

LEGAL REGULATION OF STARTUPS IN THE REPUBLIC OF BELARUS AND EAEU COUNTRIES: COMPARATIVE ANALYSIS

The legal regulation of startups is a crucial aspect of fostering innovation and entrepreneurship in the Republic of Belarus and other countries. This article highlights the evolving legal framework for startups in Belarus, including tax breaks, funding opportunities, and streamlined registration procedures. It also explores the efforts of other EAEU countries to create a favorable environment for startups through initiatives like the EAEU Digital Agenda and special economic zones. Overall, this article provides valuable insights into the legal landscape for startups in Belarus and other EAEU countries, highlighting both opportunities and challenges for these businesses.

Keywords: startups, legal regulation, Belarus, tax breaks, funding opportunities, intellectual property protection, EAEU

A startup or start-up is a company or project undertaken by an entrepreneur to seek, develop, and validate a scalable business model.

The startup ecosystem has been gaining momentum in recent years, with entrepreneurs around the world launching innovative businesses that disrupt traditional industries. However, for startups to thrive, they need a favorable legal environment that supports their growth and development. In this article, we will explore the legal landscape for startups in Belarus and other countries in the Eurasian Economic Union (EAEU), including tax breaks, funding opportunities, and streamlined registration procedures. We will also discuss the challenges that startups face in these countries and the importance of legal regulation for ensuring a fair and transparent operating environment.

Legal regulation is essential for ensuring a fair and transparent operating environment for startups. It can help protect the innovations of startups by providing strong intellectual property protection and preventing unfair competition [1, p. 45]. Moreover, it can help ensure that startups have access to funding and other resources they need to grow and develop.

Belarus has been actively working to create a favorable legal environment for startups. According to following normative legal acts – Decision of the Ministry of Economy No. 158 of 31 August 2005 «On Approval of the Rules for the Development of Business Plans for Investment Projects» and Resolution of the Council of Ministers of the Republic of Belarus No. 506 «On Business Plans of Investment Projects» of 26 May 2014, the country offers a number of tax breaks and funding opportunities to encourage entrepreneurship. For example, startups can receive a five-year exemption from corporate income tax and value-added tax (VAT) [1, p. 24] if they meet certain criteria. In addition, they can receive financial support from the government through various programs, such as the Innovation Fund and the Development Bank of the Republic of Belarus [2, p. 56]. Also the most number of startups are fixed in IT. The following figure illustrates our high potential in IT services compared to other countries in 2022.



The potential of countries in IT technologies in 2022

Belarus has also streamlined its registration procedures for startups. Entrepreneurs can register their businesses online and receive all necessary documents within one day. Moreover, they can apply for a special startup visa [3, p. 12] that allows them to stay in the country for up to 180 days and work on their projects.

Over the past 10 years, Belarus has become not only one of the fastest growing information economies in the world among developing countries, but also a country with good conditions for the development of new information technologies.

As a result, a huge amount of budget funds is allocated to the IT sector, which is confirmed by numerous victories of students in international competitions of startups and business projects.

At present, favorable conditions have been created in Belarus to stimulate the innovation and project movement. The functioning of 25 innovation infrastructure entities was ensured, including 16 technology parks, 8 technology transfer centers and the Belarusian Innovation Fund. Over the past five years, there has been an upward trend in the share of exports of high-tech and high-tech products in the total export of goods and services (from 33.2 % in 2018 to 37.5 % in 2022). Compared to the level of 2018, the value of exports of high-tech and high-tech products increased by more than 27 % [1, p. 65].

In order to prevent a decrease in potential growth and stimulate the development of the startup movement as the main direction of innovative development of the economy in the Republic of Belarus, the government has repeatedly set long-term goals based on the principles of understanding the startup movement.

The startup movement in the Republic of Belarus has become active and has been recognized by national and international innovation communities. However, in order to support and strengthen this growing sector, an effective regulatory system needs to be developed and implemented. The following things should be developed in a more professional way.

The first is legal framework. One of the first steps is to create a modern and adaptive legal framework that takes into account the specifics of startups. This could include simplified procedures for registering and closing startups, as well as transparent rules for attracting investment.

The second is financial support. Supporting startups through grants, tax breaks, and access to funding is critical. The state can create funds to invest in startups, as well as promote the development of venture capital.

