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## An Analytical Overview

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# LEGAL ASPECTS OF NPO FUNDRAISING BY ELECTRONIC MEANS IN BELARUS<sup>1</sup>

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# Introduction

This paper is an overview of legal mechanisms that make it possible for Belarusian not-for-profit organizations (hereinafter, NPOs)<sup>2</sup> to use electronic means in their fundraising efforts.

The objectives of this study and report are as follows:

1. to find out how, from a legal point of view, various mechanisms for raising funds from the general public using on-line technology and other electronic means operate in the Republic of Belarus; and
2. to explain the legal implications of introducing various mechanisms for raising funds from the general public using the Internet and other electronic means (what is legal and what is not, how to use the mechanisms in compliance with national legislation, tax consequences, etc.) and develop recommendations regarding improvement of legal regulation and practice on the most effective ways of fundraising from the general public through the Internet and other electronic technology.

The problematic field of research is at the interface of two areas of legislation.

On the one hand, the legal relations considered in the review are regulated by the rules for various forms of NPOs and individuals on possible revenue without signs of entrepreneurial activity (the specific aspect of using electronic means is not regarded as a special subject of regulation in this case). The basic normative acts in this area include the Civil Code of the Republic of Belarus (Chapter 32 "Giving"), the Tax Code of the Republic of Belarus, the Law of the Republic of Belarus On Public Associations, Presidential Decree #300 On the Provision and Use of Gratuitous Aid (Sponsorship) of July 1, 2005, Decree #5 of the President of the Republic of Belarus On Foreign Gratuitous Aid of August 31, 2015 and the regulations and instructions adopted to implement them.

On the other hand, the regulation of legal relations in the use of electronic fundraising mechanisms involves general norms governing cashless payments, Internet and telecommunications (the use of these tools in financial transactions is subject to regulation, but their relation to NPO fundraising is not taken into account). As with legislation on non-cash transactions, the regulatory basis in this area is laid down by Decree #60 of the President of the Republic of Belarus On Measures to Improve the Use of the National Segment of the Internet of February 1, 2010 and the acts adopted to implement them. More recently, Decree #8 of the President On the Development of

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<sup>2</sup> For purposes of this work, not-for-profit organizations are understood in accordance with the norms of the Civil Code of the Republic of Belarus as organizations that do not have making profit as the main goal of their activity and do not distribute the profit received among their participants.

the Digital Economy of December 21, 2017 makes up the basis for the further development of legal regulation in the field of Internet technology at a whole new level.

There is currently no special regulation on electronic fundraising in Belarus, despite the broad enough use of new fundraising mechanisms in this country. It seems that the "fundraising boom" observed in Belarus is the result of a combination of several factors: (1) changes in the financial model of the functioning of Belarusian NPOs in connection with changes in the strategies of foreign donors; (2) the absence of special legal restrictions on the use of electronic fundraising; and (3) the increasingly widespread use of web technology and state-of-the-art means of communication in Belarus.

In acting as customers or providing donor support for their activities, many traditional foreign partners of Belarusian NPOs are increasingly reorienting their strategies toward closer coordination with government: donor agencies are beginning to view state-related entities (or wholly state-run organizations) as direct recipients of foreign funding.

Along with the economic crisis and a drop in household incomes, this has prompted NPOs to look for new sources of funding. While some NPOs chose the traditional extensive approach by adapting their activity to the change in donor policies, others – mainly those engaged in the social sphere or charity – began to consider social entrepreneurship and other ways of raising funds directly from target groups, including through crowdfunding.<sup>3</sup> Even though it creates problems for NPOs, the lack of direct legal regulation on these mechanisms is a lesser evil than the introduction of special regulation of social phenomena with its inevitable concomitant restrictions.

Alongside the development of Internet communications and social networks, this trend has led to greater attention on the part of NPOs to matters of corporate image building, which, along with a positive impact (being closer to target groups), has a negative effect too: there is an increase in events aimed at attracting media and public attention to organizations' leaders and problems rather than attaining real results and change in society.<sup>4</sup>

It is noteworthy that the scale and scope of the projects financed by Belarusians through the crowdfunding and other new forms of fundraising is expanding: this includes the activities of traditional public organizations, publishing projects (books,

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<sup>3</sup> Freedom of association and the legal status of non-profits in Belarus. Review for 2016 year. / Assembly of Non-governmental Democratic Organizations of Belarus, Legal Transformation Center, [http://www.lawtrend.org/wp-content/uploads/2017/05/SA-2016\\_en.pdf](http://www.lawtrend.org/wp-content/uploads/2017/05/SA-2016_en.pdf)

<sup>4</sup> This trend was specially emphasized by participants in an expert meeting held by the AKT International Educational Association in September 2016, see "Civil Society Organizations of Belarus: 8 Trends of 2016", <http://www.actngo.info/article/organizacii-grazhdanskogo-obshchestva-belarusi-8-tendenciy-2016-goda>

feature films, cartoons), educational seminars, public start-ups, and even fundraising to send athletes to international competitions. Charity in its pure form is no longer the absolutely dominant goal of collecting citizens' donations: new initiatives with no relation to assistance to specific persons have entered the crowdfunding market. In the human rights sector, for example, aid to victims of human rights violations has taken on significant proportions. While they continue to attract donations, the main platforms for raising funds for public projects – Talakosht (Talaka.by) and, to a lesser extent, Uley (Ulej.by) with its focus on commercial start-ups – are beginning to function as platforms for finding other project implementation resources (partners, volunteers, crowdsourcing). Not-for-profit use of foreign crowdfunding platforms is not so common in Belarus. Since there are significant legal restrictions on international financial transactions for residents of Belarus, such international mechanisms are mainly used by commercial initiatives and start-ups.<sup>5</sup>

Launched in April 2016, the on-line magazine *Imena* became the first Belarusian media organization to be fully funded by readers' donations. The stories it runs about individuals who need help have a wide resonance with and are supported by the public. It was through crowdfunding, too, that the newspaper *Nasha niva* financed its activities in the field of investigative journalism.

For the time being, funds collected by crowdfunding cannot compare with the amounts of foreign funding, which remains the main source of funding, either directly or through intermediary organizations represented by umbrella structures or large sectoral NPOs, for the majority of Belarusian non-profits. But when it comes to concrete projects aimed at creating specific products with clearly defined social demand, crowdfunding is a new and promising alternative to foreign or domestic sponsorship.

The success of crowdfunding platforms is due, among other things, to the lack of comprehensive legal regulation in this area. At the same time, the requirement to register funds received by NPOs from abroad, as well as a number of tax and financial restrictions, may be significant problems for their development.

It should be noted that the success and popularity of on-line fundraising is largely accounted for by the widespread use of up-to-date means of communication by broad sections of the Belarusian public. According to the 2017 annual report of the National Statistical Agency, there are some 11 million Internet subscribers in Belarus (more than the country's population because one person can use the Internet in several ways). Internet access is available to 71.1% of the study participants, aged 6 to 72. Among Internet users, 68.3% are on-line daily, 16.2% at least once a week, and 15.5% on a case-by-case basis. Over the past four years, the number of those who go on-line

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<sup>5</sup>See the Law of the Republic of Belarus "On Currency Regulation and Currency Control" of July 22, 2003.

every day has gradually increased. The most frequent place to go on the Internet from is the home (93.5% of all users). More than a half of the respondents to this representative national survey use mobile Internet (56.5%), other options include "relatives or friends" (27.7%), workplace (19.1%), computer club or Internet cafe (9.8%) and "school" (4.4%). A quarter of all users enter the network for education, about one in eight users go on-line to contact government agencies. Also, the survey shows how many Belarusians are satisfied with the quality of their Internet and mobile telephony services. "Completely satisfied" and "rather satisfied" were 91.6% of mobile telephony subscribers and 86.2% of Internet users.<sup>6</sup>

The mobile communication standard LTE in Belarus is used by 68% of subscribers in all regional centers, major district centers, and the capital city of Minsk, according to the Ministry of Communications and Informatization. In total, there were 11.4 million mobile telecommunication subscribers in Belarus as of April 1, 2018.<sup>7</sup>

Summing up, the market situation of sources of financial support, the legal conditions and the spread of modern communication channels have created an environment for the development of new forms of fundraising via the Internet and other electronic means of communication.

It is important to note that the development of new crowdfunding initiatives and fundraising mechanisms using electronic means is accelerating in Belarus. In July 2018 alone, just as the authors completed this study, two more new tools were launched, allowing NPOs and charitable initiatives to use electronic fundraising mechanisms for their activities (see sections 3.3 and 3.5 of this report), and one leading crowdfunding platform announced a thorough update (Talaka 2.0).

From the second half of 2017, the National Bank of the Republic of Belarus is implementing an initiative to develop a decree on the activities of financial Internet sites, which will regulate, among other things, the activity of crowd-hosting Internet platforms.

*All references to effective legislation in this study are as of May 16, 2018.*

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<sup>6</sup> "The social situation and living standards of the population of the Republic of Belarus, 2017", National Statistical Committee of the Republic of Belarus (Belstat), July 2017, [http://www.belstat.gov.by/ofitsialnaya-statistika/publications/izdania/public\\_compilation/index\\_7736/](http://www.belstat.gov.by/ofitsialnaya-statistika/publications/izdania/public_compilation/index_7736/)

<sup>7</sup> The quarterly statistical report of the Ministry of Communications and Informatization of the Republic of Belarus - "On the development of cellular mobile telecommunications" [http://www.mpt.gov.by/sites/default/files/4\\_spe\\_na\\_sayt.pdf](http://www.mpt.gov.by/sites/default/files/4_spe_na_sayt.pdf)

## 1. Legal Treatment of NPO Funding Sources

### 1.1 GENERAL PROVISIONS

According to the legislation of the Republic of Belarus (hereinafter also, RB) NPOs have the right to have the following sources of financing in monetary or other forms <sup>8</sup>:

1. receipts from founders (participants, members): property contributions by founders, admission and membership fees;
2. voluntary donations;
3. gratuitous (sponsored) aid;
4. foreign gratuitous assistance;
5. international technical assistance;
6. revenue from entrepreneurial activity;
7. revenue from companies established by NPOs; and
8. other revenue not prohibited by law.

Article 553 of the Civil Code of the Republic of Belarus uses the concept of "donation" as a form of the deed of gift. Article 543 of the Code stipulates that under a gift agreement, one party (donor) transfers or undertakes to transfer to the other party (recipient) a thing in ownership or a property right (claim) to itself or to a third party, or releases or undertakes to release it from a property obligation to itself or a third party. Donation is understood as the gift of a thing or right "for universally beneficial purposes." Donations can be made to citizens, medical and educational establishments, social security and other similar establishments, charitable, research and educational institutions, funds, museums and other cultural institutions, public, religious and other not-for-profit organizations, as well as the Republic of Belarus and its administrative-territorial units. Acceptance of donations does not require anyone's permission or consent. This type of gift differs from the usual donation in the purpose for which the gift is made, as well as the subject composition of potential recipients and the opportunity to designate the purpose of the gift. From a legal point of view, the problem is the absence in the Belarusian legislation of the concept of a "universally beneficial purpose," which makes it difficult to single out a donation from a deed of gift. In practice, the terms "gratuitous contribution" and "charitable contribution" are also used in relation to donations (it is preferable to use the first term in respect of the activities of NPOs, since the Belarusian law does not have a definition of "charity"). The legislation also uses the terms "charitable" and "universally beneficial" without

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<sup>8</sup> Since the Belarusian legislation includes only special normative acts that regulate this or that organizational form of NPOs, there is no legally established list of sources of NPO funding that would be common to all.

defining them. The Tax Code of the Republic of Belarus does not use the concept of "donation" in the context of taxation, but has a broader – in comparison with the Civil Code – concept of "gratuitously received money, goods (works, services), and property rights."

