



INVESTING IN THE KYRGYZ REPUBLIC

A Practical Guide for Foreign Investors

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FOREWORD

Welcome to Investing in the Kyrgyz Republic. This guide is a joint publication prepared by ARTE Law Firm and HLB Taxence LLC as a practical resource for foreign investors considering or already pursuing business opportunities in one of Central Asia's most investment-friendly jurisdictions.

ARTE Law Firm brings deep legal expertise across corporate law, M&A, dispute resolution, and regulated industries including energy, mining, aviation, and real estate. Recognized by Chambers & Partners and Legal 500, ARTE has been a trusted advisor to international investors in the Kyrgyz Republic since 2011.

HLB Taxence LLC is a professional consulting firm specializing in tax, legal, financial advisory, and accounting services. HLB Taxence uses its industry expertise and cross-border connections to serve a wide range of clients – from local enterprises to international corporations. The firm's key strengths include deep expertise across tax, legal, financial advisory, and accounting; an integrated approach tailored to each client's needs; and a focus on transparency, efficiency, and full compliance with applicable legislation.

Together, we offer foreign investors a seamless, integrated solution covering both legal and tax aspects of doing business in the Kyrgyz Republic.

The information contained here is general in nature and does not constitute legal or tax advice. Laws and regulations change, and every investment project has unique characteristics. We strongly recommend consulting the respective professional advisors at ARTE Law Firm or HLB Taxence LLC before taking specific steps.

Neither ARTE Law Firm nor HLB Taxence LLC accepts responsibility for any actions or business decisions taken based solely on this guide.



GENERAL INFORMATION ABOUT THE KYRGYZ REPUBLIC →



Geography and Population

The Kyrgyz Republic is a landlocked country in the heart of Central Asia, bordered by Kazakhstan to the north, China to the east, Tajikistan to the south, and Uzbekistan to the west. More than 90% of its territory is covered by the Tian Shan mountain range. As of 2024 to 2025, the population is estimated at approximately 7.3 to 7.4 mln. people. The country possesses significant hydropower potential and substantial gold reserves making energy and mining key sectors of the economy.



Government

The Kyrgyz Republic is a unitary presidential republic. The President serves as the Head of State and heads the executive branch. In recent years, the political environment has stabilized considerably with the government focusing on attracting foreign direct investment and implementing structural economic reforms.



Legal System

The legal system belongs to the continental legal family with the Constitution as the supreme law. Business legislation is continuously improved to enhance the investment climate, including robust protection of property rights and simplified registration procedures.



BANKING AND CURRENCY REGULATION →

The Kyrgyz Republic operates one of the most liberal currency regimes in the Central Asian region. The national currency is the Kyrgyz som (KGS). Currency control is minimal, and investors may freely convert KGS into any foreign currency for all payments related to their investments. There are no strict restrictions on transferring profits, dividends, interest, royalties, or capital gains abroad.

Standard anti-money laundering and counter-terrorist financing monitoring applies, and the banking sector is stable, with both local and foreign banks operating actively.

Digital and QR payments are developing rapidly. As a general rule, domestic transactions must be settled in KGS. However, exceptions allowing foreign currency use by mutual agreement exist for agreements involving the supply of exported and imported goods and services, as well as for the sale of goods and services within fuel and energy sector investment projects implemented under an investment agreement or public-private partnership with the Cabinet of Ministers of the Kyrgyz Republic.



INVESTMENT FACTORS & LEGAL PROTECTIONS

The Kyrgyz Republic applies a liberal investment regime governed primarily by the Law of the Kyrgyz Republic "On Investments in the Kyrgyz Republic" dated 12 August 2025, No. 198. Foreign investors are guaranteed national treatment, meaning that, in similar circumstances, they enjoy conditions no less favorable than those granted to domestic investors.

