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Offshore duty in Belarus: from calculation to payment

Conducting business with companies from offshore zones provides for additional obligations for Belarusian counterparties and requires certain control.

The list of such zones was approved by the Edict of the President of Belarus No. 353 of 25.05.2006.

For example, the British Virgin Islands, Montserrat, the Republic of Maldives, the Principality of Andorra, the Principality of Liechtenstein, the Republic of Montenegro and others are recognized as offshore companies. However, for example, Cyprus and the Netherlands are not recognized as thereof.

The full list of offshore zones can be found at the link: <https://pravo.by/document/?guid=3871&p0=P30600353>.

The offshore duty rate is 15% of the amount that is transferred to a non-resident (monetary obligation) or of the contract price (non-monetary obligation).

***For reference:** residents of the Hi-Tech Park do not pay an offshore duty when paying for advertising, marketing, intermediary services, as well as when paying (transferring) dividends to their founders (participants), part of the profit accrued to the owner of their property.*

Nevertheless, it is not required to pay such a duty for any interaction with a non-resident of offshore zones. It is not required to pay it when returning to an offshore company funds previously received as a credit or loan, when making payments under contracts for the carriage of goods by sea and under transport forwarding contracts, in some cases, when changing persons in the obligation.

For example, a resident of the Dominican Republic (offshore zone) provided marketing services to a Belarusian commercial organization. Before paying for these services, the offshore company ceded the right of claim under the contract to a resident of France. Since in this situation there has been a change of persons in the obligation, the parties to which are a resident and a non-resident registered in an offshore zone, the offshore duty should be paid.

NB! : without the listed offshore duty, the Belarusian bank shall not make a payment in regard to an offshore company or an account opened in an offshore zone.

In this situation, the bank acts as an agent of currency control on the basis of banking legislation. To confirm the payment, you must submit a payment order to the bank about the payment of the offshore duty. If required, additional information about the company from the offshore zone can be requested from the Belarusian organization.

Locations

BELARUS