The donor of property to an individual should, and to a legal entity, may stipulate a specific purpose of its use. In the absence of such a proviso, the donation of property to an individual is treated as an ordinary gift; in all other cases, the donated property shall be used by the recipient in accordance with its designated purpose.

From the giver's perspective, giving is always a selfless act. In the case of donations, this means, for example, that a not-for-profit organization cannot undertake to perform any services (for example, advertising). If such a contract is nevertheless concluded, inspection bodies may regard money received from the "donor" as revenue from advertising services or as non-sale income from the leasing of premises and apply appropriate sanctions for tax evasion.

The concept of "gratuitous (sponsored) aid" was introduced by Decree #300 of the President of the Republic of Belarus On Extending and Using Gratuitous (Sponsored) Aid of July 1, 2005. Unlike donations from individuals permanently residing in Belarus, gratuitous (sponsor) assistance is given by Belarusian legal entities and individual entrepreneurs. Proceeding from the norms of the decree, it is possible to derive the following definition of gratuitous (sponsored) aid: free and irrevocable assistance from Belarusian legal entities and individual entrepreneurs to Belarusian organizations, individual entrepreneurs, and individuals, given on a voluntary basis in the form of cash (including in foreign currency), goods (property), works, services, and property rights, including exclusive rights to intellectual property. Gratuitous aid can be attributed to donations only conditionally, since, despite many common features between gratuitous assistance agreements and deeds of gift, the concept of the latter in terms of its legal content is much broader than that of a deed of gift (donation).

In accordance with Decree #300, a recipient of such aid must enter into a written contract with the sender. The contract must include the following information:

- the organization or individual entrepreneur providing gratuitous (sponsored) aid, and its recipient;
- the amount (amount, cost calculation) of the gratuitous (sponsored) aid;
- the purpose of providing gratuitous (sponsored) aid;
- type of goods (works, services) that will be purchased with funds of gratuitous (sponsored) aid;



- the procedure for the recipient (if other than a natural person) to report on the intended use of the gratuitous (sponsored) aid to the organization or individual entrepreneur who has provided it;
- within established limits, information on the gratuitous (sponsored) aid to government bodies, organizations; and
- any other conditions stipulated by the agreement of the parties, with due account taken of with observance of applicable requirements of the law.

In addition to things, property rights, and release from property obligations, as provided for in a deed of gift, a gratuitous aid contract may also be for work or services. Therefore, unlike a donation (gift), gratuitous aid may include the rendering of services or performance of works. Furthermore, while the Civil Code prohibits donation from one commercial organization to another, the Decree On Gratuitous (Sponsored) Aid does not impose any restrictions on entities that may receive gratuitous assistance.

The decree also lists purposes for which gratuitous (sponsored) aid may be extended. The list is a closed one, except for the definition by the President of other goals for which gratuitous (sponsored) aid – or consent to allocate it to a purpose not specified in the decree – may be used. Many NPOs may not use gratuitous (sponsored) aid other than to strengthen their resources. Effective legislation and the practice of its application do not provide for using gratuitous (sponsored) aid for needs such as staff salaries or administrative expenses, nor can it be accumulated in the NPO's bank accounts.

The receipt and use of foreign gratuitous aid are regulated by Decree #5 of the President of the Republic of Belarus On Foreign Gratuitous Aid of August 31, 2015. Foreign gratuitous aid includes monetary funds, in particular, those allocated by foreign founders to finance the Belarusian institutions that they created, contributions made by foreign founders (members) of Belarusian not-for-profit organizations, interest-free loans, as well as goods (property), with the exception of immovable property located outside Belarus, and property rights gratuitously provided for use, possession and/or disposal. Foreign gratuitous assistance includes assistance provided by both foreigners and Belarusian citizens permanently residing outside Belarus. However, the legislation does not clearly define the meaning of "permanently residing outside the Republic of Belarus." In accordance with Law #49-Z On the Procedure for the Departure from and the Entry into the Republic of Belarus by Citizens of the Republic of Belarus of September 20, 2009, the permanent residence of Belarusian citizens outside Belarus is formalized by issuing a passport of an RB citizen for permanent residence outside the country and registration with RB consular posts. Proceeding from the above legislation, it can be assumed that citizens who have

received a passport of an RB citizen for permanent residence abroad and registered with a respective consular post can be referred to as citizens permanently residing outside the Republic of Belarus. In turn, these provisions on foreign gratuitous assistance do not apply to foreign citizens and stateless persons who have a permit for permanent residence in Belarus. Therefore, receiving aid from such persons is subject to the rules on receiving donations.

The legislation lists purposes of receiving foreign gratuitous aid. When received by an NPO, it is, irrespective of the amount, subject to registration with the Department for Humanitarian Activities. The recipient is issued a preliminary opinion of the competent state body on agreeing the purposes for which such aid will be used and/or exempting it from tax. In practice, the registration of foreign gratuitous assistance may be denied "for reasons of inexpediency of its receipt."

Article 1 of the Civil Code of the RB establishes a uniform regulation of entrepreneurial activity for all entities, commercial or non-profit. At the same time, part 4, clause 3 of Article 46 of the Civil Code imposes additional restrictions on the performance of entrepreneurial activities by NPOs. NPOs may perform them only insofar as it is necessary for the statutory purposes they were created for and in line with those purposes and the subject of their activity, or because it is necessary for the performance of tasks of state significance stipulated in their charters, is in line with those purposes and the subject of their activity. Article 46 of the Civil Code of the RB provides that for certain forms of NPOs, legislative acts may establish requirements that stipulate their right to engage in entrepreneurial activity only by founding commercial organizations and/or participating in them. This means that an NPO's ability to perform independent entrepreneurial activities depends on its organizational and legal form. In accordance with the Belarusian legislation, public associations (excluding certain sports associations) may not perform independent entrepreneurial activities.

## 1.2. TAX TREATMENT

In accordance with clauses 4.2.1.-4.2.4, Article 128 of the Tax Code of the Republic of Belarus, the composition of the non-sale revenues of NPOs established in accordance with the law shall not include, respectively:

- admission, share and membership fees in amounts provided for by their charters;
- funds received from participants (members) in the course of advance financing and/or by way of reimbursement of expenses for the purchase and/or performance (rendering) of works (services) for these participants (with due regard to the cost of goods included in the cost

of these works (services) relating to the maintenance and operation of real estate);

- the value of goods received free of charge (works performed, services rendered), property rights, the amount of gratuitously received monetary funds, provided these goods (works, services), property rights, and funds are used for intended purposes, and in case the purpose is not defined by the transferring party, - for the fulfillment of tasks defined by their charters; and
- income in the form of interest from said funds held on current, settlement or other bank accounts.

An key rule in the case of gratuitous receipt by NPOs of monetary funds, other property, goods (works, services), and property rights is that the specified monetary funds, other property, goods (work, services), and property rights used for other than intended purposes are subject to taxation on general grounds. If the donor has not stipulated the intended purpose, the money, property, services, and property rights shall be used to fulfill the statutory tasks of the recipient NPO. The legislator determines that donations can be used for:

- purposes specified by the transmitting party (the donor); or
- the implementation of the NPO's statutory tasks.

Goods (works, services), property rights, and monetary funds received free of charge as foreign gratuitous aid are not subject to inclusion in the composition of non-sale revenue only on the condition that they are exempted from income tax by the General Affairs Directorate of the President of the Republic of Belarus in coordination with the President and in compliance with the Regulations.

In current practice, when registering foreign gratuitous assistance, a portion of the aid is exempted from profit tax in most of the cases, but the portion received for general expenses of the organization is not.

### 1.3. ACCOUNTING

Accounting of gratuitous revenue is carried out in accordance with the Instruction on Accounting of Gratuitous Aid approved by Resolution #112 of the Ministry of Finance of the Republic of Belarus of October 31, 2011. This instruction determines the procedure for the formation of accounting records of data on international technical assistance and foreign gratuitous aid received from other persons, and gratuitous (sponsored) aid in commercial organizations and NPOs (with the exception of budget organizations).

In accordance with this instruction, NPOs reflect the receipt of gratuitous aid in their records in the following manner:

- on the debit side of the accounts: 08 "Investments in long-term assets," 10 "Materials," 41 "Goods" and other accounts and the credit side of Account 86 "Target financing" - when receiving gratuitous aid in the form of fixed assets, intangible assets, and stocks;
- on the debit side of the accounts: 51 "Settlement accounts," 52 "Foreign currency accounts," 55 "Specialized accounts in banks" and the credit side of Account 86 "Target financing" – when receiving gratuitous aid in the form of monetary funds; and
- on the debit side of the accounts: 60 "Settlements with suppliers and contractors," 76 "Settlements with different debtors and creditors," and the credit side of Account 86 "Targeted financing" - when receiving gratuitous aid in the form of work performed or services rendered.

The use by NPOs of gratuitous aid referred to in part one of this paragraph is reflected on the debit side of Account 20 "Core production" and the credit side of inventory, settlements, and other accounts. Any costs accounted for in Account 20 "Core production" are written off on the debit side of Account 86 "Targeted financing."

## 2. Legal Regulation of Non-cash Payment Systems

### 2.1. THE PAYMENT SYSTEM OF THE REPUBLIC OF BELARUS

In Belarusian legislation, the payment market is described as "the payment system of the Republic of Belarus" and defined as an aggregate of institutions (banking and non-bank), rules and procedures, payment instruments and means of payment, software and telecommunications and payment systems operating in the territory of the Republic of Belarus to ensure the flow of funds within the country and exchange with foreign payment systems.

The legal basis for its functioning is the Banking Code of the Republic of Belarus and other legislative acts.

According to established practice, the main components of the payment system of the Republic of Belarus are:

1. the payment system of the National Bank, the key component of which is the BISS (real-time gross payments system) – the systemically important and the main component of the payment system of the Republic of Belarus;
2. payment systems of banks and non-bank credit and financial establishments (among them the systemically significant payment system of OAO ASB Belarusbank, which serves the national and local budgets as well as extra-budgetary public resources and is capable of causing a systemic risk in the national payment system under certain circumstances). The payment systems of banks include automated banking systems that ensure the formation of the banks' electronic payment documents, their clients, and transactions to fulfill the monetary claims and obligations of clients who have accounts in one bank, a branch or in several branches of one bank, as well as between the bank and the client, and between the branches of the bank;
3. a settlement and clearing system for securities;
4. non-cash retail payment systems (including, but not limited to BelCard, VISA and MasterCard);
5. the automated information system (AIS) Rashchet (Payment) and other systems integrated into a single payment and information environment (abbr., ERIP);
6. systems for money transfers without opening an account;
7. payment systems using electronic money; and
8. data processing centers (for example, OAO Banking Processing Center, a socially significant provider of such payment services as processing and clearing transactions with the use of bank payment cards).

Currently, only financial and credit institutions of the Republic of Belarus may act as providers of payment services. These are the National Bank, other banks, and non-bank financial institutions, as well as legal entities that have the status of a payment agent of ERIP (only one entity – the national mail operator Belposhta – has it at the moment). Other entities, including NPOs, cannot be providers of payment services. In accordance with the Belarusian legislation, accepting cash from individuals for its further transfer to a third party has signs of settlement and/or cash services for individuals. This service is possible either upon receipt of a relevant special permit (license) for banking activities or after the legal entity acquires the status of a payment agent of ERIP.<sup>9</sup> The current legislative requirements for the size of the authorized fund and licensing in Belarus do not allow organizations with a small turnover and narrow specialization to carry out activities in the field of payment aggregation.<sup>10</sup>

The Belarusian legislation does not regulate payment services in the territory of the Republic of Belarus or the procedure for registration of payment service providers, including payment system operators. In early 2018, the National Bank published its Concept of the Draft Law On Payment Services in the Republic of Belarus, which is supposed to address these issues. In accordance with the Concept, the notion of "payment aggregator" is to be introduced in the national legislation. It may be defined as a legal entity that ensures, under a contract with a payment service provider, appropriate information and/or financial exchange between such service provider and its clients. At the same time, the users of the services include NPOs have opened charitable accounts for receiving donations.

