



**THE GLOBAL ADVISORY
AND ACCOUNTING NETWORK**

Tax Alert

December 2025

www.hlb.global

TOGETHER WE MAKE IT HAPPEN

GENERAL PART



General part

DESCRIPTION	Article of the Tax Code
The rule giving investment agreements concluded by the government precedence over national tax legislation has been abolished.	3
The Tax Code glossary has been supplemented/clarified with the following concepts and definitions: - <u>Distributor</u> – an organization or individual entrepreneur that sells goods in the interests of a specific entity and/or related entities that are manufacturers and/or importers of goods, having concluded a distributor agreement and bearing additional obligations for promoting goods. An agreement is recognized as a distributor agreement if it contains additional obligations of the buyer to promote the seller's goods in the domestic market. Importers are recognized as distributors if there is a distributor agreement; - <u>Close relatives</u> – persons in marital relations in accordance with the family legislation of the Kyrgyz Republic, adoptive parents and adopted children, guardians and/or custodians, as well as parents, children, full and half siblings, grandfathers, grandmothers, grandchildren; - <u>Business splitting</u> – the deliberate distribution of revenue across several related entities created by one and/or several subjects paying the single tax at 0% and 0.5%, as well as tax under the special trade zone patent regime, for the purpose of understating the tax base and avoiding the payment of taxes;	4



General part (cont.)

DESCRIPTION	Article of the Tax Code
<ul style="list-style-type: none">- <u>Electronic money operator</u> – a legal entity registered and/or licensed in accordance with the legislation of the Kyrgyz Republic, which issues electronic money and provides money transfer services, including electronic money.✓ With respect to systematic activity on rendering services/providing works a clear quantitative threshold has been introduced – more than two instances during a calendar year.✓ <u>Anonymized subjects</u> also include an individual who<ul style="list-style-type: none">(a) purchases goods for entrepreneurial purposes;(b) is not registered in the State Register of Taxpayers as an individual entrepreneur.✓ The definition of a transaction has been supplemented and the list of payers of the transaction tax has been expanded (see below “Taxation of transactions”).	4



General part (cont.)

DESCRIPTION	Article of the Tax Code
Acquisition, transfer or sale of securities or capital shares is classified as other (non-entrepreneurial) activity, except where such activity is carried out on a professional basis.	23
A possibility is provided to pay tax obligations in <u>digital soms</u> .	45
A taxpayer has the right to fulfill a tax obligation through the <u>Unified Tax Account</u> at its choice.	69
A new special tax regime has been introduced for the <u>financial investment territory “Tamchy”</u> with special tax conditions (see below “Tax regime of the special financial investment territory ‘Tamchy’”).	46



TAX ADMINISTRATION I OBLIGATIONS OF BANKS



Obligations of Banks

DESCRIPTION	Article of the Tax Code
<p>The tax authority has the right to send a tax payment demand to banks and electronic money operators in the presence of tax debt recognized by the taxpayer.</p>	85
<p>The deadline for banks to provide information upon request of the tax authorities has been increased from 3 to 5 working days. The list of information provided now includes data on international transfers:</p> <ul style="list-style-type: none">- from foreign organizations to subjects conducting entrepreneurial activity in the Kyrgyz Republic;- from subjects conducting entrepreneurial activity in the Kyrgyz Republic to foreign organizations;- from subjects of the Kyrgyz Republic to foreign organizations receiving income from sources in the Kyrgyz Republic and obliged to pay taxes under the Tax Code. <p>In addition, banks are obliged to provide information on transactions and on the current status of the account of a foreign organization that has no permanent establishment in the Kyrgyz Republic. The information is provided monthly no later than the 10th day starting from the month following the opening of the account.</p>	146



Tax Administration

DESCRIPTION	Article of the Tax Code
Tax authorities are <u>allowed to install video surveillance systems</u> at a business site during the period of establishing a tax post and taking inventory count. Accordingly, the taxpayer is obliged to provide access to video systems for tax authorities.	59, 132
The statute of limitations for penalties and tax sanctions is equated to the statute of limitations for the principal tax debt.	68
No separate notification is required on securing the recognized tax debt with respect to penalties and/or tax sanctions accrued for non-payment of tax debt.	81
Penalties are not accrued on VAT liabilities arising when a taxpayer switches from the general tax regime to a special tax regime if an installment plan is granted.	82



Tax Administration (cont.)

