

RESEARCH REPORT¹

“Training in Trade, Transportation and Transit for Better Business between Chinese and Kyrgyz Entrepreneurs”

Bishkek – 2008

¹ This research report is prepared according to the Research grant agreement between Rafkat Hasanov, Kyrgyzstan and the program (Appendix 10 to the report)

Table of contents

Introduction: goals and tasks of the research

Development of Training Program and Brochure

1.1. Training curriculum development

1.2. Brochure development

Research of entrepreneurs' knowledge on business legislation

2.1. Survey description

2.2. Key conclusions

Conclusion

Appendix

1. Questionnaire for Kyrgyz entrepreneurs in Russian language
2. Questionnaire for Kyrgyz entrepreneurs in English language
3. Questionnaire for Chinese entrepreneurs in Chinese language (separated, in PDF format)
4. Questionnaire for Chinese entrepreneurs in English language
5. Brochure for Kyrgyz entrepreneurs
6. Brochure for Chinese entrepreneurs
7. Training program for Kyrgyz entrepreneurs
8. Training program for Chinese entrepreneurs
9. Summary of the Chinese and Kyrgyz entrepreneurs survey results

Introduction

After the disintegration of the Soviet Union in 1991, the Government of the Kyrgyz Republic (GOK) worked to establish its foreign trade relations with the outside world. By acceding to the WTO, the Kyrgyz Republic was granted preferential access to the markets of all other WTO members as well as much needed investment and export opportunities. By 2004, according to the data from the Kyrgyz Ministry of Economic Development, Industry and Trade, the GOK had established trade relations with 105 countries worldwide and the overall foreign trade turnover was more than 1 billion U.S. dollars.

Trade with the People's Republic of China has steadily grown since 1991. The Kyrgyz Republic imports Chinese plastic products, construction and agricultural equipment, clothing, agro-inputs, textiles, construction materials, food products, medicine, cosmetics, Information Technology hardware, metal, wood and leather products, among others, and exports to China mainly raw materials, including cashmere, cotton fiber, scrap-iron, leather materials, mercury, and hydroelectric power. Much of the trade volume went through the Ala Pass into Kazakhstan.

As trade relations between China and the Kyrgyz Republic constantly develop, it is necessary to encourage trade by simplifying trade process and assisting entrepreneurs in doing joint business.

An analysis of current situation conducted by experts showed that there is a lack of information on business legislation. Existing relevant information regarding business legislation is published in Russian or Chinese languages, while business language is English. So there is a barrier for entrepreneurs when doing business in China or Kyrgyzstan as they don't have essential access to legislative normative acts regulating business.

Besides, experts' contacts with both Chinese and Kyrgyz entrepreneurs showed that the level of awareness of information on business legislation is low. The following situation can give an example: when one of the Chinese entrepreneurs was asked about amount of social payments he is obliged to pay as an employer when doing business in the Kyrgyz Republic, he noted the amount was about 35%, while the employer has to pay 19% for each employee.

Objective of the research

A research is aimed at providing the critical business information to entrepreneurs from the Kyrgyz Republic and China on the trade, transport and transit regulations and procedures in both countries. As a part of the research, a questionnaire had been developed by the experts that was surveyed among Kyrgyz businesses who trade with China and Chinese businessmen who

trade with Kyrgyzstan in order to collect and analyze information about potential business needs and opportunities in areas of transportation, trade and transit².

The main aspects of doing business that are chosen as the most important are listed below.

1. Visa application and registration requirements;
2. Customs procedures;
3. Tax system and non-taxation payments;
4. Transit;
5. Transport regulations;
6. Registration of entrepreneurs' activity;
7. Government regulation of business;
8. Licensing system;
9. Activity in Free economic zones.

When collecting all necessary information about legislative acts on main aspects of doing business the experts faced a problem that all relevant materials were not structured and were spread around the sources, besides it is very complicated to perceive information written in legal language. That is why experts decided to create one document (a brochure) that will contain all necessary information about business legislation in simple form. Besides as a level of computer skills of entrepreneurs is also low, the brochure should be disseminated among entrepreneurs in the form of manuals. The brochure will be based on reliable government sources of information and contains recent approved legislative normative acts of the Kyrgyz Republic and China. The brochure will contain links to the government sources and different legislative databases that will help to businessmen to get more details and current information about new amendments to the legislation. The brochure will be drafted by experts who have sufficient knowledge about above mentioned issues.

As shown by experience it is not sufficient only to learn, it is also necessary to give practical studies and examples. That's why it was proposed to conduct training course, aimed to teach entrepreneurs all basic ideas of business legislation via training programs made on the basis of main aspects of doing business.

Thus the research includes 4 phases:

1. Questionnaire development. The questionnaire consists of questions aimed at studying of knowledge of entrepreneurs of the Kyrgyz Republic and China of the issues on trade, transportations and transit in the partner country.

² As noted in CAREC Research Proposal.

2. Survey. The survey is conducted among 500 Chinese and 500 Kyrgyz entrepreneurs.
3. Survey data analysis that results in the development of a concept of training module to matching the needs of entrepreneurs formulated in the questionnaires.
4. Development of the training module, including Training programs and Brochure.

Development of Training programs and Brochure

Brochure Development

The objective of the brochure was to describe all main aspects of business legislation especially answer to those questions, which were not answered by entrepreneurs during the survey. Thus the brochure includes the most significant and necessary information regarding to business legislation based on the results of the survey.

In order to facilitate trade relations between two countries two brochures were developed: one for Chinese entrepreneurs that contains information about Kyrgyz legislation and one for Kyrgyz entrepreneurs, giving answers to the main questions about Chinese business legislation. The brochures consist of 9 sections mentioned above; each section gives the entrepreneurs answers to the following questions:

- “What is it?” – the brochures give definition of processes, procedures regulating business; give explanation of basic terms connected with business legislation; inform about rates, payments sizes and administrative fines.
- “Where to address?” – the brochures contain contact information of all of the services and state bodies that involved in business regulation, including their addresses, telephone numbers and web-sites.
- “What are the requirements?” – the brochure explain basic legislation requirements in regard to application and permissive documents; procedures of doing business, and also rights and duties both of entrepreneurs and state services.
- “How to do?” – the brochures illustrate stages of application procedures, show which steps are taken within this procedures and which actions are made by both entrepreneurs and state bodies.

At the end of the brochure there is a glossary in which peculiarities of terms are explained.

Thus the brochures contain all relevant information, including explanation of legislative normative acts, examples, contacts and web links. As business legislation changes slowly, web links are necessary to update information.

It is necessary to notice that the brochure about Kyrgyz legislation is more descriptive and detailed. It is related to differences in economies between two countries: as Chinese economy is larger it is difficult to describe all of the aspects of doing business in China. Besides the access to information about Chinese legislation was limited, as a lot of legislative acts are written in Chinese language. However, it is necessary to mention that the brochure intended for Kyrgyz entrepreneurs gives all necessary information which helps entrepreneur in making the first step towards increasing the business efficiency.

The brochures are presented in Appendix 3, 4.

Updating and dissemination of the brochures

The costs for development of brochures are high, but updating costs is considerably low. So there are two ways in which the brochures can be regularly updated and disseminated.

The first way is transfer of these brochures to respective state bodies, such as, for example, to Intergovernmental Kyrgyz-Chinese Commission on Trade and Economic Cooperation or national governmental bodies like China Investment Promotion Agency and the Ministry of Economic Development and Trade in Kyrgyzstan. These organizations are responsible for informing business about conditions of doing business in respective countries.

The second way is transfer of these brochures to private company and non-governmental organizations. Although specialized marketing research was not implemented, the project survey revealed a great interest from entrepreneurs in purchasing of doing business brochure. The testing of demand for manuals was going to be made during training process as well.

Training programs development

In addition to the informative brochures there are training programs for both Chinese and Kyrgyz entrepreneurs that will allow teaching entrepreneurs all main aspects of business legislation in both countries. The objective of the courses is to provide necessary knowledge, information, and skills in starting a business in the targeted markets. There are nine topics in the course including visa application, business registration, custom procedure, transportation and transit, taxation system, government regulation, licensing, and free trade zones respectively.

The courses are focused upon those policy issues such as government regulation, law, and preferential treatments for foreign investors in China and the Kyrgyz Republic. Considering the great difference of business environment in both countries, the course will greatly facilitate small and mediate enterprises to open and run their business in both countries.

Requirements

Businessmen should have a mild background in *International Business* or at least to have some practical experience in business to participate this course. After having the course, the businessmen should have the basic knowledge of concepts, authorities, procedures, and detailed information in each topic.

There is a “3 W requirements” in this course. The businessmen should know: What is it? How to do? Where to go? For example, after “Tax system” section, businessmen should know what kind of tax a business or businessman should pay and what does it mean? Which authority you should go to handle the operation? How to pay your tax in the Kyrgyz Republic or China?

Training process

It is possible to conduct training via two courses: short one and more detailed and descriptive course.

Short course will include basic issues of business legislation, with particular focus on taxation issues and customs procedures (another issues can be included by request of entrepreneurs). Presumably the whole course will take 5 days, 2-3 hours each day.

Training programs presented in Appendix 5, 6 contain the whole, detailed and descriptive courses according to each section of legislation mentioned above. Each course consists of lectures and practical studies; also it is supposed to conduct discussion seminars and business games. Approximately each course (except for course 3 “Tax system and non-taxation payments, as one of the most extensive) includes 4-6 lectures and 2-4 practical study.

Training courses should be conducted for both Chinese and Kyrgyz entrepreneurs, and for better training of Kyrgyz entrepreneurs it is necessary to invite Chinese experts on business legislation.

One of the advantages of taking the training course is opportunity to obtain more specific information about new amendments of business legislation.

Research of entrepreneurs’ knowledge on business legislation

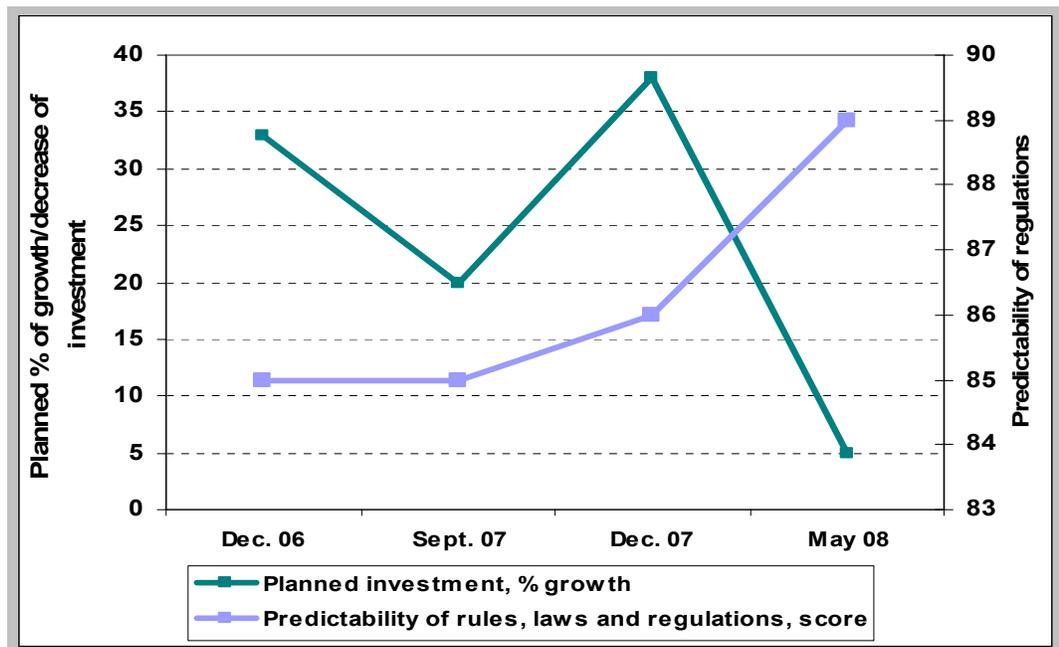
Costs of not knowing rules by businessmen

The researchers did not estimate how big costs of not knowing business legislation by entrepreneurs. We used our expert judgment that they are quite sufficient and this opinion was supported by businessmen while conducting interviews. At the same time there are some indirect indicators that confirm benefits from business legislation awareness for entrepreneurs.

International Business Council in Kyrgyzstan conducts business survey³ on regular basis. According to the survey *the indicator predictability of rules, laws and regulations* for investors becomes a very important issue. This indicator has direct links with the level of knowing rules of doing business. The Graph 1 shows that this indicator increases for last year and half. In autumn 2007 the score of “predictability of legislation” indicator was 85, in winter 2007-2008 – 86, and finally in spring 2008 this indicator took the first place in ranking with the score 89 (score ranges from 0 to 100, where 100 is the highest importance).

At the same time according to the same survey the planned investment of investors went down so the Diagram shows a negative correlation between these two indicators and basically says that not knowing rules of doing business affects investments negatively.

Diagram 1. Investment plans and business legislation predictability in the Kyrgyz Republic



The survey description

As the first phase of the research it was decided to conduct a survey among Chinese and Kyrgyz entrepreneurs to understand level of the entrepreneurs’ knowledge on business legislation. The main instrument of the Survey is a questionnaire, developed by experts who specialize in particular issues. The questions included in the questionnaire were chosen on the basis of experts’ evaluation and contain the most important issues of doing business.

³ A survey is being conducted by International business council, published each quarter in “Investment now” magazine. The Kyrgyz Republic, 2008.

Thus the questionnaire consists of 9 sections, which includes in total 72 questions. Questions are presented in the questionnaire both with alternative and plural choice. Absolutely closed questions are not included. There is an option of the response as “Other”. The questionnaire was translated into English and Chinese languages and is presented in Appendix 1.

Identification of focus groups

Russian-speaking business group

The pool of the Kyrgyz entrepreneurs of entrepreneurs maintaining trade and economic relations with China was created. Experts worked closely with:

- business associations;
- the State Customs Committee;
- Chamber of Commerce and Industry;
- Ministry of Economic Development and Trade.

Addresses and other contacts of entrepreneurs working with China were received from these sources and especially from business associations. Then entrepreneurs who just import goods through intermediaries were excluded from pool of respondents. Finally the sample of Kyrgyz entrepreneurs, who directly do business in/with China was formed.

Chinese-speaking business group

Direct work with Chinese entrepreneurs, carrying out business activities in the Kyrgyz Republic, was impossible due to language barriers and reluctance of Chinese small business representatives to talk to experts. Consequently experts applied to informal chairmen of Chinese business circles asking to assist to conduct the survey. Survey was conducted in the Kyrgyz Republic, among entrepreneurs do business directly in Bishkek and represent different sectors of business.

It is worth mentioning that the expert group faced certain difficulties as some Chinese businessmen were suspicious regarding the survey. This attitude was overcome and positive relations were set up finally.

Key conclusions

The results of the survey show a very low level of knowledge of business legislation by entrepreneurs, moreover the level of knowledge of Chinese legislation by Kyrgyz entrepreneurs is significantly lower than one by Chinese entrepreneurs.