## 2.2. NON-CASH PAYMENTS

Article 231 of the Banking Code of the Republic of Belarus defines non-cash payments as settlements between or with the participation of individuals and legal entities, conducted through a bank or non-bank financial institution or its branch in non-cash form. Under Belarusian legislation, non-cash settlements can take the form of a bank transfer, a money order, a letter of credit, or collection. The letter of credit and collection are used mainly in international settlements. Inside the country, non-cash payments (Article 232 of the Banking Code) are carried out mainly in the form of a bank transfer based on payment instructions given by submitting account documents, using payment instruments such as credit cards, and submitting and using other documents and instruments in cases stipulated by the National Bank. Non-cash payments in the form of a bank transfer can also be made on the basis of a bank-client agreement containing necessary banking information. Under the agreement, the client

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<sup>9</sup> The concept of the Draft Law of the Republic of Belarus On Payment Services in the Republic of Belarus <http://www.nbrb.by/payment/concept-plat-usl.pdf>

<sup>10</sup> Strategy of Development of Digital Banking in the Republic of Belarus for 2016-2020, approved by Resolution #108 of the Board of the National Bank of the Republic of Belarus of 02.03.2016

may give the bank his or her payment instructions via a remote banking system, provided that reliability and security of transmission are ensured. Summing up, non-cash payments are made using cards, electronic money, payment documents and other payment instructions, transmitted via remote banking and other similar systems. Payment instructions of legal entities are submitted to the bank through payment orders and payment requests with acceptance. Non-cash payments can be made by citizens via ERIP system. The most popular payment tool used by Belarusians is a bank card. Belarusian banks issue cards of the internal payment system BelCard and the international payment systems VISA and MasterCard.

#### 2.2.1. BANK ACCOUNT AGREEMENT

The basis for conducting bank settlements in a non-cash form is a contract by and between the bank and a client NPO (for example, a current or settlement account agreement). To receive donations, an NPO may enter into both a current (settlement) account and a charitable account agreement with the bank.

Under a current (settlement) bank account agreement, one party (the bank or a non-bank financial institution) undertakes to open a current (settlement) bank account to the other party (the account holder) to hold money of the account holder and/or deposit money arriving for the benefit of the account holder in his/her account, as well as to carry out his/her instructions on the transfer and issue of money from the account. On his/her part, the account holder gives the bank the right to use the temporarily free money in his/her account, subject to payment of the interest provided for by the Belarusian legislation or the agreement and pays the bank a fee for its services.

Under a charitable account agreement, a bank or a non-bank financial institution undertakes to open a bank account for a natural or legal person to collect, hold and use funds arriving for their benefit in the form of gratuitous (sponsored) aid or donations.

As a result, the Banking Code directly provides for the opening and use of a bank account for the purpose of collecting gratuitous aid. At the same time, the compulsory opening of a charitable account for the receipt of gratuitous aid is established only by the legislation regulating the receipt of foreign gratuitous aid. There is no requirement in the legislation that gratuitous (sponsored) aid or donations received by NPOs from citizens permanently residing (or having a residence permit) in Belarus be credited to a bank account on a mandatory basis. An exception to this rule is legislation on ERIP, according to which donations received via this system are credited to a charitable account. Accordingly, gratuitous (sponsored) aid, as well as donations received by NPOs from citizens permanently residing (or having a residence permit) in Belarus, may be collected into both a charitable and a current (settlement) account. When receiving foreign gratuitous aid from a charitable account, the service fee to the bank is

charged if these expenses are recorded as intended use of foreign gratuitous aid. Banks can also set up special rules (for example, no write-off of commission when crediting funds to an account) when other aid arrives in the NPO account. When opening an NPO charitable account, special attention should be paid to the stated purpose of its opening, which is specified in the charitable account agreement in order to be able to withdraw funds for the organization's administrative and other needs later on.

Law #165-Z of the Republic of Belarus On Measures to Prevent the Legalization of Proceeds from Crime, the Financing of Terrorist Activities, and the Financing the Proliferation of Weapons of Mass Destruction of June 30, 2014 provides that financial transactions are subject to special control regardless of whether they actually took place if the officer conducting the transaction has reasons to suspect that the transaction is not consistent with the objectives of the client NPO as written in its constituent documents or the types and/or character of its activities.

#### 2.2.2. PAYMENTS USING A BANK PAYMENT CARD

A bank payment card can be used as a payment instrument by the person directly making the transfer of a donation to an NPO or by the NPO itself.

In accordance with the Banking Code, a bank payment card is a payment instrument that provides access to the bank account or accounts for deposits or credits of a physical or legal person for the purpose of obtaining cash funds and making payments in non-cash form, as well as conducting other transactions in accordance with the legislation of the Republic of Belarus.

A bank issues bank payment cards and renders settlement and/or cash services to individuals and/or legal entities using bank payment cards and/or their banking information (acquiring) the basis of its license for banking activities. As of January 1, 2018, 22 banks of the Republic of Belarus issued domestic and international bank payment cards.<sup>11</sup>

The payment systems within which Belarusian banks issue payment cards include:

- The payment system [BELCARD](#)
- The international system [MASTERCARD](#)
- The international system [VISA](#)

The payment systems within which Belarusian banks service cardholders:

- The payment system [BELCARD](#)
- The international system [MASTERCARD](#)
- The international system [VISA](#)

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<sup>11</sup> Web site of the National Bank of Belarus: [https://www.nbrb.by/today/FAQ/plastic\\_cards.asp](https://www.nbrb.by/today/FAQ/plastic_cards.asp)



- The international system [UnionPay](#) (OAO [Belgazprombank](#))
- The international system [AmericanExpress](#) (OAO [BPS-Sberbank](#))
- The international system JCB (OAO [Belinvestbank](#))<sup>12</sup>
- Resolution #34 of the Board of the National Bank of January 18, 2013 approved the Instruction on the Procedure for Performing Transactions with Bank Payment Cards. In order to minimize the risks associated with operations involving the use of bank payment cards, the National Bank together with other domestic banks prepared a set of recommendations on the safe use of bank payment cards, encouraging partner banks to post this information in offices and on their corporate websites.
- The issue of cards includes: the conclusion by the issuing bank and the client of an agreement on the use of the card and/or the loan agreement; card personalization; the actual issue of the card. Belarusian banks mostly issue debit cards. The cards themselves can be issued both on a physical medium (plastic, including contactless, cards) and without any physical media (virtual bank cards).
- Under the agreement on the use of the card between the issuing bank and a legal entity, the issuing bank issues corporate debit cards to the organization's CEO or authorized employees.
- In the case of debit cards, money can be credited to and debited from the NPO's account in the manner prescribed by the legislation governing operations on the type of account and the card use agreement. Operations using debit cards (including contactless ones) without the authorization or identification of the cardholder are made within the limits of the amounts established for such transactions by the rules of the payment system, the issuing bank and/or the acquiring bank.
- Bank payment cards can be issued to accountholders both in Belarusian rubles and in foreign currency. When using the card, currency is exchanged based on the card use agreement.
- Senders of aid to NPOs can use bank payment cards when transferring donations via websites, interactive kiosks, mobile banking, etc. Cardholders can also set up a periodic withdrawal of funds from a bank card if there is a contract between their NPO and the bank. More recently, a service appeared on the Belarus banking market that makes it possible for bank card holders automatically transfer 0.5% of the amount of

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<sup>12</sup> Web site of the National Bank of Belarus. <https://www.nbrb.by/payment/PlasticCards/systems.asp>

payments made on the card to charitable projects serviced by one of the Belarusian crowdfunding platforms (for detail see section 3.5 for the Imena project, which is being implemented by ImenaMedia, a social and charitable center for support to publicly significant infrastructure projects).

- For NPOs collecting funds via payment terminals, see 3.6.

### 2.2.3. PAYMENTS USING E-MONEY

Electronic money is a unit of value held in electronic form, issued in exchange for cash or non-cash funds and accepted as a means of payment in settlements both with the issuer and other legal entities and individuals, as well as identifying the amount of the issuer's obligation to return funds to any legal or physical person upon presentation of these units of value.<sup>13</sup> The issue of e-money (its provision to cardholders and agents in exchange for cash or non-cash funds) is carried out by the bank on the basis of a license for banking activities providing for the right to issue (issue) electronic money, attracting money from individuals and legal entities to accounts and/or deposits, the opening and maintenance of bank accounts for individuals and legal entities, and settlement and cash services for individuals and legal entities, including correspondent banks.

As of April 1, 2018, a notice on the beginning of operations with e-money was posted by:

1. for the issue of e-money:
  - a. OAO Belgazprombank (e-money systems Berlio, MTS Dengi, and V-coin),
  - b. OAO Technobank (e-money of the WebMoneyTransfer system, nominated in Belarusian rubles),
  - c. OAO Paritetbank (e-money system iPay),
  - d. OAO Bank Moscow-Minsk (e-money system MTS Money),
  - e. ZAO Bank Decision (e-money systems iPay, QIWIBel),
  - f. Priorbank OAO (e-money systems Belqi, OSMP, iPay),
  - g. OAO BPS-Sberbank (e-money system ePay), and
  - h. OAO ASB Belarusbank and Priorbank OAO (e-money, access to which is provided through a prepaid card issued within the MasterCard payment system).
2. for the repayment in Belarus of e-money issued by non-residents:

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<sup>13</sup> Web site of the National Bank of Belarus. <http://www.nbrb.by/payment/e-money>

- a. OAO Belgazprombank (e-money systems Rosberlio-Card, Euroberlio).
3. for the distribution and repayment to individuals in Belarus of e-money issued by non-residents:
  - a. ZAO Alfa-Bank (e-money of the ðCard ABB system, accessed via a prepaid card issued by AO Alfa-Bank, Russia within the MasterCard payment system),
  - b. JSC BPS-Sberbank (e-money system Yandex.Dengi)<sup>14</sup>

In accordance with Decree #6 of the President of the Republic of Belarus On Urgent Measures to Counter Illicit Drug Trafficking of December 28, 2014, there is a requirement in Belarus for mandatory identification of persons as they open electronic purses, regardless of the amount of e-money.

The rules for e-money transactions were approved by Resolution #201 of the Board of the National Bank of the Republic of Belarus of November 26, 2003.

All e-money emitted by banks must be nominated in Belarusian rubles. E-money of issuing banks is distributed by agents. These may be a legal entity, including a bank (with the exception of the issuing bank), or an individual entrepreneur who are residents, have accounts with banks and distribute and/or redeem e-money, and identify owners of electronic purses under an agreement with the issuing bank. The holder is an individual, a legal entity, or an individual entrepreneur, at whose disposal e-money is at the moment. Agent banks in Belarus are allowed to distribute e-money emitted by non-residents and denominated in foreign currency.

The holders of e-money include:

- Physical persons (individuals) who have received e-money from the issuing bank, an agent, an agent bank or other legal entities, individual entrepreneurs employing such physical persons, other physical persons, legal entities, and individual entrepreneurs when effecting, in accordance with applicable law, transactions not related to the entrepreneurial activity of the physical persons; and
- legal entities, individual entrepreneurs who have received e-money from the issuing bank, an agent, an agent bank or other legal entities, individual entrepreneurs, and physical persons when effecting transactions (including when making or arranging agreements on the award in a game of chance, paying a fee for participation in a lottery or an electronic interactive game) in accordance with applicable law.

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<sup>14</sup> Web site of the National Bank of Belarus. <http://www.nbrb.by/payment/e-money>

The issuing bank and the agent bank are obliged to ensure identification of individuals, legal entities, and individual entrepreneurs as they open electronic purses in accordance with the rules of the e-money payments system, taking into account the terms and conditions of the contracts concluded by these banks within the framework of e-money payments system.

