

Banks are authorized to grant credits in an amount of not more than EUR 20,000 without securing obligations to organizations and individual entrepreneurs, located in rural settlements, conducting their business in rural areas and implementing investment projects.

The creation and development of production, as well as the engineering and transport infrastructure in Free Economic Zones (hereinafter – FEZ) can also be financed by the state if the amount of investment by the respective FEZ resident is more than EUR 10 million.

State support can be granted to Belarusian private entrepreneurs and organizations with an average number of employees of not more than 100 in the following forms:

- funds with the payment of interest and repayment;
- property on the basis of a finance lease;
- loan guarantees;
- subsidies for the compensation of part of interests for use of bank loans;
- subsidies for the compensation of part of leasing payments under finance lease agreements;
- subsidies for the compensation of part of expenses connected with participation in exhibitions or the organization of exhibitions;
- granting of preferential loans by Belarusians banks at the expense of local budgets.

In order to receive such state support entrepreneurs and organizations must win respective investment project tenders.

- Must a national be a participant in the enterprise in order for the investor to receive these grants or subsidies?

A national need not be a participant in the enterprise in order for the investor to receive these guarantees.

C. Explain any national tax incentives for foreign investors. Be sure to answer the following questions:

Foreign as well as domestic investors are granted the following tax benefits:

- on investment in FEZ: tax exemptions (full/partial exemptions from a number of taxes), exemptions from customs duties (for own-produced goods), etc.;

- on investment in the High-Tech Park (hereinafter – the HTP): full exemption from most taxes;
- on investment in towns and rural areas with a small population: full/partial tax exemptions, exemptions from customs duties for capital contributions.

Additional tax benefits are provided by the Decree No. 10 of the President of the Republic of Belarus “On the Creation of Additional Conditions for Investment Activity in the Republic of Belarus” from August 6, 2009, which came into force on November 8, 2009 (hereinafter – Decree No. 10), namely:

- exemption from the state fee for the right to conclude the lease agreement for a land;
- exemption from import custom duties and VAT for equipment and spare parts related to investment projects;
- exemption from the state fee for the issuance of work permits for non-resident employees in Belarus and some other benefits.

- Are the incentives restricted by the type of activity?

Upon investment in HTP full exemption from most taxes is granted only for activities explicitly stipulated by the Regulations on High Technologies Park and related to IT.

- Are the incentives restricted by the duration of the activity?

Benefits under Decree No. 10 are granted upon the conclusion of an investment contract with the Republic of Belarus, regardless of the type and duration of the investor’s activity.

- What is the process of application?

Generally, in order to obtain tax benefits investor must specify the tax incentives he intends to apply when registering with the tax authorities. Incentives for areas with beneficial tax treatment like FEZ or HTP tax relief is granted after conclusion of an Agreement with the relevant administration.

In order to receive the benefits under Decree No. 10, the investor must sign an investment agreement with the Republic of Belarus. The investor may be required to develop a business plan on the investment project and undergo a state expertise of the investment projects if additional benefits are sought.

D. Explain any regional tax incentives open to foreign investors. Be sure to answer the following questions:

- Are there tax incentives for the investor that only exist in certain regions of the country?

Regional tax incentives for investors include:

1) Upon investment in one of the six Free Economic Zones (Brest, Vitebsk, Gomel-Raton, Grodnoinvest, Minsk, Mogilev), investors are granted the following benefits:

- exemption from profit tax within 5 years of the date on which profits are announced with regard to profit obtained from the sale of self-produced goods;
- reduction of the profits tax rate (if payable) to 50%;
- exemption from the payment of real estate tax with regard to fixed assets located in FEZ and vehicles used by the FEZ resident, regardless of the purpose of use (except for vehicles used by the branches or representation offices of the FEZ resident located outside the FEZ);
- deduction of a 50% VAT rate with regard to self-produced goods manufactured on the territory of the FEZ and being considered import substitutes (except for goods taxed at a 10% rate);
- full or partial exemption from customs duties, including import customs duties, VAT, excise duties - under certain conditions;
- the Republic of Belarus may finance from the state budget the engineering and transport infrastructure in the FEZ necessary for the implementation of an investment project exceeding EUR 10 million.

These benefits do not apply to:

- the sale of goods, or the rendering of works and services outside the FEZ
- banking and insurance activity;
- catering activity, gambling, securities trading and some other types of activity.

2) On investment in the HTP, investors are granted the following benefits:

- exemption from all local taxes;
- exemption from profit tax;
- exemption from taxes calculated from gross income;
- exemption from land tax for a maximum period of three years;
- exemption from VAT;
- exemption from real estate tax, provided that the real estate is located on the territory of the HTP;
- income of private individuals (except for security and service personnel) gained from the residents of the HTP are taxed at a reduced rate of 9% (instead of the general flat rate of 12%) and is not included in gross annual income;
- mandatory employees' social security contributions are calculated from a reduced tax base;
- exemption from customs duties for goods imported for use in the HTP;
- exemption from offshore duties;

- the rate of withholding tax for income (dividends, royalties, securities) of foreign companies not doing business in the Republic of Belarus through a permanent establishment gained from a resident of the HTP is reduced to 5%;
- exemption from the requirement to sell foreign currency on the Stock Exchange;
- 50% rental rates during first six years from the moment of conclusion the lease contract, providing that leased premises are owned by the state.

3) On investment in rural areas, investors are granted the following benefits:

- exemption from profit tax from the sale of goods or rendering of services and works in rural areas;
- exemption from real estate tax with regard to real estate objects located in rural areas;
- reduced state fee for obtaining a special permit (license) for conducting certain types of activity in rural areas (50% of the established state fee – for legal entities and 25% of the state fee – for private entrepreneurs);
- exemption from the state fee for amending a special permit (license) for conducting certain types of activity in rural areas;
- exemption from customs duties (except for VAT on the import of goods from the Russian Federation) with regard to non-cash contributions to charter capital;
- reduced rates of the simplified system tax (5% (instead of 8%) for taxpayers not paying VAT and 3% (instead of 6%) for taxpayers paying VAT) – if the investor applies the simplified taxation system.

Benefits are not granted to organizations:

- producing goods subject to excise duties;
- producing/selling jewelry;
- involved in tourism, gambling, insurance and banking, securities business and some other types of businesses;
- enjoying the benefits of doing business in towns with a low population.

4) On investment in small towns, investors are granted the following benefits:

- exemption from profit tax for 5 years after incorporation with regard to goods of own production;
- exemption from agricultural charge for 5 years after incorporation with regard to goods of own production;
- exemption from other taxes (except for VAT, offshore duty, excise duty, state fees, customs duties, stamp duty, land taxes, withholding taxes, income tax with regard to securities operations, environmental tax) for 5 years after incorporation with regard to goods of own production;
- exemption from the requirement to sell foreign currency on the Stock Exchange obtained from sale of goods (works, services) of own production for 5 years after incorporation;
- exemptions from price regulations;

- exemptions from wage regulations;
- exemption from the requirement to purchase certain goods on the Goods Exchange;
- exemptions from tender regulations;
- reduced rates of the simplified tax system (5% (instead of 8%) for taxpayers not paying VAT and 3% (instead of 6%) for taxpayers paying VAT) – if the investor applies the simplified taxation system.

These benefits are not granted to investors:

- in the spheres of banking, insurance, securities business, mass media;
- doing business in FEZ or the HTP;
- applying the simplified taxation system;
- in the sphere of gambling, weapons, radioactive and other hazardous substances, narcotics, alcoholic beverages, state security;
- certain types of medical and veterinarian practice (dealing with dangerous diseases), etc.

- Does the investor need approval to be eligible for these incentives?
- What does the process of application involve?

In order to get the incentives in rural areas and small towns, potential investors must be incorporated (have a registered office) or conduct business activity in the respective areas. No special authorization or approval is required.

In order to get the incentives granted to residents of FEZ or the HTP, the investor must be registered as a resident.

In order to be registered as resident of an FEZ, the applicant must submit the following documents to the Administration of the respective FEZ:

- application form;
- copies of incorporation documents (charter, articles of incorporation);
- copy of the registration certificate;
- business-plan developed in accordance with the established template;
- document confirming payment of state fee for registration.

Registration is made only upon the execution of a contract on FEZ operating conditions.

In order to be registered as a resident of the HTP, the applicant must submit the following documents to the HTP Administration:

- application form;

- incorporation documents (charter, articles of incorporation) and registration certificate;
- business-plan with a detailed description of the project, measures for its development, estimated profits, viability of the project.

The application is considered by the HTP Administration and the decision regarding the registration (non-registration) is made within one month after application.

- Are the incentives restricted by the type of activity?
- Are the incentives restricted by the duration of the activity?

The incentives are not restricted by type or duration of activity.

IV. FINANCIAL FACILITIES

A. Banking/Financial Facilities

- What kind of financial institutions exist?

In Belarus, the banking system includes the National Bank of the Republic of Belarus, commercial banks (state and privately owned) and non-bank financial institutions. As of January 1, 2010, the banking system of the Republic of Belarus included 32 banks.

- Must the investor maintain a bank account in the country?

Generally, non-residents can, but are not obliged, to open accounts in the banks and non-banking financial institutions of the Republic of Belarus. Residents of the Republic of Belarus must maintain a bank account in the country.

- What are the requirements for opening a bank account?

The following documents shall be submitted by a legal entity of Belarus for opening a bank account:

- Application for opening a bank account(s)
- A copy of the registered Charter
- Bank card with signature samples of the authorized person(s) and imprint of the round seal.

The list of documents to be submitted to the bank for opening an account for a foreign legal entity is established in the internal requirements of a given bank and can vary from bank to bank.

On the submission of all necessary documents, the company and the bank enter into a settlement agreement and the bank account is opened within one business day.

- What are the restrictions, if any, on the investor's use of the account?

There are no restrictions on the investor's use of the account, with the following exceptions:

- non-residents can only carry out non-cash transactions in foreign currency with exceptions established by the legislation of Belarus;
- some transactions can require a permit from the National Bank of the Republic of Belarus
- in the case of insufficient funds on the account to execute all of the non-resident's obligations, he must follow the established order of payments;
- in cases established by law a non-resident's account can be frozen by authorized government bodies (e.g., as a security measure) .

- What is the type of financial system in the country?
- How is the banking system structured?

The banking system of Belarus includes the National Bank of the Republic of Belarus, banks and non-banking financial organizations.

Founded in 1991, the National Bank of the Republic of Belarus is the major part of the country's banking system. In performing its activities, the National Bank is guided by the Constitution, Banking Code and laws of the Republic of Belarus, as well as the regulatory acts of the President of the Republic of Belarus and is independent as pertains to such activities. The National Bank is accountable to the President of the Republic of Belarus.

Management bodies of the National Bank are the Management Board (its chairman and members are appointed by the President of Belarus with the consent of the Council of the Republic for a term of 5 years) and the Board of Directors.

The National Bank represents the country in international organizations on issues subject to its competence, has the right to participate in the activity of international banking funds and associations, also open representative offices in other countries.

The main objectives of the National Bank are:

- protection of the Belarusian rouble (the national currency) and ensuring its stability, including its purchasing power and the rate of exchange into foreign currencies;
 - development and strengthening of the Belarusian banking system;
 - ensuring the efficient, reliable, and secure functioning of the payment system.
- Commercial banks in Belarus operate with a degree of autonomy in accordance with laws and regulations of the National Bank. Many foreign banks are also represented in the country as

shareholders of Belarusian banks as well as by means of opening their representative offices. Banking activity is licensed.

Belarus is a member of several key international organizations:

- International Monetary Fund (IMF)
- The World Bank
- European Bank of Reconstruction and Development (EBRD)

- Is there a stock market?

The stock market in the country is represented by Joint-Stock Company “Belarusian Currency and Stock Exchange”. The stock market is gradually developing in Belarus.

The objectives of the exchange organization are to conduct operations on the foreign exchange and securities markets and their derivatives, a necessary condition for trade in foreign currency, securities, determining their course of regular operations on the financial market.

There is also an over-the-counter securities market on which deals with some kinds of stock can be made through professional market participants (brokers).

- Can the investor receive bank loans?

Investors can receive bank loans for investment on the territory of Belarus.

V. EXCHANGE CONTROLS

A. Business Transactions with Nationals, Residents or Non-Residents

- How are nationals,¹ residents and non-residents defined?

Pursuant to the Law “On Currency Regulation and Control” of July, 22 2003 N 226-3, as amended, the following persons are considered to be residents:

(a) private individuals – citizens of Belarus, as well as foreign citizens and stateless persons who have a residence permit (or a document that substitutes it), issued by the authorized state bodies of the Republic of Belarus;

(b) legal entities, incorporated under the laws of Belarus, with a place of residence in Belarus;

(c) subsidiaries of the mentioned above residents, located abroad;

(d) diplomatic and other official representations, consular offices of the Republic of Belarus abroad;

¹ Under Belarusian currency legislation, the term “national” is covered by the term “resident.” Therefore, reference to “residents” below shall include “nationals”.

(e) the Republic of Belarus, and its administrative-territorial units participating in relations regulated by the currency legislation of Belarus.

Non-residents are:

(a) private individuals – foreign citizens and stateless persons, except for those mentioned in paragraph (a) above;

(b) legal entities, incorporated under the laws of foreign states, the place of residence of which is abroad;

(c) organizations, which are not legal entities, incorporated under the laws of foreign states, the place of residence of which is abroad;

(d) diplomatic and other official representations, consular offices of foreign states, located abroad;

(e) international organizations, their branches and representations;

(f) branches and offices of non-residents, listed in paragraphs (b), and (c) located in Belarus and abroad;

(g) foreign states, their administrative units, participating in relations regulated by the currency legislation of the Republic of Belarus.

• Are there restrictions on conducting business with nationals, residents or non-residents?

Yes, Belarusian legislation stipulates a number of restrictions:
 • settlements in foreign currency between residents is forbidden with several exceptions (e.g. payment for gas, oil);
 • residents have to carry out all import/export transactions through a special bank account for foreign-trade operations;
 • advance payments under import contracts are prohibited, except payments from the importer's own currency returns;
 • legal entities are obliged to sell 30% of the currency obtained under foreign-trade contracts.

• Are there reporting requirements?

Currency legislation stipulates the company's obligation to file a statistical report on the export/import of goods (works, services) by the 15th of the month following the month when the respective documents for the acceptance of goods (works, services) are signed. Companies obliged to sell 30% of the obtained currency must report to the bank and submit respective commercial documents not later than 7 days after the completion of the transaction.

• Can the investor receive loans from nationals, residents or non-residents?

The investor can receive loans from both residents and non-residents. However, in certain cases the investor shall have to fulfill the following procedures:

-notify of the NBRB;

- obtain permission from the NBRB.

In order to get a loan from a non-resident, the resident investor must notify the NBRB. The permission of the NBRB for entering into such a transaction is required in the following cases:

- the interest rate in the loan agreement exceeds the limit established by the NBRB (e.g. 14 percent per annum for loans in US Dollars and Euro);
- the penalty fee in the loan agreement for delay of repayment exceeds the one established by the NBRB (0.01 percent per day or 3.65 percent per annum);
- additional payments except for interest rate and penalty fee are stipulated in the agreement;
- receipt or repayment of the loan is not conducted through the investor's bank account in Belarus;
- the lender is registered in an off-shore area.

If the investor is a non-resident, it is not obliged to fulfill the above-mentioned procedures. However, a money-lender who is a corporate resident of Belarus must obtain permission from the NBRB and the lender who is a private individual-resident of Belarus only need to obtain the permission of the NBRB if the loan is granted for a period of more than 180 days.

B. Investment Controls

- Are there restrictions on investment in the country?

Generally, foreign investors are treated in the same way as residents. Foreign investment is prohibited in the following spheres:

- defense and security of the Republic of Belarus without the special decision of the President of the Republic of Belarus;
- manufacturing and distribution of narcotic, strong and poisonous substances.

Foreign investment in the property of legal persons having a monopoly on the Belarusian market is not allowed without the consent of the Ministry of Economy of the Republic of Belarus. Certain industries have special quotas for the participation of foreign investors (e.g. the banking and insurance sectors).

- Must the investor make declarations regarding the nature of his/her investment?

The investor does not have to make declarations regarding the nature of his/her investment. According to the Investment Code of the Republic of Belarus, unless otherwise explicitly determined, the investor can use the following sources for investment: own funds; borrowed and drawn funds, including bank loans, bonds and loans from shareholders, other private individuals and legal entities.

C. Money Transfer

- Is there free determination of exchange rates?

Banks determine exchange rates independently. The NBRB is entitled to determine the maximum and minimum exchange rates.

Currency exchange operations in Belarus can be made through banks or tenders organized by Belarusian Currency and Stock Exchange Joint Stock Company. The exchange rate on the currency market is determined as a result of respective tenders.

- Are there restrictions on the transfer of money into or out of the country?

There are certain restrictions on foreign currency transactions (transactions involving settlements in foreign currency or with participation of non-residents). Some of them require the notification or permission of the NBRB. In addition, there are fixed terms for certain transactions.

- Are there restrictions on the remittance of profits abroad?

The remittance of dividends and other income from investments can be conducted without NBRB permission, approval or notification.

Currency legislation stipulates certain regulations for private individuals - residents of Belarus, if they are remitting funds to their bank accounts abroad, they must obtain permission from the NBRB for opening a bank account abroad or documents confirming the right to residence abroad.

- Are there reporting requirements?

No. Currency legislation does not stipulate any reporting requirements, other than those determined in Section A.

- Can hard currency be taken out of the country?

