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Changes in the Tax Code

On January 1, 2022, changes to the Tax Code came into force. Tax legislation will be amended in several stages:

- ▶ Since January 1, 2022
- ▶ Since July 1, 2022
- ▶ Since January 1, 2023

These changes are among the most significant in recent years. We present to your attention some of them:

1) Changes relating to individual entrepreneurs.

Individual entrepreneurs have the right to apply for the following taxation regimes:

- ▶ flat tax;

Individual entrepreneurs who paid a flat tax in 2021 will be able to apply it in 2022, with the exception, for example, of distance selling goods classified as certain groups of goods (for example, food and non-food products).

For reference! flat tax rates are set in Appendix No. 24 to the Tax Code. For example, the flat tax rate for renting out, renting residential premises, etc. in 2021 in Minsk was 37 BYN, in 2022 it will be 148 BYN; retail trade in non-food goods, except for equipment, - 121 BYN, will become - 484 BYN.

- ▶ simplified system of taxation without VAT (hereinafter referred to as SST);

Since 2022, it has been established that individual entrepreneurs providing services can apply the SST only in limited cases under the law. For example, tourism activities; health care activities; catering services; activities in the field of computer programming. Consequently, individual entrepreneurs providing other types of services (for example, advertising services, consulting services, leasing property) are not entitled to apply the SST and are required to pay income tax. If the individual entrepreneur performs works, then the SST can be applied without restrictions.

So, on January 1, 2022, the rate became 6%, 16% on non-operating income. STS rates with VAT have been cancelled. At the same time, when importing goods into the territory of Belarus, the payment of import VAT was preserved.

- ▶ the general system of taxation in the form of payment of income tax.

The general rate is 16%. Income tax can be paid by an individual entrepreneur engaged in any type of activity, regardless of the ability to apply the SST and the flat tax.

For reference: From January 1, 2023, individual entrepreneurs will be prohibited from applying the SST and paying a single tax. Sole proprietors can only pay income tax.

From 2023, a new tax will appear - a tax on professional income, which will be paid by individuals engaged in activities according to the list established by the Council of Ministers.

The rates will be:

10% - in relation to income received from the sale of goods (works, services), property rights;

20% - in relation to income exceeding 60,000 BYN within a calendar year and received from Belarusian organizations and (or) Belarusian individual entrepreneurs.

2) New obligations of foreign online stores in Belarus, for example, Wildberries, Lamoda, Ozon, Aliexpress, Amazon) to pay VAT when organizing the distance sale of goods in Belarus.

For reference: electronic distance selling of goods is understood as a sale that simultaneously meets two conditions:

- ▶ Order and payment for goods is made through the service on the site;
- ▶ Delivery is carried out by a company that trades on the site.

A foreign online store will have to, for example, be registered with the tax authority in Belarus; submit a tax declaration to the Belarusian tax authority or information on the turnover on the sale of goods and the calculated amount of VAT; to pay VAT quarterly, as a general rule, at a rate of 20% of the value of all goods sold through electronic distance trading, including VAT. At the same time, tax registration is carried out when the turnover of electronic distance selling of goods in the current calendar year exceeds the equivalent of 10,000 euros (excluding VAT).

3) Control of transfer pricing for credits and loans, operations with securities is introduced. Consequently, the interest on loans granted to related parties

Consequently, for example, interests on loans between interdependent entities are now controlled as being in compliance with the market ones.

4) Local executive and administrative bodies are given a right to increase the income tax rate by 2%.

However, the criteria for such selection will be determined by the authorities themselves. No such decisions have been made so far.

5) Commercial organizations are now have an obligation to compile information on the true owners.

So, from January 1, 2022, any commercial organization is obliged to compile information on the true owners of the company for the past year by December 31 of each year (Article 20 of the Tax Code of Belarus), which includes:

- ▶ last name, first name and patronymic (if any);
- ▶ country of residence;
- ▶ date of origin of the status of the original owner;
- ▶ the grounds for the occurrence of such a status.

For reference: An individual is considered the true owner if he has the right, directly or through interdependent persons, to exert a decisive influence on the management of the organization or on its entrepreneurial activities, to influence the following decisions:

- ▶ realization of the right of ownership of the property;

- ▶ the right to appoint the sole executive body of the organization, or to form a collegial executive body or board of directors (supervisory board) of the organization, or to exert a decisive influence on the formation of its composition;
- ▶ have a direct or indirect participation in the authorized capital of the organization in an amount that allows you to influence the decisions it makes on the implementation of entrepreneurial activities.

The changes affected all spheres of life, both for legal entities and individuals.

[Other changes can be found at the link](#)

Payments for which contributions to the Social Protection Fund and Belgosstrakh are not charged.

The Decree of the Council of Ministers of Belarus No. 115 dated 01.25.1999 amended the list of payments for which contributions to the Social Protection Fund and Belgosstrakh are not charged.

For example, contributions are not charged for the amounts of the employer's funds directed (reimbursed) for the following purposes:

- ▶ providing workers with bottled water, personal protective equipment, flushing and neutralizing agents, therapeutic and preventive nutrition, milk or equivalent food products, antiseptic drugs and disinfectants, food;
- ▶ purchase of flowers;
- ▶ payment for transportation services for the transportation of employees to and from the place of work, as well as transportation of employees for the performance of their labor duties;
- ▶ compensation of expenses for the acquisition of educational and methodological literature to pedagogical workers;
- ▶ holding presentations, meetings, seminars, professional skills competitions, anniversaries, banquets, cultural or representative events related to the activities carried out by the employer (with the exception of awarding employees in kind and (or) in cash for participating in such events, as well as paying remuneration to individuals involved in such events on the basis of civil law contracts).

This change will reduce the burden on the accounting services of business entities by unifying approaches to the calculation of mandatory insurance contributions to the budget of the state non-budgetary social protection fund (SPF) and income tax.

[Read more](#)

Locations

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