HLB THE GLOBAL ADVISORY AND ACCOUNTING NETWORK

Tax Alert

August 2026

Special Edition

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General Part

DESCRIPTION	Article of the Tax Code	Enters into force
The concepts of temporary import/export of goods and importation of goods have been clarified and expanded. The definitions of "invoice" and "invoice issued within the framework of trading activities on an electronic trading platform" have also been supplemented, with their respective functions clearly distinguished as a tax document and a supporting (accompanying) document.	4	From January 1, 2026
The procedure for assessing the effectiveness of tax incentives has been clarified. It is established that the requirement to assess the effectiveness of tax incentives does not apply to incentives granted for the purpose of implementing regulatory legal acts of the President of the Kyrgyz Republic.	36	From January 1, 2026
Entities engaged in transaction-based activities are required to pay taxes exclusively under the special tax regime “Transaction Tax” provided for in Chapter 65 of the Tax Code of the Kyrgyz Republic.	51	From January 1, 2026
The provisions governing tax agents for Transaction Tax purposes have been clarified by removing the reference to transactions involving the transfer of funds through accounts maintained with foreign banks. A technical error in a cross-reference provision has also been corrected: the reference to paragraph 3 of part 2 has been replaced with a reference to paragraph 5 of part 2 of Article 53, which governs VAT payable by a tax agent upon the acquisition of works and services from foreign persons.	53	From January 1, 2026

General Part

DESCRIPTION	Article of the Tax Code	Enters into force
The list of entities that may be served with a Tax Payment Demand (TPD) for the collection of tax arrears has been expanded. In addition to banks, a TPD may now also be issued to electronic money issuers and payment system operators.	81	From January 1, 2026
The restriction on making amendments to tax returns now applies only to the extent that such amendments would contradict valid decisions of the tax authorities or courts. Previously, the restriction applied to the entire tax period covered by a tax audit decision.	104	From January 1, 2026
The list of persons required to file the Unified Tax Declaration (UTD) now includes revised categories, while taxpayers exempt from filing the UTD are expressly identified. Such exemptions apply to the following organizations and individual entrepreneurs: 1) Entities financed from the state budget that did not have any property tax liabilities during the relevant reporting tax period; 2) Entities and individual entrepreneurs carrying on activities: ▪ under the tax regime applicable to special trading zones; ▪ under the simplified taxation system at unified tax rates of 0%, 0.1%, or 0.5%; ▪ on the basis of a patent; ▪ as peasant/farm enterprises operating without forming a legal entity; ▪ or subject to the Transaction Tax regime.	106	From January 1, 2026

General Part

DESCRIPTION	Article of the Tax Code	Enters into force
The authority to establish the procedure for maintaining the Unified Tax Account has been vested in the tax authorities.	116-2	From January 1, 2026
The submission by a taxpayer of an adjustment to tax reporting resulting in a reduction of tax liabilities is classified as a tax non-payment risk factor.	118	From January 1, 2026
The amendments extend the voluntary compliance period for tax authority decisions assessing taxes, penalties, and tax sanctions following field tax audits from 30 to 90 calendar days from the day following service of the decision. The deadline for complying with tax authority decisions assessing taxes and penalties following desk tax audits is likewise extended from 30 to 90 calendar days. The period for filing an appeal against a tax authority decision is also extended from 60 to 90 calendar days.	123, 125, 167	From January 1, 2026

General Part

DESCRIPTION	Article of the Tax Code	Enters into force
The amendments expand the definition of international transportation to cover not only transportation between the Kyrgyz Republic and a foreign state, but also transportation carried out through the territory of the Kyrgyz Republic in transit.	174 c.24-1	From January 1, 2026
The Tax Code of the Kyrgyz Republic is supplemented with new Article 178-1 regulating the use of invoices in e-commerce marketplace transactions. The Cabinet of Ministers of the Kyrgyz Republic is authorized to determine the cases requiring the issuance of such invoices, while their form and the procedures for their issuance and circulation are to be established by the authorized tax authority.	178-1	From January 1, 2026

Personal Income Tax

DESCRIPTION	Article of the Tax Code	Enters into force
The amendments include income derived from the receipt of a loan in the scope of an individual's income in the form of a material benefit. At the same time, a material benefit arising from loans provided by state authorities, local self-government bodies, and other entities specified in paragraph 2 of Article 47 of the Tax Code of the Kyrgyz Republic is exempt from personal income tax.	190, 191	From January 1, 2026
The amendments introduce a <u>5% personal income tax rate</u> for employees of state institutions and organizations with at least 51% state ownership engaged in the development, implementation, and technical support of software.	197	15 days following its official publication

Tax on the Income of Mining and/or Mineral Processing Enterprises

DESCRIPTION	Article of the Tax Code	Enters into force
The income tax rates for mining and/or mineral processing enterprises are revised through the expansion of price bands for precious metals and an increase in the maximum tax rates linked to international market prices for gold and other precious metals.	245	15 days following its official publication