Short comparative conclusions based on the survey results are the following:

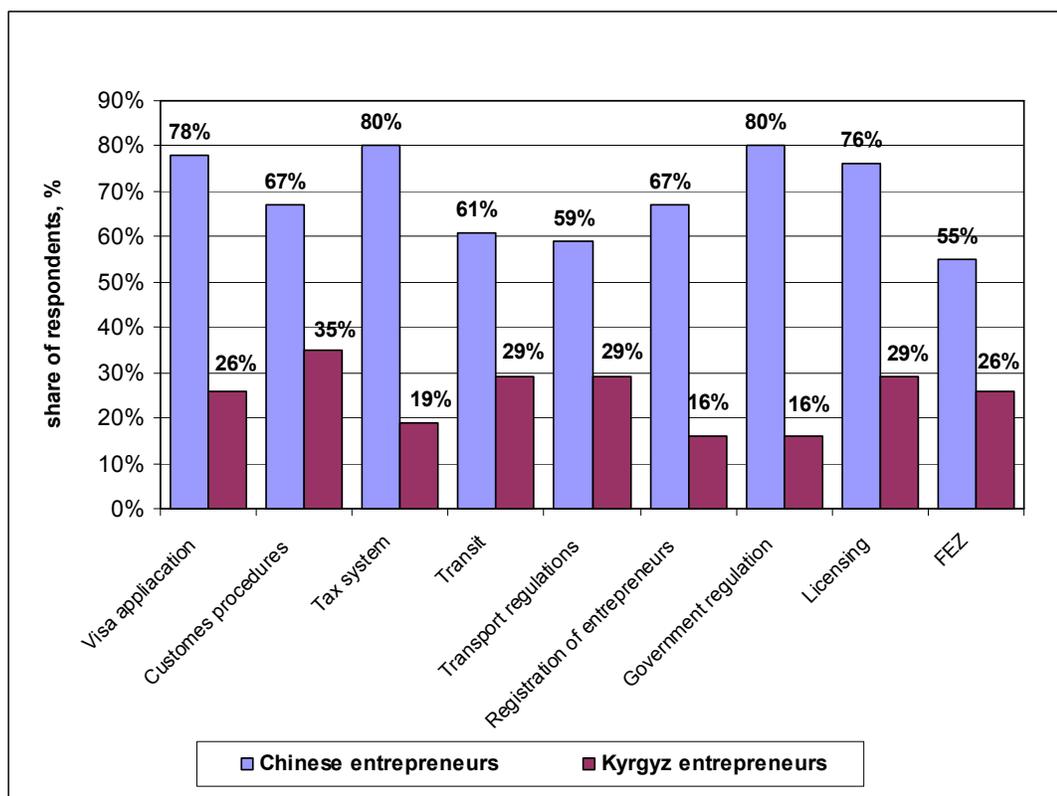
Sample structure

Main sphere of activity presented by Kyrgyz entrepreneurs, doing business in/with China is trade; while among Chinese entrepreneurs doing business in the Kyrgyz Republic we can see relatively equal distribution of economic sector presentation. It is because the Kyrgyz entrepreneurs doing business in China are mainly involved in retail trade, purchasing goods in China and selling them in the Kyrgyz Republic; while Chinese entrepreneurs differentiate their business activities in Kyrgyzstan. This reason also causes the respondents' breakdown by the business size: among Kyrgyz entrepreneurs the physical entities (or individual entrepreneurs in other words) are prevailed, among Chinese entrepreneurs – the legal entities.

1. The sections of business legislation that is the most important to businessmen

The most important parts of business legislation for Chinese entrepreneurs are tax system, government regulation of business and licensing system (see Diagram 1); while Kyrgyz entrepreneurs showed the greatest interests to such sections as customs procedures, transport regulations and transit (also you can notice that average interest of Kyrgyz entrepreneurs in legislation issues is much more lower than Chinese). It is also caused by the differences in spheres of business activities: Chinese entrepreneurs tend to find out about internal business regulations, while Kyrgyz entrepreneurs want to know more about transporting goods.

Diagram 2. Part of the legislation the most interesting for Chinese and Kyrgyz entrepreneurs

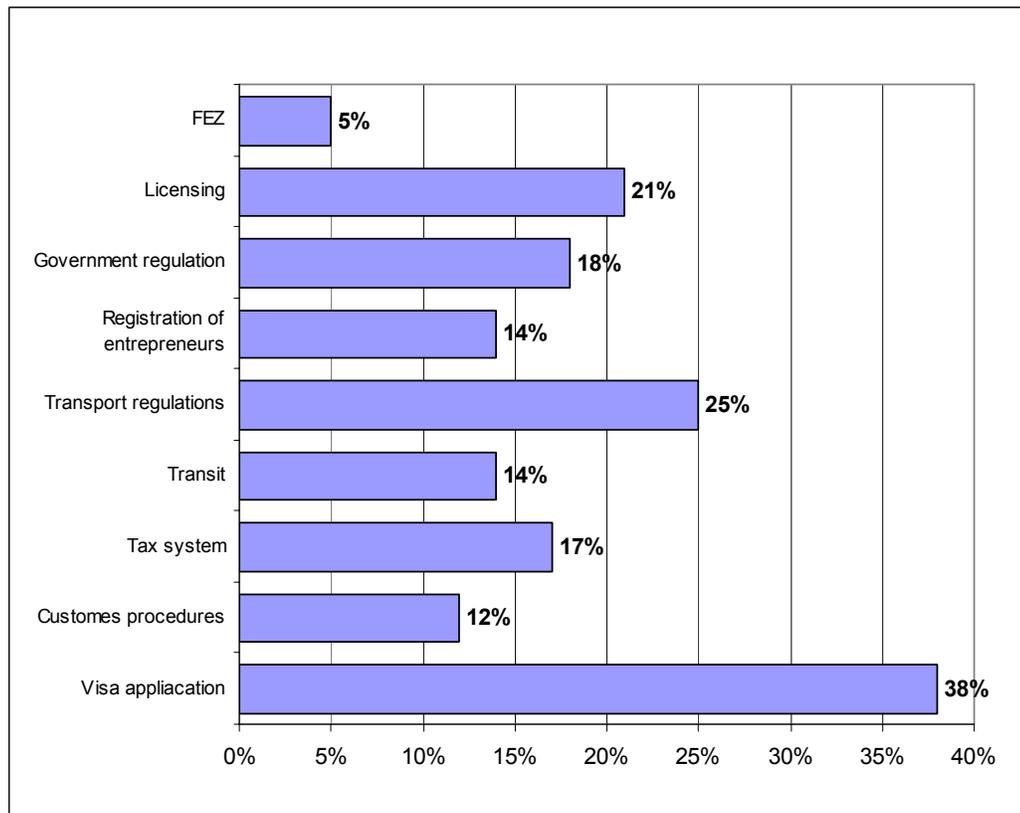


2. Awareness level of respondents in relation to main parts of the legislation

The awareness level of business legislation by Chinese entrepreneurs is higher than one by Kyrgyz entrepreneurs (however it is important to mention, that as a whole the level of knowledge is very low). The average percentage of Kyrgyz entrepreneurs, answered to questions positively is 10%, Chinese entrepreneurs – 20%. Among Kyrgyz entrepreneurs there is a large share of questions not-answered. The reason for this (by the words of entrepreneurs) is that in China there are a lot of intermediaries between Government and businessmen, which have all necessary information, so an entrepreneur can use the service of such agencies.

Diagram 3 illustrates awareness level of business legislation by Chinese entrepreneurs by each part of legislation.

Diagram 3. Awareness level of respondents in relation to parts of the legislation by Chinese entrepreneurs



Both Chinese and Kyrgyz entrepreneurs mentioned that there is lack of information about business legislation, the available information is information about visa application procedures, and the rest information could be found with a lot of efforts.

Key numbers of survey data processing

The following table summarizes the main results of the survey conducted among Kyrgyz and Chinese entrepreneurs. To demonstrate entrepreneurs' knowledge on business legislation the main questions regarding knowledge of procedures, documents and legislation as whole were chosen⁴.

Table 1. Main results of the survey

	Chinese entrepreneurs	Kyrgyz entrepreneurs
Sample		
Quantity of respondents	500	500
Responses received	150	151
Sample coverage	Legal entities - 64% Physical persons - 36%	Legal entities - 20% Physical persons - 80%
The most common field of activity	Trade – 18% Hotels and restaurants – 15%	Trade – 87% Transport – 5%
1. Visa registration		
“Do you know where to get visa to the Kyrgyz Republic/China?”	“Yes” – 52% “No” – 48%	“Yes” – 71% “No” – 29%
“Do you know the migration regulations?”	“Yes” – 26%	“Yes” – 42%
“The most frequently faced problem at obtaining a visa is...”	“Lack of the information about requirements” – 79%	“Delay at obtaining a visa” – 26%
2. Customs procedures		
“Do you know the Customs legislation of the Kyrgyz Republic/China?”	“Yes” – 6%	“Yes” – 10%
“Do you know the Customs regimes?”	“Yes” – 3% “Not completely” – 34%	“Yes” – 10% “Not completely” – 23%
“Major problem faced at undergoing Customs procedures is...”	“Lack of information on customs procedures” – 66%	“Lack of information on customs procedures” – 10%

⁴ Detailed summary of the survey results that includes processed data by all of the questions you can see in Appendix 11.

3. Tax system and non-taxation payments		
“Do you know the Tax legislation of the Kyrgyz Republic/China?”	“Yes” – 21%	“Yes” – 3%
“Do you know taxation regimes?”	“Yes” – 13%	“Yes” – 6%
“Do you know about non-taxation payments?”	“Yes” – 3%	“Yes” - None
4. Transit		
“Do you know where to get information on transit through the Kyrgyz Republic/China?”	“Yes” – 21%	“Yes” – 19%
“Do you know what documents are necessary for Customs convoy?”	“Yes” – 16%	“Yes” – 22%
“Are you familiar with features of Customs transit regime?”	“Yes” – 5%	“Yes” – 6%
5. Transport regulations		
“Do you know the transport regulations of the Kyrgyz Republic/China?”	“Yes” – 16%	“Yes” – 16%
“Do you know where to address for transport services?”	“Yes” – 35%	“Yes” – 39%
6. Registration of entrepreneurs as physical and legal entities (LE, PE)		
“Do you know where to address for registration of legal/physical entity in the Kyrgyz Republic/China?”	PE – “Yes” – 19% LE – “Yes” – 22%	PE – “Yes” – 10% LE – “Yes” – 6%
“Do you know the procedure of registration of a legal/physical entity?”	PE – “Yes” – 9% LE – “Yes” – 10%	PE – “Yes” – 4% LE – “Yes” – 4%
“Do you know which documents are necessary for registration?”	PE – “Yes” – 10% LE – “Yes” – 16%	PE – “Yes” – 6% LE – “Yes” – 2%
7. Government regulation of business		
“Do you know that it is necessary to get permissive documents before starting up business?”	“Yes” – 19%	“Yes” – 10%
“Do you know which bodies in the Kyrgyz Republic/China are responsible for giving out permits?”	“Yes” – 19%	“Yes” – 3%
8. Licensing		
“Do you know which bodies are responsible for	“Yes” – 19%	“Yes” – 13%

issuing licenses in the Kyrgyz Republic/China?"		
"Do you know which documents are necessary for obtaining a license?"	"Yes" – 19%	"Yes" – 16%
9. Free economic zones		
"Do you know which FEZs operate in the Kyrgyz Republic/China?"	"Yes" – 6%	"Yes" - None
"Do you know the legislation regulating FEZ activity?"	"Yes" – 6%	"Yes" - None
"Do you know the taxes that FEZ based businesses pay?"	"Yes" – 4%	"Yes" - None
"Do you know the privileges granted to the subjects of FEZ?"	"Yes" – 6%	"Yes" - None

Conclusion

The all expected results of the research are achieved. The survey was conducted and its data were analyzed. On basis of the survey data the training programs were developed. All needed information about legislation and explanation how to apply the laws, about institution and other relevant technical information were included into the brochure. The researchers are sure that the results of the research will be useful for businessmen of both countries and recommend conducting the follow-up courses for them.

Questionnaire for the Kyrgyz entrepreneurs doing business in the People's Republic of China (in Russian language)

Вопросник для предпринимателей Кыргызстана, ведущих бизнес в КНР

Уважаемый предприниматель!

В настоящее время рабочей группой экспертов Кыргызской Республики и Китая, по заказу Азиатского Банка Развития, проводится работа по исследованию проблем предпринимателей Кыргызстана и Китая в сфере экономических отношений.

Результатом данной работы будет разработка обучающего модуля по экономическому законодательству и процедурам осуществления торговых, транспортных и транзитных операций между двумя государствами.

Нам необходимо оценить РЕАЛЬНУЮ ситуацию и проблемы, связанные с ведением бизнеса между двумя странами. Поэтому просим Вас отвечать максимально откровенно и объективно. Это в значительной мере поможет учесть все существующие сложности и проблемы в разрабатываемом для широкого использования документе.

Настоящий вопросник состоит из 9 разделов, каждый из которых посвящен вопросам, связанным с **ведением бизнеса в КНР**.

Задачи опроса:

- 1) Определить реальную ситуацию по регистрации бизнеса в КНР, Выявить наиболее часто встречающиеся проблемы при регистрации и лицензировании бизнеса.
- 2) Определить уровень знаний предпринимателей о таможенном и налоговом законодательстве КНР.
- 3) Обозначить основные проблемы и неясности, связанные с государственным регулированием ведения бизнеса в КНР.
- 4) Выявить потребности предпринимателей в обучающих и информационных материалах о ведении бизнеса в КНР.

**Выбранный Вами вариант ответа необходимо отметить галочкой (V).
Анкета является анонимной.**

Информация о респонденте

- 1) Вы представляете:
Физическое лицо _____
Юридическое лицо _____
- 2) Сфера Вашей деятельности:
Производство и распределение электроэнергии, газа и воды _____
Сельское хозяйство, охота и лесное хозяйство _____
Горнодобывающая промышленность _____
Обрабатывающая промышленность _____
Строительство _____
Транспорт _____
Торговля _____
Гостиницы и рестораны _____
Операции с недвижимым имуществом, аренда и предоставление услуг потребителям _____
Финансовая деятельность _____
Здравоохранение и социальные услуги _____
Образование _____
Предоставление коммунальных, социальных и персональных услуг _____

- 3) Как долго Вы осуществляете свою деятельность в Китае?
 Менее года _____
 1-3 года _____
 3-5 лет _____
 Более 5 лет _____
- 4) Если Вы представляете юридическое лицо, укажите количество работников в Вашей компании.
 До 7 человек включительно _____
 До 15 человек _____
 От 16 до 50 человек _____
 От 51 до 200 человек _____
 От 201 человека и Выше _____
- 5) Ваш приблизительный годовой объем выручки составляет:
 До 150 тыс. сом _____
 До 230 тыс. сом _____
 До 500 тыс. сом _____
 От 500 тыс. сом до 2 млн. сом _____
 От 2 млн. сом и Выше _____
- 6) Ваш приблизительный торговый годовой оборот (импорт + экспорт) составляет:
 До 150 тыс. сом _____
 До 230 тыс. сом _____
 До 500 тыс. сом _____
 От 500 тыс. сом до 2 млн. сом _____
 От 2 млн. сом и Выше _____

РАЗДЕЛ 1. Оформление визы

- 7) Как часто Вы посещаете Китай?
 2 раз в год _____
 6 раз в год _____
 Более 6 раз в год _____
 Нахожусь постоянно _____
- 8) Знаете ли Вы, куда обращаться для получения визы в Китай?
 Да _____
 Нет _____
- 9) Знакомы ли Вы с правилами миграции, действующими на территории Китая?
 Да _____
 Нет _____
- 10) Знаете ли Вы, какие документы требуются для получения визы в Китай?
 Да _____
 Нет _____
- 11) С какими проблемами при оформлении виз в Китай Вы сталкивались?
 Отказ/отклонение _____
 Задержка _____
 Недостаток информации о требованиях _____
 Не сталкивался _____
 Другое _____
- 12) Какая виза у вас?
 Однократная _____
 Многократная _____

РАЗДЕЛ 2. Таможенные процедуры

- 13) Знакомы ли Вы с таможенным законодательством Китая?
 Да _____

Нет _____
Не в полной мере _____

- 14) Знаете ли Вы, где получить информацию о требованиях таможенного законодательства Китая?
Да _____
Нет _____
- 15) Знаете ли Вы виды таможенных режимов Китая?
Да _____
Нет _____
Не в полной мере _____
- 16) Пользуетесь ли Вы услугами таможенных брокеров в Китае?
Да _____
Нет _____
- 17) Применяли ли Вы специальные таможенные процедуры при импорте/экспорте товаров?
Да _____
Нет _____
- 18) При осуществлении внешнеэкономической деятельности сталкивались ли Вы с проблемами при прохождении таможенных процедур? Если да, то, с какими?
Отсутствие информации о требованиях таможенного законодательства Китая на русском/английском языке _____
Низкое качество консультаций на таможенных постах _____
Некомпетентность сотрудников таможни _____
Не сталкивался _____
Другое _____
- 19) Знакомы ли Вы с процедурой обжалования решений и действий таможенных органов и их должностных лиц?
Да _____
Нет _____