DESCRIPTION	Article of the Tax Code
<p>The date of fulfillment of a tax obligation is also recognized as:</p> <ul style="list-style-type: none">(i) the day the tax authority decides to transfer funds from the tax authority's deposit account to offset the taxpayer's tax liabilities;(ii) the day funds are deposited to the deposit account of law enforcement agencies for tax debt in a criminal tax offense case;(iii) the day of paying taxes via the Unified Tax Account.	70
<p>✓ Additional categories of taxpayers may obtain a deferral or installment of tax debt without a bank guarantee, in case of absent a court decision on tax debt collection:</p> <ul style="list-style-type: none">- domestic organizations on the list of strategic objects;- state and municipal institutions;- and <u>organizations with at least 25% state participation</u>. <p>For these subjects, the maximum deferral/installment period is up to 18 months.</p> <p>✓ An installment plan for VAT obligations arising upon transition from the general regime to a special regime may be granted on application without a bank guarantee for up to two years.</p> <p>✓ During the deferral/installment period, enforcement measures to collect the tax debt on the deferred/installment amount are suspended.</p>	91



Tax Administration (cont.)

DESCRIPTION	Article of the Tax Code
Overpaid tax, penalties, and tax sanctions, as well as mistakenly paid tax amounts, may be credited to the Unified Tax Account upon taxpayer application.	93, 94
<u>Electronic documents</u> that may be delivered without taxpayer consent via the tax authority's information system or other systems are defined. In particular: <ul style="list-style-type: none">- decisions on results of desk/field audits;- decisions to grant/deny tax deferral/installment. Documents delivered in person were also revised.	97
Activity conducted under a patent during the patent's validity is not subject to field tax control.	109
<u>A Unified Tax Account (UTA)</u> has been introduced as a tool for paying taxes. The taxpayer can transfer a single payment, and the tax authority will allocate it: first to existing arrears, then to taxes with upcoming due dates. If funds on the UTA are insufficient, the smallest arrears are repaid first. Overpayments are automatically credited to this account. Refunds from the UTA are made upon application within 5 working days, provided there are no debts or upcoming tax obligations.	116-2



Tax Administration (cont.)

DESCRIPTION	Article of the Tax Code
A tax sanction applies for violations of both tax legislation and <u>legislation on non-tax revenues and social contributions</u> . Tax sanctions are accrued by the tax authority's automated system.	160
The deadline for <u>filing an appeal</u> against decisions of the tax service is increased from 30 to <u>60 calendar days</u> .	167
The possibility of appealing a tax authority's decision in an arbitration court has been excluded.	169
<p>✓ The concept of <u>cashless payment</u> is detailed for:</p> <ul style="list-style-type: none">(i) settlements with the public (incl. QR, POS, identified e-wallets, barter), and(ii) settlements between entrepreneurs and organizations (account transfers, identified e-wallets, barter). <p>✓ The glossary is supplemented with the following:</p> <ul style="list-style-type: none">- <u>Construction object</u> - a building, structure, a part thereof, or a combination of such elements that constitutes the result of architectural and construction activity, consisting of residential and/or non residential premises, and/or common use areas, and/or engineering and technical facilities, and which is subject to commissioning in accordance with the procedure established by law;	174



Tax Administration (cont.)

DESCRIPTION	Article of the Tax Code
<ul style="list-style-type: none">- <u>Completed construction object</u> - a construction object that has been commissioned (accepted) in accordance with the procedure established by law.- <u>Object of construction in progress</u> - a construction object that has not been commissioned (not accepted) in accordance with the procedure established by law.- <u>Non residential premises</u> - premises designated as such in the original project or having obtained this status as a result of the repurposing of residential premises in accordance with the procedure established by law, intended for use for production, trade, public catering, service provision, administrative, or other types of activities. <p>✓ For the purposes of applying tax benefits, a list of organizations operating in the field of football has been defined.</p>	174



Tax Administration (cont.)

DESCRIPTION	Article of the Tax Code
The revenue threshold for applying the <u>cash method</u> of tax accounting is increased from 15 to 50 million soms. Upon exceeding, the right to apply the <u>cash method</u> is lost from January 1 of the year following the year of excess.	180



TAX REGISTRATION



Tax registration

DESCRIPTION	Article of the Tax Code
Tax registration of an individual operating on a patent or paying the tax under the special trade zone regime is automatically recognized as state registration as an individual entrepreneur; no prior application is required. Registration is performed automatically upon patent acquisition in the relevant territorial tax body.	110, 111, 114
Tax registration of a foreign organization without a permanent establishment in the Kyrgyz Republic that opens a bank account in the Kyrgyz Republic is carried out on the basis of a bank notification.	111
Deadlines <u>for tax and accounting registration</u> upon taxpayer application are reduced from 3 working days to <u>1 working day</u> .	111,114
Cancellation of tax and/or accounting registration is also carried out in cases of: <ul style="list-style-type: none">- recognition of an individual entrepreneur as inactive;- closure of a bank account of a foreign organization without PE;- absence of a patent for more than 30 days after the last patent expiration in the respective area/city.	115

