

Belarus Hi-Tech Park.

Tax and other benefits.

Entry procedure

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What is HTP

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High-Tech Park (hereinafter –HTP, or the Park) is a kind of privileged regime provided by the Republic of Belarus to companies conducting their business in IT sphere. The Park was founded in 2005. It is aimed at increasing the competitive capacity of the national economy through developing the information and communication technology (ICT). Decree No.8 “On digital economy development” (hereinafter — **Decree No.8**) dated 21.12.2017 has extended the duration of the Park's special legal regime till **January 1, 2049**.

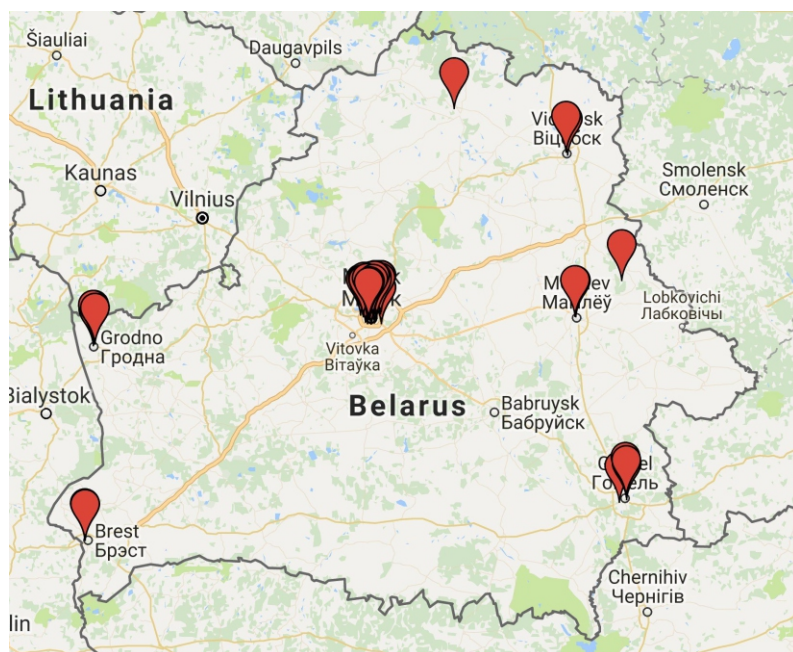
The Belarusian Park's main feature (as compared to most similar foreign high-tech parks) is its **principle of exterritoriality**. That is, any legal entity meeting HTP requirements may become an HTP resident and make use of the

respective benefits, regardless of its location in Belarus. 238 companies are registered in HTP as of March 14, 2018.

Moreover, HTP has its territories in Minsk where HTP's administrative buildings and offices of some HTP residents are located. In the future several public areas will be created on these premises, including educational-and-business area and a cultural area. The Park has an HTP business incubator and the Educational centre (www.it-academy.by), and HTP residents can choose new employees having received education in a specific IT sphere necessary for the employer.

6 HTP resident companies, according to IAOP, are among 100 best outsourcing companies worldwide – The Global Outsourcing 100®.

Companies from 67 countries around the globe are HTP's customers: 91% of software produced by HTP will be exported – 43.2% to the USA, 49.1% – to Western Europe, and 5.3% – to Russia and CIS.



Locations of HTP residents on map

HTP benefits

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The Park's regime is attractive for both Belarusian and foreign residents considering options on jurisdiction to incorporate their business. This is due to the benefits offered by HTP to its residents. Park residents are entitled to tax, accounting and other benefits which diminish costs greatly and simplify their operating activities significantly.

1. Tax benefits

HTP regime may offer either full exemption from taxes and levies or reduced rates of particular taxes and levies.

A. HTP residents are exempt from the following taxes and levies:

↗Corporate profits tax.

According to the general rule, HTP residents are fully exempt from the corporate profits tax on their core activity.

However, a reduced tax rate of 9% is applicable to some activities:

- profit from member's alienation of its share (part of the share) in the statutory fund or equity interest (part of the equity interest) in an entity
- profit from selling an enterprise as an asset complex
- profit from selling (paying off) financial credit instruments
- profits as interest on money loan
- dividends from sources outside Belarus

- member's (shareholder's) profits pertaining to winding-up or withdrawal (exclusion) from an entity, at a rate exceeding such member's (shareholder's) contribution (deposit) in the entity's statutory fund or such member's (shareholder's) actual expenses in purchasing a share in the statutory fund (stocks, equity interest) of the entity

- member's (shareholder's) profits in form of value of its share in the statutory fund (value of equity interest, or nominal stock value) in the entity, and in form of increase of the nominal value of stocks made at expense of entity's own capital, if membership percentage of at least one member (shareholder) in the entity's statutory fund changes by more than 0.01%

- any positive difference between the value of property received (or given) as loan and the value of property given (or received) in paying such loan off.