РАЗДЕЛ 3. Налоговая система и неналоговые платежи

- 20) Знаете ли Вы налоговое законодательство Китая?
Да _____
Нет _____
Затрудняюсь ответить _____
- 21) Оплачиваются ли налоги при импорте товаров на территорию Китая?
Да _____
Нет _____
Не знаю _____
- 22) Надо ли иностранному юридическому лицу, имеющему постоянное учреждение на территории Китая, регистрироваться в налоговой службе?
Да _____
Нет _____
Затрудняюсь ответить _____
- 23) Знаете ли Вы, какие системы налогообложения существуют в Китае?
Да _____
Нет _____
- 24) Являетесь ли Вы субъектом упрощенного налогообложения?
Да _____
Нет _____
- 25) Имеете ли Вы представление о физических лицах-резидентах и нерезидентах Китая?
Да _____
Нет _____

- 26) Знаете ли Вы, какие налоги оплачивают физические лица-резиденты и нерезиденты в Китае?
 Да _____
 Нет _____
 Затрудняюсь ответить _____
- 27) Знаете ли Вы, какие налоги оплачивают юридические лица-нерезиденты Китая?
 Да _____
 Нет _____
 Затрудняюсь ответить _____
- 28) Знаете ли Вы о существовании налога на добавленную стоимость?
 Да _____
 Нет _____
- 29) Имеете ли Вы представление о налоге на доходы нерезидента?
 Да _____
 Нет _____
 Затрудняюсь ответить _____
- 30) Имеете ли Вы представление о пенсионных отчислениях в Китае?
 Да _____
 Нет _____
 Затрудняюсь ответить _____
- 31) Уплата каких налогов вызывает наибольшее затруднение?
 НДС _____
 Таможенные пошлины _____
 Налог на прибыль _____
 Подоходный налог _____
 Социальные отчисления _____
 Акцизный налог _____
 Налог с продаж _____
 Другое _____
- 32) Знаете ли Вы как вести деятельность в качестве индивидуального предпринимателя в Китае?
 Да _____
 Нет _____
- 33) Знаете ли Вы, какие проверки проводятся в отношении субъектов, ведущих экономическую деятельность в Китае?
 Да _____
 Нет _____
 Затрудняюсь ответить _____
- 34) Знаете ли Вы процедуры осуществления налоговых проверок в Китае?
 Да _____
 Нет _____
 Затрудняюсь ответить _____
- 35) Имеете ли Вы представление о неналоговых платежах в Китае?
 Да _____
 Нет _____
 Затрудняюсь ответить _____
- 36) Имеете ли Вы представление о том, какова ответственность за нарушение налогового законодательства в Китае?
 Да _____
 Нет _____
 Затрудняюсь ответить _____

- 37) Часто ли Вы Вам приходится проходить транзитом через КНР?
 Да _____
 Нет _____
- 38) Знаете ли Вы, куда обращаться за получением информации по транзиту через Китай?
 Да _____
 Нет _____
- 39) Знакомы ли Вы с особенностями применения таможенного режима транзита в Китай?
 Да _____
 Нет _____
- 40) Как много времени занимает прохождение таможенных процедур при транзите через Китай?
 1-7 часов _____
 1-2 дня _____
 3-5 дней _____
 Другое _____
- 41) Знаете ли Вы, какие документы необходимы для таможенного сопровождения при транзите через Китай?
 Да _____
 Нет _____

РАЗДЕЛ 5. Регулирование перевозок

- 42) Знакомы ли Вы с законодательством, регулирующим перевозки на территории Китая?
 Да _____
 Нет _____
- 43) Знаете ли Вы, куда обращаться за услугами перевозок?
 Да _____
 Нет _____
- 44) Какими видами транспортных перевозок Вы пользуетесь при осуществлении внешнеэкономической деятельности?
 Автомобильные _____
 Железнодорожные _____
 Авиационные _____
 Другие _____
- 45) Услугами каких компаний Вы пользуетесь при осуществлении грузовых перевозок?
 Китайских перевозчиков _____
 Кыргызских перевозчиков _____
 Другое _____

РАЗДЕЛ 6. Регистрация юридических и физических лиц в качестве предпринимателей

- 46) Имеете ли Вы представление об отличиях при регистрации физических и юридических лиц в Китае?
 Да _____
 Нет _____
 Не в полной мере _____
- 47) Знаете ли Вы, куда необходимо обратиться для регистрации предпринимательской деятельности физического лица в Китае?
 Да _____
 Нет _____
 Не в полной мере _____
- 48) Знакомы ли Вы с процедурой регистрации предпринимательской деятельности физических лиц в Китае?
 Да _____
 Нет _____
 Не в полной мере _____

- 49) Знаете ли Вы, какие документы необходимо предоставить для регистрации предпринимательской деятельности физического лица в Китае?
Да _____
Нет _____
Не в полной мере _____
- 50) Известны ли Вам размеры официальных платежей, которые необходимо произвести при регистрации предпринимательской деятельности физического лица в Китае?
Да _____
Нет _____
- 51) В какие сроки должна быть произведена государственная регистрация предпринимательской деятельности физического лица в Китае?
В недельный срок _____
10 дней _____
30 дней _____
Затрудняюсь ответить _____
- 52) Знаете ли Вы, куда необходимо обратиться для регистрации юридического лица в Китае?
Да _____
Нет _____
Не в полной мере _____
- 53) Знаете ли Вы, какие документы необходимо предоставить для регистрации юридического лица?
Да _____
Нет _____
Не в полной мере _____
- 54) В какие сроки должна быть произведена государственная регистрация юридического лица?
В недельный срок _____
10 дней _____
30 дней _____
Затрудняюсь ответить _____
- 55) Знакомы ли Вы с организационно-правовыми формами юридических лиц в Китае?
Да _____
Нет _____
Не в полной мере _____
- 56) Известны ли Вам размеры официальных платежей, которые необходимо произвести при регистрации юридических лиц?
Да _____
Нет _____

РАЗДЕЛ 7. Государственное регулирование

- 57) Знаете ли Вы, что для ведения экономической деятельности необходимо получать различные разрешительные документы от государственных органов?
Да _____
Нет _____
Затрудняюсь ответить _____
- 58) Знаете ли Вы, какие государственные органы должны выдавать разрешительные документы?
Да _____
Нет _____
Затрудняюсь ответить _____
- 59) Знаете ли Вы, какие документы требуются для начала экономической деятельности в Китае?
Да _____
Нет _____
Затрудняюсь ответить _____

60) О деятельности каких государственных служб, осуществляющих государственное регулирование бизнеса, Вы бы хотели узнать?

Санитарно-эпидемиологическая служба _____
Пожарная служба _____
Финансовая полиция _____
Органы стандартизации _____
Ветеринарные службы _____
Другое _____

РАЗДЕЛ 8. Лицензирование

61) Знаете ли Вы, что некоторые виды деятельности лицензируются?

Да _____
Нет _____
Затрудняюсь ответить _____

62) Относится ли Ваша деятельность к лицензируемым видам деятельности?

Да _____
Нет _____
Затрудняюсь ответить _____

63) Знаете ли Вы, какие органы выдают лицензии?

Да _____
Нет _____
Затрудняюсь ответить _____

64) Знаете ли Вы, какие документы необходимо предоставить для получения лицензии?

Да _____
Нет _____
Затрудняюсь ответить _____

65) О деятельности каких органов, Выдающих лицензии в Китае, Вы бы хотели узнать?

Министерство здравоохранения _____
Министерство торговли _____
Министерство сельского хозяйства _____
Министерство информационных технологий и телекоммуникаций _____
Министерства строительства _____
Комиссия по регулированию страховой деятельности _____
Комиссия по регулированию банковской деятельности _____
Государственная антимонопольная служба по табачным изделиям _____
Государственная служба по контролю наркотиков и продуктов питания _____
Генеральная служба по контролю над качеством, инспекциям и карантину _____

РАЗДЕЛ 9. Свободные экономические зоны

66) Являетесь ли Вы субъектом свободно-экономической зоны в Китае?

Да _____
Нет _____
Хотел бы _____

67) Знаете ли Вы законодательство, регулирующее функционирование СЭЗ?

Да _____
Нет _____
Не в полной мере _____

68) Знаете ли Вы, какие СЭЗ существуют на территории Китая?

Да _____
Нет _____
Затрудняюсь ответить _____

69) Знаете ли Вы, какие налоги оплачивают субъекты СЭЗ?

Да _____
Нет _____
Не в полной мере _____

70) Знаете ли Вы о льготах, предоставляемых для субъектов СЭЗ?

Да _____

Нет _____

Не в полной мере _____

71) Если нет, заинтересованы ли Вы в получении соответствующей информации о льготах для субъектов СЭЗ?

Да _____

Нет _____

72) Информация по какому из разделов представляет для Вас наибольший интерес?

Оформление визы _____

Таможенные процедуры _____

Налоговая система и неналоговые платежи _____

Транзит _____

Регулирование перевозок _____

Регистрация юридических и физических лиц в качестве предпринимателей _____

Государственное регулирование _____

Лицензирование _____

Свободные экономические зоны _____

Спасибо за оказанное содействие!

Questionnaire for the Kyrgyz entrepreneurs doing business in the People's Republic of China (in English language)

Questionnaire for the Kyrgyz entrepreneurs doing business in the People's Republic of China

Dear Entrepreneur,

Currently, the Asian Development Bank has tasked a working group of experts from the Kyrgyz Republic and China to investigate the problems entrepreneurs of Kyrgyzstan and China have in economic relations between these two countries.

As a result, well-developed information brochure for Chinese entrepreneurs on economic legislation and procedures related to conducting trade, transport and transit operations between the two states and how to do business in the Kyrgyz Republic will be developed.

The REAL situation and problems between the two countries connected with conducting business should be made known and so, we are asking YOU to answer as frankly and objectively as you can, as this will help us greatly in taking into account the existing difficulties and problems when working out the document for wider use.

This questionnaire consists of nine sections and each of them is devoted to questions related to **to doing business in the People's Republic of China (PRC)**.

Objectives of the survey

- 1) Identify the real situation about registering a business in PRC; identify the problems most frequently encountered when registering and licensing a business.
- 2) Identify entrepreneurs' knowledge levels of the Customs and tax legislation of PRC.
- 3) Reveal the main problems and vagueness connected with the state regulation of doing business in PRC.
- 4) Identify entrepreneurs' needs for training and information about doing business in PRC.

**Please mark the chosen answer with tick (V).
This questionnaire is anonymous.**

Information about the respondent

73) You represent:

Company _____
Individual entrepreneur _____

74) Business sector:

Production and distribution of electro energy, gas and water _____
Agriculture, hunting and forestry _____
Mineral resource industry _____
Manufacturing _____
Construction _____
Transport _____
Trade _____
Hotels and restaurants _____
Real estate activities, rent and renting of services to consumers _____
Financial activities _____
Health care and social services _____
Education _____
Renting of public utilities, social and private services _____

- 75) How long have you been working in China?
 Less than a year _____
 1-3 years _____
 3-5 years _____
 Over 5 years _____
- 76) If you represent a company, mark the number of workers in your company:
 Less than 7 people inclusive _____
 Less than 15 people _____
 16 – 50 people _____
 51 – 200 people _____
 Over 201 people _____
- 77) Your annual sale proceeds:
 Less than 150 thousand soms _____
 151.000 – 230.000 soms _____
 230.000 – 500.000 soms _____
 500.000 – 2 million soms _____
 Over 2 million soms _____
- 78) Your annual volume of trade turnover (imports and exports) in total:
 Less than 150 thousand soms _____
 151.000 – 230.000 soms _____
 230.000 – 500.000 soms _____
 500.000 – 2 million soms _____
 Over 2 million soms _____

SECTION 1. Visa registration

- 7) How often do you visit China?
 2 times a year _____
 6 times a year _____
 More then 6 times a year _____
 Live permanently _____
- 8) Do you know where to go to get visa to China?
 Yes _____
 No _____
- 9) Do you know the migration regulations in China?
 Yes _____
 No _____
- 10) Do you know what documents are necessary for getting visa to China?
 Yes _____
 No _____
- 11) What problems have you faced when obtaining a visa to China?
 Refuse _____
 Delay _____
 Lack of information on requirements _____
 Have not faced _____
 Other _____
- 12) What type of visa do you have?
 Single entry _____
 Multiple entry _____

SECTION 2. Customs procedures

- 13) Do you know the Chinese customs legislation?
 Yes _____
 No _____
 Not completely _____
- 14) Do you know where you can get the information about the Chinese customs legislation?
 Yes _____
 No _____
- 15) Do you know the types of the Chinese customs regimes?
 Yes _____
 No _____
 Not completely _____
- 16) Do you use customs brokers' services in China?
 Yes _____
 No _____
- 17) Have you used special customs procedures when importing/exporting goods?
 Yes _____
 No _____
- 18) Have you encountered problems when exporting/importing involving customs procedures? If yes, mark them below
- Absence of information on requirements of the Chinese customs legislation in English/English _____
 Poor quality of consultations on customs stations _____
 Incompetence of customs officials _____
 Have not faced _____
 Other _____
- 19) Do you know the appeal procedures of customs officials' decisions and actions?
 Yes _____
 No _____

SECTION 3. Tax system and non-tax payments

- 20) Do you know the Chinese tax legislation?
 Yes _____
 No _____
 I cannot answer _____
- 21) Are there any tax payments when importing goods to China?
 Yes _____
 No _____
 I cannot answer _____
- 22) Is foreign company, having permanent representative office in China, obliged to register in tax body?
 Yes _____
 No _____
 I cannot answer _____
- 23) Do you know taxation regimes, existing in China?
 Yes _____
 No _____
- 24) Is your activity a subject of simplified taxation regime?
 Yes _____
 No _____
- 25) Do you know about physical person-residents and non-residents in China?

Yes _____
No _____

26) Do you know what taxes physical person-residents and non-residents pay in China?

Yes _____
No _____
I cannot answer _____

27) Do you know what taxes non-resident legal entity (company) pays in China?

Yes _____
No _____
I cannot answer _____

28) Do you know about VAT (value added tax)?

Yes _____
No _____

29) Do you have any idea about income tax for non-residents of China?

Yes _____
No _____
I cannot answer _____

30) Do you have any idea about pension deductions in China?

Yes _____
No _____
I cannot answer _____

31) The payment of which taxes causes the greatest problems?

VAT _____
Customs duties _____
Profit tax _____
Income tax _____
Social tax payments _____
Excise tax _____
Sales tax _____
Other _____

32) Do you know how to carry on business using "patent" (lump-sum presumptive tax) for physical person in China?

Yes _____
No _____

33) Do you know what tax checks (inspections) are carried out for businesses in China?

Yes _____
No _____
I cannot answer _____

34) Do you know the procedures for carrying out tax checks in China?

Yes _____
No _____
I cannot answer _____

35) Do you know about non-tax payments in China?

Yes _____
No _____
I cannot answer _____

36) Do you know about responsibility for violation of tax legislation in China?

Yes _____
No _____
I cannot answer _____

SECTION 4. Transit

- 37) Do you often have to transit through China?
Yes _____
No _____
- 38) Do you know where to get information on transit through China?
Yes _____
No _____
- 39) Are you familiar with the features of customs transit regime in China?
Yes _____
No _____
- 40) How long does it take to pass through customs when transiting through China?
1-7 hours _____
1-2 days _____
3-5 days _____
Other _____
- 41) Do you know what documents are necessary to customs convoy in transiting through China?
Yes _____
No _____

SECTION 5. Regulating transport

- 42) Do you know the legislation, regulating transport in China?
Yes _____
No _____
- 43) Do you know where to address for transport services?
Yes _____
No _____
- 44) What types of transport do you use when importing/exporting?
Vehicular _____
Rail _____
Air _____
Other _____
- 45) Whose services do you use for lorry transport?
Chinese carriers _____
Kyrgyz carriers _____
Other _____

SECTION 6. Registration of companies and physical persons as businessmen

- 46) Do you know about the differences between registration of physical person (individual entrepreneur) and registration of companies in China?
Yes _____
No _____
Not completely _____
- 47) Do you know where to address for registration of individual entrepreneur in China?
Yes _____
No _____
Not completely _____
- 48) Do you know the process of registration of individual entrepreneur in China?

Yes _____
No _____
Not completely _____

49) Do you know what documents are necessary to provide to register business of individual entrepreneur?

Yes _____
No _____
Not completely _____

50) Do you know the size of official payments necessary to pay for registration of individual entrepreneur?

Yes _____
No _____

51) In what terms should the state registration of individual entrepreneur be held?

One week _____
10 days _____
30 days _____
I cannot answer _____

52) Do you know where to address to register the company in China?

