FREE ECONOMIC ZONES IN BELARUS

July 2026

Free economic zones (hereinafter - FEZ) as an institute of market economy hold a special place in the legal system of the Republic of Belarus. Nowadays every regional center of Belarus can offer to both foreign and domestic investors attractive conditions for investments on the territory of FEZ.

Legal and organizational basis for creation, conducting activity, and liquidation of FEZ on the territory of the Republic of Belarus is provided by the Law of the Republic of Belarus of December 7, 1998 № 213-3 «On Free Economic Zones» (hereinafter the Law № 213-3), by the Edict of the President of the Republic of Belarus No. 114 of March 20, 1996 «On Free Economic Zones on the Territory of the Republic of Belarus» (hereinafter – «Edict No. 114»), by the Edict of the President of The Republic of Belarus of 09.06.2005 No. 262 «On Certain Matters of Operation of FEZ on the Territory of the Republic of Belarus» (hereinafter – «Edict No. 262»), by the Edict of the President of the Republic of Belarus No. 508 of December 30, 2016 and by the Agreement on Free (Special, Exclusive) Economic Zones in the Customs Territory of the Customs Union and Customs Procedure of the Free Customs Zone, dated June 18, 2010.

As a FEZ resident, only legal entities and individual entrepreneurs of the Republic of Belarus with a location within the boundaries of this FEZ, who have concluded an agreement with the administration of the FEZ on the conditions on activity in the FEZ can be registered.

Today six FEZ function in the Republic of Belarus:

- FEZ «Brest»
- FEZ «Minsk»
- FEZ «Gomel-Raton»
- FEZ «Vitebsk»
- FEZ «Mogiliov»
- FEZ «Grodnoinvest»

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LEGAL REGIME OF FEZ

The Law № 213-3 defines a special legal regime as a set of legal norms establishing a special regime of taxation as well some other regulation and providing conditions for carrying out investment and entrepreneurial activity more favorable than usual.
It should be noted that the following types of activities were withdrawn from the special legal regime of the FEZ:

- catering, gambling, commercial activity, providing online betting and gaming services, lottery activities, activities for organizing and conducting electronic interactive games, operations with securities;
- realization of goods (works, services), production (performance, provision) of which are carried out with the use of main resources and (or) labor of employers of residents of FEZ beyond the territory of FEZ;
- activity of banks and insurance organizations.

The obligatory condition of application of the special legal regime is an obtaining of certificate of goods (works, services) of domestic manufacture by the resident of FEZ. The procedure and conditions of recognition of goods (works, services) as those of domestic manufacture are established by the Regulation of the Council of Ministers of the Republic of Belarus No. 1817 of 17.12.2001, by the Regulation of the Council of Ministers of the Republic of Belarus No. 1520 of 20.10.2010.

TAXATION

For FEZ residents, the Tax Code of the Republic of Belarus establishes a special taxation regime that differs from that in the rest of the Republic of Belarus:

Thus, a special taxation regime applies to the sale by FEZ residents:

a) outside the Republic of Belarus to foreign legal entities and (or) individuals in accordance with the contracts concluded between them for goods (works, services) of their own production produced by these residents on the territory of the FEZ;
b) in abroad the Republic of Belarus to foreign legal entities and (or) individuals in accordance with the contracts concluded between them for goods of their own production produced by these residents on the territory of the FEZ;
c) goods (works, services) of their own production, which they produced in the territory of FEZ, to other FEZ residents in accordance with the agreements concluded with them;

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d) in abroad the Republic of Belarus to foreign legal entities and (or) individuals for goods of their own production produced by these residents on the territory of the FEZ, in case of providing the sale based on commission agreement, contract of agency or another similar contract, if FEZ resident and commissioner (attorney), another similar party is participants in one holding. In this case, commissioner (attorney), another similar party should be resident of the Republic of Belarus and nonresident of the FEZ.

The special regime of taxation of FEZ residents includes the following tax privileges and mandatory payments payable by residents of FEZ:

PROFIT TAX

The taxed profit is calculated on the basis of the sum of profit from realization of goods (works, services), other valuables (including main funds), proprietary rights and non-realization incomes, decreased by the sum of non-realization expenses.

