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Potential changes for business in currency, tax and other regulations

On March 19, 2022, Presidential Decree No. 93 was published. It defined new directions of legislative regulation for the Council of Ministers. The main changes are summarized below.

1. The government will define the foreign states that commit unfriendly acts (hereinafter – unfriendly countries) against Belarus. We can assume that the list of such countries will include the United States, European Union countries, Canada, Switzerland, Japan and others, which have imposed sanctions against Belarus.

For reference: A similar act has been adopted in the Russian Federation; it includes, for example, the United States, EU countries, Canada, as well as Australia, Monaco, Norway, Singapore, Taiwan (China), the Republic of Korea, Iceland

2. Legal penalties and fees will be introduced for early termination on initiative of persons from unfriendly countries of the following contracts:

- credit and loan (loan) agreements, similar agreements;
- contracts of lease and leasing.

For reference: The term "persons from unfriendly countries" will include:

- A) Foreign companies that are associated with unfriendly countries by their place of incorporation, their place of primary business activity, or their place of primary profit from their activities.
- B) Foreign individuals who have citizenship of unfriendly countries.
- C) Other companies (including Belarusian companies) which are controlled by the persons mentioned above irrespective of the place of their registration or the place of their primary business activity.

3. Agreements on avoidance of double taxation with unfriendly countries may be frozen at any time. Consequently, tax rates on income of foreign organizations (non-resident tax) established by the Belarusian Tax Code will be applied, and the tax will be paid by foreign companies only in Belarus.

4. The tax rate of non-resident tax on the following types of objects may be changed:

- charges for transportation, freight, demurrage and other payments arising in transportation, in connection with the performance of international transportation (except for transportation of passengers in international transportation, as well as in the international transportation of goods by sea);
- payments for transport-forwarding services (except for services in the organization of international carriage of goods by sea)
- income from debt obligations of any kind, regardless of how they were formed, for example, income on loans, on securities, the terms of issue of which provided for income in the form of interest (discount);
- royalties;

- dividends and income equated to them;

- income from sale of certain items, e.g., real estate in Belarus; Belarusian companies as a property complex owned by a foreign company; shares in the authorized fund (shares, stock) of Belarusian companies or parts thereof; income from withdrawal (exclusion) from a Belarusian company.

5. A ban on alienation of stakes (shares) in the authorized fund of Belarusian legal entities by foreign participants (shareholders) from unfriendly countries is introduced. The list of companies will be published later.

6. In the near future the Council of Ministers and the National Bank will adopt a joint act which will define further procedures for export and import operations by Belarusian companies. The changes will concern, among other things, the procedure for crediting funds from non-residents to Belarusian accounts. Consequently, the amendments to legislation may lead to the conclusion of additional agreements to the already existing foreign currency contracts.

Other potential changes can be found [at](#).

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