

# 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.



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### 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

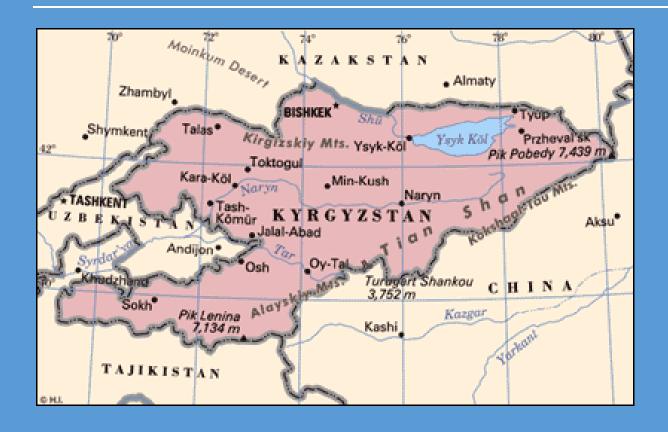
Religion Islam (80%) and Orthodox Christian (20%)

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 gaoods 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).



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

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

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