Corporate profit tax benefits do not apply to the profits from HTP resident's alienation of its property (including immovable property).

↗0% Withholding tax on profits from:

- alienation of shares in the statutory fund (equity interests, stocks) of an HTP resident company (or parts thereof), on condition that foreign entity has continuously actually

owned such shares in the statutory fund (equity interests, stocks) as property during at least 365 calendar days

- any activities on processing of data and placement of information, or web-hosting

- services on processing of data provided by a client and preparation of special-purpose reports based on such data

- services pertaining to input and processing of data (including services pertaining to database management, data storage, and providing access to databases)

- arrangement of advertising in the global Internet network

- web-portal activities on websites using search engines for the purposes of creation and maintenance of large databases of internet addresses and content in formats securing easy data search

- provision of disk space and/or communication channel for information layout on the server and provision of services on its maintenance service

- debt obligations of any kind, regardless of methods of their formalisation

- royalty

- intermediary services

- advertising services.

HTP residents are allowed to avoid extra costs in their transactions with most foreign com-

panies in the IT sphere, online platforms and app-stores.

↗ **VAT** on turnover from sales of goods (works, services) and/or property rights in the territory of Belarus. The VAT benefit does not apply to the profits from HTP resident's lease of its property (including immovable property) and alienation thereof.

↗ **"Import" VAT** on turnover from any sales in Belarus to HTP residents made by foreign entities not conducting business in Belarus through a permanent establishment, of the following:

- property rights to items of intellectual property
- advertising, marketing, consulting services
- services on data processing
- services on development of computer programmes and databases, adaptation, modification and maintenance/support of such programmes and databases
- services on provision of disk space for information layout on the server and/or provision of services on its maintenance service, services pertaining to designing, development, figuration and modification of web-pages, creation of databases and/or provision of access to such databases
- services on data search and/or provision of data on prospective customers to clients.

This privilege allows not to pay VAT on purchase of foreign host-

ing or advertisements, and also allows to transact with online platforms and app stores without extra costs related to VAT.

↗ **Offshore duty** for settlements for advertising, marketing and intermediary services, and also to pay-outs of dividends to founders (members) of the HTP resident.

↗ **Real estate tax** in relation to objects and facilities located on HTP territories (except for those provided by HTP residents into lease).

↗ **Land tax** in relation to land plots within HTP territories, for a period (however not longer than 3 years) when residents are constructing permanent structures (buildings, facilities) designed for business activities of HTP residents.

↗ **Personal income tax** in relation to incomes from sales of shares in the statutory fund (stocks) of HTP residents owned by a natural person continuously during at least 365 calendar days from the purchase date.

↗ **Import customs duties and VAT** in relation to imports of process equipment and/or spare parts specified by the special list of technical equipment in Belarus, to be used only in the territory of Belarus within the framework of HTP resident's activities.

B. Reduced rates apply to the following taxes and levies:

↗ **9% — personal income tax** in relation to incomes of HTP residents' employees. This tax is deducted from salaries and other payments to employees of entities registered as HTP residents. It is collected at a reduced rate of 9% instead of regular rate of 13%. This allows to increase aftertax earnings of employees without extra costs to the company. Such approach makes HTP residents attractive employers and raises personnel loyalty.

↗ **Contributions to the Social Security Fund** (hereinafter — the SSF) are made **by reference to the average salary in Belarus**. It is another type of deductions from salaries and other employees' income. This is an essential expense item for Belarusian enterprises, as employers must pay extra 34% of each employee's salary from employer's own funds (i.e. in addition to the accrued salary) to the SSF. Park residents are entitled to pay such contributions by reference to the average Belarusian salary, which is normally much lower than Park residents' employees' salaries.

↗ **9% — personal income tax on dividends** received from an HTP resident by its member (shareholder) according to the share owned by such member (shareholder).

↗ **5% — withholding tax on dividends** paid by an HTP resident to a foreign entity.

Furthermore, Park residents have to quarterly remit 1% of their revenue for financing HTP Administration's activity.

