

Invest in Belarus Guidebook

Investment opportunities,
legal and economic environment

PREPARED BY

 NATIONAL AGENCY
OF INVESTMENT
AND PRIVATIZATION

SORAINEN



DEAR READER,

Every year Belarus is getting more and more attractive for foreign business. This decade brought us a number of positive changes, which were warmly welcomed by the international community. Our business conditions made it possible for foreign investors to enjoy Belarus as a platform for further business development. Moreover, assisted by international organizations a number of large-scale public-private partnership infrastructure projects are being launched. Elevating borders and broadening the horizons for mutual cooperation, Belarus makes every single step to show its openness for everyone: this year we have introduced the 30-day visa-free regime for the citizens of 80 countries.

The National Agency of Investment and Privatization is a trustworthy partner for foreign business. Being the source of current information in regard of investment climate and business opportunities, we assist foreign

investors in selection of trusted partners and investment projects in Belarus. We accompany projects on every step of their implementation, including post-investment support. All the practical aspects of doing business in Belarus, our competitive edges, the unique possibilities and preferences granted for foreign investors are presented in this Guide. It also ensures complete understanding of legal aspects with reference to operations in Belarus. We did the utmost to make this Guide a benefit for the business community.

Welcome to Belarus!

Denis Meleshkin
Deputy Director,
National Agency of Investment
and Privatization

Investment Opportunities 6

1	Belarus in World Rankings: strong potential, good performance 8	3	One-stop shop for investors. National Agency of Investment and Privatization ... 26
2	Promising sectors for FDI . 11	3.1	Services 27
2.1	Pharmaceutical industry ... 13	3.2	Pilot Privatization Project. Implementing Best International Practices 28
2.2	Renewable Energy 17	3.3	Public private partnership (PPP) program 30
2.3	Automotive Industry..... 22		
2.4	Food industry 23		
2.5	IT industry 24		



Belarusian Economy 32

4	Economy of Belarus. Overview 35	5	International cooperation and foreign capital in Belarus.. 40
4.1	Growth of real GDP..... 36	5.1	FDI on net basis..... 41
4.2	Nominal GDP..... 36	5.2	Eurasian Integration..... 42
4.3	Consumer Price Index..... 37	5.3	Belarus-European Union relations. Long way from neighborhood to partnership 44
4.4	International Trade 38	5.4	Belarus-China: towards new level of cooperation . 48
4.5	Credit rates for legal persons..... 39	5.5	International economic organizations..... 50



Legal Environment for Foreign Investment 52

6.1	Investment laws	55		
6.2	Corporate law: setting up a business in Belarus. Main organisational and legal forms	66		
6.3	Privatization	71		
6.4	Merger filing requirements in Belarus	72	7	TAXES
6.5	Financial regulation in Belarus	75	7.1	Corporate profit tax (CPT)
6.6	Legal status of land and other real property	76	7.2	Withholding tax (WHT) ...
6.7	Intellectual property protection	78	7.3	Personal income tax (PIT)
6.8	Employment specifics	81	7.4	Social security fund contributions (SSFC)
6.9	Dispute resolution	82	7.5	VAT
6.10	Visa Regime	83	7.6	Land tax
			7.7	Real estate (RET)
			7.8	Offshore levy
			7.9	Ecological tax and Natural resources tax
			7.10	Taxation treaties



DEAR READER,

According to a report published by the World Bank, Belarus currently ranks 37th on its Ease of Doing Business scale (1 position up). Belarus has progress in such areas as “Getting Credit” (5 positions up) and “Trading across borders” (5 positions up). In our opinion, this reflects Belarus Government’s consistent efforts to stay competitive in attracting investors, collaborating with partners, improving its legal framework for business, and modernizing the economy.

After an almost three year recession, the national economy is growing again. Some of the growth drivers are breakthrough projects such as High Tech Park (already nicknamed by some as “Silicon Valley of the Eastern Europe) and Belarus Industrial Park “Great

growth of the number of residents from many parts of the world and a noticeable boost in revenues.

In addition, Belarus has become one of the first countries in the world to create a legal framework for cryptocurrencies and initial coin offerings. Our jurisdiction has never offered more exciting opportunities to business than before.

Kind regards,

Maksim Salahub,
Partner at Sorainen



Investment Opportunities



1	Belarus in world rankings: strong potential, good performance	8	3	One-stop shop for investors. National Agency of Investment and Privatization ...	26
2	Promising sectors for FDI .	11	3.1	Services	27
2.1	Pharmaceutical industry ...	13	3.2	Pilot privatization project. Implementing best international practices	28
2.2	Renewable energy	17	3.3	Public private partnership (PPP) program	30
2.3	Automotive industry	22			
2.4	Food industry	24			

1. BELARUS IN WORLD RANKINGS: STRONG POTENTIAL, GOOD PERFORMANCE

When compared to 2010, Belarus improved its position in the Human Development Index and ICT development index. Compared to other countries in the region, Belarus usually finds itself ranked above Ukraine or Russia, but lower than Poland, Lithuania and Latvia.

In the ranking Doing Business 2019, Belarus occupies 37th place.

According to the data of the World Bank, the Republic of Belarus has maintained its leading position on the total number of reforms aimed at improving the business climate in recent years. In the ranking of Doing Business 2019, the Republic is on the 37th position among 190 countries.

By the starting a business ranking Belarus has 29nd position, what means that Belarus made starting a business easier by abolishing the requirement to register the book of Registry of Inspections, and allowing its purchase within six months of incorporation. By the dealing with construction permits ranking Belarus has 46 position. Belarus made it easier by streamlining the process at the one-stop shop.

The organization for economic cooperation and development (OECD) in January 2018 improved the position of Belarus in the classification of country risks and moved the country from the 7th to the 6th category.

Standard & Poor's has upgraded Belarus ' long-term sovereign credit rating for foreign currency liabilities to "B" (stable Outlook). Moody's Investors Service has upgraded Belarus ' long-term sovereign credit rating to "B3" (stable Outlook). The ratings have been changed due to improved economic growth and external financing.

Fitch Ratings has upgraded Belarus ' long-term sovereign credit ratings for foreign and

domestic currency liabilities to "B" (stable Outlook). Near-term external financing risks have declined due to the preemptive government borrowing, and due to an increase in international reserves. The rating also factors in the improved terms of trade, the risks of the financial sector, the state of the state budget and the economic growth prospects.

Estimates of international rating agencies show the strengthening of the financial reputation of the Republic of Belarus.

Belarus ranked 70th among 180 countries in the Transparency International corruption perceptions index for 2018.

Belarus occupies the 34th place in the category of human potential and research and the 53rd in the category of business development in the Global Innovation Index-2018 list. The authors of the ranking referred to the strengths of Belarus such areas as education and innovation. The authors of the rating are Cornell University (USA), INSEAD Business School and World Intellectual Property Organization. The Global Innovation Index is published since 2007. Also the transfer of Belarus in 2018 to the sixth OECD classification group (Organization for Economic Cooperation and Development), which reduced the cost of credit resources by foreign banks to Belarusian importing enter-prises, was a positive moment in improving the country's credit image.

According to the assessment of the ITU Broadband Development Commission at the beginning of 2017 the Republic of Belarus was ranked 16th in terms of the amount of fixed broadband subscribers among 196 countries, which took part in the study.

Belarus ranks 53rd out of 189 countries in

the Human Development Index list. Belarus' HDI ranking for 2017 puts the country in the "high human development" group. Belarus ranks 46th out of 146 in the 2018 Social Progress Index. Belarus improved its' position in comparison with the previous results. Belarus has the highest scores on the following components of social progress: access to basic knowledge, nutrition and basic medical care, water and sanitation, shelter, personal safety.

In the report "Measuring the Information Society 2017", drawn up by the International Telecommunication Union, Belarus occupies 32nd place in the ranking on the index of information and communication technologies development. Belarus is the leader in ICT among the CIS countries. Russia ranked 45th, Kazakhstan ranked 52nd. Iceland took a lead. The ICT development index is developed on the basis of 11 indicators, which are reduced to a single criterion to compare the achievements of countries in ICT development at the global, regional and national levels. These indicators relate to ICT access, use of ICT and skills, that is, practical knowledge of these technologies by the population of surveyed countries. It is recognized

that the level of ICT development today is one of the most important indicators of economic and social well-being.

In the world ranking of investment attractiveness International Business Compass 2018, Belarus is on the 80th place among 174 countries of the world. The rating has been making up by the Hamburg Institute of World Economy in cooperation with the auditing company BDO annually since 2012.

According to the rating European cities and regions of the future 2018-2019, compiled by resource fDi Intelligence (division of The Financial Times), Minsk entered the top 10 Best Cities for Cost Effectiveness in Europe. The rating European cities and regions of the future 2018-2019 is an analysis of European cities in terms of business and investment development by 96 indicators. The calculations were carried out according to leading experts of the publication Foreign Direct Investment and analysis of the economic potential, human resources, level of costs of doing business, living standards, quality of infrastructure, ease of doing business, strategy to attract foreign direct investment.

DOING BUSINESS 2019

Country	DB index ranking
New Zealand	1
Lithuania	14
Kazakhstan	31
Russian Federation	28
Belarus	37
Armenia	41
Kyrgyz Republic	70
Ukraine	71

ICT DEVELOPMENT INDEX

Country	Index ranking
Iceland	1
Korea (Rep)	2
Germany	12
Belarus	32
Lithuania	41
Russia	45
Poland	49
China	80

HUMAN DEVELOPMENT

Country	Index ranking
Norway	1
Poland	33
Russia	49
Belarus	53
Kazakhstan	58
Turkey	64
Armenia	83
Ukraine	88

2. PROMISING SECTORS FOR FDI

The Resolution of the Council of Ministers Resolution No. 372 of 12 May, 2016 on the priority activities (sectors) for investment has determined a list of priority sectors of economy for investment. As a result, the priorities for investment activity are as follows:

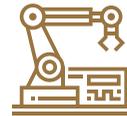
INVESTMENT OPPORTUNITIES



METALLURGY



**MECHANICAL
ENGINEERING**



**PRODUCTION
OF ELECTRICAL
EQUIPMENT**



**OPTICAL AND
MECHANICAL**



**INSTRUMENT MAKING
PRODUCTS**



**HOME APPLIANCES
AND ELECTRONICS**



**INFORMATION AND
COMMUNICATION
TECHNOLOGIES**



**CREATION AND
DEVELOPMENT OF THE
LOGISTICS SYSTEM**



**RAIL AND AIR
TRANSPORT**



2.1 PHARMACEUTICAL INDUSTRY

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

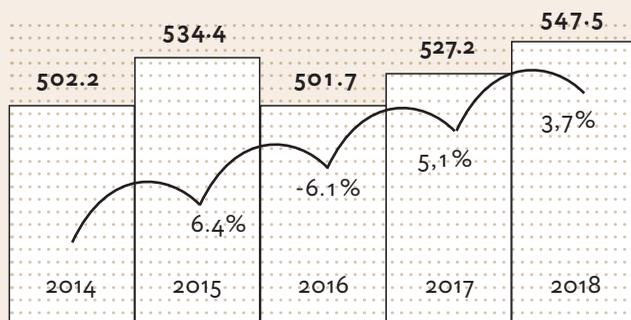
DEVELOPED HR POTENTIAL

Pharmaceutical industry of the Republic of Belarus employs more than 8.0 thsd. professionals of different levels of preparation and all with a wide range of skills. Each year, they are joined in large measure by an additional 500 graduates, which creates a stable basis for a personnel inflow into new manufacturing plants and segments of the industry.

GOVERNMENTAL SUPPORT OF INVESTMENT PROJECTS IN THE SPHERE OF PHARMACEUTICS

A comprehensive state program has been passed for the development of the pharmaceutical industry in the Republic of Belarus. According to the program, the share of locally produced medicines consumed in the country should have accounted for 55% by 2020 (in 2018 this indicator made 51.7% in monetary terms).

PRODUCTION OF PHARMACEUTICAL PRODUCTS IN BELARUS, USD MLN



The amount of medicines produced in Belarus is 1.4 thousand, or 28.5% (in 2008, the amount of medicines produced in Belarus was 550 titles).

The objectives of the Belarusian pharmaceutical industry for the period up to 2020 are the following:

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

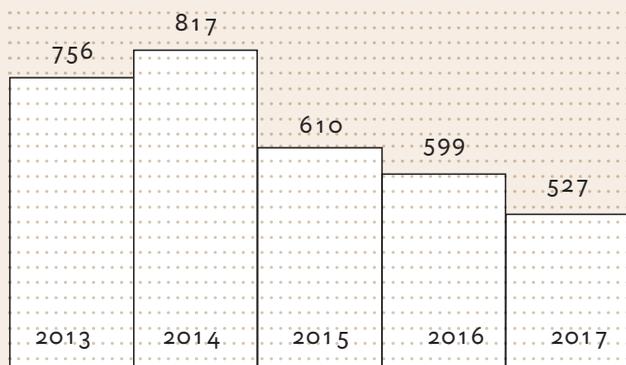
In general, over the last years the Belarusian pharmaceutical market has had a positive trend significantly outpacing GDP growth.

The production of pharmaceutical products, as well as the pharmaceutical market has a positive dynamics: over the last four years the production has increased by 109.0% to USD 547.5 million. Positive dynamics in the production was also observed in 2018, the production was increased by 103.7% compared to 2017.

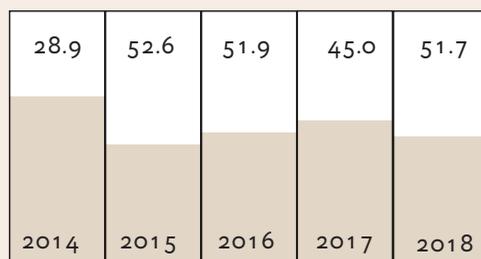
Pharmaceutical expenditure per capita in Belarus amounted to 100 US dollars in 2017.

The geographical structure of import is quite diversified. Thus, the largest shares are from Germany (7.3%), Russia (6.1%), Poland (3.7%), Austria (1.8%) and Lithuania (1.03%).

IMPORT OF PHARMACEUTICAL PRODUCTION TO BELARUS, USD MLN

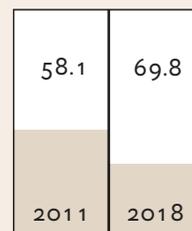


SHARE OF IMPORTED AND DOMESTIC DRUGS (IN VALUE TERMS, %)



□ Share of domestic drugs
 ■ Share of imported drugs

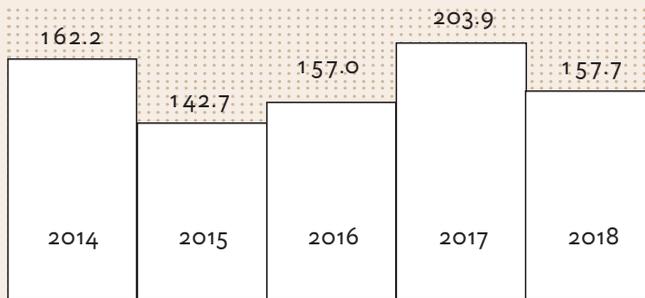
SHARE OF IMPORTED AND DOMESTIC DRUGS (IN PHYSICAL TERMS, %)



□ Share of domestic drugs
 ■ Share of imported drugs

The share of domestic drugs is increasing from year to year and consists 69,8% in 2018.

EXPORT OF PHARMACEUTICAL PRODUCTS FROM BELARUS, USD MLN



Source: National Statistical Committee of the Republic of Belarus

In order to reduce dependence on import and increase domestic production, the Republic of Belarus has adopted the "State Program on development of import-substituting production of pharmaceutical substances, finished drugs and diagnostic tools for 2010-2014 and for the period until 2020". According to this program, the share of domestic drugs in the Belarusian pharmaceutical market should have reached 55% in value terms by the end of 2020. It should be noted that the domestic drugs captured 51.7% of the market in value terms in 2018.

Implementation of the program of import substitution of the pharmaceutical industry is largely dependent on the raw materials and active pharmaceutical ingredients that are needed for medicine production, but that are not produced in Belarus. Thus, about 60 substances are synthesized in the country for the production of medicines and more than

800 are imported. Generally, substances are bought in countries with a significant competitive advantage of the production costs, namely India, Pakistan and China. Since the production of substances is very expensive and based on scale effect, and also has a low marginality, it is more appropriate to produce finished pharmaceutical products (FPPs) in Belarus.

The geographical structure of exports reflects the impact of the CIS countries (the growth is 105.5% of exported products in comparison with 2017). More than 70% of export products are accounted for the Russian Federation.

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

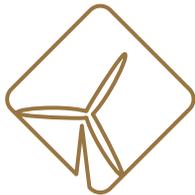
Belarus has a high level of integration into the international system of preproduction testing and medicines quality control.



2.2 RENEWABLE ENERGY

HIGH RESOURCE POTENTIAL

The Republic of Belarus has at its disposal a significant resource potential for development of renewable energy sources (hereafter – RES). Estimated technical RES potential in Belarus accounts for around 80 mln tons of oil equivalent, which notably exceeds Belarus’s total energy consumption.



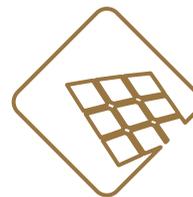
- 1840 sites for potential wind farms locations with multiple grid connection points
- 1600 MW possible wind energy capacity
- 4.9-5.3 m/s is average background wind speed at the height of 10 m
- 3.9 MW total installed capacity in Belarus



- 850 MW possible hydroenergy capacity
- the largest hydropower potential is concentrated in Grodno, Vitebsk and Mogilev regions in the river basins of Neman, Western Dvina and Dnepr
- 33,4 MW total installed capacity of 49 existing hydropower plants



- large economic potential for the use of biogas and biomass, availability of the necessary raw materials (municipal solid waste, agricultural waste, waste water treatment facilities, etc.)
- 850 MW possible hydroenergy capacity
- 14,7 MW total installed capacity of biogas plants
- >600 MW total installed capacity of biomass plants



- potential effectiveness of the use of solar panels on the territory of Belarus is more than 10% higher than in Poland and the Netherlands and more than 17% higher than in Germany, Belgium, Denmark, Ireland, the United Kingdom due to favorable isolation conditions
- several investment projects on building solar power plants with total capacity of about 120 MW are at the implementation stage

HIGH FEED-IN-TARIFFS

According to the current legislation, the state is obliged to buy energy produced by renewable power plants for the price that entails feed-in tariffs: an increasing coefficient for 10 years after the commissioning of the power plant and stimulating tariffs for the next 10 years. The cost per 1 kWh of energy, produced by different types of renewable power plants is provided in the table below³.

Increasing coefficient (for 10 years after the commissioning)		Stimulating tariff (for the next 10 years)
Wind biomass, biogas	1.3 (0.17 USD/kWh)	0.85 (0.11 USD/kWh)
Hydro	1.1 (0.17 USD/kWh)	0.85 (0.11 USD/kWh)
Solar	1.1 (0.17 USD/kWh)	0.85 (0.11 USD/kWh)

³At prices as of 20 May 2015

THE DECREE HAS INTRODUCED ALSO NEW RULES OF TARIFFS DETERMINATION

Rule No. 1

Increasing coefficient differentiation

Increasing coefficient can be differentiated either by the source of renewable energy or by electric capacity, service life and other equipment characteristics.

According to the government, the service life criterion would limit the usage of second-hand power plants, imported from other countries (for instance, wind power plants, solar panels).

According to the Law, the Ministry of Economy is entitled to establish such feed-in tariffs. In the nearest future the regulations related to the tariffs determination should be adopted. For now, it is even difficult to estimate any particular coefficients.

Rule No. 2

Voluntary decrease of the coefficient

The coefficient may be decreased on the initiative of a particular investor, who has an intent to build renewable power plant within quotas. It means that an investor can apply for a decrease of a feed-in tariff, while obtaining a permit from the authorities for construction of a renewable power plant.

Rule No. 3

Meeting the deadlines for the construction

Investors may benefit from increasing coefficients only if they meet the declared construction deadline.

The said energy can be fed into the public grid according to the old rules. These entail the increasing coefficients, applicable before the new law's entry into force (please see the table below).

