

## **Law of the Republic of Belarus**

No. 213-Z of December 7, 1998

*[Amended as of June 29, 2006]*

### **On Free Economic Zones**

The present Law specifies the legal and organizational bases for establishment, operation and liquidation of Free Economic Zones on the territory of the Republic of Belarus.

## **Chapter 1. General Provisions**

### **Article 1. Notion of a Free Economic Zone**

A Free Economic Zone (hereinafter - FEZ) is part of the territory of the Republic of Belarus with exactly determined borders and with a special legal treatment establishing more favorable than usually conditions of executing entrepreneurial and other economic activities.

### **Article 2. Special economic treatment in the FEZ**

Special economic treatment in the FEZ is a complex of legal norms establishing a special order and conditions of taxation, currency, customs and other regulations in effect in the FEZ.

Special economic treatment in the FEZ is established with the following aims:

creation of favorable conditions for investments and for development of certain regions and of the economy of the Republic of Belarus;

implementation of most progressive resource-saving little-waste and zero-waste technologies;

promotion of international integration and cooperation;

harmonic combination on the basis of the Constitution of the Republic of Belarus of Republican and local interests, interests of economic entities and citizens.

### **Article 3. Legislation on FEZ**

Legislation on FEZ is comprised of the present Law and other normative legal acts of the Republic of Belarus, regulating the operation of the FEZ.

Other legislation of the Republic of Belarus shall be applied in the FEZ with account of peculiarities, envisaged by the present Law and other acts of the legislation, regulating operation of the FEZ.

### **Article 4. Types of FEZ**

On the territory of the Republic of Belarus FEZ of various functional types may be established.

A functional type of FEZ is determined by the aims of establishing the Zone, and by the direction of investment activities in the FEZ. The production, scientific and technological, exporting, trading, tourist and recreational, insurance, banking and other types of activities may be performed.

A FEZ may combine functions specific to several functional types of FEZ (a complex FEZ).

### **Article 5. Administration of the FEZ**

Administration of the FEZ is established by the Council of Ministers of the Republic of Belarus and is a legal entity. Regulations on the Administration of the FEZ shall be approved by the Council of Ministers of the Republic of Belarus.

The authorities of the Administration of the FEZ are stipulated by the present Law, by Regulations on the Administration of the FEZ, by other legislation of the Republic of Belarus.

### **Article 6. Resident of the FEZ**

A resident of the FEZ is a legal entity or an individual person registered by the Administration of the FEZ as an entrepreneur without formation of a legal entity covered by the legal treatment in power in the FEZ.

The procedure of registration of a resident in the FEZ is set forth by the Regulations on FEZ, as approved by the Council of Ministers of the Republic of Belarus.

A resident of the FEZ in his/her activities shall be guided by the present Law, by the Regulations on FEZ, by other normative legal acts, as well as by an Agreement with the Administration of the FEZ on the terms of operation in the FEZ.

Decision to register a resident of the FEZ shall be taken by the Administration of the FEZ. A Registration Certificate of established form shall be issued to the registered resident by the Administration of the FEZ.

The Administration of the FEZ shall deliver, within a fifteen days period, the registration data to the Ministry of Justice of the Republic of Belarus, relevant inspection of the Ministry on Taxes and Duties of the Republic of Belarus and body of state statistics and also informs other state bodies in cases and order provided by the legislation.

A resident of the FEZ shall be entitled to undertake any entrepreneurial activities outside the FEZ borders, on the territory of the Republic of Belarus with observance of general rules, established by the legislation of the Republic of Belarus.

### **Article 7. Forbidden and Restricted Activities**

The activities prohibited by the legislation of the Republic of Belarus shall not be allowed in the FEZ.

The following activities shall also be prohibited in the FEZ:

economic and commercial activities, connected with provision of protection and defense of the state, as well as with production, processing, storage and sale of armaments, ammunition and explosives;

production, processing, storage, decontamination, and sale of dangerous and radioactive materials;

production, processing, storage, sale of drugs, narcotic and other strong materials;

production, processing, storage, sale of cultures containing narcotic, strong and poisonous substances;

production of vodka, liquor and other alcohol drinks, except champagne, sparkling, dry, semi-dry, strong grapevine wines, and beer;

production of tobacco articles;

production of securities, money banknotes and coins, postal stamps;

holding lotteries;

preparation and broadcasting of audio and TV programs, except technical maintenance of printing houses, radio and TV studios;

treatment of patients suffering from dangerous or extremely dangerous infections, including venereal and infectious skin diseases, mental diseases in aggressive forms;

treatment of animals with dangerous diseases;

activities, concerning issues of foreign labour migration.