Yes _____
No _____
Not completely _____

53) Do you know what documents are necessary for registration of a company?

Yes _____
No _____
Not completely _____

54) In what terms must the state registration of a company be held?

One week _____
10 days _____
30 days _____
I cannot answer _____

55) Do you know the legal forms of companies in China?

Yes _____
No _____
Not completely _____

56) Do you know the size of official payments necessary to pay for registration of a company?

Yes _____
No _____

SECTION 7. Government regulation

57) Do you know that for doing business in KR it is necessary to get permissive documents from state bodies?

Yes _____
No _____
I cannot answer _____

58) Do you know which state bodies in China are responsible for giving out permissive documents?

Yes _____
No _____
I cannot answer _____

59) Do you know which documents are necessary to start business in China?

Yes _____

No _____
I cannot answer _____

60) On activity of which state bodies, regulating business in China, would you like to get more information?

Sanitation-and-epidemiological department _____
Fire department _____
Financial police _____
Standardization body _____
Veterinary service _____
Other _____

SECTION 8. Licensing

61) Do you know that some kinds of activities are obliged to license?

Yes _____
No _____
I cannot answer _____

62) Does your activity in China need a license?

Yes _____
No _____
I cannot answer _____

63) Do you know which bodies in China are responsible for giving out licenses?

Yes _____
No _____
I cannot answer _____

64) Do you know what documents are necessary to provide for getting license in China?

Yes _____
No _____
I cannot answer _____

65) On activity of which bodies, giving out licenses, would you like to get more information?

Ministry of Health _____
Ministry of Trade _____
Ministry of Agriculture _____
Ministry of Information Technologies and telecommunications _____
Ministry of Construction _____
Committee for Insurance Activity Regulation _____
Committee for Banking Activity Regulation _____
State Tobacco Products Antimonopoly Service _____
State Drug and Food Products Control Service _____
General Service for Quality, Inspection and Quarantine _____

SECTION 9. Free economic zones (FEZ)

66) Is your business in China based in a FEZ?

Yes _____
No _____
I would like to be _____

67) Do you know the legislation concerning FEZ activities in China?

Yes _____
No _____
Not completely _____

68) Do you know which FEZs operate in China?

Yes _____
No _____
I would like to be _____

69) Do you know what taxes FEZ-based businesses pay in China?

Yes _____
No _____
Not completely _____

70) Do you know about the privileges for businesses in FEZ in China?

Yes _____
No _____
Not completely _____

71) If not, would you be interested in getting relevant information on privileges in FEZ?

Yes _____
No _____

72) About which section out of listed below do you want to receive more information?

Visa registration _____
Customs procedures _____
Tax system and non-tax payments _____
Transit through territory of China _____
Regulating transport _____
Registration of companies and physical persons as businessmen _____
Government regulation _____
Licensing _____
Free economic zones (FEZ) _____

Thank you for your cooperation!

**Questionnaire for entrepreneurs of China who do business in Kyrgyz Republic
(in English language)**

Questionnaire for entrepreneurs of China who do business in Kyrgyz Republic

Dear Entrepreneur,

Currently, the Asian Development Bank has tasked a working group of experts from the Kyrgyz Republic and China to investigate the problems entrepreneurs of Kyrgyzstan and China have in economic relations between these two countries.

As a result, well-developed information brochure for Chinese entrepreneurs on economic legislation and procedures related to conducting trade, transport and transit operations between the two states and how to do business in the Kyrgyz Republic will be developed.

The REAL situation and problems between the two countries connected with conducting business should be made known and so, we are asking YOU to answer as frankly and objectively as you can, as this will help us greatly in taking into account the existing difficulties and problems when working out the document for wider use.

This questionnaire consists of nine sections and each of them is devoted to questions related to **doing business in Kyrgyz Republic**.

Objectives of the survey

- 5) Identify the real situation about registering a business in Kyrgyz Republic; identify the problems most frequently encountered when registering and licensing a business.
- 6) Identify entrepreneurs' knowledge levels of the Customs and tax legislation of Kyrgyz Republic.
- 7) Reveal the main problems and vagueness connected with the state regulation of doing business in Kyrgyz Republic.
- 8) Identify entrepreneurs' needs for training and information about doing business in Kyrgyz Republic (KR).

**Please mark the chosen answer with tip (V).
This questionnaire is anonymous.**

Information about the respondent

79) You represent:

Company _____
Individual entrepreneur _____

80) Business sector:

Production and distribution of electro energy, gas and water _____
Agriculture, hunting and forestry _____
Mineral resource industry _____
Manufacturing _____
Construction _____
Transport _____
Trade _____
Hotels and restaurants _____
Real estate activities, rent and renting of services to consumers _____
Financial activities _____
Health care and social services _____
Education _____
Renting of public utilities, social and private services _____

81) How long have you been working in Kyrgyz Republic?

Less than a year _____
1-3 years _____
3-5 years _____
Over 5 years _____

82) If you represent a company, mark the number of workers in your company:

Less than 7 people inclusive _____
Less than 15 people _____
16 – 50 people _____
51 – 200 people _____
Over 201 people _____

83) Your annual sale proceeds:

Less than 150 thousands soms _____
151.000 – 230.000 soms _____
230.000 – 500.000 soms _____
500.000 – 2 millions soms _____
Over 2 millions soms _____

84) Your annual volume of imports and exports in total:

Less than 150 thousands soms _____
151.000 – 230.000 soms _____
230.000 – 500.000 soms _____
500.000 – 2 millions soms _____
Over 2 millions soms _____

SECTION 1. Visa registration

13) How often do you visit KR?

2 times a year _____
6 times a year _____
More then 6 times a year _____
Live permanently _____

14) Do you know where to go to get visa to KR?

Yes _____
No _____

15) Do you know the migration regulations in KR?

Yes _____
No _____

16) Do you know what documents are necessary for getting visa to KR?

Yes _____
No _____

17) What problems have you faced when obtaining a visa to KR?

Refuse _____
Delay _____
Lack of information on requirements _____
Have not faced _____
Other _____

18) What type of visa do you have?

Single entry _____
Multiple entry _____

SECTION 2. Customs procedures

37) Do you know KR's customs legislation?

Yes _____

No _____
Not completely _____

38) Do you know where you can get the information about customs legislation of KR?
Yes _____
No _____

39) Do you know the types of customs regimes in KR?
Yes _____
No _____
Not completely _____

40) Do you use customs brokers' services in KR?
Yes _____
No _____

41) Have you used special customs procedures when importing/exporting goods?
Yes _____
No _____

42) Have you encountered problems when exporting/importing involving customs procedures? If yes, mark them below

Absence of information on requirements of customs legislation of KR in
Chinese/English _____
Poor quality of consultations on customs issues _____
Incompetence of customs officials _____
Have not faced _____
Other _____

43) Do you know the appeal procedures of customs officials' decisions and actions?
Yes _____
No _____

SECTION 3. Tax system and non-tax payments

44) Do you know KR's tax legislation?
Yes _____
No _____
I cannot answer _____

45) Are there any tax payments when importing goods to the KR?
Yes _____
No _____
I cannot answer _____

46) Is foreign company, having permanent representative office in KR, obliged to register in tax body?
Yes _____
No _____
I cannot answer _____

47) Do you know taxation regimes, existing in KR?
Yes _____
No _____

48) Is your activity a subject of simplified taxation regime?
Yes _____
No _____

49) Do you know about physical person-residents and non-residents in KR?
Yes _____
No _____

- 50) Do you know what taxes physical person-residents and non-residents pay in KR?
 Yes _____
 No _____
 I cannot answer _____
- 51) Do you know what taxes non-resident legal person (company) pays in KR?
 Yes _____
 No _____
 I cannot answer _____
- 52) Do you know about VAT (value added tax)?
 Yes _____
 No _____
- 53) Do you have any idea about income tax for non-residents of KR?
 Yes _____
 No _____
 I cannot answer _____
- 54) Do you have any idea about payments to Social Fund in KR? Yes _____
 No _____
 I cannot answer _____
- 55) The payment of which taxes causes the greatest problems?
 VAT _____
 Customs duties _____
 Profit tax _____
 Income tax _____
 Social tax payments _____
 Excise tax _____
 Sales tax _____
 Other _____
- 56) Do you know how to carry on business using "patent" (lump-sum presumptive tax) for physical person in KR?
 Yes _____
 No _____
- 57) Do you know what tax checks (inspections) are carried out for businesses in KR?
 Yes _____
 No _____
 I cannot answer _____
- 58) Do you know the procedures for carrying out tax checks in KR?
 Yes _____
 No _____
 I cannot answer _____
- 59) Do you know about non-tax payments in KR?
 Yes _____
 No _____
 I cannot answer _____
- 60) Do you know about responsibility for violation of tax legislation in KR?
 Yes _____
 No _____
 I cannot answer _____

SECTION 4. Transit

- 42) Do you often have to transit through KR?

Yes _____
No _____

43) Do you know where to get information on transit through KR?

Yes _____
No _____

44) Are you familiar with the features of customs transit regime in KR?

Yes _____
No _____

45) How long does it take to pass through customs when transiting through KR?

1-7 hours _____
1-2 days _____
3-5 days _____
Other _____

46) Do you know what documents are necessary to customs convoy in transiting through KR?

Yes _____
No _____

SECTION 5. Regulating transport

73) Do you know the legislation, regulating transport in KR?

Yes _____
No _____

74) Do you know where to address for transport services?

Yes _____
No _____

75) What types of transport do you use when importing/exporting?

Vehicular _____
Rail _____
Air _____
Other _____

76) Whose services do you use for lorry transport?

Chinese carriers _____
Kyrgyz carriers _____
Other _____

SECTION 6. Registration of companies and physical persons as businessmen

77) Do you know about the differences between registration of physical person (individual entrepreneur) and registration of companies in KR?

Yes _____
No _____
Not completely _____

78) Do you know where to address for registration of individual entrepreneur in KR?

Yes _____
No _____
Not completely _____

79) Do you know the process of registration of individual entrepreneur in KR?

Yes _____
No _____
Not completely _____

- 80) Do you know what documents are necessary to provide to register business of individual entrepreneur?
 Yes _____
 No _____
 Not completely _____
- 81) Do you know the size of official payments necessary to pay for registration of individual entrepreneur?
 Yes _____
 No _____
- 82) In what terms should the state registration of individual entrepreneur be held?
 One week _____
 10 days _____
 30 days _____
 I cannot answer _____
- 83) Do you know where to address to register the company in KR?
 Yes _____
 No _____
 Not completely _____
- 84) Do you know what documents are necessary for registration of a company?
 Yes _____
 No _____
 Not completely _____
- 85) In what terms must the state registration of a company be held?
 One week _____
 10 days _____
 30 days _____
 I cannot answer _____
- 86) Do you know the legal forms of companies in KR?
 Yes _____
 No _____
 Not completely _____
- 87) Do you know the size of official payments necessary to pay for registration of a company?
 Yes _____
 No _____

SECTION 7. Government regulation

- 88) Do you know that for doing business in KR it is necessary to get permissive documents from state bodies?
 Yes _____
 No _____
 I cannot answer _____
- 89) Do you know which state bodies in KR are responsible for giving out permissive documents?
 Yes _____
 No _____
 I cannot answer _____
- 90) Do you know which documents are necessary to start business in KR?
 Yes _____
 No _____
 I cannot answer _____

91) On activity of which state bodies, regulating business in KR, would you like to get more information?

Sanitation-and-epidemiological department _____
Fire department _____
Financial police _____
Standardization body _____
Veterinary service _____
Other _____

SECTION 8. Licensing

92) Do you know that some kinds of activities are obliged to license?

Yes _____
No _____
I cannot answer _____

93) Does your activity in KR need a license?

Yes _____
No _____
I cannot answer _____

94) Do you know which bodies IN KR are responsible for giving out licenses?

Yes _____
No _____
I cannot answer _____

95) Do you know what documents are necessary to provide for getting license in KR?

Yes _____
No _____
I cannot answer _____

96) On activity of which bodies, giving out licenses, would you like to get more information?

Ministry of Health of KR _____
National (Central) Bank of KR _____
Ministry of Justice of KR _____
Ministry of Transport and Communications of KR _____
State Customs Committee of KR _____
State Agency on Production and Sales of Alcohol Goods _____
State Agency on Architecture and Construction _____
Financial Market Supervision Department _____
Other _____

SECTION 9. Free economic zones (FEZ)

97) Is your business in KR based in a FEZ?

Yes _____
No _____
I would like to be _____

98) Do you know the legislation concerning FEZ activities in KR?

Yes _____
No _____
Not completely _____

99) Do you know which FEZs operate in KR?

Yes _____
No _____
I would like to be _____

100) Do you know what taxes FEZ-based businesses pay in KR?

Yes _____

No _____
Not completely _____

101) Do you know about the privileges for businesses in FEZ in KR?

Yes _____
No _____
Not completely _____

102) If not, would you be interested in getting relevant information on privileges in FEZ?

Yes _____
No _____

103) About which section out of listed below do you want to receive more information?

Visa registration _____
Customs procedures _____
Tax system and non-tax payments _____
Transit through territory of the Kyrgyz Republic _____
Regulating transport _____
Registration of companies and physical persons as businessmen _____
Government regulation _____
Licensing _____
Free economic zones (FEZ) _____

Thank you for your cooperation!

BROCHURE

Doing business in China?

(for Kyrgyz entrepreneurs)

English version

1. Visa application and registration requirements in China

1. Where can individuals get visas to visit China?

Except for people holding diplomatic or service passports of the Kyrgyzstan Republic, individuals need to apply for a visa at least one month in advance at Embassy of the People's Republic of China.

Address: #196, Toktogula Street, Bishkek, Kyrgyzstan.

Tel: + 996 312 610858, + 996 312 981559

2. Documents required for visa application:

- Your own passport (period of validity not less than 6 months, with a blank "visa page"; if applying for a six-month multi-entry visa, the period of validity must be not less than 9 months; for a one-year multi-entry visa, not less than 15 months);
- Visa application. It may be refused if any information given is incomplete or false;
- Recent one-inch, full-face and chest photo with no headgear.

For more information please check this by downloading:

<http://www.chinaembassy.org.sg/chn/lsqw/qz/default.htm>

3. Types of Visa:

There are four types of visa for entering China: three-month single-entry; three-month double-entry; six-month multi-entry and one-year multi-entry. The length of stay in China is decided by an official according to the applicant's circumstances. The period of a visa's validity commences from the day of applying. A visa may be declined if the notice or invitation letter does not qualify.

4. Period of validity:

Three-month single-entry and three-month double-entry visas allow the applicant to go to China for three months. A six-month multi-entry visa can be granted under special conditions. A multi-entry visa can be either a six-month multi-entry visa or a one-year multi-entry visa. Please note the validity dates enter China during this period.

5. Visa price (Chinese Yuan):

- Single-entry visa: 400 (about \$50);
- Double-entry visa: 600 (about \$75);
- Six-month multi-entry: 800 (about \$100);
- One-year multi-entry: 1200 (about \$150).

6. Categories of Chinese visas:

- Tourism Visa (L): granted to individuals who travel to China to visit his/her family or enter China on private matters;
- Visitor's Visa (F): granted to the individuals visiting, giving lectures, on business, going to university or doing a 6 month practical course. Applicants must provide a letter of invitation.
- Work Visa (Z): granted to individuals and their accompanying family members who go to China to work. The applicant should provide confirmation that he/she holds a Foreigner's License to work in China, confirmation of that he/she has a foreign expert's job or an invitation letter from an authorized institution and confirmation that he/she has undergone a physical examination.
- Study Visa (X): granted to individuals going to China to study, advanced or practical studies for more than 6 months. The applicant must provide an entrance certificate, invitation letter from an authorized Chinese institution, form JW201 or JW202 and confirmation that he/she has undergone a physical examination.
- Settlement Visa (D): granted to people going to live in China. Applicant must provide a form confirming settlement status approved by the Chinese public security department and a physical examination certificate. Settlement status affirming forms can be obtained from the police by the applicant or his/her relative(s) in China that he/she trusts.
- Transit Visa (G): granted to individuals who transit China. The applicant must hold a plane, vehicle or ship ticket going to third countries. Individuals do need not transit visas if they have already booked a through seat on an international flight transiting China directly and they will be at an airport less than 24hours.
- Steward's Visa (C): granted to train stewards, sailors, aircrew going to China and their accompanying family members.
- Reporter's Visa (J): A J-1 visa is granted to a reporter who applies to be permanently stationed in China; a J-2 visa is granted to a reporter going to China for a short time. When applying for a reporter's visa, the applicant must provide permission obtained from the Chinese authorities. Permanently-stationed individuals must provide a physical examination certificate.

