

DECREE OF THE PRESIDENT OF THE REPUBLIC OF BELARUS
DD. MAY 7, 2012 N 6
ON STIMULATION OF BUSINESS ACTIVITY IN THE TERRITORY OF
MEDIUM AND SMALL TOWNS, AND RURAL AREAS

For the purposes of stimulation of business activity in medium and small towns, rural areas, and in accordance with the third part of Article 101 of the Constitution of the Republic of Belarus:

1. To establish that:

1.1. commercial organizations of the Republic of Belarus and individual entrepreneurs registered in the Republic of Belarus which are located (reside) in the medium and small towns, and rural areas (hereinafter commercial organizations, individual entrepreneurs unless otherwise provided herein) and performing activities on production of goods (works, services) in the medium and small towns, rural areas within seven calendar years from the date of state registration:

shall have the right not to calculate and not to pay tax on profit (commercial organizations) and individual income tax (individual entrepreneurs) respectively with regard to the profits and proceeds from the sale of goods (works, services) of their own production;

shall be exempt from the state duty on issuance of special permissions (licenses) for legal and physical persons to perform certain types of activities (including those related to specific goods (works, services), changing and (or) amending, prolongation of such special permissions (licenses);

shall have the right not to calculate and not to pay other taxes, dues (duties) (except for value added tax including value added tax levied on goods imported into the territory of the Republic of Belarus, excise, stamp and offshore duties, state duties, patent duties, customs duties and charges, land tax, environmental tax, natural resources extraction (removal) tax and other taxes which are calculated, deducted and (or) transferred during the performance of duties of a tax agent save as herein otherwise provided), allocations to innovative funds established in accordance with the law;

shall be exempt from the mandatory sale of foreign currency received under transactions with non-resident legal entities and non-resident individuals from the sale of goods (works, services) of own production and also property leasing.

Relating to commercial organizations that are established by means of reorganization of the legal entity in the form of transformation, the mentioned in paragraph 1 of part 1 of the present subclause a seven-year period is counted from the day of public registration of the legal entity, after the reorganization of which the applicable commercial organization was founded.

For the purposes hereof the territory of the medium, small towns, rural area shall be the territory of the Republic of Belarus, except for the territory of the following cities: Baranovichi, Bobruisk, Borisov, Brest, Vitebsk, Gomel, Grodno, Zhodino, Zhlobin, Lida, Minsk, Mogilev, Mozyr, Molodechno, Novopolotsk, Orsha, Pinsk, Polotsk, Rechitsa, Svetlogorsk, Slutsk, Soligorsk.

For the purposes hereof the sale of goods (works, services) of own production in relation to commercial organizations, individual entrepreneurs shall be the realization of goods (works, services) of own production during the validity period of the own production certificate (certificate of works and services of own production) issued to commercial organizations and individual entrepreneurs engaged in their realization in the order established by the law.

1.2. Commercial organizations of the Republic of Belarus within seven calendar years from the date of the duly made decision on the establishment of a separate division:

1.2.1. shall have the right not to calculate and not to pay:

tax on profits earned by the separate division from sales of goods (works, services) of own production;

property tax on the value of capital constructions (buildings, structures), their parts, parking places which are itemized on the balance of the separate units and located in the middle, small towns, and rural areas;

contributions to the innovative funds established in accordance with the legislation which are calculated from the net cost of goods (works, services) produced by the separate division;

1.2.2. shall be exempted from the mandatory sale of foreign currency received under transactions with non-resident legal entities and non-resident individuals from the sale of the own produced goods (works, services) produced by the separate division;

For the purposes hereof separate divisions shall be branches and (or) other separate divisions of the commercial organization of the Republic of Belarus which carry out activities on production of goods (works, services) in the territory of the medium and small towns, rural areas and have a separate balance sheet, and a commercial organization of the Republic of Belarus opens for such division a bank account to perform transactions and grants the right to officials of the separate division to administer funds of the account, executing tax liabilities of the

mentioned commercial organization and established in the territory of medium, small towns, rural areas within settlement, the territory of which is or was the place of location of this commercial organization.

For the purposes hereof sale of goods (works, services) of own production with regard to the separate division shall be the sale of goods (works, services) of own production during the validity period of the own production certificate (certificate of works and services of own production) issued in the order established by the law and in which the separate division has been indicated as a separate division which produce the goods (works, services).