Increasing coefficient (for 10 years after the commissioning)	
Wind biomass, biogas	1.3 (0.17 USD/kWh)
Hydro	1.1 (0.17 USD/kWh)
Solar	2.7 (0.36 USD/kWh)

³At prices as of 20 May 2015

SUBSTANTIAL GOVERNMENTAL SUPPORT

Due to a high dependence on imported energy resources, development of the RES industry in Belarus is one of the government's priorities. Systematic work on development of the renewable energy sector is organized and supported by all level state authorities and is expressed in:

a) providing legal guarantees

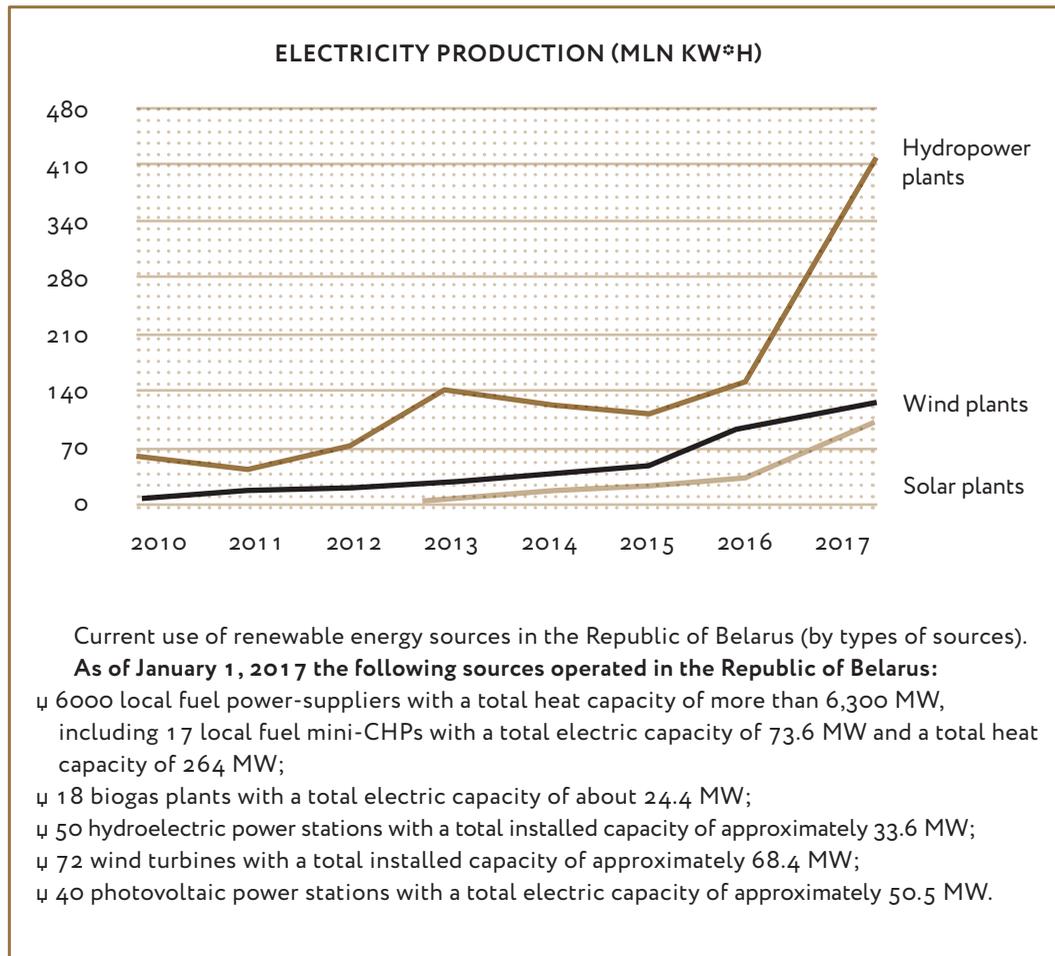
- guaranteed connection to the state electricity grid;
- guaranteed purchase by the state energy utility of all proposed energy produced from RES;

- guaranteed payment of all energy produced from RES at preferential tariffs.

b) stimulating public policy

- State Program "Energy saving" for 2016-2020;
- Decree of the President of the Republic of Belarus dated may 18, 2015 №209 "About renewable energy sources using".

c) inclusion of RES in the country's fuel and energy complex



THE ENERGY SECURITY CONCEPT SETS THRESHOLD INDICATORS OF ECONOMIC INDEPENDENCE FOR THE PERIOD UNTIL 2035:

- the ratio of the volume of production (extraction) of primary energy to the gross consumption of fuel and energy resources in 2020 is 16 %, in 2025 – 17 %, in 2030 – 18 %, in 2035 – 20 %;
- the ratio of the volume of production (extraction) of primary energy from renewable energy sources to the gross consumption of fuel and energy resources in 2020 is 6 %, in 2025 – 7 %, in 2030 – 8 %, in 2035 – 9 %.

THE COMPLETED LARGE-SCALE PROJECTS IN THE FIELD OF ALTERNATIVE ENERGY

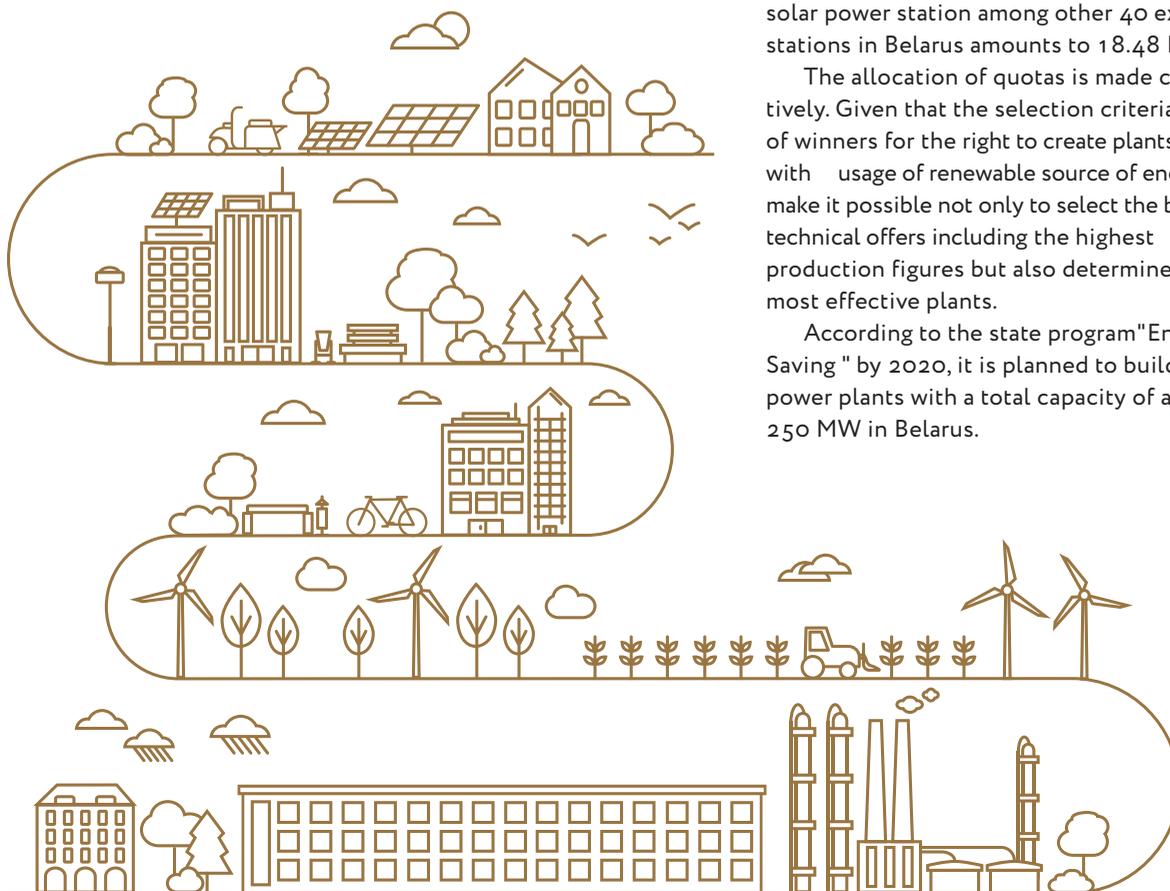
Over the last years, among the completed projects for the usage of local and renewable energy sources in state production association Belenergo the following ones can be noted: mini-CHPP (Central Heating and Power Plant) functioning with the help of local fuel types of Baran, the largest hydroelectric power station of Grodno HEPS with a capacity of 17 MW, the wind turbine of 1.5 MW in Grabniki settlement, Novogrudok, Grodno region.

In 2017, in the Republic of Belarus the installed capacity of energy source using solar energy amounted to 50.5 MW, electrical supply was 11 mln kWh.

At present the capacity of the largest solar power station among other 40 exploited stations in Belarus amounts to 18.48 MW.

The allocation of quotas is made competitively. Given that the selection criteria of winners for the right to create plants with usage of renewable source of energy make it possible not only to select the best technical offers including the highest production figures but also determine the most effective plants.

According to the state program "Energy Saving" by 2020, it is planned to build solar power plants with a total capacity of at least 250 MW in Belarus.



DEVELOPED ELECTRICITY GRID & RICH LAND RESOURCES

The Republic of Belarus has a well-developed power supply system with the total installed capacity of 10,143 MW and the total length of the state electricity grid of more than 277 thousand kilometers, and the existing infrastructure is being developed at a significant pace.

The availability of free land resources make it possible to promptly select an appropriate land plot according to the requested characteristics (size, planned RE capacity to be fed in etc.). The density of the country's electricity grid coverage is considered as high, which significantly simplifies the procedure of determining a suitable grid connection point.

ADDITIONAL INCENTIVES AND BENEFITS

Along with high resource potential and progressive legislative framework in RES sphere, the Republic of Belarus offers foreign investors a multiple number of unique advantages:

a) **by concluding an investment agreement with the Republic of Belarus a foreign company:**

- is exempt from import duties and VAT on imported equipment for its use within the framework of the investment project;
- is exempt from land tax or rent payment for the land plots being the state property, provided for the construction of the objects; – is entitled for renting a land plot of the required size without holding an auction;
- is entitled for the deduction of the full amount of VAT paid during the acquisition of the goods, property rights used for the project planning, construction, equipment of the objects provided by the investment project, etc.
- is entitled for determination without holding a tender of the general project organization, general contractor, subcontractor project, construction and other organizations, etc.

b) **while doing business on the territory of small and medium towns and rural areas a foreign company is exempt from:**

- import duties and VAT on imported equipment for its use within the framework of the investment project;
- profit tax for the first 7 years from the registration date;
- real estate tax, state duties for obtaining special permissions (licenses), contributions to innovation funds.

QUOTAS

- Before the Decree, renewable energy in Belarus was regulated by The Law of the Republic of Belarus of 27 December 2010 №204-Z "On the renewable energy sources" (the Law). According to the Law, the state guarantees to the investor access to the public grid and purchases produced energy applying feed-in tariffs (increasing coefficients and stimulating tariffs).
- Until today there haven't been any restrictions for the construction of renewable plants. Any investor could construct such a power plant and start to sell energy to the state. But the Decree introduces quotas for building renewable plants.

Quotas will apply to:

- Construction of new power plants,
- Modernization and reconstruction of existing plants. Thus, to increase capacity or to add a new facility to an existing one, an investor should obtain a permission of a public authority.

Quotas will not apply to:

- Companies, which produce energy only for their own needs and not with the aim to supply to the public grid,
- Renewable power plants being built under investment agreements with the government of the Republic of Belarus concluded and registered before 20 May 2015.

2.3 AUTOMOTIVE INDUSTRY

The industry is widely recognized for having a long-standing tradition and a high competence in machine building and manufacturing. Most companies in the sector originated as factories manufacturing equipment for the transportation of minerals, as manufacturers of tractors or as parts and components suppliers.

The automotive industry is the 3rd biggest sector of the country's industrial activity, with focus on production of own designed superheavy, heavy and middle trucks mainly plus developed buses, trolleybuses and trams. The main assemblers in the country include MAZ, MAZ-MAN, BELAZ.

Tractors and heavy commercial vehicles (trucks) are among the main industrial products manufactured, consumed within the country and exported.

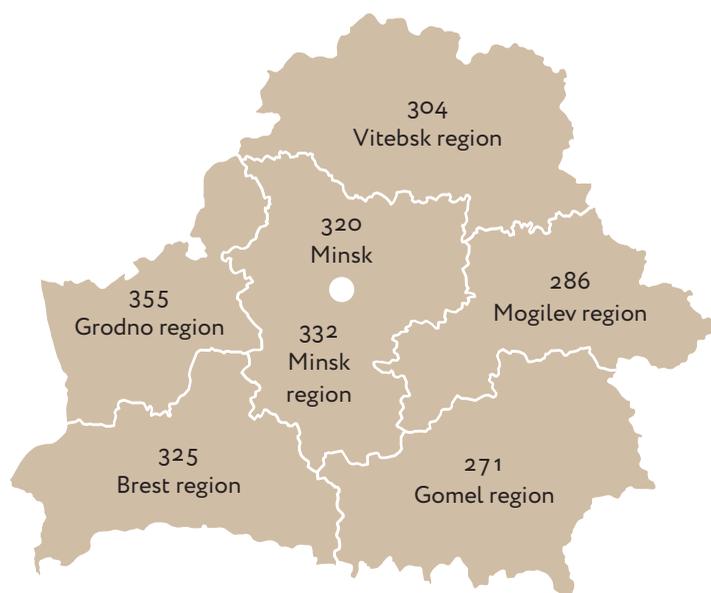
Motorization degree ratio in Belarus is one of the largest among former Soviet states and accounts for 355 passenger cars per every 1000 of the population.

Having succeeded in automobile manufacturing in Belarus, German MAN cooperates with MAZ on continuing basis now. Geely and General Motors followed them and launched production of their cars by means of cooperating with Belarusian enterprises too.

The industry has consistently been a central aspect in legislation and in innovative policies. The most relevant targets of the policies to meet in the years 2011–2015 were the following:

- restructuring and creation of an integrated industry (considering national and foreign investment);
- radical renewal of the production equipment used and the introduction of innovative technologies;
- rapid renewal of fixed assets, production of high-quality, marketable products, including meeting the requirements of Euro V and Euro VI;
- granting tax and customs privileges to automotive entities related to the Ministry of Industry and exempting them from paying

**NUMBER OF CARS
PER EVERY 1000 OF THE POPULATION**



SOURCE: Ministry of internal affairs of the Republic of Belarus

import customs duties and value-added tax on imports of processed equipment and components for the production of automotive products;

- using in production modern machinery and equipment, bought only from domestic enterprises;
- upgrading public buses and trucks.

In total 26 190 new cars were sold by Belarusian dealers in 2015. According to the number of sold new cars at the end of 2015, Renault left competitors far behind. Second place was occupied by the representatives of the German automobile industry- Volkswagen, and the third place went to the Japan automobile industry – Nissan.

2.4 FOOD INDUSTRY

The functioning of the Eurasian Economic Union of Belarus, Kazakhstan, Russia, Armenia and Kyrgyzstan opens entirely new prospects for foreign investors in Belarus. Belarus is the largest supplier of food products to the CIS countries and has a favorable geographical position to gain status as a leader in the region.

GROWTH POTENTIAL

The growth potential of the food industry in the coming years will remain at a high level as the capacity of this segment is not fully disclosed and therefore represents good opportunities for domestic and foreign investors.

RAW MATERIALS

The food industry plays a leading role in the structure of the industrial production in Belarus. Along with metallurgic production and fuel complex, the food industry is a leader in the production of industrial goods. Belarus has high potential for development of the food industry due to availability of raw materials and abundance of products produced by agriculture, Belarus labor and

land resources in the countryside.

The agriculture sector plays a significant role in the Belarusian economy. The country is rich in good soils, qualified labor and has a fair agricultural potential. Belarusian agricultural production provides more than 90% of the food supply and ensures the national food security.

Occupying only 0.15% of the world's territory and with a population of 9.49 million, the Republic of Belarus accounts for 6.24% of flax fiber, 2.8% of potatoes, 0.9% of milk, 0.8% of sugar beet, 0.3 % of meat in carcass weight and 0.25% of grain produced worldwide.

The Republic of Belarus is the leader among the CIS countries in the production of dairy and meat products, as well as in growing potatoes.

	Rank of Belarus among top 20 exporters by physical volume (2017)	Belarus' export share to export turnover of 20 top-exporters, % by physical volume (2017)
Meat of bovine animals fresh/chilled	14	0.75 %
Cheese and curd	11	3.1 %
Butter	6	5.6 %
Dairy spreads	9	18.8 %
Milk not concentrated nor sweetened (1–6% fat)	16	2.0 %
Milk and cream not concentrated and unsweetened exceeding 6% fat	14	0.6 %
Milk powder not exceeding 1.5% fat	8	4.1 %

2.5 IT INDUSTRY

IT stands as the most attractive branch of the Belarusian service sector. The country hosts more than 1,000 IT companies with over 30,000 employees. The share of IT sector in GDP is 5.1%. According to the National Statistical Committee of the Republic of Belarus, computer and IT services is the third largest service sector in the country, following transport and construction services. In addition, the share of IT services is the second in the total exports of services, following transport services.

For companies interested in IT business development, the Belarusian Hi-Tech Park (HTP) is one of the largest clusters in Central and Eastern Europe. The uniqueness of HTP is in the successful combination of high-quality technical education, high level of professionalism of its specialists and state support of the IT industry.

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

THE LIST OF ACTIVITIES FOR HTP RESIDENTS HAS BEEN EXPANDED.

The new ones are the following:

- Design, development, support, sale, maintenance of software and (or) firmware based on or using the Blockchain, and distributed databases;
- Creation, training of neural networks and other algorithms in the specialised sections of Artificial Intelligence, and implementation of the results of this activity;
- Development, support, maintenance and production of unmanned vehicle driving systems;
- Development or separate development stages of medical technologies, biotechnologies as well as the implementation of the results of these developments;
- Business processes outsourcing activity;

- Software publishing and promotion;
- Mining, cryptocurrencies exchange activity, cryptocurrency converter activity, other activity using tokens;
- E-sport activity.

UNPRECEDENTED REGULATORY ENVIRONMENT FOR THE CIRCULATION OF CRYPTOCURRENCIES AND TOKENS IS CREATED

- The rights of physical and legal entities in terms of token circulation are defined;
- Legal entities are entitled to possess tokens, create and list their own tokens through HTP residents, buy and exchange tokens, and perform other operations using tokens only through the cryptocurrency exchanges and cryptocurrency exchange operators;
- Individuals are entitled to possess tokens, perform mining, exchange tokens, buy and sell them for Belarusian rubles, foreign currency and e-money, as well as to present and bequeath tokens. The mining activity of individuals, tokens purchasing and sale shall not be considered entrepreneurial activity;
- Tokens and revenues from operations with them shall not be subject to declaration by the individuals;
- Turnovers, profits (income, proceeds) from various operations with tokens are not recognised as taxable items until January 2023.

HTP RESIDENTS' ACTIVITIES ARE SIMPLIFIED

Residents shall have the right to:

- Conduct operations with e-money without a range of limitations;
- Open accounts in foreign banks and other credit and financial institutions, and to receive money into these accounts without the permission of the National Bank;
- Move capital through currency transactions if conducted after notifying the National Bank and with their permission;
- Execute primary accounting documents

personally, when performing business transactions with non-residents of the Republic of Belarus.

Subsidiary liability for HTP residents is abolished.

IT-EDUCATION

HTP residents are allowed to engage in educational activities in the field of ICT, according to the curricula approved by the Administration of the Park of High Technologies.