For more information please see:

<http://www.chinaembassy.org.sg/chn/lsqw/qz/t165465.htm>

7. Documents required when applying for different categories of visas:

- Tourist/Visitor's Visa (L): arranged agenda or invitation from relatives or friends in China.
- Business Visa (F): Applicants must hold an invitation letter from a Chinese government department at the level of province, municipality directly under the Central Government or autonomous region. A visa can possibly be refused if the letter is unstamped or a consular official has questions about the invitation letter.
- Study Visa (X): Applicants must hold an admission certificate from universities or colleges approved by the Chinese Ministry of Education and an original and copy of a foreign student visa application form (JW201 or JW202).
- Work Visa (Z): The applicant should hold an original and copy of: a foreigner employment license granted by the Ministry of Labor and Social Security or confirmation of engaging a foreign expert issued by the State Administration of Foreign Experts' Affairs or a letter confirming a visa has been granted issued by a province or municipality directly under the Central Government, an autonomous region or a foreign affairs office of ministries.
- Reporter Visas (J): the applicant should provide an invitation letter that Chinese news organizations issue.

8. Extension of stay

The period for extending one's stay is the maximum extra period a person can apply to stay in China on different visas.

The maximum length of stay is generally 30 days for travelers and merchants. Individuals visiting family can apply for an extension according to need, the maximum being 180 days; to do so visitors should fill out the name, address and telephone number of their Chinese family (go through the temporary residence procedure with the local police within 30 days of entering the country).

Individuals who are going to work or study should apply for a single-entry visa, and go through the temporary residence procedure with the local police within 30 days of entering the country. Extension periods generally do not exceed 60 days, which can be prolonged for special reasons (being ill in hospital, e.g.) for individuals applying for a multi-entry visa every time.

Individuals can be punished if they exceed the time limit. Punishment includes:

- A warning;
- A fine of 500 Chinese Yuan for each day, up to a total amount of not more than 5,000 Chinese Yuan;

- Arrest for between 3 and 10 days;
- Enforced repatriation in serious cases.

9. Going to the Tibet Autonomous Region

Please contact your travel company yourself, or ask for an agreement from the Tibet Autonomous Region Tourism Administration (fax: 86-891-6834632, tel: 86-891-6834313) and then submit a visa application.

10. Going to the Hong Kong Special Administrative Region

The applicant can look up how to get a Hong Kong visa on the website:

<http://www.immd.gov.hk/index.html>. Check with the Embassy Visa Department if you have any questions: Tel (02) 6273-4783, fax (02) 6273-9615.

Web sources in English:

1. <http://www.chinaembassy.org.sg/eng/>
2. <http://www.immd.gov.hk/ehtml/home.htm>

2. Customs procedures in China

1. Customs legislation

Information on the People's Republic of China Customs legislation is published on the website of the People's Republic of China Customs. The Customs legislation in China is based mainly on:

- China Customs Law. This document is available on the following website:
- <http://www.customs.gov.cn/YWStaticPage/433/69eabfa8.htm>
- Laws of the People's Republic of China on import-export tariffs. This document is available on the following website:
- <http://www.customs.gov.cn/YWStaticPage/433/86843c09.htm>
- Methods of control of the People's Republic of China Customs on the entry-exit of luggage.

For more detailed information, please see the following websites:

- http://www.gov.cn/banshi/2005-08/31/content_27730.htm

- <http://www.customs.gov.cn/YWStaticPage/433/cbf71031.htm>

2. Customs declaration

The consignee and consignor of import-export goods not only can complete the declaration and tax formalities themselves, but can also entrust the declaration corporations authorized by the Customs to complete declaration and tax procedures. The entrusted declaration agent should carry out all Customs procedures and has certain obligations and responsibilities in accordance with [1]. For more detailed information, please see the following websites:

<http://www.customs.gov.cn/YWStaticPage/433/69eabfa8.htm>

At present, there are a lot declaration companies, freight forwarders and logistics companies providing declaration services, the contacts of which you can find on the web.

3. Customs procedures

Customs procedures for importing goods usually include four steps: customs clearance, classification, valuation and taxation.

Taxpayers who import goods should declare them to the Customs of the location where they are to imported 14 days before the date the carrier enters the Customs zone according to [2, Article 29]. For more detailed information, please see the following websites:

<http://www.customs.gov.cn/YWStaticPage/433/86843c09.htm>

Declaration enterprises should pay tax in accordance with [3]. Detailed procedures are shown in Chapter 4: import-export duties on goods. For more detailed information, please see the following websites:

<http://www.customs.gov.cn/YWStaticPage/433/86843c09.htm>

According to [3, Article 37, 39 and 1, Article 60], taxpayers should pay tax to the designated banks 15 days after filling in the tax payment form. Owners of items deposited in designated customs warehouses should carry out returned or closing procedures when:

- Depositing or withdrawing items renounced by the owner or
- items have not gone through customs procedures 3 months after the date the carriers deposited them or
- items, unclaimed after more than 3 months in the customs control zone, will be turned over to the state treasury.

4. Declaration form

Enterprises should fill out the import and export of cargo declaration form for Customs clearance.

Declaration enterprises must check electronic data or related forms, before sending an electronic declaration form or declaration form to the Customs, in order to pass through Customs, to ensure that the declaration and related forms meet the requirements of the Customs declaration norms.

The following contents are subject to special checks:

- whether the import and export banks are the ultimate import and first export banks;
- whether the import and export banks and transportation route correspond;
- whether or not there is a logical relationship between the collection and delivery areas and the trading method and the goods' attributes.
- whether or not there is a logical relationship between transportation implementation and the port category and transport route.
- The currency, unit and total price should be checked and verified according to the declared imported commodity's attributes and measuring unit.
- whether or not there is a logical relationship between stipulated exemptions and other data (trade method, exemption attribute and commodity serial number, etc.).

5. Other documents

In addition to the import and export cargo declaration forms, it is necessary to submit the following documents when filling in a Customs declaration: (1) Contract; (2) invoices; (3) packing list; (4) manifests; (5) bill of lading; (6) authorized agreement with the declaration agency; (7) import and export licenses; (8) processing trade manual (paper or electronic data) required by Customs and other documents related to import and export. For more detailed information, please see the following websites:

<http://www.customs.gov.cn/YWStaticPage/3392/b53eec32.htm>

6. Custom requirements for physical entities

Entering individuals should hand over all articles of luggage brought with him/her to the customs to inspect.

Individuals entering/leaving the country should choose either the clearly marked red or green Customs channel. People may go through the green channel if they are not carrying goods, which should be

declared (Customs officials will ask to inspect tourists' baggage). If carrying goods that should be declared or if they are not sure if the goods break import restrictions, people should go through the red channel.

Customs do not allow and will ship back or store in a warehouse designated by the passenger, any articles meeting the following conditions:(1) not for personal use; (2) exceed a reasonable amount; (3) exceed the variety, specifications and limits of goods laid down by the Customs; (4) have not gone through customs procedures; (5) have not been taxed according to the legislation.

Legislation:

1. People's Republic of China Customs Law
2. People's Republic of China Import Tariffs
3. Regulations of the People's Republic of China on Import-Export Tariffs
4. People's Republic of China Customs Entry-Exit Luggage methods of control

Web sources in English:

1. <http://www.customs.gov.cn/YWStaticPage/3972/c4538048.htm>
2. <http://english.gov.cn/>

3. Tax system and non-taxation payments in China

1. Tax levying administration

(1) Tax levying institutions

Tax levying institutions include all levels of tax bureaus, sub-bureaus and tax organizations set up according to the regulations of the State Council and announced to society.

Contacts of Chinese State Tax Administration:

Website: <http://www.chinatax.gov.cn/n480462/index.html>

Mailbox: webmaster@chinatax.gov.cn

Address: 5, Yang Fangdian West Road, Haidian District, Beijing

Zip code: 100038

(2) Tax inspections

According to the law, tax authorities have the right to make the following inspections:

- check the taxpayer's books, accounts, financial statements and related information;
- check taxable commodities, goods or other property of taxpayers, taxpayer's production and operations sites and goods/commodities stores;
- instruct taxpayers and withholding agents to provide documents, evidence and information relevant to taxation;
- ask taxpayers and withholding agents questions and conditions relevant to taxation;
- inspect the invoices, vouchers and related information about mailing taxable commodities, goods or other property of taxpayers to railway stations, docks, airports, postal enterprises and their branches;
- check deposit accounts in the banks or other financial institutions of taxpayers engaged in production and operations.

(3) Revenue officers must show the tax inspection certificate and the tax inspection notices when conducting tax inspections; if they do not do so, taxpayers have the right to refuse to be inspected [1, Article 86].

For more information please check [2, Chapter 4 (Article 54-59)], and [1, Chapter 6 (Article 85-89)], available on website:

[Http://www.chinatax.gov.cn/n480462/n480513/n480919/index.html](http://www.chinatax.gov.cn/n480462/n480513/n480919/index.html)

2. Registration with the tax authorities

Enterprises should register with the tax authorities by submitting the relevant documents within 30 days from the date of applying for a business license (registration of business). The tax authorities should examine and issue registration documents within 30 days from the date of receiving the application [2, Article 15].

Taxpayers engaged in production and operations will register with the local tax authorities within 30 days from the date of applying for a business license, fill out tax registration forms truthfully, and provide relevant documents and information in accordance with tax authorities' requests [2, Article 12].

Taxpayers should provide the following documents and information truthfully according to various circumstances: (a) Industrial business licenses; (b) contracts, regulations and agreements; (c) uniform code certificate of the organization, and (d) ID card, passport or other legal documents of the legal representative or owners, and other relevant documents and information as required by the tax authorities of provinces, autonomous regions or municipalities. [2, Article 13].

Taxpayers should fill in registration forms truthfully. The forms include: (1) the company's name, the name of the legal representative or owner and the numbers of his/her identity card, passport or other legal documents; (2) residence, place of business, (3) type of registration; (4) accounting mode; (5) production and management mode; (6) the scope of production and operations; (7) registered capital and total investment; (8) production period; (9) contact details of the applicant. [2, Article 14].

3. Value Added Tax

(1) Definition

Value Added Tax is tax on the sale of goods or services that is deducted by a business.

The main characteristics of VAT are:

- It is paid by business owners;
- It is levied in phases. VAT is levied in various sectors during the production and distribution of goods to business owners;
- It is directly deductible.

(2) When should VAT be declared?

The period for declaring VAT is related to the time limit ratified by the national tax institution.

- Taxpayers with a tax payment period of 1 month should declare and pay VAT within 10 days

of the end of a tax payment period;

- Taxpayers with a tax payment period of 1 day, 3 days, 5 days, 10 days or 15 days should prepay VAT within 5 days of the end of a tax payment period and the balance of VAT between the 1st and 10th of each month.

(3) Where should VAT be declared?

- A fixed VAT taxpayer should declare the tax payment to the local organization;
- A non-fixed VAT taxpayer should declare the tax payment to the organization where the goods were sold;
- Imported goods should be declared by the importer or agent.

(4) Scope of VAT:

- Value of cargo;
- Duty-payable services;
- Imported goods.

(5) Rate of VAT

The rate of VAT can be divided into three levels:

- Base rate: 17%;
- Low tax rates: 13% and
- Zero tax rate.

4. Excise Duty

(1) Definition

An excise duty is a tax levied on some specific consumables and consumer behavior. The State Council issued the People's Republic of China Excise Tax Temporary Regulation on December 13th 1993 [3]. The Ministry of Finance issued the People's Republic of China Excise Duty Temporary Regulation Implementation Details on December 25th 1993 [4] and on January 1st 1994 began levying excise duty.

Excise duty characteristics are:

- The levying scope is selective;
- The levying process is singular;
- The levying method is selective;
- The tax rate and tax amount is different;

- The tax burden is flexible.

(2) Scope of Excise Duty

Excise Duties are levied on 11 kinds of commodities: cigarettes, liquor and alcohol, cosmetics, skin-care and hair-care products, precious jewelry and jade, fireworks, gasoline, diesel oil, vehicle tyres, motorcycles, compact cars etc.

(3) Excise Duty Rates

Altogether there are 14 rates of duty ranging from 3% to 45%.

(4) Procedure for levying Excise Duty

- Production: Dutiable consumables produced by taxpayers are levied by them when they are sold. If the consumables are used in the producer's own enterprise, they aren't levied if used for continuous production but are levied if they are used for other purposes.
- If dutiable consumables are produced on commission, they are levied by the assignee when delivering them to the client.
- Import: Dutiable consumables are levied by importers when applying to the Customs.
- Retail: Jewelry duty is levied by the retailer.

5. Business tax

(1) What is business tax?

Business tax is a tax imposed on domestic enterprises and individuals who provide dutiable services, transfer intangible assets or sell immovable property.

Business tax is a tax, which businesses of every kind have to pay when they make transactions and generate revenue.

The main characteristics of business tax are:

- It has a wide scope and universally levied;
- It is based on turnover, and a simple computation method.
- Tax rates are set according to the type of industry.

(2) Deadline for business tax payment

The levying period can be classified as 5 days, 10 days, and 15 days or 1 month by taxpayers according to the amount of tax payable; a taxpayer who cannot pay tax according to a fixed period can pay tax according to the times when payments are received. The levying period for the financial

industry (not including the mortgage industry) is the 1st quarter and the period for the insurance industry is 1 month.

(3) Scope of business tax

Taxpayer's gross output includes price and non-price expenses charged by taxpayers when providing dutiable services, transferring intangible assets or selling immovable property.

(4) Tax rate

The business tax rate is divided into 3 grades according to different industries.

- 3%: transport, architectural, postal and cultural/sports industries.
- 5%: finance/insurance, services, intangible asset transfer and the immovable property sales industries.
- The tax rate on the entertainment industry is between 5% and 20%, which is determined by the provincial government.

6. Income tax

(1) Definition

Income tax is a tax levied on enterprises inside the Chinese border, based on income from production, management and other means.

(2) Taxation period

Tax is paid every month or season.

An enterprise should submit an Income Tax Payment Application Form to the tax authorities 15 days after the end of every month or season and pay income tax in advance.

An enterprise should send an Annual Income Tax Payment Application Form to the tax authorities 5 months after the end of every year, and any outstanding income tax. [5, Article 54].

(3) Tax object

Payable income is the outstanding sum of annual total income less non-imposed income, tax-free income and income offsetting losses from previous years.

(4) Tax rate

- Resident enterprises should pay income tax on income from both inside and outside the Chinese border at 25%.
- Non-resident enterprises which have organizations or branches inside the Chinese Border should pay income tax on: income from inside the Chinese Border; income from outside the Chinese Border relative to its organization or branch inside the Chinese border at 25%.

- Non-domiciled enterprises, which have not set up organizations or branches inside the Chinese Border, should pay income tax on income originating inside the Chinese Border at 20%.

7. Tariffs

Tariff on imported goods are levied according to [6, Chapter V], and [7].

Customs tariffs on the import and export of goods and goods entering and exiting should be levied in accordance with the law. Consignees of imported goods, consignors of exported goods, owner of goods transiting are liable to pay tariffs. The Customs and Excise Department reviews and identifies the value of dutiable goods based on their transaction price.

For more information please see the following website:

<http://www.customs.gov.cn/YWStaticPage/433/69eabfa8.htm>

<http://www.customs.gov.cn/YWStaticPage/3440/d9bf0660.htm> .

8. Responsibility for violations of the tax legislation

According to [2, Chapter V (Article 60-88)] and [1, Chapter 7 (Article 90-100)], taxpayers will be fined not less than 2000 Yuan for committing one of the following offences:

- not registering, changing or canceling registration within the stipulated declaration period;
- not keeping accounts books and documents with related information in accordance with the provisions;
- not submit financial and accounting records to the tax authorities;
- not reporting all its bank accounts to the tax authorities;
- not installing and using tax-control devices, or the unauthorized alteration or damage to tax control devices.

