

# Investments under the Hi-Tech Park legislation: basic highlights

# Agenda

- Investing into a FinTech start up
- HTP specific legal & tax treatment
- Tax & other Incentives
- Q&A

## Startup v/s Company

### Investing into a FinTech start up: issues to consider

#### IT team / Start up

Agree on the plan, sign  
cooperation agreement

Attracting funds (Venture  
Funds, PEF, other)

Shareholder Agreement  
+ Co set up

#### Company

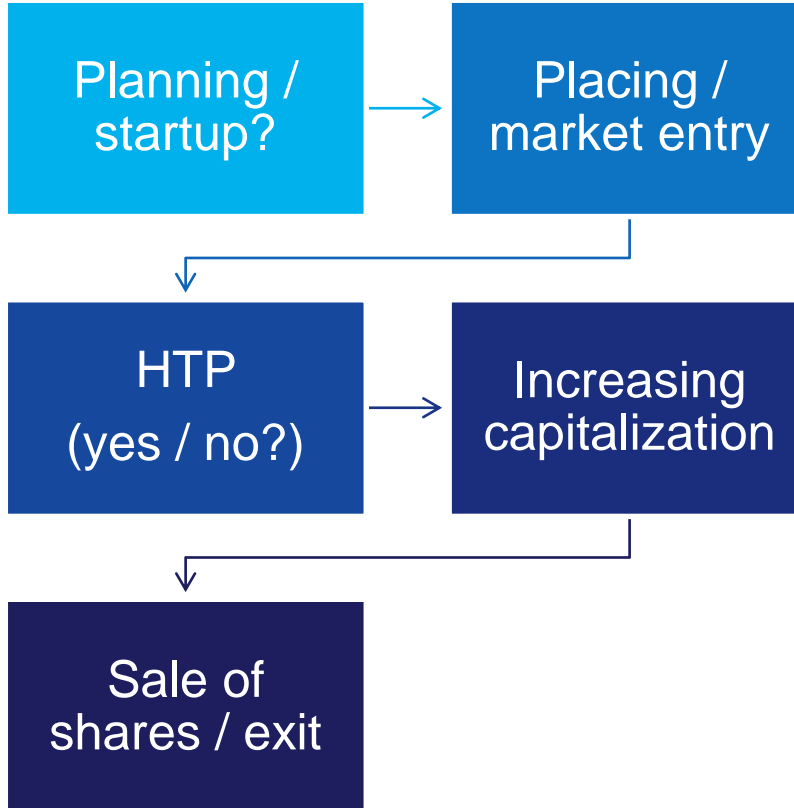
Agree on the plan, DD  
procedures

Attracting funds (partial  
or 100% financing)

Signing a direct SPA or  
convertible loan  
agreement

## Investment procedures – full cycle

### Investment milestones





# Hi-Tech Park

"The **Belarus Hi-Tech Park** could serve to showcase to other countries **how to promote** the IT sector..."



- Virtual Park, created in 2005 for programming & IT services based on Outsourcing & Product models
- Currently more than 818 residents with approximately 61,000 employees
- In 2019 exports reached USD 2,2 billion (USD 1,4 bln. in 2018)
- Investments of US/EU/Ru firms and local business, 90% of the produced SW and services - exported to EU & USA
- Approval process is rather straightforward - attention to the business plan
- Agreement with HTP Administration should be concluded

# Why do I need it for?

“Having your **own Company** registered with HTP would make any startup a **high value asset** in a short term perspective...”



- No restrictions on project monetization
- Block chain based businesses are very welcome
- International Law concepts – direct application
- Offshore bank accounts without National bank permits
- Tax crypto holidays until 2023
- Statements / acts signed unilaterally are OK – to document transactions with BY non-residents
- Simplified procedures for hiring foreign IT experts
- Sale of shares / stakes in HTP is tax exempt or taxed at a lower tax rate



# Investing to HTP residents

When making investment to a HTP company you may **structure the deal** using the following **legal concepts**:

Concept	Description
<b>Shareholders agreements</b>	<ul style="list-style-type: none"><li>Shareholders to a HTP resident entity are entitled to execute a foreign-law governed shareholders agreements</li></ul>
<b>Stock options</b>	<ul style="list-style-type: none"><li>Provided by HTP residents to employees, stock options plans in relation to foreign entities-shareholders</li></ul>
<b>Convertible loans</b>	<ul style="list-style-type: none"><li>Loan to a HTP resident can be converted into its equity at the end of a pre-agreed period (e.g.12,18,24 month, etc.)</li></ul>
<b>Non-compete agreements</b>	<ul style="list-style-type: none"><li>Agree upon a compensation in case of a breach of a non-compete clause</li></ul>
<b>Indemnification agreements</b>	<ul style="list-style-type: none"><li>b/w HTP residents and third parties, compensation for agreed losses, regardless of a contract breach</li></ul>
<b>Irrevocable PoA</b>	<ul style="list-style-type: none"><li>issued by HTP residents / shareholders / third parties for the purpose of convertible loans, stock options, indemnification agreements, smart contracts.</li></ul>