VAT

DESCRIPTION	Article of the Tax Code	Enters into force
The amendments establish a special rule for determining the VAT point of taxation in respect of construction and installation works. A VAT liability arises only upon the simultaneous fulfillment of two conditions: completion of the works and receipt of payment. Accordingly, the general rule under which a VAT liability may arise on the earlier of the invoice issuance date or the payment receipt date does not apply to such transactions.	261	From January 1, 2026
The procedure for calculating VAT on goods sold through e-commerce platforms by foreign entities has been amended. VAT must be assessed and remitted based on the entire value of goods acquired by individuals. The amount of such VAT may not be credited or offset.	310	15 days following its official publication

Excise Tax I Sales Tax

DESCRIPTION	Article of the Tax Code	Enters into force
The list of excisable waste petroleum products is expanded to include products classified under HS codes 2902, 2909, and 2921.	334	From January 1, 2025
The amendments revise the rules for determining the tax point for Sales Tax purposes. Under the previous rules, a Sales Tax liability arose on the earliest of the following dates: issuance of an invoice, issuance of a cash register receipt, or receipt of payment. In general, the tax liability is now determined based on the date on which revenue from the sale of goods, works, or services is recognized under the applicable tax accounting method, or on the date the relevant income arises. The obligation to account for and pay Sales Tax on advance payments received is retained only for activities involving the sale of newly constructed residential and non-residential premises.	366-1	From January 1, 2026

Unified Tax

DESCRIPTION	Article of the Tax Code	Enters into force
The list of Unified Tax taxpayers engaged in activities outside the territory of the Kyrgyz Republic is clarified. Activities carried out through electronic marketplaces, in addition to those conducted under agency agreements, are excluded from the scope of this regime. The concept of activities conducted outside the territory of the Kyrgyz Republic is also expanded. In addition to the sale of goods outside the country, it now covers ancillary works and services related to such sales. For these purposes, the relevant goods are those that do not cross the State Border of the Kyrgyz Republic.	419	From January 1, 2026
The amendments revise the rules for determining the tax point for Unified Tax taxpayers. Under the previous rules, a tax liability arose on the earliest of the following events: the supply of goods, works, or services, the issuance of a cash register receipt, or the receipt of payment. Under the new rules, the tax liability arises on the date revenue from the sale of goods, works, or services is recognized in accordance with the applicable tax accounting method, or on the date the corresponding income arises. However, for the sale of newly constructed residential and non-residential premises, the previous rule is retained, whereby the tax liability arises on the earliest of the above-mentioned events.	422-1	From January 1, 2026

Unified Tax

DESCRIPTION	Article of the Tax Code	Enters into force
The procedure for establishing unified tax rates applicable to taxpayers operating under the regime provided for in Article 324 of the Tax Code of the Kyrgyz Republic is revised. While the base rate remains at 3%, the Cabinet of Ministers is authorized to adjust the rates applicable to specific categories of goods, provided that such rates do not exceed the established base rate.	423	15 days following its official publication
The unified tax rates applicable to certain types of activities are revised. In particular: ✓ the unified tax rate for sauna and bathhouse activities is reduced from 8% to 5%; ✓ new unified tax rate of 4% is introduced for the sale of newly constructed residential and non-residential premises; ✓ the unified tax rates applicable to catering businesses are revised: instead of differentiation based on the method of payment (cash/non-cash), unified rates of 5% for the cities of Bishkek and Osh and 3% for the remaining territory of the Kyrgyz Republic are established; ✓ the tax incentives available to residents of the Creative Industries Park are revised: the unified tax rate is set at 0% for the period from August 1, 2026 through July 31, 2031.	423	15 days following its official publication (except that the rates for residents of the Creative Industries Park become effective on August 1, 2026, and the rates for catering businesses become effective on January 1, 2027).

SFIT Tamchy

DESCRIPTION	Article of the Tax Code	Enters into force
The supply of goods, works, and services to an entity of the Tamchy Special Financial Investment Territory (SFIT) by persons that are not SFIT Tamchy entities is exempt from VAT.	467	15 days following its official publication

Transaction Tax

DESCRIPTION	Article of the Tax Code	Enters into force
The amendments introduce several changes to Chapter 65 of the Tax Code of the Kyrgyz Republic governing the Transaction Tax regime, including the following: ✓ taxpayers subject to the Transaction Tax regime are not exempt from fulfilling tax agent obligations in cases provided for by the Tax Code of the Kyrgyz Republic; ✓ the definition of activities subject to the Transaction Tax regime is clarified, with the taxable object defined as transaction-based activities rather than a separate transaction involving the crediting of funds to an account; ✓ domestic money transfers are expressly excluded from the scope of taxation; ✓ the tax base is expanded to include consideration received for transaction-related services; ✓ the tax point is established as the date on which funds are credited to an account maintained with a bank in the Kyrgyz Republic for the purpose of carrying out transaction activities; ✓ And the restriction limiting a foreign organization to opening only one bank account in the Kyrgyz Republic is abolished.	Chapter 65	From January 1, 2026 (except for certain provisions, which enter into force 15 days following official publication)

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