Yes. However, if an individual takes hard currency out of the country, he/she must undergo customs registration. The following restrictions apply: when the sum is more than USD 3,000 the individual must make a written declaration; when the sum is more than USD 10,000, the individual must first get permission from the NBRB to take currency out of the country.

VI. IMPORT/EXPORT REGULATIONS

A. Customs Regulations

- Is the country a member of GATT?

Belarus is not a member of GATT.

- Is the country a member of the EEC?

Belarus is not a member of the EEC.

- Is the country a party to a regional free trade agreement?

Yes, Belarus has free trade agreements with the Republic of Azerbaijan, Georgia, the Kyrgyz Republic, the Republic of Armenia, the Republic of Kazakhstan, the Republic of Moldova, the Republic of Tadzhikistan, the Republic of Uzbekistan, the Russian Federation, Turkmenistan and Ukraine. Moreover, Belarus is a member of the Customs Union with the Russian Federation and Kazakhstan.

- Does the Customs Department value the goods?

Pursuant to the Law of the Republic of Belarus "On Customs Tariff" from February 3, 1993, customs officials are entitled to value goods, based on the information they possess if the declarant fails to file all necessary documents or when the filed documents are not considered to be appropriate. Under Belarusian Law, the customs value of goods is the basis for the calculation of customs duties, and it must be determined first and foremost, based on the transaction price.

- How are goods cleared through customs?

Pursuant to the Customs Code of the Republic of Belarus from January 4, 2007, when goods cross the state border, they are subject to customs control and clearance. The importer must undergo customs clearance, including: filing documents pertaining to a relevant customs order or procedure; inspection of the customs declaration, making sure it is correctly filled out; the calculation of customs duties; nontariff regulation measures; inspection of documents; inspection of goods and vehicles, including customs examination and screening if necessary. The decision regarding customs clearance is given in writing, if conditions and formalities are complied with and only after the submission of documents confirming customs duty payment.

- Are there applicable tariffs?

For applicable tariffs see section D below.

B. Exports

- Are there restrictions on exports?

As a rule, Belarusian legislation does not stipulate restrictions on exports. On the contrary, export is supported and encouraged. However, there is a list of goods (e.g. oil, oil products, precious metals and jewels) that can only be exported after obtaining a license from the Ministry of Trade of the Republic of Belarus. There is also a list of goods, the export of which can be exercised only through tenders on the JSC "Belarusian Universal Goods Exchange". There are restrictions on the transfer of some types of goods across the Belarusian border on non-economic grounds (e.g., products destroying the ozone layer).

- Are export licenses required?

Export licenses are required for the export of certain goods.

- Are there applicable export duties?

Export duties apply to potash fertilizers, oil, and some other goods. In respect of oil and its products, export duties shall be the same as in the Russian Federation.

C. Foreign Trade Regulations

- Are there foreign trade regulations on the import or export of goods involved in the business?

Belarusian legislation regulates the foreign-trade activity of residents. With regard to every foreign-trade contract valued at EUR 3,000 or more, except for foreign-trade contracts requiring the full execution of obligations in advance by a non-resident contractor, the resident exporter (importer) must register the transaction at the servicing bank prior to the dispatch of goods, transfer of protected information, exclusive rights on the results of intellectual activity, carrying out work and rendering services to a non-resident or conducting payment. Registration is conducted by the bank on the day on which the respective commercial documents are filed. Registration can only be refused if the documents are not filed or the bank does not service the account of the exporter (importer).

Furthermore, residents are required to ensure the execution of export transactions within 90 days of the date on which the goods were dispatched, protected information and exclusive rights on the results of intellectual activity has been transferred, work has been carried out and services have been rendered to a non-resident; and for import transactions - within 60 days of the payment transfer date. These terms can be extended by the NBRB on the timely application of the resident.

D. Imports

- Are import licenses required?

Import licenses are required for certain goods Included into the Integrated List approved by the Treaty of the Customs Union of the Republic of Belarus, the Russian Federation and Kazakhstan “On the Rules of Licensing in Foreign Trade” of June 9, 2008.

- Are there applicable import duties?

The Common Customs Tariff came into force on January 1, 2010. The customs duties are unified at 95% with Russian Federation.

The Common Customs Tariff came into force on January 1, 2010. 95% of the customs duties have been made unified with those of the Russian Federation.

The Republic of Belarus applies various import duties depending on the trade regimes² established with the third countries:

1) Free trade regime: the import to Belarus of goods originating from the territories of countries, with which the Republic of Belarus has entered into free trade agreements (all CIS countries³), is free of duties.

2) Most favored treatment regime: “basic” (single-rate) import customs duties apply with regard to countries with which the Republic of Belarus entered into bilateral trade treaties and political relations.

3) Preferential regime: Belarus provides tariff preferences to developing and least developed countries in the form of a 25 or 100 percent decrease in the customs rate. The list of developing and least developed countries (about 140 countries), as well as the list of goods with regard to which the benefit applies, are provided in Decree No. 14 of the President of the Republic of Belarus “On the Establishment of Tariff Preferences” (as amended) from April 18, 2003.

4) “Double-rate regime”: import customs duties for goods originating from the countries, to which the Republic of Belarus does not apply most favored treatment regime as well as goods with an unidentified country of origin, imported onto the customs territory of Belarus, are established at two times the basic rate.

A package of documents regarding creation and operation of a Customs Union between Russia, Belarus and Kazakhstan was signed in Minsk on November 27, 2009. Among the main

²The Customs Code of the Republic of Belarus shall be in force until July 1, 2010 when the Customs Code of the Customs Union comes into effect. According to the Unified Customs Code new customs procedures instead of “customs regimes” shall be implemented. Besides, additional treaties are expected to be signed in 2010 to regulate some of the customs procedures, such as customs warehouse and free customs zone procedures.

documents signed were the Unified Customs Tariff and the Agreement on the Customs Code of the Customs Union. New Customs Tariff came into effect on January 1, 2010. The Customs Code of the Customs Union will enter into force on July 1, 2010. Together with other international treaties to be signed between the Union members, as well as local customs regulations, the Customs Code will establish the basis for the Russian Federation, the Republic of Belarus and Kazakhstan to form a common customs territory without customs control at the internal borders of these countries starting from July 1, 2010.

•Are there applicable import quotas?

Special import quotas can be introduced in Belarus. Such quotas cannot be less than the average annual volume of import of the respective goods in the preceding period, unless such import has had an adverse influence on a branch of the national economy. Currently, special import quotas with regard to some goods are in force (e.g. textured polyester thread).

If the state has the exclusive right to import certain goods, it holds tenders where one or more legal entities are chosen to import these goods, however, the successful bidders are also subject to quota limits.

• Are there applicable import barriers?

Tariff barriers (import taxes and dues) and non-tariff barriers (such as licensing or other formalities) can be enacted, and the intensity of such barriers can vary depending on the nature of the imported good, the effect of import on a specific branch of the national economy and its origin.

E. Manufacturing Requirements

•Must the product contain ingredients or components, which are only found or produced in the country?

There is no such requirement that a product must contain ingredients or components, which are only found or produced in Belarus.

•Will the import of certain component parts be permitted only if they are to be ultimately incorporated in a final product?

Permission for the import of component parts is not restricted to the incorporation of these components in a final product. However, the import of component parts for the purposes of their incorporation in a final product can have specific features in relation to customs, taxation, and formality.

F. Product Labeling

•Are there applicable labeling or packaging requirements (e.g. multi-lingual notices, safety warnings, listing of ingredients, etc.)?

The Law of the Republic of Belarus “On Consumer Rights Protection” from January 9, 2002 (as amended) provides that information about the goods on the package or label must be in the Russian or Belarusian language and in a legible font.

The manufacturer (seller, importer and manufacturer’s representative) must provide the following information on the product (regardless of the type of product):

- the name of the product;
- trademark (if any);
- the composition, nutritional value (for products for children, medical and dietetic foods - calorie content, the presence of vitamins, etc.), if it contains genetically modified ingredients (components) or nutritional supplements, an indication that the product is genetically modified;
- recommendations for the preparation of food products, if required by the specifics of these products;
- production and expiration date of the product;
- name and address of the manufacturer, seller, importer or manufacturer’s representative;
- the number or completeness of the product;
- bar code identification;
- if the product is not packed by the manufacturer, the consumer must also be informed of who packed the product.

Moreover, there are some specific requirements for information on specific types of products.

Such phrases as “only organic fertilizers used,” “grown without pesticides,” “grown without the use of mineral fertilizers,” “contains vitamins,” “no preservatives,” etc., can only be applied if the manufacturer (importer) obtains confirmation of such from the Ministry of Health of the Republic of Belarus. Placing the wording “environmentally friendly” or “organic” on labels is not permitted.

If the product is packed using special technology, it has to be specified (e.g. “vacuum-packed,” “product packed in a protective environment,” etc.).

VII. STRUCTURES FOR DOING BUSINESS

A. Governmental Participation

•Will the government seek to participate in the ownership or operation of an entity (e.g. depending on the type of activity involved)? If so, to what extent?

Before March 2008 the state had the so-called “Golden Share” right enabling it to participate in the decision-making of even privately-owned business entities, incorporated on the basis of state property (e.g. in the process of privatization). This right has been terminated and at present the government does not seek to participate in the ownership or operation of private entities.

Most major enterprises in Belarus are owned by the state or have the state as its majority shareholder. The state is empowered to participate in the operation of such entities as a shareholder. However, since the end of 2008 a large-scale privatization process has been begun in the Republic of Belarus. Plans for the privatization of hundreds of state enterprises have been approved and are being implemented. Under agreements reached with the World Bank, the Belarusian government has undertaken to present the first five major JSC's for privatization.

- What is the investor's potential liability to partners, investors or others?

The founder (participant) of a legal entity or the owner of its property is not liable for the obligations of the legal entity, and the legal entity is not liable for the obligations of the founder (participant) or owner. The investor's liability to partners is typically established in shareholder and other agreements.

If the economic insolvency (bankruptcy) of a legal entity has been caused by the owner of the property of the legal entity, by the founders (participants) or by other persons, including the head of the legal entity, who have the right to give instructions or have the opportunity to determine the entity's actions, these people shall be liable for the obligations of this legal entity in case of the insufficiency of its funds.

- Are there restrictions on capitalization?

There are no restrictions on capitalization.

- What are the investor's tax consequences? (See also Sections XII and XIII)

The main taxes are:

- value added tax (VAT) – 0%, 10%, and 20 %;
- profit tax – 24%; 12 % (for dividends);
- non-resident income tax – 15 % (general rate), 12% (for dividends), 10% (debt instruments), 6% (international transportation);
- excise tax - fixed sum per unit or percentage of value;
- ecological tax - fixed sum per object of taxation;
- real estate tax - 1 % (general rate for organizations);
- land tax - fixed sum depending on the quality (cadastral valuation), category and location of the land plot;

- offshore charge (for the sums paid to non-residents registered in offshore zones) - 15%.
- local taxes: service tax; advertisement tax, etc.

There are also specific tax regimes for several kinds of taxpayers (see Section H below):

B. Types of business

The most effective way to conduct business in Belarus is to establish a company. Belarusian legislation provides for the following types of commercial companies:

PARTNERSHIP

- General Partnership

In accordance with an agreement concluded between partners the latter engage in entrepreneurial activity in the name of the general partnership and bear joint and several liability for its obligations.

Only private entrepreneurs and (or) commercial organizations can be participants of general partnerships.

- Special Partnership

A special partnership is a partnership, in which there are one or several participants, who bear the risk of losses connected with the activity of the partnership, limited to the amount of their contributions and do not take part in the partnership's entrepreneurial activity, (limited partners) as well as participants carrying out entrepreneurial activity in the name of the partnership and being liable for the obligations of the partnership with their property (general partners).

Private entrepreneurs and (or) commercial organizations can be general partners in special partnerships. Private individuals and/or legal entities can be limited partners in special partnerships.

BUSINESS COMPANIES

- Limited Liability Company

A Limited Liability Company (hereinafter – “LLC”) can have from 2 to 50 participants. LLC's do not issue shares. Participants of an LLC are not liable for its obligations and shall bear the risk of losses connected with the activity of the company within the limits of their contributions.

- Supplementary Liability Company

A Supplementary Liability Company (hereinafter – “SLC”) can have from 2 to 50 participants. An SLC is similar to an LLC but the participants of an SLC bear additional liability for its

obligations jointly and severally within the limits defined by the constitutive documents of an SLC, but not less than the amount set by law (50 basic rates (approximately USD 615)).

- Joint-Stock Company

A Joint-Stock Company (hereinafter – “JSC”) is a company, the charter capital of which is divided into a determined number of shares having equal per value. The shareholders of a JSC are liable for its obligations and bear the risk of losses connected with the activity of the JSC within the limits of the value of the shares belonging to them. There are two types of Joint-Stock Companies:

1. Open Joint-Stock Company

An open JSC is a JSC, the participants of which can alienate shares belonging to them without the consent of other shareholders to an unlimited number of persons. Such company shall have the right to conduct an open subscription for the stock issued by it and the free sale thereof. An OJSC is obliged to publish annual reports in the scope stipulated by the legislation. The minimum size of the charter capital of an OJSC is 400 basic rates (approximately USD 4,915).

2. Closed Joint-Stock Company

A closed JSC is a JSC, the participant of which can only alienate shares belonging to them with the consent of other shareholders and (or) to the limited number of persons. A CJSC only has the right to carry out closed (among limited number of persons) subscription for additionally issued shares. The number of shareholders of a CJSC cannot exceed 50 shareholders. The minimum size of charter capital of a CJSC is 100 basic rates (approximately USD 1,230).

COOPERATIVES

- Production Cooperatives

A production cooperative is a commercial organization, the participants of which make in-kind contributions, personally participate in its activity and bear liability for the obligations of the production cooperative in case of insufficient funds in equal portions, unless otherwise determined in the charter, within the limits, determined by the charter, but not less than the value of the annual income gained in the production cooperative.

PRIVATE ENTREPRENEURSHIP

- Unitary Enterprise

A Unitary Enterprise is a commercial organization not vested with the right of ownership to its property. The property of a Unitary Enterprise is indivisible and cannot be distributed. The property of a private Unitary Enterprise is in the private ownership of a private individual or a

legal entity; this property belongs to the Unitary Enterprise by virtue of the right of economic management. A Unitary Enterprise shall be liable for its obligations with all of the property belonging to it. The owner of the property of a Unitary Enterprise (except for public enterprise) is not liable for the obligations of the Unitary Enterprise.

- Peasant (Farm) Holding

A Peasant (Farm) Holding is a commercial organization, established by one private individual or by members of one family, which make in-kind contributions and carry out entrepreneurial activities in the production of agricultural goods as well as processing, storage, transportation and sale, based on his/her/their personal involvement and use of a land plot acquired for these purposes according to the law.

- Private Entrepreneur

A private individual has the right to engage in entrepreneurial activities without founding a legal entity by virtue of state registration as a private entrepreneur. After January 1, 2008 business activities of individual entrepreneurs can be exercised only with the involvement of family members and close relatives. A private entrepreneur has the right to employ no more than 3 people by virtue of labor and (or) civil law contracts, including those concluded with legal entities for carrying out business activity. A private entrepreneur shall be liable for his/her obligations with all of the property belonging to him/her except for property against which execution cannot be levied in accordance with legislation.

Foreign citizens must obtain a special permit for carrying out business activity as Private Entrepreneurs.

COMMERCIAL ORGANIZATIONS WITH FOREIGN INVESTMENTS

Foreign investors can establish legal entities on the territory of Belarus with any volume of foreign investment and in any organizational and legal form, as well as representative offices in accordance with the legislation of Belarus.

Legal entities, in the charter capital of which foreign investment is equal to at least USD 20,000, and that pursue profit as a primary objective of their activities and (or) distribute profits among the participants, have the status of commercial organizations with foreign investment. A commercial organization with foreign investment can be joint and foreign.

A commercial joint organization is a legal entity of Belarus with the share of both a foreign investor(s) and a private individual and (or) legal entity (entities) of Belarus in its charter capital.

A commercial foreign organization is a legal entity of Belarus with 100 percent of foreign investment in the charter capital.

A commercial organization with foreign investment can carry out any kinds of activity not prohibited by the legislation of the Republic of Belarus and complying with the purposes provided in the charter of this organization.

Investors prefer to participate in limited liability companies (LLC, JSC, Unitary Enterprise). The choice of a specific form of legal entity depends on the number of participants, the level of trust between participants and other specific features of legal entities of different forms. As a rule, shareholders are entitled to receive profits and bear the losses of such company proportionate to their respective participation in the company.

C. REGISTRATION PROCESS

The rules for the incorporation of companies are generally similar for all forms of business.

The registration process includes:

- coordination of the company's name;
- determination of the office location;
- drafting of constituent documents;
- conducting founding meetings of participants or the making of a resolution by a sole owner;
- election of the management bodies of the Company (Director/the Board of Directors);
- forming charter capital (for companies with foreign investment it takes place after the registration of the company);
- payment of a state fee for state registration;
- registration with a registration body;
- registration with tax, social security and other authorities;
- opening a bank account.

Decree No. 1 of the President of the Republic of Belarus "On the State Registration and Liquidation (Termination of Activities) of Business Entities" of January, 16 2009 (hereinafter – "Decree No. 1") provides detailed regulation of the registration and liquidation process. Decree No. 1 covers the registration of all business forms with the exception of banks, non-banking financial institutions, insurance companies, insurance brokers, insurers' associations, public associations, and public joint-stock companies created in the process of the privatization of state property.

Registration is made on the day of submission of the necessary documents. State registration of a legal entity shall be carried out by putting a stamp on its charter and making an entry in the Unified state register of legal entities and private entrepreneurs. A state registration certificate is issued on the next business day.