Also we should consider education and workforce development. The development of educational programs and initiatives related to entrepreneurship and innovation will help build the talent base for startups. Programs to support young entrepreneurs and learn in the field of innovation can contribute to the growth of the startup community.

Another important thing is infrastructure and resources. The creation of innovation parks, incubators and accelerators helps to provide startups with the necessary infrastructure and resources for development and growth.

Also we should consider international collaboration. Collaborating with international organizations and countries can help startups expand their horizons and gain access to global markets.

Another important thing is intellectual property protection. Guaranteeing the protection of the intellectual property of start-ups and facilitating patenting procedures can promote innovation.

The last thing is monitoring and evaluation. Continuous monitoring and evaluation of the effectiveness of start-up support policies allows for the adaptation and improvement of measures in accordance with real needs and results.

Regulating the startup movement requires a balanced approach that supports innovation and entrepreneurship, protects the interests of startups and investors, and contributes to the growth of the economy as a whole. An effective regulatory system can make the Republic of Belarus more attractive to startups and investors, contributing to economic development and job creation [3].

Belarus, in particular, has made commendable strides in fostering startups through a combination of tax incentives, funding mechanisms, streamlined registration procedures, and a conducive regulatory environment. The substantial investment in the IT sector and the increasing share of high-tech exports underscore Belarus's commitment to nurturing innovation.

Other countries in the EAEU have also been working to create a favorable environment for startups. For example, the EAEU Digital Agenda aims to promote digital transformation in the region by supporting startups and innovative businesses. The agenda includes initiatives such as creating a single digital market, promoting e-commerce, and developing digital infrastructure [3].

In addition, according to Council Regulation of 7 July 1997 on strengthening supervision of budgetary lines, coordination of economic policies and monitoring of their implementation (1466/97/EC) some EAEU countries have established special economic zones that offer tax breaks, simplified customs procedures, and other incentives to attract investment and promote entrepreneurship. For example, in Kazakhstan there are quite comfortable conditions of starting business because of established several special economic zones, including the Astana International Financial Centre and the Almaty Tech Garden [3].

Despite the efforts of governments to create a favorable environment for startups, entrepreneurs still face challenges in these countries. One of the main challenges is limited access to funding. While there are funding opportunities available, they may not be sufficient to meet the needs of all startups [2, p. 25]. Moreover, the process of obtaining funding can be complex and time-consuming.

Another challenge is inadequate intellectual property protection [2, p. 26]. Startups rely on their innovations to differentiate themselves from competitors and attract customers. However, without strong intellectual property protection, their innovations may be copied or stolen by others, which can undermine their competitiveness and profitability.

As we can see, the article has provided a comprehensive examination of the legal landscape for startups in Belarus and the broader Eurasian Economic Union (EAEU), highlighting the critical role that legal regulation plays in creating a favorable environment for entrepreneurial innovation. Startups are essential drivers of economic growth and technological progress, and their success is contingent on the support and protections afforded by the legal system.

To sustain and amplify the momentum of the startup ecosystem, a multifaceted approach is necessary. This includes the development and implementation of an adaptive legal framework tailored to the unique characteristics of startups, financial support mechanisms, educational initiatives to cultivate a talent base, the provision of infrastructure, international collaboration, and robust intellectual property protection.

Ongoing monitoring and evaluation of startup support policies are equally vital to ensure that they remain responsive to real needs and deliver results. The experience of Belarus and other EAEU countries demonstrates a collective commitment to creating a conducive environment for startups. Initiatives like the EAEU Digital Agenda and special economic zones are testament to this commitment.

Nonetheless, persistent challenges such as limited access to funding and inadequate intellectual property protection continue to affect startups. Resolving these challenges and building a thriving startup ecosystem necessitates a balanced approach that fosters innovation, protects the interests of startups and investors, and contributes to overall economic growth. In this dynamic and ever-evolving landscape, the importance of a well-structured regulatory system cannot be overstated.

An effective regulatory framework not only makes a country more attractive to startups and investors but also serves as a catalyst for economic development and job creation.

Therefore, it is incumbent upon governments and stakeholders to continue their collaborative efforts in creating an environment where startups can flourish, innovate, and contribute to the broader economic landscape.

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