List of dangerous, radioactive, narcotic, strong and poisonous materials and substances shall be established by the Council of Ministers of the Republic of Belarus.

Certain activities, list of which being established by the legislative acts of the Republic of Belarus, may be undertaken by residents of the FEZ only on the basis of special permits (licenses).

## **Chapter 2. Establishment of the FEZ**

### **Article 8. Procedure of Preparation and Contents of Proposal on Establishment of the FEZ**

Initiators of establishment of the FEZ may be local executive and managerial bodies that shall bring into the Council of Ministers of the Republic of Belarus a proposal on establishment of the FEZ. The following documents shall be attached to the proposal on establishment of the FEZ:

plan of the territories and precise description of the borders of the FEZ, composition of the lands, list of owners of land lots, of landowners and land users located in the FEZ under establishment;

resolution of local executive and managerial bodies about the planned borders of the FEZ;

draft Decree of the President of the Republic of Belarus on establishment of the FEZ, where the name of the FEZ, the period for which it is established, the aim of establishment and the tasks of the FEZ, the functional type of the FEZ, the peculiarities of its special legal treatment are indicated;

draft Regulations on the FEZ;

draft Regulations of the Administration of the FEZ;

a feasibility study of the necessity of establishment of the FEZ and of the possibility of its existence, based on the analysis of social, ecological and

economic conditions on the respective territory, availability of material and labour resources in it, of scientific and other highly qualified personnel, of communication utilities, as well as grounds for the functional type of the FEZ and for the proposed legal treatment in it;

procedure of establishment of the FEZ with indication of definite measures and persons (bodies) responsible for holding them, of sources of financing of the works of establishment and development of the FEZ;

list of managing subjects operating in the planned FEZ.

### **Article 9. Procedure of Presenting and Consideration of Proposals on Establishment of the FEZ**

Proposals on establishment of the FEZ with attachment of the documents indicated in Article 8 of the present Law, as well as conclusion of the Council of Ministers of the Republic of Belarus on the expediency of establishment of the FEZ, shall be submitted by the Council of Ministers of the Republic of Belarus for consideration of the President of the Republic of Belarus.

Decision on establishment of the FEZ is taken by the President of the Republic of Belarus in the form of a Decree.

### **Article 10. Regulations on the FEZ**

In conformity with the Decree of the President of the Republic of Belarus on establishment of the FEZ and with the present Law, the Council of Ministers of the Republic of Belarus shall approve the Regulations on the FEZ.

The Regulations on the FEZ shall indicate the name of the FEZ, the period for which it is established, aims of establishment and the tasks of the FEZ, peculiarities of the legal treatment in the given FEZ, structure and competence of the management and control bodies in the FEZ, procedure of their interaction with other state bodies and with the legal entities operating in the FEZ.

## **Chapter 3. Management of the FEZ**

### **Article 11. Bodies and General Principles of Management**

The bodies of local management and self-government of the respective administrative and territorial units on the territory FEZ:

shall execute their constitutional authorities at full scale;

shall execute other authorities envisaged by the legislation, except cases when such authorities executed in conformity with the present Law and Regulations of the Administration are executed by the Administration of the FEZ;

may delegate their certain authorities to the Administration of the FEZ for the whole period of its operation or for shorter periods of time.

On the territory of the FEZ the Administration of the FEZ is operating within the competence as determined by the present Law, by the Regulations of the Administration of the FEZ, and by other legislation on FEZ.

Coordination and general control over the operation of the Administration of the FEZ shall be executed by the Council of Ministers of the Republic of Belarus.

In the aims of harmonic combination of Republican and local interests, the Supervisory Council of the FEZ may be established, comprising of the representatives of the Council of Ministers of the Republic of Belarus, of the local executive and managerial bodies, as well as well as the Head of the Administration of the FEZ. The Supervisory Council of the FEZ shall operate based on the Regulations approved by the Council of Ministers of the Republic of Belarus.

The management of the operation of the Administration of the FEZ shall be performed by the Head of the Administration of the FEZ.

The Head of the Administration of the FEZ is appointed and dismissed from the office by the Council of Ministers of the Republic of Belarus upon presentation of local executive and managerial bodies.

In its activities the Administration of the FEZ is accountable to the Council of Ministers of the Republic of Belarus.

If necessary, it may be allowed to establish a united Administration for several FEZs.

