



Belarus tax law: what's new in 2015

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The proposed amendments to Belarus taxation law aim to reinforce the budget and prevent a deficit due to ambiguous forecasts of the economic outlook. They will enter into force in the beginning of 2015. This newsletter discusses the most significant tax changes in 2015.

Tax control

Random VAT refund inspections. The tax authorities will not need to substantiate grounds for inspecting companies, which apply for VAT refunds. Previously, the authorities could use such powers only if the refundable VAT exceeded 3,000 basic units (ca. EUR 33,000).

Transfer pricing rules apply to works and services. Works and services will fall under the transfer pricing rules. The transfer pricing regarding goods will also be subject to adjustment.

VAT applies to Customs Union products released to the market. Imported products, which are released to the Customs Union market in Belarus, will always be subject to Belarus VAT.

Tax rates

VAT. Current obligations subject to prepayment in foreign currency must be exchanged according to the exchange rate on 31 December 2014. Next year's prepayments should be based on the relevant exchange rates in 2015.

Leasing for individuals will be VAT free to stimulate the market. However, the turnover on some IPR objects like trademarks and brand names will be subject to VAT from 2015.

Income tax rate. The rate for individuals will be 13%.

Profit tax base. Clear rules for determining the profit tax base for returned goods and selling an enterprise as an asset complex.

Salaries and wages of employees will not reduce the profit tax, if they (i) are not related to selling goods and services and (ii) exceed a regulated threshold. We expect that it will become impossible to add any salary exceeding the company average to the enterprise's costs. Yet the tax authorities will account for payments of additional leave for irregular working hours.

Next year rules for accounting the costs of interest on controlled loan costs may reduce the profit tax at a fixed rate, which will be calculated according to a special formula. It will consider company's equity, among other items.



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Revised simplified tax system (STS). Businesses with higher revenues will be admitted to STS. A company not paying VAT may apply STS if its revenue does not exceed BYR 9,4 billion (ca. EUR 700,000). If a company pays VAT then its revenues should not exceed BYR 13,7 billion (ca. EUR 1 million).

STS taxpayers will likely start paying land tax for sites up to 0.5 ha, and the utilization fee. These were earlier exempt.

All individual revenue, if a person or his relatives owns shares in a company, will be subject to personal income tax. This rule will reduce tax optimization opportunities through the institute of individual entrepreneur-manager and other similar instruments.

Sub-lessors and companies with (i) one founding entity shareholder or (ii) two or more entities in total owning 25% will not be able to use the STS. This initiative will reduce tax optimization opportunities for property and equity owners.

If you have any additional questions or would like to learn more about the changes in the tax law, please contact Aliaksandr Karalionak, Associate Partner of the Minsk office of Vilgerts Legal & Tax.

Note: this newsletter covers draft amendments. We will report on the final legislation separately as soon as they will enter into force. ➤



“Since 2015 all the income receiving by individuals from enterprises, in which they are shareholders, or from the companies, owned by their relatives, will be subject to personal income tax.”



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