However, in calculating the above 1%, the revenue sum will be diminished by the following amounts:

- costs of purchasing digital tokens
- commissions of banks and other credit institutions, including foreign ones
- remunerations to intermediaries and agents distributing software developed through the Park resident
- taxes withheld and/or paid in a foreign country.

The following amounts are not included to revenue sum also:

- if an HTP resident conducts 'intermediary business' — monetary funds and electronic cash received accordingly to bank accounts or electronic wallets of the Park resident in behalf of its clients (third parties). 'Intermediary business' means publishing of third party's software, activities of market places, activities of crypto-platform operator or cryptoexchange operator, etc.
- digital tokens created, mined or purchased by the Park resident or received otherwise.

2. International economic activities of Park residents

HTP residents are exempt from many mandatory requirements of Belarusian currency and international trade laws and regulations.

A. HTP residents are exempt from requirements of Belarusian currency laws and regulations, in particular HTP residents have the following rights:

↗ **Not to sell foreign currency** earned through their activities.

↗ **To use electronic money issued by foreign companies.** Meanwhile, the general rule obliges Belarussian business to use e-money either issued by a Belarussian bank, or issued by a foreign bank but guaranteed by a Belarussian one.

↗ **To buy foreign currency in the domestic currency market without restrictions for its use.** Other Belarusian companies may only buy foreign currency for strictly designated purposes as provided for by Belarusian laws, and must each time provide all required documents proving such purpose.

↗ **To notify the National Bank of the Republic of Belarus** (hereinafter — the National Bank), while carrying out currency transactions related to capital transfer instead of receiving its permit therefor.

In such a way, when buying real estate abroad, purchasing a share in a foreign company or providing loan to a foreign company or person, HTP residents

only have to submit a notification to the National Bank in the prescribed form.

↗ **To open accounts in foreign banks** and make settlements through such accounts **without permits** from the National Bank. However they need to submit notifications on opening such accounts to the tax authorities and HTP Administration, and to report to these authorities quarterly on all movements of funds through such accounts.

B. Requirements of Belarusian international trade laws and regulations are not applicable to HTP residents, in particular **HTP residents have the following rights:**

↗ **Not to observe the mandatory timeframes and methods of completion of international trade transactions.** According to the general rule, import transactions must be completed in 90 days, and export transactions must be completed in 180 days

Therefore, HTP residents may receive export revenues to their accounts in foreign banks and do not have to control the timeframes for receipt of monetary funds from their foreign counterparties.

↗ **To execute international economic agreements by means of implicative actions.** This applies to international economic agreements which are made in the form of programme code,

electronic message or made otherwise through electronic or another type of communication facility, information system or information network.

This benefit has been introduced primarily in order to procure valid execution of public offers with foreign Internet-platforms and smart contracts by Park residents.

3. Accounting benefits

Belarusian legislation contains quite stringent requirements to execution of primary accounting documents. HTP residents are exempt from such requirements to such documents and therefore have the following rights:

➤ **To prepare primary accounting documents unilaterally** (accounting statement) supporting the record of the business transaction in the accounting books.

According to the general rule, each primary accounting document must contain signatures of the both parties to the transaction — which is almost impossible to procure in transitioning with internet platforms, app stores and similar entities. So, HTP residents do not face this problem.

➤ **To formalise more than one business transaction** within one calendar month **by means of one primary accounting document** including those executed unilaterally.

➤ **To make use of primary accounting documents issued by non-residents in a foreign language** which may also be **in electronic form**. However, such documents must contain relevant data on each business transaction, its overall evaluation in natural and/or money measures and the date of the business transaction. This rule allows to accept certificates and invoices issued by foreign counterparties, in particular foreign online platforms.

4. Migration privileges

The HTP Regulation **exempts HTP residents from a number of permission procedures** stipulated by the laws on foreign labour migration, namely:

➤ **Special permits for labour activities in the Republic of Belarus**. HTP residents do not need to obtain special permits for labour activities for foreign citizens and stateless persons having no permits for permanent residence in Belarus (hereinafter — 'foreigners').

Instead, HTP residents must within 3 business days of conclusion of the labour agreement (contract) with the foreigner give a written notification to the local migration authority, internal affairs departments of city, district executive committees (local administration) at the place of residence (stay) of such an employee on conclusion of the labour agreement (contract) with attachment of a copy

thereof. The same notification procedure applies to the extension in validity term of the labour agreement (contract).

➤ **Permit to engage foreign workforce**. An HTP resident do not need permits in order to engage foreign workforce in Belarus. According to the general rule, in order to engage over 10 foreign workers, a Belarusian employer must obtain a permit to engage foreign workforce.

