

Doing Business in the Republic of Belarus—Payroll Operations

1. Government requirements

Registration requirements

Companies must be registered with the state registration authority (City Executive Committee), which takes care of further registration. Registration (setting up) is completed one day after the submission of all necessary documents. Then, the company will receive a certificate of registration for all required authorities: City Executive Committee, tax authorities, the Social Security Fund, statistics bodies and the Belarus Republican Unitary Insurance Company, Belgosstrakh. Tax registration is effective for all taxes.

To set up a representative office, the foreign company should accredit it with the Belarusian Ministry of Foreign Affairs. This registration process can take up to 1 to 1.5 months.

A newly created company (or a representative office) should take additional steps to be fully operational, e.g., open bank accounts and create a corporate seal. A special permit (license) is required for certain business activities, e.g., banking, gambling, the production, wholesale and retail of alcohol and tobacco, operating in the oil and gas industry, medical activity, and transportation services.

The licensing authorities issue licenses within 15 working days from the date of submission of all required documents.

The most commonly used types of Belarusian legal entities are limited liability companies (LLCs), closed joint-stock companies and unitary enterprises. The minimum charter fund of an LLC is currently not stipulated by legislation. Payments for stockholding may be in the form of cash, and might also include in-kind payment, with shares of other companies, assets, equipment, etc.

Foreign citizens should also obtain a work permit from the Ministry of Internal Affairs. This is issued for one year and may be extended once.

Ongoing compliance requirements

Personal income tax

Taxpaying individuals pay personal income tax (PIT). Income from sources inside and outside Belarus received by Belarusian tax residents, and from sources in Belarus received by tax non-residents, is subject to PIT. Belarusian tax residents are individuals who have been on Belarusian territory for more than 183 days in a calendar year. Individuals who do not meet that requirement are tax non-

residents. The standard tax rate is 13%. For some categories of tax payers, it may be 4%, 9%, 10% or 16%. In most cases, PIT is calculated, withheld and paid by tax agents. Tax agents are Belarusian companies, Belarusian individual entrepreneurs (notaries and lawyers), Belarusian-based representative offices of foreign companies, or foreign companies engaged in activity in Belarus through a permanent establishment in Belarus, from which the taxpayer has received income. In general tax agents pay PIT no later than the day on which the income was paid.

Individuals must submit a tax return to the tax authorities and pay PIT themselves in the following cases:

- When income is received from individuals who are not tax agents
- When income is received by a Belarusian tax resident from a source outside Belarus
- When tax agents do not withhold income tax from an individual's income
- Other cases provided by the Tax Code

Individuals submit an annual tax return no later than 31 March of the year following the reporting calendar year and pay tax no later than 1 June of the year following the reporting year. PIT payers may apply tax deductions, for example, for the amount paid for education in Belarusian educational institutions. Another case for tax deduction could be construction expenses incurred by the taxpayers and their family members who are registered as individuals in need of better living conditions. These tax deductions are granted by the tax agent or by the tax authorities. A taxpayer may apply for several standard tax deductions. For example, most taxpayers may apply a standard tax deduction of BYN 117 per month if they receive income of not more than BYN 709 per month and of BYN 34 per month for each child under 18 years of age, including each dependent if any.

Belarusian employers should also submit annual information about income paid to foreign citizens. The deadline is 1 April of the year following the reporting year.

2. Pension requirements

Registration requirements

Usually all employees are registered with the Social Security Fund at their first workplace by their employer, via a special electronic portal. Foreign citizens who are employed in Belarus must take part in the state security program in the same manner as Belarusian nationals.

Ongoing compliance requirements

Contributions to the Social Security Fund

All payments in cash or in non-monetary form are subject to social security contributions, including payments under civil law contracts. The tax base for social security contributions is limited to five times the average salary for the previous month. It is calculated and published by the statistic authorities.

Mandatory social security contributions are 35% of the salary (28%: pension contributions covered by the employer, 1%: pension contributions covered by the employee and 6%: social security contributions covered by the employer). Employers file a report on social security contributions quarterly. The deadline for payment to the Social Security Fund is the date of salary payment but no later than the 20th day of the month following the preceding month.

Professional pension insurance contributions

Professional pension insurance covers employees engaged for a full workday in underground work, or in work in especially harmful and hard conditions, as well as employees in certain professions. The professional pension insurance contribution rates vary from 1.5% to 9%. The payment and reporting requirements are similar to those established for social security contributions.

Compulsory insurance contributions to the Belarusian Republican Unitary Insurance Enterprise, (Belgosstrakh)

The compulsory insurance contribution to Belgosstrakh is for work- related injuries and occupational illnesses. The tax base consists of all types of payments made to individuals subject to compulsory insurance. Contributions are paid not later than the 25th of the month following the reporting quarter in which employees receive payment. Foreign citizens are also obliged to take part in this compulsory insurance program.

The rate is 0.6% and this can increase or decrease depending on the professional risk.

3. Employment obligations

The Ministry of Labor and Social Security is a governmental body which regulates all aspects of the relationship between the employer and the employee:

- **Minimum salary:** The system of employees' guarantees includes the minimum wage. It is calculated and stipulated in legislation and must be met by all employers.
- **Vacations:** The minimum number of vacations days is 24 days per working year. The agreed amount of number of vacation days is stipulated in the labor agreement. Vacations may be divided into two parts, one of which cannot be less than 14 days. If the employee is unable to use all vacation days within a working year, they are carried forward to the following year. The employer is obliged to provide payment in lieu of all unused vacation days at the date of dismissal.
- **Working during days off, night time or overtime:** The Labour Code provides an obligation to the employer to make additional payments and to provide additional holiday to the employee for working during holidays, night time, or overtime (there are special requirements for each case).

4. Payroll requirements

According to the legislation, the salary should be paid not less than twice per month for employees working under a labor agreement and not less than once per month for employees working under labor contracts. Also, the employer should provide the employee with a payslip containing all the information about the salary for a particular month.

5. Banking requirements related to payroll

The method of salary payment can either be by cash or bank transfer (the most commonly used method) on the day stated in the terms of the contract. Salary payments should be in local currency — Belarusian Ruble (BYN). The rules of payment are the same for local and foreign staff.

Personal income tax	
Standard tax rate	13%
Income in the form of winnings, or returned stakes on events that did not take place, received by individuals from a Belarusian company engaged in the gambling business	4%
Income received by employees of High Technology Park (HTP) residents under employment contracts (apart from employees engaged in the maintenance and security of buildings, premises and land)	9%
Income received by individual entrepreneurs who are HTP residents	9%

Income received by individuals participating in the implementation of a qualifying business project in the field of new technologies and IT from HTP nonresidents under employment contracts	9%
Income of individuals in the form of compensation paid under employment agreements by legal entities or individual entrepreneurs registered in Southeastern areas of the Mogilev region in the period from 1 July 2015 through 31 December 2020 and engaged in the manufacture of goods (or otherwise working or providing services) in such areas	10%
Income received by Belarusian individual entrepreneurs, such as notaries and advocates, from entrepreneurial activities such as notarial and private advocacy	16%
Social security contributions:	35%
Compulsory social insurance for retirement, disability and loss of breadwinner (pension insurance) which includes 1% payable by an employee, in this case, tax to be withheld and paid by the employer	29%
Compulsory insurance premiums for disability, maternity, etc.	6%
Obligatory insurance for work-related injuries and occupational illnesses with the Belarusian Republican Unitary Insurance Enterprise (Belgosstrakh)	0,1-1%