## **Article 12. Rights and Duties of the Administration of the FEZ**

The Administration of the FEZ, within its competence, shall have the right to:

take part in designing programs of economic and social development of the respective administrative and territorial units, and of the drafts of local budgets;

execute the state registration of all economic entities in the FEZ, except banks and insurance organizations;

register as residents of the FEZ banks and non-banking financial organizations, their branches, as well as insurance organizations and their branches who have

undergone registration outside the borders of the FEZ in the order, established by the legislation of the Republic of Belarus;

receive from residents of the FEZ statistical reporting data on their activities, as established by the legislation of the Republic of Belarus;

withdraw and provide, in the order, established by the legislation, land lots located within the borders of the FEZ, give them into lease to residents of the FEZ and execute control over the use of the land estates;

command of the provided state property;

determine the lease rates for the land, natural resources, as well as for rooms, buildings and constructions;

represent interests of residents of the FEZ in relations with the Republican bodies of state management and bodies of local management and self-government;

introduce, in the established order, proposals for drafting projects of normative legal acts;

distribute and control over spending the assets assigned for development of the infrastructure of the FEZ and for environment protection;

introduce proposals into the Council of Ministers of the Republic of Belarus on amending the Regulations on the FEZ;

introduce proposals into the local executive and managerial bodies on changing the borders of the FEZ;

establish, on agreement with the Council of Ministers of the Republic of Belarus the Development Fund of the FEZ;

execute other authorities, envisaged by the legislation of the Republic of Belarus.

Administration of the FEZ shall be obliged to:

organize, in cooperation with the bodies of local management and self-government, works for development of the FEZ;

observe the requirements of the present Law and of other legislation of the Republic of Belarus, including the Regulations on the FEZ, Regulation of the Administration of the FEZ;

control the observance by the residents of the FEZ of the Regulations on FEZ, of the Agreement on the terms of activities in the FEZ, of the legislation on environment protection and of other legislation of the Republic of Belarus;

provide assistance to operation of customs, controlling and law-enforcement bodies of the Republic of Belarus.

### **Article 13. Budget of the FEZ**

A FEZ shall have its independent budget, making part of the Republican budget as a separate line. Administration of the FEZ shall develop, on the annual basis, a draft budget of the FEZ for the coming fiscal year, and submit it to the Council of Ministers of the Republic of Belarus for inclusion into the Draft Law on the budget of the Republic of Belarus for the coming fiscal (budgetary) year.

### **Article 14. Financing of Establishment and Development of the FEZ**

Financing of establishment and development of the FEZ, including the production, transport and other infrastructures, shall be performed from the assets of the budget of the FEZ, which is formed from the Republican budget and from other sources.

In the aims of financing of the infrastructure of the FEZ, of holding of the advertising and publishing activities, of stimulating the labour payments to the workers of the Administration of the FEZ, and of other directions, the Development Fund of the FEZ may be established, to be controlled by the Council of the Fund. The formation sources of the Development Fund of the FEZ, the directions of spending it, the structure and the authorities of the Council of the Fund shall be stipulated in the Regulations on the Development Fund of the FEZ, to be agreed with the Council of Ministers of the Republic of Belarus.

Salary rates for the workers of the Administration of the FEZ, including the Head of the Administration of the FEZ, shall be determined by the Council of Ministers of the Republic of Belarus.

### **Article 15. State Control over the FEZ**

State control over the FEZ shall be performed by the Committee for State Control of the Republic of Belarus, as well as by the duly authorized by the Council of Ministers of the Republic of Belarus republican body of state management, or by a special commission in the order, established by the by the Council of Ministers of the Republic of Belarus.

## **Chapter 4. Regulation of tax, customs, currency and financial, labour relations in the FEZ**

### **Article 16. Taxes in the FEZ**

Taxes in the FEZ shall be charged in conformity with the legislation of the Republic of Belarus.

Types of taxes in power on the territory of the FEZ, taxation rates and peculiarities of privileged taxation shall be established by the President of the Republic of Belarus, or, upon his direction, by the Council of Ministers of the Republic of Belarus.

The taxes paid on the territory of the FEZ shall be entered into the revenues of the Republican budget, of local budgets, and of the budget of the FEZ in conformity with the Regulations on the FEZ.

Control over observance of the tax legislation by the residents of the FEZ shall be performed by taxation bodies of the Republic of Belarus.

### **Article 17. Peculiarities of Customs Regulation in the FEZ**

The territory of the FEZ forms part of the customs territory of the Republic of Belarus. In relation to collection of customs duties, taxes, and application of measures of economic policy, the FEZ may be viewed as located within the customs regime of a free customs zone.

When importing foreign and local goods into the territory of a free customs zone, the taxes, customs payments, except collections for customs clearance, shall not be charged and measures of economic policy shall not be applied.

When importing the goods from the territory of a free customs zone to the remaining part of the customs territory of the Republic of Belarus, the taxes and customs duties shall be charged and the measures of economic policy shall be applied depending on the origin of the goods.