1.3. commercial organizations, individual entrepreneurs as well as commercial organizations of the Republic of Belarus which have separate divisions with regard to the separate divisions activities:

1.3.1. shall be exempt from mandatory bargaining in the stock exchange of Belarusian Universal Commodity Exchange Open Joint Stock Company in case of acquiring raw materials, components and materials for own production (with the exception of purchase by recipients such funds completely or partly at the expence of the budgetary means and (or) funds of the state non-budgetary funds) as well as foreign trade in goods of own production;

1.3.2. shall be entitled to:

independently determine the conditions, volumes and ways of realization of raw materials, components and materials, and conditions, volumes and ways of realization of products, goods (works, services) of own production;

independently determine the suppliers (contractor, provider) or buyers of products, goods (works, services) for own production and production of goods (works, services) of own production (with the exception of defining of suppliers (contractor, provider) by purchasing goods (works, services) completely or partly at the expanse of the budgetary means and (or) funds of the state non-budgetary founds) insure their property interests with insurance companies, insurance brokers, established outside the Republic of Belarus;

1.4. provisions contained in the second, fourth (in terms of contributions to the innovative funds established in accordance with the legislation) and fifth paragraph of subclause 1.1, in the second and fourth paragraphs of subclause 1.2.1, subclause 1.2.2 of this clause shall not apply to the sales of goods (works, services) the production (performance, rendering) of which is fully or partially carried out with the use of the owned fixed assets or fixed assets of other proprietary interest of commercial organizations of the Republic of Belarus (including those registered in the medium and small towns, and rural areas), or individual entrepreneurs engaged in their realization, and (or) the employees of those organizations or individual entrepreneurs outside the medium, small towns, and rural areas, unless otherwise provided in subclause 1.5 of this clause.

The right provided for in the second paragraph of subclause 1.1 and in the second paragraph of sub-clause 1.2.1 of this clause may be exercised by a commercial organization, individual entrepreneur, separate division subject to the separate accounting of revenues (by a commercial organization, separate division), income (by an individual entrepreneur) received (obtained) from the sales of goods (works, services) of own production in relation to which the provisions contained in the second paragraph of clause 1.1 and the second paragraph of sub-clause 1.2.1 of this clause are applied, as well as costs (of a commercial organization, separate division), expenditures (of an individual entrepreneur) for the production and sale of those goods (works, services) and submission of the certificate of own production (certificate of works and services of own production) issued in the order established by law to the tax authority. Herewith in the revenue (income) from selling the own production works (services) and production and sale expenditures (inputs) aren't inserted accordingly property value (including the value of materials and spare parts), used for execution of these works (services), produced for payment of such works over price, and expenditures (inputs), related to such property.

In case of absence of separate accounts provided for in the second part of this subclause, or failure to submit the own production certificate (certificate of works and services of own production) the provisions contained in the second paragraph of subclause 1.1 and the second paragraph of subclause 1.2.1 of this clause shall not apply.

Exemption from the property tax provided for in the fourth paragraph of subclause 1.1 and third paragraph of subclause 1.2.1 of this clause:

shall be provided in the quarter if during the immediately preceding quarter the commercial organization, individual entrepreneur, or separate division carry out the sale of own production goods (works, services), to which are applied the regulations of this point contained in the second paragraph of the subpoint 1.1 and in the second paragraph of the subpoint 1.2.1. in compliance with the present Decree. Herewith providing the property to rent (finance rent (lease), another onerous or free use do't concern mentioned works.

shall not be applied to:

commercial organizations and individual entrepreneurs carrying out activities referred to in sixth to thirteenth paragraphs of subclause 1.8 of this clause;

property tax on the value of capital constructions (buildings, structures), their parts, parking places which are located outside the medium, small towns, and rural areas;

property tax on the value of capital constructions (buildings, structures), their parts, parking places owned by the separate divisions which carry out activities specified in sixth to thirteenth paragraphs of subclause 1.8 of this clause;

property tax on the value of capital constructions (buildings, structures) of exceed incomplete construction.

1.5. commercial organizations, individual entrepreneurs, separate divisions that render services of transportation of cargos, passengers and baggage by road transport shall be entitled to apply the provisions referred to in the second, fourth (in terms of contributions to the innovative funds established in accordance with the legislation) and fifth paragraphs of subclause 1.1, second and fourth paragraphs of subclause 1.2.1, subclause 1.2.2 of this clause with respect to the realization of those services subject to the following conditions:

if points of departure (loading) and (or) destination (unloading) are located in the middle, small towns, and rural areas while rendering of services of carriage of goods, passengers and baggage by road transport;

road vehicles used by commercial organizations, individual entrepreneurs, separate divisions to render services for the carriage of cargos, passengers and baggage by road transport, which are duly registered by the registration (registration and examining) subdivisions of the State Automobile Inspectorate of the Ministry of Internal Affairs in the territory of medium and small urban towns, and rural areas;

1.6. provisions contained in the second and fourth paragraphs of subclause 1.1, subclause 1.2.1 of this clause shall not be applied to:

individual entrepreneurs in terms of activities which are subject to a single tax from individual entrepreneurs and other individuals;

organizations engaged in agricultural production and paying a flat tax for agricultural producers;

organizations and individual entrepreneurs which apply the simplified taxation system;

organizations performing service activities in the sphere of rural tourism, and paying duty for the implementation of services in the field of rural tourism;
organizations applying another established in accordance with legislation special tax treatments;

