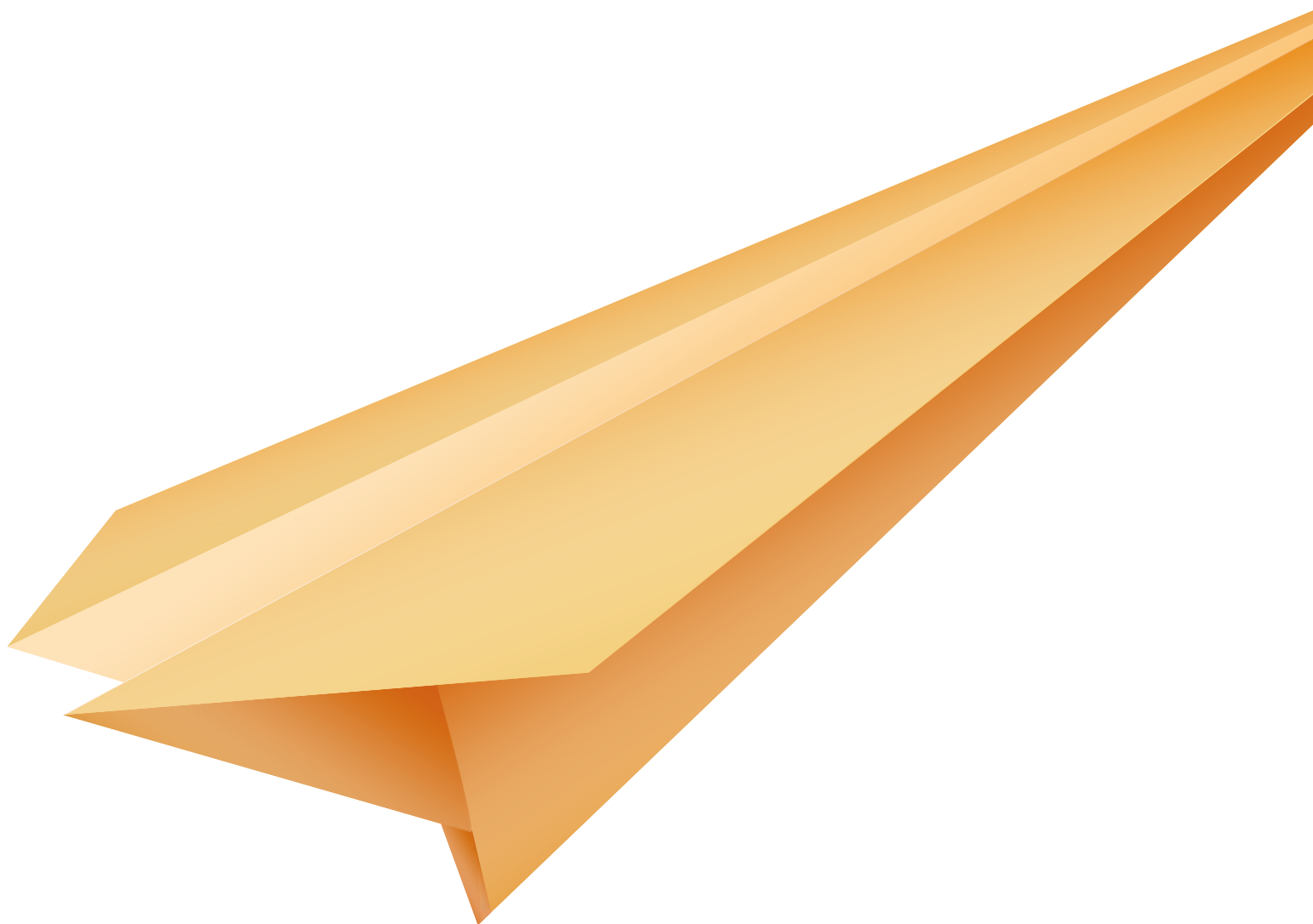


DIGSA

Law, Tax & Accounting

Doing Business in Belarus







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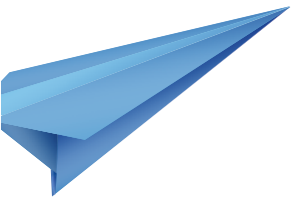
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Advantages of doing business in Belarus