Registration authorities shall provide the daily acceptance of documents for state registration during working time, except for Saturdays, Sundays, public holidays and holidays, which are declared as holidays by the President.

D. LIST OF DOCUMENTS FOR REGISTRATION

Commercial organization

- application for state registration;
- charter (Shareholders Agreement - for commercial organizations acting only on the basis of a Shareholders Agreement (e.g. general partnership and special partnership) in two copies without notarization, and its electronic copy (in .doc or .rtf) format;
- legalized extract from the trade register of the state of incorporation with a translation into the Belarusian or Russian languages (translator's signature must be notarized) – for the founders - foreign organizations;
- copy of an identification document, with a translation into Belarusian or Russian (translator's signature must be notarized) – for the founders - foreign private individuals;
- original or copy of the payment document confirming the payment of a state fee.

Private entrepreneur

- application for state registration;
- photo of the applicant;
- original or a copy of the payment document confirming payment of state fees.

E. REGISTRATION COSTS

Registration fee is 5 basic rates for commercial organizations (approximately USD 62), for Individual entrepreneurs – 0.5 basic rates (approximately USD 6.5). The collection of other payments is not allowed.

The establishment of a business entails a number of other expenses: legalization fees, translation fees, bank fees, the cost of a round seal, legal services (if any), and other.

F. CAPITALIZATION

Charter capital amounts are no longer regulated by the laws with the following exemptions:
The organizations below are required to maintain a certain minimum amount of charter capital:

- 100 basic values (approximately USD 1,230) – for Closed Joint-Stock Companies;
- 400 basic values (approximately USD 4,915) – for Open Joint-Stock Companies;
- EUR 5,000,000 – for bank and non-bank financial institutions;
- EUR 1,000,000 – for insurance companies (excluding life insurance)
- EUR 2,000,000 – for insurance companies conducting life insurance
- EUR 5,000,000 – for insurance companies conducting reinsurance business.

To obtain the status of a commercial organization with foreign investment, the foreign share of capital must be a minimum of USD 20,000 that can be formed within two years after registration.

Capital contribution includes assets, securities, property rights or other alienable rights. Services and works cannot be contributed. Charter capital cannot be entirely formed by contributions in the form of property rights.

The Company (except for an open joint stock company) and its participants have the right of first refusal to the charter capital share owned by other participants.

There are generally no restrictions on the participation of foreign investors, except in a few regulated fields (for example, insurance, where the foreign investment share cannot exceed 30% of the charter capital of all insurance companies; the banking sphere, where the foreign investment share cannot exceed 50% of the banking sector).

Controlled companies cannot acquire shares in the charter capital of the parent company. A company is a controlled company if another company (parent company) has 20% and more of the total number of votes at the general shareholder meeting of this company

The contribution of each participant to the charter capital of an insurance company, except for the contributions of the Republic of Belarus and its administrative-territorial units created as a joint-stock company, limited liability companies and supplementary liability company, cannot exceed 35% of the total charter capital. The total amount of the contribution of an insurance company into the charter capital of a commercial organization cannot exceed 35% of the charter capital, unless otherwise provided for by acts of the President of the Republic of Belarus.

G. NATIONALITY OF THE PARTICIPANT, MANAGER OR DIRECTOR

There are no requirements as to the nationality of a participant, manager or director.

Foreigners in Belarus have the right to freely dispose of their ability to work, choose the type of activity and profession, as well as the right to the free use of their abilities and property for employment, business or other activities in accordance with the laws of the Republic of Belarus.

Foreigners staying and residing temporarily in the Republic of Belarus have the right to engage in employment, business and other activities on the basis of special permits.

H. TAXATION

According to the Tax Code, the main taxes levied in Belarus are:

Kind of Tax	Main Tax Rate
Corporate Income Tax	24%

Withholding Taxes:

•Interests	10%
•Dividends	12%
•Royalty	15%
•Other incomes	15%
Value Added Tax (VAT)	20%

Excise Tax levied as a fixed sum per unit of goods or as a % of the goods' value

Personal Income Tax 12%

Ecological Tax levied as a fixed sum per object of taxation

Real Estate Tax 1%

Land Tax levied as a fixed sum depending on the territory, the subject of payment, the applicable multiplier

Offshore duty 15% (paid upon the transfer of payments to offshore zones)

Corporate Income Tax

Corporate Income Tax (Profit Tax) payers are legal entities of Belarus, foreign and international organizations, organizations that are not legal entities, special partnerships, economical groups, and foreign companies carrying out their business in Belarus through a permanent establishment.

The object of taxation is gross profit (profit after the deduction of charges) received as a result of the sale of goods, services, products and other assets. The Tax Code of the Republic of Belarus stipulates a number of tax allowances depending on the kind of activity.

Losses connected with the production and sale of goods are accounted for in the respective reporting period. Losses incurred in the current fiscal year cannot be accounted for in following fiscal years.

Foreign organizations carrying out their activity in Belarus through permanent establishments and receiving profit from sources in Belarus pay withholding tax on dividends at a rate of 12%.

Payers of Corporate Income Tax file tax returns with tax authorities not later than the 20th day of the month following the reporting period (the general reporting period is one calendar month, or quarter on the choice of the taxpayer; for foreign companies acting through a permanent establishment – one quarter).

Withholding Taxes

Foreign organizations which do not carry out their activity in Belarus through permanent establishments and receive profit from sources in the Republic of Belarus pay withholding tax at the following rates: dividends at a rate of 12%, interests at a rate of 10%, royalties and other incomes at a rate of 15%.

Taxes are withheld not later than the 22nd day of the month following the reporting period when the respective payments were made.

Foreign companies file a report on their activity in the Republic of Belarus and tax reports not later than April 15 of the year following the reporting year.

Provisions of the Belarusian tax laws are applied unless otherwise provided for by the international treaties of the Republic of Belarus.

Value Added Tax (VAT)

•VAT is levied from the turnover of the sale of goods (works, services) on the territory of Belarus, including goods (works, services) sold to employees, turnover of the exchange of goods (works, services), turnover of the gratuitous transfer of goods, (works, services), transfer of a lease object.

There are some objects in Belarus that are excluded from VAT: the sale of medical equipment, banking, financial and insurance services, gambling, etc.

The Tax Code of the Republic of Belarus stipulates the following tax rates:

- 0 percent with regard to exported goods;
- 10 percent with regard to the sale of crops and livestock products (except for flowers, ornamental plants and fur), fish products and honey products produced on the territory of Belarus; as well as the import and (or) sale of foodstuff and goods for children under the list approved by the President of the Republic of Belarus;
- 20 percent is the commonly applied rate;
- 9.09 percent or 16.67 percent - with regard to the sale of goods at regulated consumer prices including tax;
- 0.5 percent with regard to the import of diamonds and other jewels from the Russian Federation for industrial needs; and
- 24 percent - with regard to the sale and (or) import of the beet sugar in Belarus.

Tax returns are filed monthly by the 20th of the month following the reporting period. Taxes must be paid not later than the 22nd of the month following the reporting period.

The usual reporting period is one calendar month, however, taxpayers whose proceeds do not exceed BYR 3,815,000,000 (approximately USD 1,310,000) are entitled to choose a quarterly reporting period.

Personal Income Tax

Any company paying salaries (wages) to employees, or having service contracts with private individuals who are not registered as private entrepreneurs, have an obligation to withhold personal income tax and transfer it to the tax authorities.

Differences in tax rates depend on the object of taxation. The general tax rate is 12%. Personal income received from the residents of the High Technology Park is taxed at a rate of 9%. Personal Income Tax for dividends is 12%.

The Tax Code of the Republic of Belarus stipulates standard tax deductions, social tax deductions, pecuniary tax deductions and professional tax deductions.

The taxation period for this kind of tax is one calendar month.

Real Estate Tax

Pursuant to Belarusian legislation, payers of real estate tax are organizations and private individuals. The tax base is the cost of taxation objects (buildings and structures, including the objects of construction in progress).

The annual tax rate is established:

- for organizations in the amount of 1%;
- for private individuals, including those registered as private entrepreneurs – in the amount of 0.1%;
- for organizations owning unfinished construction, the construction deadline of which is overdue and organizations carrying out the construction of new buildings – in the amount of 2%.

Organizations shall determine the tax annually, based on the availability of buildings and structures at the residual value as of the beginning of the year and the established annual rate. Not later than January 20 of the reporting year, organizations submit returns for Real Estate Tax to tax bodies. The tax is paid by organizations quarterly not later than on the 22th of the first month of each quarter in the amount of 1/4 of the annual amount of tax.

Land Tax

Land Tax is paid by all landowners and land users, including land lessors. The object of taxation is a plot of land, which is in the possession, use or ownership of the taxpayer. Land tax shall be levied on: agricultural lands; lands of population centers; industrial lands, lands used for transport, communication and other purposes; forestry lands, water fund lands.

The amount of Land Tax is determined depending on the quality and location of the plot of land and does not depend on the results of economic and other activities of the landowner. The amount of tax on agricultural lands is determined according to the land cadastre assessment (a special table is used to determine the tax rate). Land Tax is paid in the form of annual fixed payments per hectare of land. Land Tax rates are indexed at the rate established by the Law on the State Budget for the following fiscal year.

Companies calculate the Land Tax and file the tax return for the current year annually but not later than the 20th of February, and if the taxpayer leases the land or the land was granted for the first time, the tax return must be filed within a month of the day on which the land was obtained.

Land Tax is paid quarterly in equal parts not later than the 22nd day of the second month of each quarter in the sum $\frac{1}{4}$ of the whole sum. Land Tax for agricultural lands is paid not later than April 15, July 15, September 15, and November 15 of the respective year.

Ecological Tax

Ecological tax is one of the most complicated and peculiar taxes, which can be of significance for doing business. According to Belarusian legislation, payers of Ecological Tax are organizations and private entrepreneurs.

According to Belarusian legislation, objects of taxation are:

- the volume of emissions (discharge) of contaminants into the environment;
- the volume of oil and gas products transported via the territory of the Republic of Belarus;
- the volume of produced and/or imported plastic containers and other goods, that generate waste after the loss of their consumer properties, etc.

Ecological Tax rates, with the exception of payments for oil refining and petroleum organizations involved in oil refining, depend on the volume of emissions (discharges) of pollutants and mineral resources of the natural environment.

Payers calculate and pay Ecological Tax quarterly.

Local taxes

According to Belarusian legislation, local authorities are entitled to establish local taxes, stipulated by the Tax Code of the Republic of Belarus for the respective year and within the limits stipulated in the Tax Code. Pursuant to current regulations, local Councils are entitled to establish:

- Services Tax (with a tax rate of no more than 5% of service proceeds);
- Dues on the development of the territory (with a tax rate of no more than 3% of profits)
- Resort Dues;
- Tax on owning dogs;
- Dues from the procurers

The Tax Code of the Republic of Belarus stipulates several special tax regimes for residents of Free Economic Zones, taxpayers applying the simplified taxation system and agricultural producers. The effective acts of the President of the Republic of Belarus set forth special tax regimes for the residents of the High Technology Park, and for taxpayers doing business in the small towns of Belarus pursuant to the list approved by the Council of Ministers.

THE MAIN SPECIAL TAXATION REGIMES

A special taxation regime is a special procedure for the calculation and payment of taxes.

Simplified Taxation System

Companies and private entrepreneurs are entitled to choose the Simplified Taxation System. In order to use such system, companies must meet the following criteria:

- gross receipt for nine month of the preceding year cannot exceed 2,861,250,000 Belarusian Rubles (about EUR 698,000);
- the average number of employees must not exceed 100.

Companies carrying out certain types of activity, such as tourism, banking, insurance, gambling, etc., are not allowed to use the Simplified Taxation System. Simplified Tax replaces several other taxes stipulated by legislation (e.g. profit tax, real estate tax, local taxes and some others). The tax rates under the Simplified Taxation System are established as follows:

- 3 % of gross revenues – from the export of goods;
- 6 % of gross revenues – for companies and private entrepreneurs paying VAT;
- 8 % of gross revenues – for companies and private entrepreneurs not paying VAT;
- 15% of gross profit – for companies and private entrepreneurs using gross profit as a tax base;
- 5 % of gross revenues – for companies and private entrepreneurs not paying VAT and conducting business in rural population centers and several towns in the Brest, Vitebsk and Gomel regions;

- 3 % of gross revenues – for companies and private entrepreneurs paying VAT and conducting business in rural population centers and several towns in the Brest, Vitebsk and Gomel regions;

The tax period is a calendar year.

The reporting period is:

- calendar month - for companies paying VAT;
- calendar quarter – for those not paying VAT, or paying VAT quarterly.

Taxpayers must submit a tax return by the 20th of the month following the reporting period and pay the tax not later than the 22nd of the month following the reporting period.

Taxation in a Free Economic Zone (FEZ)

Belarusian legislation provides for a special legal regime for legal entities and private entrepreneurs, registered as residents of an FEZ. At present there are six free economic zones (FEZ) in Belarus: “Brest”, “Minsk”, “Vitebsk”, “Mogilev”, “Gomel-Raton” and “Grodnoinvest”.

Legal entities and private businessmen in the Republic of Belarus can be registered as residents of an FEZ if their place of location is within the boundaries of the FEZs and if the declared amount of investment in production is not less than EUR 1 million.

The following are the main tax benefits for the residents of an FEZ:

- the profit from selling of own goods produced in FEZ is free from taxation for a period of five years from the date of declaration of profit;
- after the above-mentioned five-year term, profit tax shall be paid in the amount of 50% of the general profit tax rate, which shall not exceed 12%.
- VAT shall be paid in the amount of 50 % of the general VAT rate (i.e. 10 %);
- Real Estate Tax is not paid for buildings located on the territory of the FEZ;
- exemption from custom duties and VAT of materials and equipment imported onto the territory of an FEZ.

There are also other special taxation regimes:

- for residents of the High Technology Park;
- unified tax for private entrepreneurs and other private individuals;
- for companies conducting business in rural areas;
- for companies conducting business in towns with a population of up to 50,000;
- unified tax for producers of agricultural production;
- tax on the gambling industry;
- tax on income from the lottery business;
- tax on income from conducting electronic interactive games;
- fee for craft activity;

- fee for services in the sphere of farm tourism.

H. Subsidiaries/Branches/Representative Offices

- Can the investor establish a branch, subsidiary or representative office?

A Belarusian investor can establish:

- a branch
- a subsidiary
- a representative office on the territory of the Republic of Belarus
- a representative office abroad

A foreign investor can establish the following on the territory of the Republic of Belarus:

- a subsidiary
- a representative office not conducting commercial activity
- a representative office conducting commercial activity (a so-called “permanent establishment”).

A company is considered to be a subsidiary of another (parent) company if this parent company by virtue of predominant participation in its charter capital, or in accordance with a contract concluded between them, or otherwise has the possibility to determine the decisions adopted by the subsidiary.

The representative office of a legal entity is situated outside the location of the legal entity and is created for the purposes of the representation of the entity’s interests.

A branch of a legal entity is situated outside the location of the legal entity and carries out all or part of its functions, including the functions of a representative office. Representative offices and branches are not legal entities. They shall be provided with property by the legal entity which opens them and operate by virtue of the Regulations approved by the parent company.

The property of representative offices or branches is accounted separately on the balance sheet of the respective legal entity.

The heads of representative offices and branches are appointed by the legal entities and operate by virtue of the powers of attorney issued by these legal entities.

A representative office of a foreign organization is not a legal entity thus it can conduct commercial activities only on behalf of the company which it represents. Those activities that are subject to licensing can be conducted upon the receipt of the relevant license. The representative office of a foreign organization is considered to be formed in the territory of the Republic of

Belarus as of the date that it obtains a permit from the Ministry of Foreign Affairs of the Republic of Belarus in accordance with the procedure established by legislation.

- If so, how long does registration or incorporation take?

The registration of a subsidiary is conducted under general rules of registration. See Section C-E above.

Belarusian law does not stipulate the procedure for the registration of a branch or representative office of a Belarusian legal entity. Information on all representative offices and branches must be specified in the constituent documents of the legal entity which created them.

Permits for opening the representative office of a foreign organization by the Ministry of Foreign Affairs of the Republic of Belarus are issued within 10 business days from the day of filing of all required documents and can be suspended up to a month.

- What costs and fees are involved?

For costs and fees involved in the registration of a subsidiary see Section E above. The opening of a branch and representative office of a Belarusian legal entity is free of charge.

The state fee for the opening and operation of the representative office of a foreign organization in the Republic of Belarus is 65 basic rates for each year of operation (approximately USD 795). The foreign organization shall also bear expenses for the legalization and translation of documents to be submitted to the Ministry of Foreign Affairs of the Republic of Belarus for the registration of a representative office; legal services fees (if any); notarization of Regulations of the representative office; banking fees and other expenses.

- What is the investor's potential liability?

A subsidiary is not liable for the obligations of its parent company.

Generally, parent companies are not liable for the obligations of their subsidiaries except for the following cases:

- The parent company is subject to liability for the obligations of the subsidiary if the economic insolvency (bankruptcy) of the subsidiary was caused by the parent company's guilty actions and the subsidiary's funds are not sufficient to cover its debts.
- The parent company, which has the right to give binding instructions to the subsidiary, is jointly and severally liable with the subsidiary with regard to transactions concluded by the latter implementing such instructions.

Other shareholders of the subsidiary are entitled to claim compensation from the parent company for damages caused to the subsidiary through its fault.

Any liabilities arising from the activities of branches and representative offices are borne by the parent company.