The basic rate of tax is 20%. If based on the results of the reporting period, the profit tax base exceeds BYR 25,000,000 the tax rate will be 25%.

Benefits for residents of FEZ:

The profit tax should not be paid by residents of the FEZ in relation to the goods (works, services) of their own production.

VALUE-ADDED TAX

Object of taxation for this tax is turnovers on sales of goods (works, services), proprietary rights on the territory of the Republic of Belarus, as well as goods, imported to the territory of the Republic of Belarus.
The rate of the tax is 20%, in some cases – 0%; 10%; or 25%.

Benefits for residents of FEZ:

The goods manufactured by FEZ residents using foreign goods imported within the framework of the customs procedure of the free customs zone and subjected to the customs procedure of release for domestic consumption are exempted from VAT.

Thus, in the production of goods using imported raw materials imported without payment of import customs duties and VAT, and further sale of goods to the domestic market, such goods will not be subject to VAT, but will be subject to import customs duties as foreign goods.

LAND PAYMENTS

The payment for land is levied annually in the form of land tax or rent. In accordance with Order No. 439 dated 17.12.2025, “On Lease Payments for Land Plots in Public Domain” effective January 1, 2026, the procedure for calculating rent for Land Plots in Public Domain is aligned with the rules for calculating land tax.

Benefits for residents of FEZ:

Rent is not charged for land plots of FEZ residents located within the boundaries of FEZ:

- granted to them after registration as residents of FEZ for the construction of facilities, but not more than five years from the date of registration as a FEZ resident;
- regardless of their intended purpose. The privilege is granted in the quarter if in the immediately preceding quarter the resident of the FEZ sold goods (works, services) of its own production for export or other residents of the FEZ.

Exception: The abovementioned rent benefits do not apply to land plots (or parts thereof) on which capital structures (buildings, facilities) or parts thereof are located and which are leased by a resident of the FEZ or other paid or uncompensated use, to (i) entity that is not the resident of the FEZ; (ii) to another resident of the FEZ, provided that the relevant agreement does not prohibit the sublease, subleasing, or subsequent provision of such capital structures (buildings, facilities) or parts thereof for other use, whether for consideration or free of charge.

Also, they are exempt from land tax:

- land plots of FEZ residents located within the boundaries of FEZ and granted to them after registration as residents of FEZ for the construction of facilities (excluding illegally occupied land plots), from the quarter of registration of a FEZ resident prior to the quarter of acceptance in operation of facilities for the construction of which a land plot has been granted but no more than five years from the quarter of registration as a resident of the FEZ.
- land plots of FEZ residents, regardless of their intended purpose, located within the boundaries of the FEZ (except for illegally occupied land plots, as well as land plots, in

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respect of which the land tax rate is applied, increased by a coefficient of 3, due to the absence of a permanent structure on the land plot).

Exception: The abovementioned land tax benefits do not apply to land plots (or parts thereof) on which capital structures (buildings, facilities) or parts thereof are located and which are leased by a resident of the FEZ or other paid or uncompensated use, (i) to entity who is not the resident of the FEZ; (ii) to another resident of the FEZ, provided that the relevant agreement does not prohibit the sublease, subleasing, or subsequent provision of such capital structures (buildings, facilities) or parts thereof for other use, whether for consideration or free of charge.

REAL ESTATE TAX

The objects of taxation are buildings and constructions, their parts that are in the property or in the possession, in the economic keeping or effective management of organizations-payers. The tax rate is 1% per year.

Benefits for residents of FEZ:

Residents of FEZ are exempted from real estate taxation:

- within three years, calculated starting from the quarter, which is the date of registration of the organization as a resident of the FEZ, for objects of taxation with this tax located on the territory of the respective FEZ acquired (occurred) in the specified three-year period, regardless of the direction of their use.

Exception: The exemption provided above does not apply (i) to the taxable objects of the real estate tax taken by the FEZ resident to the lease (financial lease (leasing)), other paid or uncompensated use; (ii) to the taxable objects of the real estate tax (or parts thereof) that handed over (transferred) by the FEZ resident to the lease (financial lease (leasing)), other paid or uncompensated use, except for certain cases provided for in the Tax Code.