➤ **Temporary residence permit (TRP)**. TRPs are issued to foreigners having labour agreements (contracts) with HTP residents for the period of validity of such labour agreements (contracts), with due account for their eventual extensions, plus 2 months following their termination, while as a general rule, TRPs are issued to foreigners for 1 year and must be extended annually.

➤ **Visa free regime**. Visa free regime is provided for:

- foreigners engaged by HTP residents under labour agreements (contracts);
- property owners, founders (members) of HTP residents
- employees of property owners, founders (members) of HTP residents (if they are legal entities).

Visa free regime will be established according to the lists of persons entitled to the visa free regime at border check points.

Such lists will be furnished by HTP Administration to the State Border Committee on the basis of applications of HTP residents containing personal data of such persons, attaching copies of valid travelling documents of such persons (specifying such persons' status, full names, numbers and series (if available) of travelling documents, dates of issue and validity terms of such documents, and issuing authorities).

Activities of HTP Residents

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Decree No.8 has greatly expanded the scope of activities available to HTP residents. This is primarily to support product companies. For instance, earlier HTP residents were allowed to do only complete-cycle product development and some updates and modifications only to a limited extent. However, now HTP residents may embrace all crucial product cycles: apart from development itself, resident may now do marketing promotion of their products, advertising, technical maintenance and other types of support for end users without any restrictions, make use of various monetisation techniques for their solutions, etc.

Thus, at the moment HTP residents are allowed to carry out **one or more of the following types of activities:**

↗ **analysis, designing and software support for information systems.** The following belongs to this type of activity:

- designing, development, implementation (including authorisations to use software, assignment (transfer) of exclusive rights to software) and documenting of information systems, software, in particular for computer games, for any platforms;
- production of programmes by user's orders;
- designing, development and implementation of automated control systems;
- services on implementation

(or particular implementation stages), maintenance, support, operation of data systems created by HTP resident, software or data systems by third parties, including training (further training) to use such data systems / software. As part of implementation activities, a project is prepared, a conceptual project is developed (description and analysis of business processes, elaboration of design solutions), a pilot system is implemented (system adjustment, generation of testing scenarios, elaboration of system functionality extensions, system functional testing), preparation of the system for operation testing (preparing design and operational documentation, uploading reference data, uploading historical data, learning to use the system, integration testing), support during pilot operation and pilot production;

- particular works (works stages) within the process of software engineering, testing, updating, modification of software (software tools);
- creation of databases by an HTP resident as part of process of data systems / software development, preparing of records for such databases in prescribed format, providing access to such databases, maintenance and support for such databases.

↗ **activities on data processing** with use of third party's software or own software;

↗ **basic and applied research,** experimental development in natural and engineering sciences (scientific research & development efforts related to HTP activities, in particular in the sphere of information society) and implementation of findings of such research and development activities;

↗ development or particular development stages (research, designing (design engineering), testing, technical examination) of materials, technologies, devices and systems of **micro-, opto- & nanoelectronics, micro-electromechanical systems** and implementation of findings of such research and development activities; implementation of HTP resident's in-house materials, technologies, devices and systems of micro-, opto- & nano-electronics, microelectro-mechanical systems and embedded software;

↗ development or particular development stages (research, designing (design engineering), testing, technical examination) of **mechatronics technologies, devices and systems, embedded systems, soft and hardware facilities/complexes,** computer components and facilities, and implementation of findings of such research and development activities, involving (or not involving) assistance in implementation and manufacturing application of such findings in production processes;

↗ development (research, designing (design engineering),

testing, technical examination) of equipment for **data transmission systems, radio-location, radionavigation, radio communication, radio control and radio frequency identification technologies**, devices and systems, and implementation of findings of such research and development activities, involving (or not involving) assistance in implementation and manufacturing application of such findings in production processes;

↗development or discrete development stages (research, designing (design engineering), prototyping, testing, technical examination), **production of science-intensive materials, technologies, high-tech devices and systems, embedded systems**, soft hardware facilities/complexes and compatible software, and implementation of finished products and/or findings of such research and development activities, involving (or not involving) assistance in implementation and manufacturing application of such findings in production processes, or involving related services;

↗activities pertaining to **technical and/or cryptographic data protection**, including use of electronic digital signatures. This type of activity involves the following:

- development, production, implementation, installation, adjustment & debugging, service maintenance (jointly or severally) for hardware and/or software data processing facilities