- Must a national of the country be a participant, manager or director?

Generally, a participant, manager or director of a company need not be a national of the country. There are no requirements regarding the nationality of a participant, manager or director.

As a rule, foreign employees must obtain work permits and residence permits. This process takes about one month and costs approximately USD 170-250. Certain categories of foreign nationals (permanent residents of Belarus; a certain number of employees of foreign companies' representative offices; shareholders and CEOs of foreign investment companies; accredited international mass media staff, etc.) do not need to get work permits.

- Are there restrictions on capitalization?

There are no restrictions on capitalization. See restrictions stipulated in Section VIII (B).

- What are the investor's tax consequences?

Belarusian companies (i.e. registered in Belarus) are resident taxpayers. Foreign companies are taxpayers with regard to economic activity conducted in Belarus, income from sources in Belarus and property located in Belarus.

The branches and representative offices of legal entities which have a separate balance sheet and a current (settlement) or other bank account, shall calculate the amount of taxes, dues (duties) and execute the tax liability of such legal entities unless otherwise established by the law.

For more information see Sections H above and XII below.

- Are these tax consequences different than those of a local company?

Tax consequences for a foreign organization depend on whether such organization carries out commercial activity in the Republic of Belarus through a permanent establishment. If the foreign organization carries out commercial activity in the territory of Belarus through a permanent establishment, it is subject to profit tax for income gained as the result of such activity and other relevant taxes as a Belarusian legal entity.

Foreign organizations which do not carry out activity in the Republic of Belarus through a permanent establishment and which receive income from sources in the Republic of Belarus, pay income tax (unless otherwise provided for in international treaties) at the following rates:

- royalties, licenses, other income – at a rate of 15 %;
- dividends and income received as a result of selling shares in the charter capitals of Belarusian organizations – 12 %;
- interest from debt obligations of any kind – at a rate of 10 %;
- payment for transportation, freight related to international transportation – at a rate of 6 %;
- dividends and income from debt obligations, royalties and licenses, received from the residents of the High Technology Park – at a rate of 5 %

I. Trusts and other Fiduciary Entities

- Are trusts or other fiduciary entities recognized?

Belarusian law recognizes trust management.

- If so, how are each defined?

Enterprises and other property complexes, separate fixed assets, securities, rights certified by non-documentary securities, exclusive rights, and other property can be objects of trust management.

The property of unitary enterprises cannot be transferred into a trust management.

Private entrepreneurs and commercial organizations, with the exception of unitary enterprises, can be trust managers unless otherwise stipulated by the laws.

Trust management of monetary funds can only be carried out by banks or non-banking financial organizations and is governed by banking laws.

As a rule, trust management is carried out under an agreement with the owner of the property.

- What are the legal consequences of a transfer of assets to a trust or fiduciary?

While carrying out the trust management of property, the trustee has the right to perform any actions with respect to this property in accordance with the trust management agreement in the interests of the trustor or the beneficiary.

Limitations with respect to individual actions relating to the trust management of property can be stipulated by the laws or the agreement.

The trustee, which fails to provide due care, bears liability for the losses caused thereby, unless he/she proves that these losses occurred as a consequence of force majeure or the actions of the beneficiary or the trustor.

The trustee shall bear personal liability for the obligations arising from transactions concluded by him in excess of the powers granted to him or in violation of the limitations established for him. If third persons participating in the transaction did not know and could not have known about the excess of the established powers or the limitations, the obligations which arose shall be subject to performance in accordance with procedure. In this event, the trustor can demand compensation for losses incurred by him from the trustee.

Only banks and non-banking financial institutions can carry out the trust management of monetary funds.

The forms of trust management of monetary funds include:

- absolute trust management - the trustee shall independently manage the trustor's monetary funds to the extent prescribed by respective instructions and shall be obliged to notify the trustor on each action taken, unless otherwise provided for in the agreement;
- trust management with consent - the trustee shall manage the trustor's monetary funds under obligatory preliminary coordination with the trustor of any action to be taken;
- trust management by order - the trustee shall manage the trustor's monetary funds only on the latter's order.

The trustee's rights to the entrusted monetary funds shall be protected in the same way as the trustor's rights to such monetary funds, including protection against wrongful acts of the trustor himself/herself.

- Can the investor be the grantor, trustee or beneficiary?

The investor can be a grantor (trustor), trustee or beneficiary. A trustee cannot also be a beneficiary.

Residents shall obtain a permit from the NBRB to entrust money to non-residents.

The activity of a trustee in the trust management of securities is subject to licensing in Belarus.

VIII. REQUIREMENTS FOR THE ESTABLISHMENT OF A BUSINESS

A. Alien Business Law

- Is the business subject to any alien business law?

Typically, business carried out in Belarus is governed by Belarusian law. Parties can choose to subject their relationships to alien law, unless such choice contradicts the law of the Republic of Belarus.

- Are there registrations or reporting requirements?

In order to establish a business in the Republic of Belarus, the investor shall need to incorporate a legal entity (become a shareholder in an existing legal entity) in accordance with the established registration procedure (see Section C above). Subsequently, membership change must be registered and changes to the entity's registered location must be reported to the registration body. There are no special reporting requirements for foreign investment companies.

B. Antitrust Laws

- Do the entity's operations comply with anti-trust laws?

The Law of the Republic of Belarus "On Counteraction to Monopolistic Activity and Competition Development" of December 10, 1992, as amended (hereinafter – the "Antitrust Law") shall extend to economic entities, public authorities and their officials whose activity has or can have the effect of restricting competition on product markets through transactions with shares or the acquisition of shares in the statutory funds of economic entities.

The abuse of a monopolistic position, the determination and maintenance of monopolistic prices, restrictive agreements and practices, unequal treatment of contractors and other similar types of activity are considered to be unfair competition and are prohibited. In case of violation, the offender may be required to terminate its unlawful activity; ordered to pay damages; fined in an administrative proceeding; prohibited from conducting certain types of activity; or prosecuted.

- Are there filing requirements?

Approval of the antimonopoly authority is required when:

- an economic entity which covers more than 30 percent of the market of particular goods acquires shares in another entity, dealing with similar products;
- an economic entity, covering more than 30 percent of the market of particular goods, makes deals with regard to the shares of another entity dealing with similar products;
- any entity or individual, foreign government, international organization or their bodies acquires more than 25 percent of the shares of a legal entity, or makes other transactions, if as a result of such transactions these subjects get the opportunity to influence the decisions of an economic entity occupying a dominant position on the market;
- any legal entity or private individual, foreign government, international organization or their bodies make deals with more than 25 percent of the shares, as well as other transactions if as a result of such transactions these subjects get the opportunity to influence the decisions of an entity occupying a dominant position on the market;
- an entity or individual, their groups, foreign states, international organizations or their bodies, acquire the rights which allow them to substantially determine the terms of the entity's

business activity or exercise the functions of its managing body. Starting from January 16, 2010, approval is required in case of the purchase of the rights of 20 or more percent of the shares of a legal entity if the books assets value of the legal entity on the last reporting date is more than 100,000 basic rates (approximately USD 1,300,000) or gross profit from sales in the preceding financial year exceeds 200,000 basic rates (about USD 2,600,000).

C. Environmental Regulations

- Is the business of the investor subject to environmental regulation?

All business entities are subject to environmental regulations.

- If so, are there added costs involved (e.g. audit requirements)?

An environmental audit of the economic and other activities of legal entities or private entrepreneurs can be voluntary or compulsory and is conducted at their own expense. The following is typically subject to environmental audit:

- documentation (design, technical, technological, operational, etc.);
- business plans of investment projects during the modernization or reconstruction of existing production,
- annual business plans for economic and other activities when there is a potential environmental risk, etc.

D. Government Approvals

- Are government approvals required for the anticipated business?

For certain types of activities and operations a special permit (license) must be obtained from the state. Certain types of goods and services can be subject to quality control.

- If so, how long does this process take?

Typically, permits (licenses) are issued within 20-30 business days after all required documents are filed with the respective governmental authority.

- What fees are involved?

A state fee for obtaining a license is 8 basic rates (approximately USD 100).

B. Insurance

- Must the enterprise carry insurance?

The enterprise must carry insurance in cases stipulated by the law.

- If so, what kind of risks must be insured?

The following is subject to mandatory insurance in the Republic of Belarus:

- civil liability of vehicle owners;
- carrier's civil liability towards passengers;
- harm in connection with the implementation of the real-estate activity of commercial entities
- crops, livestock and poultry;
- civil liability of the crisis managers in insolvency (bankruptcy) proceedings;
- industrial accidents and occupational diseases;
- other

- Is there a state monopoly on insurance?

Compulsory insurance is carried out by state insurance companies and (or) insurance companies, with more than 50 percent of shares belonging to the Republic of Belarus and (or) its administrative and territorial units, unless otherwise stipulated by the President of the Republic of Belarus.

There is a quota of 30% of foreign investment in the statutory funds of all insurance organizations of Belarus.

C. Licenses/Permits

- Are licenses or permits required for the anticipated activity?

Decree No. 17 of the President of the Republic of Belarus "On the Licensing of Some Kinds of Activities" of July 14, 2003 (hereinafter – Decree No. 17) stipulates 49 types of activity which are licensed. The list of licensed activities is slated to be significantly cut shortly.

- If so, how does the investor apply for and receive the necessary license or permit?

The following persons have the right to obtain a license:

- legal entities of Belarus;
- private entrepreneurs registered in Belarus (unless legislative acts establish that only legal entities have the right to carry out the respective licensed activities);
- foreign legal entities and organizations created in accordance with the legislation of foreign states, provided that they have a representative office on the territory of Belarus (unless legislative acts establish that only legal entities and private entrepreneurs registered in Belarus have the right to carry out the respective licensed activities)

- private individuals applying for permission to render legal services (as attorneys or notaries).

A license is issued for certain kinds of activity (with an indication of the work and services comprising such activity) and is valid throughout the territory of Belarus or part thereof in accordance with legislation. Carrying out licensed types of activity without a license or rendering work and services not indicated in the license is illegal and prohibited.

The following documents must be submitted to the respective licensing body:

- application;
- copies of constituent documents and the registration certificate of the applicant;
- the document confirming payment of the state fee for the issuance of the license;
- should the applicant be a foreign organization - a legalized extract from the trade register of the country where the foreign organization is founded or another equivalent confirmation of the legal status of the foreign organization in accordance with legislation of the country of its foundation;
- other documents determined by the President of the Republic of Belarus or relevant regulations.

- How long does it take to receive the license or permit?

Applications are considered within one month from the submission date. The term can be extended should there be a need for additional investigation.

IX. OPERATION OF THE BUSINESS

A. Advertising

- Are there restrictions on advertising?

Restrictions on advertising are stipulated in the Law on Advertising of May 10, 2007 (as amended). The restrictions apply to:

- advertising of certain goods (medicine, alcoholic beverages, weapons, narcotics, etc.);
- advertising locations (educational establishments, residential areas, etc.);
- means of advertising (mass media, television, radio, billboards, etc.);
- contents of advertisements (required information, wording, colors, etc.).

The following types of inappropriate advertising are prohibited:

1) unfair

Advertising is unfair if it contains false and inaccurate information about the product or the advertiser's business activity, which can violate the rights and legitimate interests of legal entities or private individuals, including information regarding:

- composition of goods, method and date of manufacture, purpose of use, consumer characteristics, application conditions, availability of quality certificates, place of origin and other characteristics of the goods;
- availability of goods on the market, possibility to purchase the goods in a specified amount, within a specified period of time and in a certain place;
- price and terms of payment;
- delivery, exchange, return, repair and maintenance of goods;
- warranty, service life, awards;

The use of superlatives or other words that create the impression of the superiority of the product over other products, unless this fact is officially confirmed, is also unfair advertising.

2) misleading

Advertising is misleading, if it contains misrepresentations with regard to:

- the right to use state symbols, as well as the symbols of international organizations;
- intellectual property objects;
- statistical data;
- references to recommendations or approvals by organizations or citizens;
- name, location and other information about the advertiser (except for type of activity);
- comparison of organizations or citizens;
- contests, lotteries, games, and other types of gambling.

3) unethical

Advertising is unethical if it:

- contains textual, visual and (or) the sound information that violates the generally accepted standards of morality and ethics, including offensive language, comparisons, images with regard to race, nationality, appearance, age, sex, language, profession, social class, religious, political and other beliefs of citizens;
- denigrates the objects that are of historical and cultural values;
- discredits state symbols (flag, emblem and anthem), the official currency of the Republic of Belarus or any other state, international organizations, religious symbols;
- denigrates any organization or citizen, any activity, profession, commodity;
- discredits an organization or a citizen, who does not use the advertised goods;
- contains a negative assessment of the quality of goods of an organization or citizen;
- contains a comparison of the advertised goods with the goods of another organization or another citizen;
- misleads consumers, including through the imitation (copying) of the total composition, text, images, music and (or) the sound effects used by another advertiser.

4) hidden

Hidden advertising is advertising, which is not perceived by the consumer, through the use of special video (dual audio) and in other ways.

B. Attorneys

- Is it necessary to have local counsel?

There is no requirement for a company to have a local counsel. However, given the complexity and specificity of the legal system and regulations, a company should have a local counsel.

- How can local counsel be found?

A company can get legal advice in the sphere of business in the following ways:

- 1) Hire an in-house lawyer (the company can contact a recruitment agency to get assistance in finding candidates);
- 2) Enter into a Legal Services Contract with a Law firm or a licensed private entrepreneur (business practicing lawyers licensed by the Ministry of Justice of Belarus);
- 3) Seek assistance from an advocate (advocates are a group of lawyers specialized usually in the fields of criminal, family, civil matters, certified by the Ministry of Justice of Belarus).

- How much are attorneys' fees?

There is no unified system of attorneys' fees. They can differ significantly depending on the level of professionalism and qualifications of the lawyers. Usually business lawyers operate by virtue of hourly rates, which differ in various law firms. Legal fees can be subject to discussion between the client and the lawyer.

C. Bookkeeping Requirements

- Must the investor keep local books of accounts?

According to the Law on Accounting of October 18, 1994 (as amended), legal entities of Belarus as well as their branches as well as representations of foreign companies have the obligation to organize and conduct financial accounting according to the laws of the Republic of Belarus. Representative offices of foreign companies located on the territory of Belarus can organize accounting according to the regulations of the state of the parent company, if such regulations conform to international accounting standards and the laws of Belarus.

- In what form must the investor keep accounts (e.g. GAP, in what language, etc.)?

Pursuant to the Law on Accounting, accounts must be kept in the Russian or Belarusian language and in local currency. There is no restriction on the right of a company to maintain a separate set of books prepared in accordance with another accounting standard. However, only accounting prepared in accordance with the Law on Accounting have a legal standing in the Republic of Belarus.

D. Business Ethics/Codes

- Are there certain business ethics or codes, which the investor must follow (e.g. GAAP for accountants, etc.)?

While there is no general business ethics code in Belarus, certain professions can be subject to the provisions of ethics regulations. For example, respective ethics regulations apply to the medical profession, legal profession (e.g. public notaries, advocates, business law practitioners, judges and prosecutors), internal auditors, real estate agents, etc.

E. Consumer Protection Laws

- Are there consumer protection laws, which apply to the investor's operations?

The Law N 90-3 of the Republic of Belarus "On the Consumer Protection" of January 9, 2002, as amended (hereinafter – the Consumer Protection Law) provides for the legal framework for consumer protection. The Law determines the main obligations of the manufacturer (seller) regarding information about the goods and their quality; the scope of the manufacturer's (seller's) liability towards consumers; consumers' rights and ways they are protected; statutes of limitations. According to the Consumer Protection Law, the manufacturer (seller) is obliged to ensure the safety of goods within the life of service or, in the absence of such term, within ten years of the sale date. Upon the discovery of defects (non-conformity of goods) consumers can require:

- replacement of a defective product;
- proportional reduction of price;
- free elimination of defects;
- compensation of expenses incurred by the independent elimination of defects.

The manufacturer (seller) is obliged to provide consumers with full and accurate information about the goods, including information about the composition of goods, the method and date of manufacture, purpose of use, consumer characteristics, application conditions, availability of quality certificates, place of origin and other characteristics of the goods. Certain types of goods require quality control. The sale of such goods without quality certificates is not permitted.

The seller is liable for damages caused to consumers by defective goods, including compensation of emotional distress.

F. Construction

- What are the costs of construction?

The cost of construction varies depending on the type of project, location of the construction as well as other circumstances and usually includes:

- cost of works and costs associated with the allocation of land and the development of the construction site, etc.
- cost of assembly works, including internal plumbing and electrical work, etc.
- cost of works on engineering of the adjacent area;
- cost of landscaping the territory, including work on the vertical layout, construction of driveways, pavements, paths, etc.;
- costs of services provided by developers, technical supervision, etc.;
- state fees for obtaining construction permits, taxes;
- wages and salaries, other expenses.

Other expenses can also be included in the cost of construction depending on the type of building and legislative requirements.

- Are permits required for construction?

Performance of engineering surveys, design and construction works (including new construction, reconstruction, restoration and the capital repair of buildings, including relevant installation works) is subject to licensing. Moreover, it is necessary to obtain a construction permit before construction is commenced.

- How is authorization to construct obtained?

The construction license is issued by the Ministry of Architecture and Construction of the Republic of Belarus if the licensee (business entity or private entrepreneur) meets all the requirements provided by law.

The construction permit is issued by the competent authority to the applicant, subject to the filing of all required documentation with respect to the site on which the building is to be constructed as well as the project, on the basis of which construction work is to be conducted, and also based upon the payment of certain fees.

- How long does it take to receive authorization?

