

# CERHA HEMPEL CEE NEWSLETTER *Belarus*

## Debt recovery has become simpler

### Introduction

On 1 January 2020, an automated information system for fulfilling monetary obligations ("**AIS FMO**") was launched in Belarus. The AIS FMO was established by Edict of the President of the Republic of Belarus No. 414 dated 16 October 2018 "On improving cashless payments" and the joint Resolution of the Council of Ministers of the Republic of Belarus and the National Bank of the Republic of Belarus No. 432/11 dated 28 June 2019 "On automated information system for fulfilling monetary obligations".

### How AIS FMO works

The AIS FMO applies to debts that satisfy two conditions. Firstly, the debt is overdue. Secondly, the debt is based on a relevant enforcement document that has already come into force (e.g. writ of execution, resolution on the imposition of an administrative penalty, etc.).

The information on the debt is provided to the AIS FMO by the authorized body (e.g. tax authority, bailiff office, police, etc.). The AIS FMO then sends the relevant requests to all banks in Belarus to obtain information on the available funds on all accounts of a particular debtor. If funds are identified, the debit operations on the relevant accounts are temporarily suspended.

Upon receipt of the request from the AIS FMO, all banks are required to send information about the

amount of available funds on the accounts of the debtor, if any. Then, the relevant amount of the debt is written off from one or more accounts (depending on the availability of funds) for the benefit of the creditor. After the debt is written off in full, the debit operations on all relevant accounts are reinstated.

The benefits of the AIS FMO could be described as follows. The entire procedure is very quick, taking about half an hour. It automates the collection process in an indisputable manner from the accounts of the debtor at various banks. Besides, it prevents the same monetary obligation being written off twice.

### Summary

The AIS FMO significantly simplifies the debt collection procedure. In the past, the main concern of a creditor was actual enforcement of the court decision since a debtor had the opportunity to "conceal" its funds by spreading them out in accounts held with different banks. The introduction of the AIS FMO makes such concealment practically impossible and thus makes the debt recovery procedure less problematic.

### For more information

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