- on objects of taxation with this tax located on the territory of the relevant FEZ, regardless of the direction of their use. The privilege provided for in this sub-clause is granted in the quarter if in the immediately preceding quarter the resident of the FEZ sold goods (works, services) to which the taxation features apply in the FEZ.

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Exception: The exemption provided above does not apply to the taxable objects of the real estate tax (or parts thereof) handed over (transferred) by the FEZ resident to the lease (financial lease (leasing)), other paid or uncompensated use, (i) entity who is not the resident of the FEZ; (ii) to another resident of the FEZ, provided that the relevant agreement does not prohibit the sublease, subleasing, or subsequent provision of such objects or parts thereof for other use, whether for consideration or free of charge, except for certain cases provided for in the Tax Code.

CUSTOMS REGULATION

The territory of the FEZ is a part of the customs territory of the Customs Union. On the territory of the FEZ, free customs zones (FCZ) are created for its residents.

Customs FCZ procedure is a customs procedure in which goods are placed and used within the territory of the FEZ or its part without payment of customs duties and taxes, and also without the application of measures of non-tariff regulation in relation to foreign goods and without the application of prohibitions and restrictions on goods of the customs union.
The territory of the FEZ, where the customs procedure of the FCZ is applied, is a customs control zone.

The customs procedure of the FCZ can be applied both on the territory of the FEZ and on its specific part.

Foreign goods placed under the customs procedure of the FCZ retain the status of foreign goods, and goods of the Customs Union - the status of goods of the Customs Union. Goods made from foreign goods placed under the customs procedure of the FCZ or with their use acquire the status of foreign goods. However, if the customs procedure of the FCZ is completed by the export of such goods outside the Customs Union, their status as being (not) goods of the customs union is determined on the basis of the criterion for sufficient processing of goods and is confirmed by the corresponding conclusion.

The declarant of goods placed under the customs procedure of the FCZ may be a resident of the FEZ (with respect to those goods that are located in the territory of the FEZ of which he is a resident).

Goods may stay under the customs procedure of the FCZ within the term of the functioning of the relevant FEZ, except for cases when the entity which placed the goods under this procedure, loses the status of the FEZ resident, or decided to cease the application of the customs procedure of the FCZ in the territory of the relevant FEZ.

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CURRENCY REGULATION

The basic document of currency legislation is the Law of the Republic of Belarus "On Currency Regulation and Currency Control" of 22.07.2003. All commercial organizations registered on the territory of the Republic of Belarus are residents of the Republic of Belarus in terms of currency legislation. The term "resident" refers to citizens of the Republic of Belarus, with the exception of those who have a permanent residence permit in a foreign state and are actually on the territory of the Republic of Belarus in the aggregate of 183 days or less, as well as foreign citizens and stateless persons who have received a permanent residence permit in the Republic of Belarus, as well as a legal entity registered in the Republic of Belarus, located in the Republic of Belarus, its branches and representative offices located in the Republic of Belarus and abroad.
General rule concerning residents: settlements between residents are made in Belarusian rubles. The use of foreign currency between residents is allowed in cases strictly limited by law.

All wire transactions between legal entities-residents and legal entities - nonresidents can be conducted both in foreign currency and in Belarusian rubles without restrictions. Therefore, if the clients of the commercial organization are residents, settlements will be carried out in Belarusian rubles. If the clients are legal entities - nonresidents, settlements will be carried out mainly in foreign currency though use of Belarusian rubles is allowed as well.

TYPES OF ACTIVITIES ON THE TERRITORY OF FEZ

Realization of certain types of activity on the territory of FEZ are prohibited.
According to the Law № 213-3, norms of Regulations on FEZ and EAEU agreement among them are the following ones:

- production, processing, stockpiling and sale of weapons, ammunition, explosives;
- production, processing, stockpiling, sale of radioactive and other hazardous materials;
- production, processing, stockpiling, sale of drugs, narcotic substances, psychotropic substances and their precursors;
- sowing, growing, processing, stockpiling, sale of crops containing narcotic substances, psychotropic or poisonous substances;
- production of spirits, excluding champagne, grape wines and beer;
- manufacturing of tobacco products;
- production of securities, banknotes and coins, stamps;
- lottery activity;

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- preparation and broadcasting of radio and TV programs, excluding technical maintenance of radio and television;
- treatment of people suffering from illnesses that constitute danger for people’s health;
- treatment of animals with highly dangerous illnesses;
- activity connected with job placement of citizens of the Republic of Belarus, foreign citizens and persons without citizenship, permanently residing in Belarus, abroad.