INVESTMENT ACCORDING TO ENGLISH LAW IS ALLOWED

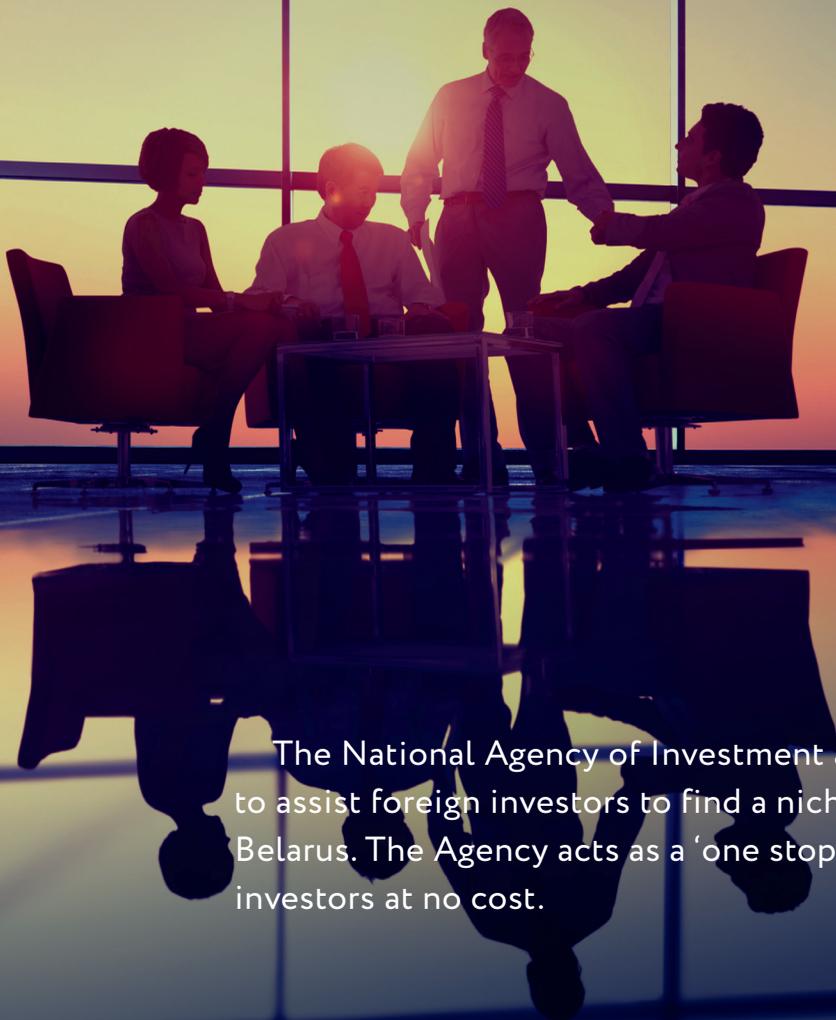
HTP residents are allowed to sign agreements with third parties that are actively implemented in international business. For example:

- Agreements on granting the right of the first refusal to execute contracts;
- Convertible loan agreements;
- Property loss indemnity agreements;
- Agreements, stipulating liability for labour pirating;
- Non-compete agreements with employees with payment of compensation for the period of non-compete obligations;
- Agreements to issue irrevocable power of attorney.

CONDITIONS FOR ATTRACTING HIGHLY-QUALIFIED SPECIALISTS TO THE COUNTRY HAVE BEEN CREATED

- HTP residents no longer have to get permissions related to the employment of foreigners. Foreign employees will receive a temporary residence permit under the simplified procedure;
- Requirements for foreign employees and founders of the HTP residents to get visas are cancelled. The maximum time limit of their temporary stay is increased up to 180 days.

3. ONE-STOP SHOP FOR INVESTORS NATIONAL AGENCY OF INVESTMENT AND PRIVATIZATION



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

3.1 SERVICES



INFORMATION SERVICES

- Handling investor enquiries
- Providing information on doing business conditions and investment climate in Belarus
- Priority FDI sector analysis
- Investment proposals
- PPP related data, including PPP projects



ORGANIZING FACT-FINDING TRIPS TO BELARUS

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



SITE SELECTION SUPPORT

- Greenfield and brown field opportunities search
- Site visits
- Facilitation in liaising with local authorities



AFTERCARE

In the framework of “aftercare” the Agency provides support to facilitate the re-investment and enterprise development, including:

- assistance in the selection of suitable land, real estate and investment projects
- search for business partners
- ensuring negotiations with local and state authorities
- assistance in solving problems when implementing an investment project
- providing information about obtaining investment incentives
- transfer investors’ proposals on improving the investment climate to the Belarusian Government and etc.



PROJECT MANAGEMENT

- Developing a road map of a project implementation
- Supplier, service provider and JV partner search and contact
- Liaising with state bodies and industry regulators
- Assistance in solving administrative issues
- Assistance in dealing with issues related to PPP projects

3.2 PILOT PRIVATIZATION PROJECT

IMPLEMENTING BEST INTERNATIONAL PRACTICES

One of the main goals of the Agency is to launch and manage a case-by-case privatization process in the Republic of Belarus in accordance with international best practices.



The Pilot Privatization Project is executed by the Agency under the supervision of the World Bank with the aim to:

- attract the best strategic investors of either domestic or foreign origin able to ensure further development of the company;
- generate revenues to the state budget as a result of successful sales;
- minimize the potential negative social impact of these transactions.

Competent Belarusian authorities has identified the State Owned enterprises from various sectors to be included into the Project. Currently the Agency is implementing the activities related to the execution of the Project with the respect to the Companies in Food, Textile and Chemical Industries.

As for the Textile Industry, involved in the Project companies are profitable, state-owned and have strong domestic and export market positions. Particularly, **OJSC "Lenta"**, (Mogilev) - the leading Belarusian producer of textile haberdashery, curtains, garments, medical dressings.

The Company carries out continuous work to expand the assortment and maintain an appropriate quality control system for the products that meet high industry standards. OJSC "Lenta" has developed

an effective distribution network both in Belarus and abroad, which has strengthened its market presence and resulted in that more than 50% of Company's products are exported.

OJSC "8 Marta" (Gomel) produces a wide range of knitted products, including dyed and printed knitted fabrics, clothes, hosiery. The Company conducts an active investment policy. Systematically conducted technical re-equipment of production forms a positive economic effect and ensures an increase in the level of competitiveness of the Company's products in the domestic and foreign markets.

Regarding the Chemical Industry, the companies are characterized by having a stable financial condition, their financial statements show positive values of profitability indicators.

OJSC "Krion" is the unrivaled market leader in industrial and medical gases production, with the domestic market share over 60%. The Company produces a wide range of air separation products: oxygen, nitrogen, argon, their mixture both in liquid and gaseous state.

OJSC "Lakokraska" is the leading company in paint and coatings production controlling around 27% of the domestic market. Moreover, OJSC "Lakokraska" is the sole producer of phthalic anhydride

in the Republic of Belarus and one of the main suppliers of phthalic anhydride to Russia holding around 16% of the market.

In terms of the Food Industry, the **JSC "Minsk Margarine Plant"** has been marked by maintaining the leading position in the sector. The Company produces more than 50 items of products, including refined oils and fats, margarine, spices and seasonings (mayonnaise, ketchup, horseradish, mustard and other sauces). The main priorities of its product line policy are the quality and safety of manufactured products, its compliance with the highest industry standards.

Regarding all above mentioned companies involved, the Agency is interested in their partnership with strategic investors in order to facilitate their development. Therefore, the Agency considers various forms of cooperation, which may include purchase of state owned shares, purchase of additionally issued shares, a joint venture and/or apply other investment models.

THE PILOT PRIVATIZATION PROJECT INCLUDES THE FOLLOWING STAGES:

STAGE 1

SELECTION OF COMPANIES

The careful selection of candidate companies for privatization is of great importance and shall take into consideration all possible economic, social and political risks. The Agency is collaborating with the State Property Committee, the Ministry of Economy and the World Bank in process of selecting companies for a case-by-case privatization according to the criteria specially designed for this Project especially: annual sales, profitability of companies, the amount of short- and long-term obligations, the number of employees, etc.

Approval of the list of privatization objects in relation to which the Agency performs the functions of privatization bodies is carried out on the basis of the resolution of the Council of Ministers of the Republic of Belarus approved by the President of the Republic of Belarus.

STAGE 2

INVOLVEMENT OF FINANCIAL ADVISORS

A core component of the project includes the involvement of Financial Advisors (internationally reputable investment banks or advisory firms) to assist Agency to execute the privatization transactions, including all preparatory work, structuring the sale, implementing the actual sale and performing appropriate post-sale activities for the privatization of the State Owned Enterprises (SOEs).

The Agency is working with such consultants as Ernst & Young, KPMG, Mattig management partners, numerous local lawyers firms.

STAGE 3

PREPARATION OF SOES

Phase 1.

Preparation the company for sale:

- Pre-build due diligence;
- Recommendations on actions to be taken to improve the attractiveness of the SOE;
- Valuation of the SOE based on international standards and the Belarussian accepted methodology;
- Assessment of the market interest;
- Preparation of the financial reports in compliance with IFRS;
- Development of the Privatization Strategy for each SOE.

Phase 2.

Launching the tender process:

- Advertise the transaction in local and international media;

- Distribution of Teasers;
- Submission of the Expressions of Interest (EOIs) by the potential buyers;
- Short listing of the Potential Investors: the FA will assess and provide the Agency with the financial viability and strategic fit of investors who submitted EOIs;
- Due Diligence process: the due diligence process requires that the shortlisted potential buyers will be given a high degree of access to the SOE's Data Room.

Phase 3.

Negotiation and Closing.

Once the due diligence is over, the buyers will submit their bids and the most attractive bid will be selected.

STAGE 4

INTEREST ANALYSIS

The Financial advisor jointly with the Agency undertakes the final stage. During the fourth stage, the team works closely with the short-listed potential investors through:

- Draw up and circulation of an information memorandum;
- Informing potential strategic investors;
- Inspection of strategic compatibility of the investors which have expressed their interest;
- Access of potential investors to the companies' Data Room required to carry out the procedure of complete inspection;
- Analysis and evaluation of the investment offers of the potential investors.

STAGE 5

MAKING A PRIVATIZATION DEAL

On the final stage the Agency signs a contract with the strategic investor who went successfully through the tender process. After the contract is signed the Government receives a payment for the privatized enterprise.

3.3 PUBLIC PRIVATE PARTNERSHIP (PPP) PROGRAM

PUBLIC PRIVATE PARTNERSHIP AS AN ALTERNATIVE INSTRUMENT OF INFRASTRUCTURE DEVELOPMENT



As of September 1st, 2016, the Agency is responsible for further step-by-step PPP development and implementation in the Republic of Belarus.

The Republic of Belarus is a new market for PPPs. Currently, the PPP Unit of the Agency in cooperation with the Ministry of Economy and other key stakeholders is actively working on further PPP legal and institutional framework, as well as PPP pilot pipeline development.

PUBLIC-PRIVATE PARTNERSHIP

is any legally executed, timeline-specific, mutually beneficial cooperation between a public partner and legal entities with the aim of pooling of resources and risk diversification.

PUBLIC-PRIVATE PARTNERSHIP DEVELOPMENT AND IMPLEMENTATION PROCESS IS AIMED AT:

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

PUBLIC-PRIVATE PARTNERSHIP DEVELOPMENT AND IMPLEMENTATION PROCESS IS AIMED AT:

- rule of law;
- social focus in regulating the economic activity;
- prioritized public interests;
- transparency;
- fair competition;
- efficiency of public-private projects;
- ensured balance of interests and risks between parties to public-private partnership;
- equality between the parties to public private partnership;
- freedom of contracts;
- environmental protection.

PUBLIC-PRIVATE PARTNERSHIP PROJECT SHALL INCLUDE THE FOLLOWING STAGES:

STAGE 1

PREPARATION, EXAMINATION AND EVALUATION OF THE PPP PROPOSAL:

Within their scope of competence in the field of public-private partnership, state bodies and other government authorities, who initiate PPP projects, shall exercise preparation of a PPP proposal.

Preparation, examination and evaluation of PPP proposals must be conducted in the procedure defined by the Resolution of the Council of Ministers of the Republic of Belarus No. 532. All the requirements for the requested documents are considered by the Resolution of the Ministry of Economy of the Republic of Belarus No. 49.

Any offer on public-private partnership project implementation shall include the following: a feasibility study, public-private partnership agreement, any other related documents.

STAGE 2 TENDER FOR CHOOSING PUBLIC PARTNER IN ORDER TO ENTER A PUBLIC-PRIVATE PARTNERSHIP AGREEMENT:

Following the results of Stage 1, appropriate decisions on further PPP project implementation shall be made. The level of the decision depends on the project specificity and scale, as well as infrastructure object belonging. Thus, decisions shall be made by:

- The President of the Republic of Belarus or the Council of Ministers of the Republic of Belarus – if the public partner is the Republic of Belarus;
- The Local Councils of Deputies – if the public partner is an administrative-territorial unit.

One of the outstanding features of PPP in comparison with investment implementation procedure is tender. Tender is an obligatory stage of PPP project implementation apart from cases related to ensuring defensive power and national security of the Republic of Belarus and other cases provided by Article No. 17 of the PPP law.

Any tender shall include two stages – preliminary selection of bidders and selection of private partner via a tendering process.

To arrange and hold a tender, the authorized state body forms a special committee. The Tender Committee shall perform preliminary selection of the bidders that have sufficient potential and qualification required to perform the PPP agreement.

In the course of the tender only bids from participants who have passed preliminary selection shall be reviewed and evaluated. The winning bidder shall be the bidder whose offer, upon the decision of the Tender Committee, is deemed as containing the most beneficial terms and conditions compared to the bids of other bidders.

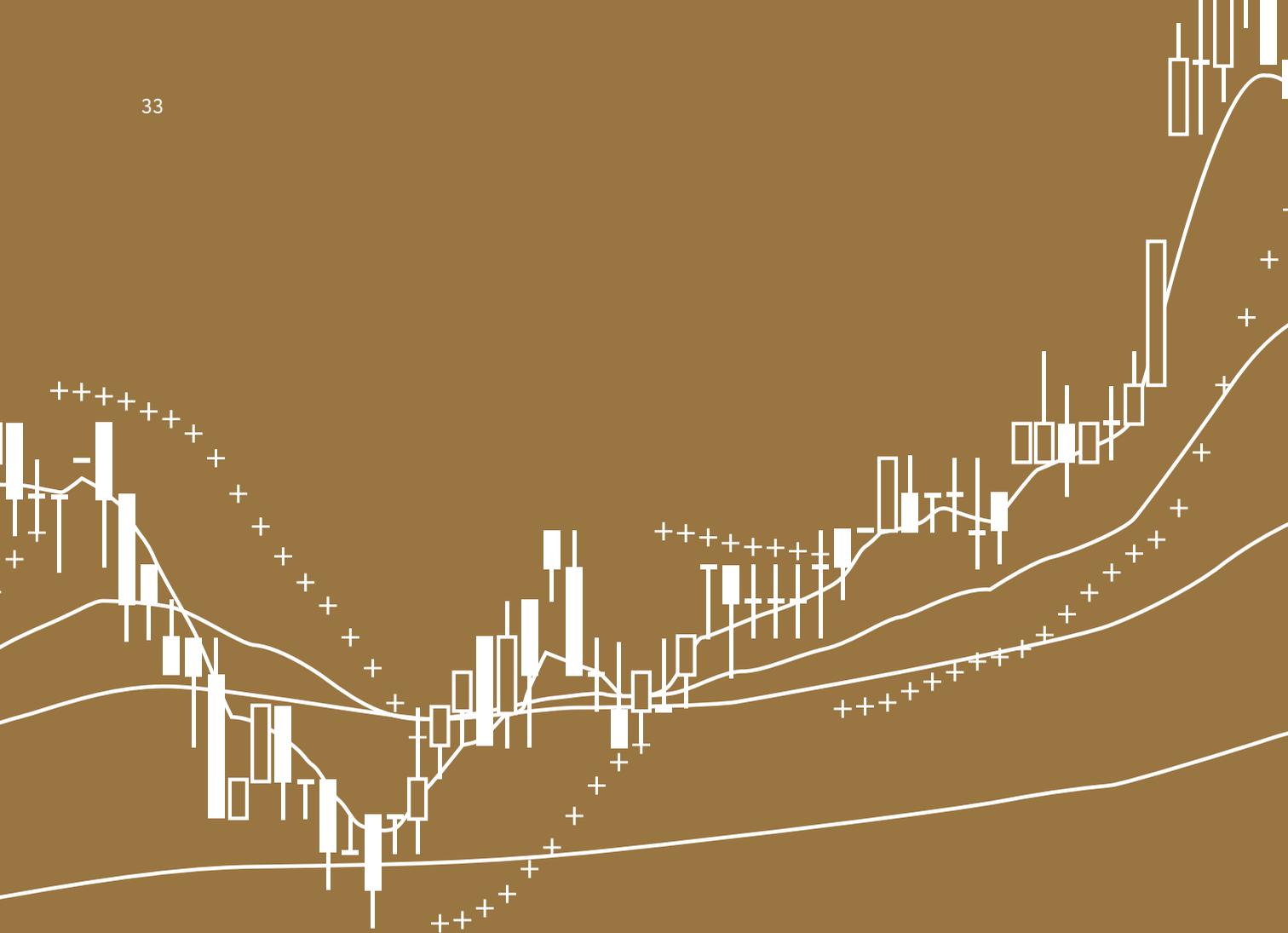
STAGE 3 EXECUTION AND PERFOR- MANCE OF A PUBLIC-PRIVATE PARTNER- SHIP AGREEMENT:

A PPP agreement shall be entered between any authorized state body and any private partner – any participant who had won the tender.

PPP UNIT OF THE AGENCY IS COLLABORATING WITH ALL THE INVOLVED IN THE PPP PROJECT STAKEHOLDERS, SUPPORT THEM WITHIN THE WHOLE PPP PROJECT CYCLE, APPRAISE PROJECT DOCUMENTS AND PROVIDE THE PROJECT INITIATOR WITH APPROPRIATE CONCLUSIONS WITHIN ITS COMPETENCE.



Belarusian Economy



4 Economy of Belarus.

Overview	35
4.1 Growth of real GDP	36
4.2 Nominal GDP	36
4.3 Consumer price index	37
4.4 International Trade	38
4.5 Credit rates for legal persons	39

5 International cooperation and foreign capital in Belarus.. 40

5.1 FDI on net basis	41
5.2 Eurasian integration	42
5.3 Belarus–European Union relations. Long way from neighborhood to partnership	44
5.4 Belarus-China: towards new level of cooperation	48
5.5 International economic organizations	50



4. ECONOMY OF BELARUS OVERVIEW



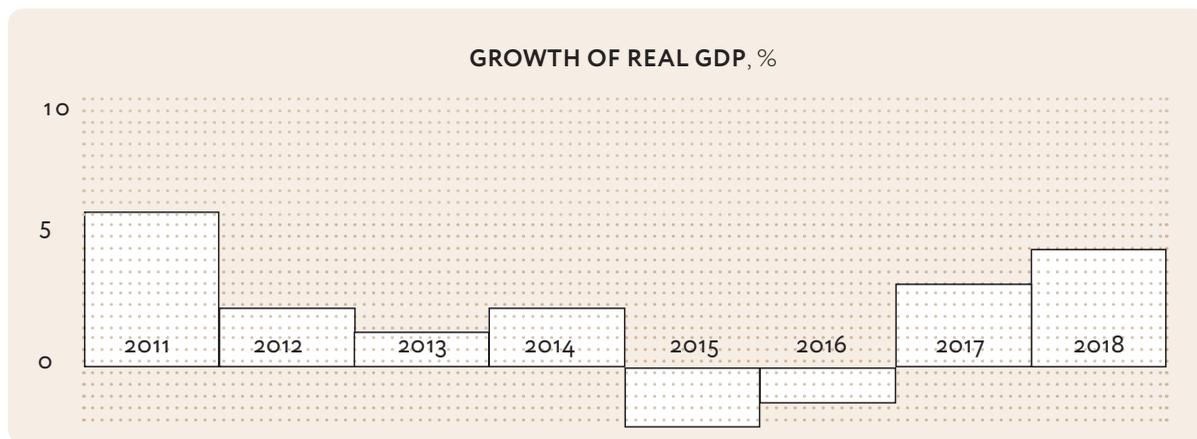
In 2018 in Belarus GDP growth is 3.0%. Industrial production (+ 5.7%) and agriculture ensured the bulk of the growth in the economy. Almost all branches of the manufacturing industry showed positive dynamics for the year. The positive dynamics of production and tight monetary policy of the National Bank of Belarus allowed the country's leadership to keep inflation at the level of 4.9%. The refinancing rate of the National Bank of Belarus has decreased to 10% (in 2017 it was 11%).