- The Republic of Belarus ratified 65 international double taxation avoidance agreements
- Dividends received by a foreign organization from sources in the country shall be taxed at zero rate, provided that certain conditions have been observed
- Owning or management of a Belarusian firm provides for the right to obtain a national visa. It also entitles the company found by a foreign citizen to take possession of residential or non-residential premises
- Non-resident may act as a director of a company with foreign investments without any additional permits
- Corporate raid is almost excluded by legal system
- Opportunity to select a beneficial and convenient taxation scheme

Incorporation of a company

- Selection of business legal structure
- Temporary reservation of a future name of a firm
- Preparation of key constituent documents and other documents pertaining to establishment of a company (memorandum/articles of association, resolutions/minutes), applications and official forms
- Opening of a provisional account to form authorized capital, obtaining statement from a bank
- Opening of a current account
- Registration of a founding foreign company with tax authority (to open a provisional account)
- Registration with statistics authorities, social security fund and insurance authority
- Agreement of a sample illustration of corporate seal firm
- Registration of a company

Everything will be done by us

Which type of company to choose?

It shall be reasonable to use such types of companies in Belarus as “Limited Liability Company” (LLC) and “Unitary Enterprise” (UE)

Form of ownership	LLC	UE
Members*	2 to 50	1
Authorized capital (AC)	Nowadays minimum amount of AC is not provided for by legislation and is determined by founder (members)	
Type of premises	Non-residential premises	Residential/non-residential premises
Management	General Meeting of Members, Director	Founder, Director
Director, accountant	It is required to have regular director and accountant (or to conclude a contract with an organization providing accounting services)	
Founders' liability	Members shall not be liable for obligations of the company	

* Both individuals and companies can be members of a company

Documents for company registration

Founder — legal entity

1. Original extract from trade register of the country of the founding company (with apostille*).
2. Original resolution of the company on establishment of a firm in Belarus.
3. Original power of attorney in favor of representative (with apostille*).
4. If future director is a foreign citizen, a copy of translated and notarized passport shall be provided (with apostille*).

We shall prepare texts of powers of attorney and resolutions after determination of the form of the future company and signature of the contract.

Founder — individual

1. Translated and notarized copy of passport (with apostille*).
2. Original power of attorney in favor of representative (with apostille*).

* For some countries apostille is not necessary.

Prior to registration we need to know:

1. List of members.
2. Company status (LLC, UE, with or without [foreign investments](#)).
3. Name of the company.
4. Amount of the authorized capital.
5. Distribution of shares among the members.
6. Legal address.
7. Types of activities to be conducted.
8. Candidate director, accountant ([accounting company](#)).

Company with foreign investments

Company of any business legal structure, established by a foreign entity, may acquire status of a company with foreign investments.

For a company to be able to claim such status, share of foreign capital, notwithstanding the share of Belarusian members, shall be at least 20 000 USD. In case of establishment of a company by numerous non-resident members their aggregate share shall be 20 000 USD as well.

Advantages

- Guarantees to foreign investors as to disposal of revenue obtained and protection of investments from nationalization without any compensation
- Formation of authorized capital: 50% — within the first year after registration and 50% — within the second year
- May involve a foreign citizen as director without any additional permits

Representative office of a foreign company

Representative offices are established to perform representative and marketing functions, as well as supportive activity, aimed, for example, at obtaining an opportunity to conclude contracts between head office supplier and Belarusian corporate buyers. Representative offices may negotiate contractual terms and conditions with counterparts on behalf of the parent company only, but the contract itself shall be concluded directly with the parent company.

Representative offices may also be established with the right to do business. In this case Representative office's activity shall be subject to equal taxation with legal entities.

Documents for registration of representative office*

1. Original extract from trade register of the country of the founding company (with apostille*).
2. Original resolution of the company to establish a representative office in Belarus (or enter the power to make such resolution into the text of a power of attorney in favor of the representative).
3. Original power of attorney in favor of representative (with apostille*).
4. Original power of attorney in favor of future head of Representative office.
5. If future head of Representative office is a foreign citizen, a copy of translated and notarized passport shall be provided (with apostille*).
6. Notarized copy of the articles of association of the company (with apostille*).
7. Notarized copy of a registration document of the company (with apostille*).
8. A document confirming payment of state duty for establishment of representative office.

9. Rent contract in Minsk for location of the representative office, or a letter of guarantee.

* For some countries apostille is not necessary.

All texts of powers of attorney and resolutions shall be prepared by lawyers of our company.

