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SIGNIFICANT TAX PRIVILEGES IN BELARUS FOR ICT COMPANIES

DEVELOPMENT OF DIGITAL ECONOMY

On December 21, 2018 the new Decree No.8 established simple and transparent rules for running innovative business models for Belarusian Hi-Tech Park residents (HTP). The revolutionary liberal regulation is given to the following activities (but not limited):

- video games publishing and developing;
- e-sport activities: team trainings, events, broadcasting;
- fully enforceable NDA and non-compete clause;
- no need for a local visa/work permission for foreign shareholders/founders and employees of HTP resident company;
- common law investment forms and instruments including funds, convertible notes, options, option agreements etc;
- development and use of IoT technologies;
- development and use of medical and bio technologies;
- development and use of block-chain technologies;
- use of cryptocurrency (stock, investment, exchange etc.) and mining;
- ICO and token issue;
- development and use of neuro networks and machine learning for AI;
- development and use of self-driving vehicles;
- development and use of drones;
- etc.

BELARUSIAN HIGH-TECH PARK: TAX INCENTIVES

ICT companies may receive a number of significant tax privileges in Belarus. To be able to use these privileges a foreign company needs to create an entity in Belarus and obtain a residency of Belarusian Hi-Tech Park (HTP).

1. HTP residents are exempted from:
 - profit tax (except 9% on gains from loans interest, selling securities, shares in HTP resident company, dividends, etc.);
 - VAT on turn-overs from selling of services (works, goods, property rights) in Belarus and purchasing from foreign companies (which are not permanently operating in Belarus) of IP rights, advertising, marketing, consulting, data processing, hosting, web-sites and databases development, big data services etc.;
 - offshore duty imposed on the payments for advertising, marketing, agency services and dividends transfer to shell companies;



- VAT on equipment, components, spare parts imported to Belarus for own use;
- 2. Employees of the HTP resident companies pay 9 % rate of Income tax;
- 3. HTP resident companies shall pay a contribution to Social Security Fund for each employee. The amount of contribution is calculated based on 34% rate from the average salary rate in Belarus for the relevant period irrespective to the employee's real paycheck.
- (e.g.: In 2017 the average monthly salary in Belarus did not exceed \$400, multiplied by 34% rate, it is only \$136 of fixed monthly contribution per each employee regardless to the actual amount of salary paid.);
- 4. Tax on dividends received from HTP residents by foreign companies (which are not permanently operating in Belarus) applied at 5% rate or less if a subject to double taxation treaties;
- 5. HTP resident also exempted from:
 - real estate tax if located on the HTP territory;
 - land tax in case of construction of buildings on the HTP territory is needed for further operations;
- 6. No taxes applied on buying, selling, mining, issuing tokens and cryptocurrencies.
- For using the mentioned incentives HTP residents quarterly pay 1 % of revenue to HTP administration.

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