# HTP tax treatment

HTP provides significant **tax benefits** to its residents **by replacing all corporate taxes** with only one single tax payable (**1%**)

Tax	Standard rate in Belarus	High Tech Park Benefits
Corporate Income Tax	18%	exempt
VAT	20% / 10%	exempt
Personal Income Tax	13%	9%
Social Tax	35% (on wage cap of 5 circa EUR 2,000)	35% (on wage cap of circa USD 495)
Dividend withholding tax	Max. 12%	exempt
Withholding tax on services of E-platforms, datacenters, etc.	15% or exemption under the Treaty	exempt
Customs duty and import VAT	VAT 20%, customs duty 5-20%	Exemption on technological equipment imported by HTP resident
Offshore tax	15%	exempt (on dividends only)
Tax in HTP	N/A	1% on revenues



# Tax holidays

## Tax holidays – crypto currency related activities

### HTP companies:

- VAT (20%) and CIT (18%) exemption on revenues and profits derived from token-related transactions, including mining

### Other COs, including non-residents:

- VAT (20%) exemption – on revenues from crypto currency / other tokens disposal
- CIT (18%) and simplified tax (5%) exemption – on revenues and profits generated from disposal of tokens by means of exchange for other tokens;
- VAT and CIT – on tokens, monetary funds and e-cash received as investments from development and placing of one's own tokens via HTP residents or exchange of tokens into cash, e-funds

# Our Services

## Milestone 1. Investment planning

- *If you consider investing in IT & crypto business and seeking for a professional assistance...*

### Our Assistance



# Our Services

## Milestone 2. Market entry

- *Finally you decided to place investment and expand your business to Belarus...*

### Our Assistance



# Our Services

## Milestone 3. Obtaining a HTP residency



- *Now you got the NewCo registered and thinking on a membership with Hi-Tech Park...*

### Our Assistance



## Milestone 4. Operations

# Our Services

- *So the NewCo is a Hi-Tech Park resident and starting operations on the market...*

### Our Assistance

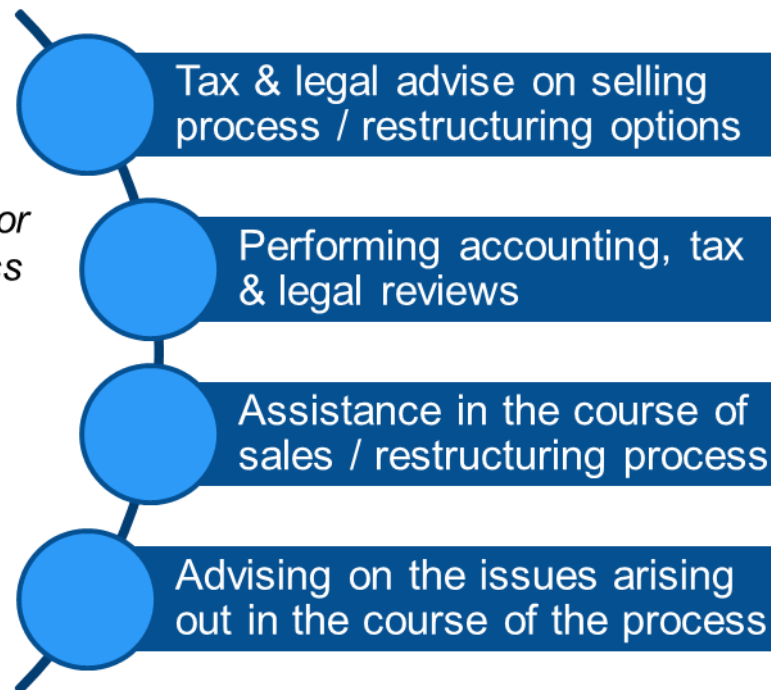


# Our Services

## Milestone 5. Sale of shares / business restructuring

- *Should you need to sell stake in your Company or restructure your business in Belarus...*

### Our Assistance





# our mission



We build business relationships between the West and the East.

We support investors at all stages, from planning to full operation.

We encourage our employees to grow professionally and personally.

# Contact



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