Taxpayers who do not register with the tax authorities will be obliged to do so within a specified period; if this time limit is exceeded the tax authorities will get the industrial and commercial administrative bodies to revoke the taxpayer's business license.

In accordance with the regulations taxpayers not registering or using alternative procedures will be obliged to correct the situation by the tax authorities, and be fined not less than 2,000 Yuan.

Legislation:

1. People's Republic of China Tax Collection Management Act Implementation Details;
2. People's Republic of China Tax Collection Management Act (new collection method);
3. People's Republic of China Excise Tax Temporary Regulation;
4. People's Republic of China Excise tax Temporary Regulation Implementation Details;
5. People's Republic of China Income Tax Act;
6. People's Republic of China Customs Law;
7. People's Republic of China Customs Imported and Exported Goods Tax Management Measures;
8. People's Republic of China VAT Temporary Regulation;
9. People's Republic of China Sales Tax Temporary Regulation;
10. Chinese State Tax Administration website:

<http://www.chinatax.gov.cn/n480462/n480513/n480919/index.html>

Web sources in English:

1. <http://www.chinatax.gov.cn/n6669073/index.html>;
2. <http://www.customs.gov.cn/YWStaticPage/3972/c4538048.htm>.

4. Transport regulations in China

1. Types of transport when importing/exporting;

Sea, Land, Air Freight, Couriers, Shipping Agency, Warehouses & Terminals.

For more details, please see:

<http://www.sinotrans.com/wps/portal/sinotrans/sinotrans/Services>

2. How can Chinese carriers transport goods to the Kyrgyz Republic?

Transporting goods between China and the Kyrgyz Republic is regulated by [5, 6].

Chinese carriers must have a special permit, which will allow them into the Kyrgyz Republic. To get a form for a permit it is required to apply to the Transport and Communications Department in SUAR (Sinzyan-Uigur Autonomous Region). Without this form it is not possible to enter the Kyrgyz Republic. The form allows you to go to Bishkek and Osh.

Chinese carriers when transiting can use the following route, connecting China and the Kyrgyz Republic:

Torugart Border Crossing (China) – Naryn – Ak Jol Border Crossing (the Kyrgyz republic) – Kordai Border Crossing (Republic of Kazakhstan) and further into the Republic of Kazakhstan.

This route can be used if you have a quadripartite permit according to [6].

3. The legislation regulating transport in China.

There is a lot of legislation regulating transport, including some new and routine laws, which you can see on the website of the Ministry of Communications of the People's Republic of China.

(1) Highway law of the People's Republic of China

A carrier must not overload his/her vehicle or he/she could be charged with dangerous driving that carries a maximum fine of RMB 30,000.

(2) Maritime Traffic Safety Law of People's Republic of China

A carrier must abide by the law, for example, a carrier cannot carry dangerous goods, or he/she could receive three types of punishment, a Warning, Detention or Canceling his/her work certificate, or paying a fine.

(3) Port law of the People's Republic of China

When a carrier enters a port, he/she must have a permit, or he/she could be charged with Illegal Entry and fined from RMB 5,000 to RMB 50,000.

(3) Maritime law of the People's Republic of China

When conveying goods to a port a consignor should follow various procedures of maritime Customs, medical inspection, examination and other supervisory organizations in time and provide certificates from following these various procedures to the carriers. If the relevant certificates of various procedures are not complete or incorrect, causing the carrier to incur losses, the consignor will be deemed responsible for such losses

For more details, please see:

<http://search.moc.gov.cn:8080/was40/falv/default.jsp>

4. Where to find transport service providers

Generally, there are many companies providing transport services, so you can contact transport consultancy firms, such as HZ Research Co Ltd.

HZ Research Co Ltd is an outstanding professional services provider committed to helping its clients meet their business needs by analysing Chinese industry, giving Chinese industry investment advice, conducting Chinese industrial products market research and offering Chinese industrial enterprises' credit investigation services.

HZ Research's research area basically covers the machinery and electrical, chemical and materials, food and beverages, biomedicine, energy minerals, **transportation and warehousing and** financial services sectors.

HZ Research has the most up to date industry business information database system in China.

- contains more than 70 million Chinese enterprises in its main information directory database (monthly/annual update)
- covers more than 600 industry sectors Statistics Databases (monthly/annual update) involving 90000 various products including an import and export, customs import and export trade statistics database (monthly/annual update)
- provides macroeconomic statistics from 10,000 databases (monthly/annual update)

The Consultancy's address is: Level 7, Building 4, 97, Zhu Bang Centre, West Interior of Manor Bali, 4th Ring East, Chao Yang Area, Beijing, 10025, People's Republic of China. For more details, please see: <http://www.research.com/>, or contact:

Telephone: 010-85869127, 85869128; Fax: 010-85869129.

Legislation:

1. Highway Law of the People's Republic of China;
2. Maritime Traffic Safety Law of the People's Republic of China;
3. Port Law of the People's Republic of China;
4. Maritime Law of the People's Republic of China.
5. Agreement between the Government of the Kyrgyz Republic and the People's Republic of China on International Transport dated 25th February 1993
6. Agreement between the Government Republic of Kazakhstan, People's Republic of China, Kyrgyz Republic and the Islamic Republic of Pakistan on Transport Transit dated 9th March 1995

Web sources in English:

1. <http://www.research.com/>

5. Transit in China

1. Where to get information on transit through China

You can get information from the China Customs website, for more details see:

<http://en.shippingchina.com>

2. Types of transit through China

- (1) Bulk Cargo;
- (2) Containers.

3. Time frames for passing through Customs when transiting China

(1) The Principal must apply to Customs within three months of transit goods entering China or Customs will deal with them in accordance with [1].

(2) Transit goods must be transported out of China within six months of applying to Customs. In special circumstances the term can be extended for an extra three months. If the goods cannot leave China within the time limit, you will be punished in accordance with [2].

For more details, see:

<http://www.taxchin.cn/hg/2002-03/01/cms38366article.html>

4. The procedure for passing through Customs when transiting China;

- (1) Apply to Customs when entering China;
- (2) Examination and Approval;
- (3) Apply to Customs when leaving China;
- (4) Examination and Approval.

For more details, please see:

<http://info.news.hc360.com/HTML/001/002/008/014/104530.htm>

5. Documents required for a Customs convoy when transiting China.

(1) Entering China:

- Customs declaration form on entering China;
- Transit Transport Vouchers (detailed list of the load);
- International Railroad Transport Vouchers;

(2) Leaving China:

- Customs declaration form on leaving China;
- Sealed documents (Customs declaration on entering China and a detailed list of the load);
- International Railroad Transport Vouchers

For more details, please see:

<http://info.jctans.com/huoyun/hycz/200595130100.html>

6. The features of the Customs transit regime in China;

According to [3, Article 5], Customs officials cannot impose Customs and other payments for transit.

However, Customs officials can impose payments for freight, administrative expenses or services.

Fore more details, please see:

http://www.cftl.cn/show.asp?c_id=439&a_id=978

7. The procedure for passing though Customs when transiting China

(1) Applying to Customs when entering China

When the transit goods enter China, the responsible person should supply the Customs with three vouchers from a transit declaration form, transit transport vouchers and other vouchers required for passing through Customs, among them, transit transport vouchers including vouchers from the invoice and waybill.

(2) Examination and Approval

After the transit goods have been examined, the Customs seal the invoice, part of the Customs transit declaration form and the waybill.

(3) Applying to Customs when leaving China

When the transit goods leave China, the responsible person should give the Customs the following vouchers, the two remaining parts of the Customs transit declaration form, the vouchers sealed when entering China and the remaining part of the waybill and other vouchers required for passing through Customs.

(4) Examination and Approval

After the transit goods have been checked, the Customs seal the invoice and permit the transit goods to pass through Customs. For more details, please see:

<http://www.taxchina.cn/hg/2002-03/01/cms38366article.shtml>

Legislation:

1. The People's Republic of China Customs Law;
2. The Administrative punishment ordinance of the People's Republic of China Customs Law”;
3. General Agreement on Trade and Tariffs since 1947.

Web sources in English:

1. <http://en.shippingchina.com>;
2. <http://www.taxchin.cn/hg/2002-03/01/cms38366article.html>;
3. http://www.cftl.cn/show.asp?c_id=439&a_id=978;
4. <http://www.taxchina.cn/>

6. Registration of entrepreneurs as Physical and Legal Entities in China

1. Registration places

Generally, you can finish registration as an individual entrepreneur and a company in two ways. You can go to the State Industry & Commerce Administration (and its regional branch offices), or you can use services of registration agency. However, you must pay additional money for your registration if you select the second way. If you register an enterprise in FEZ, One Stop Shop services are available.

Address/contact details of the State Industry & Commerce Administration

8 Sanlihe East Road, West City Area, Beijing, 100820, PRC

Phone: +86-10-68010463/68013447

Facsimile: +86-10-68010463/68013447

Email: dfa@saic.gov.cn

For more details, please see:

<http://www.saic.gov.cn/ywblq/dfjbskstd/default.htm>

2. The differences between registering as a physical entity (individual entrepreneur) and a company in China

The differences lie in the registration procedures and list of documents required to prepare for registration and there is also different legislation regulating the registration process of a company and individual entrepreneur.

3. The process of registering companies in China

Generally, the process of registering companies includes:

- A Name Search;
- Capital examination
- Business license;
- Inscribing the official seal
- Handing over the Enterprise Registration Code Certificate
- Registering Foreign Exchange (In China, foreign exchange is under government controlled. So if a foreigner opens a business with a currency investment other than RMB Yuan, he/she has to go through the procedure of foreign exchange registration that will ensure the business operates in foreign exchange)
- Opening a bank account
- State tax registration
- Local tax registration
- Registration with the Statistics Authorities
- Registration with the Financial Authorities
- Registration with the Customs
- Registration with the Labor and Social Security Authorities

4. The addresses/contact details of authorities, with which an entrepreneur is obliged to register.

You should register in the local branch office where you plan to open a company. The following website is only for those obliged to register in Beijing. If you want to learn more about the addresses of all the branch offices of the State Industry & Commerce Administration, please see:

<http://www.saic.gov.cn/ywblq/dfjbskstd/default.htm>

For more details, please see:

<http://202.108.90.68/sg/sg.html>

5. The process of registering as an individual entrepreneur:

- The applicant gets an application form from the local branch office of the State Industry & Commerce Administration and;
- A Name Search is done;
- Undergoes examination and approval;
- Makes the payment;
- Completes registration with the required documents.

6. Documents required for registration a company

- Application form to Set Up and Register Foreign Invested Enterprises” by the appointed legal representative;
- The approval document issued by the approving authority (one duplicate of the official reply and approval certificate);
- Articles of Association;
- Notification of name pre-approval;
- Proof that a physical entity qualifies as an investor and proof of identity;
- Photocopies of documents of appointment and proof of identity of directors, supervisors and managers;
- Photocopies of documents of appointment and proof of identity of the legal representative;
- Investment verification certificates issued by a legally established investment verification authority;

- Where a shareholder has made his/her initial capital contribution with non-currency property, documents proving the completion of property transfer procedures will be submitted;
- Certificate of the company's domicile;
- The minutes of the inaugural board meeting;
- Pre-approval document or certificate;
- Letter of authorization for servicing legal documents;
- Other relevant documents and certificates;

For more details, please see:

http://202.108.90.68/gfr/gfr_list.html

6. Documents required for registering as an individual entrepreneur

- Initial registration application form;
- A copy of an ID card, resume and four photos;
- Enterprise's registered address certificate;
- Other relevant documents.

Generally, there are no restrictions on foreign entrepreneurs. However, individual requirements are a copy of an ID card, a copy of a passport and an officially stamped identity document.

For more details, please see:

http://202.108.90.68/gfr/gfr_list.html

8. The official cost of registering a company

The following payments are in Chinese Yuan

types\registration capital	500,000	1,000,000	2,000,000	3,000,000	5,000,000
Name Search	80	80	80	80	80
Business license	410	810	1610	2410	4010
Inscribing the seal	250	250	250	250	250
Enterprise registration code	203	203	203	203	203
Tax	100	100	100	100	100
Capital verification	500	20	3000	4000	6000

Different branches might have different rates, so you should consult local branch offices.

9. The official cost of registering as an individual entrepreneur

Generally, 300 Yuan, however, there might be slight differences in different local branch offices.

10. Time frames for the state registration of companies

- (1) Name Search: three days;
- (2) Examination and approval: 30 days;
- (3) Capital verification: three days;
- (4) Business license: 10 days;
- (5) Inscribing the official seal: five days;
- (6) Enterprise Registration Code: three days;
- (7) Opening a bank account: two days;
- (8) State tax registration: six days;
- (9) Local tax registration: immediately;
- (10) Registration with Statistics Authorities: immediately;

Branch offices might vary so you should consult local branch offices. You can find the addresses of these branch offices on the following website: <http://www.saic.gov.cn/ywblq/dfjbskstd/default.htm>

11. Time frames for state registration as an individual entrepreneur

- (1) Examination and approval of documents: immediately or in 5 days;
- (2) Approval of registration: immediately or in 15 days;
- (3) Granting a license: in 10 days.

Legislation:

Registration of companies:

1. Company law in the People's Republic of China;
2. Regulations on registering in The People's Republic of China;
3. Regulations about registering a company's capital;
4. Regulations on registering the Legal Representative of a legal entity;
5. Regulations on registering a legal entity and its name;
6. The administrative licensing law in The People's Republic of China.

Registration as an individual entrepreneur:

1. The temporary regulation about individual industrial and business entrepreneurs in urban and rural areas;
2. The temporary regulation and bylaw about individual industrial and business entrepreneurs in urban and rural areas;
3. Regulations on the registration procedure for individual industrial and business entrepreneurs;
4. Regulations on registering the name of an individual enterprise.

Web sources in English:

1. <http://202.108.90.68/sg/sg.html>;
2. <http://www.saic.gov.cn/english/default.htm>.

7. Government regulation of business in China

Hiring foreign people as employees

Foreign employers in China should have a work visa, after submitting foreigner employment permits and foreigner residence documents.

Foreigners employed in China must have the following qualifications:

1. Over 18 years of age in good health;
2. Required professional skills and the corresponding work experience;
3. No criminal record;
4. A place of work;
5. A valid passport or other international travel documents that can replace the passport

The firm that hires a foreigner must fill in the "employment of foreigners employment application form" and apply to the administrative department in charge of labor and provide the following documents:

- (1) biographical proof of employing foreigners;
- (2) Letter of Intent for employment;
- (3) Report on why foreigners are to be employed;
- (4) Certification of foreigners engaged in the work;
- (5) Health report on foreign employees;
- (6) Laws and regulations on other documents.

Getting permission for a foreign person to start a business

Application Procedures for Establishing Joint Ventures with Chinese-Foreign Equity or as Contractual Partners

- (1) Approval of the Project Proposal based on the knowledge of the partners' business area and financial status, Chinese or foreign investors are entitled to form a joint venture as they wish. Chinese

investors should produce a business proposal to be submitted to the examination and approval authorities (Planning Office or Technology Improvement and Management Office). Once approved, Chinese investors should get the joint venture registered to protect the company and brand names.

(2) Approval of the Right to a Feasibility Study after approval of the project proposal; both parties should work on a feasibility study involving markets, capital, planned site, craftsmanship, technology, facilities, environmental protection, raw material sale or return, foreign currency and the infrastructure to be submitted to the examination and approval authorities (Planning Office or Technology Improvement and Management Office). At the same time, both parties can discuss and sign a contract and other legal documents, such as the Company Charter.

(3) Approval of the Contract and Charter and the Issuance of a Certificate for the Right to a Joint Venture - after approval of the feasibility study, the mutually signed Contract and Charter can be submitted to the examination and approval authorities (Office of Foreign Trade and Economic Cooperation). The authority will, within 90 days from the date of receiving the Feasibility Study, Contract and Charter, decide whether or not to grant approval; within 45 days of the date of receiving an application to establish a joint venture. Once approval is granted, the Foreign Trade and Economic Cooperation Office issues a certificate of approval for a foreign-capital enterprise

(4) Applying for a Business License. Within 30 days of the date of receiving the certificate of approval for establishing a joint venture, the parties will apply to the Industry and Commercial Administrative Office to register for a business license. The date of issue of the business license of the joint venture will be the date of its establishment.