(protected modules), hardware, software and software/hardware data protection facilities and security control facilities, cryptographic data protection facilities (jointly or severally);

- performance of tests, special studies (jointly or severally) of hardware and/or software data processing facilities, hardware, software and software/hardware data protection facilities and security control facilities, cryptographic data protection facilities (jointly or severally) against the data security requirements;
- designing, creation (jointly or severally) of data protection systems for information systems;
- certification of entities/facilities undergoing information system development;
- certification of data protection systems for information systems;
- activities/operations pertaining to detection of special technical devices for covert obtaining of information;
- certification of representations of electronic documents in hard copy;
- services on distribution of public signature verification keys.

↗activities on designing, development, implementation, manufacturing application (or particular manufacturing application stages), maintenance, support

and operation of software and/or soft hardware facilities/complexes based on and/or using **cloud computing technologies** — i.e. technologies providing computing resources and software to users via electronic communication networks through automated processes of computer resources allocation, and application deployment and development.

↗**advising organisations on business activities and control**, for the purpose of efficiency upgrading, involving services in complex management of processes of development and implementation of integrated information systems and technologies;

↗**analysis of information** needs of natural and legal persons (system analysis, business analysis), advising on application of information technologies for innovations (re-engineering) of business processes, involving development of technical specifications for information systems and software;

↗**auditing information systems and software** during their development, implementation and operation, for compliance with customers' technical specifications and/or information needs;

↗services on systematic technical maintenance of computer equipment and local computer networks of state information systems;

- ↗ rendering automated services on searching, selecting, **processing and sorting of data on third parties' request**, delivery of information to such third parties using the Internet network;
- ↗ activities on designing, development, service maintenance, implementation and operation of software and/or soft hardware facilities based on, or using registers of transaction blocks (**block chains**), or other distributed decentralised information systems, in particular using cryptographic data protection facilities;
- ↗ development, service maintenance, operation and implementation of **unmanned vehicle** control systems;
- ↗ development, service maintenance and implementation of hardware and software technologies for the **financial sphere** (contact-free cashless settlement technologies, mobile payments, electronic trading, etc.), financial information technologies;
- ↗ creation and training of **neural networks** and other algorithms in purpose-designed artificial intelligence sections and implementation of findings of such activities;
- ↗ development or discrete development stages of **medical & biotechnologies, aircraft and space technologies**, and implementation of findings of such development activities;
- ↗ activities on rendering services to non-residents of the Republic of Belarus with use of software (or soft and hardware) developed with participation of HTP residents to control auxiliary production, administration and business processes (**outsourcing of business processes**);
- ↗ activities on rendering **services via Internet** network on offering software and hardware resources for establishing contacts and transitioning between sellers and buyers (including provision of real-time Internet trading sites) with use of software developed with participation of HTP resident;
- ↗ activities on rendering **advertising** and/or intermediary services (except for bank transactions) rendered in Internet and with use of software developed with participation of HTP resident;
- ↗ activities on development, implementation & distribution of the concept of computing & communication network of material things equipped with embedded technologies to interact with each other and the environment (**Internet-of-Things**);
- ↗ **educational activities** in the ICT sphere, including via Internet, under training courses approved by HTP Administration;
- ↗ activities on software **publishing**. 'Software publishing' means use by one person (publisher) of the software created by another person (development engineer), under a licence or another agreement, which provides property rights for such software to the publisher for the purpose of its commercialisation by the publisher anyway, including its modification (adaptation), promotion and distribution;
- ↗ services on **creation and placement of digital tokens** via Internet network, including services in promotion of digital tokens, consulting and other related services;
- ↗ activities of **crypto platform** operator;
- ↗ activities of **cryptocurrency exchange** operator;
- ↗ **mining**;
- ↗ other activities related to digital tokens, including ones having characteristics of professional and exchange activities on securities, activities of investment funds, securitisation, and operations on creation and placement of own digital tokens;
- ↗ **promotion** of software, including computer games, for any platforms, inter alia provision of marketing, advertising and consulting services via Internet;
- ↗ services of data **processing centres**. In the context of this activity, an HTP resident, using equipment for data processing, items of information and/or telecommunication infrastructure belonged to it on the ownership title, economic management,

operational administration, use and (or) disposal, renders the following services:

- hosting (services on placing and storing of customers' information resources), providing users' access to such resources, connection to the Internet network, data backup, archiving, data recovery, and telematic services using third parties' or own software;
- arrangement and provision (by means of remote access) of distributed computing, remote use of software (software tools);
- building distributed networks to deliver and distribute digital content (CDN);
- based on cloud computing technologies;
- based on Internet-of-things technology.

