

Frequently asked questions on denomination

REVERA law firm reminds that due to the Decree as of July, 1, 2016 “On Denomination of the official currency unit of the Republic of Belarus” (hereinafter – the Decree No 450) the denomination in the ratio of ten thousand to one will be held in the Republic of Belarus. Thus, hereinafter the answers to the frequently asked questions on denomination are listed.

1. Shall the civil contracts executed prior to 01.07.2016 but performed after 01.07.2016 be amended?

No, signing of the supplementary agreement to the agreements executed prior to denomination and effective after 01.07.2016 is not obligatory. Such supplementary agreements on recalculation of the cost indicators into the denomination ruble can be signed upon mutual agreement of the parties.

Thus, article 392 of the Civil Code stipulates that if the legislative act defining the compulsory for both parties of the effective agreement rules other than have been effective while execution of the agreement is adopted, the terms of the executed agreement shall be brought into the compliance with legislation unless otherwise is stipulated by the legislation. However, the Decree of the Plenary Assembly of the Superior Economic Court as of 16.12.1999 № 16 by the cl. 15 defines that if the provision of the agreement contradicting to the legislation is not amended, the norm of legislation shall be applied upon the effective day.

Since July 1, 2016 the liabilities upon the executed agreements shall be stated in the new format, however while execution of the agreement presupposing the goods sale the price shall be stated in both formats (cl. 2.4. of the Decree No 450).

2. How should the delivery notes (consignment notes) and other primary accounting documents be executed after 01.07.2016, if the agreement was signed prior to 01.07.2016?

As of July 1, 2016 the legal enterprises shall maintain accounting records, fill in primary accounting documents in denominated currency units, but the record of business transactions maintained on the basis of primary accounting documents which were executed prior to July 1, 2016 shall be maintained in denominated currency units by rounding their monetary value.

3. How should the accounting records be maintained after 01.07.2016?

The legal enterprises as of July 1, 2016 shall maintain the recalculation of assets, liabilities, property capital, balance of the off-balance sheet accounts in the ratio of 10 000 of Belarusian rubles in currency units of 2000 year of issue to 1 Belarusian ruble in currency units of 2009 year of issue. The rounding of each accounting object price received after the recalculation is maintained to 1 kopeyka. If the separate objects price equals to zero after the recalculation such objects are added into the accounting records at the amount of 1 kopeyka. The procedure for such recalculation is stipulated by the Decree of the Ministry of Finance of the Republic of Belarus as of 22.04.2016 No 27.

How to make payments after 01.07.2016?

Cash transaction in the currency units of old and new issue can be made since 01.07.2016 till 31.12.2016, but as of 01.01.2017 the payments shall be made using new currency units (cl. 2.2. of the Decree No 450). If the transaction is made in currency units of old issue the sum paid is non-denominated, however the denominated sum will be entered into the accounting records.

Non-cash transactions are to be made in denominated format. Thus, as of 01.07.2016 the sum in bank transfer orders and payment orders sent to the bank shall be stated in Belarus rubles and kopeykas. Also, the denominated currency unit of the Republic of Belarus is used in card transactions.

4. Shall the contractors – non-residents be notified on the changes?

If the transaction with contractor non-residents is made in Belarusian rubles, it is better to notify them on payment terms changing in order to eliminate any mistakes. Thus, as of July 1, 2016 while forming the payment instruction the code of the national currency unit is changed from BYR (974) to BYN (933) (according to the National Index of the Republic of Belarus NIRB (016-99) "Currency").

5. Shall the labour agreement (contracts) be amended?

Clarification of the Ministry of Labor and Social Protection of the Republic of Belarus on the procedure for making amendments into the labour agreements (contracts) due to the national currency unit denomination (posted on the official web site of the Ministry as of 31.05.2016) stresses that the essential labour terms have not been changed with regard to denomination. Besides, it is stated that introduction of changes into the labour agreements (contracts) which presuppose technical adjustment of the sum stated in currency unit of 2000 year of issue due to the denomination shall be carried out in orderly fashion. Taken into account mentioned Clarification as of 31.05.2016, the Decree № 450 and cl. 15 part 1 article 55 of the Labour Code which stipulates the necessity to amend the provisions of labour agreements only with changing the terms of the agreement it can be said that the labour contracts will not be changed and can be adjusted upon the mutual agreement of the parties.

Also, in order to eliminate any disputes and taken into account the validity term of labour agreements (contracts) we recommend amending them by signing supplementary agreements. The terms for making changes are not stipulated by the legislation, consequently, the employer is entitled to define them itself.

6. Should the Articles of Associated be amended after the denomination?

After the denomination the authorized capital value is not changed, in other words it is not increased or decreased. Only its relation to the nominal value of the Belarus ruble has been changed. Nowadays the legislation does not require the Articles of Associated of limited liabilities companies and additional liabilities companies to be amended due to denomination.

However the legal entities are entitled to make corresponding changes in accordance with the procedure defined by the legislation with their further registration. It shall be mentioned that the legislation does not contain the provisions on stamp duty relief while changes registration.

According to the sub clause 1.3. clause 1 of the Decree of the Ministry of Finance of the Republic of Belarus as of 06.05.2016 No 32, 01.07.2016 share nominal value shall be recalculated in the ratio of 10 000 to 1. As a result of recalculation the share nominal value shall be divisible by one Belarusian kopeyka. Thus, if the share is **divisible by one Belarusian kopeyka** the shares emitters (after introduction of changed (additions) into the Articles of Association and their registration) till 01.01.2017 shall send **the notification on changing share nominal value and authorized capital value of the joint stock company** to the Securities Department of the Ministry of Finance (for banks, insurance companies, professional securities market members) or to the securities department of central administrations of the Ministry of Finance in districts (city of Minsk) (for other legal entities).

If after the recalculation share nominal value **is not divisible by one Belarusian kopeyka**, such share nominal value and authorized capital value shall be stated in Belarusian rubles with four numbers after coma without rounding, in this case the legal entities shall adjust nominal value to those divisible by one Belarusian kopeyka.

In order to do this one of the following decisions shall be made on the general meeting:

- 1) to increase the authorized capital due to the own capital of the joint stock company by increasing share nominal value;
- 2) to decrease the authorized capital by decreasing share nominal value;
- 3) to carry our shares consolidation.

Since share nominal value and authorized capital value are adjusted in accordance with the legislation, joint stock companies shall within two month as of the date of state registration of changes (additions) to the Articles of Association (but not later than on July 1, 2018) submit the documents to register changes with Securities State Register (in compliance with cl. 15.22 of the consolidated list of administrative procedures).

What can we do?

REVERA specialists can provide legal support for the legislation explanation as well as preparation of necessary documents to reflect the amendments adopted.

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