To carry out the identification, an individual, legal entity, or individual entrepreneur provides the issuing bank, agent, agent bank, or identification agent with information required by legislation on preventing the legalization of criminal proceeds and financing terrorist activities and the proliferation of weapons of mass destruction; or the issuing bank or agent bank may identify an individual, legal entity, or individual entrepreneur without their personal presence, provided data obtained earlier in the course of their identification while being personally present in the issuing bank or agent bank are available to the agent, the identification agent, or the interbank identification system, or accessible from an effective public digital signature verification certificate issued by the Republican Certifying Center of the State System of the Republic of Belarus for the Management of Public Keys for Checking Electronic Digital Signature.

The issuing bank, the agent acting on behalf of the issuing bank, the agent bank and the legal entity enter into a contract providing for the rights and obligations of the parties in respect of the issue, distribution, use and redemption of e-money.

The opening by legal entities of electronic purses in payment systems using e-money issued by banks must comply with the issuer's rules and/or those of the payment system, subject to identification of the e-purse holder by the issuing bank, agent, or identification in the order described above.

Система «Расчет» (ЕРИП)  
Пожертвование банковской картой  
Платежная система WebPay  
➤ **Электронный кошелек WebMoney**  
Благотворительная линия «ШАНС»  
SMS-пожертвование  
USSD-запрос  
Мобильное приложение  
Карты ОАО «Белгазпромбанк»  
Благотворительный счет в Беларусбанке  
Благотворительный счет в Белгазпромбанке  
Пожертвование в иностранной валюте  
Юридическим лицам  
Формы сотрудничества

**Электронный кошелек WebMoney**

Пожертвовать \*:

Сумма в рублях (BYN) \*:   
Минимальная сумма 0.10 рублей

Платательщик \*:

Город \*:

Назначение платежа \*:

В назначении платежа, пожалуйста, укажите: \*пожертвование на лечение ребенка Фамилия, Имя\*

Электронный кошелек в белорусских рублях: B764989610646

Комиссия банка составляет 2,8% от суммы Вашего пожертвования.

*Благодарим Вас за доброе участие в выздоровлении детей!*

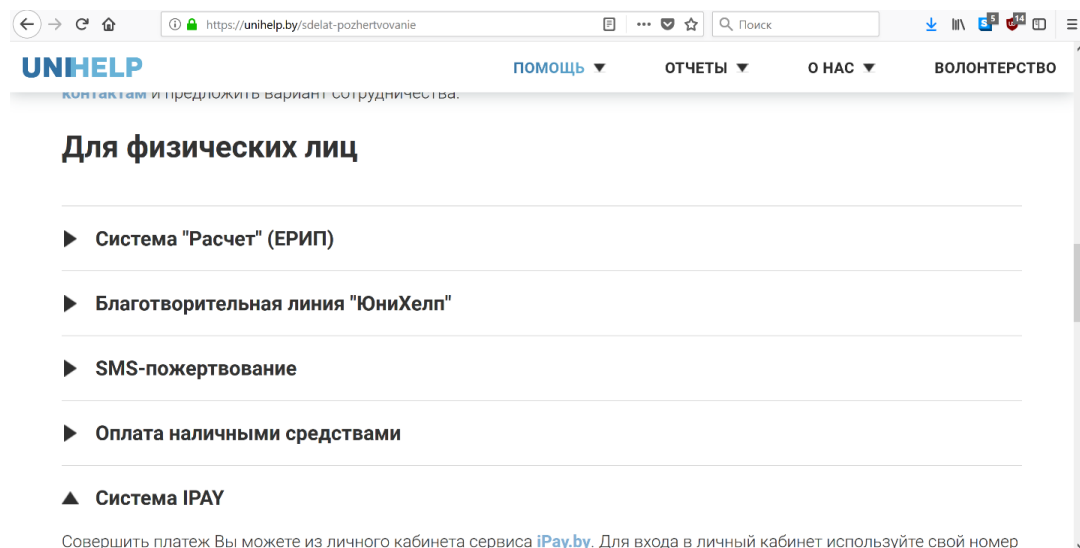
**Нужна помощь**

Since there is no mention of electronic money in legislation on foreign gratuitous aid, the Department for Humanitarian Activities has published an explanation of applicable legislation. According to the explanation, funds arriving in the account of an organization as a result of the redemption of e-money purchased by a foreign citizen (organization) are recognized as foreign gratuitous aid and are subject to registration with the Department in accordance with established procedure.<sup>15</sup>

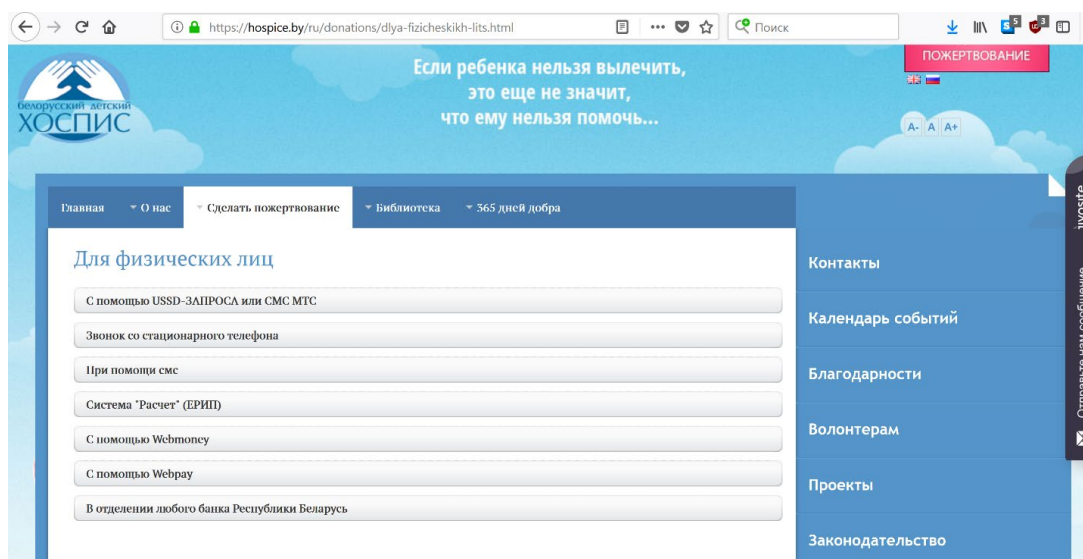
### 3. Ways of Fundraising via Non-cash Payment Systems

#### 3.1. GENERAL PROVISIONS

An increasing number of NPOs are resorting to a variety of methods of raising funds via non-cash payment systems. Large NPOs, primarily social workers, attract funds using ERIP (the integrated payment and information environment), their own sites, crowdfunding platforms, and (mostly mobile) telephony providers.



<sup>15</sup> Web site of the Department for Humanitarian Activities, <http://dha.gov.by/novosti/elektronnye-dengi/>

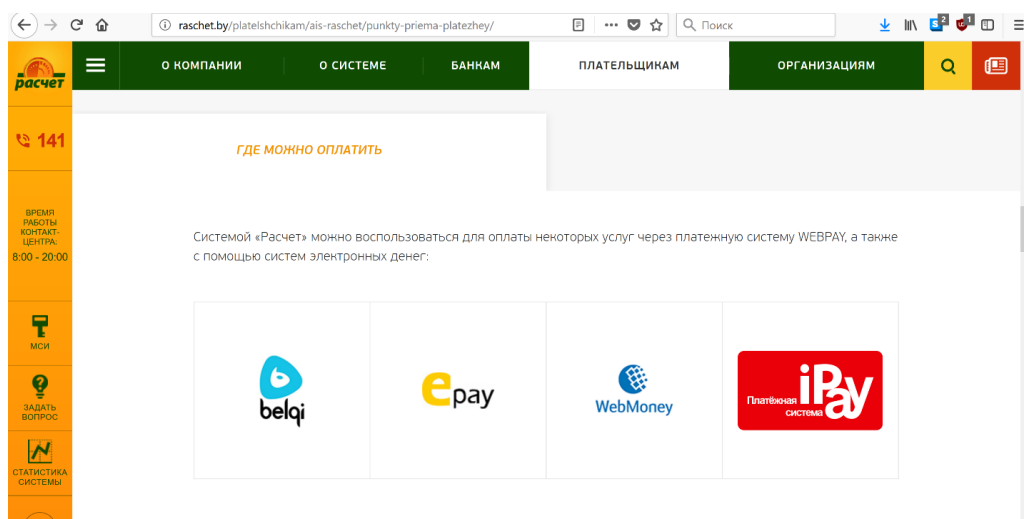


### 3.2. FUNDRAISING VIA THE INTEGRATED PAYMENT AND INFORMATION ENVIRONMENT (ERIP)<sup>16</sup>

2014, Belarus introduced a single mechanism for payments through ERIP, which all banks operating in the country began to use. With the help of ERIP, a sender of aid can wire his/her donation in cash or in non-cash form, as well as using e-money, to a non-profit's open charitable account. The main advantage of the system for payers is its convenience and ability, in most cases, to transfer funds without commission. The transfer of funds can be made at all points of bank service (23 banks and the postal directorate RUP Belposhta). Payments in the Rashchet system can be made using cash, e-money (WebMoney, belqi), and bank payment cards. Payers using payment cards issued by non-resident banks can access the payment resource e-pay to use Rashchet services.

ERIP is operated by the open-ended JSC called the non-bank credit and financial organization Integrated Payment and Information Environment.

<sup>16</sup> For more detail about the way ERIP operates see <http://rashchet.by>



The normative legal acts regulating ERIP is Decree #389 of the President of the Republic of Belarus On an Integrated Payment and Information Environment in the Republic of Belarus of August 30, 2011 and the Instruction on the Procedure for the Functioning of the Integrated Payment and Information Environment of the Republic of Belarus, approved by Resolution #393 of the Board of the National Bank of the Republic of Belarus of June 10, 2014.

The automated information system AIS Rashchet within the framework of ERIP is responsible for electronic information exchange between ERIP participants effecting payments in Belarusian rubles for goods, work and services and other payments arising from civil law relations, as well as donations to charitable accounts and payments to the national budget.

All ERIP participants are subdivided into direct, indirect and auxiliary participants.

Direct participants are immediate parties to information exchange and payment transactions effected by the AIS Rashchet. This group includes the owner, settlement agents, and service providers.

Indirect participants are parties to information exchange only. This group includes payment agents, aggregators, and members of information resources.

Auxiliary participants assist other ERIP participants in carrying out their functions in accordance with the terms of the concluded agreements. This group includes a contact center, a telecommunications operator, and a testing organization.






Therefore, an NPO as a service provider who has opened a charitable account for accepting donations and concluded an agreement with the owner to connect to AIS Rashchet may act as a direct participant in ERIP.


In accordance with the contract concluded with the owner and his own regulations, a service provider:

- is connected to AIS Rashchet;
- furnishes the owner with all information necessary for the organization by settlement or payment agents of payments to the service provider;
- furnishes the owner with other information necessary for operation within the framework of the AIS Rashchet;
- accepts from AIS Rashchet and processes an electronic document on effected payments (the document must bear the owner's electronic digital signature); and
- performs other functions provided for by the contract.
- Based on his contract with the service provider, the aggregator:
- ensures the interaction between the service provider and the owner to furnish the latter, in accordance with the service provider's regulations, all information necessary for settlement (payment) agents to arrange payments to the service provider;
- ensures the interaction between the service provider and the owner to receive information on effected payments from the owner;
- supervises the work of the service provider's software and hardware systems involved in the information exchange with the aggregator;
- ensures the security of information exchange between the service provider and AIS Rashchet to protect banking and other legally protected secrets; and
- informs the owner about the termination of his contract with the service provider for the provision of communication services relating to the AIS Rashchet.

One of the largest aggregators connecting parties to ERIP system is Khutki Grosch, which has NPOs among its target groups.