Key Guarantees for Foreign Investors

- Foreign investors benefit from several fundamental guarantees:
- unlawful expropriation is prohibited, and if expropriation occurs in exceptional cases such as for genuine public interest, the State must pay prompt, adequate, and effective compensation at full market value;
- investors have the right to freely repatriate profits and capital abroad without prior approval;
- Investment disputes may be submitted to ICSID or UNCITRAL arbitration if provided in an investment agreement or applicable bilateral investment treaty;
- where an international treaty offers more favorable conditions than domestic law, the treaty prevails, subject to national security interests;
- investors may choose any lawful form of investment activity and have guaranteed access to information relevant to their investments.

Stabilization Agreement

One of the most powerful tools for large-scale investors is the stabilization agreement. This contract, concluded with the State for up to 10 years, locks in the most favorable tax and non-tax payment conditions applicable at the time of signing. If legislation later changes to the investor's disadvantage, the investor may continue applying the earlier, more favorable conditions.

Type of project	Minimum Investment	Investment Period
General Investment	KGS 200 mln. (≈ USD 2.3mln)	Within 3 years of signing
Subsoil use projects	KGS 1 bln. (≈ USD 11.5 mln)	Within 5 years of signing

Eligibility for a stabilization agreement depends on the investment amount and timeline, as shown in the table below.

Bilateral Investment Treaties

The Kyrgyz Republic has concluded more than 30 bilateral investment treaties with countries including the United States, European Union member states, Switzerland, China, Turkey, the United Arab Emirates, and CIS countries. These treaties typically provide for fair and equitable treatment, full protection and security, free transfer of income and capital, protection against unlawful expropriation, and access to international arbitration.

Ownership Rules

Foreigners may own 100% of a business in most sectors. Exceptions apply to strategic sectors and regulated industries such as mining, aviation, telecommunications, etc.

Foreigners may not own land in the Kyrgyz Republic but may enjoy land use rights available for up to 50 years. However, land use rights may not be granted for land plots located in border areas, except for, *inter alia*, the construction of renewable energy facilities, railways, and their infrastructure. Foreigners are allowed to own residential and non-residential real property.

FORMS OF BUSINESS PRESENCE →

Foreign investors typically choose between two main legal forms: the Limited Liability Company, or LLC, and the Joint-Stock Company, or JSC, and may also establish its legal presence through branches or representative offices.



Limited Liability Company

LLC is the most common vehicle for foreign investors due to its flexibility and minimal formal requirements. An LLC requires a minimum of 1 shareholder and permits a maximum of 30 participants. There is no minimum charter capital requirement; a symbolic amount of KGS 100 (≈ USD 1) is sufficient. Liability is limited to the participants' contributions. Participants may withdraw from the company, and the management structure is flexible, typically comprising a general meeting of participants or sole participant and a director.

Foreign investors should be aware of an important restriction. An LLC may have as its sole founder another business entity that itself consists of a single person, but only if that entity is not directly or indirectly controlled by a foreign legal entity. This is a non-obvious trap, and foreign investors should structure ownership carefully with local advice.



Joint-Stock Company

JSCs are used less frequently, typically for large projects, those with state participation, or regulated sectors where the JSC form is mandatory. A JSC may be open or closed. The minimum capital for a JSC is KGS 100 thous. (≈ USD 1150). Governance is more complex, and reporting and disclosure requirements are enhanced. However, JSCs have the ability to raise capital by issuing shares.



Branch or Representative Office

Branches and representative offices are not separate legal entities — they are extensions of the foreign parent company — except that they may be treated as separate entities for tax purposes. A branch may conduct full commercial activities, whereas a representative office may conduct only representative functions, such as marketing, liaison, and promotion of the parent company's business. The parent company shall bear unlimited liability for all obligations arising from the activities of its branch and representative office.





EMPLOYMENT AND MIGRATION REGULATION



To engage in labor activities in the Kyrgyz Republic, foreign citizens, except for EAEU citizens, are generally required to obtain a unified permit. As of 1 July 2025, the Kyrgyz Republic introduced a new Unified Permit system replacing the previous W1 and W2 work visas and paper-based work permits.