PERSONAL INCOME TAX | SOCIAL CONTRIBUTIONS



Personal Income Tax

DESCRIPTION	Article of the Tax Code
<ul style="list-style-type: none">✓ <u>Non-taxable income</u> list expanded to include:<ul style="list-style-type: none">(i) income from sale of a household land plot owned for more than one year;(ii) labor income received by employees of football sector organizations. ✓ Also, the PIT exemption for sale of motor vehicles (irrespective of the period of ownership) and mobility aids for persons with disabilities applies until January 1, 2029. ✓ Dividends from participation in domestic and foreign organizations received by citizens of the Kyrgyz Republic and tax resident individuals who are not KR citizens are exempt from taxation, regardless of residence permit or kayrylman status. Income received by a KR citizen in foreign territory is exempt regardless of the existence of a Double Tax Treaty or the fact of tax payment in a foreign country. ✓ Dividends received by a non-resident individual from profits of a domestic organization performing activity on sale of goods outside KR are not subject to PIT.	<p>191</p>



Personal Income Tax (cont.)

DESCRIPTION	Article of the Tax Code
An <u>investment deduction</u> is introduced for PIT via an Individual Investment Account (IIA): either (i) reduce taxable income by contributions up to KGS 1 million per year, or (ii) exempt profits earned in the IIA if maintained for at least 3 years. Both cannot be applied simultaneously.	193, 196-1
Revised PIT rates for individuals working via tax agent information systems for passenger/cargo transport, taxi, courier services: <ul style="list-style-type: none">- 1% (Sep 1, 2025 – Dec 31, 2027);- 2% (Jan 1, 2028 – Dec 31, 2029);- 5% (from Jan 1, 2030).	197
A 10% PIT rate applies to income from a Kyrgyz source received by a foreign individual from sale of a shares or other participation rights in a domestic organization, withheld by a tax agent, unless the share was held more than 5 years.	197



Personal Income Tax (cont.)

DESCRIPTION	Article of the Tax Code
A 1% PIT rate (of the average monthly wage determined by the National Statistics Committee) is set for employees and entrepreneurs in the <u>garment and textile industry</u> until January 1, 2030.	197, 200
The rule prohibiting recalculation of PIT amounts calculated by a tax agent based on the average monthly wage is repealed.	199



Social Contributions

DESCRIPTION	Article of the Tax Code
Payment deadlines changed: monthly by the 20th day of the month following the month for which contributions are accrued (previously the 15th), per Law KR No. 243 of October 29, 2025.	



PROFIT TAX



Profit Tax

DESCRIPTION	Article of the Tax Code
The preferential 3% profit tax rate for activity performed outside KR is canceled (such activity cannot be conducted under the general regime).	207, 240
<ul style="list-style-type: none">✓ The profit tax benefit on dividends received by taxpayers from participation in domestic and foreign organizations is limited until January 1, 2031.✓ Income from the sale of motor vehicles classified under HS 8703 is exempt from profit tax until January 1, 2029.	213
The profit tax benefit for renewable energy producers is retained for 5 years for newly created producers, provided installations are commissioned no later than January 1, 2030.	239
The previous limitation until January 1, 2030 on deducting taxes for profit tax purposes is canceled.	235
Profits of organizations operating in the football sector are exempt from profit tax.	239
The <u>concept of income payment regarding income from a Kyrgyz source</u> is clarified, and includes payment in cash/non-cash, transfer of securities, goods, participation interests, including transfers by a foreign subject.	248
Dividends received by a foreign organization without a PE in KR from profits of an organization conducting activity outside the KR are not subject to profit tax.	249



VAT



DESCRIPTION	Article of the Tax Code
<p>Movement of goods within one legal entity from the EAEU into KR for own production purposes is not taxable import for VAT. Movement of goods for subsequent sale is now subject to VAT. If goods imported for own purposes are disposed of within 60 months of import, import is considered taxable from the original import date.</p>	251, 261
<p>The list of property sold at book value when switching from general to special tax regime is expanded to include:</p> <ul style="list-style-type: none"> - intangibles; - completed and uncompleted construction objects for which VAT was previously credited (within the statute of limitations). <p>For construction objects, a correcting mechanism excludes the value of material resources for which VAT was not credited.</p> <p>The taxpayer may choose: (1) sale at book value or (2) VAT input adjustment under Art. 309.</p>	258, 309
<ul style="list-style-type: none"> ✓ Special rule determining the VAT liability date for construction and installation works is excluded. The supply date is the date of completion; prepayments trigger liability on the payment date. ✓ Rules for <u>determining VAT liability date</u> for temporary import/export are supplemented. 	261



VAT (cont.)