A construction license and permit shall be issued to the applicant within a maximum period of 30 calendar days starting from the date on which the required documentation was filed.

- What fees are involved?

The following fees and expenses can be incurred in connection with obtaining a construction license and permit:

- a)state duty for obtaining a construction license in the amount of 8 basic rates (approximately USD 98);

- b) contributions to the innovation fund of the Ministry of Architecture and Constructions vary from 0.25 % to 13.5% and are paid from the construction cost (with the exception of housing);
- c) local construction taxes (rates vary).

There are no charges for the issue of construction permits.

G. Contracts

- Can the investor freely enter into local contracts?

The investor can enter freely into local contracts, provided that such contracts do not involve an activity for which the investor is not duly authorized. For example, certain types of activity require state permission (license) or the execution of certain formalities (tenders, approvals, etc.).

- Can the law of another country govern the contracts?

The law of another country can govern local contracts if there is a “foreign element” involved in such contracts: any party (both parties) is a non-resident; the contract is concluded or executed abroad; the subject of the contract is located abroad, etc. The designation of applicable law can be express or implied from the wording of the contract and associated circumstances taken as a whole. The parties cannot eliminate mandatory conflict of laws rules stipulated by law. Such agreement shall be found invalid and the respective conflicts of laws rules shall be applied.

H. Price Controls

- Are there applicable price controls?

As a general rule, prices are set freely and must be fixed in the local currency. However, prices for certain goods (foodstuff, medicine and goods for children) are regulated. In addition, the merchandise margin for goods imported for sale to organizations for their own production or use is limited to 30% of the import price, which includes the contractual price and the sum of customs duties, transportation costs, credit interest, insurance costs, and other costs connected with import. The wholesale margin for goods produced by third parties is 20% of the selling price for each wholesaler.

Belarusian legal entities (including those with foreign investments) and private entrepreneurs are required to sell 30% of foreign currency on the Belarusian Stock Exchange within 7 business days of the day in which the currency is received. Exemptions from this requirement apply. For example, residents of the High Technology Park are not obliged to sell foreign currency received as a result of their activity.

I. Product Registration

- Must the entity register its product?

Goods, supplies and substances imported or produced in Belarus are subject to state sanitary registration if they pose a potential health hazard. The following goods must also be registered: goods used for production-technical purposes; goods for personal (consumer) needs, raw materials and foodstuffs; materials and products used for manufacturing, packaging, storage, transportation, sale, and other types of alienation of foodstuff.

In addition, as of 2006, all producers in Belarus must bar-code their goods.

- If so, how is registration obtained?

The state sanitary registration of products is conducted by the Ministry of Health of the Republic of Belarus and its authorized bodies and organizations. In order to obtain a registration certificate the entity must submit the following documents to the Ministry of Health of the Republic of Belarus:

- application form;
- list of products submitted for registration;
- legalized copies of production documents;
- legalized copies of quality documents confirming that the substances and materials used in production do not pose a health hazard;
- application instructions;
- quality documents for the product (original or a legalized copy);
- package and labeling samples in Russian or Belarusian.

State sanitary registration includes:

- signing a contract for performance sanitary registration services (works);
- preliminary examination of submitted documents;
- determination of the scope and order of laboratory research;
- sampling of products for laboratory research;
- laboratory tests of products in an accredited laboratory;
- examination of the results of the laboratory tests;
- registration of respective information about the products in a state register;
- registration and issuance of certificate of state registration of products.

- How long does the process take?

The process of sanitary registration takes about 30 days after the filing of all required documents.

- Are there fees involved?

Fees for registration depend on the type of goods and the country of origin and range from approximately USD 4 to 23 for each item.

J. Reductions or Return on Capital

- Can capital be repatriated while the corporation is still ongoing?

The investor's capital can be repatriated while the corporation is still going through:

- 1) payment of dividends to foreign shareholders subject to withholding tax at a rate of 12%, unless otherwise stipulated by applicable treaties on the avoidance of double taxation;
- 2) capital fund reduction (and the amount of reduction paid to the shareholders) subject to certain regulations.

For example, according to the Law on Business Entities from December 9, 1992 (as amended), the capital fund of a limited liability company can be reduced through a proportional reduction of the value of contributions of all participants, unless otherwise provided for by its constituent documents or the decision of the general meeting of members of a limited liability company, which has been adopted unanimously. The following requirements must be met:

- 1) after the reduction the amount of capital fund is not less than the minimum amount required by the law (if such limitations are fixed);
- 2) the shares of the members remain the same;
- 3) all creditors are notified within 30 days of the decision being made or a respective notification is published in a specialized state publication.

K. Sale of Goods

- Are there restrictions on the manner, time or place for the sale of goods?

The following restrictions exist with regard to the sale of goods in the Republic of Belarus:

- 1) retail sales are subject to licensing;
- 2) wholesale of oil products and alcoholic beverages is subject to licensing;
- 3) retail sales of alcoholic beverages are prohibited:
 - in small retail stores in rural areas;
 - in retail stores of less than 50 square meters;
 - in buildings where production enterprises are located;
 - at educational, medical, theatrical, cultural institutions, and hostels;
 - at sports facilities;
 - dietetic canteens, cafeteria for children, other retail points for children and teenagers;
 - in buildings where state authorities are located;
 - at gas stations, unless they are equipped with separate grocery stores or dining facilities;
 - at a certain distance from religious institutions;
 - via Internet;
 - through vending machines or other electronic machines;

- two hours before and during cultural and entertainment events within 500 meters of the event's location.

4)certain goods (timber, woodwork, certain types of foodstuff, ferrous and nonferrous objects) can only be purchased on the Stock Exchange if purchased by:

- state enterprises;
- enterprises with the state as a shareholder;
- legal entities and private entrepreneurs exporting these goods and some other organizations.

5) the sale of the following goods as samples is prohibited outside the trading place:

- jewelry;
- fireworks;
- pharmaceuticals;
- biologically active supplements to be sold only in pharmacies;
- veterinary medicines;
- weapons and ammunition.

Other limitations can be fixed by local authorities (for example, prohibition on the sale of fruits and vegetables during the winter period; prohibition on the sale of alcoholic beverages at night).

L. Trade Associations

- Are there trade associations the investor can or must join?
- If so, are there fees involved?
- Are there mandatory trade practices?

Business organizations can create or be members of any non-commercial association. State associations are a specific type of association.

State associations are associations of state business organizations, business organizations with state capital (the state is often the majority shareholder), and private business organizations. Generally, state associations are established on a production-branch basis. The purpose of a state association is not only the coordination of members of the association and representation of common interests, but also general corporate governance. The list of state business organizations, business organizations with state capital affiliated to state associations is established for each branch of the economy by the respective branch Ministry. Other legal entities (private business organizations and individual entrepreneurs) can join state associations on a voluntary basis.

X. CESSATION OR TERMINATION OF BUSINESS

A. Termination

- What are the tax consequences of terminating the business?

Upon termination of a business all tax obligations are discharged. However, a business shall not be terminated unless tax authorities certify that the company has fulfilled its obligations towards the state, unless the debt is considered to be unrecoverable.

- What costs are involved in termination?

There are no state fees for the termination of a business. However, certain expenses may be incurred:

- charges for the publication of information on the termination of the business;
- charges for archiving documents;
- charges for closing bank accounts (can be established by some banks);
- compensation to the liquidator (if established).

- How long does it take to terminate a business?

It takes at least two months to terminate a business. In practice, the process can take up to six months or more. The specific term depends on whether the company has tax and other obligations before the state and if so, how quickly it settles such obligations.

- How is the investor's particular form of business treated on termination?

Generally, the investor's form of business does not matter at the termination stage. Specific regulations may apply with regard to banks and financial institutions, insurance companies and joint-stock companies established as a result of privatization, non-profit and other organizations.

- Can the business be terminated without government approval or intervention?

No. A business can only be terminated by a government act, regardless of whether the termination was initiated by the founders or by government authorities (registration body or the court).

- What are the obligations toward creditors, employees and others upon termination?

1) Obligations towards employees

Employees must be given at least 2 months notice of the upcoming termination of the employer. The notification can be replaced with compensation in the form of two-month salary on the consent of the employee. Employees are also entitled to a free day a week (unpaid, unless

otherwise agreed by the parties) to search for new employment. All employees are entitled to severance pay in the amount of three average monthly salaries.

Upon the termination of employment, the employer must pay all salaries and compensations to its employees.

In the case of mass layoffs (generally, a mass lay-off is termination of at least 25 employees), the employer must notify the employment service specifying the professions and salaries of the employees to be dismissed. Such notification must be made at least two months prior to dismissal.

2) Obligations to the state

Before a business can be terminated, the company must be inspected by tax, customs, and social security authorities as well as by the insurance company and the archives. If any unfulfilled obligations are discovered, termination is postponed until the company pays all taxes and mandatory fees. Debt before the state may be unrecoverable and can be written off provided that all of the following conditions are met:

- the three-year limitation period has passed since the debt was formed;
- absence of commercial activity for more than 6 consecutive months prior to the commencement of the inspection;
- absence of property to cover the debt;
- absence of the possibility to call on the shareholders to be liable for the obligations of the company (if the shareholders can be held liable for the company's obligations);
- absence of a criminal cause of action.

3) Obligations to creditors

After the decision on the termination of business is taken, the employer must make a relevant notification in an official state publication. The purpose of such publication is to notify all potential creditors of the termination and to establish a deadline for claims. The publication must be made at least two months before the purported termination of the business. If the company's assets are not enough to satisfy all creditors' claims, such claims are satisfied proportionately. The uncovered debt is considered to be discharged.

4) Obligations to shareholders

On its termination, the company must pay its shareholders dividends and return their shares of contributions to the charter capital. The respective sums can only be distributed after the other creditors' claims (including those of the state, employees, pledged obligations, other creditors, etc.) are satisfied. If after all other claims have been satisfied the company does not have sufficient funds to satisfy the claims of all its shareholders, such claims are satisfied proportionately to their interest on the charter capital.

- What are the tax consequences of termination?

Distributions made to shareholders upon the company's termination are subject to income tax. After the company's termination the shareholders are not liable for its uncovered tax obligations.

B. Insolvency/Bankruptcy

•What is the extent of the investor's liability in the event of insolvency or bankruptcy?

As a general rule, shareholders are not liable for the obligations of the company. However, if the insolvency/bankruptcy of the company was caused by its shareholders (director or other persons) authorized to give mandatory instructions (orders) or to otherwise influence the company's activity, such persons can be held liable for the obligations of the company, if its funds are insufficient to discharge all obligations. The creditors (their successors), the prosecutor as well as other state authorities can require the application of such additional liability within 10 years after the commencement of bankruptcy proceedings in commercial courts.

•What choices, if any, are available to the investor with regard to the restructuring of the business?

Within the insolvency/bankruptcy proceedings commercial courts can order either to liquidate the company or "reorganize" it (improve its financial standing in order to avoid liquidation). The following measures can be taken to restore the company's solvency:

- discharge of debts;
- fulfillment of the obligations of the debtor by the owner of the debtor's property or by a third person;
- financial assistance from a specialized fund administered by a state agency in the sphere of bankruptcy;
- conversion of production;
- termination of unprofitable enterprises;
- sale of the debtor's property;
- cession (assignment) of debts;
- providing the debtor with grants, subsidies, subventions;
- sale of the debtor;
- other methods.

The decision on restructuring is taken by the court if there is evidence that the improvement of the company's financial standing is possible and reasonable, provided that the restructuring plan prepared by the insolvency administrator is approved by the creditors.

XI. LABOR LEGISLATION, RELATION, AND SUPPLY

A. Employer/Employee Relations

- What laws govern employer/employee relations?

The main law governing employment and labor relationships in the Republic of Belarus is the Labor Code of the Republic of Belarus of 26 July 1999 (hereinafter – “Labor Code”). The Labor Code regulates the main aspects of an employment relationship: conclusion, amendment and termination of employment agreements (contracts), their terms and conditions; working hours; wages; leave; workers’ compensation; employment discipline; collective bargaining; liability; resolution of disputes; peculiarities of the employment of certain categories of people (minors, part-time and temporary employees, women with children, persons with disabilities, etc.). Each of the categories listed above is regulated in a more detailed way by the acts of the President of the Republic of Belarus, the Government, the Ministry of Labor and Social Security of the Republic of Belarus, and other state authorities.

- Are there obligations to train employees?

Employers can be required to train some of the employees. For example, regular training is required for independently practicing lawyers (as compared to in-house counsel), auditors, employees of tourist agencies, healthcare specialists, clearing agents, and other categories of employees. Employers can also be required to train the employees hired to do work for which they have no professional training.

B. Employment Regulations

- Must the investor hire nationals of the country?

The investor is not required to hire Belarusian nationals.

- Is there a minimum wage?

The minimum wage is established annually by the Council of Ministers of the Republic of Belarus and is a minimum state standard to be complied with by all employers.

- Is there a maximum number of hours an employee can work each week?

As a general rule, the maximum number of hours an employee can work each week is 40. For certain categories of employees (minors, persons with disabilities, employees of hazardous industries, etc.) the maximum number of hours can be reduced.

- Is there a minimum number of vacation and sick days to be given?

As a general rule, employees have a minimum of 24 calendar days per annum for vacations. For certain categories of employees (pedagogical, healthcare employees, minors, persons with disabilities, etc.) the number of days is higher.

C. Hiring and Firing Requirements

- Must the investor employ a minimum number of people?

There aren't usually any limitations on the number of employees an organization can have. However, in order to get a special permit (license) to conduct certain types of activities (for example, legal practice, auditing services, etc.) a minimum number of employees may be determined by the law.

- Must the investor employ a minimum number of nationals?

There is no requirement for the investor to employ a specific number of nationals. However, in order to get a special permit (license) to conduct certain types of activities (for example, legal practice) a minimum number of certified employees may be required, since only nationals may be subject to such certification.

- Must nationals hold certain positions in the company?

There are no explicit requirements on hiring nationals to certain positions. However, certain positions in a given industry or practice may be restricted to nationals.

- Are there rules to follow in hiring/dismissing personnel (e.g. notice)?

The Labor Code requires that written employment agreements are signed with all employees. These agreements must include all substantial terms of employment and may be concluded for a definite or unspecified term.

Employment agreements can only be terminated on the grounds provided by the law. Any type of employment agreement can be terminated:

- upon consent of both parties;
- on grounds beyond parties' control;
- if a party has committed a violation.

Employment agreements concluded for a specific term can be terminated upon their expiration. Agreements for an indefinite period of time can be terminated on the employee's request after a one-month notice. Employees may be entitled to severance pay if termination occurs through the employer's fault. The employer's written notification of termination may be required.

Redundancies are allowed if it is impossible to transfer employees to other positions. The employer is obliged to notify employees two months in advance and provide severance pay of 3 months' salary. On the employee's request, the notification of forthcoming dismissal can be substituted by the payment of compensation. Unions (if any) must be notified two weeks before the redundancy. In the case of mass layoffs, the State Employment Service must be notified.

- Does the investor have a continuing obligation towards dismissed employees?

Generally, the investor does not have a continuing obligation towards dismissed employees.

D. Labor Availability

- Is adequate skilled or unskilled labor available for the anticipated business?

Adequate skilled and unskilled labor is available in Belarus. The country has one of the highest literacy and education levels among CIS countries. The Belarusian workforce is permanently recognized for its high level of education and qualification.

E. Work Permits

- Are work permits required?

Foreign citizens and stateless persons are required to obtain work permits. Certain categories of aliens are exempt from this requirement:

- refugees and refugee applicants;
- permanent residents of Belarus;
- diplomatic staff and employees of foreign representations;
- founders and directors of foreign investment companies;
- accredited international mass media staff, etc.

- If so, how are they obtained?

In order to obtain a work permit, the foreigner must submit the following documents to the immigration authorities:

- application form;
- copy of the alien's passport;
- document confirming payment of a state fee.

- How long does the process take?

It takes about three weeks to obtain a work permit.

- What fees are involved?

The state fee for obtaining a work permit is 5 basic rates (about USD 61).

F. Safety Standards

- Are there safety codes that must be followed?

The main safety regulations for the workplace are determined in the Labor Code (Chapter 16) and in the Law of the Republic of Belarus On Workplace Safety from June 23, 2008. Certain issues of health and safety at work are regulated by other laws and legal acts of state authorities.

G. Unions

- Are unions recognized?

Trade unions are recognized, and employees' right to membership is encouraged and guaranteed by the state.

- What are the unions in the investor's business?

The main purpose of the unions is to protect the employees' employment and labor rights. Unions supervise the implementation of employment and labor regulations by the employer. They can require the employer to amend employment agreement which violate the law. The employer is obliged to give two weeks notice to the unions regarding the termination of employment agreements. In certain cases, termination is not permitted without the unions' consent. The unions provide employees with the information about the employer and about employees' employment rights and obligations. The unions are entitled to conduct collective bargaining, exercise control of the implementation by the employer of collective bargaining agreements and organize strikes.

- What are these unions' political affiliations, if any?

Unions are voluntary non-political associations aimed at protecting the socio-economic rights of employees. They participate in drafting legal acts in the sphere of employment, in order to ensure that employees' rights are protected and their interests are taken into consideration.

- Is there an obligation on the part of the employer to organize unions?

The employer is not obliged to organize unions. As a rule, no unions are formed in private organizations, with exception of large plants or similar big enterprises.

- Are there mandatory collective bargaining agreements for the business involved?

There are no mandatory collective bargaining agreements for the business involved. However, any employer is obliged by law to negotiate provisions of collective bargaining agreements with its employees and sign such agreements if consent for all of their provisions is given. The Labor Code provides for a detailed procedure of collective bargaining and the ways in which collective bargaining disputes are settled.

