

Foreign investors to reap scores of benefits and preferences in Belarus

In Belarus, foreign investors can invest in any sector of national economy, other than production of weapons, narcotic and poisonous agents.

Foreign investors can start companies with any volume of investments, in any legal form, with any number of branches and representative offices.

The Belarus government is now launching a large-scale privatization effort, with more than 470 state-owned enterprises due to be privatized shortly. The state-owned stakes in 160 joint stock companies are already put on sale.

Regardless of the form of ownership and national status, Belarus guarantees the protection of all rights and lawful interests of foreign investors and safeguards against any form of discrimination. The capital invested cannot be nationalized or forfeited.

The Belarus government guarantees that an investor is entitled to manage investments at its full discretion (reinvest profits, transfer revenues abroad after taxes are paid). Investors are also entitled to reimbursement of all damages that may be caused by the actions of governmental officials.

In the event investors operate in free economic zones (FEZs), they are provided with special preferences. In Belarus, the FEZs are established in all six provinces of the country.

An investor may be registered as FEZ resident whenever it comes up with a 1m euro investment project.

The FEZ residents are exempt of:

- any customs duties and VAT payable for the imported equipment and commodities used to manufacture export items;
- any profit tax within five years of the profit declaration. Thereafter, the nominal profit tax shall be halved to 12 per cent;
- any levies on the real property and vehicles purchased.

Outside the FEZs, special benefits are provided to investors whenever they start a business in **small and medium towns populated by 50 thousand and less and in rural areas**.

Specifically, investors are exempt of:

- profit tax;
- real property tax;
- customs duties and VAT for the technological equipment imported as part of the authorized fund.

In small and medium towns, investors are exempt of local levies and dues.

In rural areas investors are exempt of a number of national duties and may even obtain a 20,000 euro unsecured loan in a local bank.

In the event an investor is a software developer, such an investor may sign up to **High Technology Park** residence, whereby its company is exempt of:

- taxes and levies on revenues;
- VAT on sales turnover;
- profit tax and real property tax;
- land tax during the construction period;
- offshore duty;
- customs duties and VAT for the imports required for performance in the IT sector.

In the event an investor is not a resident of the High Technology Park but involved with new technology projects, it will be exempt of taxes and levies on revenues, profit tax, VAT on sales.

Belarus law further encourages inward investments by providing for a possibility of an investment agreement between a company and the state for large-scale or priority projects. Additional legal safeguards for an investor and specific additional benefits are thereby obtainable.

Specifically, upon entering into an investment agreement, an investor may be entitled to the lease of land plots for 99 years with no auction requirement and exemption from reimbursing to the state losses of agricultural and forestry production incurred through allocation of productive land to the project.

In small and medium towns and in rural areas, an investor may purchase unused state-owned property for slightly more than \$10. Importantly, unused state-owned property may be also assigned to an investor for free-of-charge use as part of an investment project for the entire period of its implementation. After the period expires, the property may be transferred into investor ownership.

An investment agreement may include other special preferences custom-tailored to the project in question.

Importantly, as the Customs Union of Belarus, Russia and Kazakhstan has been recently launched, foreign investors may now enjoy access to a massive market of 170 million.