DESCRIPTION	Article of the Tax Code
The list of VAT exemptions for agricultural supplies is reduced.	266
Time-limited (until Jan 1, 2031) VAT exemptions: (i) technological connection to utility networks; (ii) supply of identification means and code issuance/generation services; (iii) energy/resource-efficient technologies, equipment and components; (iv) jet fuel supply for aircraft.	269, 280, 284, 294
Supply of motor vehicles under HS 8703 is VAT-exempt until Jan 1, 2029.	296
Import of goods for football organization and development, and supplies/works/services by football sector organizations, are VAT-exempt.	296, 297
✓ Import of equipment, technologies, reagents and semi-finished products for jewelry production is VAT-exempt on import. List of eligible entities is set by the Cabinet of Ministers. ✓ The VAT exemption on import of banking equipment equipped with accessibility systems for visually impaired persons is extended until Jan 1, 2029.	297

VAT (cont.)

DESCRIPTION	Article of the Tax Code
VAT exemption on import of fixed assets for subsequent leasing applies to banks or leasing companies; exemption for import under leasing by other entities is canceled.	301
Retail sales to non-EAEU tourists by enterprises in the <u>tax-free registry</u> are VAT-exempt. Rules of the tax-free system and registry maintenance are defined by the Cabinet of Ministers.	306-1
Input VAT credit via cash register and sales receipts is excluded.	315
The 80% VAT reduction for industrial processing of agricultural raw materials of domestic origin is limited until Jan 1, 2031.	322



EXCISE TAX



Excise Tax

DESCRIPTION	Article of the Tax Code
A base excise rate is established for liquefied petroleum gas (HS 2711 21 0000), while this HS code is not included in the list of excisable goods.	334, 336
The excise tax benefit for sugar-containing beverages classified as baby food under TR CU 021/2011 is canceled from December 30, 2025.	Cabinet of Ministers KR No. 811 of December 18, 2025



SALES TAX



Sales Tax

DESCRIPTION	Article of the Tax Code
<ul style="list-style-type: none">✓ Organizations in the football sector are exempt from sales tax.✓ Exempt from sales tax: supplies within customs warehouses; sale of vehicles and components produced/assembled in KR; motor vehicles under HS 8703 until Jan 1, 2029.✓ Sales tax exemption for supplies by non-profits is time-limited until Jan 1, 2031.	364
Pilgrimage services are exempt from VAT and sales tax when provided by non-profit organizations.	296, 364
Excluded from the sales tax base: sale of a share/interest in an organization, unless such activity is professional.	365
Clarified insurance organization tax base: determined net of indirect taxes and reduced by reinsurance premiums payable and agent commissions (the portion of the premium remaining at the insurer's disposal).	366
The <u>date of sales tax liability</u> is the earliest of: invoice issue date, cash receipt date, or payment receipt date.	366-1



PROPERTY TAX



Property Tax

DESCRIPTION	Article of the Tax Code
Added taxpayers: individuals acquiring property under a housing mortgage agreement.	373
Base rates are set by the Tax Code (previously by municipal authorities). The property tax calculation formula is changed.	379, 380
Buildings, structures, premises, and land owned by football sector organizations and used exclusively for football organization and development are exempt.	409, 411
Obligation to submit an informational report for state/municipal property or property of exempt subjects transferred for use (lease) to a taxpayer.	383-1
A taxpayer may pay the full amount of annual tax on non-residential premises no later than the 20th day of the third month of the quarter in which the obligation arises.	398
From January 1, 2027, benefits on residential property tax do not apply to foreign citizens, except compatriots holding “meken-card”.	409



PATENT



Patent

DESCRIPTION	Article of the Tax Code
<ul style="list-style-type: none">✓ Added to those ineligible for patent regime:<ul style="list-style-type: none">(i) an individual acting as a distributor;(ii) an individual meeting the criteria of business splitting. ✓ If a taxpayer operates within a territory not specified in the patent, the tax authority may annul, revoke or suspend the patent. ✓ If the taxpayer ceased economic activity but the actual revenue exceeded the declared annual planned revenue, tax liabilities on the excess are assessed under the general regime.	416



