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Presidential Decree № 4 dated July 16th 2019 “On the change of taxation”

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President amended Regulation on High Tech Park (HTP), approved by the Decree of the President of Republic of Belarus № 12 dated 22.09.2005. Amendments came into force on July 19th 2019, however are applicable from January 1st 2019.

New regulations on HTP provide the residents of HTP with privileges including tax benefits on:

- Profit tax.

Income from deposits (interest) is subject for profit tax with application of the discounted rate amounting to 9% (instead of 18% basic rate). There was no clear exemption from basic rate in the Decree №12 before.

- Value added tax

In order to provide compliance of the Decree with the amendments to the Tax Code, which came into force from the January 1st 2019, some legal terms in the Decree have been changed and the following services, rendered to HTP residents by foreign companies, are now exempted from VAT:

- ▶ Software development, modification, testing, and technical support services;
- ▶ Hosting services, including web-hosting services;
- ▶ Services on the creation of databases, providing access to them.

This tax exemption is also applied for rendering services and transfer of property rights in electronic form.

- Personal income tax

According to the amendments some types of income shall be taxed with application of the discounted rate, instead of 9%, basic for HTP rate (paragraph 1.2. Decree № 4):

- ▶ income of individuals from residents of HTP under the employment agreements (except for workers providing maintenance and security of the buildings and land plots);
- ▶ income of individual entrepreneurs - residents of HTP who are the payers of the personal income tax.
- ▶ dividends received by shareholder of the company - resident of HTP.

Preferential tax rates are applied to the income calculated and paid from the January 1st 2019. In particular, rates amounting to 6% and 0%, established by par.5 and par.6 of the article 214 of the Tax Code, are applicable to the dividends shares calculated and paid after January 1st 2019.

Mentioned rates have not applied before July 19th 2019 because Regulation on HTP (part 1 par. 31) provided the tax rate 9% for such income and the Decree № 12 has the higher legal force than the Tax Code.

Personal income tax on dividends already calculated and paid after January 1st 2019 by the company-resident of HTP to the shareholders shall be recalculated under the lower rate and returned to these individuals (if the conditions of applying the lower rates are met).

President also provided the delay for 6 months in the payment of the VAT instead of payment the VAT by installments within 12 months. This norm is applicable to the import of goods mentioned in the Decree № 16 dated July 13th 2001 after August 1st 2019.

Байршил

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