BY RU Присоединяйтесь к нам:     

 +375 17 397-33-55 +375 29 635-33-55 +375 33 635-33-55 SUPPORT@HUTKIGROSH.BY Войти в личный кабинет

ГЛАВНАЯ СТРАНИЦА / БИЗНЕСУ / БЛАГОТВОРИТЕЛЬНЫЕ ФОНДЫ

## Благотворительные фонды

Рекомендуемый способ взаимодействия с сервисом «Хуткі Грош»™ для благотворительных фондов: свободный формат.


### Преимущества работы в свободном формате для благотворительных фондов:

- Удобно, если платежи приходят разово (нерегулярно; нет фиксированных расценок; не массово).
- Сохраняется возможность использовать личный кабинет и получать электронные реестры за период.

### Регламент взаимодействия с сервисом «Хуткі Грош»™ в свободном формате:

1. В ответ на Вашу заявку на подключение сервис направит Вам информационное письмо (после согласования и подписания документов с АИС «Расчет») с просьбой подтвердить/изменить/добавить указанные в заявке контактные данные (адреса электронной почты; телефоны; др.) и актуальные настройки отчетов и уведомлений; в письме также будут указаны рекомендованные способы взаимодействия с сервисом (исходя из специфики Вашего бизнеса).
2. Контактные данные, способы взаимодействия могут быть изменены по Вашей заявке с кратчайшие сроки.
3. Выставление счета не обязательно (для нерегулярных платежей).
4. В случае оплаты платеж направляется на Ваш расчетный счет (за вычетом комиссии АИС «Расчет») на следующий банковский день после совершения платежа.
5. По факту принятия оплаты по выставленному счету наш сервис передает Вам информацию об оплате через электронную почту и/или СМС.
6. По факту принятия оплаты (на основании информации от АИС «Расчет») наш сервис меняет статус выставленного счета на «оплачен» в личном кабинете, а так же уведомляет Вас о произведенной оплате через электронную почту и/или СМС.
7. После перечисления платежей на Ваш расчетный счет наш сервис преобразовывает полученный от АИС «Расчет» электронный реестр оплаченных платежей в выбранный Вами формат, и сформированный реестр передает Вам.

### Правила для оплаты выставленных счетов:



**ПЛАТФОРМА**  
для организации подписки и ее оплаты через ЕРИП  
сервис №1 в Беларуси

интересно-о-о-о!

- Подключись Хутка!
- Требования ЕРИП к интернет-магазину
- Сколько стоит?
- Для бухгалтера
- Для разработчика
- Как мы работаем
- Кто наши клиенты
- Наш клуб друзей
- Сотрудничество

The owner supplies the AIS Rashchet with work on a 24/7 basis, except for maintenance times, when the AIS has to stop.

To begin work in ERIP, its potential participant has to conduct a set of preparatory activities for connecting to the AIS Rashchet:

- to provide a communication channel for information exchange with the owner via a telecommunications operator;
- to ensure information exchange with the owner as per existing agreements and rules; and
- to submit, depending on the type of participation, an equipment readiness certificate to the owner, confirming that his software and hardware systems are ready to work with the AIS Rashchet on an industrial basis.

To connect to the AIS Rashchet as a service provider, an applicant NPO should<sup>17</sup>:

- be an operating legal entity registered in Belarus; and

<sup>17</sup> Standard terms and conditions for the participation of a service provider in the work of the AIS Rashchet were approved by Minutes #1 of the meeting of the board of OAO ERIP of March 28, 2016  
<http://rashchet.by/upload/iblock/26a/26aaa92419c288bcc70bc060ac67108c.pdf>

- have the software and hardware systems used to generate and process payment orders containing information that is necessary and sufficient to make payments through the AIS Rashchet.

To connect to the AIS Rashchet, the service provider can use one of the following connection modes: off-line, on-line, via an aggregator, mixed. By default, the owner connects applicants in off-line mode.

Prior to the conclusion of the contract, the applicant for participation in AIS Rashchet as a service provider in off-line mode should provide the owner with the following package of documents<sup>18</sup>:

- petition on corporate letterhead to consider its application as a service provider in AIS Rashchet;
- a service provider questionnaire for connection to the AIS Rashchet, completed by the applicant;
- information on payments made by banks within the framework of contracts for accepting payments from individuals (if such contracts exist); in the event of their absence, the applicant makes a reference to this circumstance in the petition;
- a copy of the certificate of state registration;
- copies of special permits or licenses, if available, when adding activities for which a special permit (license) is required;
- the contract and the regulations in two copies signed by the applicant; and
- a copy of the document confirming the authority of the person representing the service provider (if there is a representative office).

Prior to the conclusion of the contract, the applicant for participation in the AIS Rashchet as a service provider in on-line mode is required to provide the owner with an application on corporate letterhead of the applicant's petition to be considered as a service provider participant in the AIS Rashchet with a mandatory indication of the connection mode.

Further work on connecting the service provider in on-line mode will be carried out by the owner in coordination with the applicant individually.

After signing the contract, the owner and the service provider take a number of organizational and technical measures to connect the service provider to the AIS Rashchet, after which the service provider makes a test payment.

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<sup>18</sup> Forms of the documents and an instruction for filling them out are available on <http://rashchet.by>

Based on the payments information submitted by the applicant, the owner determines (calculates) the amount of remuneration for services in the AIS Rashchet rendered by the service provider under the terms and conditions of the List of Fees for Transactions Performed by OAO ERIP (and Other ERIP Participants), with the exception of payments for which no remuneration is charged under Belarusian law. In accordance with Decision of the Supervisory Board of OAO ERIP (Minutes #7 of June 27, 2016, a fee of 0.2% of the amount of payments made (of which, remuneration of OAO ERIP is 0.1% and that of the settlement agent, 0.1%).<sup>19</sup>

The service provider:

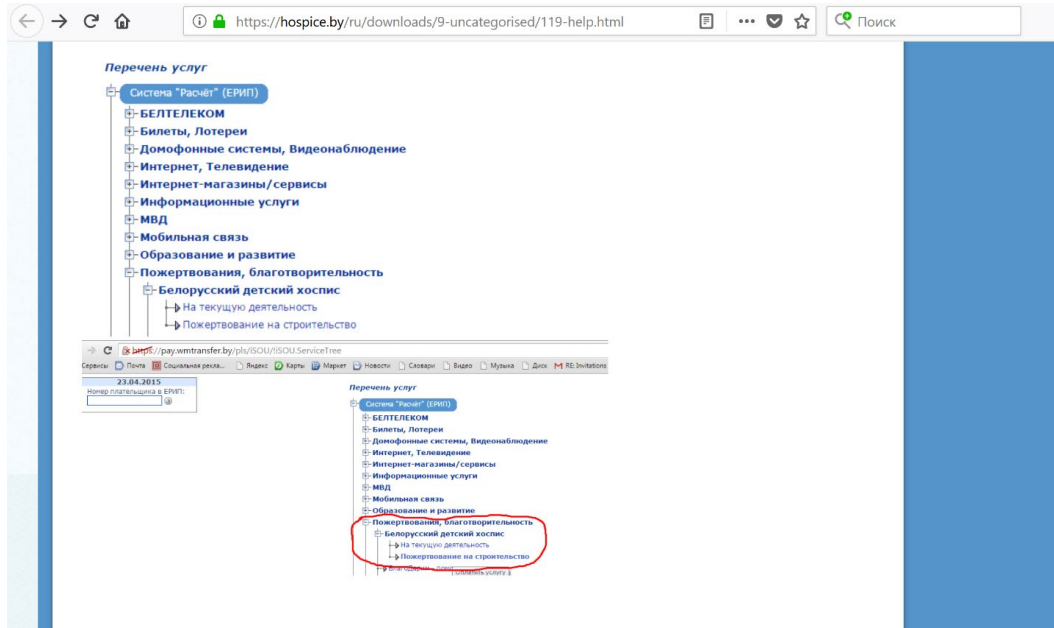
- provides the owner with the information necessary for settlement (payment) agents to make payments for the benefit of the service provider (in the event of periodic payments, information about payers and amounts paid);
- pays remuneration in accordance with the procedure and on terms determined by the contract;
- examines the payers' petitions regarding the wiring of donations to charity accounts through the AIS Rashchet;
- ensures receipt from the owner and processing of registers of effected payments signed with an electronic digital signature of the owner and confirming the payment by the payer. The service provider has the right to demand that the payer furnish a confirmation of payment only in cases stipulated by the legislation;
- provides the owner with information about the service provider's contact persons responsible for technical, organizational and other issues of cooperation with AIS Rashchet, including their telephone numbers and e-mail addresses, and changes in such data;
- informs payers about the payment procedure in AIS Rashchet, including by posting a notice on its own website in the Internet and on the reverse side of receipts, if any;
- takes measures to secure refund and its payment in cases and in the manner stipulated by the law;
- not later than five business days before the termination and/or suspension of the fundraising activity using AIS Rashchet, notifies the owner about it in writing;
- terminates the contract with the owner when it is no longer necessary to connect to the AIS Rashchet; and

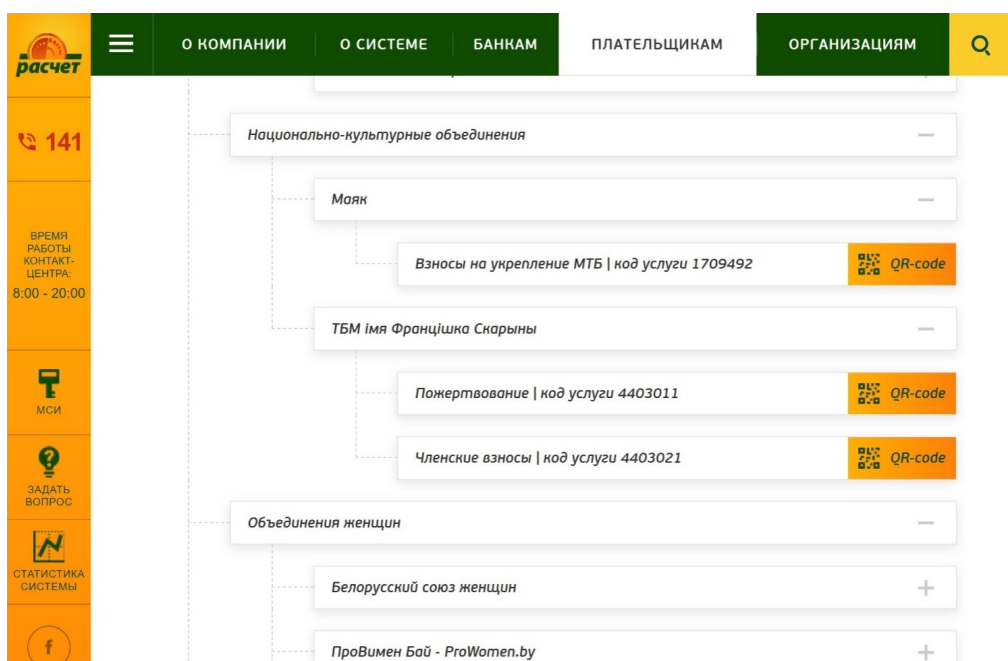
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<sup>19</sup> List of Fees for Transactions Performed by OAO ERIP (and Other ERIP Participants)  
[http://rashchet.by/upload/iblock/6fe/sbornik-voznagrazhdeniy-2018\\_05\\_21-red-18.pdf](http://rashchet.by/upload/iblock/6fe/sbornik-voznagrazhdeniy-2018_05_21-red-18.pdf)

- at least five business days before the closing (change) of the bank account in which payments made by the AIS Rashchet are received, notifies the owner about it on paper and/or in electronic form.

An NPO may collect donations in ERIP both for a specific purpose (such as organizing an event) and for the statutory goals of the entire organization. NPOs often distinguish between ways of raising funds through ERIP, offering to use the system both for sending/receiving donations and paying membership fees.