↗ services based on **cloud computing technologies** using software and/or soft hardware facilities (complexes), developed with participation of HTP residents;

↗ **creation of audio-visual and musical pieces** using software developed with participation of HTP resident, creation of static materials and video materials using computer graphics;

↗ activities in **cybersports**, including training cybersport teams, arrangement of competitions, broadcasting of competitions, provision of advertising services for such activities.

This list is non-exhaustive — by the decision of the Supervisory Board, an HTP resident may be engaged in other activities as well.

HTP residents are not allowed to receive income from selling goods (works, services), property rights, or provision of property and intellectual property objects into lease, where such income does not result from any activities permitted for such HTP residents.

Regulation
of Blockchain Technology
and Cryptocurrencies
in Belarus

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1. Blockchain

Decree No.8 has provided the following definition of the term 'blockchain' at the statutory level:

“ *Register of transaction blocks (blockchain) — a sequence of block chains built through predetermined algorithms in the distributed decentralised system and using cryptographic methods of data protection which containing information on transactions made in such a system.* ”

A licence or a permit for technical/cryptographic data protection may be needed in Belarus in order to develop cryptographic technology, to use finished programmes and/or devices containing cryptographic technology.

HTP residents do not need licences permits or approvals to carry out activities related to technical/cryptographic data protection in developing blockchain technology or in using finished programmes and/or devices containing cryptographic technology.

2. Smart contracts

Decree No.8 gives the following definition of smart contracts:

“ *Smart contract is a programme code designed to function within the register of transaction blocks (blockchain), or another distributed data system for the purpose of automated settlement and/or execution of* ”

transactions or other legally significant actions.

Smart contracts have been introduced in Belarus as a legal experiment, and may only be concluded between HTP residents.

3. Cryptocurrencies and tokens

Decree No.8 gives the following definition:

“ *Digital token — is a record in the register of transaction blocks (block chain) or another distributed information system which attests that the owner of such digital token has the rights to the objects of civil law rights and/or is a cryptocurrency.* ”

“ *Cryptocurrency — bitcoin or another digital token used internationally as a universal exchange instrument.* ”

Thus, the terms 'token' and 'cryptocurrency' correlate as general and particular, i.e. any cryptocurrency is a 'token', while a token becomes a 'cryptocurrency' once it has been recognised in the international commercial practice.

Transactions with tokens have become absolutely legal and legitimate. All entities in Belarus (natural persons and legal persons) are now allowed to conduct transactions related to acquisition, alienation and exchange of tokens, and are also allowed to store tokens.

Taxes related to token transactions:

- for Belarusian natural persons — all transactions involving tokens are exempt from taxes till the year 2023, including at their exchange to fiat money;
- for legal entities which are not HTP residents — only transactions involving exchange of one type of tokens for another are exempt from taxes till the year 2023;
- for legal entities which are HTP residents — all transactions involving tokens are exempt from taxes till the year 2023, in particular swaps for fiat money.

4. Business activities involving tokens

▷ICO.

Decree No.8 has authorised ICO and gives the following definition:

“ *Placement of digital tokens — is settlement of civil transactions or other legally significant actions in order to transfer tokens to their primary owners under terms specified by the person who originated such tokens via an HTP resident, in particular for the purpose of attracting Belarusian roubles, foreign currency, electronic funds or digital tokens of other types from primary owners.* ”

Only HTP residents are allowed to create tokens and place them for investors, and only on behalf and by order of Belarusian companies.

Conceivable ICO mechanisms, pursuant to Decree No.8:

pursuant to Decree No.8:

- a Belarusian company approaches an HTP resident, which will then create tokens and conduct ICO on behalf of the company;

- the HTP resident will create tokens and conduct ICO on its own behalf and for own benefit.