Application Procedures for Foreign Capital Enterprises. Foreign investors can entrust qualified agencies to apply and approve a foreign enterprise in China. The procedures for establishing foreign enterprises are comparatively simple by filling in The Application Form for Setting Up a Foreign Enterprise in China and submitting the Company Articles of Association and relevant legal documents to the Foreign Trade and Economic Cooperation Office. Under the Rules of the People's Republic of China on Foreign Capital Enterprises, this Authority is supposed to grant or not grant approval within 90 days of the date of receiving the application.

Once approval is granted, the Foreign Trade and Economic Cooperation Office issues the certification for a foreign-invested enterprise that includes the registration and license. Foreign-invested enterprises are supposed, within 30 days of the date of receiving their business licenses, to complete their registration, including opening bank accounts for both Chinese and foreign currencies, tax registration, customs registration, foreign currency registration, business inspection and recruitment procedures.

Activities of state bodies, regulating business in China

Staff recruitment: Based on the Labor Law of the People's Republic of China and other regulations, foreign-invested enterprises can recruit staff in accordance with its production needs and staffing levels through a variety of channels, for example, a talent market commissioned by the local labor department. To recruit staff from foreign, Taiwanese, Hong Kong and Macao regions, in accordance with the relevant state regulations, approved by the local labor departments they must apply for employment permits and undergo other relevant formalities.

Salaries: According to the Labor Law of the People's Republic of China, wages should be paid according to the principle of equal pay for equal work. Foreign-invested enterprises must pay the minimum wage set by the national or local government. The average wage level should be gradually improved according to how the business develops economically.

Insurance and benefits: foreign-invested enterprises should provide endowment, unemployment, medical care, work injury, maternity, and other social insurance, in accordance with the standard provisions of the local government and pay in full and on time pay social insurance premiums to the Social Insurance Agency. Insurance premiums should be paid in accordance with state regulations. In addition to the above social insurance, it should also include housing fund, staff education and training, grants, subsidies and statutory benefits.

Rights of entrepreneurs while contacting government officials. The Chinese legislation protects the legitimate rights and interests of foreign businessmen.

Legislation:

1. Rules of the People's Republic of China on Foreign-Capital Enterprises;
2. Labor Law of the People's Republic of China.

Investment guides:

1. China's 2007 Foreign Investment Guide
2. The State Industrial Guide to Foreign Investment

Web sources in English:

1. <http://www.chinabusinessreview.com/public/0801/cmi.html>
2. <http://english.dg.gov.cn/The%20State%20Industrial%20Guide%20to%20Foreign%20Investment.htm>

8. Licensing system in China

1. Activities that need a license

According to [1], the following activities need a license:

- Specific activities directly related to national security, public safety, economic macro-control, ecological and environmental protection and the safety of human health, life and property;
- The development and utilization of limited natural resources, the allocation of a special industrial public resources market access permit directly related to the public interest as well as issues giving specific rights;
- Occupations and industries that provide public services and directly relate to special credibility relations, interests and issues, special conditions or skills and other qualifications;
- Important safety equipment, facilities, products, goods that are directly related to public safety, personal health, life and property , issues that need to be authorized according to technical standards, technical specifications, inspection, testing and validation;
- An enterprise, or other organization to identify the main issues of eligibility;
- Legal, administrative regulations can be subject to other administrative matters

For more information about [1], please see:

<http://www.serc.gov.cn/opencms/export/serc/laws/gjfg/news/document12.html>

2. License Application Procedure

To get a license for import/ export, quotas and special natural resources should apply to the Ministry of Commerce. In general, you can get the application details from the website:

<http://www.licence.org.cn/Web/bszn/default.asp?Id=8>

For a license related to the quality and safety of products and special equipment, please apply to the General Quality Supervision, Inspection and Quarantine Administration. For more detail, please see:

<http://fgs.aqsiq.gov.cn/flfgsjk/>

Note: Some licenses only apply to the executive branches of government departments where the company is located. For example, if a company in Tianjin wants to apply for a production permit, the investor should just hand the application to Tianjin Quality and Technical Supervision.

For more information, please see: http://www.fdi.gov.cn/pub/FDI_EN/chunnel/tztd.jsp

3. Which bodies are responsible for issuing licenses?

There are lots of licenses in China issued by different government departments, so the exact department you should go to depends on the license you are going to apply for. For more details such as which department you should apply to, the fee it charges, the documents you should submit, please check the above-listed website.

For example: if you want to apply for a production permit, you should:

- Complete four copies of the unified format ‘production permit application form’ and submit it to the Quality and Technical Supervision Operations Section.
- Submit the following documents: the company’s business license; a routine test report; environmental protection and health certificates.

4. What is the punishment for doing business without a license?

Without a license, production and operational activities are illegal and punishment ranges from terminating your production and business activities to criminal charges

5. When and why can a license be cancelled?

- the permit has expired;
- the holder of the permit has left, died or become incapacitated
- legal entities or other organizations terminate it in accordance with the law;
- administrative licenses have been revoked or withdrawn in accordance with the law [1];
- failure to execute administrative licensing matters due to force majeure;
- other cases according to the laws and regulations [1] when a license should be withdrawn.

Legislation:

1. Administrative Licensing Law of the People’s Republic of China.

Web sources in English:

1. http://www.fdi.gov.cn/pub/FDI_EN/chunnel/tztd.jsp

9. Free Economic Zones in China

1. FEZs in China

China set up its first free trade zone - Shanghai Waigaoqiao Free Trade Zone in 1990 and currently has 15 FEZs: Tianjin Port FEZ, Shenzhen Sha Tau Kok FEZ, Shenzhen Futian FEZ, Shenzhen Yantian Port FEZ, Dalian FEZ, the Xiamen Xiangyu FEZ, Haikou FEZ, Zhangjiagang FEZ, Guangzhou FEZ, Ningbo FEZ, Fuzhou FEZ, Shantou FEZ, Zhuhai FEZ and Qingdao FEZ. All the FEZs in China are in the east and there is no FEZ very close to Kyrgyzstan.

2. The legislation concerning FEZ activities in China

The Chinese government has set up a relatively complete legal system and formed a foreign investment policy system, which mainly includes industrial, regional, tax and financial policies. The main laws and regulations on foreign investments in China include [1-5].

3. The Policy for exploiting central and western regions

In 1999, the Chinese government began implementing the Policy for exploiting central and western regions under which investment, including that from abroad, is encouraged to be put into inland China in the central and western regions. Policies and measures relevant to foreign investment are:

- Projects included in the Catalogue of Advantageous Sectors for Foreign Investment in Central and Western Regions will enjoy the same policies as encouraged projects.
- For the foreign invested projects in infrastructure or advantageous sectors in the west, restrictions on the proportion of foreign investment will be eased accordingly.
- Foreign investment is encouraged in the western region in infrastructure construction and resources development of agriculture, irrigation works, ecology, transportation, municipal works, environmental protection, mining, tourism, etc. and the establishment of technical research and development centres.
- Openings in the service and trade sectors in the western region will be furthered: pilot projects of foreign investment in banks, retailing and foreign trade will be expanded to municipalities and capital cities of provinces and autonomous regions; foreign-invested banks will gradually be permitted to run RMB business; foreign investors are permitted to, in

accordance with the relevant regulations, participate in telecommunications, insurance, tourism, Sino-foreign public accountancy services, legal services, engineering design companies, railway and road transport, municipal engineering and other industries recognized as open; some industries in the western region can open up for trial projects.

- Expanding foreign investment channels: BOT and TOT trials are permitted in the western region for foreign investors (**BOT** refers to “**Build-Operate-Transfer**”. The government gives a foreign investor the right to build a project and the foreign investor accordingly has the right to operate it for a period of time and then transfer the project and its operation back to the local authorities. **TOT** refers to “**transfer-operate-transfer**”, under this deal, the government transfers the built project to a foreign investor at a price, then the foreign investor has the right to run the business for a period of time and then transfer it back to the government);
- Foreign-invested projects are allowed to raise capital including RMB; qualified foreign-invested enterprises in the western region will be helped to get listed on stock markets at home and abroad; Enterprises belonging to State encouraged and permitted industries in the western region will be helped to absorb foreign investment through transferring rights to operate, selling shareholdings, merging and reorganizing, etc.; actively explore offsetting up Sino-foreign joint venture funds (Sino-foreign joint venture funds are funds established jointly by foreign and Chinese investors) and risk investment funds in absorbing foreign investment.
- Foreign-invested enterprises in eastern regions are encouraged to come to western China and reinvest and those projects with more than 25% foreign investment could be regarded as foreign-invested enterprises and enjoy equal treatment.

4. Taxes FEZ-based businesses pay in China

Preferential Tax Policies

The Chinese government levies low taxes on enterprises with foreign investment and the main preferential tax policies include: preferential rate of Corporate Tax, reduced Corporate Tax and duty-free and VAT-free equipment imports.

Preferential Rate of Corporate Tax

The normal rate of Corporate Tax for a foreign-invested enterprise is 33%, but preferential tax policies are offered to the sectors and regions where investment is encouraged by the state.

The 15% preferential rate of tax applies to

- Enterprises with foreign investment located in special economic zones;
- Production Enterprises with foreign investment located in Pudong New District;
- Production Enterprises with foreign investment located in state economic and technological development areas;
- Enterprises with foreign investment located in state new and hi-tech industrial zones that adopt new and high technologies;
- Enterprises with foreign investment that are engaged in projects such as energy, communications, ports and docks.

- The 24% preferential rate of tax applies to

- Production Enterprises with foreign investment located in open coastal economic zones, open cities beside the sea, river or border, or provincial capitals
- Production Enterprises with foreign investment located in the old part of cities with special economic zones or state economic and technological development areas.

Reduced Corporate Tax

Enterprises that meet the following requirements are subject to reduced corporate income tax:

- Production enterprises with foreign investment that have a working life exceeding 10 years will, from the year they begin to make a profit, be exempted from corporate income tax for the first two years and allowed a 50% reduction for the following three years;
- Enterprises with foreign investment that adopt advanced technologies will be exempt from corporate income tax for the first two years and allowed a 50% reduction for the following six years; In addition to the two-year tax exemption and three-year tax reduction, foreign-invested enterprises producing for export will be allowed a reduced corporate income tax rate of 50% as long as annual exports account for 70% or more of their sales volume (If a

production enterprise pays corporate tax at the rate of 15% and meets this condition, then it could pay corporate income tax at the rate of 10%);

- Enterprises with foreign investment engaged in agriculture, forestry and animal husbandry and enterprises with foreign investment established in remote and underdeveloped areas may, with the approval of the State Bureau of Taxation, be allowed a 15 to 30 percent reduction on their corporate income tax for a period of another 10 years following the expiry of their tax exemption and reduction as provided for above;
- Corporate income tax on enterprises with foreign investment located in mid-west China that are engaged in projects encouraged by the government will be levied at a reduced rate of 15% for a period of another three years following the expiry of the five-year period of tax exemption and reduction;
- Corporate income tax on enterprises with foreign investment located in mid-west China that are engaged in projects encouraged by the government will be levied at a reduced rate of 15% during the period 2001 to 2010;
- Reinvestment and tax refunding. The foreign investor in an enterprise with foreign investment, who reinvests his/her share of the profit obtained from the enterprise in a project with an operational period of no less than 5 years will, with the approval of the State Bureau of Taxation of an application filed by the investor, be refunded 40% of the income tax already paid on the reinvested amount. Foreign reinvested export-oriented enterprises will be refunded 100% of the corporate income tax already paid on the reinvested amount;
- Profits of foreign investors gained from wholly foreign-owned enterprises will be exempt from corporate income tax.

Deduction and Exemption of Import Tariff

Tariff rate: The present average tariff rate is 12%.

Tax exemption for imported equipment: Equipment imported for foreign-invested or domestic-invested projects that are encouraged and supported by the state will, apart from all the commodities in the Catalogue of Imported Commodities not Entitled to Duty Exemption for Projects with Foreign Investment, enjoy duty and import-state value-added tax exemption.

For more information, please see the website:

http://www.fdi.gov.cn/pub/FDI/gjjjkkfz/tzcn/tzcc/t20060410_22104.htm

Legislation:

1. The Law of the People's Republic of China on Chinese-Foreign Equity Joint Ventures and its implementation regulations;
2. The Law of the People's Republic Of China on Chinese-Foreign Contractual Joint Ventures and its implementation regulations;
3. The Law of the People's Republic Of China on Wholly Foreign-Owned Enterprises and its implementation regulations;
4. The Law of the People's Republic Of China on Foreign-invested enterprises, income tax and its implementation regulations;
5. Provisions on Guiding the Direction of Foreign Investment; Industrial Catalogue of Foreign Investment; List of Advantageous Sectors for Foreign Investment in Central and Western Regions.

Web sources in English:

1. http://www.fdi.gov.cn/pub/FDI_EN/default.ht

BROCHURE

Doing business in the Kyrgyz Republic?

(for Chinese entrepreneurs)

English version

Glossary

Section 1. Visa and registration requirements in the Kyrgyz Republic

Visa-free regime is a regime based on international treaties signed by the Kyrgyz Republic, when foreign citizens can enter and stay in the territory of the Kyrgyz republic *without* receiving a visa.

Section 2. Customs procedures in the Kyrgyz Republic.

Customs regime is represented by *totality of regulations*, determining goods and vehicles status, including an order of customs duties and taxes levying.

Section 3. Tax system and non-taxation payments in the Kyrgyz Republic.

Patent – *fixed* tax deduction certificate, used for running business by physical entities.

Taxation system for patent holders – special system of taxation, applied for those physical entities, which run business, *using a patent*.

Excise seal – special marking of goods, confirmed *payment* of Excise tax.

Section 5. Transit in the Kyrgyz Republic.

Internal Customs Transit – customs procedure, when goods under customs control are transported on the Kyrgyz Republic territory *without* paying customs duties, taxes etc.

Section 6. Registration of entrepreneurs as Physical and Legal entities in the Kyrgyz Republic.

Organizational-legal forms of legal entities – legal definition of different types of legal entities allowed in the Kyrgyz Republic

Section 7. Government regulation of business in the Kyrgyz Republic.

Permissive system – special instrument of government regulation, based *on issuing permits* to entrepreneurs for starting business, aimed to carry out sanitary, ire etc. control.

Certification is a form that confirms origin, during which the certifying agency *certifies* with documents that the products, processes/methods of production, storage, transportation, sales, use and jobs or services *are comply with the requirements* of the technical regulations, standards or contractual conditions.

Section 8. Licensing system in the Kyrgyz Republic.

License is a permissive document given to a person or Legal Entity that provides the *right to engage* in certain activities or take certain actions.

Section 9. Free economic zones in the Kyrgyz Republic.

Free economic zone (FEZ) in the Kyrgyz Republic are isolated and fenced-off areas specially allocated in areas of some provinces, districts and cities of the Kyrgyz Republic inside which the production of goods *attracts special benefits*.

Notes:

PRC – People’s Republic of China.

Calculation Index equals to a minimal size of wage, established by government.

1. Visa application and registration requirements in the Kyrgyz Republic

What should I know about visa and visa-free regimes?

The entry and stay of foreign citizens and persons with no citizenship who arrive in the Kyrgyz Republic for temporary or permanent residence is carried out based on a visa, temporary or permanent residence permit in accordance with the legislation of the Kyrgyz Republic [1].

All categories of visas are initially issued by diplomatic representative offices and consular departments of the Kyrgyz Republic located abroad and, where there are no such offices, this is done by the diplomatic representative offices and consular departments of Russia or Kazakhstan.

Visa-free regime is based on the international treaties signed by the Kyrgyz Republic. These treaties identify the categories of passports which qualify their owners for the visa-free regime.

Do Chinese citizens need visas?

Chinese citizens can enter and stay in the Kyrgyz Republic for up to one month without a visa. If you want to stay in Kyrgyz Republic for a longer period of time, the following information will be useful for you.

What visa categories are there?