The definition of goals is problematic when a NPO attracts funds using ERIP system. Since (1) the purposes of payments are built into the system, (2) the need to use received donations for purposes indicated by the donor, or, in absence of such indication, for the organization's statutory tasks forces NPOs into using concrete and at the same time broad language so that they would be able to allocate donations for various needs of the organization.

ERIP service list has the following language for possible services to NPOs<sup>20</sup>.

Category of services	Full name	Abbreviated name	Description
Public associations	Charitable contribution	Charitable contribution	Not applicable unless account belongs in group 3131 – 3135 (charitable accounts)
Public associations	Donation	Donation	Not applicable unless account belongs in group 3131 – 3135 (charitable accounts)

<sup>20</sup> List of Services... <http://raschet.by/o-sisteme/normativnaya-baza/>

Public associations	Admission fee	Admission fee	
Public associations	Membership fee	Membership fee	
Public associations	Contributions to the organization's resource base	Contributions to the organization's resource base	
Public associations	Application fee	Application fee	

According to the List of Subject Headings<sup>21</sup>, public associations include not-for-profit organizations (with and without membership<sup>22</sup>), As of June 26, 2018, fundraising participants in ERIP include the following categories:

- Protection of animals - 12 organizations
- Protection of nature - 5 organizations
- Youth and children's associations - 9 organizations
- Scientific, Technical, Professional - 6 organizations
- Ethnic-cultural associations - 2 organizations
- Women's associations - 3 organizations
- Assistance to children, adults - 50 organizations
- Education, culture and leisure - 6 organizations
- Trade unions - 3 organizations
- Other public associations - 8 organizations
- Religious associations - 20 organizations
- Sports associations - 20 organizations

It should be noted that this is a rather conditional classification, since it does not correspond either to the Civil Code definition of a public association as a special organizational and legal form of an NPO or the classification of NPOs used by the Ministry of Justice. Moreover, the listing of commercial organizations (for example, unitary enterprises) with those "public associations" that do raise funds and the use of abbreviated or incomplete names of legal entities in favor of which donations are made misleads potential donors and can be regarded as a violation of the law.

<sup>21</sup> List of Subject Headings, <http://raschet.by/o-sisteme/normativnaya-baza/>

<sup>22</sup> At the same time, Belarusian law does not provide for the establishment of public associations without membership.

### 3.3. FUNDRAISING VIA THE ORGANIZATIONS' WEBSITES

The websites of some Belarusian NCOs provide for making on-line payments.

The screenshot shows a web browser window with the URL <https://unihelp.by/sdelat-pozhertvovanie>. The website header includes the UNHELP logo and navigation links: ПОМОЩЬ, ОТЧЕТЫ, О НАС, and ВОЛОНТЕРСТВО. The main content area is divided into two columns. The left column, titled '1. Выберите способ оплаты' (1. Choose payment method), lists three options: stripe, RBK.money, and PayPal. Each option is accompanied by logos for VISA, MasterCard, and Discover. The right column, titled '2. Заполните форму' (2. Fill out the form), contains the following fields: 'СУММА \*' (Amount) with a value of 5, 'ВАЛЮТА \*' (Currency) set to RUB, 'КОМУ' (To whom) with a dropdown menu, and 'E-MAIL' with a text input field. Below the 'E-MAIL' field is a note: 'Вы можете указать E-mail для рассылки новостей.' (You can specify an email for newsletter distribution). At the bottom of the form is a button labeled 'ПОЖЕРТВОВАТЬ' (Donate).

Fundraising through NPO websites is carried out on the basis of a contract by and between the NPO and the bank.

The main issue when raising funds from an NPO website is legal regulation of the placement of these websites. The main legal acts regulating this issue are Decree #60 of the President of the Republic of Belarus On Measures to Improve the Use of the National Segment of the Internet of February 1, 2010 and Resolution #644 of the Council of Ministers of the Republic of Belarus On Certain Issues of Improving the Use of the National Segment of the Internet Global Computer Network.

The legislation establishes that the sale of goods, the performance of work, and the provision of services using information networks, systems and resources connected to the Internet are carried out in Belarus by legal entities established in accordance with the legislation of the Republic of Belarus, using information networks, systems and resources of the national segment of the Internet located on the territory of the Republic of Belarus and registered in accordance with established procedure.

It follows from this that the resources of legal entities that do not deal with the sale of goods, the performance of works, or the provision of services using information networks, systems and resources that have Internet connection on the territory of the Republic of Belarus (i.e., websites) are not subject to registration in accordance with applicable legislation.

On the other hand, NPOs fundraising activities using the Internet resource are regarded as financial and economic activities and can be regarded as activities falling under the terms of Decree #60 by regulatory authorities. Furthermore, in practice, banks will not work with NPOs to raise funds via websites if the organization has its website outside the national segment of the Internet.

Therefore, in order to raise funds via their Internet resources, NPOs must ensure that the physical location of the server on which their website is located is in Belarus: in other words, the website should have Belarusian hosting. Hosting providers must ensure that the site is registered with the registration authority RUP BelGIE.

In practice, some NPOs involved in raising funds using AIS Rashchet place banners on their websites encouraging visitors to donate through ERIP or redirecting them to payment systems that can help them make the donation via ERIP.

In particular, such services are provided by the payment system <https://bepaid.by/>. In 2018, the Digital Workshop at the Phalanstery Public Youth Association announced the development of a NPO-friendly module called Doyka, the placement of which on an organization's website will facilitate the reception and management of donations transferred via ERIP. In July 2018, Doyka was offered for pilot use to five NPOs that showed interest in testing this mechanism, which is positioned by its developers as "capable of launching a crowdfunding project for you at your own site."<sup>23</sup>

### 3.4. FUNDRAISING VIA TELEPHONY (TELECOMMUNICATION) OPERATORS

The leading Belarusian telecommunication operator is RUP Beltelecom. Mobile telecommunication services in Belarus are provided by three operators: SOOO Mobile TeleSystems (MTS), Velcom Unitary Enterprise (Velcom) and ZAO Belarusian Telecommunications Network (Life :)).

The main normative acts regulating the provision of telecommunication services in the country are Law #45-Z of the Republic of Belarus On Telecommunications of July 19, 2005 and the Rules for the Provision of Telecommunication Services, as well as Decree #1055 of the Council of Ministers of the Republic of Belarus of August 17, 2006

Telecommunication services are rendered on the basis of a contract for the provision of telecommunication services by and between a telecommunication service operator and a subscriber. At the same time, the subscriber is a user of telecommunication services, with whom an agreement is concluded to provide such services when allocating a subscriber number or a unique identification code for these purposes.

Tariffs for telecommunication services are established by the telecommunication operator independently.

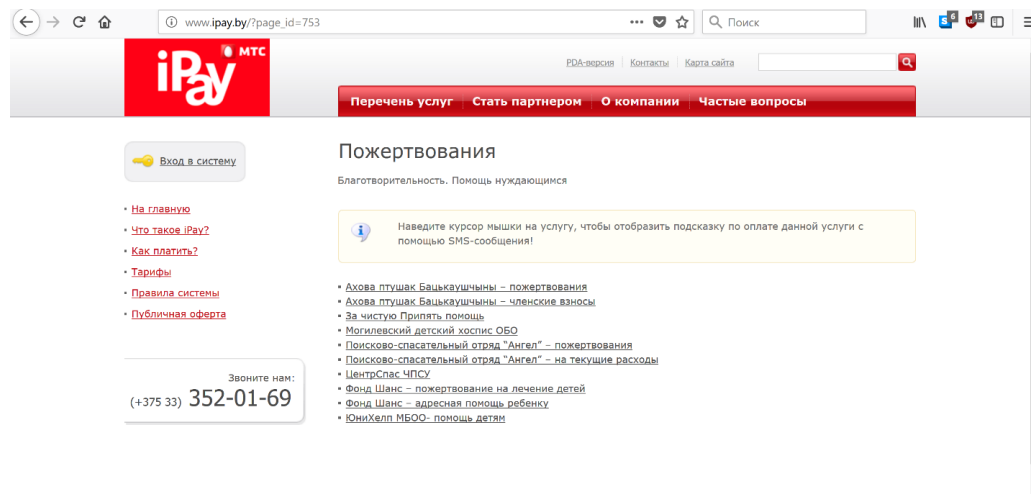
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<sup>23</sup><https://it.falanster.by/blog/2018/06/29/doika-start-your-crowdfunding-on-your-org-web-site/>



Belarusian NCOs may conclude contracts with RUP Beltelecom on the basis of the Civil Code and specialized legislation on telecommunication. Under these contracts, when an individual subscriber makes a call to a certain telephone number of an NPO, a fixed donation amount is withdrawn from his account (under the contracts, calls from telephone numbers registered to legal entities cannot be accepted) and included in his fixed-line telephony bill. However, such a call is not a commercial service and is a form of voluntary donation. NPOs may also enter into agreements with mobile telephony operators. Under the contract, an individual (a mobile telephony subscriber) can send an SMS to a certain short number indicating the amount of the donation and/or a USSD request. In the latter case, the subscriber, by dialing a certain number, donates a certain amount of money to an NPO. The operator may set a commission from each donation made by sending an SMS or charge the cost for sending a message with a notification of writing off funds in reply to the subscriber's USSD request.

Mobile operators may (and do) accept donations from individuals to NPOs by mobile operators using the iPay payment system. Payments in this system are made with e-money. The issuing bank of iPay e-money is the Open Joint-Stock Company Paritetbank. The official site of the system of payments using iPay e-money on the Internet is <http://www.iPay.by>. Any NPO that undertakes to comply with the iPay System Rules and performs transactions with e-money (issuance, distribution, use, redemption), including the Issuing Bank, the Issuing Bank's Agent, the iPay System Operator, and the Holder of E-money, may become a member of the iPay System.<sup>24</sup>



<sup>24</sup> See iPay Rules at [http://www.ipay.by/?page\\_id=31](http://www.ipay.by/?page_id=31)

### 3.5. FUNDRAISING VIA CROWDFUNDING PLATFORMS

Currently, a number of national Internet sites are operating in Belarus to raise funds through the Internet. In addition, Belarusian users raise funds through Russian and other foreign Internet sites.

The first national crowdfunding platforms were launched in Belarus in 2011. Today, NPOs a number of several options for this form of grassroots funding: the electronic crowdfunding platform Uley (Beehive), the charity meetings auction Maie Sens (Makes Sense), the SocialWeekend social projects competition, the Talakosht crowdfunding campaign site, and foreign and international services.

The two leading Belarusian crowdfunding sites Talakosht and Uley imitate the mechanisms of the popular American platforms Kickstarter and Indiegogo.<sup>25</sup>

Like Kickstarter, the project Uley (launched in late April 2015) relies on the "all or nothing" principle: if 100% of the amount needed for the project is not collected 100%, the project gets no funding and the money is returned to donors. This scheme prevents the movement of resources to projects that cannot be implemented and is widely used, mostly for commercial start-ups, when users make pre-orders for a new product. The crowdfunding platform is implemented by a commercial organization (OOO HiveProject), which takes a commission of 10% from successful projects. Uley earns 9.5% and 0.5% goes to Belgazprombank as settlement bank under the contract between the system owner of the system and the user/author of the project. When the project is placed on this platform, the author signs two contracts: one with Uley for project placement and the other with Belgazprombank to accumulate funds from the crowdfunding campaign in a temporary account (when the campaign is over, the collected money can be transferred to another bank that serves the author of the project).

But NPOs have only limited use of this crowdfunding platform for their projects. According to the rules of the platform, the author of the project can only be a physical person and a resident of Belarus even if he or she positions the project as an initiative of an NPO or a group of persons. Donations, too, can only be collected from individuals (physical persons). It is noteworthy that the rules of the platform forbid to link any projects placed on it to any corporate accounts in social networks. At the same time, the rules stipulate that a project placed on the Uley platform cannot be placed on other fundraising resources at the same time.