All funds raised during ICO (cryptocurrencies or fiat money)

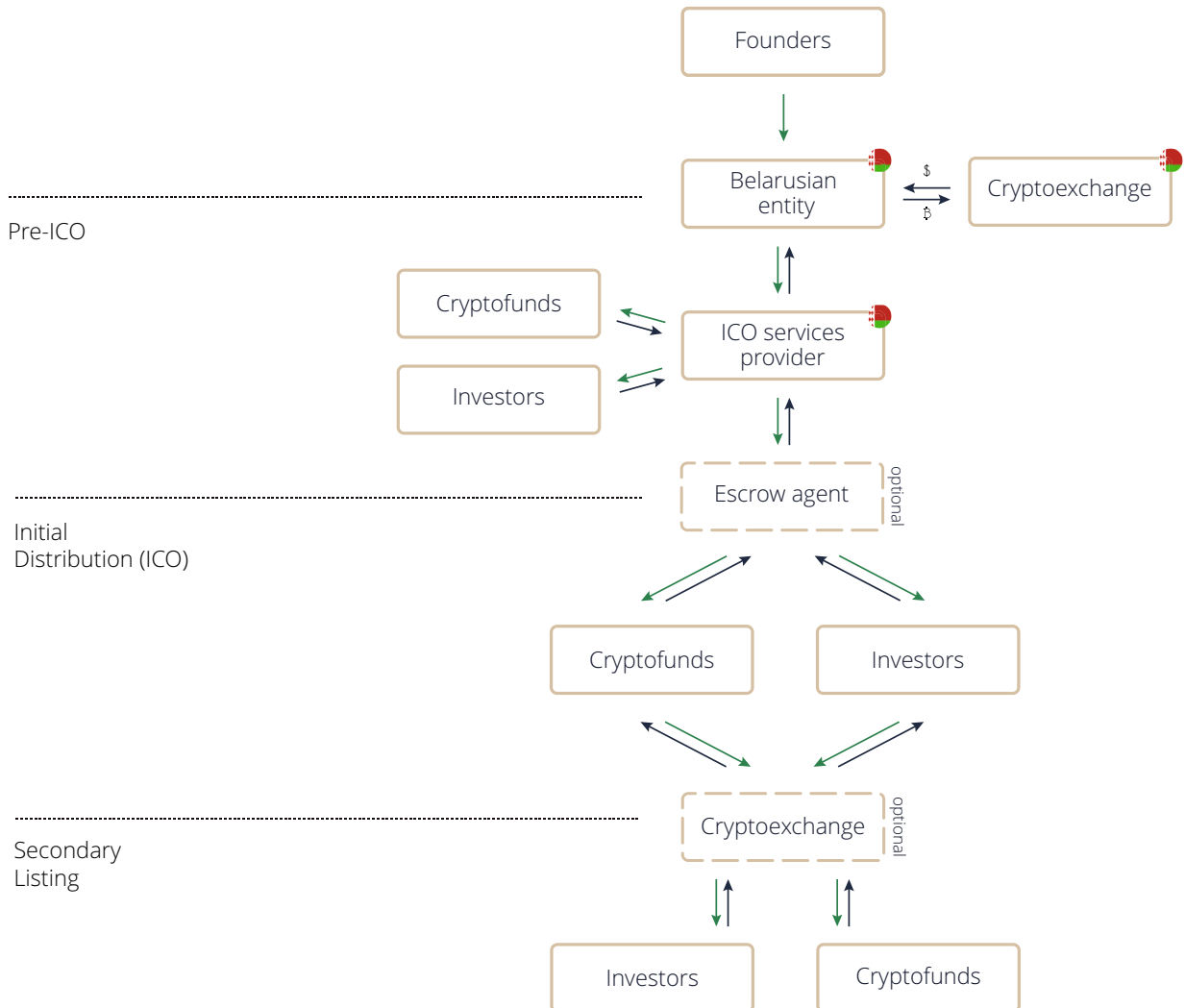
are exempt from taxes.

➤ Mining

Mining of tokens (cryptocurrencies) is now a legal busi-

ICO in Belarus

 are the elements that are structured in Belarus



“ *Mining — is an activity different from creating own tokens, aimed at procuring proper functioning of the register of transaction blocks (block-chain) via creating new blocks containing data on previous transactions within the register. Any person doing mining becomes owner of tokens created (mined) during its mining activities and may obtain digital tokens as remuneration for proper verification of transactions in the register of transaction blocks (blockchain).*

Income in cryptocurrencies received from mining activities is exempt from taxes, for both natural persons and HTP residents.