The Unified Permit is entirely electronic and includes a QR code for verification. Applications are submitted through the portal www.evisa.e-gov.kg. The employer is responsible for applying for a quota and then for the permit itself. The fee comprises a government fee payable in KGS and a permit fee payable in USD. Employers should note that quotas are limited and should be secured early in the year.

TAXATION →

The Tax Code of the Kyrgyz Republic establishes a general tax regime and several special regimes. Under the general regime, the main taxes are summarized in the table below.

Tax	Rate	Notes
Corporate Income Tax (CIT)	10%	On taxable profit
Sales Tax	1–5%	On gross revenue; rate depends on activity and VAT status
Value Added Tax (VAT)	12%	Mandatory registration (no revenue threshold)
Personal Income Tax (PIT)	10%	Flat rate on salary and similar income; reduced rates are available for certain categories of individuals.
Property Tax	Local, varies	Payable by owners or users of buildings, structures, and land
Subsoil Use Royalties	1–12%	Percentage of revenue, depending on mineral type

Other taxes that may apply depending on the business activity include excise tax on alcohol, sugary drinks, tobacco, and fuel, as well as one-time signing bonuses for subsoil use and a special income tax on mining and mineral processing enterprises.



Social Contributions

Standard social security contributions include a 2.25% employer contribution based on payroll and a 10% employee contribution calculated on salary. Higher employer contribution rates may apply to certain industries.



Transfer Pricing

With respect to transfer pricing, tax authorities may control prices in related-party and cross-border transactions. While full OECD or BEPS-style documentation is not yet mandatory, local transfer pricing rules apply, and enforcement is gradually increasing.



SPECIAL TAX REGIMES →

The Kyrgyz Republic offers several attractive special tax regimes designed to stimulate specific industries and activities.

Under the Simplified Taxation System, CIT, VAT, and sales tax for eligible small businesses is replaced with the single tax. Rates range from 0 to 8% depending on the type of activity and payment method, but eligibility is limited to certain business types and revenue thresholds.

The High Technology Park, or HTP targets IT companies and software developers. HTP entities are exempt from CIT, VAT, and sales tax. Instead, they pay a fee of 1% of revenue. Salary taxes are reduced to 5% personal income tax instead of 10%, together with reduced social contributions. 80% of revenue of HTP entities must be derived from export of goods and services.

The Special Financial Investment Territory called *Tamchy* was established by law in July 2025 and is located in the Issyk-Kul region. This regime offers a 49-year tax exemption from CIT, VAT, sales tax, and property tax. Permitted activities include fintech, crypto-banking, asset management, Islamic finance, and other financial services.

Notably, English law may be used for contracts and dispute resolution, and international arbitration is permitted.

Free Economic Zones, or FEZs, also offer customs and tax preferences. Specific conditions vary by zone, such as the Bishkek FEZ, the Naryn FEZ, and the Karakol FEZ.

CUSTOMS REGULATION →

The Kyrgyz Republic is a member of the Eurasian Economic Union (EAEU), or EAEU, together with Russia, Kazakhstan, Belarus, and Armenia. As a member, goods move freely within the EAEU without customs formalities at internal borders. However, imports from third countries are subject to the EAEU Common Customs Tariff. Additionally, from 2026, the EAEU is implementing electronic navigation seals for tracking transit goods.

DISPUTE RESOLUTION →

Investment disputes may be resolved through several channels. The most common first step is negotiations and mediation, which are non-binding unless an agreement is reached. Alternatively, disputes may be brought before the courts of the Kyrgyz Republic, which are available for all commercial matters.

Most importantly for foreign investors, international arbitration is available if provided for in an investment agreement or an applicable bilateral investment treaty, with commonly used rules including UNCITRAL and ICSID.