XII. TAX ON CORPORATIONS

A. Allowances

- What are the major allowances (e.g. capital cost depreciation)?

Tax depreciation is only applied to fixed and intangible assets being used in business activity.

Profit is not taxable if it is:

- profit of organizations with more than 50 % of employees being disabled;
- profit of organizations from sale of produced crops (except flowers), livestock fishing and bee farming products;
- foreign gratis aid or international technical help;
- profit from the production of baby foods;
- profit from services rendered by hotels during three years from the beginning of such activity at tourist facilities pursuant to the list stipulated by the President of the Republic of Belarus;
- profit from rendering roadside services during five years from the moment of the implementation of such objects;
- profit from the sale of cars and car components produced within three years of the month following the one when a respective agreement with the Ministry of Industry was entered into.

Taxable profit is reduced by:

- profits directed towards financing capital investments in the construction of industrial and residential facilities, as well as directed towards the repayment of bank loans received for these purposes;
- profits from the production of prosthetics;
- sums of real estate tax, off-shore fee, and stamp duty

Belarusian tax legislation stipulates a number of incentives directed towards encouraging certain business activities, e.g. organizations producing laser-optic technologies pay profit tax at a reduced rate. Furthermore, certain tax allowances are accumulated in such special tax regimes as the simplified taxation system, High Technologies Park and Free Economic Zones.

- What are the major deductible items?

(a) Companies can deduct expenses incurred during production and sale, as well as overhead costs.

Part II of the Tax Code of the Republic of Belarus does not contain the list of expenses to be deducted, and only establishes the requirement to consider expenses for tax purposes. However, certain expenses are specifically deemed to be incurred while obtaining taxable incomes and are, accordingly, entirely deductible, the main of them are:

o material expenses (raw materials, fuel, energy, expenses connected with the preparation and starting-up of new production);

olabor expenses (salaries, bonuses, compensations, payment of vacations, as stipulated by labor legislation);
 osocial security payments;
 ointerest on loans, except overdue loans, and loans for acquiring intangible assets;
 ointerest on promissory notes and transfer notes issued by organizations;
 otelecommunication expenses;
 osponsorship of hockey and football clubs.

(b) However, the Tax Code defines gross profit as the sum of profit from the sale of goods, property rights and overhead income, less overhead costs. Main overhead costs are:

openalty fees for the violation of contractual obligations;
 oexpenses incurred when holding meetings of shareholders;
 oexpenses incurred due to suspension of work;
 oexpenses incurred with discounting of the merchandise;
 oother

(c) Certain expenses have limited deductibility. The main categories of such expenses are as follows:

orepresentative expenses;
 obusiness trip expenses;
 ofuel-energy resources

• What are the major expenses that are excluded from deductibility?

Generally, all expenses not connected with the production and sale of goods (works, services) are not deductible. However, there are expenses explicitly mentioned as non-deductible, the main ones being:

oall payments to employees exceeding the amounts stipulated by law and made on employer's initiative;
 odividends;
 openalty fees paid to the budget;
 ocontributions to the charter capital of companies.

B. Calculation of Taxes

- How is the taxable base determined?

The taxable base is determined specifically for every tax. It can be expressed, for example, as taxable profit (for profit tax); cost of goods, works, services (for VAT); cost of the object (for real estate tax).

C. Capital Gains

- What are the federal or national tax rates on capital gains?

Belarusian legislation does not stipulate any special tax on capital gains. Capital gains obtained by companies are considered to be one of the sources of revenue for them and are taxable at a rate of 24%.

- What are the regional or state taxes on capital gains?

There are no regional or state taxes on capital gains.

- What are the municipal or local taxes on capital gains?

There are no municipal or local taxes on capital gains.

D. Filing and Payment Requirements

- When must the corporation file its tax return, if any?

As a general rule, taxpayers file tax returns with tax authorities not later than the 20th day of the month following the reporting period.

Payers of profit tax can choose either one month or three months as the reporting period. The profit tax reporting period for foreign companies conducting business activity in the Republic of Belarus through a permanent establishment is three months.

Foreign companies file activity reports in the Republic of Belarus and submit tax returns with tax authorities not later than April 15 of the year following the reporting one.

- When must the corporation pay its taxes?

Organizations pay taxes not later than the 22nd day of the month following the reporting period (except Land and Real Estate taxes).

- Are taxes paid in installments or annually?

As a rule, resident corporate taxpayers pay taxes monthly or quarterly, while foreign companies conducting business activity in the Republic of Belarus through permanent establishments pay taxes quarterly (for specific regulations regarding Land and Real Estate Taxes see below).

E. Miscellaneous Taxes Due

- Is there a tax on capital?

There is no specific tax on capital.

- Is there a business license tax?

There is no specific business license tax.

- Is there an apprenticeship tax?

There is no specific apprenticeship tax.

- Is there a training tax?

There is no specific training tax.

- Are there other taxes?

The Tax Code stipulates a number of other taxes applicable to companies, including local taxes:

o Local Taxes and Duties

Local Taxes and Duties are stipulated by Part II of the Tax Code. Local authorities are empowered to introduce local taxes within the rate limits prescribed by the Tax Code. There are 3 local taxes currently levied from companies: tax for rendering services, dues for territory development and dues from procurers. Local Taxes are paid by companies if they do not apply the simplified taxation system and are not payers of Unified Tax for producers of agricultural products.

Tax for Rendering Services

Taxpayers are companies (except for those applying simplified taxation system) rendering services in the following spheres: markets, fairs, exhibitions and sales, hotels (camping, motels), restaurants (bars, cafes), discos, billiard and bowling clubs, hairdresser's (beauty salons), solariums, real estate; mobile communications; cable TV; repair of vehicles for private individuals; tourist, and cosmetic services.

The tax base is determined as service proceeds, and the tax rate cannot exceed 5% of the tax base.

Dues for Territorial Development

These dues are levied for the purpose of the maintenance and development of infrastructure and the renewal of roads. Every company, if it is doing business in a specific administrative territory is obliged to pay these dues in the amount of 3% of net profit.

Dues from Procurers

Taxpayers are organizations dealing with the industrial procurement of wild plants, mushrooms and agricultural production for subsequent processing and sale. The tax base is determined as the value of the procured object determined on the basis of procurement prices, and the tax rate cannot exceed 5% of the tax base.

Tax returns are filed quarterly by the 20th of the month following the reporting quarter. The tax must be paid by the 22nd of the month following the reporting quarter.

o Real Estate Tax

Organizations owning buildings (not completed buildings if the construction term has expired) in Belarus pay Real Estate Tax. The tax base is determined as the value (residual value) of the real estate object. The tax rate is 1% of the tax base. Real Estate Tax is paid quarterly in the sum of $\frac{1}{4}$ of the annual tax sum not later than the 22nd of the month following the reporting quarter. The tax return must be filed not later than on the 20th of the month following the reporting quarter.

o Land Tax

Land Tax is paid by organizations owning or using land (under a lease agreement).

Land Tax rates are determined depending on the purpose and allocation of the land plot and do not depend on the results of business or other activity of the land user or owner. The tax base for the Land Tax is the cadastre cost of the land plot. The Land Tax is established as an annual fixed payment per hectare of land.

Land Tax rates are determined by Part II of the Tax Code and Annexes to it.

Companies calculate Land Tax and file tax returns annually, not later than the 20th of February. If the taxpayer is a lessee or the land was obtained from the state for the first time, the tax return is filed within a month of the day on which the land was obtained.

Land Tax is paid quarterly in equal parts not later than on the 22nd of the second month of each quarter in the sum amounting to $\frac{1}{4}$ of the annual sum due. Tax returns on lands used for agricultural purposes are filed by April 15, July 15, September 15, and November 15.

o Ecological Tax

Ecological Tax is levied for:

- Emission of pollutants;
- Effluent discharge or dumping of pollutants in the environment;
- Dumping of waste;
- Transfer of oil and oil products via the territory of Belarus;
- Production and/or import of plastic, glass or paper packaging;

- Production and/or import of goods, that produce wastes, which have a detrimental effect after the loss of their consumer qualities;
- Production and/or import of goods that contain 50% or more of volatile organic compounds.

The tax base is the actual volume of emission, dumping, transfer, etc. of the relevant substance. The tax rate for each activity is prescribed in a fixed sum per given unit of measure.

o Tax for the Mining of Natural Resources

The Tax is levied on companies mining for the natural resources explicitly listed in Article 211 of the Tax Code.

The tax base is the actual volume of the mined natural resources.

The rates of the Tax for Mining of Natural Resources are stipulated in Annex 10 to the Tax Code of the Republic of Belarus depending on the type of natural resource.

F. Registration Duties

- Are there registration duties due upon the incorporation of a company?

The state registration fee is 5 basic rates (approximately USD 65).

- Are there registration duties due upon an increase in capital?

The state fee for the registration of amendments to constituent documents (including amendments regarding capital increase) is 1.5 basic rates (approximately USD 18).

- Are there registration duties due upon the transfer of the company's shares?

The state fee for the registration of amendments to constituent documents (including amendments regarding share transfer) is 1.5 basic rates (approximately USD 18).

- Are there registration duties due upon a transfer of corporate assets?

The transfer of real estate must be registered with the National Cadastre Agency. The registration fee is 4.4 basic rates (approximately USD 54). The transfer of other assets does not generally involve the payment of state fees.

- Are there any other registration duties due?

Naturally, the procedures demanding state registration with the authorities demands registration dues to be paid, and no procedure will be completed without paying it. Persons are also required to pay for:

- State registration in the State Register of Securities of:

- shares of a Joint-Stock Company - 0.2 % of the nominal value of emission but no more than 300 basic rates (approximately USD 3,660);
- shares of a Joint-Stock company incorporated through the reorganization of another entity - 30 basic rates (approximately USD 366);
- shares issued from the company's own sources – 10 basic rates (approximately USD 122);
- Registration as a resident of a Free Economic Zone – 50 basic rates (approximately USD 610);
- Permission for the opening of the representative offices of foreign companies in the Republic of Belarus and extension of the term of their activity - 65 basic rates for each year of operation (approximately USD 793);
- other registration duties may apply.

G. Sales Tax or other Turnover Tax

- What is the system of sales tax (e.g. VAT, cumulative)?

The Tax Code of the Republic of Belarus stipulates that value added tax (hereinafter – VAT) is levied from turnover from sale of goods (works, services) on the territory of Belarus, including goods (works, services) sold to employees; turnover from the exchange of goods (works, services); turnover from the gratuitous transfer of goods (works, services); transfer of the lease object.

VAT payers are legal entities incorporated in Belarus, foreign legal entities (structures not being legal entities), simple partnerships, economic groups, and branches of companies if they run a separate account.

If a foreign company, not registered as a taxpayer in Belarus, renders taxable services or sells goods on the territory of Belarus, the obligation to calculate and pay VAT to the budget is imposed on the companies, registered as taxpayers in the Republic of Belarus, that acquire such goods, works or services.

- Is input tax creditable against output tax?

The sums of the VAT submitted to the company acquiring goods (works, services) are deducted from the total sum of the tax to be paid by the company.

- What are the tax rates?

The VAT rates are as follows:

0 percent on exported goods;

10 percent on the sale of crops and meat products (except for flowers, ornamental plants and fur), fish products and honey products produced on the territory of the Republic of Belarus; as well as the import and (or) sale of foodstuff and goods for children under the list approved by the President of the Republic of Belarus;

20 percent is the generally applied rate;
 9.09 percent or 16.67 percent - on the sale of goods at regulated consumer prices including the tax;
 0.5 percent on the import of diamonds and other jewels from the Russian Federation for industrial needs; and
 24 percent – on the sale and (or) import of the beet sugar in Belarus.

- What are the filing and payment requirements?

The tax return must be filed not later than the 20th, and the tax must be paid by the 22nd of the month following the reporting period. The general reporting period is the calendar month. Taxpayers whose proceeds do not exceed BYR 3,815,000,000 (approximately USD 1,310,000) have the right to choose the reporting period to be monthly or quarterly.

H. Social Security and Welfare System Contributions

- Are social security contributions due?

Employers are obliged to make compulsory social security contributions (temporary disability, pregnancy, maternity leave) in the amount of 6 percent of all payments made to employees as well as compulsory insurance contributions for industrial accidents and professional diseases (insurance rate is 0.6% of the payments made to employees, except for certain types of payments the exhaustive list of which is provided by law).

- Are retirement or pension contributions due?

Employers make obligatory pension contributions from their own funds in the amount of 28% of all payments made to employees. Apart from that, employers are obliged to withdraw 1% of the employees' salaries as pension contributions to be made at the expense of the employees.

- Are unemployment insurance contributions due?

Current legislation does not stipulate any unemployment insurance contributions due.

- What are the filing and payment requirements for any such contribution?

Employers are obliged to pay social security and insurance contributions not later than the stipulated payday.

I. Special Tax Schemes

- Are there particular tax consequences of doing business in the country?

A company incorporated in the Republic of Belarus is considered to be a tax resident and is obliged to pay taxes on income from sources in Belarus and abroad.

Foreign companies are not tax residents of the Republic of Belarus and shall only pay taxes on income received from carrying out commercial activity in Belarus, income from sources in Belarus and on property located in the Republic of Belarus.

J. Tax on Profits

• What are the federal or national income tax rates on profits?

•

Belarusian companies and foreign organizations carrying out activity in the Republic of Belarus through a permanent establishment pay Profit Tax at the rate of 24%. Foreign organizations which do not carry out their activity in the Republic of Belarus through permanent establishments and receive profit from sources in the Republic of Belarus pay withholding tax at the following rates:

- royalties and other income at the rate of 15%
- dividends at the rate of 12%,
- interest at the rate of 10%,
- income in the sphere of international freight and transportation – 6%.

• What are the regional or state tax rates on profits?

There are no regional taxes on profits.

• What are the municipal or local tax rates on profits?

There are no municipal or local taxes on profits.

K. Tax Treaties

• Are there any applicable tax treaties?

The Republic of Belarus has entered into Double Tax Treaties with more than 60 countries.

• Are there any rules against treaty-shopping?

Current Belarusian legislation does not stipulate any rules against treaty-shopping.

L. Territoriality Rules

• Where is a corporation subject to tax?

Corporations incorporated in Belarus are subject to tax in the Republic of Belarus for incomes from any activity, while foreign corporations are subject to tax only for incomes received from the sources in Belarus.

- Is the corporation subject to tax on its worldwide income?

According to the Tax Code of the Republic of Belarus, taxed income of a Belarusian company (a company incorporated in Belarus) is calculated with consideration of profit, as well as loss, received from activity abroad, if the Belarusian company is registered as a tax payer in such foreign state for this activity.

A Belarusian company shall pay income tax from all profits received from abroad, without consideration of taxes paid abroad, if the Republic of Belarus has not entered into a Double Tax Treaty with the country where such income has been received.

M. Treatment of Tax Losses

- How are corporate tax losses treated?

Losses connected with the production and sale of goods are accounted in the respective reporting period. The law does not generally allow to forward losses incurred in one fiscal year to subsequent fiscal years. However, expenses incurred before the beginning of business activity shall be accounted not earlier than the beginning of the business activity. Expenses incurred in the previous reporting period can be accounted in the reporting period if the respective accounting documents were received after the reporting period, but within the current fiscal year.

N. Wealth Tax

- Is there an applicable wealth tax?

Current legislation does not provide for a wealth tax.

O. Withholding Taxes

- What are the rates of withholding tax on dividends?

Dividends are taxed at a rate of 12%.

- What are the rates of withholding tax on royalties?

Royalties are taxed at a rate of 15%.

- What are the rates of withholding tax on interest?

Income from interest on loans is taxed at a rate of 10%.

Income in the sphere of international freight and transportation is taxed at a rate of 6%.

- What are the rates of withholding tax on profits realized by a foreign corporation?

- Foreign organizations which do not carry out their activity in Belarus through permanent establishments and receive profit from sources in the Republic of Belarus pay withholding tax at the following rates:

- royalties and other incomes at the rate of 15%
- dividends at the rate of 12%,
- interest at the rate of 10%,.
- income in the sphere of international freight and transportation – 6%.

XIII. TAX ON INDIVIDUALS

A. Allowances

- What are the major allowances?

- The Tax Code of the Republic of Belarus stipulates standard, social, pecuniary and professional tax deductions.

Standard tax deductions

A private individual is entitled to the following standard tax deductions:

- in the amount of BYR 270,000 (approximately USD 92) monthly, if income in the respective month does not exceed BYR 1,650,000 (approximately USD 565);
- in the amount of BYR 75,000 (approximately USD 26) monthly for each taxpayer's child under the age of 18 or each dependent. Parents with 3 or more children under the age of 18 get standard tax deduction in the amount of BYR 150,000 (approximately USD 53) per each child monthly;
- in the amount of BYR 380,000 (approximately 133 US Dollars) monthly for taxpayers who have suffered from the Chernobyl Nuclear Power Station explosion, other radiation accidents; who assisted in the liquidation of the consequences of the Chernobyl disaster, other radiation accidents; for heroes of Socialistic Labor, Heroes of the USSR, Heroes of Belarus, holders of the Medal of Glory, Medal of Labor Glory, Medal of the Motherland; participants of the Second World War; persons with I and II category disability; disabled children.

Social tax deductions

A private individual is entitled to the following social tax deductions:

- in the sum, paid for his/her education at educational institutions of the Republic of Belarus when receiving first higher, vocational secondary education or vocational technical training, as well as the sums of loans and interest on loans received from Belarusian organizations and private entrepreneurs actually used to pay for the first higher, vocational

secondary education or vocational technical training. Sums paid for education of an immediate relative are also deductible.