THE PROCEDURE OF REGISTRATION IN FEZ

The implementation of the investment project on the territory of the FEZ, including the creation and registration of a legal entity as a business entity in the territory of the FEZ, as well as the registration of a legal entity as a resident of the FEZ, presupposes a sequence of actions of the investor, which can be conditionally divided into several stages:

1. Creation of a legal entity.

A FEZ resident may already be an organization established and registered with the state, which is located on the territory of the respective FEZ. On the territory of FEZ registration of legal entities is carried out by the administration of FEZ.

2. Preparation of the investment project.

The investment project is a fundamental factor in the subsequent registration as a resident of the FEZ.
The investment project must meet the following basic criteria:

- The volume of investments should be equal to at least 1 million euros. However, if the investor is ready to invest within 3 years, then for such a category of investors the minimum threshold of investment is reduced to 500 thousand euros;
- The investment project should provide for the creation and (or) development of production oriented for export and (or) import substitution.

3. Registration as a resident of the FEZ

For registration as FEZ resident, the following documents are submitted to the administration of the relevant FEZ:

- application on the form established by the administration of FEZ;

- business plan of the investment project in the form approved by the administration of the relevant FEZ;
- a payment document confirming the payment of the state fee, which is 50 base units* (which is BYN 2250 or approximately USD 823).

* 1 base unit from 01.01.2026 is 45 Belarusian rubles.

Also, a potential resident must sign an agreement on the conditions of activity in the FEZ with the administration of the FEZ.

An official legal document confirming the registration of a business entity as a resident is a certificate of registration as a FEZ resident issued by the FEZ administration on behalf of the state.

DISCONTINUATION OF ACTIVITY OF THE RESIDENTS OF FEZ

A legal entity may lose the status of a FEZ resident on the following grounds:

- liquidation of the FEZ;
- exclusion from the borders of the FEZ of the territory with the location of this legal entity or individual entrepreneur;
- liquidation (termination of activities) of this legal entity;
- reorganization of a legal entity in the form of merger, division, joining it to another legal entity;
- changing the location of the legal entity or individual entrepreneur in case the new location is located outside the territory corresponding to the FEZ;
- termination of the agreement on the conditions of activity in the FEZ;
- the adoption by the administration of the FEZ of a decision on the loss of status:
    - at the request of the resident of the FEZ;
    - in connection with the failure or improper performance by a resident of a FEZ of the terms of the agreement on the conditions of activity in the FEZ;
    - due to non-observance of the terms of formation of the statutory fund by a legal entity that is a resident of a FEZ.

Loss of status as well as its deprivation results at termination of obligations under the agreement on the conditions of activity of FEZ and other agreements, the conclusion of which is conditioned by the presence at a legal entity, an individual entrepreneur of the status of the resident of FEZ.

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In the case of the continuation of activities on a general basis by a legal entity which has lost the status of a FEZ resident due to the liquidation of the FEZ or the exclusion from the borders of the FEZ of the territory with the location of these entities, leases of the land plots, buildings, other immovable property owned by them, the obligations under which are terminated, at their request, should be renegotiated with them for a period not less than the remaining lease terms by state bodies other organizations authorized to dispose of the property. At the same time, such contracts, with the exception of lease agreements for land plots, are renewed on the same terms.

Law No. 213-3 provides the preservation of the status of a FEZ resident in case of the reorganization of a legal entity in the form of accession to it, or the separation of one or several legal entities or its transformation.

When reorganizing a FEZ resident in the form of accession or separation, the status of a resident shall be retained by the reorganized legal entity.

In case of reorganization in the form of transformation, the status of the resident passes to the newly emerged entity from the moment of state registration of the latter.

We will be happy to provide any further information or assistance should you are interested in the above procedures.

Please contact **VMP corporate practice** team partner **Svetlana Dashuk** (svetlana.dashuk@vmp.by) or senior associate **Valentina Belko** (valentina.belko@vmp.by).

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