The Republic of Belarus is an export-oriented state with a developed service sector and agriculture. The potential of Belarus is in industry. The key sectors of the economy are machine building, metallurgy, metalworking,

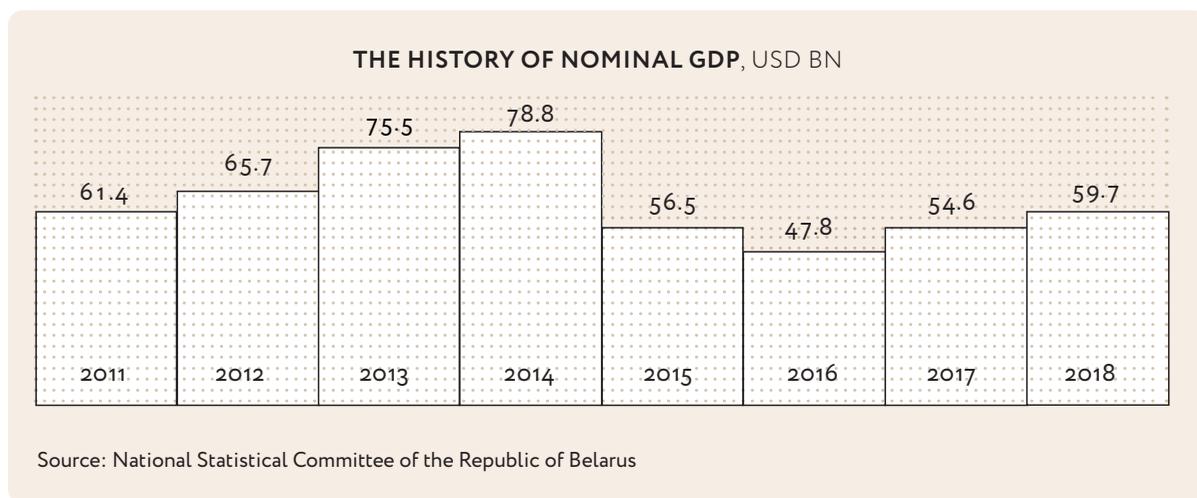
the production of agricultural machinery and tractors, the production of building materials, light and textile industries, the chemical and petrochemical industry, the production of electrical equipment and electronics, agriculture. The increase in exports of agricultural production in 2018 amounted to 5.5%, mining industry - 39.7%, manufacturing industry - 17.3%

The sectoral structure of Belarusian industry has undergone some changes over the past 5 years. Structural shifts are associated with a decrease in the share of production of petroleum products, production of vehicles and equipment, as well as an increase in the share of the food industry, pharmaceutical products, chemical production.

4.1 GROWTH OF REAL GDP



4.2. NOMINAL GDP

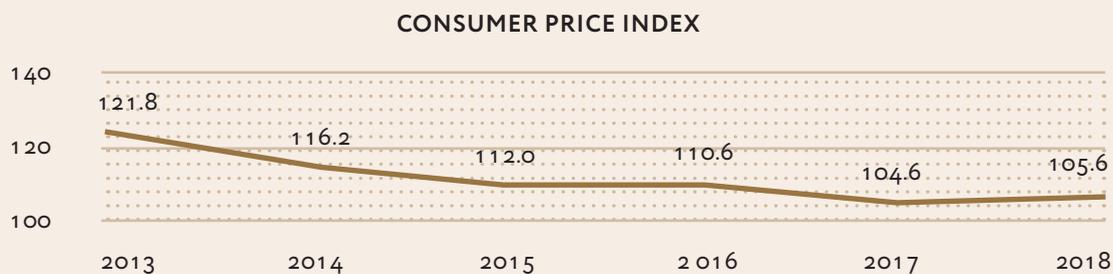


4.3 CONSUMER PRICE INDEX

Due to the tight monetary and credit policy in 2018 the annual core inflation in January 2019 remained almost at the level of December 2018 and amounted to 4.7 % (4.8 % a month earlier). A significant impact on the annual growth rate of the indicator in January 2019 was the increase in prices for traded goods against the background of the corresponding price dynamics in the Russian Federation.

Trend inflation in annual terms in January 2019 was 4.2 % (4.3 % in December 2018). The average growth rate of consumer prices and tariffs was 4.1 %.

The annual increase in administratively regulated prices and tariffs fell to 8.7 % (9 % in December 2018).



Source: National Statistical Committee of the Republic of Belarus

An aerial photograph of a complex highway interchange with multiple overpasses and ramps. A river flows through the center of the interchange. The surrounding landscape includes brown agricultural fields on the left and a large field of bright yellow rapeseed flowers on the right. Several semi-trucks are parked in a lot at the top right of the interchange.

4.4 INTERNATIONAL TRADE

According to the results of 2018, positive foreign trade balance amounted to 63.2 million dollars or 0.1% of GDP. The export of goods and services in 2018 amounted to 38.2 billion US dollars and grew by 1.68 billion dollars or 4.6%, compared with the results of 2017. The growth in the total volume of exports of goods and services was due to both an increase in exports of goods and services (116%). The main reasons for the high growth rates are the favorable conjuncture in the world oil market, as well as the growth of the economies of the trading partners.

Import of goods and services in 2018 amounted to 37.4 billion dollars and increased by 4.96 bn USD, or 15.3% compared to 2017. The growth was due to the growth in imports of oil goods and potash fertilisers amounted to 102.8%.

Exports of goods and services in 2018 amounted to 38.2 bn USD, and increased by 5.3 bn USD (116% compared to 2017). In 2018, export growth was ensured for all large commodity groups. Exports of mineral products increased by 28.6%, wood and pulp and paper products - by 28%, other intermediate goods - by 14.6%.

Imports of goods in 2018 amounted to 32.6 bn USD, increased by 4.4 bn USD (115.6%), compared to 2017.

Export of services amounted to 7.89 bn USD in 2018 and exceeded the results of 2017 by 12% (+1.15 mln USD). The largest growth in exports is recorded in the following types of services: transportation services by rail - 120.9% (+143.8 mln

USD), computer services - 135.2% (+5.5 belarusian economy mln USD), construction services made on Belarusian territory - 122.0% (+91.9 mln USD), payments for using of intellectual property - 189.8% (+25.5 mln USD).

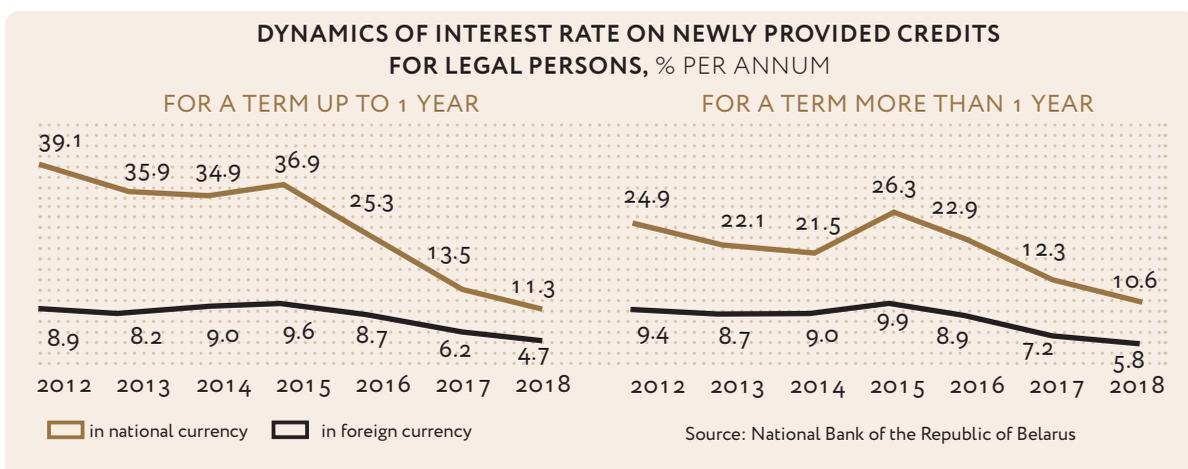
Transport services made up the largest share in the structure of exports of services in 2018 - 44.5% (2017 - 44.1%). The share of computer services in exports was 17.6% (2017 - 15.4%).

Import of services in 2018 amounted to 4.8 bn USD and increased compared to 2017 by 566.3 mln USD or 13.3%. The greatest decrease in imports was for operating lease (79.8% or 18.9 mln USD).

The balance of foreign trade in services in 2018 was positive at \$ 3.0 billion, which is 276 mln USD better than in the same period in 2017.

4.5 CREDIT RATES FOR LEGAL PERSONS

The National Bank of the Republic of Belarus has kept the focus on financial and macroeconomic stability and deceleration of inflation in the formation of interest-rate policy.



5. INTERNATIONAL COOPERATION AND FOREIGN CAPITAL IN BELARUS



The structure of the industry has identified a high degree of openness of the economy of the Republic of Belarus, its focus on foreign markets. More than 50 percent of goods produced in the country are delivered for export.

In the wake of the world financial downturn, the foreign trade of Belarus changed structurally. Today the country implements a trade policy to increase the share of high-tech products in exports and diversify supplies to foreign markets.

The Republic of Belarus traditionally implements a multi-vector foreign trade policy, supports trade contacts with foreign countries and actively participates in international integration processes.



Today Belarus has trade relations with more than 190 countries around the world.

The Russian Federation is the major trade partner of the Republic of Belarus, it accounts for 48.4% of export of goods and more than half of import. The European Union is the second largest trade partner of the Republic of Belarus, it accounts for more than 30% of export of goods and 40% of import. The main partners in the EU are Germany, United Kingdom of Great Britain and Northern Ireland, Poland, the Netherlands, Lithuania.

44.5% of the total Belarusian export of services makes up transport services, reflecting favorable geographical position of the Republic of Belarus. Among the major export position, there are IT and construction services. The main trade partners of Belarus in export of service are the EU (about half of total exports) and Russia (a quarter of exports).

Belarus has been developing cooperation with partners in the integration associations and organizations of the post-Soviet countries: CIS, the Eurasian Economic Union and CSTO. The need to mitigate the aftermath of the global economic crisis and launch structural financial reforms prompted more cooperation with the key economic and financial organizations such as the International Monetary Fund, World Bank, European Bank for Reconstruction and Development, UN Economic Commission for Europe and UN Conference on Trade and Development (UNCTAD).

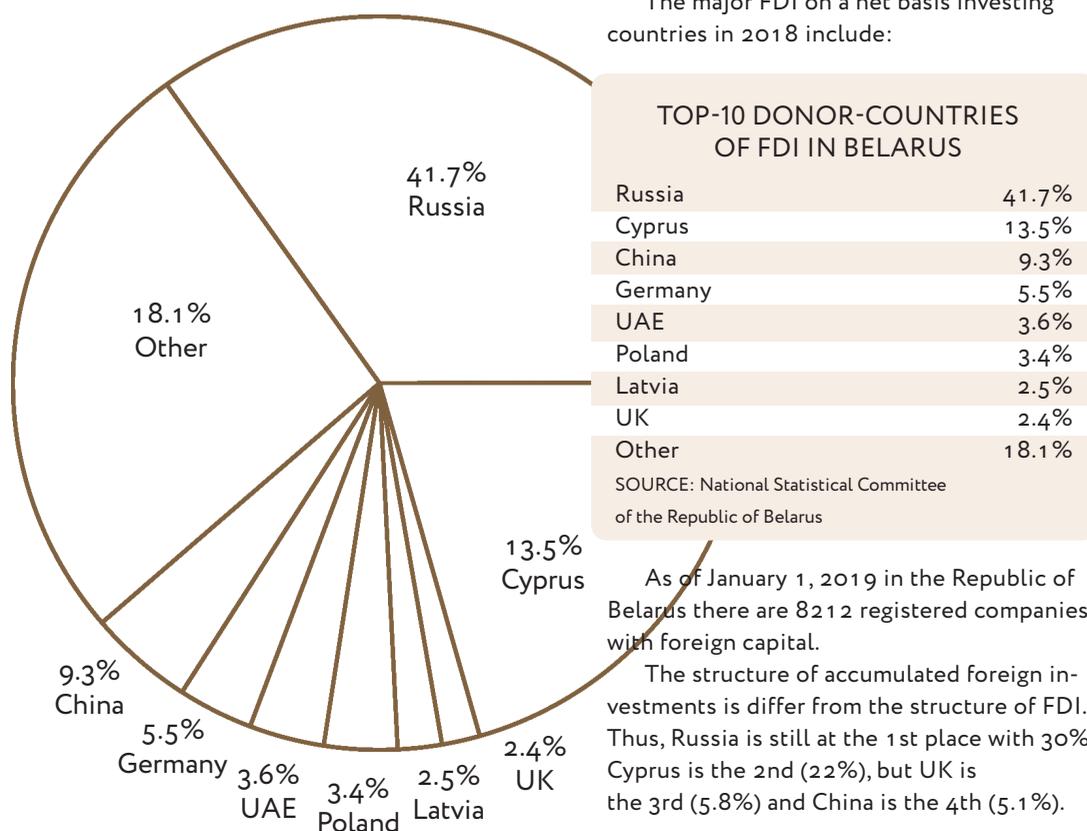
5.1 FDI ON NET BASIS

Belarus has a steady inflow of foreign investment.

In 2018, foreign investors invested 10.84 bln USD of gross foreign investments in the real sector of the economy of Belarus, including 8.53 bln USD of foreign direct investment (FDI).

In 2018 admission of foreign direct investment on a net basis (excluding debt to direct investor for goods, works and services) to the economy of the Republic of Belarus amounted to 1.6 bln USD.

The major FDI on a net basis investing countries in 2018 include:



5.2 EURASIAN INTEGRATION



Within the framework of Eurasian integration, the Eurasian economic Union (EAEU) was established on the basis of the Customs Union of Russia, Kazakhstan and Belarus on 1 January 2015.

The Eurasian Economic Union member states are the Republic of Armenia (since January 2, 2015), the Republic of Belarus, the Republic of Kazakhstan, the Kyrgyz Republic (since August 12, 2015) and the Russian Federation. The Eurasian Economic Union is aimed at comprehensive modernization and cooperation, as well as enhancing competitiveness of the national economies and creating conditions for sustainable economic development of its member states and improving living standards.

A land area of the EAEU exceeds 20 million square kilometers and has a population of more than 183.4 million people.

The creation of the Union allows the member states to coordinate their industrial policies, so as not to duplicate production, but arrange manufacturing chains and supply components for joint production. The opportunities for industrial cooperation and joint investment and innovation projects have been greatly expanded. The EAEU aims at developing unified trade, monetary and tax policies, namely, the maximum possible economic integration.

The EAEU member states possess a great

potential in the leading sectors of economy. The EAEU is ranked first in the world in oil and natural gas production, occupied the second place in mineral fertilizer production and railway length, took the third place in wheat and potato production, production of iron, took the fourth place in electric energy and meat production, ranked fifth in total length of automobile roads and steel production.

More than 40 countries have expressed interest in creating a free trade zone with the EAEU. Thus, the regimes of free trade of integration association with the CIS countries and Serbia have been unified. The Generalized System of Preferences for developing countries is being widely used. The decision to start negotiations with China on trade and economic cooperation has been already taken. The Agreement on Free trade zone between EAEU, its member-states and Vietnam has been signed. Joint research groups to make a feasibility study of a free trade agreement between the states – the members of the EAEU and Israel, Egypt and India – have been established.

**THERE ARE OTHER VARIOUS OPPORTUNITIES
FOR FOREIGN INVESTORS:**

- ① free movement of both domestic goods and goods from third countries within the common market of the Union;
- ② common customs tariff and non-tariff regulation in trade with third countries to protect the interests of domestic producers, including foreign investment enterprises;
- ③ relief from customs duty on the importation of manufacturing equipment, raw materials to implement investment projects (if such raw materials are not produced in the member states);
- ④ tariff preferences to the goods imported from third countries as a contribution to the statutory fund of a company;
- ⑤ free access to the common large market of goods and services of the EAEU to foreign investors who invest in Belarus;
- ⑥ effective logistics projects with access to the EAEU and the EU markets due to favorable geographical location of Belarus;
- ⑦ legal guarantees for investors, including the right to reparation and use of investment income, as well as guarantee of the rights in expropriation, procedures for resolving investment disputes through arbitration and national court or the International Centre for Settlement of Investment Disputes;
- ⑧ joint measures to promote exports of goods of the member states to third countries contain a number of mechanisms to support exporters, such as insurance and export crediting, international leasing, brand promotion of “the EAEU good” and a uniform marking of the EAEU goods, exhibition and trade fair activities, advertising and image promotion activities abroad;
- ⑨ implementation of the single-window system within the framework of the Union will simplify and speed up procedures of foreign trade due to effective communication between the state bodies and participants of foreign economic activity.

5.3 BELARUS-EUROPEAN UNION RELATIONS LONG WAY FROM NEIGHBORHOOD TO PARTNERSHIP



Belarus is geographically, historically and culturally an integral part of Europe, situated at the crossroads of major transportation and trade routes that link various regions of the European continent.



Following the recognition of Belarus as an independent state in December 1991 by the European Community, EC/EU-Belarus relations initially experienced steady progress.

Since Belarus gained its independence, it has established diplomatic relations with practically all European states. 41 Belarusian diplomatic missions and consulates currently operate in the following 24 countries of Europe: Austria, Bulgaria, Belgium, the Czech Republic, Estonia, Finland, France, Germany, Hungary, Italy, Latvia, Lithuania, Moldova, the Netherlands, Poland, Romania, Russia, Serbia, Slovakia, Spain, Switzerland, Sweden, the United Kingdom, Ukraine.

Belarus is involved in the multilateral dimension of the Eastern Partnership and participates in several EU-funded regional projects. The major areas of cooperation are border management, environment, energy and transport. While presenting opportunities for regional cooperation and addressing issues of common concern, these projects sometimes fail to raise sufficient interest from Belarus, as many proposed activities are already addressed at the national level and the country is often more advanced in tackling the respective challenges than other countries in the region, particularly in the field of environment. New flagship initiatives and programmes under the Eastern Partnership's multilateral dimension, including support to the development of small- and medium-scale enterprises, disaster prevention, culture and youth, open up new avenues for Belarus from 2012 onwards to coordinate practices and policies in these new areas at the regional level.

Cross-border cooperation (CBC) programs where Belarus has been eligible to participate, such as Poland-Belarus-Ukraine, Latvia-Lithuania-Belarus and Baltic Sea Region, account for an important part of regional cooperation at a local level. From the start of these programs Belarus lagged behind in the uptake of available opportunities but

over recent years increased its participation. CBC programs are increasingly seen as instruments to implement practical joint actions at a local level in different sectors, address issues of trans-boundary significance and promote people-to-people contacts.

Belarus is also actively involved in non-EU integration initiatives. In particular, it has taken part in all regional integration projects covering countries of the former Soviet Union and the Commonwealth of Independent States, including the Common Economic Space, the Union State, the Customs Union and the Collective Security Treaty Organization. The intensification of these integration efforts will require additional coordination within and outside Belarus between integration and cooperation programs driven from the East and from the West.

To a great extent, the internal logic of Belarus-EU relations was overshadowed by the crisis in Ukraine and its implications for Eastern Europe. The crisis had a noticeable impact on Belarus's domestic and foreign policy. The position of Minsk attracted the attention and appreciation of the EU, and served as a catalyst for a more active dialogue between Belarus and the EU.

Belarus-EU relations were strengthened by a sharp increase in working contacts between diplomats of all ranks.

And, taking into account that in recent years Belarus has significantly improved its image in the international arena, and thus become more attractive for investors and affordable for trade agreements, the European Union lifted sanctions against Belarus. That decision was made by the foreign ministers of the EU countries at a special meeting in Brussels on 15 February, 2016. It has become an important step towards full normalization of relations and opening new opportunities for the expansion of diverse interaction between Belarus and the EU.

BELARUS-EU ECONOMIC COOPERATION

Mutual interests with the European Union (EU) member states are based first of all on economic cooperation. EU has remained one of the main trade partners, an important source of credit resources and investment.

Belarus is geographically and mentally close to investors from Western Europe. Conducting business is relatively easy for European companies because the cultural environment, business practices, and customer expectations are similar.

Belarus and EU have a high potential for developing economic cooperation by means of an increase in mutual trade volume, capital, transfers and investments outflow. However, to make the best use of

the exciting economic potential, Belarus is improving political relationships with EU (it is planned to sign the agreement which will define the principles, priorities and frameworks of cooperation between the EU and Belarus, forms the legal basis of relations).