1.7. provisions contained in clause 1.2 of this clause shall not be applied to the separate divisions if the decision to establish such divisions is made after December 31, 2018;

1.8. provisions contained in clauses 1.1 – 1.3 of this clause shall not be applied to:

banks, non-bank financial institutions, investment funds, insurance companies;

professional securities market participants;

residents of free economic zones and High-Tech Park, and August Channel Special Tourist and Recreational Park, China-Belarus Industrial Park;

commercial organizations, individual entrepreneurs, separate divisions in terms of implementation of: real estate activities;

activity in gambling business;

lottery operations;

activities for the organization and holding of interactive electronic games;

production and (or) sale of excise goods;

production and (or) sale of jewelry made of precious metals and (or) of precious stones;

production of securities, bank notes and coins, postage stamps;

activities within a general partnership;

1.9. commercial organizations shall be exempt from import customs duties imported in the territory of the Republic of Belarus as a non-monetary contribution in charter fund of commercial organizations, which were produced not more than five years ago and classified according to the Single Commodity Nomenclature of Foreign Economic Activity of the Customs Union of the following goods items: 7301, 7302, 7308, 7309 00, 7311 00, 8401 - 8408, 8410 - 8426, 8430 - 8481, 8483, 8484, 8486, 8487, 8501 - 8519, 8521 - 8523, 8525 - 8537, 8543, 8545, 8601 - 8609 00, - 8707, 8709 - 8713, 8716, 8801 00 - 8805, 8901 - 8908 00 000 0, 9005 - 9008, 9010 - 9020 00 000 0 9022 - 9032, 9103 - 9107 00 000 0, 9201, 9202, 9205 - 9208, 9401 - 9406 00 9503 00 - 9508 (hereinafter referred to as the goods). The date of manufacture of goods is confirmed by data mentioned in the technical documentation or another documents, which concern goods or are contained on the product. In case of having information only about a year of product manufacture, the date of its manufacture is the first of July of the manufacture year, in the case of having information about month and year of manufacture – the fifteenth day of the manufacture month, if there are contradictory data or information about the manufacture date is lacking, it's considered that from the manufacture date has been more than five years.

The exemption in accordance with the first part of this subpoint is available in case of import of the goods in the territory of the Republic of Belarus for:

formation the charter fund of commercial organization before its state registration – after state registration of commercial organization and reflecting in charter documents including these goods in charter fund of commercial organization as a non-monetary contribution;

formation the charter fund of commercial organization after its state registration (with the exception of organization the charter fund of which in accordance with the legislation or charter documents shall be formed before its state registration) – within the terms, determined by legislation or in accordance with it in charter documents of commercial organization for formation such contribution;

increase in the charter fund of a commercial organization - after the state registration in the established order of changes and (or) additions to the charter documents in connection with the increase of the charter fund of the commercial organization due to depositing of goods as a non-monetary contribution by the founders (participants).

In the case of the import of goods in the territory of the Republic of Belarus, classified according to the unified Commodity nomenclature of Customs Union foreign economic activity in product item 8709, the exemption in accordance with the first part of this subpoint is provided on the assumption of compliance with the requirements listed in the second part of this subpoint, and subject to the availability of jobsites in commercial organizations (creation by it) in the quantity which is equal to the quantity of imported goods, the jobsites are held by employees with the qualification meeting the requirements established by the legislation in the field of motor transport.

In respect of goods imported with exemption from import customs duties in accordance with the first part of this subpoint, the obligation to pay import customs duties shall be executed in accordance with legislation, if during five years from the day of placing these goods under the customs procedure of release for domestic consumption have done the following actions:

the place of location was changed by the commercial organization for the territory of towns, denoted in the footnote to the first paragraph of the subpoint 1.1 in this point;

the participant leaving (expulsion) from the commercial organization was accomplished. As a result of it this organization loses the law of property or the right of economic management on the goods imported with exemption from import customs duties in accordance with the first part of this subpoint;

the deals involving the transfer the ownership to the goods, imported with exemption from customs duties in accordance with the first part of this subpoint, were made by commercial organization (the owner of the organization, the founder (participant) or the mentioned goods were assigned for the temporary use;

the attachments of the property of commercial organization by the owner from its economical management or operational management products, imported with the exemption from customs duties in accordance with the first part of this subpoint.

1.10. alienation of the state-owned permanent structures (buildings, constructions), unfinished suspended permanent structures, and unfinished non-suspended permanent structures located in the middle, small towns, and rural areas shall be carried out without selling the rights to lease the land required for the maintenance of alienated property if such land is rented to the buyer of the property.

