



Investment guide Kyrgyz Republic July 2017



This guide was prepared by Kreston Ansar, independent member of Kreston International to those who consider doing business or plans investing in Kyrgyzstan. Guide provides basic information about the country and its legislation.

The information given in this guide is of a general nature and is not exhaustive. We recommend you to consult with an expert before taking any action based on this guide.

TABLE OF CONTENTS

| | | |
|----|------------------------------------|---|
| 1. | ABOUT THE KYRGYZ REPUBLIC..... | 1 |
| 2. | TAXATION- GENERAL INFORMATION..... | 2 |
| 3. | BUSINESS ENTITIES..... | 5 |
| 4. | OTHER REGULATIONS..... | 6 |
| 5. | MEMBER FIRM CONTACT DETAILS..... | 7 |

About the Kyrgyz Republic

| | |
|------------------------------|--|
| Capital city | Bishkek |
| Form of governance | Parliamentary |
| Population | 6 mln |
| Languages | Kyrgyz, Russian |
| Area | 199.9 sq.km. |
| Time zone | UTC+6 |
| Religion | Islam (80%) and Orthodox Christian (20%) |
| GDP annual growth | 6.4% (est. 2017) |
| GDP per capita | 1,038 USD (est. 2017) |
| Currency | Kyrgyz Som (KGS) |
| IFC Doing Business Rank 2017 | 75 (out of 190 economies) |



Taxation- General Information

Responsible authority State Tax Service of the Kyrgyz Republic

| Main taxes: | Rate | Tax base |
|---|---|--|
| Value added tax (VAT) | 12% | Imported goods and services cost/internally supplied goods and services cost. Applies to legal entities. |
| Corporate income tax | 10% | Profits (taxable income minus deductible expenses). Applies to legal entities. |
| Sales tax | From 0% (VATable transaction and paid through bank) to 5% (for mobile services) | Revenues. Applies to legal entities. |
| Salary and personal income taxes | Rate | Tax base |
| Social Fund contributions | 17,25% | Salary amounts paid. Applies to legal entities. |
| Social Fund contributions | 10% | Salary amounts paid. Applies to individuals. |
| Personal income tax | 10% | Revenues and salary. Applies to individuals – tax-residents (individual must be present in Kyrgyzstan for at least 183 days over consecutive 12 months). |
| Subsoil use taxes | Rate | Tax base |
| Subsoil use license bonus | Depend on license type (exploration/production) and mineral type. | Volume of reserves. Applies to legal entities. |

| | | |
|-----------------------------|---|--|
| Subsoil use license royalty | 1%-12% | Revenue from sales of minerals. Applies to legal entities. |
| License withholding payment | Depend on number of years of license holding and type of mineral. | License area |
| Other taxes | Rate | Tax base |
| Excise tax | Depend on product type (alcohol, petroleum, tobacco etc.) | Volume of product. |
| Land tax | Depend on location and purpose of land | Land area. |
| Property tax | Depend on property type (real estate or automobile) | Property area or engine capacity. |
| Simplified tax system | 3% (revenues received through bank) or 6% | Revenues. Applies to legal entities whose income does not exceed not exceeding KGS 8 mln or around USD 116 thousand. |
| Patent | Specified amount paid monthly for certain activities (not exceeding KGS 8 mln or around USD 116 thousand). | Applies to individuals. |
| Non-resident tax | 5% for insurance premiums and international telecommunications and transportation services/10% for other activities | Revenues. Applies to both legal entities and individuals. |

Countries with
agreements to avoid
double taxation

- Austria
- Belarus
- Canada
- China
- Finland
- Germany
- India
- Iran
- Kazakhstan
- Korea
- Latvia
- Lithuania
- Moldova
- Mongolia
- Poland
- Pakistan
- Russia
- Switzerland
- Tajikistan
- Ukraine
- Uzbekistan

Business entities

| | |
|----------------------------|--|
| Open joint stock company | Free trading of shares. Share capital should not be less than 100 thousand KGS (around 2 thousand USD). |
| Closed joint stock company | Number of shareholders should not exceed 50. Share capital should not be less than 100 thousand KGS (around 2 thousand USD). |
| Limited Liability Company | Liability of the owners is limited by the amount of capital. Registration process is relatively simple and is finalized within 10-20 days. |
| Branch | Established for representative purposes. Branch may perform part or all of the legal entity's functions. |
| Bank | Shareholder's capital of 600 mln KGS (around 9 mln USD). Must be audited. |
| Microcredit company | Shareholder's capital of 5 mln KGS (around 70 thousand USD). Must be audited. |

Other regulation

| | |
|----------------------|--|
| Accounting framework | International Financial Reporting Standards |
| Auditing framework | International Standards on Auditing |
| Currency regulation | Free floating exchange rates |
| Foreign investment | Legislation provides for non-expropriation and protection from nationalization, free repatriation of funds, freedom of monetary transactions, and access to international arbitration. |
| Foreign employees | Regulated by quotas determined by the Government of Kyrgyzstan |
| Labor regulation | Employee termination should be performed with up to 2 months' compensation. |
| Tax regimes | Free economic zones are set in areas near Bishkek and remote area of the country. These zones provide for exemption from imports customs duties and taxes on imported goods (unless goods are sold in Kyrgyzstan). |

ABOUT US

Kreston Ansar is a member of Kreston International network, which guarantees the highest standard of quality of our work and international recognition of our reports.

Our network is the 12th in the world in terms of revenue (over \$ 2 billion per year) and has offices in 108 countries around the world. In Kyrgyzstan, we have been present since 2012.

We provide the following types of audit and related services:

- Audit of financial statements
- Tax audit
- IT audit
- Audit fraud
- Due diligence (verification before investment)
- Accounting and financial planning
- Tax consulting
- Other mandatory procedures

For more information about our services, please contact us :

Tel. +996 312 66 30 02; +996 771 178 872

email: office@kreston.kg.

address: 304 office, Razzakova str., Bishkek.



“Kreston Ansar” LLC is a member of Kreston International in Kyrgyzstan. The firm provides services in audit and business consulting.

www.kreston.kg

office@kreston.kg

office 304, Razzakova 32, Bishkek, Kyrgyzstan.

+996 312 66 30 02

+996 558 86 55 05

A member of Kreston International | A global network of independent accounting firms.