Kyrgyz Republic has acceded to the 1965 Washington Convention, also known as the ICSID Convention, allowing investor-state disputes to be heard under the ICSID framework. This provides an additional layer of international legal protection.

Furthermore, Kyrgyz Republic is a party to the 1958 New York Convention, which provides a framework for the recognition and enforcement of foreign arbitral awards, subject to limited grounds for refusal. For maximum protection, investors should ensure that their investment agreement or underlying contract contains a clear and valid arbitration clause specifying the seat, rules, and language of arbitration.

PRACTICAL FAQS FOR FOREIGN INVESTORS →



Registration and Timelines

Company registration in the Kyrgyz Republic takes 1 to 3 business days if documents are properly prepared, under the electronic one-stop-shop system that simultaneously registers the company with tax authorities, the statistics authority, and the Social Fund. Government registration fees are minimal and vary depending on registration tariff chosen, approximately USD 15 to 50.

Opening a bank account generally requires in-person appearance of the signatory or a local director, although some banks offer remote onboarding for existing foreign clients.



Practical Operations

Foreign companies may lease office space without restrictions. Leases are typically denominated in KGS with payment in KGS. Contracts may be written in English, but for registration and tax filings, a notarized Kyrgyz or Russian translation is required. Court proceedings are conducted in Kyrgyz or Russian.



Visas and Stay

For business visitors, a business visa with multiple entries valid for up to 1 year is available, as is an investor visa for registered investors. A tourist visa is suitable for short stays. Without a work permit, a foreign national may stay up to 60 days per calendar year on a business or tourist visa, but engaging in paid work requires a work permit. A foreign director acting on behalf of a Kyrgyz company also requires a work permit under the Unified Permit system.



Withholding Taxes and Double Tax Treaties

Standard withholding tax rates are 10% percent for dividends, 10% percent for interest, and 10% for royalties. However, the Kyrgyz Republic has over 30 double tax treaties that may reduce the rates or provide tax exemptions. For example, under the treaty with China, dividends may be taxed at 5% if the investor owns at least 25% of the company. Under the treaty with the United Arab Emirates, rates may be as low as 0% to 5%. Investors should always verify the applicable treaty rate with a tax advisor.

ABOUT US

This guide is the result of a strategic collaboration between ARTE Law Firm and HLB Taxence LLC.

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Founded in 2011, ARTE Law Firm is a leading law firm in the Kyrgyz legal services market focusing on all aspects of commercial law. The firm provides legal services to domestic and foreign businesses, international organizations, and financial institutions operating in the Kyrgyz Republic and has particular industry expertise in Energy & Mining, Aviation, Real Estate & Construction, IP and IT, and M&A transactions.

Since 2013, ARTE Law Firm has been consistently recognized in the General Business Law practice area of Chambers & Partners (Band 1) and the Legal 500 EMEA. The firm is an active member of the International Business Council (IBC) and chairs its IP and technologies committee.



HLB Taxence LLC is a professional consulting firm specializing in tax, legal, financial advisory, and accounting services. The firm provides comprehensive support to both regional and international companies, combining sustainable growth, a strong commitment to high-quality service, and a competitive pricing strategy.

HLB Taxence's core service lines include tax advisory and compliance, financial consulting, and accounting and payroll. The firm serves clients across a wide range of industries, from local enterprises to international corporations.

OUR JOINT APPROACH →

By combining ARTE's legal expertise with HLB Taxence's tax and financial advisory capabilities, the two firms offer foreign investors a seamless experience. Whether you are entering the market, structuring an investment, managing ongoing operations or resolving a dispute, our joint team provides coordinated, practical advice at every stage.

CONTACTS

For personalized advice on investing in the Kyrgyz Republic, please contact either firm directly.

This guide is for general information purposes only and does not constitute legal or tax advice. Neither ARTE Law Firm nor HLB Taxence LLC accepts liability for any actions taken based solely on this document.

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