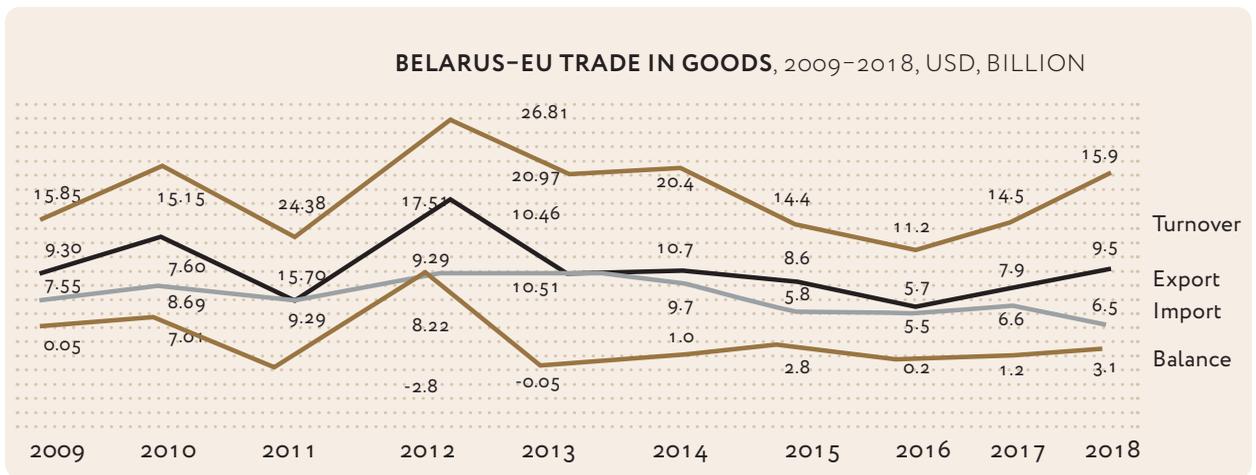
Comprehensive cooperation with EU contributes crucially to the country's increasingly diversified foreign trade, investment activity, modernization and growing competitiveness of its economy.

Stronger compliance of Belarusian products with European quality standards is central to the national export promotion policy in Europe. A more harmonized national system of standards with the EU norms and regulations is key to better access of Belarusian goods to the European market.

In 2018 the turnover between Belarus and the EU reached the amount of 15.94 bln dollars that accounted for 124% of the turnover of the same period of 2017.

A priority seen by Belarus in the cooperation with EU is raising European investments, first of all in research-intensive and high-tech sectors, agriculture, energy efficiency, alternative energy and transit areas.

Belarus is geographically and mentally close to investors from Western Europe. Conducting business is relatively easy for European companies because the cultural environment, business practices, and customer expectations are similar.

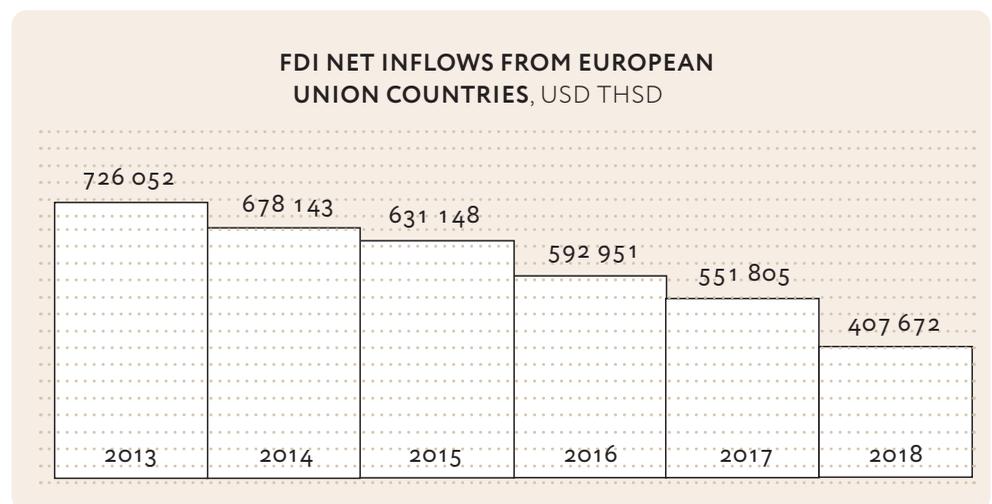


About half of all foreign investment brought into the economy of the Republic of Belarus comes from the European countries. In 2018 the investments from the EU amounted to \$5.43 billion (in 2017 – \$5.18 billion), of which direct investments – \$4.62 billion (in 2017 – \$4.16 billion), net direct investment – \$0.41 billion (in 2017 – \$0.55 billion).

Leading investors in the Belarusian economy are the Cyprus, Germany, Poland,

Latvia, United Kingdom, Switzerland, Estonia, Bulgaria, Denmark, Luxemburg, Sweden, Austria.

Belarus’ business etiquette is also similar to that of Europe. Regular investment forums organized by the Belarusian Government in the recent years are an important way of advertising business opportunities in Belarus to the international community and attracting foreign investments to our country.



5.4 BELARUS-CHINA: TOWARDS NEW LEVEL OF COOPERATION



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

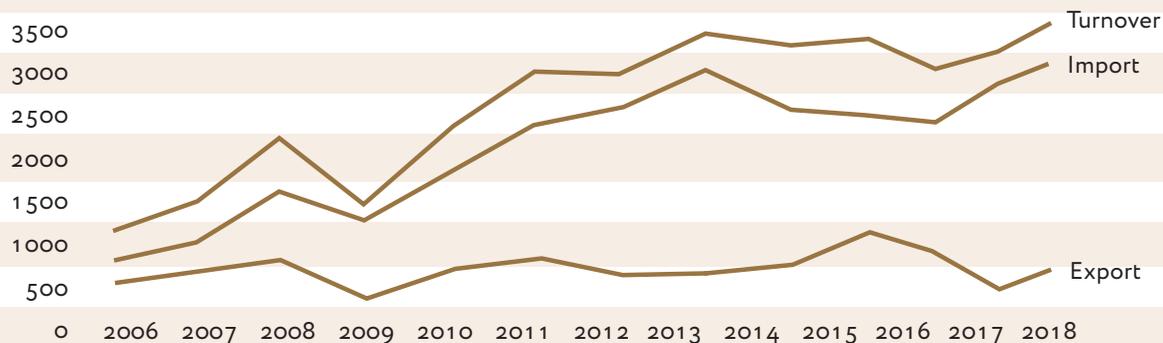
China is one of the most important trade and economic partners of Belarus.

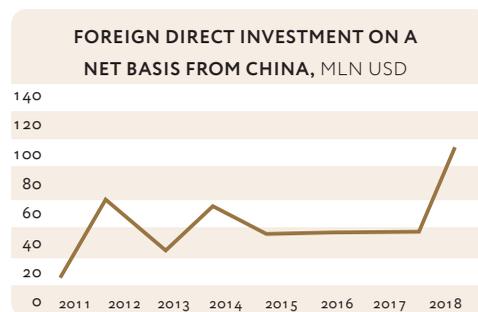
At the end of 2018, China was ranked third among the world's countries in terms of goods turnover, ninth – in terms of export turnover, second – in terms of import turnover to Belarus. In 2018 the trade turnover between Belarus and China (including Hong Kong, Macau and Taiwan) amounted to 3.3 billion US dollars (104 percent to 2017), the volume of Belarusian export was 437.9 million US dollars (109.6 percent to 2017), the import was 2.96 billion US dollars (104.7 percent to 2017). The balance was negative (2430 million US dollars).

This bilateral investment cooperation is the core of the Belarusian-Chinese economic relations, with the volume of Chinese investments in the Belarusian economy constantly growing.

According to the National Statistical Committee of the Republic of Belarus, in January-December 2018, the Republic of Belarus received 339.9 million US dollars of investment from the People's Republic of China, of which on a net basis (excluding debt to direct investor for goods, work, services) 109.1 million US dollars.

BELARUS-CHINA TRADE IN GOODS, 2006–2018, MLN USD





The share of China in the total investment in Belarus in 2018 was 3.13% and increased by more than 2.8 times compared to 2013.

At the beginning of 2018, 92 companies with Chinese investments (including Hong Kong, Macau and Taiwan) were registered in Belarus: 29 joint ventures and 63 with Chinese capital.

For reference. At the beginning of 2017, 73 companies with Chinese investments were registered in Belarus: 25 joint ventures and 48 with Chinese capital.

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

Directive №5 has been signed by the President of the Republic of Belarus for the purpose of development of the bilateral cooperation and promotion of the active implementation of Belarus-China projects. The adoption of the Directive will favor the participation of Belarus in the initiative of the Silk Road Economic Belt. The Silk Road Economic Belt is an initiative to create a logistics infrastructure for the rapid movement of goods between Asia and the EU. It is expected that the project will involve 18 states with population exceeding 3 billion.

The initiative will promote the international business networking between Eurasian countries in the field of transport, trade, investment and finance. Great Stone Industrial Park should become a connecting link of the Silk Road Economic Belt.

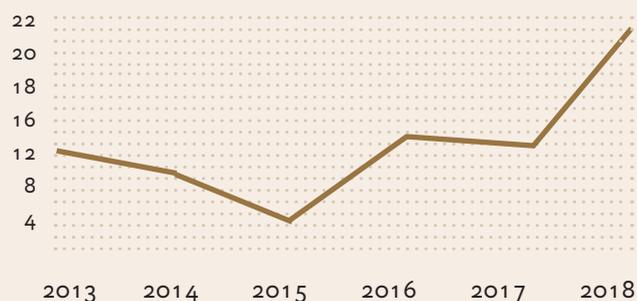
Being the most important project of economic and trade cooperation between China and Belarus, Great Stone Industrial Park will be one of the key points in the creation of the Silk Road Economic Belt and will play a significant role not only in China-Belarus economic cooperation, but also in global interworking between the countries of Eurasia. Great Stone Industrial Park is a place to nurture dreams. It is a territorial entity of approximately 91,5 sq. km with a special legal status for the provision of comfortable conditions for doing business. It is a special economic zone in Belarus, established within the framework of the China-Belarus intergovernmental cooperation and the relevant signed intergovernmental agreements.

This Industrial Park in Belarus is a major cooperative project for deepening economic and trade cooperation and establishing a strategic partnership between China and Belarus. The Industrial Park is situated in Smolevichy district, Minsk region, in the distance of 25 km from Minsk, the capital of the country. Advantageous geographic position allows an easy access to Minsk National Airport and the international highway M1 that extends to Moscow on the north (a distance of 700 km), and to Berlin on the south (a distance of 1000 km) as well as having access to Klaipeda seaport in the Baltic Sea (a distance of 500 km).

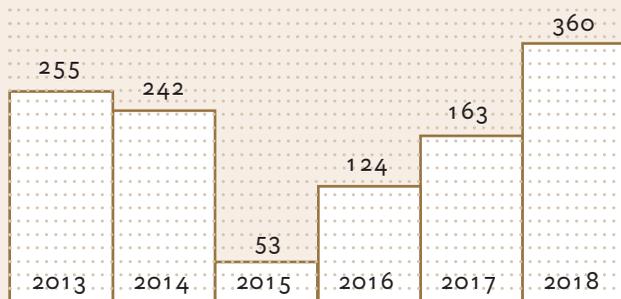
5.5 INTERNATIONAL ECONOMIC ORGANIZATIONS

In the area of business and infrastructure development, significant financial support is provided by international financial organizations, with which cooperation has been particularly intensified in recent years. The Republic of Belarus is actively developing cooperation with different international institutions and bilateral development funds.

NUMBER OF PROJECTS



ANNUAL EBRD INVESTMENT
MILLION € AT REPORTED RATES



THE EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT (EBRD)

The EBRD office in Minsk was opened in 1994. During its work in Belarus, the Bank has become the largest institutional investor, supporting a number of significant projects for the country's economy. Concerning the New strategy (2016-2020) of EBRD in Belarus the main activities are improving the competitiveness of the real economy by supporting private sector growth and promoting privatization and improving the sustainability and quality of public infrastructure services through regulatory reforms and commercial solutions.

During the period of its activity in Belarus, EBRD participated in 112 projects. The cumulative EBRD investments to Belarus are estimated at €2,380 million. 86 % of all the investments are granted to the private sector.

THE WORLD BANK

Belarus joined the World Bank Group in 1992: International Bank for Reconstruction and Development (IBRD), International Finance Corporation (IFC), Multilateral Investment Guarantee Agency (MIGA), and International Centre for Settlement of Investment Disputes (ICSID).

Our traditional partner, the World Bank, has invested about \$ 1.7 billion in the country's economy, including the development of social, transport, housing and other infrastructure, during more than 25 years of cooperation.

SELECTED IFC INVESTMENTS IN BELARUS

INVESTMENTS FROM IFC			
Financial Year	Project	IFC financing (\$)	Description
2015	Alutech	15 € million	To help strengthen and diversify its business and boost Belarus' sector growth
2015	A-100 Development Group	20 € million	For the development of four real estate properties with a total built area of 80000 m ² in Minsk and Minsk region
2015	Strominvest	17 € million	For the construction of an affordable housing complex
2012	Alutech	45 € million	To support the company's growth and expansion of exports
2011	MTBank	10 \$ million	To finance SME energy efficiency projects

THE INTERNATIONAL FINANCING ORGANISATION (IFC)

Belarus became a member of IFC in 1992. IFC began operating in the country by pioneering advisory projects in privatization of small enterprises, and in small business development. Since then, IFC has expanded its advisory programs to help Belarus improve its business environment and investment climate, and introduce international best practices in food safety.

IFC started implementing a new program in 2018 to provide consulting assistance to Belarus. IFC has so far invested about \$730 million in 56 projects in the financial, general manufacturing, agribusiness, and services sectors.

The IFC is also implementing several advisory programs in Belarus, focusing on the following priority areas:

- helping the government expand the private sector and improve the investment climate through better regulatory policies;
- enhancing the competitiveness of Belarusian food producers by improving their food safety practices;
- advising on the corporate governance improvements for Belarusian private companies.

IFC is a significant international investor

in Belarus' private sector. It has so far invested over \$270 million in long-term financing to support projects across a variety of sectors and provided over \$470 million to Belarusian banks via its Global Trade Finance Program.

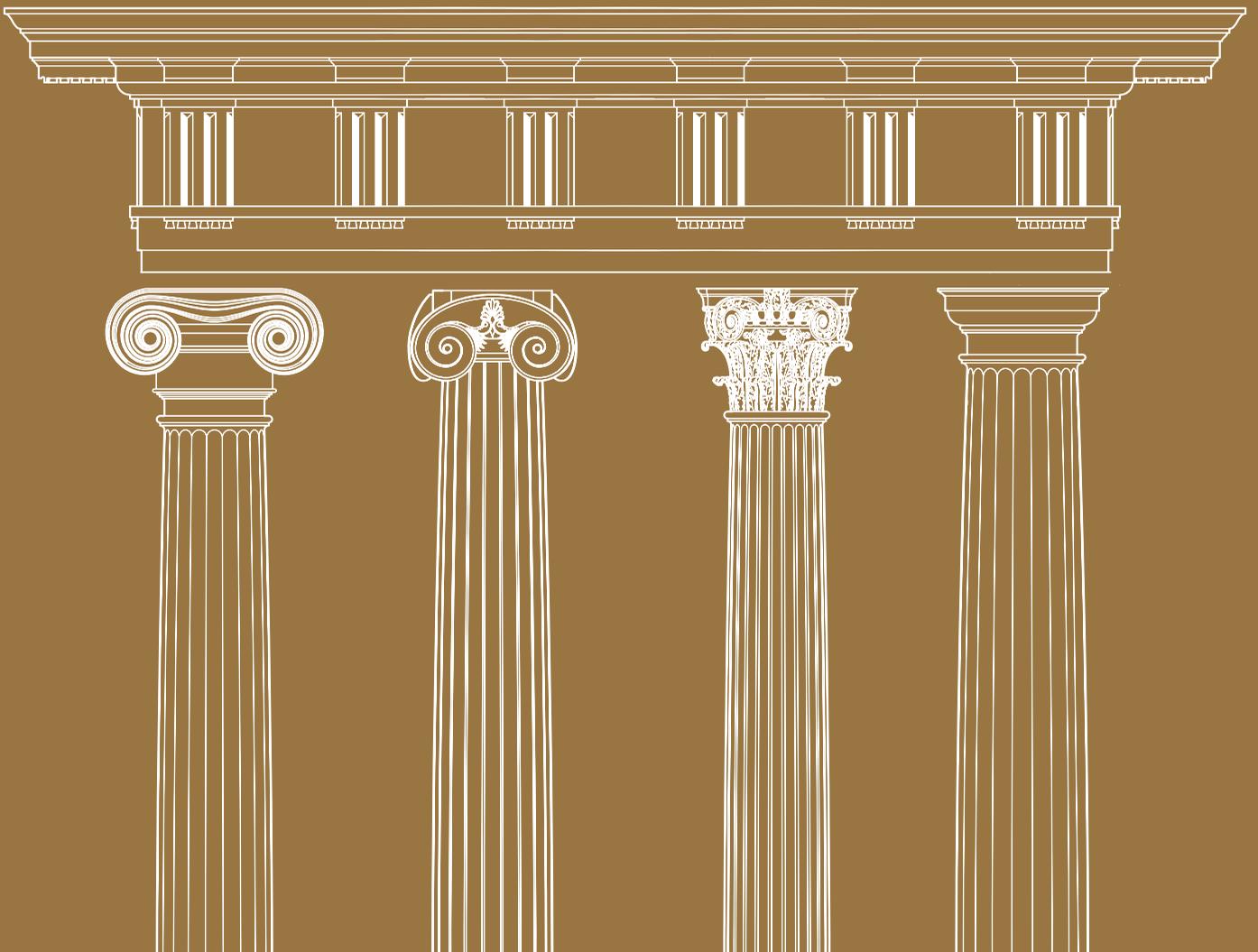
THE EUROPEAN INVESTMENT BANK (EIB)

In 2017 the Republic of Belarus and EIB started a new era of cooperation by signing the first ever loans provided by the EU bank in this country. It allowed in 2018 to sign the first financial contracts worth about 160,0 million euros, including the financing of the infrastructure project for the rehabilitation and modernisation of the capital city's central wastewater treatment plant Minsk Vodokanal (84,0 million euros).

MIGA

The Republic of Belarus became a member of the MIGA in 1992. The Agency comprises of 181 countries. The MIGA is one of the autonomous international institutions of the World Bank Group. It offers political risk insurance, provides guarantees against non-commercial risks to encourage foreign direct investment in developing countries.

Legal Environment for Foreign Investment



6.1	Investment laws	55	7	Taxes	84
6.2	Corporate law: setting up a business in Belarus. Main organisational and legal forms	66	7.1	Corporate profit tax (CPT) . 84	
6.3	Privatization	71	7.2	Withholding tax (WHT) ...	85
6.4	Merger filing requirements in Belarus	72	7.3	Personal income tax (PIT) .	85
6.5	Financial regulation in Belarus	75	7.4	Social security fund contributions (SSFC)	86
6.6	Legal status of land and other real property	76	7.5	VAT	86
6.7	Intellectual property protection	78	7.6	Land tax	88
6.8	Employment specifics	81	7.7	Real estate (RET)	89
6.9	Dispute resolution	82	7.8	Offshore levy	89
6.10	Visa Regime	83	7.9	Ecological tax and Natural resources tax	90
			7.10	Taxation treaties	90



6.1 INVESTMENT LAWS

Belarusian investment laws accommodate the needs of investment projects of different scales in various branches of the economy. Special regimes exist for residents of free economic zones, residents of the High Technology Park and the “Great Stone” Belarus Industrial Park, investors in small towns and rural areas.



6.1.1 GENERAL GUARANTEES

Belarusian laws set the following basic guarantees for investors:

- the right to private property and its protection without discrimination;
- protection against unlawful acts by government authorities that violate investors' rights or cause losses, or both;
- equality of rights for national and foreign investors;
- free repatriation of profits; and
- protection of investments from nationalisation and requisitioning.

By law, nationalisation may be undertaken only based on public need and subject to proper compensation. Compensation for nationalised property should be paid promptly and comprise the value of nationalised property and other losses caused by nationalisation.

The law also establishes an exhaustive range of circumstances when requisitioning is possible – these mainly include emergency situations such as natural disasters, accidents, epidemics and epizootics, and also when public interest demands such measures.



6.1.2 INVESTMENT AGREEMENTS

An investment agreement may be concluded directly with the Republic of Belarus in order to obtain additional guarantees and incentives from the government. The state may be represented by a ministry, state committee, municipal authority, or state concern.

As of 1 January 2019 2,084 investment agreements were concluded. The government terminated some agreements where it considered that investors had materially breached the terms and conditions.

An investment agreement is used, for example, in the following cases:

- acquiring a state-owned enterprise or establishing a joint venture with a state-controlled company to secure a stable legal framework for a project;
- greenfield investment projects requiring arrangements for supplies of power and raw materials, prices for goods produced by a new enterprise (especially in the energy sector);
- large-scale development and construction projects.

Investment agreements may be concluded (and benefits provided) only in respect to projects implemented in priority sectors of economy identified by the Council of Ministers. Currently, the sectors are, inter alia: information and communication technologies, logistics, reconstruction and equipping of state border entry points, grain processing, metallurgy, mechanical engineering, production of electrical, optical, and mechanical, home appliances and electronics, sugar and confectionery production, canning industry, provision of public services, processing of secondary material resources.