Throughout the crowdfunding campaign, funds arrive in the temporary account of the project. If by the end of the campaign the author collects the needed amount, he or she

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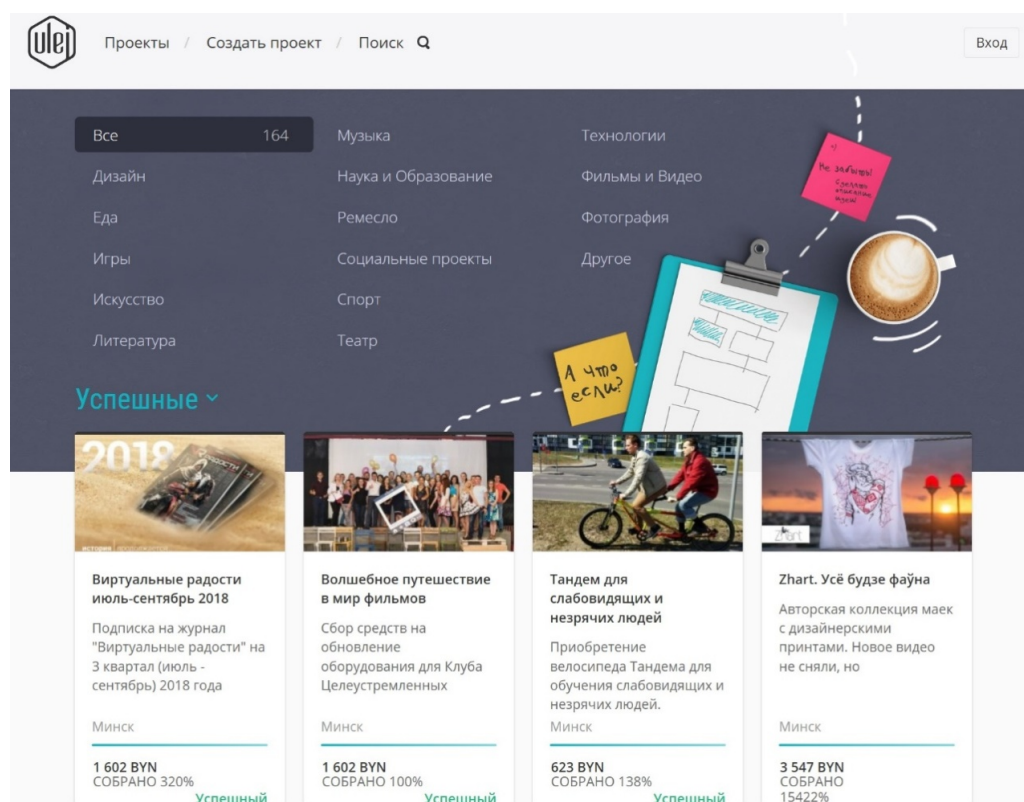
<sup>25</sup> How do Fundraising and Crowdfunding Work in Belarus? <https://by.odh-office.eu/razviccio-patencyialu-arhanizacyi/treninhi-i-infadni/kak-rabotaet-fandrayzing-i-kraudfanding-v-belarusi>

gets the money on the basis of a gift agreement. If the amount received exceeds 5,555 rubles, he or she will have to pay the 13% individual income tax.

If the project does not collect the specified amount, the money is returned to the sponsors.

In case the project does not collect the required funds but a donor does not apply for the return of their donation, Uley transfers the funds to the charity foundation Chance.

In the past three years, more than 150 projects have been successfully implemented on the platform. The project organizers note that as of January 29, 2018, 572 thousand Belarusian rubles<sup>26</sup> were collected on successful projects.



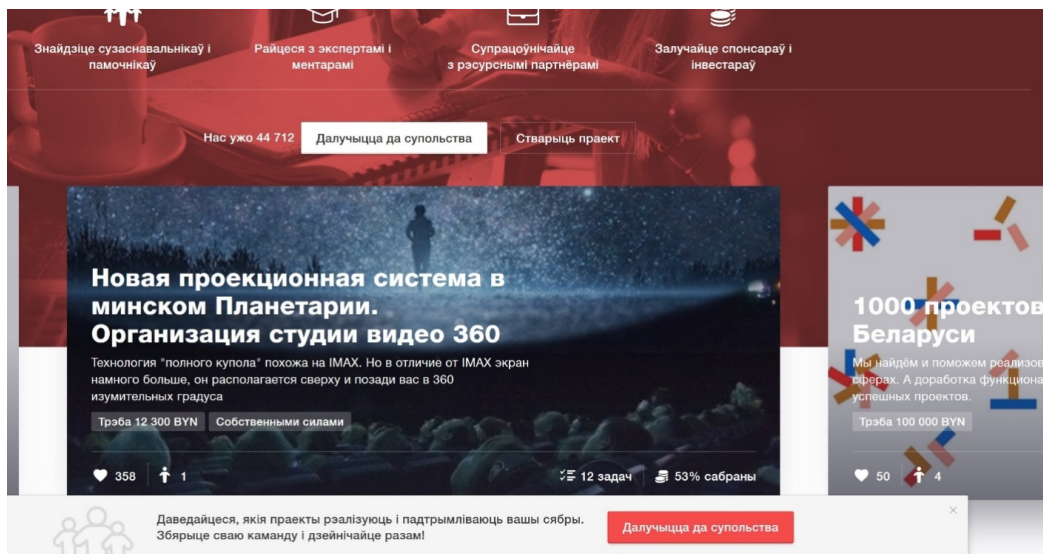
The Talakosht project made its debut on March 31, 2015 as part of the non-commercial initiative Talaka.by, where people with ideas searched for like-minded people. The project is implemented by an NPO (listed as an institution as far as its organizational and legal form is concerned) and presents itself as a not-for-profit initiative. In

<sup>26</sup>Crowdfunding in Belarus: How and Thanks to What Does It Work, <https://myfin.by/stati/view/10296-kraudfanding-v-belarusi-kak-i-blagodarya-chemu-eto-rabotaet>

Talakosht, you also need to describe your project, indicate the amount needed to implement it, choose the campaign duration and the type of collection: "All or nothing" (the author of the project receives the money only if the entire amount is collected) or "All that has been collected" (the author will receive money if at least 25% has been collected). No commission is taken for the placement of the project site.<sup>27</sup> As in the Uley, the donors in this system can only be individuals.

A comparatively recent innovation is the possibility of making donations on a regular basis in automatic mode, when a donor fills out a one-off registration/subscription and agrees to a monthly transfer of a certain amount from his/her account for the benefit of the project.

According to the platform operators, 1,026,533 rubles were raised within the framework of Talakosht and more than 1,800 projects related to solicitation of support within the platform have an active status as of June 27, 2018. At the same time, the platform operators say that only one of five projects collects the required amount of support. The platform positions itself as an integrated resource where financial support for projects is only one aspect, as many projects are looking for volunteers, consultations, and other forms of non-monetary assistance.



The online magazine *Imena* (Names) also widely uses elements of crowdfunding in its activity. Registered as a non-profit in the form of an institution, this project started out by collecting funds for its first issue. In the period from 29.07.2016 to 25.09.2017, ImenaMedia worked as an information support institution serving socially vulnerable groups of the population and later as a crowdfunding platform for projects

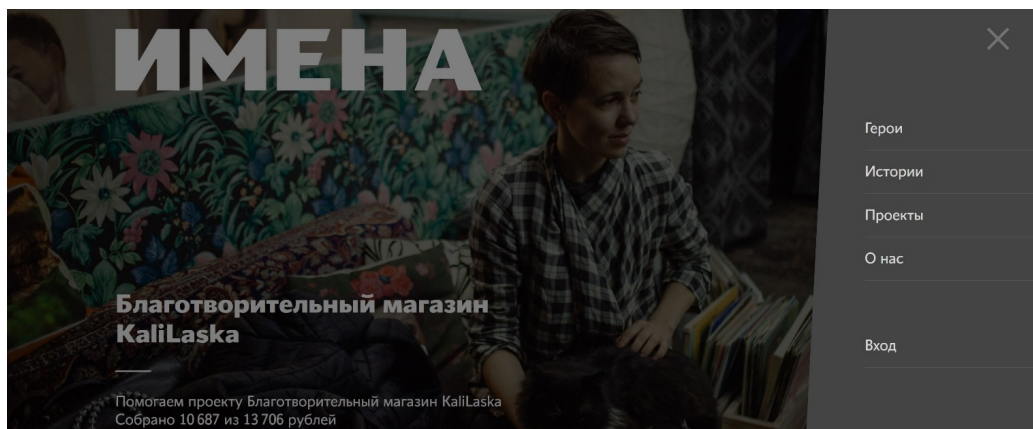
<sup>27</sup> Uley and Talakosht: Do Belarusians Need Two Crowdfunding Platforms At a Time, <https://42.tut.by/445199>

implemented by other organizations or individuals. Today, it is called the ImenaMedia Social and Charitable Institution for the Support of Publicly Significant Infrastructure Projects.

When fundraising via Imena, the recipient NPO must conclude a gratuitous sponsorship agreement with it, which in accordance with Decree #300 imposes certain restrictions on purposes such aid can be given for.

As this project developed and the role of Imena as a distributor of aid grew, its founders realized that it is expedient for them to take a different organizational and legal form provided for by the Belarusian legislation. They are currently working on the establishment and registration of a foundation.

At the moment, ImenaMedia has two main charitable accounts: one collects funds for the editorial office of the site and the organization, the other – in support of the projects the site writes about.



July 2018, *Imena* announced the launch, jointly with AlfaBank, of a new joint product called Pora Dobra (The Time of Goodness). This mechanism makes it possible for AlfaBank payment card holders to activate the automatic transfer of 0.5% of the amount of any non-cash payments to support projects raising funds via Imena. The client does not bear any additional costs – the money is withdrawn from the amount of cashback on each purchase. The service can be activated in a very simple way through the bank's website or by a phone call. This mechanism is available to holders of VisaGold, MasterCardGold, VisaPlatinum, VisaInfinite and MasterCardBlackEdition, as well as Alfa Bank credit cards of the Gold level and higher. Imena and Alfa Bank will report how much money is donated to each project on a monthly basis and customers will receive text messages about the amount transferred to their project. It is noteworthy that when they subscribe to the service, the client does not indicate a specific project for which funds are collected but rather



chooses one of five categories: medical care for children and orphans; medical care for adults; care for the elderly, people with disabilities and assistance to the poor; assistance to victims of violence and search for missing people; and accessible education and inclusion. Every month Imena and Alfa Bank will choose a project in each of the five categories to receive 0.5% of the amount of purchases and payments made by customers. The qualifying criteria are the financial status of the project, the rate of collection over the past few months and the real results in helping their beneficiaries.

Launched in 2015, the platform investo.by is also oriented at commercial investment projects (investment projects – crowdinvesting – dividend payment to participants, the "all or nothing" principle, a participation reward in the form of a gift or gratitude, commercial projects).<sup>28</sup>

Crowdfunding as a way of collective financing and alternative to credits and loans would develop more actively in this country if it had legislative support, the organizers of the first commercial crowdfunding site Uley (Ulej.by) believe.<sup>29</sup>

There is no legislation in Belarus dedicated to fundraising via crowdfunding platforms. At the same time, certain legal acts provide for the need to develop them, treating them primarily from the point of view of investment legislation. Presidential Decree #236 of June 13, 2018, which amended the State Program for the Innovative

<sup>28</sup>Kleshcheva S.A. Crowdfunding As a Tool of Financing Innovation / Banking System: Sustainability and Development Prospects (a collection of articles for the 8th international scientific and practical conference on banking economics dedicated to the Year of Science in Belarus. Palesse State University, Pinsk, 2017. Pp. 80-83.

<sup>29</sup>Crowdfunding in Belarus: How and Thanks to What Does It Work, <https://myfin.by/stati/view/10296-kraudfanding-v-belarusi-kak-i-blagodarya-chemu-eto-rabotaet>

Development of the Republic of Belarus for 2016-2020, underscores the need to further Internet platforms (crowdfunding) as an instrument to be used by consumers and producers of goods and services, investors, and applicants for investment.