UNIFIED TAX



Unified Tax

DESCRIPTION	Article of the Tax Code
Activities conducted outside KR may apply only the simplified tax regime under the unified tax (STR), except when carried out under an agency agreement. The tax rate is 0.1% for this activity.	51, 419, 423
Changed deadline to apply for STR: application must be submitted before the first day of the month of the upcoming calendar quarter; transition occurs from the first day of the month of the quarter following the application quarter.	420
Tax obligation date for STR is the earliest of: invoice issue, cash receipt, or payment receipt; for fuels and lubricants, the obligation date is the supply date in the invoice.	422-1
<ul style="list-style-type: none">✓ STR payers at 0% and 0.5% rates, residents of the Creative Industries Park, payers registered under conditional VAT, and subjects operating outside KR may not simultaneously conduct several types of activities.✓ 0% of unified tax rate is not allowed for individual entrepreneurs selling medicines, medical devices, fuel and lubricants, or those meeting business-splitting or distributor criteria.✓ Defined the procedure for Creative Industries Park residents to apply the relevant unified tax rates.	423



HIGH-TECH PARK (HTP) I FREE ECONOMIC ZONES (FEZ)



DESCRIPTION	Article of the Tax Code
The obligation of an HTP resident to submit to the tax authority a registration application and notarized copy confirming HTP residency is canceled. Now the HTP Directorate electronically notifies the tax authority of the resident's intent to apply the special tax regime.	433
An FEZ taxpayer cannot be a subject providing services under an agency agreement.	427
An FEZ subject importing goods into the FEZ for subsequent export must apply conditional VAT tax regime.	430

SPECIAL FINANCIAL INVESTMENT TERRITORY “TAMCHY”



Special Financial Investment Territory “Tamchy”

DESCRIPTION	Article of the Tax Code
A new special tax regime is introduced for activities of subjects registered in the special financial investment territory “Tamchy” with a special legal regime and status. Physical and legal persons, including foreign persons, registered in this territory may apply the regime. All types of taxes are exempt. Permitted activities are established by Law No. 136 of 10.07.2025.	Chapter 64



TRANSACTION TAX



Transaction Tax

DESCRIPTION	Article of the Tax Code
<p>Transaction Tax replaces profit tax, VAT, and sales tax for covered operations. Taxpayers, periods, payment deadlines, and reporting are established.</p> <p>A transaction is an operation on redirection of funds from/to accounts of foreign banks on behalf of a foreign subject, executed by: a KR-registered entity/ Individual entrepreneur /branch/rep office of a foreign entity registered in the KR, or by a foreign entity without PE in KR but tax-registered at the bank address where its KR account is opened.</p> <p>Redirection includes receiving and transferring funds in cash or non-cash, including via another taxpayer, as well as using an account of a KR entity abroad or an account in a KR bank of a foreign entity without PE tax-registered at the bank's address.</p>	Chapter 65



Transaction Tax

DESCRIPTION	Article of the Tax Code
<p>Taxpayers:</p> <ul style="list-style-type: none">(i) KR entity/Individual entrepreneur/branch/rep office of a foreign entity registered in the KR;(ii) foreign entity without PE in KR opening an account in a KR bank. <p>Tax rate: 0.1% of amounts received/transferred within transaction via a bank account. The bank acts as tax agent and withholds tax when the transaction is executed through bank accounts. This special regime applies to operations on redirection of funds received from and sent to foreign bank accounts.</p> <p>Prohibited within the regime:</p> <ul style="list-style-type: none">(i) sale of goods, works, services in KR;(ii) operations not related to redirection of funds between foreign subjects.	Chapter 65



MEET THE TEAM



**YULIA
AMDUMANAPOVA**

Managing Partner

T: +995 312 979180

E: yabdumanapova@taxence.kg



**JANYL
ABDUHALYKOVA**

Senior Consultant

T: +995 312 979180

E: jabduhalykova@taxence.kg



CONTACTS:

TAXENCE LLC

103, Ibraimov str, BC Victory +, Block C, 15th floor

Tel.+996 312 979180

E-mail: info@taxence.kg

www.hlbkyrgyzstan.com

Follow us on social:



#togetherwemakeithappen #teamHLB #HLBInsights

©2020 HLB International Limited All rights reserved.

HLB refers to the HLB International network and/or one or more of its member firms, each of which is a separate legal entity. HLB International is a global network of independent professional advisory and accounting firms, each of which is a separate and independent legal entity and as such has no liability for the acts and omissions of any other member. HLB International Limited is an English company limited by guarantee which co-ordinates the international activities of the HLB International network but does not provide, supervise or manage professional services to clients. Accordingly, HLB International Limited has no liability for the acts and omissions of any member of the HLB International network, and vice versa.