The law lists the particular benefits and exemptions that may be granted under an investment agreement, including those related to acquiring title to a land plot, construction, and exemptions from certain taxes and customs duties. An investment agreement may additionally provide for waiver of the legal immunity of the Belarusian state. This is crucial for submission of disputes with the state to foreign courts and arbitral tribunals and enforcing judgments and arbitral awards outside of Belarus.

For large-scale projects an investor may be granted additional benefits, exemptions and legal guarantees not envisaged by law. These may include government obligations to provide a special tax regime, a steady supply of raw materials, and other conditions material for the investor, to issue all permits and approvals necessary for realisation of an investment project, or to guarantee a stable legal framework for an investment project. An investment agreement with additional benefits, exemptions, and guarantees requires a decision of the Council of Ministers approved by the President. An investment agreement may also specify additional investor obligations, such as employing and training Belarusian nationals, or use of new technologies.

Investors initiate an investment agreement with the authority responsible

for a certain region, enterprise or industry – normally, a municipal authority, a ministry, or a state concern. If the draft investment agreement provides benefits or exemptions, the respective authority negotiates the contents of the agreement with the investor and circulates the draft among other interested state authorities such as the Ministry of Economy (pricing issues), the Ministry of Taxes and Duties (tax exemptions), the Ministry of Justice (legal clarity and compliance of the agreement with local laws). Negotiations and approval of the draft by all interested authorities may take several months.



6.1.3 CONCESSION AGREEMENTS

A concession is an agreement by the Republic of Belarus granting a temporary right to carry out a specific type of activity related to the exclusive competence of the state, or the right to use property (e.g., subsoil, waters, woods, land) owned by the state.

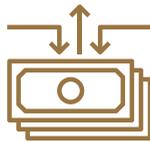
Concession agreements are of three types:

- full agreement (right of property to goods produced stays with the concessionaire);
- agreement on division of products (goods produced are divided between the concessionaire and the state under a procedure and in a proportion set by the agreement);
- concession agreement on services / work (the right to goods produced is transferred to the state; the concessionaire only receives remuneration for services (work))

performed).

A concession agreement is concluded either by tender or following direct negotiations with the investor. Direct negotiations are possible for strategically significant objects or if information about the object is a state secret by the decision of the President of the Republic of Belarus.

The official list of objects offered for concession as of May 2017 includes 15 objects, inter alia, chalk, clay, and oil shale deposits, etc.



6.1.4 INVESTMENT ACTIVITY IN SMALL TOWNS

Since 1 July 2012, companies and individual entrepreneurs operating in all rural areas and towns² enjoy the following

main benefits within seven years after registration:

- exemption from profit tax on sale of goods, work, services of own production;
- exemption from other taxes and duties, except for VAT, excise tax, offshore duty,

land tax, ecological tax, natural resources tax, customs duties and fees, state duties, patent duties, and stamp duty; and

- no restrictions on insuring risks with foreign insurers.

The special legal regime does not apply to banks, insurance companies, investment funds, professional participants in the securities market, businesses operating under other preferential legal regimes (High Technology Park, Industrial Park “Great Stone”, August Channel) and certain other businesses.

All cities and towns except for Baranovichy, Bobruisk, Borisov, Brest, Vitebsk, Gomel, Grodno, Zhodino, Zhlobin, Lida, Minsk, Mogilev, Mozyr, Molodechno, Novopolotsk, Orsha, Pinsk, Polotsk, Rechytsa, Svetlogorsk, Slutsk and Soligorsk.



6.1.5 FREE ECONOMIC ZONES (FEZs)

At present, Belarus has six FEZs (one for each region administrative centre, including Minsk). As of 1 January 2019, 414 companies were registered as FEZ residents.

In order to become a FEZ resident, an investor needs to meet certain criteria, such as:

- minimal investment of EUR 1 million or EUR 0.5 million provided that the investments are made within 3 years since the moment of concluding an agreement on the order of activities in FEZ; and
- FEZ residents should produce within FEZ territory import-substituting goods or goods oriented for export.

BENEFITS FOR FEZ RESIDENTS

- exemption from profit tax for selling goods of own production, provided that the goods (work, services) produced are either exported from Belarus or sold to other FEZ residents;
- exemption from payment of customs duties and taxes and from non-tariff regulation measures in relation to foreign goods imported into the territory of FEZ;
- exemption from compensation payments of value of removed plants in case of construction of objects provided in the investment project within the boundaries of FEZ;
- exemptions from land tax for any land plot within the FEZ territory in case the resident sells goods under special FEZ tax regime, as well as for the land plots within the FEZ territory until commissioning of the last object constructed on these land plots, but not longer than five years after the registration as a FEZ resident; and

- exemption from real estate tax for buildings located within the FEZ territory in case the resident sells goods under special FEZ tax regime, as well as for buildings within the FEZ territory within 3 years of the registration as a FEZ resident (except for buildings in lease or other compensate or uncompensated use).

Tax benefits apply if a FEZ resident provides the tax authority with a certificate of goods of own production issued by the Belarusian Chamber of Commerce and Industry.

The special legal regime does not apply to businesses in the area of catering, gambling, interactive electronic games, trade, and securities.



6.1.6 GREAT STONE INDUSTRIAL PARK

In June 2012 the China-Belarus Industrial Park (Industrial Park) was created for a term of 50 years. The Industrial Park comprises an area of over 9,000 hectares in the south-western part of Smolevichi district (close to "Minsk-2" national airport).

In the Industrial Park, a special regime applies to taxation, customs, administrative and other regulations. A "special economic zone" legal regime is intended to foster economic, trade, and investment cooperation between Belarus and China. Within the framework of the regime residents of the Industrial Park are provided with a wide range of benefits and preferences.

Recently a significant set of amendments in regard to the special regime of the Industrial Park was introduced by Decree of the President of 12 May 2017 No. 166. The amendments clarified the order for performing activities in the Industrial Park, including competence of its managing bodies, and provided for additional benefits to residents and investors of the Industrial Park.

The status of Industrial Park resident can be granted to legal entities registered and implementing investment projects there. The nationality of investors is not limited to China only. The priority industries expected to develop in the Industrial Park are electronics, pharmaceuticals, biomedicine, chemicals, mechanical engineering, logistics, big data, R&D, and some other. The amount of investment shall equal to USD 5 million, for R&D activities – USD 0.5 million. The same amount of USD 0.5 million applies to investments, which are made within 3 years since the moment of concluding an agreement on the order of activities in the Industrial Park.

It is also possible to obtain a status of an investor of the Industrial Park without registering as a resident. The investor status allows to receive land plots on the territory of the Industrial Park in order to finance construction or equipment of the objects on these land plots.

Industrial Park residents enjoy the following benefits:

- exemption from income tax on proceeds from sale of goods (work, services) of own production manufactured in the Industrial Park for ten years from the date of registration as residents; afterwards the rate of income tax is reduced by 50%;
- exemption from real estate tax on real estate objects located in the Industrial Park;



- exemption from land tax on land plots in the Industrial Park;
- for the first five years starting from the year when profit is first declared by a resident, the income tax rate on dividends paid by an Industrial Park resident to its founder amounts to 0%;
- until 1 January 2027 the income tax rate on royalties paid by Industrial Park residents to foreign organisations amounts to 5%;
- until 1 January 2027, the personal income tax rate for employees of Industrial Park residents is 9%;
- a full VAT refund is paid for imported goods (work, services), property rights used in the design, construction, and equipping of buildings and constructions in the Industrial Park;
- exemption from customs duties and VAT on goods (manufacturing equipment, components and spare parts, materials and raw materials) imported into Belarus in order to implement investment projects in the Industrial Park;
- other benefits related to social security payments for employees of Industrial Park residents, terms of processing matters involving foreign labour immigration, and others.

In addition, legal acts specify features of construction of Industrial Park objects and infrastructure, in particular:

- investors and Industrial Park residents can choose contractors to construct Industrial Park objects and suppliers of goods for building and equipping them without tenders;
- design, adjustment of project documentation, construction and commissioning of Industrial Park objects may be carried out in accordance with technical legal acts similar to those adopted in China and EU countries if project documentation passes public examination in Belarus, safety of construction work and

materials is guaranteed and necessary documentation is drawn up in Russian (Belarusian) or a translation of the documentation is provided;

- imported goods for the design, construction, and equipping of Industrial Park objects are not subject to mandatory conformity assessment in Belarus.

Legislation guarantees stability of the special legal regime throughout the lifetime of the Industrial Park.

Incentives and preferences of the Industrial Park do not apply to financial institutions, businesses in the area of lotteries, gambling, and interactive electronic games.



6.1.7 HIGH TECHNOLOGY PARK (HTP)

The HTP was created in 2005 to foster development of the IT industry. The HTP is an area in the eastern part of Minsk with a special legal regime. According to Decree of the President of 21 December 2017 No. 8 (Decree No. 8) the special regime of the HTP was prolonged up to 2049.

Decree No. 8 also introduced regulations of cryptocurrencies and tokens, as well as related activities, like mining and ICO. Until 2023 activities with cryptocurrencies and tokens are subject to wide tax and foreign currency benefits, including full exemption from the company income tax, personal income tax, VAT, tax under simplified taxation system, and some other benefits.

Moreover, on November 30, 2018 Supervisory Council of the HTP approved the Regulations on token-related activities, in particular:

- Regulations on the requirements to be met by certain applicants for their registration as residents of the HTP;
- Regulations on the activity of a cryptoplatform operator;
- Regulations on the activity of a cryptocurrency exchange office operator;
- Regulations on provision of services related to the creation and placement of digital tokens (tokens) and carrying out of operations on the creation and placement of own digital tokens (tokens);
- Regulations on the requirements for the internal control rules of residents of the HTP.

Unofficial translation of the relevant regulations into the English language may be found on the official web page of HTP (<http://www.park.by/post-2225/?lng=en/>).

In addition, under Decree No. 8 the HTP has become a testing ground for approbation of some international legal mechanisms, like non-compete and non-solicitation agreements, convertible loan, option agreement, indemnification agreement, investment partnership agreement, irrevocable power of attorney. In future the listed mechanisms may be incorporated into general civil regulations of Belarus.

The status of HTP resident can be granted to a Belarusian company (including those with foreign investments) whose business is:

- analysis, design, and software support for information systems;
- data processing;
- fundamental and applied research, exploratory developments in the field of natural and engineering sciences;
- technical protection of information;
- IT consulting and a range of other activities.

Several additional types of activities

were also introduced by Decree No. 8, including activities related to AI, self-driving cars development, cybersport, IT education, etc.

HTP residents enjoy the following main tax benefits:

- exemption from profit tax and VAT;
- WHT at the rate of 5 % for dividends, and 0% for interests and royalties from HTP residents;
- land plots within the HTP necessary for construction of buildings are exempt from land tax throughout the period of construction but no longer than three years;
- real estate on HTP territory (except leased real estate) is exempt from real estate tax; and
- dividends paid to shareholders registered in offshore zones are not subject to offshore duties.

Furthermore, certain exemptions concern personal income tax paid by employees in HTP, and social security payments. Foreign legal entities also enjoy benefits as to taxation of dividends, interest and royalties from HTP residents. These types of income are taxed at the rate of 5%, unless more favourable conditions are set by international agreements.



6.1.8 SOUTH-EAST DISTRICT OF MOGILEV REGION (SER)

On 8 June 2015, Presidential Decree No. 235 “On Social and Economic Development of South-East District of Mogilev Region” introduced a set of

measures for development of SER territory, that comprises Krichev, Klimovichi, Kransopolije, Kostiukevichi, Slavgorod, Cherikov, and Hotimsk districts of Mogilev region. These measures include preferential regime for business entities and individual entrepreneurs, registered on the territory of SER from 1 June 2015 to 31 December 2020.

Business entities and individual entrepreneurs registered on the territory of SER enjoy the following benefits:

- personal income tax at the reduced rate of 10% in regard to remuneration under employment agreements (contracts) for the period of 7 years after the employer starts to produce goods, perform works, or render services on SER territory;
- social security contributions by employers at the reduced rate of 24% for the period of 7 years after the employer starts to produce goods, perform works, or render services on SER territory.



6.1.9 ORSHA DISTRICT OF VITEBSK REGION

According to Presidential Decree No. 506 dated 31 December 2018 “On Development of Orsha District of Vitebsk Region”, business entities that carry out their activities in the territory of Orsha district are subject to an impressive set of preferences. The main of them include the following:

- exemption from a number of restrictions for applying the simplified taxation system, as well as lower tax rates under

this system: 1% of the turnover from sale of goods of own production, 2% of the turnover from performing own works or rendering own services;

- exemption from VAT in relation to certain types of imported machinery and equipment that are subject to 0% customs duty;
- full VAT refund for developers in regard to the goods, works, and services used for constructing and equipping facilities in the Orsha district;
- the right to apply investment tax refund in the amount of up to 30% of the initial cost of buildings and constructions located in Orsha district (or investments in their reconstruction), as well as similar deduction in regard to machinery, equipment, and vehicles used in commercial activities in Orsha district, but in the amount of up to 50% of initial costs or investments in reconstruction;
- exemption from payment of default interest for delayed performance of tax obligations;
- preferential 24% rate of social security contributions by employers;
- exemption from several mandatory requirements to foreign trade operations, including the terms of their completion;
- lower annual rental payments for the land lots (calculated based on cadastral value of the land plot with 0.0025 instead of default 0.032 – 0.5 coefficients);
- right to apply EU, EAEU, and China construction and technical rules without adaptation to the Belarusian standards;
- exemption from payment of state fee for issuance of special labour permits;
- exemption from recovery of losses of forestry production for implementation of projects creating (extending) production sphere;
- financial support of small and medium-sized entrepreneurship at the cost of Region budget.



6.1.10 SPECIAL ECONOMIC ZONE IN MULTIMODAL INDUSTRIAL LOGISTIC CENTER “BREMINO-ORSHA” (SEZ)

Multimodal Industrial Logistic Center “Bremino-Orsha” is a special industrial and logistics project in Orsha district implemented under the Presidential Decree No. 334 dated 21.07.2015.

According to recent news, the project will shortly receive further support from the government, including substantive preferences for SEZ residents to be introduced by Draft Presidential Decree “On creation of Special Economic zone in Multimodal Industrial Logistic Center “Bremino-Orsha”.

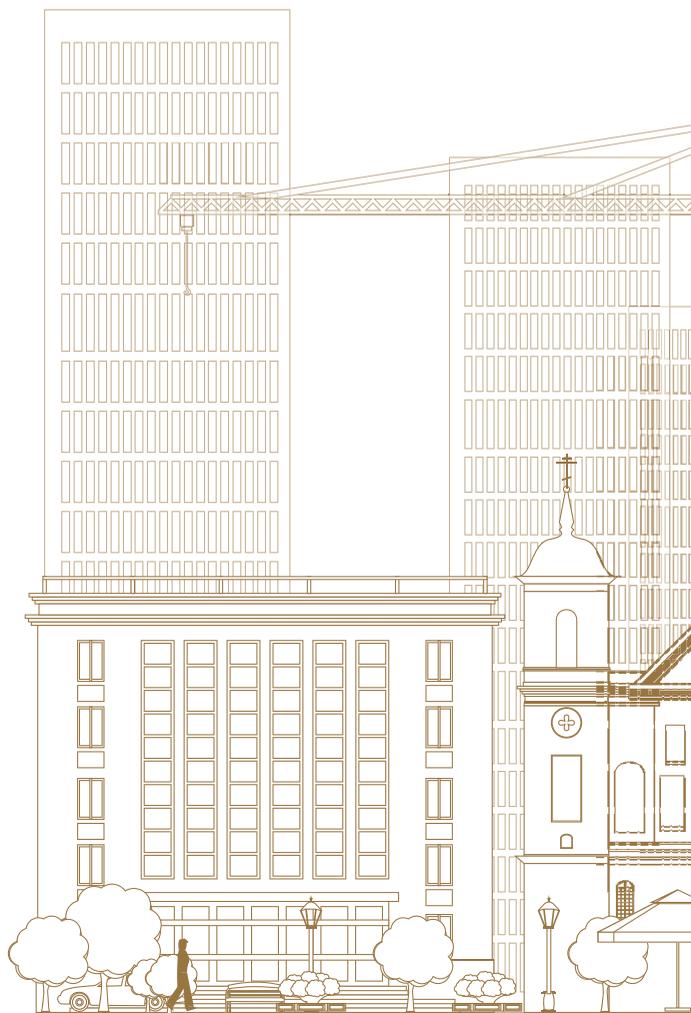
Upon the requirements of the Draft Presidential Decree, SEZ residents will have to declare amount of investments not less than USD 5 million (or EUR 500,000 under the condition of investment within 3 years) in implementation of projects in such spheres as manufacturing, e-Commerce, logistics and transport, postal services. Upon approval of the President, investment projects may also relate to production of food products, light industry, household appliances, wholesale trade.

SEZ residents will enjoy such benefits as:

- exemption from CIT for 9 years from the first tax period in which gross profit arose, after that the CIT will reduced by 50% of the current rate;
- exemption from real estate tax on objects of taxation in the SEZ, regardless of the purpose of their use, for the period of 20 years;
- full VAT refund;
- exemption from payment of import

customs duties, taxes (on raw materials placed under the customs procedure of the Free Trade Zone) in case of export of finished commodity outside the Eurasian Economic Union;

- exemption from payment of import customs duties, taxes in case of import of goods (technological equipment, components and spare parts, raw materials) for implementation of the investment project in the SEZ;
- exemption from customs VAT in relation to vehicles for transportation of goods, tractors, trailers, aircraft, railway trains not produced in Belarus, until 31 December 2023.



6.1.11 PUBLIC-PRIVATE PARTNERSHIP (PPP) OPPORTUNITIES

PPP in Belarus is regulated by the Law on Public-Private Partnership that came into force on 2 July 2016. According to its arrangements between the state (state partner) and a private business (private partner) are formalised with PPP agreements, conclusion of which becomes possible as a result of a bidding procedure organised by state authorities.

In 2018, the Law on Public-Private Partnership was amended to clarify the bidding procedure, as well as some other issue, including rights and guarantees of private partner. It also introduced a mandatory requirement that only a commercial entity of the Republic of Belarus can be a private partner. At the same time, a foreign investor is still entitled to participate in the bidding process, though, in case it is chosen to implement the PPP project, it will have to establish a company in Belarus.

Within PPP, a private partner undertakes obligations of creation and/or modernisation of an infrastructure object, its technical servicing and (or) operation. In order to ensure performance of obligations by a private partner, the infrastructure objects can be transferred into its possession, use (including free of charge use), and land plots underlying the objects can be transferred to the private partner for lease, permanent or temporary use. Private partners are entitled to receiving state budget financing, as well as full or partial financing of their obligations on their own.

In addition to the above the following guarantees of private partners' rights are provided:

- general guarantees offered to investors;
- non-interference into the activity of a private partner except for the cases provided in PPP agreements, legal acts, or in situations calling for protection of national security, public order, morality, health of the population, rights and freedoms of third parties;
- guarantee of state financing, if provided under the PPP agreement;
- guarantee of independent choice of suppliers;
- protection of property and other rights.

Besides PPP agreements, it is possible to enter

into an agreement on cooperation.

The latter can be concluded between a state partner, a private partner, creditors of the private partner and (or) other parties to regulate terms and conditions of their cooperation within implementation of PPP project.



6.1.9 BILATERAL INVESTMENT TREATIES

Additional guarantees for foreign investors in Belarus are provided by a number of agreements on promotion and protection of investments.

Agreements on promotion and protection of investments currently bind Belarus with the following countries: Armenia, Austria, Azerbaijan, Bahrain, Bangladesh, Belgium-Luxembourg Economic Union, Bosnia and Herzegovina, Bulgaria, Cambodia, China, Croatia, Cuba, Cyprus, the Czech Republic, Denmark, Egypt, Estonia, Finland, France, Georgia, Germany, Iran, Iraq, Israel, Italy, Jordan, Kuwait, Kyrgyzstan, Laos, Latvia, Lebanon, Libya, Lithuania, Macedonia, Mexico, Moldova, Mongolia, the Netherlands, North Korea, Oman, Pakistan, Poland, Qatar, Romania, Saudi Arabia, Serbia, South Korea, Singapore, Slovakia, Spain, Sweden, Switzerland, Syria, Sudan, Tajikistan, Turkey, Turkmenistan, the Ukraine, United Arab Emirates, the United Kingdom, the United States of America, Venezuela, Vietnam, and Yemen.

