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New Tax Code – repeal of benefits, a new tax, and adjustments to the provisions taking into account the practice of application

On January 1, 2021, a new version of the Tax Code began to operate in Belarus. Its main changes are as follows.

1. VAT exemptions (previously%) for medicines, medical devices according to the list have been excluded, in accordance with the Decree of March 3, 2005, No. 118 "[On approval of the list of medical goods, sales of which in the territory of the Republic of Belarus are exempt from value-added tax](#)". Now the VAT rate is 10% and depends on the registration of medicines, medical devices in the relevant state registers (including registration in the EAEU according to the rules of the EAEU). In the absence of registration, the VAT rate will be 20%.

2. Until January 1, 2021, there was a list of food products and goods for children in the Tax Code for which a 10% VAT rate is applied when imported into Belarus and (or) when sold in Belarus (Decree of the President of the Republic of Belarus dated June 21.2007 No. 287 "[On taxation of food products and goods for children](#)"). In the new edition, the reference to it has been removed, Appendix No. 26 has been added, the list of goods which is significantly reduced in comparison with Decree No. 287. Therefore, if the items were excluded, then the VAT rate would be 20%.

3. Transport tax is introduced, which is designed to simplify the collection of state fees for issuing a permit for the admission of vehicles to participate in road traffic. Transport tax payers are organizations and individual entrepreneurs, individuals, lessees, in case of transfer of a vehicle for financial lease (leasing) by the transport tax payer.

Transport tax is payable for each vehicle, regardless of its participation in road traffic. The exception is cars with a year of manufacture 1991 and earlier, categories M1 or M1G, driven exclusively by an electric engine (the exemption is valid until December 31, 2025), etc. The amount of the transport tax rate depends on the permitted maximum weight (for example, a car or truck, if there is no information about the weight the minimal rate shall be used), the capacity of the vehicle (for example, a bus) or is determined for one unit of a vehicle (for example, a caravan trailer (caravan), a motorcycle, a truck tractor).

4. Until January 1, 2023, the income of individuals received under employment contracts from residents of the High Technologies Park, residents of the Great Stone Chinese–Belarusian Industrial Park, and (or) a joint Belarusian–Chinese company for the development of the Great Stone Chinese–Belarusian industrial park, are subject to income tax at a rate of 13% (previously 9%).

5. The threshold limits of gross revenue for the purposes of using the simplified tax system have been increased including VAT payment – from 2,046,668 rubles. (approximately 654 703 euros) up to 2 159 235 rubles. (approximately 690 712 euros), excluding VAT payment- from 1 404 286 rubles. (approximately 449,213 euros) up to 1,481,522 rubles. (approximately 473,920 euros).

5. Business entities are granted the right to apply the investment deduction not at a time, but within two years. This expands the ability of organizations to apply the investment deduction in full and is especially relevant for organizations at the initial stages of their activities and during a period of deterioration in the general economic situation when the amount of profit they receive is significantly reduced. Also, the list of objects for which it is possible to do this has been supplemented, for example, objects of fixed assets acquired under a financial lease (leasing) agreement providing for the purchase of an object.

6. The income tax rate for profits from the sale of goods of own production included in the list of high-tech goods, the list of

which was approved by the Resolution of the Council of Ministers of the Republic of Belarus dated June 23, 2012, No. 574 "On approval of the list of high-tech goods of the Republic of Belarus" was reduced from 10% to 5%.

7. The difference between the tax deduction and the total amount of VAT calculated on the sale of goods (works, services) and property rights may also be offset against the amounts of tax paid in excess. Previously, it was prohibited to use VAT in offset.

8. Quite a lot of changes have been made to the regulation of taxation of foreign companies operating in Belarus.

Thus, the tax authorities have the right to register foreign organizations themselves as a permanent establishment, if they consider it necessary on the basis of the documents and (or) information received by them about such a payer and (or) about objects of taxation.

The procedure for the activities of foreign organizations through several permanent missions has been adjusted: a VAT tax return is submitted in general for all objects of taxation to the Inspectorate of the Ministry of Taxes and Tax Collection, to which the income tax return is submitted. Previously, a foreign organization could independently choose at the location of which of the permanent missions to submit a declaration. It was necessary to notify the tax authority in writing. It is impossible to change such a decision until the termination of the activities of the selected permanent establishment.

From January 1, 2021, a declaration of income tax, in the presence of several permanent missions, is submitted to the Inspectorate of the Ministry of Taxes and Duties at the choice of the organization, and it is necessary to submit a notification of the organization's choice to other Inspectorates.

9. Automobile carriers for a VAT refund on motor fuel purchased on the territory of the EU are required to have confirmation of the organization's status as a VAT payer on the territory of Belarus. This fact shall be proved by a certificate, which can be obtained by applying to the Inspectorate of the Ministry of Taxes and Tax Collection.

[Read the changes of the Tax Code of the Republic of Belarus](#)

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