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Regulation of prices of goods

On October 6, 2022 the Presidential Directive "On the unacceptability of price increase" was adopted. As a follow-up, the Council of Ministers Resolution No. 713 "On the system of price regulation" (hereinafter - the Resolution No. 713) was adopted. These acts established a ban on increasing of prices for most groups of goods.

Below are the main provisions to which we recommend to pay attention.

1) Prices for which items are subject to regulation under Resolution No. 713?

Regulation will apply to Belarusian goods produced, imported and (or) sold on the domestic market of Belarus, according to the list. The list includes food, clothing, as well as construction materials, electrical appliances, household chemicals, office supplies, etc. Goods are named in general, without reference to a specific Foreign Trade Code. The modern names of some goods, such as hoodies and sweatshirts, are not mentioned there. However, we assume that such groups of goods will be interpreted as broadly as possible.

2) Is it possible to raise prices for manufacturers?

It is possible, but such an increase MUST be agreed. Legal entities and individual entrepreneurs (hereinafter – IE) should get an approval of their prices from regional executive committees, Minsk City Executive Committee at the place of state registration or with the committees established by such state bodies. The period of approval is not more than 10 working days, for goods with a shelf life of 30 days and less - not more than 5 working days. It is not necessary to pay for approving prices.

It is important to remember that the Ministry of antimonopoly regulation and trade (hereinafter – MART) must be notified on the price approval decision. The MART can revoke it, if the price does not correspond to the consumer price index. In such a situation, the company or IE will need to use the prices at the level before the price increase.

Note: Approving is also necessary when setting sales prices for new products.

3) When do manufacturers not need to approve selling prices?

- ▶ Delivery of goods to new purchasers or signing of additional agreements with existing suppliers when setting the price at the level of 20.10.2022 in accordance with the price list (other similar document) and the provision on discounts.
- ▶ Production cost increase due to rise in prices for material resources (e.g., fuel, energy) and (or) services, if such prices are regulated by the state, increasing the rates of taxes and other mandatory payments.

It is important to remember that the price of goods can increase only in proportion to the increase in costs based on their share in the cost of production.

4) How are prices for imported goods regulated?

Prices for such goods are set by importers. When fixing prices, the following should be taken into account: contract prices, customs fees, transport costs, other costs related to fulfillment of requirements on import, obligatory insurance costs.

In addition to these costs it is necessary to add the importer's maximum mark-up.

It is important to note that the contract price must be justified. That is, it is necessary to analyze the conjuncture of the foreign market for the purchase of imported goods with an indication of the criteria for choosing the goods, commercial and (or) financial terms of delivery of goods (for example, the manager on the purchase of imported goods should make such an analysis with a justification of the choice of a particular supplier). There is no form for such analysis.

It seems possible to do it in the form of, for example, a memorandum with the requested price lists attached, conclusions on the choice of a particular supplier. Such information can be requested by the customs committee as a part of monitoring of the cost of imported goods. The market analysis is an integral part of the economic calculation, the form of which is approved in the organization itself. These documents should be kept by the producer.

5) What are the new requirements for producers / importers?

- ▶ To make economic calculations with justification of the level of selling prices with breakdown of cost items.
- ▶ Provide wholesale discounts from selling prices of not more than 10%. Other amount of discount can be provided only in accordance with legislation.
- ▶ To set the maximum marginal surcharges of importers, the maximum wholesale (trade) surcharges in the amount established by the Resolution № 713. That is, the maximum wholesale (trade) markups are set for all intermediary links, regardless of their number.
- ▶ To bring the prices of remaining goods in accordance with the Resolution № 713 within 5 working days. Remember, if a markup was applied less than the one set in the Resolution, the markup cannot be increased to the level in Resolution No. 713 as of 20.10.2022.

6) What restrictions are there for manufacturers from customer's raw materials?

The prices for the goods, which are made from customer's raw materials and sold in Belarus, should be established proceeding from the expenses for production (i.e. the cost of raw materials, the cost of purchase and processing, the amount of taxes, etc.). Additionally, when fixing the price, one should be guided by the level of prices for similar goods made from own raw materials. It seems that in order to minimize the risk, it is possible to analyze the market situation and justify the price level.

7) What information must be indicated in the consignment / delivery notes in accordance with Resolution No.713?

- ▶ Sales price, type of discount (from sales price, wholesale);
- ▶ Wholesale markup;
- ▶ Other information about the price structure in accordance with the law.

For reference: in case of violation of this order there is administrative responsibility for the company or individual entrepreneur in the amount up to 10% of the amount of monetary evaluation of the business transaction.

8) Commodity exchange transactions from January 1, 2023?

From January 1, 2023 a ban on barter transactions (barter, exchange, offset, novation, compensation) will be introduced in business for which the money will not be received.

! This restriction does not apply to foreign trade transactions, transactions within the holding. If there is a need to conduct such a transaction, it is necessary to get approval, as indicated in question 2.

9) What about bonuses?

There is a ban on giving bonuses for the purchase of goods in a certain quantity and for their promotion. The prohibition is set ONLY in relation to Belarusian goods. The agreement on payment of bonuses can be reached in the contract of delivery of goods, in the contract of rendering of services, in any other contract. The specified provisions on bonuses shall be excluded from the contracts within 10 days (i.e. before October 30, 2022).

Restrictions on bonuses do not apply to commissions on sales of non-food products.

10) How will control be carried out?

The first is conducting of inspections (random, unscheduled, including unscheduled thematic operational inspections), preventive and preventive measures. The second is the suspension of activities of a company or IE.

It is assumed that in the near future a number of acts will be adopted in development of the Resolution № 713.

[Подробнее](#)

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