Belarus is also a party to a number of multilateral treaties on cross-border investment activity:

- 1965 International Convention on Settlement of Investment Disputes between States and Nationals of Other States;
- 1985 Convention Establishing the Multilateral Investment Guarantee Agency;
- 1993 Agreement on Cooperation in the Field of Investment Activity;
- 1997 Moscow Convention on Protection of Investors' Rights;
- 2014 Agreement on the Eurasian Economic Union (with Annexes).

Due to economy having overcome the recession and further improvement of the investment climate one can expect foreign investors to be more active in the Belarusian market. At the moment we are happy to have such great market players as Coca-Cola Company, Lactalis, Kronospan, Carlsberg, Kapsch, Geely, Vienna Insurance Group, Danone, China Merchants Group, Stadler, Olvi, Telekom Austria, Raiffeisen, and many others. A number of investment projects are currently being implemented by investors from different parts of the world.

Recent M&A transactions, which have been performed based on international standards, can be a good experience and example for other investors considering Belarus as a ground for their business expansion or diversification. The IT sector, that had been forging the most prominent deals for several past years, remains one of the main newsmakers. In particular, such transactions as acquisition of AIMATTER by Google, MSQRD by Facebook, Juno by Gett, Fiverun by Vista Equity Partners, Apalon by Mindspark Interactive Network, fundraising by startups Flo Health, FriendlyData, RocketData, put Belarus on the map of the most remarkable IT M&A and venture deals in the region.

6.2 CORPORATE LAW: SETTING UP A BUSINESS IN BELARUS

MAIN ORGANISATIONAL AND LEGAL FORMS³

When establishing a presence in Belarus, foreign investors choose from a variety of corporate forms. The decision on corporate presence in the form of a representative office or local legal entity is usually influenced by the regulatory framework, the nature of the project, and strategic plans.

A representative office is a popular form at the initial stage of entering the Belarusian market. Due to flexible employment, currency control, and certain other regulations, representative offices have often been used at the initial stage of business operations in Belarus and for a certain time even alongside a local legal entity.

At the same time, starting from 1 January 2014 a foreign company may carry out only auxiliary or preparatory activity via its Belarusian representative office. This activity includes market research, exploring invest-

ment opportunities, incorporating a legal entity, and similar.

Starting from the September 3, 2018 representative offices of foreign company are accredited by regional executive committees. A permit for

establishing a foreign representative office is issued for a fixed term of three years. A foreign company pays state duty equivalent to 65 basic units (approx EUR 670) for each year when the permit to establish representative office in Belarus is effective. The number of foreign employees of a representative office is limited to five.

Permit to establish a representative office is issued within 30 days after filing the necessary documents. Outstanding procedures after the issuance of the permit take at least two and a half weeks and end with opening representative office bank accounts.

The main vehicles for foreign investment in Belarus are legal entities established under local law.

6.2.1 COMMERCIAL LEGAL ENTITY

(A) FORMS AND TYPES OF COMMERCIAL LEGAL ENTITY

The most common forms of commercial legal entity in Belarus are joint stock companies, limited liability companies, and unitary enterprises.

A Joint Stock Company (JSC) under Belarusian law is a commercial company founded by one or more individuals / legal entities (shareholders). Shares in the JSC are securities issued by the

³ For the purpose of this and subsequent sections the amount in euro has been calculated on the basis of the following rate: EUR 1 = BYN 2.46. From 1 January 2019 the amount of the basic unit is equal to BYN 25.50. The government may adjust the amount of the basic unit from time to time depending on the economic situation in Belarus.

company; their issue is registered with the Department of Securities of the Ministry of Finance or its relevant territorial subdivisions. Any issue / cancellation of shares or increase / decrease in their nominal value also require registration. Unless performed via the Belarusian Currency Stock Exchange, transactions with shares in a JSC must in most cases be registered with professional operators in the securities market (specialised licensed companies).

Under Belarusian law, a JSC can be of two types: open or closed. Shares in an open JSC may be sold freely to any person without the consent of other shareholders. In a closed JSC, shareholders have a pre-emptive right to acquire shares offered, or under its articles or shareholders' decision shares may be sold only to a limited range of persons. A closed JSC cannot offer its shares for public subscription.

A Unitary Enterprise (UE) is a commercial company established by a single owner. All assets of a UE are considered as the property of its owner. The authorised capital of a UE is not divided into shares. A UE may be sold or otherwise assigned as a whole asset complex, including buildings, equipment, inventory, raw materials, ready made goods, claims, debts, as well as trademarks and other exclusive rights of the UE. The

asset complex is considered to be a real property object. In this regard, the asset complex plus related rights and transactions must be registered with the National Cadastral Agency.

A Limited Liability Company (LLC) is the most widely used form of business. A LLC is founded by one or more individuals / legal entities (any combination is possible). Shares in a LLC are often referred to as a "participation interest" and do not require separate registration. Par value of the participation interest, number of votes and share in profit are distributed between shareholders proportionally to the amount of a shareholder's contributions to the authorised capital of a LLC. However, the shareholders may agree on a different correlation between participation interests, number of votes, and shares in profit. Shareholders in a LLC enjoy a pre-emptive right to purchase a participation interest in a LLC offered to third persons by other shareholders. If none of the shareholders exercises this right, the pre-emptive right passes to the LLC itself. Shareholders in a LLC (except for the sole shareholder) may, in contrast to a JSC, at any time declare their exit from the LLC and after exit receive part of the property of the LLC proportional to the amount of their participation interest.

(B) MINIMAL AMOUNT OF AUTHORISED CAPITAL AND NUMBER OF SHAREHOLDERS

Type/form of legal entity	Minimal authorised capital	Number of shareholders/owners	Declaration and formation of authorised capital
Unitary enterprise	1 kopek	Only one owner of assets	Authorised capital should be declared in BYN and fully paid within 12 months after state registration of the company
Limited liability company	1 kopek	Minimum one maximum 50	
Closed joint-stock company (CJSC)	100 basic units (approx EUR 1,000)	Minimum one Maximum 50	
Open joint-stock company (OJSC)	400 basic units (approx EUR 4,250)	Minimum one Maximum is unlimited	

6.2.2 MANAGEMENT

Management structures are specific for each legal form of company.

(A) UNITARY ENTERPRISE

The owner of a UE is the supreme management body. Exclusive competence of the owner covers introducing amendments to the UE articles, increasing or decreasing authorised capital. The owner appoints and dismisses the director of the UE or outsourced manager. An owner who is a natural person may personally perform the duties of director or outsourced manager.

(B) JOINT-STOCK AND LIMITED LIABILITY COMPANIES

The structure of managing bodies of a commercial company other than a UE may include the general meeting of shareholders, the supervisory board, and the director (board of directors).

The general meeting of shareholders (Meeting) is the supreme managing body of the company. The Meeting convenes at annual and extraordinary sessions.

The Meeting can decide on issues of reorganising and liquidating the company, amending its articles, changing the amount of authorised capital, forming other managing bodies, and other strategic issues.

Establishing a Supervisory Board is mandatory only in an open JSC with the number of shareholders of more than 50. The competence of the Supervisory Board usually covers general management of the company. Specific

⁴The Meeting is not created in commercial companies with one shareholder. The powers of the Meeting in such companies are exercised by the sole shareholder.

powers may be granted by the Meeting within limits defined by law. Only natural persons may be members of the Supervisory Board; they may be elected not only

from the shareholders of the company.

The company may be managed by a sole and / or collective executive body (the Director / Board of Directors) but there may not be several managing directors equal in status. The company may have both a Board of Directors and a Director. However, in that case their competence should be clearly distributed among the bodies and the Director should be elected in the capacity of Chairman of the Board of Directors. The functions of the executive body may be transferred to an outsourced organisation or manager. The executive body is in charge of managing the company's day-to-day activities.

A foreign citizen may be appointed as a Director / member of the Board of Directors in any company. In this case the Director is obliged to obtain a work permit and a member of the Board of Directors may be obliged to do so. Note that citizens of states which are parties to the Eurasian Economic Union do not need work permits by virtue of the respective international treaty. In addition, HTP residents are exempt from necessity to obtain work permits.

Appointment of foreign citizens to the Supervisory Board requires no special permits or licences.

6.2.3 SHAREHOLDERS' AGREEMENT

Belarusian law provides possibility to conclude a shareholders' agreement (in JSC) and an agreement on the exercise of the rights of company shareholders (in LLC) (hereinafter shareholders' agreement). These corporate tools aim to support shareholders in coordinating their activities as to participating in the management of a company, exercising their rights more efficiently and protecting their legitimate interests.

Under the law, a shareholders' agreement is an agreement on implementing rights certified

by shares and/or on peculiarities of exercise of rights to shares. A shareholders' agreement is concluded in respect of all shares held by a party to a shareholders' agreement. The company itself cannot be a party to a shareholders' agreement, nor can all shareholders (at least one should not be a party). Breach of a shareholders' agreement cannot be a ground for invalidating decisions of the company's management bodies.

A shareholders' agreement may set the following obligations:

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

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

Although these amendments represent a considerable step forward in corporate regulation, certain issues are not addressed in the law and would have to be developed further either by practice or through subsequent amendment of the legal framework. Such matters include, for instance, eligibility of arbitration under shareholders' agreements plus the possibility to govern a shareholders' agreement by a foreign law where one of the parties is a foreign individual or company.

6.2.4 ESTABLISHING A COMPANY

Generally, incorporation of a company includes the following steps:

- choosing a name for the company and registering this with the municipal authority;
- choosing the future location of the company ("virtual addresses" are not allowed);
- executing the articles of the company and other incorporation documents;
- filing for registration of the company.

Registration of a company is effective from the date when the documents are filed. Registration with the tax authorities, social security fund and insurance body is accomplished without involvement of the applicant during the next five business days. Other post-registration procedures include appointment of the executive body and the chief accountant, production of the corporate seal, and opening bank accounts.

State registration takes one working day and the whole registration process (up to opening bank accounts) should not exceed one a week and a half.





6.3 PRIVATIZATION

The type of privatisation procedure depends on objects of privatisation, which include housing, state enterprises, leased state property, and state-owned shares. Potential investors can join the privatisation of state enterprises process at various stages:

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

Lists of open-joint stock companies in which shares are available for privatisation are published on the official website of the State Property Committee (<http://www.gki.gov.by/ru/auction-auinf-auishares/>).

These lists contain basic information on privatisation conditions, and sometimes a brief description of privatisation objects.

Investors are welcome to select privatisation targets from the list and send a brief letter of interest to the State Property Committee. Letters of interest are reviewed by a special commission that decides on the feasibility of preparing a decision of the President on privatisation of shares via tender, auction or direct sale.

The investor may also send a letter of interest in respect of objects that do not appear on the State Property Committee list. Basically, any object can be sold if an investor is interested and the state finds the conditions proposed by that investor interesting.

6.3.1 BECOMING CO-FOUNDER OF AN OPEN JOINT-STOCK COMPANY

Decisions on transformation of the unitary enterprises into open joint stock companies are made on a case by case basis by competent state authorities. The State Property Committee or its local divisions, depending on the size of the unitary enterprise which is to be transformed, may announce a contest to choose a private investor in addition to the state – the future shareholder of an open joint stock company. The winners are selected after the contest by a specially established commission, or may be directly negotiated if there is only one contest participant.

It is also possible to acquire a share in a transformed company at the stage of sale of shares.

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

The State Property Committee can also itself organise an auction or contest where state-owned shares or enterprises are sold to investors. The contest or auction is announced in the Belarusian mass media and on the Committee's official website www.gki.gov.by. To participate in a contest or auction the investor applies with a set of supporting documents. Contest participants should also file a tender proposal corresponding to the terms of the contest. The winner of the contest or auction becomes either the shareholder in the company or the owner of the enterprise as an asset complex.

6.4 MERGER FILING REQUIREMENTS IN BELARUS

In Belarus merger filing is mandatory in some cases. This means that some transactions may require prior clearance by the antimonopoly authority (the Ministry of Antimonopoly Regulation and Trade and the respective local subdivisions).

Under the effective Law the parties should apply to the antimonopoly authority for approval of an intended transaction with shares (participation interest) if the book value of the target's or acquirer's assets as of the latest reporting date exceeds 200,000 basic units (approx EUR 2.1 mln), or the amount of proceeds from sales for the previous financial year exceeds 400,000 basic units (approx EUR 4.2 mln), or acquirer and / or target included into the State Register of Business Entities holding Dominant position in the relevant market or the State Register of Natural Monopolies entities, in the following cases:

1. Transactions where the acquirer and the target operate in the same commodity market (all of the following conditions should be met):

- a. the intended transaction relates to acquisition of shares (participation interest) in the target;
- b. the acquirer and the target perform their activity in the same commodity market;
- c. the acquirer is a business entity holding a dominant position in that market.

2. Transactions with shares (participation interest) of a target holding a dominant position (all of the following conditions should be met):

- a. the intended transaction relates to acquisition of at least 25% of shares (participation interest) in the target;

- b. the target is a business entity holding a dominant position in a certain commodity market;
- c. the acquirer is a business entity or an individual.

3. Acquisition of the ability to influence decisions of a target holding a dominant position (all the following conditions should be met):

- a. the intended transaction results in the acquirer's ability to influence decisions of the target;
- b. the target is a business entity holding a dominant position in a certain commodity market;
- c. the acquirer is a business entity or an individual.

4. Acquisition of control over a material amount of shares (participation interest) of a target (all of the following conditions should be met):

- a. acquisition may take any form as long as control over disposal of shares (participation interest) is gained (e.g. purchase, trust management, agency); and
- b. the acquirer is a business entity or an individual; and
- c. the intended transaction results in the acquirer's right to dispose of more than 25% of the shares (participation interest) in the target, if before the transaction the acquirer has no right to dispose of the target's shares (participation interest) or has the right to dispose of not more than 25% of the target's shares (participation interest), or
- d. the intended transaction results in the acquirer's right to dispose of more than 50% of shares (participation interest) in the target, and before the transaction the acquirer has

the right to dispose of more than 25% but not more than 50% of the target's shares (participation interest).

5. Acquisition of the right to participate in the executive bodies, supervisory board, and other managing bodies of two or more targets by the same acquirer (all of the following conditions should be met):

- a. the targets operate in the market for interchangeable (similar) goods;
- b. the acquirer has an opportunity to set conditions for the targets' business activities;
- c. the acquirer is a business entity or an individual.

Starting from 3 August 2018 new version of the Law on Counteracting Monopolistic Activity and Development of Competition established several additional cases in which the merger clearance is required:

1. Acquisition of the right to give mandatory orders in regard to the target's business activity or to perform functions of a management body of the target.

2. Conclusion of a simple partnership agreement (cooperative business agreement) on the territory of the Republic of Belarus (all of the following conditions should be met):

- a. the parties to the agreement are individual entrepreneurs and/or business entities;
- b. the parties to the agreement are competitors.

3. Acquisition of a title over a significant amount of property of a commercial entity (all of the following conditions should be met):

- a. the acquired property is either fixed or

intangible assets;

- b. the acquired property is located on the territory of the Republic of Belarus;
- c. the value of the acquired property exceeds 20% of total book value of the target's fixed and intangible assets;
- d. the property is received into ownership, use, or possession.

The law may seem somewhat ambiguous as to the necessity to obtain approval for a foreign-to-foreign transaction, where the transaction has no direct local nexus. According to consistent practice of market players and the position thus far taken by the antimonopoly authority of Belarus, these transactions may be exempted from merger clearance in most cases. Based on analysis of current legislation and available practice one may conclude that transaction between foreign parties may be subject to Belarusian merger control if the transaction involves the direct transfer of shares in a Belarusian entity or it leads or may lead to prevention, restriction, or elimination of competition in the respective commodity markets of Belarus. In the latter case such affect may take place if the transaction involves indirect transfer of shares in a Belarusian entity, if a party to the transaction maintains a corporate presence in Belarus or operates (directly or indirectly) in the Belarusian market and holds a significant market share (approx 15% and higher) or the transaction will lead to a significant increase in its market share.

No filing fees are payable in Belarus for examining an application or approving a transaction.



6.5 FINANCIAL REGULATION IN BELARUS



6.5.1 BANK ACCOUNTS

Opening a bank account abroad by a Belarusian company requires a permit from the National Bank of the Republic of Belarus (National Bank), subject to some exceptions. According to the Program on Social-Economic Development of the Republic of Belarus for 2016–2020 restrictions for opening bank accounts abroad are planned to be cancelled completely by 2020.

Foreign companies may open settlement accounts in Belarusian banks both in local currency and in foreign currency.

Pledges over Belarusian bank accounts are not available in Belarus, though certain contractual security instrument with respect to them may be considered.



6.5.2 CURRENCY OF SETTLEMENT AND CURRENCY EXCHANGE

Foreign currency can be used in settlements between Belarusian residents only in limited contexts. Settlements between a resident and non-resident may be both in local currency and in foreign currency if the National Bank has set the official exchange rate of the BYN against the other currency (the list comprises 78 foreign currencies, including USD and EUR). Certain limitations as to the use of foreign currency in settlements with foreign companies may be set in international treaties to which Belarus is a party.

Residents and non-residents may freely

exchange currency through Belarusian banks regardless the purposes of such exchange. In order to exchange currency in foreign exchange markets, a Belarusian company (except for banks) needs to obtain a permit of the National Bank.

Starting from August 2018, Belarusian companies are not required anymore to sell any part of their income in foreign currency.



6.5.3 REQUIREMENTS FOR OBTAINING A LOAN FROM A NON-RESIDENT

A Belarusian borrower requires a permit. On 1 March 2019 changes to legislation entered into force, that allow Belarusian companies to receive loans from non-residents without a permit of the National Bank. Instead, respective operations should be registered with a Belarusian borrower's servicing bank. Such registration is simple and straightforward procedure.

Interest-free loans received by residents from non-residents may be regarded as foreign gratuitous aid. Such aid is subject to burdensome registration procedure and may only be provided for a limited range of purposes.

6.6 LEGAL STATUS OF LAND AND OTHER REAL PROPERTY

Under Belarusian law real property includes land plots, buildings and structures, objects of incomplete construction, parking places and other objects closely connected with land.



6.6.1 REGISTRATION OF REAL PROPERTY

Real estate objects are considered as created only after state registration.

Emergence, transfer, and termination of rights to and encumbrances on real estate as well as transactions with real estate require state registration (except for lease, sublease and free-usage transactions with buildings and structures and rights thereto). Real estate transactions requiring state registration enter into force from the date of state registration. Failure to comply with this requirement results in invalidity of the transaction.

Registration is performed by the local agencies on real estate state registration (local agency). From 22 July 2018 a number of amendments to legislation regarding registration of real estate, rights thereto and transaction therewith have entered into force. The main one is the following:

- new form of applying for registration of real estate, rights thereto and transaction therewith is introduced: application can be made through authorised agents (e.g. advocates, realtors, notaries, etc.). Other forms of application are applying in person, through mail or by e-mailing electronic documents.

All information on registered real estate is available in the Unified State Register of Real Estate, Rights thereto and Transactions therewith (the Real Estate Register). Registration data are open for public access. Any person

may request information (including information on ownership and other rights) on specific real estate object by its address and/or inventory/cadastral number. However, only title holders, their successors, government authorities and, in certain cases, notaries and advocates may access a list of all real estate objects belonging to a particular individual or legal entity.

6.6.2 LAND PLOTS

In Belarus, use of land plots is predetermined by their specific designation (e.g. agriculture, forest and water fund, inhabited areas, infrastructure).

Designation of land plots may be changed by decision of local authorities.

Belarusian legal entities (including those with foreign investments) can hold the following rights and titles to land:

- right of property;
- right of permanent use;
- right of temporary use;
- right of lease (predominantly used title).

Land plots can be transferred into ownership of Belarusian legal entities at auction. The law sets an extensive list of exceptions when auctions may be avoided.

A right of permanent use of a land plot presumes the right to own and use a land plot for its designated purpose without time

limitation. Only certain types of commercial legal entity can enjoy a right of permanent use of land plots, including:

- agricultural organisations;
- non-governmental legal entities as to land plots used for servicing real estate objects owned by the state;
- legal entities for construction and operation of apartment houses, parking places and garages;
- legal entities as to resizing land plots granted for permanent use in connection with reconstruction of buildings located on them;
- legal entities for construction and maintenance of transport and engineering infrastructure facilities as well as roadside service facilities (except for construction of roadside service facilities in suburban areas of Minsk city and regional capitals), etc.

The above entities can also be granted a right of temporary use of a land plot. A land plot can be granted into temporary use for a maximum of ten years, with some exceptions.

The right of temporary use can also be granted to investors operating under concession agreements for a maximum period of 99 years.