-in the sum of up to 48 basic rates a year (approximately USD 600) of insurance contributions as per agreements of voluntary life and additional pension insurance, entered into for a term of not at least five years, as well as voluntary health insurance agreements.

Pecuniary tax deductions

An individual is entitled to the following pecuniary tax deductions:

-in the amount of expenses actually incurred due to the construction or acquisition of a private house or flat, as well as the repayment of credits taken out in Belarusian banks, loans from Belarusian organizations and private entrepreneurs (including interest on credits and loans) actually used for the aforesaid purposes.

-in the amount of actually incurred expenses connected with the acquisition and (or) alienation of certain types of property, except for securities and financial instruments. If the private individual does not use the pecuniary deduction during one fiscal year, the balance can be forwarded to subsequent fiscal years until the deduction is used up in full.

Professional tax deductions

The following individuals are entitled to professional deductions:

Private entrepreneurs – in the amount of actually incurred expenses connected with doing business, the list of such expenses being determined by law.

Persons who get income from leasing - in the amount of actually incurred expenses explicitly connected with getting the aforesaid income, the list of such expenses being determined by law.

Persons who get copyright compensation as well as sportsmen - in the amount of actually incurred expenses, the list of such expenses being determined by law.

B. Calculation of Taxes

- How is the taxable base determined?

The taxable base is determined individually for each kind of income.

The taxable base on income taxed at a rate of 12%, 9% and 15% is determined as the monetary value of income subject of taxation decreased by the sums of tax deductions stipulated by law. For income taxed at other rates, the taxable base is determined as the monetary value of such income.

C. Capital Gains Tax

- Are capital gains taxable?

Capital gains are taxable. The taxable base is determined as income from the sale of securities (except bonds and interest on bonds emitted by Belarusian banks) decreased by the sums of

documentary approved expenses for the acquisition and storage of securities, actually incurred by the taxpayer (including expenses, compensated to professional participants of the securities market). If the taxpayer cannot documentarily confirm his/her expenses he/she can apply a deduction in the amount of 10% from the sum of the income.

D. Filing and Payment Requirements

- When must the individual file a tax return, if any?

Tax returns must be filed by taxpayers who:
 receive income from individuals, not being tax agents;
 receive income from sources outside Belarus;
 receive income not subject to withholding by tax agents;
 are citizens of Belarus leaving the country for permanent residence abroad.

Tax returns are filed not later than March 1 of the year following the reporting year.

- When must the individual pay his/her taxes?

Income tax withheld by tax agents is paid at the time of the payment of the respective income. Taxpayers who file tax returns pay income tax within 15 days of filing the tax return.

E. Inheritance and Gift Tax

- Does the individuals' presence in the country subject him/her to inheritance or gift tax?

If a private individual resides on the territory of the Republic of Belarus for 183 days and more, he/she is considered to be tax resident of the Republic of Belarus, and his/her income received as a gift from tax non-resident of Belarus is taxed. At the same time gifts from residents of up to 500 basic rates (approximately USD 6,121) are taxed regardless of the beneficiary's presence in the country. Income obtained by a private individual as inheritance, is generally not subject to taxation.

- What kinds of assets are subject to tax?

With regard to inheritance, tax on income is paid from compensations made to heirs of the authors of a product of science, literature, art, industrial property and other results of intellectual activity, as well as heirs of persons who possess allied rights;

With regard to gifts, tax on income is paid from the value of gifts received from tax residents of the Republic of Belarus if the value of the gift (as a total of all gifts during the tax year) is more than 500 basic rates (approximately USD 6,121).

- What are the tax rates?

The tax rate on income from inheritance and gifts is not stipulated specifically, hence, such income is taxed at a flat tax rate of 12%.

- Are allowances available?

There are no specifically prescribed allowances for these types of income. General allowances are applicable (see Section A above).

- What are the payment and filing requirements?

General payment and filing requirements apply (see Section D above).

F. Miscellaneous Taxes Due

- What are the miscellaneous taxes to which the individual can be subject?

Private individuals pay Land Tax, which is calculated by the tax authorities (the rates are determined by the Tax Code and differ depending on the location of the land).

- What are the filing and payment requirements?

Tax authorities inform the individual of the sum of tax to be paid not later than August 1 of the current year. The tax must be paid by November 15 of the current year.

G. Real Estate/Habitation Tax

- Is the private individual subject to real estate or habitation tax?

Private individuals are subject to real estate tax and pay it at a rate of 0.1 % of the value of the real estate. Tax authorities inform the individual on the sum of tax to be paid by August 1 of the current year. The tax must be paid by November 15 of the same year.

H. Sales Tax

- Does the private individual pay sales tax?

Private individuals do not pay sales tax.

I. Social Security and Welfare System Contributions

- Are contributions to social security due?

Citizens of the Republic of Belarus are obliged to pay dues to the State fund of social security in the amount of 1% of all payments made to them.

- Are contributions to the welfare system due?

No.

- If so, what are the payment and filing requirements?

Employers are obliged to withhold 1% from the employee's salaries not later than the payday.

J. Stock Option, Profit Sharing and Savings Plans

- Is there taxation of stock option plans?

In accordance with the Tax Code of the Republic of Belarus, benefits in the form of the right to stock options are not specifically determined as taxed income and there is no practice of taxation of such benefits. Any dividends subsequently obtained are subject to the 12% income tax. Income obtained from the subsequent realization of shares will be taxed at a rate of 12%.

- Is there taxation of profit sharing plans?

Belarusian legislation does not stipulate specific regulation for the taxation of profit sharing plans. However, any monetary and/or other income obtained by employees in respect of carrying out his/her activity on the basis of employment contracts, except those stipulated by law, should be taxed under general rules at a flat rate of 12%.

- Is there taxation of savings plans?

Under certain conditions, an individual (reaching a certain age, involvement in certain work for a specific period of time, etc.) is entitled to a state pension as provided for by the Law of the Republic of Belarus "On Pension Insurance" from April 17, 1992, as amended. Furthermore, private individuals are entitled to enter into additional pension insurance agreements with insurance companies or to make bank deposits in order to accumulate pension contributions. State pensions, income from interest on bank deposits, and contributions under insurance agreements (including agreements on additional pension insurance), if insurance contributions were made from the individual's own funds, are income tax deductible.

K. Taxation of Benefits in Kind

- What is the rate of taxation on benefits in kind (e.g. automobile, housing and utilities, education, etc.)?

Benefits received by individuals in any form from the employer, except for those explicitly stipulated by legislation, are taxable income and are taxed at a rate of 12%.

L. Taxes on Dividends

- Are dividends taxable regardless of their form?

Dividends are taxed regardless of their form at a rate of 12%.

M. Tax on Income

- What are the federal or national tax rates on income for residents?

The Tax Code of the Republic of Belarus determines the following income tax rates:

12% - common rate;

15% - for income received from private notary activity;

9% - for salaries paid by residents of High Technologies Park and for income of private entrepreneurs, who are residents of High Technologies Park.

- What are the federal or national tax rates on income for non-residents?

Current Belarusian legislation determines the following tax rates on income for non-residents:

12% - common rate;

15% - for income received from individuals who are not private entrepreneurs, as a result of the sale of goods (works, services) or other property to them.

N. Tax Treaties

- Are there any applicable tax treaties?

The Republic of Belarus has entered into Double Tax Treaties with more than 60 countries.

- Are there any rules against treaty-shopping?

There are no rules against treaty-shopping.

O. Territoriality Rules

- Where is the individual subject to tax?

Personal income obtained from sources on the territory of Belarus is taxed in Belarus. Income from sources abroad are only taxed in Belarus if the taxpayer is a tax resident of the Republic of Belarus.

- Is the private individual subject to tax on his/her worldwide income?

If a private individual resides 183 days or more on the territory of Belarus, he/she is considered to be a tax resident of the Republic of Belarus and is subject to personal income tax with regard to income received from sources in the Republic of Belarus and from abroad.

P. Wealth Tax

- No. Is the private individual subject to tax based upon his/her wealth?
- If so, what are the rates?
- Are there any allowances available?
- What are the payment and filing requirements?

Q. Withholding Tax

- Is salary subject to a withholding tax at the source?

Belarusian companies, private entrepreneurs, foreign organizations acting on the territory of Belarus through permanent establishments and other foreign organizations from which an individual receives income, must calculate, withhold and transfer personal income tax amounts to the budget.

•What is the treatment of residents as compared to non-residents?

Generally, tax on income received by non-residents from sources in the Republic of Belarus is withheld by organizations (private individuals) being the sources of such income. However, non-residents who receive income from individuals not being private entrepreneurs, as a result of the sale of goods (works, services) or other property must file tax returns, indicating this income prior to the beginning of the sale of goods (works, services). The authorized tax body shall calculate the sum of the tax to be paid by the non-resident. The taxpayer must file a tax return with on actually received income within five days of the final receipt of income and pay the respective tax amounts calculated by the tax authorities within five days of receiving notification on the amount of tax due.

XIV. TAX ON OTHER LEGAL BODIES

General issues

There are no specific tax regulations for certain types of entities. Therefore, general tax procedures apply to all legal entities regardless of their legal form.

XV. GENERAL TAX CONSIDERATIONS

A. Taxes Generally

- Is there a generally accepted way of structuring the company or other entity so as to ensure the desired tax consequences?

There is no generally accepted way of structuring a company, but the effective tax law under certain circumstances and upon compliance with certain requirements allows a company to choose a taxation regime which would be most favorable and beneficial for the company considering the type of activity.

- Is there an advance tax ruling that can be used to validate or invalidate the chosen form of doing business?

There is no applicable advance tax ruling in Belarus.

- Is there a general anti-tax avoidance system?

The Belarusian anti-tax avoidance system is based on granting authority to tax bodies to control observance of tax regulations by taxpayers and to impose sanctions against offenders, in order to prevent and control tax evasion.

- Can the chosen form of business be treated as a deferent form for tax purposes?

Current legislation does not stipulate the possibility of the treatment of one business form as another one for tax purposes.

XVI. IMMIGRATION REQUIREMENTS

A. Immigration Controls

- Are there immigration quotas?

The Council of Ministers of the Republic of Belarus may establish immigration quotas for other states. Aliens migrating to Belarus to join their families for permanent residence are exempt from immigration quotas. The President of the Republic of Belarus can allow aliens to arrive in Belarus regardless of the immigration quota.

- Are vaccinations required?

Vaccinations are not required to enter Belarus. However, aliens with certain diseases may be refused entry visas.

- Are medical certificates required?

Medical certificates are not required. However, foreign nationals and stateless persons temporarily arriving in or temporarily residing in Belarus, are required to have health insurance

(with Belarusian or foreign insurance companies) providing them with emergency care coverage.

The following foreigners are not subject to compulsory health insurance:

- heads of states and governments of foreign states, members of parliamentary and governmental delegations, as well as their family members and accompanying persons;
- heads and staff of foreign diplomatic missions and consular offices in Belarus and Russia, as well as their family members residing with them;
- officials of international organizations, representatives of these organizations in Belarus and Russia, as well as their family members residing with them;
- crew members of foreign military aircraft, civil aircraft of international airlines, international train crews while at the airport or at stations, foreign motor vehicles engaged in international transport;
- foreign nationals who apply for recognition as refugees;
- nationals of states which signed agreements on cooperation in health and medical science in terms of providing emergency and urgent medical care, free of charge;
- citizens of the Commonwealth of Independent States to whom emergency medical care is provided free of charge in accordance with the Agreement on the Provision of Medical Care to Citizens of the Commonwealth of Independent States, from March 27, 1997;
- foreigners transiting through the territory of the Republic of Belarus on international trains, civil aircraft of international airlines;
- foreign nationals of states which impose similar conditions on a reciprocal basis on citizens of the Republic of Belarus (those countries include: Austria, Albania, Algeria, Brazil, Britain, Egypt, Jordan, Iraq, Canada, China, Colombia, North Korea, South Korea, Lao People's Democratic Republic, Lebanon, Libya, Madagascar, Macedonia, Malaysia, Malta, Morocco, Mexico, Mongolia).

The health insurance contract entered into with a foreign insurance company must:

- indicate the name, location and the account number of the foreign insurance company;
- indicate the name and address of the foreign citizen;
- extend throughout the territory of the Republic of Belarus;
- be valid during the period that the foreign citizen is residing in the Republic of Belarus;
- provide an insurance sum of at least EUR 5,000;
- cover injuries, sudden illness or accident.

- Are entry permits required?

No entry permits are required. Foreigners are usually required to have a Belarusian entry visa. Belarusian visas are not necessary for citizens of some states, due to certain treaties (e.g. CIS countries).

- If so, must you apply for an entry permit before entering the country?

No.

- Are exit permits required?

No exit permits are required. Foreigners are usually required to have a Belarusian visa.

- Are re-entry permits required?

No re-entry permits are required.

B. Immigration Requirements/Formalities

- Is a residence permit required?

Residence permits are required and include:

-permits for temporary stay (the so-called registration required if the foreigner is staying on the territory of the Republic of Belarus for more than 3 business days, but not more than 90 days a year);

-permits for temporary residence (issued to foreigners arriving in the Republic of Belarus for a term of more than ninety days a year);

-permits for permanent residence issued to foreigners who:

- are spouses, close relatives to citizen of the Republic of Belarus residing permanently in the Republic of Belarus;
- married foreigners residing permanently in the Republic of Belarus;
- are recognized refugees or are individuals provided asylum in the Republic of Belarus;
- have the right to family reunification;
- have resided in Belarus on legitimate grounds for at least the last seven years;
- have grounds for obtaining Belarusian citizenship according to registration procedures;
- are employees and specialists the Republic of Belarus needs;
- possess unique abilities and talent or have outstanding merits in relation to the Republic of Belarus, high achievements in the field of science, technology, culture and sport;
- have invested at least one hundred and fifty thousand Euros in the economy of the Republic of Belarus or into the implementation of Belarusian state programs.

-residence permits (issued to foreigners who have obtained permits for permanent residence).

- If so, does the investor have to apply for one before entering the country?

Residence permits are only issued to private individuals (foreign citizens and stateless persons). An application is made after entering the country. If the investor is a legal entity, no permits are required.

- What information must be supplied to the immigration authorities?

1. The following documents are to be submitted in order to obtain a permit for a temporary stay:

- an application form;
- immigration card with a note from the officer of the Border Guards of Belarus on the entry of foreign citizens or stateless persons in Belarus (with the exception of foreign citizens and stateless persons who do not fill out migration cards on entry to Belarus in accordance with the law and international treaties of the Republic of Belarus, and foreign citizens and persons without citizenship who have applied for refugee status or have applied for asylum in Belarus);
- a document for traveling abroad or a document certifying application for refugee status or asylum in Belarus;
- a document confirming payment of a state fee;
- medical insurance certificate.

2. In order to obtain a permit for temporary residence, a foreign citizen submits the following documents to the immigration authorities of the place of the proposed temporary residence:

- application form;
- document confirming grounds for obtaining a temporary residence permit;
- immigration card indicating entry to the Republic of Belarus (with the exception of foreign citizens and stateless persons who do not fill out immigration cards and those applying for refugee status or asylum in Belarus or applying for permanent residence);
- document for traveling abroad and its copy (with the exception of foreign citizens and persons without citizenship applying for refugee status or asylum in Belarus);
- identification document and its copy - for foreign citizens and stateless persons seeking to apply for refugee status or asylum in the Republic of Belarus or rejection of refugee or asylum status in Belarus, are no longer deprived of their refugee status and who cannot be deported against their will to the territory of a state where their lives or freedom are in danger of persecution based on race, religion, nationality, membership in a particular social group or political opinion;
- insurance certificate (if the foreigner is required to have one);
- document confirming the availability of accommodation for temporary residence;
- document confirming payment of fees (except for foreigners who have applied for refugee status or asylum in Belarus).

3. In order to obtain a permit for temporary residence a foreign citizen submits the following documents to the immigration authorities at the place where temporary residence is proposed:

- application form;
- CV;
- document for traveling abroad (with the exception of foreign citizens and stateless persons who are recognized as refugees or granted asylum in Belarus);
- document of criminal record in the state of citizenship and (or) former residence (if available);
- documents confirming grounds for obtaining a permanent residence permit;

- document confirming the legality of the stay of foreign citizens or persons without citizenship in Belarus (registration at the place of actual residence or a temporary residence permit in Belarus);
- medical certificate confirming the absence of diseases included in the list of diseases that are dangerous to human health;
- four color photographs of the applicant, appropriate to the age, size 40x50 mm;
- document from a competent authority of the state of citizenship and (or) former residence, confirming that the foreign citizen or stateless person was not and is not married (except in cases of the reunification of spouses) - for foreign citizens and stateless persons over the age of 18, seeking a permanent residence permit in order to realize the right to family reunification (with the exception of foreign citizens and stateless persons who are recognized as refugees or granted asylum in Belarus);
- documents confirming a close relationship of the foreign citizen or stateless person to the person inviting him/her, the availability of housing, as well as a legitimate source of income, providing him/her and his/her family with the minimum living standard established in Belarus on the date of filing for a permanent residence permit – for foreign citizens and stateless persons who apply for permanent residence in order to realize the right to family reunification;
- document confirming the availability of accommodation for temporary residence;
- document confirming payment of fees (except for foreigners who have applied for refugee status or asylum in Belarus).