Leading of business activity	Yes	No
Term of activity	1 to 5 years. The term may be prolonged	
State duty	About 500 EUR	
The type of premises	Non-residential	
Management	Head of representative office (the parent company)	
Head of Representative office, accountant	It is required to have regular director (the Head of a representative office) and accountant (or conclude a contract with an organization providing accounting services)	
Number of foreign personnel	Maximum 3 persons (without any additional permits)	
Liability of parent company	for all obligations of the Representative office	
Taxation	The whole range of taxes (similarly to legal entities)	Taxes related to personnel engagement

Prior to registration we need to know:

1. Status of the representative office (with or without a right to conduct business).
2. Legal address.
3. The sphere (kind) of activity of the representative office.
4. Candidate for director (the head of a representative office), accountant ([accounting company](#)).

Costs of business establishment

Company with foreign investments

Founder	Cost of services (euro)	Additional costs (for 1 person)*
Individual	500	100–200
Legal entity	800	150–250

Company without foreign investments

Founder	Cost of services (euro)	Additional costs*
Individual	300	100–200
Legal entity	500	150–250

Representative office of a foreign company

Founder	Cost of services (euro)	Additional costs*
Yes	500	250–500 + state duty
No	600	250–500 + state duty

** Additional costs include:*

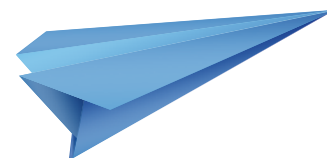
- Translation and notarization of documents
- Manufacturing of a seal
- State duty for company registration

Additional costs shall not include:

- Amount of the authorized capital of the company
- Rent of office for legal address (rent rate per month — 10 to 20 EUR per 1 sq. m.)
- State duty for registration of the representative office — about 500 EUR per year

Final amount of costs shall be determined after we receive all required documents and assess the scope of translation.

Arrangement of personnel management



Employment of foreign citizens

The procedure of employment of foreign citizens in Belarus has some features:

1. Foreign citizens without permit for permanent residence (residence permit) in the Republic of Belarus (hereafter “foreign citizens”), may conduct labour activity in the Republic of Belarus, provided that a special permit is obtained and a labour contract is concluded.
It shall not be required to obtain special permit for foreign citizens acting as heads of commercial organizations with [foreign investments](#), affiliates or representative offices thereof.
2. To employ a number of foreign citizens exceeding 10 people, it’s necessary to obtain a permit to engage foreign labour forces.
3. [Representative office of a foreign organization](#) in the Republic of Belarus shall be entitled to employ foreign citizens within the number specified in the permit to establish representative office of a foreign organization. The number may be increased as agreed upon with the Ministry of Foreign Affairs.

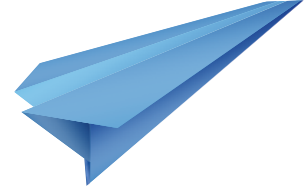
Our services in labour law

- Consulting on employment of foreign citizens, on procedure of obtaining business visa and registration of an employee at location with authorities of internal affair
- Preparation of documents required to obtain permit to conduct business activity and submission thereof to the Department of Citizenship and Migration

- Development of labour contract with foreign employee
- Consulting on labour relations, remuneration, personnel records and documentation and selection of form of employment
- Arrangement of personnel records of the Company
- Development of standard forms of personnel documents (agreements, contracts, orders etc.), provision of the Company with all the required log forms

Cost of services on legal support in obtaining working permit for a foreign citizen (per person) – 500 EUR plus. Set-up package on personnel management (employment of personnel, director, key personnel documents) – 200 EUR*.

*Cost of services shall depend on number of personnel hired and on activity of the company.



Accounting services

We consult on taxation in the sphere of pharmaceuticals, construction, IT, trade, services. We take responsibility for:

- Formation of accounting policy of the organization
- Accounting cash and bank transactions
- Payroll calculation and accounting (pursuant to the Customer documents), calculation of payroll tax
- Settlement with reporters
- Execution of payment documents (“Client — bank” support)
- Accounting of transactions with supplier
- Pricing
- Registration of primary accounting documents with 1C: Enterprise, version 7.7
- Execution of summary ledgers, reports to extra-budgetary fund (pension fund, social security fund) and reports on public insurance
- Consulting on operating performance of the enterprise

Cost of services on accounting shall depend on current activity of the company and number of source document.

For beginning of cooperation we propose minimum fixed rate for accounting — 200 EUR per month net of VAT (for the period before commencement of economic (financial) activity of the Customer); afterwards shall be subject to contractual revision.

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