Lease agreements can be concluded for a maximum of 99 years. The amount of lease payments should be set in such agreement.

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

- auction for the right to conclude an agreement for lease of a land plot;
- auction for the right to design and construct buildings.

Land plots are provided to lease without holding auctions in limited cases set by law.

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



6.6.3 BUILDINGS AND CONSTRUCTIONS

Belarus has no codified legal act regulating the status of buildings and structures and construction activity. It is possible to distinguish two categories of buildings with different legal status – residential and non-residential.

Apart from buildings and constructions (permanent structures) the law treats the following objects as real estate:

- isolated premises (parts of a capital building registered and regarded as separate real estate);
- parking spaces (structures registered and regarded as separate real estate);
- objects of incomplete construction (conserved incomplete construction objects registered and regarded as separate real estate).

Buildings and constructions can be owned by foreign legal entities and individuals.

Rent rates for lease of a state owned building should be set according to special rules established by Presidential Decree and calculated in basic lease units (BYN 16,11, i.e. approx EUR 6.6).

Local authorities enjoy a pre-emptive right to acquire certain buildings and other real estate located within their jurisdiction. The list of these buildings and other real estate is set annually by local authorities. In practice this right is rarely exercised. However, sale-purchase agreements may be registered with the Real Estate Register and ownership may be transferred to the purchaser only after the local authority decides not to exercise its pre-emptive right to acquire.

In general legal entities also enjoy a pre-emptive right to acquire state property (excluding land plots) in case of leasing it for the period not less than 3 years with granting payment by installments for 5 years. In such case property alienation should be initiated by state authority owning the leased property.

6.6.4 MORTGAGE

Belarusian law allows use of real estate as collateral but some restrictions are applied.

Only the following organisations are allowed to be mortgagees of land plots and pledgees of lease rights to land plots:

- banks with a licence to place funds attracted in their own name and for their own account on condition of recurrence, interest payment, and maturity;
- Asset Management Agency OJSC, Development Bank of the Republic of Belarus OJSC if a transfer of interest in loan with a collateral in a form of mortgage was made to the mentioned organisations;
- the IFC, EBRD and the Eurasian Development Bank, if the mortgage of a land plot (pledge of lease right to a land plot) secures repayment of a loan to a Belarusian resident;
- the China Development Bank, the Export-Import Bank of China, IFC, EBRD, Eurasian Development Bank in respect of land plots located on the territory of the “Great Stone” China-Belarus Industrial Park if the mortgage of a land plot (pledge of lease right to a land plot) secures repayment of a loan to Industrial Park Development Company CJSC or its residents.

Only owners and tenants of a land plot may act as mortgagors (i.e. entities holding land plots under the title of permanent or temporary use cannot mortgage land plots or rights thereto).

Mortgage of buildings as well as isolated premises

located on an owned land plot is allowed only with simultaneous mortgage of the underlying land plot (a share in the land plot). Mortgage of buildings as well as isolated premises located on a leased land plot is allowed on simultaneous mortgage of the right of lease (share in the right of lease) on the underlying land plot if payment for the right to conclude the lease agreement was made by the tenant. If payment was not made the building or the isolated premises may be mortgaged without simultaneous pledge of lease rights to land plots. Consequently, buildings or isolated premises located on an owned or leased land plot (provided that payment for the right to conclude the lease agreement has been made) may secure only repayment of bank credit agreements and loan agreements with the IFC, EBRD, the Eurasian Development Bank as well as with the China Development Bank and the Export-Import Bank of China (for land plots located on the territory of the “Great Stone” China-Belarus Industrial Park).

Types of liability that may be secured by mortgage of buildings or isolated premises located on land plots held under the title of temporary or permanent use are not limited. The same relates to buildings or isolated premises located on leased land plots provided that payment for the right to conclude the lease agreement has not been made. Mortgage of real estate (both an agreement and a right) requires registration in the Real Estate Register.

6.7 INTELLECTUAL PROPERTY PROTECTION

Besides having fairly well developed national legislation on protection of intellectual property, Belarus is a party to many international IP agreements administered by the World Intellectual Property Organisation (WIPO).

Belarus is also a party to several regional IP agreements (e.g. Eurasian Patent Cooperation within the framework of the CIS), and several bilateral cooperation agreements in the field of industrial property protection. Besides, it is expected that in the future it will be possible to obtain a regional trademark registration covering all member countries of the Eurasian Economic Union.



6.7.1 INTELLECTUAL PROPERTY (IP)

Belarusian laws provide for the following types of IP:

- scientific, literary and artistic works subject to copyright protection (including software);
- performances, phonograms, transmissions of broadcasting organisations (related rights);
- trademarks and service marks;
- geographical indications (appellations of origin and indications of source);
- corporate names;
- inventions, utility models, industrial designs;
- topologies of integrated circuits;
- selection achievements (plant varieties and animal breeds); and
- production secrets (know-how).

Copyright and related rights obtain legal protection due to the fact of their creation. No formalities are required to enable their protection.

Trademarks are protected in Belarus only if registered through international or national procedures.

Corporate names of Belarusian companies are protected on the basis of registration. Trade names of foreign companies are protected in Belarus without formalities if the trade name of the foreign company is registered in a member state of the Paris Convention or is generally acknowledged therein.

Appellations of origin are protected in Belarus on the basis of national registration while indications of source are protected on the basis of use.

The right to protect know-how from unlawful use arises irrespective of execution of formalities (e.g. registration). However, know-how is protected only if all the following criteria are met: the information is of commercial value due to its confidentiality, it is not freely accessible on a lawful ground, and the owner of the information takes certain measures established by law to protect its confidentiality (e.g. issues internal documentation, applies technological and/or organisational means). Under Belarusian law know-how can be neither assigned nor licensed. However,

the owner of know-how can provide access to know-how under special agreement.

Rights to inventions, utility models, industrial designs and selection achievements are protected only if patents are granted for them.

Legal protection of topologies of integrated circuits depends on registration with the patent authority. Registration of trademarks, appellations of origin and topologies of integrated circuits is confirmed by certificates.



6.7.2 PATENT AUTHORITY AND REGISTRATION OF AGREEMENTS

The patent authority of Belarus is the National Center of Intellectual Property (NCIP). The official NCIP website is www.belgospatent.org.by. It contains databases of inventions, utility models, industrial designs, selection achievements, topologies of integrated circuits, trademarks registered in Belarus and marks applied for registration. These databases are updated every month with new registrations and intended for guidance only. Official data on applications filed (for some types of IP), registered IP, protection documents effective in Belarus, as well as changes made to state registers of industrial property are published in official NCIP editions. Upon request the NCIP prepares extracts regarding any IP objects, or issues information on agreements registered for a certain company.

Under general rule, licences, assignments, pledges, and other agreements with regard to industrial property rights must be registered with the patent authority in order to be considered valid, and the same applies to changes to and termination of these agreements.



6.8 EMPLOYMENT SPECIFICS

Employment has a number of peculiarities in Belarus, including a dual agreement system and certain issues pertaining to employment of management.

6.8.1 EMPLOYMENT AGREEMENT

Employment relations in Belarus should be formalised by written employment agreement. The most common type of employment agreement in Belarus is the employment contract.

An employment contract is a highly specific type of employment agreement which can be concluded for a minimum of one year and a maximum of five years. It is more employer-friendly and is widely used in Belarus for several reasons, including the following:

- the contract provides additional grounds for terminating employment relations upon the initiative of the employer;
- the contract cannot be terminated solely upon the employee's initiative, except for material breach by the employer or a good reason (moving to a different city and the like).

6.8.2 TERMINATION OF EMPLOYMENT

All grounds for termination of employment relations are set by law. The parties cannot set additional grounds for termination in an employment agreement.

6.8.3 NON-COMPETITION AND CONFIDENTIALITY

If performance of job duties requires access to trade secrets of the company, the employer may require the employee to sign a confidentiality commitment: refusal to do so justifies termination of employment at the employer's discretion. An employee's signature to a confidentiality commitment enables the employer to claim loss of profit in case of disclosure, provided that the regime of trade secret is duly established in the company.

Belarusian laws do not explicitly forbid a clause prohibiting competition (e.g., prohibition of employment in the same business or in a particular organi-

sation after leaving the company). However, it is not widely applied in Belarus because its enforceability is disputable. Arguably, restriction of employment may conflict with general principles laid down in the Belarus Labour Code and Constitution.

At the same time, Decree No.8 (please see p. 6.1.7. hereof) directly allows concluding non-compete agreements with the employees of HTP's residents. Maximum period of non-compete restriction is 1 year after termination of the employment agreement with HTP's resident. Employer must pay non-compete compensation for each month of compliance with such non-compete obligation after termination of the employment in the amount of not less than one-third of the average employee's monthly salary for the last year of the employment.

6.8.4 EMPLOYMENT OF THE DIRECTOR

Director's rights and obligations are set in an employment agreement and in the articles of association of the company. Directors of state-owned companies and companies with a state share of 50% or more cannot combine jobs, except for teaching, scientific work, art, and medical practice.

The director cannot participate in supervisory and controlling bodies of the company. The director bears full material liability for real damage caused to company's property.

For additional information about employment of the director, please see subparagraph 6.2.2(b) above.

6.8.5 OTHER FORMS

A natural person may work on the basis of a civil contract. In that case the contractor is not included in the company's staff list and may independently manage their work. The company should organise labour protection of the contractor as well as paying social security fees.

6.9 DISPUTE RESOLUTION

Following the judicial system reform in 2014 a unified system of common and commercial courts headed by the Supreme Court has evolved in Belarus. The Supreme Court is the sole supreme authority in the court system and has several judicial panels for commercial, civil, criminal, and intellectual property matters.

Since 2014 a unified system of enforcement departments has also been in operation, consisting of the main enforcement department and regional departments of the Ministry of Justice. New Laws regulating enforcement procedures and enforcement officers' status and activity have been adopted recently.

The enforcement fee to be withheld from debtors constitutes 10 % of the amount collected based on proprietary claims. For non-proprietary claims the enforcement fee constitutes 5 basic units (approx EUR 50) for claims by natural persons and 10 basic units (approx EUR 100) for claims by legal entities. The enforcement fee for non-proprietary claims is paid for each execution order.

Belarusian national law recognises arbitration as a means of dispute resolution between private parties involved in commercial transactions. Some disputes cannot be referred to arbitration, for example:

- disputes involving rights to real estate located in Belarus;
- disputes over decisions by the bodies of a company registered in Belarus;
- disputes arising from administrative action;
- disputes related to state-owned property, including disputes related to privatisation of state-owned property and compulsory seizure of property for state needs;
- disputes related to recognition of records in state registers (cadastres) as null and void;
- matters related to insolvency (bankruptcy) of companies and individual entrepreneurs registered in Belarus;

- disputes related to recognition of non-normative legal acts of state bodies and local authorities as null and void;
- disputes related to release of arrested property where the property was arrested by a Belarusian state body.

Arbitration can proceed under either self-administered ad hoc or institutional procedures and rules. The International Arbitration Court at the BelCCI (Belarusian Chamber of Commerce and Industry) was established in 1994. Recently another international arbitration court was established: the Chamber of Arbitrators at the Lawyers' Association. Since 2012 more than 20 arbitration courts (not international) have been established in Belarus.

Awards by international arbitration courts in Belarus can be annulled by the Supreme Court.

Belarus is a party to the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards (1958). Foreign arbitral awards are recognized and enforced in Belarus by commercial courts.

Parties may refer disputes to a foreign court unless Belarusian courts hold exclusive jurisdiction (for example, a local subsidiary of a foreign investor is considered as a Belarusian resident and therefore cannot refer a dispute with a local company to a foreign court).

Under Belarusian law foreign court judgments may be recognized and enforced in Belarus, if:

- recognition and enforcement is provided by Belarusian law or by an international treaty to which the Republic of Belarus is a party, or

- reciprocity in recognition and enforcement of judgments exists between Belarus and the country whose court issued the judgment.

Under international treaties judgments of the courts of the following countries may be recognized and enforced in Belarus: Armenia, Azerbaijan, Bulgaria, China, Cuba, Cyprus, the Czech Republic, Finland, Georgia, Hungary, Iran, Italy, Kazakhstan, Kyrgyzstan, Latvia, Lithuania, Moldova, Poland, Russia, Serbia, Slovakia, Syria, Tajikistan, Turkmenistan, Ukraine, Uzbekistan, Vietnam.

The existence of reciprocity with other countries can be checked through diplomatic channels.

Due to an increase of contentious matters in the area of intellectual property and information technology, in May 2015 the IT&IP Arbitration Court at the Association of Information Technology Companies began operation. The new tribunal considers disputes in the sphere of information technolo-

gy and intellectual property, if an arbitration agreement exists between the parties. It may not consider disputes on which Belarusian state courts hold exclusive jurisdiction. More information may be found at www.akit.by.

Mediation as an alternative form of dispute resolution is gradually gaining popularity among businesses since the Law On Mediation came into force on 24 January 2014 and was followed by regulations on mediators' ethics, the mediation process and other matters.

Mediation can be used to resolve disputes in the fields of civil, commercial, labour and family law. Parties may refer their dispute to mediation either before, or after a case has been filed with a court. Judicial mediation (conciliation) is considered to be a part of court proceedings. Mediation agreements are enforceable by the courts, if they meet all the formal requirements established by law towards in-court settlement agreements.

6.10 VISA REGIME

As a general rule, the entry of foreigners into the territory of the Republic of Belarus is carried out subject to the visa of the Republic of Belarus.

Citizens of Azerbaijan, Armenia, Ecuador, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Russia, Tajikistan, Turkmenistan, Uzbekistan, and Ukraine to enter the territory of the Republic of Belarus for the purpose of work do not need to obtain a visa.

Visa-free entry is set to citizens of Brazil, Cuba, Israel, Macedonia, the Macao Special Administrative Region of the PRC, Mongolia, Montenegro, Qatar, Serbia, Turkey, Venezuela. But if the citizens of these countries plan to carry out labor, commercial or other income-generating activities in the Republic of Belarus, they are obliged to obtain a visa in advance.

According to the Presidential Decree, effective from July 27, 2018, foreign citizens of 74 countries can enter Belarus for up to 30 days and exit from the territory of Belarus through the State border checkpoint of the Republic of Belarus "Minsk National Airport". The list includes all European Union states, the US, Japan and other countries. These measures are intended to strengthen travelers of businesspeople, investors, tourists and individuals.

To work for the employer of the Republic of Belarus or in the Republic of Belarus a foreigner can receive the following types of visas.

7. TAXES



7.1 CORPORATE PROFIT TAX (CPT)

The standard rate is 18 %. Reduced rate is 12 % (for dividends). Banks, insurance and microfinance companies pay CIT at a rate of 25 %. Belarusian shareholders of a Belarusian company are entitled to apply reduced CIT rate of 6 % in case the profit was not distributed for the period of 3 consequent calendar years, and 0 % rate in case the profit was not distributed for the period of 5 consequent calendar years.

7.2 WITHHOLDING TAX

ON INCOME OF FOREIGN LEGAL ENTITIES NOT ENGAGED IN COMMERCIAL ACTIVITIES IN BELARUS THROUGH A PERMANENT ESTABLISHMENT (WHT)

Under Belarusian law, withholding tax is applied to the taxable income of foreign entities received in Belarus at the following rates: 5% for dividends, interest, royalties and licenses from HTP residents; 6% for cross-border transportation, forwarding and chartering fees; 10% for interest income retained from debt obligations; 12% for dividends and disposal of shares and stakes in companies; 15% for other types of income under the list stipulated by the Tax Code.

WHT rates may be reduced by Double Taxation Treaties (DTTs). WHT in Belarus is withheld by legal entities, individual entrepreneurs and individuals (for several types of income) accruing and (or) paying out a foreign entity's income (the "tax agent").

7.3 PERSONAL INCOME TAX (PIT)

The standard rate is 13 % (including dividends). A rate of 16 % applies to the income of individual entrepreneurs and applies to income drawn from notary practice activities and advocacy. A rate of 9 % applies to the income of individuals (except for employees who provide maintenance and security services with respect to buildings, premises, and land plots) drawn from residents of HTP under employment contracts. 4 % rate is applicable to certain winnings from gambling.

Individual shareholders of a Belarussian company are entitled to apply reduced PIT rate of 6 % in case the profit was not distributed for the period of 3 consequent calendar years, and 0 % in case the profit was not distributed for the period of 5 consequent calendar years.

7.4 SOCIAL SECURITY FUND CONTRIBUTIONS (SSFC)

SSC are paid by employers, employees, and individuals who pay SSC independently. The employee rate is 1 % of gross salary. For employers generally a rate of 34 % on top of gross salary is applicable.

7.5 VALUE-ADDED TAX (VAT)

The standard VAT rate is 20 %. Reduced rates are:
0% e.g. for goods subject to export customs procedure;
10% e.g. for crop and farm production;
25% for telecommunication services provided to subscribers.

Generally a single registration applies for all taxes, so no special VAT registration except for foreign companies paying digital VAT.

VAT recovery is delayed for 60 days for goods imported from non-Eurasian Economic Union countries and sold without change.

As a general rule, an electronic VAT invoice (EVI) is an obligatory document for all VAT payers. EVI is a basis for VAT calculations between sellers and buyers, as well as accepting for deduction the corresponding input VAT amounts. EVI is circulated via the EVI portal powered by the Ministry of Taxes and Duties. Please note that EVI is not

regarded as a primary accounting document.

At the same time suppliers are not obliged to issue EVI, inter alia, in the following cases:

- goods, services (works), proprietary rights which are out of scope of VAT and their supply need not appear in tax returns;
- certain banking operations;
- insurance services;
- sales of VAT-exempt goods, services (works) or proprietary rights by foreign companies not registered with the Belarusian tax authorities;
- goods are imported to Belarus under commissioner (agency) agreements.



7.6 LAND TAX

The tax rate for land depends on the cadastral valuation of a land plot.



7.7 REAL ESTATE TAX (RET)

The standard RET rate is 1 % for buildings and constructions. There is a number of RET benefits for companies doing construction using their own resources.

Tax rate for individuals and individual entrepreneurs is 0.1 % and 0.2 % a year.

7.8 OFFSHORE LEVY

Payments to tax havens by Belarusian entities and individual entrepreneurs are the base for calculation of the offshore duty. The rate of the offshore duty is 15%.

THE FOLLOWING TRANSACTIONS ARE SUBJECT TO TAXATION:

- transfer of funds by residents of Belarus to non-residents of Belarus registered in offshore zones, or to other persons under obligations to non-residents mentioned above, or to accounts opened in offshore zones;
- settlement of a non-cash obligation to a non-resident of Belarus registered in an offshore zone;
- transfer of property rights or obligations due to a change of parties' obligation when they comprise a resident of Belarus and a non-resident of Belarus registered in an offshore zone.

7.9 ECOLOGICAL TAX AND NATURAL RESOURCES TAX

Ecological tax is imposed on the volume of waste, emissions and waste-water discharges. Ecological tax rates vary and are stipulated by the Tax Code.

Natural resources tax is imposed on the volume of natural resources (e.g. water, oil, sand, clay, salt) used. Natural resources tax rates vary and are stipulated by the Tax Code.

7.10 TAXATION TREATIES

As of 1 January 2019 Belarus has effective DTTs with 70 countries:

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

DISCLAIMER:

This document does not constitute an offer or invitation to subscribe for or purchase any securities and neither this document nor anything contained herein shall form the basis of any contract or commitment whatsoever. This document is being furnished to you solely for your information and may not be reproduced or redistributed to any other person. Any investment decision with respect to any securities of the respective company must be made on the basis of an offering circular or prospectus approved by such company and not on the basis of this document.



NATIONAL AGENCY OF INVESTMENT AND PRIVATIZATION

The Agency is ready to assist foreign investors interested in doing business in Belarus in:

- organisation of a fact-finding trip to Belarus, including visa;
- receipt of the information required about the country's investment opportunities, special regimes and benefits, state industry support program and development, the procedure of making investment decisions;
- selection of investment objects (investment projects, land plots, buildings) – consulting in selection of the optimal variant;
- collection and analysis of information about a certain investment object an

- investor is interested in, taking into consideration the regulations and norms about protection of undisclosed information;
 - organisation of the meetings required to make an investment decision, including with market regulators, representatives of sector ministries, local authorities, key players of the market and potential partners;
 - resolution of the issues arising during implementation of an investment project (solution provider);
 - the Agency is also ready to render post-project support (aftercare).
- Our services are free of charge for foreign investors.



www.investinbelarus.by



+375 17 200-81-75



investinbelarus.by