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Offshore tax in Belarus: from calculation to payment

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

An offshore zone, for taxation purposes in Belarus, is recognized as a state (territory) that has a preferential tax regime and (or) does not provide for the disclosure and provision of information on financial transactions.

The list of such zones was approved by the Decree of the President of Belarus No. 353 dated May 25, 2006, which currently includes 52 jurisdictions.

For example, the British Virgin Islands, Montserrat, the Maldives, the Principality of Andorra, the Principality of Liechtenstein, the Republic of Montenegro and others are recognized as offshore zones. However, the Republic of Cyprus and the Kingdom of the Netherlands are not included in the list.

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

The offshore tax 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 fee 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.

However, not for any interaction with a non-resident of offshore zones it is necessary to pay such a fee. It does not need to be paid when the offshore company returns the funds previously received as a loan or loan, when making payments under contracts for the carriage of goods by sea and under contracts for freight forwarding, in some cases when changing persons in the obligation.

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

It should be remembered that without the listed offshore fee, a Belarusian bank will not make a payment in relation to an offshore company or an account opened in an offshore zone.

In this situation, the bank acts as a currency control agent on the basis of banking legislation. To confirm the payment, a payment order must be submitted to the bank for the payment of the offshore fee. If necessary, additional information about the company from the offshore zone will be requested from the Belarusian organization.

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Practice areas

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Locations

BELARUS