The organization and operation of crowdfunding platforms are currently regulated by the Civil Code (as far as donations and other civil relations are concerned), the Tax Code (tax matters), the Banking Code, Decree #300 of the President of the Republic of Belarus On Gratuitous (Sponsored) Aid of July 1, 2005, legislation on accounting and reporting, and other acts.

Fundraising by crowdfunding requires an agreement between the donor and the owner of the system (understood as a set of software, hardware and technological facilities that enable the system owner, the settlement bank, initiatives, fundraisers, and donors to interact in the process of placing information on relevant initiatives (projects) in the system and providing funds to such initiatives (projects) on a gratuitous and irrevocable basis.<sup>30</sup> The agreement is offered to a wide range of undefined parties on the conditions of a public offer.

The functioning of crowdfunding platforms in Belarus faces the following main problems:

1. the effective legislation on foreign gratuitous aid, which requires a separate registration of every single contribution received from foreign organizations and persons permanently residing outside the Republic of Belarus, regardless of the amount. The registration procedure is complex and onerous. The decision on exempting this or that contribution from tax is taken on an individual basis; and
2. the legislation on gratuitous (sponsored) aid provides for a very narrow scope of purposes for which non-profits may receive aid from Belarusian legal entities and individual entrepreneurs, as well as the need for a written agreement with each such donor, regardless of the amount of the donation.

In view of these normative restrictions, crowdfunding platforms raise funds from Belarusian citizens permanently residing in Belarus, or foreign citizens and stateless persons who have a Belarusian residence permit.

Individuals who raise funds through the use of crowd-hosting platforms are payers of the 13% income tax. The payers' income received from individuals who are not individual entrepreneurs is not subject to income tax provided the amount does not exceed 5,555 Belarusian rubles (approximately 2,750 US dollars) from all sources over

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<sup>30</sup> Participation in the WikiBank-Crowdfunding System (User Agreement). Website of the Uley crowdfunding platform, <https://ulej.by/agreement>

the tax reporting period (paragraph 1.18, Article 163 of the Tax Code).<sup>31</sup> Also tax-exempt are donations transferred to a Bank of Belarus charitable account for the benefit of: (1) invalids, minor orphans and children left without parental care – provided they do not exceed 11,102 Belarusian rubles (approximately 5,496 US dollars) from all sources over the tax reporting period; and (2) payers in need of medical assistance, including surgery, provided there is an appropriate confirmation issued in accordance with the procedure established by the Ministry of Health of Belarus.

While these rules are established by the Tax Code of the Republic of Belarus (Article 163), the limits of exemption are subject to relatively frequent (effectively annual) revision.

Where an individual raises money for its subsequent transfer to an NPO, they may attempt to legally avoid paying personal income tax (although infrequent, this is not unknown in Belarus). According to clause 2.19 of Article 153 of the Tax Code, the income of an individual, received by him or her in cash or in kind from another person as commission for the transfer of funds to third parties, is not subject to income tax.

Therefore, it is necessary to instruct an individual to raise funds for the benefit of a non-profit and have supporting documents to prove the fact of instruction and the transfer itself. According to law implementation practice, this may be done in two ways:

1. the instruction to raise funds for the NPO's purposes is given by the NPO itself. This is the most convenient option when announcing a fundraising campaign among an unlimited number of donors. In this case, the instruction to raise funds to an individual is given by the NPO's governing (or higher) body and is formalized by an appropriate protocol. If the notice on the collection of funds is placed in public space (on a crowdfunding platform), it must indicate that the funds are being collected for a nonprofit organization.
2. the instruction to transfer collected funds to an NPO for its statutory purposes can be given by the donor (who donates the money on a gratis basis). The instruction may be provided for in the contract for gratuitous (sponsored) aid. At the same time, the contract can be concluded on the condition that the instruction is consistent with the objectives of gratuitous (sponsored) aid provided for in paragraph 2 of Decree #300 of the President of the Republic of Belarus On Granting and Using Gratuitous

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<sup>31</sup>The specified amount of non-taxable income from citizens received as a donation is changed from time to time when amendments to the Tax Code are made. For example, the amendments drafted by the Ministry of Finance in 2017 provide for raising this limit to 6,111 rubles - [http://www.minfin.gov.by/upload/np/proekt/proekt\\_072017.pdf](http://www.minfin.gov.by/upload/np/proekt/proekt_072017.pdf)[http://www.minfin.gov.by/upload/np/proekt/proekt\\_072017.pdf](http://www.minfin.gov.by/upload/np/proekt/proekt_072017.pdf)



(Sponsorship) Aid of July 1, 2005. The instruction may also be referred to in a donation agreement.

As already indicated, the fact of execution of the instruction must also be confirmed in writing. A payment order is precisely the document to support the (wire) transfer of funds to a non-profit organization. An individual and a non-profit organization may also find it expedient to sign a donation agreement.

It should be noted that the descriptions of projects on crowdfunding platforms often refer to joint activities carried out by social activists based on general agreements aimed at common goals. Since the activity of public associations without state registration is prohibited by part 2 of Article 7 of the Law of the Republic of Belarus On Public Associations, such joint activity may be treated as falling under this prohibition.

### **3.6. FUNDRAISING VIA PAY TERMINALS**

Belarusian legislation and law enforcement practice do not give an unambiguous answer to whether NPOs can use payment terminals to raise funds. The main normative act regulating the use of these facilities in Belarus is Resolution #924/16 of the Council of Ministers and the National Bank of July 6, 2011 on the use of cash register equipment, payment terminals, automatic electronic devices and vending machines and on accepting cash funds and bank payment cards when selling goods, performing work, providing services, conducting activity in the gambling business, the lottery business and the sphere of electronic interactive games, and putting cash register equipment into operation. According to this decree, cash register equipment may only be used for selling goods, performing work, and rendering services. At the same time, a thorough examination of this resolution and the Instruction on the Procedure of Transactions with Bank Payment Cards, approved by Resolution #34 of the Board of the National Bank of the Republic of Belarus of January 18, 2013, shows that payment terminals do not belong to cash register equipment. Furthermore, the instruction defines payment terminals as a software and hardware device installed at the trade (service) organization under an acquiring agreement or a point of issue of cash funds and intended for the registration of transactions when using cards with the subsequent generation of a credit card payment slip. At the same time, the trade (service) organization may be a legal entity (or a foreign organization that is not a legal entity under foreign law, or an individual entrepreneur, or an individual carrying out activities that are not related to entrepreneurial activity in accordance with the legislation) which has entered into an agreement with the acquiring bank and selling goods (works, services) according to the agreement, accepting payment by card or in any other way using bank cards in compliance with the legislation. As a result, it can be assumed that the law provides for accepting payments not related to the sale of

goods, the performance of work, or the provision of services with the help of payment terminals.

In accordance with the Instruction on the procedure for transactions with bank payment cards, credit card slips confirming the fact of a transaction using the card and its details include:

- the date and time of the transaction;
- the amount of the transaction;
- code or name of the transaction currency;
- a code confirming the authorization of the operation;
- details of the customer's card and/or account; and
- other relevant information.

However, the use of pay terminals for fundraising has its difficulties. As already noted earlier in this document, the Tax Code exempts funds received from individuals (Belarusian citizens permanently residing in Belarus and foreign citizens having a permanent residence permit) on a gratis basis from income tax. However, there are two provisos:

1. it should be seen that the funds have been received by the NPO gratis and not in payment for goods, work or services; and
2. the funds should be used for the intended purpose or, if the purpose is not designated, allocated for the implementation of the NPO's statutory tasks. So if it is not planned to use the funds for statutory tasks, the donor must determine their intended purpose.

## 4. Recommendations

### 4.1. RECOMMENDATIONS TO GOVERNMENT BODIES

The legislation currently in force in the Republic of Belarus provides the opportunity to use a variety of ways to raise funds using non-cash payment systems. However, effective NPO fundraising makes it necessary:

1. To improve the regulatory framework governing the functioning of the payment system of the Republic of Belarus, payment services, and banking services.
2. To start systematic work on the harmonization of Belarusian legislation in the sphere of financial activities of not-for-profit organizations, expanding their opportunities to attract assistance from various sources, in particular:
  - a. to develop a clear-cut conceptual framework for gratuitously received funds and other property, including:
  - b. to use common terminology regarding gratuitously received funds and other property throughout Belarusian legislation, for example, either donations or gratuitous aid; and
  - c. to introduce the concept of "tselevoi kapital" (specific capital, endowment) into the legislation of the Republic of Belarus;
  - d. to abolish Decree #300 with the preservation (if necessary) of regulation by the Council of Ministers of the Republic of Belarus in relation to state organizations in the event of their gratuitous transfer of property to other persons in the form of gratuitous aid;
  - e. to exclude from the Law of the Republic of Belarus On Public Associations (Article 20) the prohibition on the right of public associations to independently carry out entrepreneurial activities;
  - f. to exclude the provision that a person conducting a financial transaction may determine its compliance with the goals, type and/or nature of NPO's activities from Law #165-Z of the Republic of Belarus On Measures to Prevent the Legalization of Criminal Proceeds, Financing of Terrorist Activities and Financing the Distribution of Weapons of Mass Destruction (Article 7) of June 30, 2014;
  - g. to phase out the registration system for foreign gratuitous aid, substituting, at this stage, the simple declaration procedure for the existing authorization requirement so that the registration authority will only verify the availability of all required documents and record information on incoming foreign gratuitous aid (a closed list of grounds for non-registration will still be needed); to establish a minimum amount of money and other property received from abroad that is not subject to registration; and to remove the

foreign gratuitous aid registration issues from the competence of the Department for Humanitarian Activities of the Office of the President of the Republic of Belarus and transfer it to the competence of the tax authorities;

- h. to delete the list of goals for which foreign gratuitous aid may be allocated, leaving in the ban on granting foreign gratuitous aid for various uses in the preparation and conduct of elections, referendums, recall of a deputy or a member of the Council of the Republic, the organization and conduct of meetings, rallies, street processions, demonstrations, pickets and strikes, and the production and dissemination of canvassing materials, as well as for political work among the population;
  - i. to develop a special reporting procedure for NPOs whose income exceeds a certain limit, to indicate information on gratuitous aid received, including from foreign sources. Such reporting fully compensates for the cancellation of the government authorization procedure of obtaining foreign gratuitous aid; and
  - j. to develop provisions on tax benefits to NPOs and their beneficiaries as well as on compensation for volunteers, and incorporate them in the Tax Code.
- 3. To abolish the practice of discrediting NPOs in the mass media.
  - 4. To omit the ban on the activities of unregistered public associations from Article 7 of the Law On Public Associations.

#### **4.2. RECOMMENDATIONS TO PAYMENT SYSTEMS AND CROWDFUNDING PLATFORMS**

- 1. In informing the general public about a fundraising campaign, a clear distinction should be made between crowdfunding (and other fundraising) by NPOs and crowdinvesting projects carried out by commercial legal entities.
- 2. Language on the types and legal forms of legal entities should be in line with the definitions of the Civil Code and other legislative acts.

#### **4.3. RECOMMENDATIONS TO NPOS**

- 1. To conduct joint activity aimed at changing the legislation in the field of NPOs' financial activities and other issues relating to their establishment and operation.
- 2. To send inquiries to the competent authorities concerning unclear and/or conflicting rules on obtaining funding and make the replies available to the public.
- 3. To disseminate information on the methods and objectives of fundraising among the general public.
- 4. To analyze the practical advantages and disadvantages of various fundraising methods and make the results of such analysis accessible to the general public with the aim of sharing experience with other NPOs.
- 5. To diversify fundraising tools.

6. To take a responsible approach to drafting statutory documents and formulating the goals and objectives of the organization with an eye to the requirements of the current legislation regarding potential purposes of raising funds from sources related to such assistance.