Thus, the types of information to be supplied to immigration authorities depend on the type of permit sought. When entering the territory of Belarus a foreigner is required to fill out an immigration card with general information (name and surname, date of birth, sex, citizenship, visa information, length of anticipated stay, purpose of the visit, hosting organization/person). If registration or a permanent or temporary residence permit is applied for, the following additional information will be required by immigration authorities: place of stay, information on medical insurance, etc.

- How long does it take to receive authorization?

Immigration cards are filled out on crossing the border. Registration (issuance of permit for temporary stay) is conducted at the time of application. Issuance of a temporary and permanent residence permit is conducted within 15 days of application.

C. Visas

- Is a visa required for travel or stay in the country?

Unless otherwise provided for by the international treaties signed by the Republic of Belarus, foreign citizens and stateless persons are required to get a visa to enter (transit, exit) Belarus. The following types of visas are issued for entering the country:

- transit visa (B);
- short-term visa (C);
- long-term visa (D).

- If so, for how long is the visa valid?

Visas are also divided into:

- single-entry visas (entitles to one entry, stay and departure from Belarus for the period specified in the visa for a specified number of days, not to exceed 90 days);
- double-entry visas (entitles to two entries, stays and departures from Belarus for the period specified in the visa for a specified number of days, not to exceed 90 days);
- multiple-entry visas (entitles to multiple (more than two) entries, stays and departures from the Republic of Belarus for the period specified in the visa for a specified number of days, but not to exceed 90 days a year, unless otherwise stipulated by international treaties of the Republic of Belarus).

- How does the investor apply for a visa?

Visas can be issued by:

- 1)diplomatic (consular) representations of the Republic of Belarus abroad;
- 2)consular department of the National Airport “Minsk” (for citizens of the countries with no diplomatic (consular) representations of the Republic of Belarus as well as for citizens of other countries (Argentina, Austria, Belgium, Bulgaria, Brazil, Canada, Chile, China, Germany, Egypt, Israel, India, Iran, Japan, Korea, Latvia, Libya, Lithuania, Netherlands, UAE, Poland, Romania, Serbia, Slovakia, USA, France, Czech Republic, Switzerland, Sweden, Turkey, Turkmenistan, Estonia, South Africa, Japan) under exceptional circumstances) – only transit and short-term visas;
- 3)main consular department of the Ministry of Foreign Affairs of the Republic of Belarus (for citizens of countries with no diplomatic (consular) representations of Belarus) – multiple-entry long-term visas.

- What documents are required?

The following documents are submitted to obtain a visa:

- visa application form for entry into Belarus and one photograph;
- document for travel abroad;
- visa support documents;
- additional documents needed for a decision on visa (on the request of a consular official).

Visa support documents are the following documents, confirming the purpose and conditions of the visit:

- invitation of a citizen of Belarus issued by the immigration authorities of the Republic of Belarus;
- petition of a legal entity of Belarus;
- tourist voucher – a form of agreement for the provision of travel services;

- certificate of the Belarusian Red Cross Society or its executive committees confirming the fact of the burial on the territory of Belarus of close relatives of the foreigner;
- a document confirming the existence of real estate on the territory of Belarus;
- a summons;
- other documents confirming the purpose of the visit.

A consular officer normally conducts a personal interview with the foreigner to confirm the reasons for visa application, intent and purpose of his/her visit to Belarus. The term of consideration of a visa application is five working days from the date of application (submission of all documents required to obtain a visa).

Foreigners applying for visas or entry to Belarus must have the means necessary to cover the cost of their stay in, and departure from the country. The availability of such funds or the assurance of such funds can be demonstrated by the presentation of:

- national currency of Belarus or of foreign currency convertible by the NBRB;
- a document allowing receipt of monetary payment;
- an invitation for temporary entry to Belarus issued by internal affairs authorities;
- a document confirming booking and payment for residence and meals in Belarus;
- a letter from a private entrepreneur or legal entity hosting the alien, guaranteeing payment of all expenses related to his/her stay in, and departure from Belarus;
- tickets to the state of his/her citizenship, permanent residence or a third country.

Foreigners entering the Republic of Belarus must have means in an amount equivalent to not less than 25 basic rates, established in Belarus on the date of entry into Belarus, for each month of stay (as of January 1, 2010, the basic rate value is about USD 12). Foreigners entering Belarus for less than one month must have means in the amount equivalent to at least one basic rate value for each day of stay.

- How long does it take to receive a visa?

It takes 10 calendar days from the application date to get a visa if the application is made in the Republic of Belarus by foreigners temporarily or permanently residing in Belarus. If the application is made to diplomatic (consular) representations of the Republic of Belarus located abroad, visas are typically issued within 5 business days after the application date. Visas can be issued within 48 hours of application according to an expedited procedure with an additional fee.

- What fees are involved?

Consular fee (state tax) is levied for the issue of visas. The fee depends on the country of the foreigner's citizenship and the type of visa.

Consular Fee Tariff of the Republic of Belarus
(for Issuing Visas to the Republic of Belarus)

Type of visa	Fee (EUR)
1. Transit visa (Type B):	

single-entry	20
double-entry	30
single-entry group (per person)	10
double-entry group (per person)	15
multiple-entry	40
2. Short-term visa (Type C)	
single-entry	
double-entry	60
single-entry group (per person)	90
double-entry group (per person)	10
multiple-entry	15
3. Long-term multiple entry (Type D)	120
	150

Certain categories of applicants are exempt from payment of consular fees, including holders of foreign diplomatic passports; children under 16; foreign citizens and stateless persons arriving in Belarus due to the death or illness of their close relatives.

Consular fees are increased:

- by 50% - if visas are issued by the main consular department of the Ministry of Foreign Affairs of the Republic of Belarus to citizens of countries with no diplomatic (consular) representation of the Republic of Belarus.
- by 200% - if visas are issued by the main consular department of the Ministry of Foreign Affairs of the Republic of Belarus to citizens of countries which have diplomatic (consular) representation of the Republic of Belarus.

Foreign citizens and stateless person applying for a visa on the territory of Belarus (except for applying to the main consular department of the Ministry of Foreign Affairs of the Republic of Belarus) pay the consular fee at a reduced rate.

XVII. EXPATRIATE EMPLOYEES

A. Cost of Living and Immigration

- How does the cost of living compare to that in the investor's home country?

The minimum consumer budget as of October 31, 2009, is about USD 92. Average income (as of August 2009) is about USD 370.

- What is the rate of inflation?

The official inflation rate in 2009 is 10.1%.

B. Drivers' Licenses

- Must the investor obtain a driver's license for that country?

Driver's licenses issued by the competent authorities of foreign countries are valid in the territory of the Republic of Belarus during three months from the date of entry into Belarus. After this period, the owner of a foreign driver's license must obtain a driver's license issued by the competent authorities of the Republic of Belarus.

A foreign citizen or stateless person, who was issued a permit for temporary residence in the Republic of Belarus, is issued a driver's license, the validity of which is limited to the term of the permit. The foreign driver's license is returned to the owner.

A foreign citizen or stateless person, who has been issued a permit for permanent residence in the Republic of Belarus, is issued a driver's license, the validity of which shall be 10 years. The foreign driver's license is withdrawn.

- How does the investor obtain a driver's license?

The investor must undergo a written examination and apply to the department of traffic police for a driver's license. The following documents must be submitted:

- 1) identification document;
- 2) international driver's license;
- 3) medical certificate;
- 4) a certificate which confirms the passing of an examination;
- 5) a document certifying payment of fees.

- What fees are involved?

The following fees are involved:

- 1) issue of the driver's license – about USD 6;
- 2) examination – USD 0,5;
- 3) service fees – about USD 1.

- Is an examination, either practical or written, required?

The investor, who has a driver's license issued by a foreign state, must undergo a written (computerized) examination, testing the applicant's knowledge of the rules of the road (the test is in the Russian language). No practical examination is required. If the investor does not have a driver's license, in order to obtain one in Belarus, he/she must undergo special training at a driving school and take both written and practical examination.

C. Education

- What types of schools are available for the investor's family?

Foreign nationals and stateless persons permanently residing in the Republic of Belarus, have equal rights with the citizens of the Republic of Belarus with regard to education, unless otherwise specified by laws and international treaties of the Republic of Belarus. The following levels of education are available for foreigners:

- general basic and general secondary education;
- vocational education;
- secondary special education;
- higher education (including Bachelor's and Master's degrees);
- post-graduate education (post-graduate, military post-graduate studies, post-internship, doctoral);
- additional education.

- What fees are involved?

General basic, secondary and vocational education is available to everyone, free of charge.

Secondary special, higher and post-graduate education is available on a competitive basis and can be free or paid. Education in private educational institutions is paid.

Foreign citizens and stateless persons permanently residing in the Republic of Belarus, as well as the citizens of the Russian Federation, Kazakhstan, Kyrgyz Republic and Tajikistan have the right to participate in the competition for free higher education in public universities, if they do not have a higher education degree.

Educational fees depend on the type of educational institution (private or public), level of education and the specialization. The fees generally range from about USD 500 – 3,000 per year.

- What is required for enrollment?

Applicants generally submit identification documents, a medical insurance policy and documents certifying the level of education and knowledge of the Russian (Belarusian) languages.

The following documents are typically submitted for enrollment to higher educational establishments:

- Application form;
- Identification document (passport with a valid visa) or residence permit;
- Medical insurance policy;
- Medical certificate;
- Documents certifying the educational level and specifying the list of courses completed;
- Applicant's photos.

Documents in foreign languages must be legalized and translated into the Russian language. Foreign applicants may be required to undergo preparatory studies in order to achieve the necessary fluency level in Russian and take a test.

Upon admission, a contract for the rendering of educational services is signed between the applicant and the respective educational establishment.

- Can the investor or company receive a tax benefit?

Under certain circumstances, education fees paid by foreign nationals and stateless persons, whose income is subject to personal income tax, can be deducted from taxable income. In addition, the parents (guardians) of students over the age of 18, obtaining secondary or first higher/vocational/secondary special education can be granted additional tax allowances. Students' monthly stipend received from the state (except for a stipend received at post-graduate level) is not subject to personal income taxation.

D. Housing

- What type of housing is available for the investor?

Any type of housing is available for the investor: hostels, hotels, apartments, houses, rooms, etc. There are a number of four- and five-star hotels in Minsk. Accommodation can be reserved through international travel agents or by direct contact. There are many agencies offering apartments and other types of housing for lease.

- Can the investor own property?

Foreign nationals and stateless persons permanently residing in the Republic of Belarus and engaged in lawful employment, business or other activities, have the right to purchase flats (houses) under contracts of sale in any localities of the Republic of Belarus. Foreign nationals and stateless persons not residing on the territory of the Republic of Belarus can only purchase flats (houses) in the Republic of Belarus if such right is stipulated by international treaties. For instance, the citizens of the Russian Federation can purchase flats (houses) on the same terms as the citizens of the Republic of Belarus.

- Must the investor have housing before entering the country?

There is no requirement that the investor has housing before entering the country. However, the investor can be required to provide information on the availability of funds to provide himself/herself with housing during his/her stay.

- Can the investor subsidize housing and receive a tax benefit?

The investor can provide financial support for housing construction (purchase) to its employees. Such expenses are exempted from corporate income tax. Financial support, received by private individuals who need improved housing conditions, reduces the personal income tax base of such persons and is not subject to social security and mandatory insurance fees. Companies involved

in housing construction (reconstruction) can be exempted from the payment of corporate income tax, real estate tax, VAT and other mandatory payments under certain circumstances. No special tax benefits exist for companies that are not themselves involved in construction.

E. Importing Personal Possessions

- How can the investor import personal belongings?

The investor can import personal belongings as luggage when entering the Republic of Belarus, separately or by post.

- Are import duties payable?

Personal belongings regardless of their value and weight are not subject to import duties if imported by:

- 1) accredited diplomatic staff (their family members);
- 2) foreigners (their family members) registered by the Ministry of Foreign affairs of the Republic of Belarus arriving in the country to work temporarily;
- 3) foreigners (their family members) moving to the Republic of Belarus for permanent residence provided that their personal belongings are imported to the Republic of Belarus within 12 months of moving.

Other aliens can import their personal belongings with the following restrictions:

- 1) personal belongings up to 35 kg valued below EUR 1,000 can be imported free of duties;
- 2) personal belongings over 35 and up to 200 kg with a value between EUR 1,000 and 10,000 can be imported on the payment of import duties at a rate of 30% of their value exceeding EUR 1,000, but not less than EUR 2 per kilo over 35 kg;
- 3) personal belongings over 200 kg valued at more than EUR 10,000 can be imported upon payment of import duties at a rate of 60% of their value exceeding EUR 10,000, but not less than 4 Euro per kilo over 200 kg;

For certain types of goods there are separate restrictions, including:

- 1) alcoholic beverages: 2 liters can be imported duty free; import duty for each additional liter is 20 Euro; the limit is 5 liters;
- 2) jewelry: 5 items can be imported duty free; import duty for each additional item is:
 - for silver items – EUR 10;
 - for gold and platinum items – EUR 50.

Restrictions also apply to tobacco products, foodstuff, vehicles, and goods with restricted use.

- Are there requirements for clearing the belongings through customs?

Personal belongings which are not subject to customs duties do not need clearance. Other personal belongings must be cleared in a simplified way – through filling out a customs declaration. The investor can choose to clear the belongings even if such clearance is not required.

F. Medical Care

- What level of medical care is available?

Although medical schools in Belarus provide a high level of education and professional training, due to lack of modern equipment, public medical care in Belarus is often below European standards. However, an increasing number of accredited private clinics offer higher quality medical care which is client oriented, though more expensive. Medical evacuation services and insurance are available.

- Is there national health care?

Yes, there is a national health care system.

G. Moving Costs

- What costs are involved in moving?

The costs associated with moving to Belarus include the cost of travel, residence permits and work permits, temporary and permanent housing and means of transportation.

- Can the investor receive any tax allowances?

No special tax allowances are established for investors. If moving costs are compensated by the employer, such compensations are deductible from the personal income tax base.

H. Tax Liability (See also Section XIII)

- What is the expatriate's tax liability?

Expatriates, considered to be tax residents of the Republic of Belarus, have the same tax liability as nationals. Foreign nationals and stateless persons are tax residents of the Republic of Belarus if they reside in the Republic of Belarus for more than 183 days in a calendar year. Foreign legal entities are tax residents of the Republic of Belarus if they have a registered office in the Republic of Belarus as well as with regard to income on activity carried out in the Republic of Belarus and income from sources or property located in the Republic of Belarus. Expatriates who are tax residents of a state with which the Republic of Belarus has a treaty for the avoidance of double taxation can reduce the tax burden that would otherwise apply in the absence of such treaty.

- What are the allowances?

No special allowances are provided for expatriates.

- Are there any applicable tax treaties?

The Republic of Belarus has concluded more than 60 treaties for avoidance of double taxation.

I. Work Contracts

- Does the investor need a work contract to work in the country?

The investor needs a written employment contract to work in Belarus. As a rule, such contracts are subject to registration by the immigration authorities of the Republic of Belarus.

- If so, does the contract have to be for a specified duration, for the performance of a specific job or position?

Employment contracts with investors can be concluded:

- 1) for an indefinite period of time;
- 2) for a specific term;
- 3) for the performance of a specific job.

- Does the contract have to be with a national or resident of the country or related state?

There is no such requirement.

J. Work Permits

- Does the investor need a work permit to work in the country?

As a rule, the investor needs a work permit to work in the Republic of Belarus. The following foreigners are required to get a work permit:

- those entering the Republic of Belarus;
- temporarily staying in the Republic of Belarus;
- granted permission for temporary residence in the Republic of Belarus

Certain categories of aliens are not required to get work permits:

- those recognized as refugees or granted asylum in the Republic of Belarus;
- those having applied for refugee status or asylum in the Republic of Belarus;
- foreigners permanently residing on the territory of the Republic of Belarus;
- foreigners working in diplomatic missions and consular offices accredited in the Republic of Belarus, representatives of international organizations and foreign firms located on the territory of the Republic of Belarus;
- working in institutions established on the territory of the Republic of Belarus in accordance with the international treaties of the Republic of Belarus, as well as foreigners who are engaged in science and culture;

- clergy involved in religious activities and religious organizations officially registered in the Republic of Belarus;
- students and interns of educational institutions;
- employees of foreign media accredited in the Republic of Belarus;
- foreigners invited for a period not exceeding 90 days to deliver lectures and other kinds of training at institutions providing higher education, professional development and retraining;
- employed otherwise in a manner determined by the international treaties of the Republic of Belarus;
- founders and leaders of business organizations with foreign investments registered as legal entities of the Republic of Belarus.

•How and where does the investor apply for the permit? What documents are required?

In order to obtain a work permit, the investor must submit the following documents to the immigration authorities (Department on Citizenship and Immigration of the General Directorate of Internal Affairs of the Minsk City Executive Committee):

- application form;
- photocopy of the foreigner's passport or equivalent document;
- a document confirming payment of the state fee for obtaining a special permit.

In order to employ expatriates the employer must obtain a special permit (license) granted by the Ministry of Internal Affairs of the Republic of Belarus. The contract with the investor is subject to registration.

• What fees are involved?

The state fee for obtaining a work permit depends on the validity term applied for:

1 year – about USD 122;
 3 months – about USD 61;
 1 month – about USD 37;
 15 days – about USD 24.

• How long does it take to receive the permit?

It takes 2-3 weeks to receive the permit.

• For how long is the permit valid?

The validity term of a work permit is one year and can be extended for a year pursuant to the same procedure as established for its issue. The validity of a work permit issued to a foreigner is

terminated in the event of the expiration of the special permit (license) issued to his/her employer for providing employment to foreign citizens and stateless persons in the Republic of Belarus.