In this case the land is rented to the buyer of the property without an auction and charging for the right to sign the lease; and perennial plants located in this lot shall be disposed of free of charge;

1.11. in case of alienation of the republican owned permanent structures (buildings, constructions), isolated buildings, unfinished suspended permanent structures, other immovable property, shares in common ownership for them, unfinished non-suspended permanent structures located within the medium, small towns, and rural areas, the buyer via his/her written application shall be allowed the installment payment for the property purchased for the purpose to set up the production of goods (works, services) of own production and (or) their realization for the period specified in such application but not more than five years from the date of the purchase contract with monthly indexation of payments and compliance with other requirements of the legislation on the disposal of state property. Calculation of payments in case of the installment payment for property shall be performed in the order established by the State Property Committee in accordance with the Ministry of Economy and Ministry of Finance.

The criterion for granting of installments in accordance with the first part of this clause shall be the incurrance of the liability on the organization of production of goods (works, services) of own production and (or) their realization within the term specified in the application for the granting of such installments, but not more than three years from the date of the purchase contract by the buyer of the property.

Monitoring of the fulfillment of obligations by the property buyer referred to in the second part of this clause shall be carried out by the seller of the property as well as public authorities and public organizations in accordance with the legislation.

In case of failure to fulfill obligations on the organization of production of goods (works, services) of own production and (or) their realization by the buyer of the property validity of the installment shall be terminated and the obligation to pay for the property shall be executed within 30 calendar days from the date of expiration specified in second part of this subclause in the order established by the law;

Subclause 1.12 has lost its force since January 1, 2013. - Part 2 of clause 7 hereof).

2. To recommend to the regional Councils of Deputies to establish reduction factors in the amount of not more than 0.5 to the rates of single tax from individual entrepreneurs and other individuals with regard to individual entrepreneurs

residing and carrying out activities in the sphere of production of goods (works, services) in the medium and small towns, and rural areas.

3. To declare the invalidity of:

Decree of the President of the Republic of Belarus No. 1 of January 28, 2008 on stimulation of production and realization of goods (works, services) (National Register of Legal Acts of the Republic of Belarus No. 29, 1/9381, 2008);

clause 8 of Decree of the President of the Republic of Belarus No. 6 of April 10, 2008 on certain issues of organization and holding of interactive electronic games (National Register of Legal Acts of the Republic of Belarus, No. 92, 1/9606, 2008);

subclause 1.2 of clause 1 of Decree of the President of the Republic of Belarus No. 17 of August 12, 2008 on amendments and additions to Decrees of the President of the Republic of Belarus No. 9 of December 20, 2007 and No. 1 of January 28, 2008 (National Register of Legal Acts of the Republic of Belarus, No. 197, 1/9918, 2008);

subclause 1.2 of clause 1 of Decree of the President of the Republic of Belarus No. 4 of March 1, 2010 on amendments and additions to Decrees of the President of the Republic of Belarus No. 9 of December 20, 2007 and No. 1 of January 28, 2008 (National Register of Legal Acts of the Republic of Belarus, No. 56, 1/11406, 2010);

subclause 1.5 of clause 1 of Decree of the President of the Republic of Belarus No. 7 of September 13, 2010 on amendments and additions to some Decrees of the President of the Republic of Belarus on levying indirect taxes in the Customs Union (National Register of Legal Acts of the Republic of Belarus, No. 222, 1/11948, 2010).

4. Subclauses 1.3 and 1.5 of clause 1, clause 2 of Decree of the President of the Republic of Belarus No. 9 of December 20, 2007 on some issues of regulation of business activities in rural areas (National Register of Legal Acts of the Republic of Belarus, No. 1, 1/9241, 2008; No. 197, 1/9918, No. 56, 1/11406; No. 222, 1/11948, 2010) shall be deleted.

Clause 5 shall come into force after its official publication (the first part of clause 7 hereof).

5. Regional Councils of Deputies shall be obliged to determine the order of disposition of the property of communal ownership hereunder within three months.

Clause 6 shall come into force after its official publication (the first part of clause 7 hereof).

6. The Council of Ministers shall be obliged to ensure conformation of legislative acts with the requirements hereof and to take other measures for its implementation.

Clause 7 shall come into force after its official publication.

7. This Decree entered into force on July 1, 2012, except for clauses 5, 6 and this clause which entered into force after the official publication hereof, and is temporary and pursuant to part three of Article 101 of the Constitution of the Republic of Belarus shall be submitted to the National Assembly of the Republic of Belarus.

Subclause 1.12 of clause 1 hereof shall be valid until the entry into force of the law of the Republic of Belarus on relevant amendments to the Budget Code of the Republic of Belarus.

Before bringing the legislation into conformity herewith legislative acts approved before the entry into force hereof shall be applied to the extent not contrary hereto.

President of the Republic of Belarus

A. Lukashenko

** unofficial translation **