

---

# VAT on e-services 2018

November 2017

---

Starting from January 1, 2018 Belarus introduces VAT on e-services (**e-services VAT**) provided to Belarusian individuals by foreign companies. This short summary is designed to navigate foreign companies through main compliance aspects they may be subject to in Belarus next year.

The information below is based on the Tax Code provisions effective from January 1, 2018, and the anticipated changes by the Draft Law on amendments to the Tax Code (latest version available as of the newsflash date (**Draft Law**)).

---

## What are e-services?

The e-services falling within the scope of e-services VAT cover:

- **licencing** of software (incl. computer games), databases (incl. updates, additional functions provided), electronic books, information materials, graphic images, music, audiovisual works via Internet, as well as providing remote access for reviewing and/or listening via Internet;
- **advertising** services via Internet;
- **placing sales offers** via Internet;
- **automated** data search, selection, sorting and provision to users (incl. stock exchange reports) via Internet;
- **search** services and information on potential customers;
- **provision of technical, organisational, information and other capacities** with the use of information technologies and systems for establishing contacts and making deals between sellers and buyers (incl. provision of trading platforms in real-time mode);
- **maintenance and support of Internet presence** for personal goals or for business activity, support of users' electronic resources (Internet sites, pages) and access to these with modification options, as well as information system administration services;
- **information storage and processing** if the information provider can access it via Internet;
- **providing computing power** in real-time mode for placing information in an information system;
- **providing domain names** and hosting services;
- **providing access to search engines** on the Internet;
- **gathering statistics** on Internet sites.

The list of e-services is exhaustive, but one can interpret it broadly. It is expected that implementation practice may bring about some changes to its contents. Currently, the Tax Code separately addresses services that should not be regarded as e-services:

- sale of goods if ordered via Internet, but supplied terrestrially;
- sale of computer programs, data bases on tangible media;
- consulting services via e-mail;
- Internet access services.



However, services falling within the scope of e-services mentioned above should be subject to e-services VAT only if a foreign company determines that the individual purchases e-services in the territory of Belarus.

The individual purchases e-services in the territory of Belarus when either of the below criteria is met:

- individual is in fact present in the territory of Belarus (it is still not clear how the factual presence of the individual can be determined practically; most probably a registration address would be a criterion);
- individual's bank account / e-wallet used for e-services payment is opened in a bank located in Belarus / powered by an e-money operator located in Belarus;
- IP address used for purchase of e-services is registered in Belarus;
- international dialing code of the phone number used for purchase of e-services is assigned to Belarus.

### **Who is an e-services VAT payer?**

A foreign company should be subject to payment of e-services VAT in Belarus when it fits with either of the below characteristics:



- the foreign company **provides e-services** to Belarusian individuals (including individual entrepreneurs) *directly*;
- the foreign company **carries out intermediary activity encompassing participation in payment transactions** by Belarusian individuals for e-services purchased from foreign companies. Such activity is carried out under some agency agreement or an agreement of similar nature concluded between an e-services provider and a payment intermediary. Mere processing of payments should not trigger obligation to pay e-services VAT.

---

### ***Is there any e-services VAT registration?***

E-services VAT is a special tax that is paid by e-services VAT registered foreign companies directly to the Belarusian tax authorities. E-services VAT registration starts on January 2, 2018. Foreign companies shall be registered for e-services VAT before the quarter when they started to provide e-services to Belarusian individuals ends.

The e-services VAT registration authority is the Minsk City tax inspectorate (**Registration Authority**). The registration is expected to be carried out via e-portal powered by the Ministry of Taxes and Duties of the Republic of Belarus using digital signature assigned to the foreign company representative. Paper registration encompassing face-to-face visit of the Registration Authority by the foreign company's representative should be also available.

### ***How is e-services VAT calculated and paid?***

E-services VAT amount due in Belarus is calculated as e-services VAT base multiplied by e-services VAT rate. E-services VAT tax base is the amount of funds received by a foreign company from providing e-services to Belarusian individuals. E-services VAT rate is 20%.

Submission of e-services VAT returns/e-services VAT information forms, as well as e-services VAT payment shall be carried out quarterly. E-services VAT information form is a simplified form resembling main sections of the e-services VAT return and should be submitted only if there are e-portal malfunctions and e-services VAT return cannot be submitted. E-services VAT returns can be submitted via the e-portal using the digital signature assigned to the foreign company's representative at e-services VAT registration. E-services VAT information form can be also submitted via the e-portal, in particular when the option of digital signature signing is technically unavailable.

### ***Are there any special reporting standards for e-services VAT?***

Foreign companies providing e-services to Belarusian individuals shall maintain per every individual that receives e-services separate reporting records of:

**data** used for determining **VAT amount** payable, in particular:

- date of services provision;
- payment amount received (including any prepayment);
- payment currency;
- information on any changes in payment amount (e.g. if there was a money refund to the individual).

**data** used for determining **location of the individual** purchasing e-services, in particular:

- name and surname (if the individual provided it);
- IP address, domain name;
- international dialing code;
- postal index of home address (i.e. individual's registered address can determine the individual's factual location for the purposes of VAT on e-services);
- bank identification code.

However, the tax authorities would accept that a foreign company sticks to a particular criterion in determination of customer's location, since that choice would be largely dictated by the technological specifics of foreign company business.

Foreign companies can maintain reporting records in any form.

# How can PwC Belarus assist you?

PwC Belarus is ready to assist with determining e-services VAT regulations applicability to your business, and if necessary, provide complex on-site support for e-services VAT compliance, including e-services VAT registration and e-services VAT reporting in Belarus.

For obtaining a piece of professional advice tailored to your case, please contact our experts:

## PwC is:

- **An international leader in taxation** and the largest professional services company in the world with revenue of USD **37.7** billion based on the results of 2017 financial year.
- **Individual approach tailored to a business case of each of our clients**, which include **419** companies from Fortune Global 500 and **100 000+** entrepreneurial and private businesses
- **Global team** operating in **158** countries.
- More than **236 000** professionals with different backgrounds united by **premium quality of services** and **passion to their work**.
- **Successful history** of PwC dates back to **1849**.



## *Eugenia Chetverikova*

---

Head of Tax and Legal Services  
at PwC Belarus

+375 17 3354000  
[eugenia.chetverikova@pwc.com](mailto:eugenia.chetverikova@pwc.com)



## *Daria Denisiuk*

---

Senior Associate, Tax and Legal Services  
at PwC Belarus

+375 17 3354000  
[daria.denisiuk@pwc.com](mailto:daria.denisiuk@pwc.com)

**PricewaterhouseCoopers**  
3 Gikalo st., floor 3, office 3, Minsk, Belarus  
[www.pwc.by](http://www.pwc.by)

© 2017 PwC. All rights reserved. Not for further distribution without prior written consent of PwC. Independent firms being members to the global network of firms of PricewaterhouseCoopers International Limited (PwCIL) shall be understood under «PricewaterhouseCoopers» or «PwC».

This publication has been prepared for general guidance on matters of interest only, and does not constitute professional advice. You should not act upon the information contained in this publication without obtaining specific professional advice. No representation or warranty (express or implied) is given as to the accuracy or completeness of the information contained in this publication, and, to the extent permitted by law, PwCIL, its members, employees and agents do not accept or assume any liability, responsibility or duty of care for any consequences of you or anyone else acting, or refraining to act, in reliance on the information contained in this publication or for any decision based on it.