↗ **Crypto exchanges and crypto exchangers.**

“ *Crypto exchange — Crypto platform is operated by an HTP resident providing (in particular via an information system) to natural and/or legal persons (including non-residents of the Republic of Belarus) opportunities of settling the following transactions (operations) between such persons and/or with the crypto platform operator:*

- *alienation and/or acquisition of digital tokens for Belarusian roubles, foreign currency or electronic money;*
- *exchanging of digital tokens of one type for digital tokens of another type;*
- *other transactions (operations) pursuant in compliance with Decree No.8.*

“ *Crypto exchanger — Exchange of cryptocurrencies is performed by an HTP resident which performs, via self-service information systems and/or software complexes (cryptomats), on its own behalf and for own benefit, exchange of digital tokens of one type for digital tokens of another type, sales and purchase of tokens for Belarusian roubles, foreign currency or electronic cash.*

Decree No.8 allows HTP residents to legally conduct activities of crypto exchanges and crypto exchangers. Moreover, income from such activities is exempt from taxes.

The requirement of trigger balance on a Belarusian bank account for crypto exchanges is \$500,000. The requirement of trigger balance on a Belarusian bank account for crypto exchangers is \$100,000.

↗ **Crypto funds.**

As transactions with tokens (cryptocurrencies) and their exchange and purchase are now allowed, that means that investment activities are now allowed too.

The tax benefits apply to investment activities too.

Moreover, HTP residents now enjoy a special line of business on investing in tokens.

How to Become an HTP Resident

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To become an HTP resident and start enjoying the benefits offered, it is needed to:

1. Have a registered business entity in the Republic of Belarus.

Any business entity may apply for registration as HTP resident regardless of the history of its activities.

Moreover, either Belarusian or foreign citizens and entities may act as founders of such legal entity. The today's statistics show that 53% of HTP residents were founded by Belarusian companies, 47% were founded with foreign capital, and 27% of the latter are companies having 100% foreign capital.

2. Conduct activities in compliance with HTP legislation

All lines of business pre-planned by the applicant must be in compliance with HTP legislation and shall be specified in the business project proposed for implementation by the applicant for HTP residency.

Depending on whether the rights for programmes to be developed are preserved by the HTP resident (and such products are promoted as own branded design) or transferred to customers under outsourcing procedures, the following models of ICT business companies are known: **the 'product model', the 'customer model', and the 'mixed model'**.

As creating own products would normally require a lot of invest-

ment funds, many companies merge the mentioned business models and finance own developments through profits from other projects. The above business models (and any mixes thereof) may be implemented within HTP — however, while preparing the business project and estimating economic indicators of the business the peculiarities of each model should always be taken into account.

3. Submit documents required for registration as HTP resident

To be registered it is needed to submit:

- an application
- copies of statutory documents and state registration certificate
- business project proposed to be implemented by the company as HTP resident.

The business project is the crucial factor for the decision on the company's registration as HTP resident. Before its drafting it is necessary to ensure fulfilment of the first two requirements. i.e. to create a legal entity in the Republic of Belarus and ensure its activities comply with the Park regulations. If the company is already registered, than all non-core for HTP types of business shall be abandoned.

The business project shall be elaborated by a task force consisting of chief executives and experts of the legal entity apply-

ing for Park residency.

The business project must contain information on the legal entity (applicant) itself, on its history and achievements, its development strategy as part of HTP, description of core products to be produced, and an analysis of prospective markets for products distribution. Also the business project shall contain a concrete action plan to achieve the targets mentioned in the project and specify timeframes for the implementation thereof.

The business project must contain an estimate of project's major tentative economic indicators including costs related to product development, sales proceeds, and project's profitability. The business project shall specify financing sources and amounts and the future lines of re-investment of project profits. Such estimate shall also be indicative of the projected level of employees' salaries, productivity gain ratios in terms of employees and the company as a whole, and the company's profitability level — these indicators will be crucial for the decision on HTP residency.

While elaborating the business project the task force may seek advice from the Park Administration regarding the existing methods and peculiarities of business plan preparation. After the project has been revised and updated, the applicant shall perform official submission of its application attaching all required documents.

Then the Park Administration gives its opinion on whether the applicant can be registered as an HTP resident and forwards the full set of documents for Supervisory Board's approval. The Supervisory Board passes its decision on the basis of the documents submitted, the applicant's presentation and the outcomes of project defence to be carried out by the applicant's head. Normally, a decision on applicant's registration (or rejection) is made within one month of applicant's official submission.

Before now, the process of HTP entrance could take 2 to 18 months, depending on initial applicant's status: whether it had to perform reorganisation or incorporate a new legal entity, modify production processes or abandon some lines of activity not stipulated by HTP regulations. At the moment, HTP experts are taking action in order to cut down these time frames.

Belarus Hi-Tech Park.

Tax and other benefits.

Entry procedure

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