When exporting from the territory of the FEZ the goods originating from the territory of the FEZ outside the borders of the Republic of Belarus the taxes and customs duties, except collections for customs clearance, shall not be charged and the measures of economic policy shall not be applied. In relation of goods, not originating from the territory of the FEZ, charging the taxes, customs duties, and application of measures of economic policy during exporting them from the territory of the FEZ outside the borders of the Republic of Belarus shall be performed in conformity with the legislation of the Republic of Belarus.

The territory of the free customs zone may not coincide with the territory of the FEZ, and may be determined inside the FEZ by the Administration of the FEZ upon agreement with the State Customs Committee of the Republic of Belarus.

Other issues of customs regulation, including customs clearance and customs control in the FEZ, are regulated by the customs legislation of the Republic of Belarus with account of peculiarities, envisaged by the legislation on the FEZ.

#### **Article 18. Financial and Hard Currency Regulation in the FEZ**

For making settlements in the FEZ the national currency of the Republic of Belarus may be used, as well as the convertible currencies of foreign states in the order, determined by the National Bank of the Republic of Belarus.

Peculiarities of financial and currency regulation, of executing banking and insurance activities on the territory of the FEZ are determined by the legislation of the Republic of Belarus.

#### **Article 19. Accountancy and Reporting in the FEZ**

Residents shall carry out accountancy and reporting in the FEZ in conformity with the legislation of the Republic of Belarus.

#### **Article 20. Labour Relations in the FEZ**

Labour relations in the FEZ are regulated by the legislation of the Republic of Belarus on labour.

Attraction of foreign engineers, technical and managerial staff by the residents of the FEZ shall not be limited.

In the FEZ it is not allowed to worsen social and labour conditions of the labour and employment conditions for the workers who are citizens of the Republic of Belarus, in relation to the conditions, as established by the legislation of the Republic of Belarus.

### **Chapter 5. State Guarantees to Investors**

#### **Article 21. State Guarantees to Investors in the FEZ**

On the territory of the FEZ:

the human rights and freedoms fixed by the legislation of the Republic of Belarus are guaranteed;

discrimination and other illegal limitations of the rights of the economic entities are not allowed;

deliberate nationalization, requisition or any other similar measures shall not be allowed, except temporary termination of exporting the invested property from the territory of the FEZ till covering by the investor of his/ her liabilities.

Foreign investors in the FEZ are embraced by the system of state guarantees, envisaged by the legislation of the Republic of Belarus on foreign investments. The state guarantees the foreign investors in the FEZ the right to get back their share in the property of the enterprise as the residual cost, as well as transfer of the revenue sums due to them, including those in foreign currencies, received from the investments made into the Zone, outside the FEZ and outside the Republic of Belarus.

The state bears no responsibility on liabilities of the residents of the FEZ, and the residents bear no responsibility on liabilities of the state.

## **Chapter 6. Liquidation of the FEZ**

### **Article 22. Liquidation of the FEZ**

A FEZ shall be considered liquidated upon termination of the period for which it has been established, in case it will not be extended by Decree of the President of the Republic of Belarus.

FEZ can be liquidated by the decision of the President of the Republic of Belarus before this term if:

aims of establishment of FEZ were not achieved;

further existence of FEZ contradicts economical and other state interests of the Republic of Belarus.

For solution of property and other issues concerning liquidation of the FEZ, for settling relations between the bodies of management who were and are acting on the territory of the FEZ, between the economic and other legal entities and individual persons, the Council of Ministers of the Republic of Belarus shall establish the liquidation commission and approve the procedure of liquidation of the FEZ.

The managing subjects who were acting in the FEZ at the moment of its liquidation may terminate their operation or continue it on the general terms

without any additional registration (re-registration) in the order, envisaged by the legislation of the Republic of Belarus. In this event, they may enjoy the right of preference and the privileges envisaged by the legislation for obtaining the status of a resident of another FEZ on the territory of the Republic of Belarus.

## **Chapter 7. Concluding provisions**

### **Article 23. Entry into force of the Present Law**

The present Law shall enter into force from the date of publication.

Until bringing the legislation of the Republic of Belarus into conformity with the present Law, the former shall be applied in the part, which is not contradictory to the present Law, unless otherwise envisaged by the Constitution of the Republic of Belarus.

### **Article 24. Bringing the Acts of the Legislation in Conformity with the Present Law**

The Council of Ministers of the Republic of Belarus shall:

bring the Decisions of the Government of the Republic of Belarus in conformity with the present Law;

insure revision and cancellation by the Republican bodies of state management subordinated to the Council of Ministers of the Republic of Belarus of their normative legal acts in contradiction with the present Law.