October 2026

TAX BRIEF



1. New Requirements Adopted for Commercial Banks to Identify High-Risk Transactions

By Resolution No. 2026-P/48-2 of the Board of the National Bank of the Kyrgyz Republic dated 1 October 2026, amendments were introduced to the Regulation on Minimum Requirements for Organizing Internal Control in Commercial Banks, establishing indicators of elevated risk in transactions carried out by legal entities and individual entrepreneurs, as well as measures to be taken by banks in response to such transactions.

High-risk indicators include, among others, systematic cash withdrawals, rapid transfers of funds to third parties, significant transaction volumes shortly after business registration or account opening, and other transactions that are inconsistent with the customer's business activities or appear to lack an apparent economic purpose.

Quantitative thresholds for these risk indicators will be determined by each bank in its internal policies, taking into account the nature and scale of the customer's activities, the customer's risk profile, and the results of AML/CFT risk assessments.

Where such indicators are identified, a bank must conduct enhanced due diligence of the transaction. If the customer fails to provide supporting documents, the bank may refuse to process the transaction. Where there are suspicions of money laundering or financing of criminal activity, the transaction may be suspended and the business relationship with the customer may be suspended or terminated.

The new requirements will enter into force on **1 January 2027** and are intended to strengthen control over transactions involving cash withdrawals and the transit of funds through bank accounts.

2. Joint-Stock Companies May Be Allowed to Pay Dividends from Retained Earnings of Previous Years

By Resolution No. 734 of the Jogorku Kenesh of the Kyrgyz Republic dated 1 October 2026, a draft law amending the Law of the Kyrgyz Republic "On Joint-Stock Companies" was approved in the first reading. The proposed amendments would allow joint-stock companies to distribute dividends from retained earnings accumulated in previous years.

Currently, dividends may be paid only out of the company's net profit for the reporting year, while the law does not expressly permit the use of retained earnings from prior years for dividend distributions.

Under the draft law, joint-stock companies would be entitled to pay dividends from retained earnings of previous years subject to prior approval from the authorized state body responsible for securities market regulation. For joint-stock companies regulated by the National Bank of the Kyrgyz Republic, such distributions would require the prior consent of the National Bank.

3. Enhanced Measures Planned to Address Taxpayer Misconduct

By Presidential Decree No. 343 of 8 October 2026 "On Measures to Improve Legal Guarantees for the Protection of Bona Fide Taxpayers", the Cabinet of Ministers has been instructed to develop proposals within three months for further improvements to the tax legislation.

The proposed measures include:

- establishing a Register of Non-Compliant Taxpayers;
- introducing restrictions on the registration and re-registration of persons included in such Register;
- implementing a voluntary self-restriction mechanism allowing citizens to prohibit business registration in their name;
- strengthening regulation governing the use of powers of attorney and qualified electronic signatures, including liability for their unauthorized transfer or use;
- introducing criminal liability for the use of nominee persons in business registrations and for the issuance of fictitious electronic VAT invoices;
- establishing legal mechanisms for holding ultimate beneficial owners and other persons who effectively manage taxpayers' activities accountable.

Particular attention should be paid to the proposed Register of Non-Compliant Taxpayers, which is intended to include, among others:

1. taxpayers with established tax liabilities exceeding the threshold for criminal liability;
2. persons involved in the use of fictitious electronic VAT invoices, including both sellers issuing invoices for non-existent transactions and purchasers using such invoices to improperly reduce their corporate income tax and VAT liabilities;
3. persons using nominee individuals for business registration purposes, thereby concealing actual beneficiaries and facilitating tax avoidance schemes.

Notably, the proposed measures are preventive in nature and relatively stringent. For example, the Decree contemplates criminal liability for the use of nominee persons in business registrations even where no actual tax underpayment has yet been established.

4. Temporary Restrictions Introduced on Imports of Potatoes, Apples, and Certain Plaster Products

By **Resolutions of the Cabinet of Ministers of the Kyrgyz Republic No. 685 dated 9 October 2026, No. 696 dated 15 October 2026, and No. 720 dated 27 October 2026**, temporary import bans were introduced on potatoes, apples, and certain plaster products.

The restrictions apply to:

- gypsum products classified under EAEU HS Code 6809 11 000 0;
- potatoes classified under EAEU HS Code 0701 90 500 0; and
- apples classified under EAEU HS Codes 0808 10 100 0 – 0808 10 800 8.

The ban on plaster products does not apply, among others, to goods imported from EAEU member states or imported within the framework of certain investment projects.

For potatoes, exemptions apply, inter alia, to goods shipped before the restrictions entered into force and goods imported for research and testing purposes.

The restrictions on apple imports do not apply to products shipped to Kyrgyzstan prior to the effective date of the ban, provided that the relevant confirmation is obtained from the Ministry of Agriculture.

In all cases, the restrictions do not apply to goods transported in transit through the territory of the Kyrgyz Republic.

The measures are temporary in nature. The bans on imports of potatoes and plaster products remain effective for six months from the date the relevant resolutions entered into force, while the restriction on apple imports will remain in effect until **1 February 2027** and is intended to support domestic orchard operators in marketing the 2026 harvest.

5. Procedure for Voluntary Accreditation of Foreign Investors Approved

By **Resolution No. 697 of the Cabinet of Ministers of the Kyrgyz Republic dated 15 October 2026**, the Regulation on the Procedure and Criteria for Voluntary Accreditation of Foreign Investors in the Kyrgyz Republic was approved.

The Regulation establishes a voluntary and free-of-charge accreditation regime for existing and prospective foreign investors, regardless of investment volume, number of jobs created, sector, or location of the investment project. Accredited investors will be entered into a dedicated register and issued a digital accreditation certificate.

At the same time, accreditation does not constitute a permit or licence and does not itself provide any tax, customs, land-related, or other incentives or preferences.

The accreditation process is intended to facilitate investors' inclusion in the governmental investment support framework and provide access to organizational, advisory, and informational assistance from the competent state authority.

6. Approval Gradual Increase of the Personal Income Tax Deduction Proposed

By **Resolution No. 767 of the Jogorku Kenesh of the Kyrgyz Republic dated 28 October 2026**, a draft law providing for a phased increase of the personal income tax deduction was approved in the first reading.

The proposal envisages increasing the deduction from the current **6.5 calculation indices** to:

- **10 calculation indices** from 1 January 2027;
- **20 calculation indices** from 1 January 2028; and
- **25 calculation indices** from 1 January 2029.

The value of one calculation index is currently **KGS 100**.

7. Tax and Immigration Incentives Proposed for Foreign Teachers and Educational Institutions

By **Resolution No. 765 of the Jogorku Kenesh of the Kyrgyz Republic dated 28 October 2026**, a draft law aimed at attracting foreign teachers and specialists and supporting educational institutions was approved in the first reading.

The draft law proposes to:

- exempt income earned by foreign teachers and specialists engaged by educational institutions under employment or civil law contracts from personal income tax;
- exempt such teachers and specialists from the 2% contribution to the State Accumulative Pension Fund;
- introduce a separate ground for obtaining a temporary residence permit in the Kyrgyz Republic for foreign teachers and specialists;
- exempt secondary vocational, general secondary, higher and postgraduate educational institutions from corporate income tax, sales tax, and land tax;
- exempt from VAT the importation of equipment and technical resources not produced in Kyrgyzstan and imported for the operation of such educational institutions.

The proposed measures are intended to enhance the attractiveness of the Kyrgyz education sector for foreign professionals and to support the development of educational institutions within the country.