- Diplomatic visas (granted to foreign citizens who have their diplomatic passport and arrive in the country on business or are in transit);
 - Service visas (granted to foreign citizens who have their service passport and arrive in the country on service business or are in transit);
 - Ordinary visas (granted to foreign citizens who arrive in the Kyrgyz Republic on business);
 - Investment visas (granted to potential investors who arrive in the country with the intention of investing the equivalent of at least US \$20,000 in monetary and material value intended for production purposes and who have provided the necessary documents certifying their contribution to the country's economy);
 - Tourism visas (granted for foreign citizens who arrive in the country on holiday);
 - Work visas (granted to foreign citizens who arrive in the country to work here);
 - Study visas (granted to foreign citizens who arrive in the country to study here);
 - Private visas (granted to foreign citizens who arrive in the country for various private reasons (to visit relatives and friends, as a guest, for treatment));
 - Permanent residence (granted to foreign citizens who arrive in the country for permanent residence).
- Visas can be single, double, and multiple entry.

What is the registration procedure for a foreign resident?

Foreign citizens who arrive in the Kyrgyz Republic for a term exceeding five working days should be registered at their place of stay with the Ministry of Foreign Affairs (MFA) of the Kyrgyz Republic and its

area representative offices and the Ministry of the Interior of the Kyrgyz Republic and its area offices and in hotels.

More detailed information is available by calling:

- Consular Service Department, MFA of the KR: +996 66-08-11, 66-32-70;
- Foreigners office, Department of Internal Affairs in Bishkek: +996 28-55-38;
- Passport and Visa Department, Ministry of the Interior: +996 22-38-27; 22-90-61.

Where in China should I apply for a visa to the Kyrgyz Republic?

Embassy of the Kyrgyz Republic in China	Mr. Sarbaev, Ambassador Extraordinary and Plenipotentiary of the KR in China	100 600 China, Ta Yun Diplomatic Office #2-7-1 Code: 00-86-10, Fax: 6532-6459 E-mail: tianshan@kyrgyzstan.link263.com
Ministry of Foreign Affairs of the KR, Visa Department of Kyrgyzstan Aba Zholdoru JSC in Urumqi, China	Mr. Primkulov Head	Urumqi, High and New Technologies FEZ (free economic Zone), Kun Min Lu St., #1. Tel. (0086991) 3839117, Fax: (0086991) 3831067

Which documents must I provide for applying for a visa?

For obtaining a Kyrgyz Republic entrance visa it is necessary to provide the following documents:

1. Foreign passport or any other backup document;
2. Written appeal from state bodies or application from inviting person/organization (depending on visa category, for more details, please check [5]);
3. Visa application form, filled in three copies.

Full list of documents, necessary for visa application, you can check in [1, 5].

What is the cost of a visa to the Kyrgyz Republic for a foreign resident?

Table 1. Consular Service Department Fees for granting and prolonging visas to foreign citizens (in US \$)

#	Visa type	Consular fees
1.	Single entry visas:	
	- Up to 1 month.	36
	- Up to 3 months.	46
	- Up to 6 months.	56
2.	Multiple entry visas:	
	- Up to 1 month.	46
	- Up to 3 months.	66
	- Up to 6 months.	101
	- Up to 1 year.	131
3.	Tourism visas:	
	- Up to 7 days.	26
	- Up to 1 month.	36
	- Over 1 month or double entry up to 1 month.	56
	- Group visas for each person up to 1 month.	36
4.	Transit visas:	
	- Up to 5 days.	21
	- Double entry.	36

Note:

The consular fees apply to consular activities covering 4-10 working days.

The consular fees increase by 100% for consular activities covering three working days.

The consular fees increase by 200% for consular activities covering out of hours time, days off and holidays.

Can I get a visa for the Kyrgyz Republic at Manas International Airport?

On arrival at Manas International Airport a foreign citizen can apply to the Kyrgyz Ministry of Foreign Affairs' (MFA) Consular Department when passing through passport control however, for Chinese citizens it is necessary that the party meeting them in the Kyrgyz Republic should submit in advance an official request to the MFA of the KR to grant a visa on arrival at Manas International Airport, otherwise, a visa will not be granted and the Chinese citizen will be deported.

Table 2. Fees for granting visas to foreign citizens by the Kyrgyz MFA's Consular Department at Manas International Airport

#	Visa type	Consular fees
1.	Single entry ordinary visas:	
	- Up to 1 month.	36
2.	Tourism visas:	
	- Up to 7 days,	26
	- Up to 1 month,	36
	- Over 1 month or double entry up to 1 month,	56
	- Group visas for each person up to 1 month.	36
3.	Transit visas:	
	- Up to 5 days,	21
	- Double entry	33

Normative legal documents:

1. Law of the Kyrgyz Republic On Foreign Migration approved on July 17th 2000 (with recent amendments on August 6th 2005).
2. Resolution #213 of the Government of the Kyrgyz Republic approved on April 15th 2003.
3. Resolution #521 of the Government of the Kyrgyz Republic approved on July 18th 1994 (with recent amendments on June 7th 2007).
4. Resolution #502 of the Government of the Kyrgyz Republic approved on July 29th 2002 (with recent amendments on July 1st 2005).
5. Instruction for applying a Law # 664 of the Kyrgyz Republic On order of foreign citizens staying in Kyrgyz Republic dated 12th December 1998.

2. Customs procedures in the Kyrgyz Republic

What body regulates Customs in the Kyrgyz Republic?

The body that regulates Customs in the Kyrgyz Republic is the State Customs Committee (SCC of the KR).

What Customs offices are located on the state border of the Kyrgyz Republic with China?

Osh Customs Office	Mr. Matraimov, Head of the Customs Office	6A, Leninabad St, Osh, Kyrgyzstan Tel.: +996-3222-5-63-34 0-312 51-18-59 (Help line) E-mail: osh.customs@bishkek.gov.kg
Naryn Customs Office	Mr. Akuluev, Head of the Customs Office	17. Torobaev St, Naryn, Kyrgyzstan Tel.: +996-3522-5-04-23 0-312 51-18-59 (Help line) E-mail: narynmail@customs.gov.kg
Manas Customs Office	Mr. Makeev, Head of the Customs Office	Manas International Airport, Kyrgyzstan Tel.: +996-312-69-31-70 0-312 51-18-59 (Help line) E-mail: manasmail@customs.gov.kg
Severnaya (Northern) Railway Customs Office	Mr. Masabirov, Head of the Customs Office	103A, Lev Tolstoy St, Bishkek, Kyrgyzstan Tel.: +996-312-64-70-58 0-312 51-18-59 (Help line) E-mail: manasmail@customs.gov.kg

You can find out about other Customs offices in the Kyrgyz Republic from the State Customs Committee of the Kyrgyz Republic, whose contact details appear at the end of this section.

What is the procedure for transporting goods and vehicles across the Customs border of the Kyrgyz Republic?

According to [1], goods and vehicles pass through the Customs border after undergoing the following obligatory procedures:

- Customs examination;
- Personal examination;
- Marking goods with special marks or marking them with identification signs in the cases provided for by the legislation [5, 6]
- Audit Control

All goods and vehicles passing through the Customs border including imports/exports are subject to Customs registration and Customs control under the procedure and conditions laid down in [1].

What documents should be submitted when passing through Customs control?

Information that should be shown when the goods arrive in the Customs Zone of the Kyrgyz Republic is as follows:

- Information showing the types and names of the goods;

- Information showing the quantity of goods;
- Information about the marking and packaging of the goods;
- Brief information identifying the vehicle;
- Information about the persons that declared this information for Customs purposes (what role do these indicated persons play in relation to the goods and vehicles);
- Information about transport documents, in accordance with which the goods are transported across the Customs border of the Kyrgyz Republic;
- Information showing the Customs value of the goods;
- Information showing the country of dispatch and country of origin of the goods and vehicles;
- Information showing the sender and receiver of the goods and vehicles;
- Customs declaration
Written declarations are made by submitting one of the following documents to the Customs office:
- Customs Cargo declaration TD-1 and TD-2 (hereinafter, CCD);
- Customs declaration for physical entities, TD-6;
- Written application made in an arbitrary form;
- Customs Receipt (hereinafter, CR);
- Transport (forwarding) documents (international commodity transport invoices, railway invoices, waybills) required under international conventions, transport charters and codes, agreements and legislation (for more details, see Section 4, Regulating Transport);
- Customs certificate for an imported vehicle.

What Customs regimes are there?

The most common Customs regimes applying in the Kyrgyz Republic are the following:

- **Issuing for free circulation** – Customs regime when the goods delivered in the Customs Zone of the Kyrgyz Republic permanently stay in the Zone with no obligation to remove them.
- **Re-import** – Customs regime when goods previously removed from the Customs Zone of the Kyrgyz Republic are re-delivered under the established terms without the imposition of Customs duties or taxes and without applying non-tariff measures to these goods. Goods for re-import are considered for Customs purposes, as issued for free circulation.
- **Bonded warehouse** – Customs regime when the goods delivered in the Customs Zone of the Kyrgyz Republic are stored in special buildings or areas that have Bonded warehouse status under Customs control without paying Customs duties or taxes and without applying non-tariff measures to these goods whilst in storage and goods intended for removal are stored under Customs control.

- **Temporary importation** – Customs regime when foreign goods are used in the Customs Zone of the Kyrgyz Republic with complete or partial conditional exemption from paying Customs duties and taxes and without applying non-tariff measures to these goods.
- **Export** – Customs regime when goods that are in free circulation in the Customs Zone of the Kyrgyz Republic including goods produced in Free Economic Zones, are sent outside the Kyrgyz Republic and will not be re-imported.
- **Re-export** – Customs regime when goods that were previously imported into the Customs Zone of the Kyrgyz Republic are removed from this Zone without reimbursement of import duties and taxes paid and without applying non-tariff measures to these goods.
- **Transit** – Customs regime when foreign goods are transported across the Customs Zone of the Kyrgyz Republic under Customs control between their place of arrival into the Customs Zone of the Kyrgyz Republic and place of their removal from this Zone without paying Customs duties and taxes and without applying non-tariff measures to them.
- **Duty free shops** – Customs regime when goods imported into the Customs Zone of the Kyrgyz Republic or national goods are retailed to natural entities directly in duty free shops without paying Customs duties and taxes and without applying non-tariff measures to these goods on condition they will be further removed from the Customs Zone of the Kyrgyz Republic.

What Customs payments must I pay?

In general, the following Customs payments apply:

1. The Customs tariffs established in accordance with the legislation [2];
2. Value Added Tax (VAT) on imports collected by Customs offices (for more details of this measure, please see Section 3, Tax system and non-tax payments);
3. Excise tax on imports imposed by Customs offices;
4. Seasonal tariffs;
5. Special types of duties (protective, anti-dumping, compensational) that are related to non-tariff regulation measures;
6. Customs tariffs (for Customs registration of goods and vehicles declared, as goods, Customs tariffs are imposed at the rate of 0.15% of the goods and vehicles' Customs value).

Customs payments numbered 1, 2, 3, and 6 are the most common in the Kyrgyz Republic.

What are the rates of Customs duties on goods imported into the country?

The rates of the main Customs duties are given in the table below.

Table 3. Customs duties rates

Description	Customs duty rate in % of the Customs value (per unit)
Sugar and confectionery produced from sugar	5-10%
Various food products	5-10 %
Mineral products	5-10%
Chemicals and products of the industries connected with the chemical industry	0-5%
Pyrotechnic items	5%
Plastic and items produced from it	0-10%
Items produced made of leather and natural and artificial fur	0-10%
Timber and wooden products	
Textiles and textile items and wool, fine or coarse hair of animals and other finished textile items	5-10%
Items produced from rocks, gypsum, cement, asbestos, mica, and similar materials; ceramic items; glass and glass products	10%
Glass and glass products	0-10%
Machines, equipment, and tools, electric and technical equipment	0-10%
Ground, airborne and aquatic travel means and devices and equipment related to transport	0-10%
Optical, photographic, cinematic, measuring, control, sensitive, medical, or surgical tools and devices. Clocks/watches of all types; musical instruments; their parts and accessories	0-10%
Various industrial goods	0-10%

Is luggage carried by physical entities subject to Customs registration and control?

According to [7] the following categories of goods are subject to Customs registration in reductive order:

- Goods transported by physical entities for personal use or sent to another people, not intended for production, sale or any other commercial activity;
- Goods, import of which is limited or forbidden;
- Goods, value of which exceeds established limitations for transporting through Customs border with full exemption from customs payments according to [1, clause 192].

Above-mentioned categories of goods transported in hand luggage are subject to Customs registration verbally.

All customs payments are paid by physical entities directly when passing Customs control.

Where can I apply for more detailed information on the requirements contained in the Customs legislation of the KR?

You can apply to State Customs Committee or to Association of Customs brokers.

Customs Brokers' Association	Mr. Chukin, President	Office 4 (First floor), 119A, Akhunbaev St, Bishkek, Kyrgyzstan Tel. +996 (0)(312) 441649 E-mail: atb.customs@mail.ru
------------------------------	-----------------------	---

Contact information, SCC of the KR.

State Customs Committee of the Kyrgyz Republic		Address: 4A, Baatyr Street, Bishkek, Kyrgyz Republic	
Position	Name	Telephone	E-mail
Customs Control Department			
Chief	Mr. Bootbaev	51-24-41	uotk@customs.gov.kg
International Cooperation Department			
Chief	Ms. Turdubaeva	51-24-70	oms@customs.gov.kg
Legal Department			
Chief	Mr. Zakirov	51-22-61	jrist@customs.gov.kg
Duty official		51-18-59 (Fax) 512463	
Help line		51-24-67	

Normative legal documents

1. Customs Code of the Kyrgyz Republic issued on July 12th 2004 (with the latest amendments approved on March 26th 2007).
2. Law of the Kyrgyz Republic On Customs Tariff approved on March 29th 2006.
3. Instructions on Applying Customs Regimes established by Resolution # 961 approved by the Government of the Kyrgyz Republic on December 28th 2004.
4. Instructions on Customs Registration and Customs Control of Goods and Vehicles Transported Across the Customs Border of the Kyrgyz Republic established by Resolution # 961 approved by the Government of the Kyrgyz Republic on December 28th 2004.
5. Tax Code of the Kyrgyz Republic.
6. Law #187 On Marking Goods with Control (Concealed) Markings approved on November 24th 2006.
7. Instructions on Transportation of goods and vehicles through the frontier of the Kyrgyz Republic by Physical Entities # 976 dated 31st December 2004.

3. Tax system and non-taxation payments in the Kyrgyz Republic

What steps should I proceed before starting a business activity?

Before starting a business activity it is necessary to register in state registration bodies:

- **An organization** obtains a certificate of registration from the Ministry of Justice (detailed information can be found in Section 6 “Registration of entrepreneurs as Physical and Legal entities”) and then registers with the Tax inspectorate and Social Fund.
- **A Physical Entity** can make a choice and run a business:
 - using a patent (fixed tax deduction certificate), which is purchased from the tax inspectorate and is accompanied by an insurance policy obtained from the Social Fund of the Kyrgyz Republic;
 - under a certificate, which is provided by the Statistics Agency (details in Section 6 “Registration of entrepreneurs as Physical and Legal entities”).

What Tax inspectorates are there in Bishkek?

Table 1. Addresses of tax inspectorates in Bishkek.

Tax service	Address
State Tax and Duties Committee of the KR	219, Chui Avenue. Bishkek
Pervomaisky STDC Department, Bishkek	193, Tynystanov Street. Bishkek
Sverdlovsky STDC Department, Bishkek	4, Chui Avenue. Bishkek
Octyabrsky STDC Department, Bishkek	29, Microdistrict 10, Bishkek
Leninsky STDC Department, Bishkek	71, Alarchinskaja St., Bishkek

Information on Tax inspectorates in the regions and districts can be found at: <http://www.sti.gov.kg/>

Is there a fixed term for registration?

Tax inspectorate:

The Tax Code does not specify a period for registering however, it is necessary to register before starting a business and the tax inspectorate will register and provide a TRN (tax registration number) within 10 days of an application being submitted.

Physical Entities (PE) having a Certificate from the Statistics Agency and Physical Entities willing to run a business using a patent obtain a Tax Identification Number (TIN) from the Social Fund. Afterwards they should apply to the tax service, which registers certified PE within 10 days and physical entities that have patents within 1-3 days of an application being submitted.

Social Fund:

Within 30 days of registering as a Legal Entity (LE) at the Ministry of Justice or as a PE with the Statistics Agency (for patent holders insurance policy is required) it is necessary to register with the Social Fund.

What is the punishment for running an unregistered business?

The Tax Code provides for fines of twice the amount of unpaid tax for running an unregistered business, for example: if a tax payment of 100 soms has not been made the tax inspectorate can fine you 200 soms. The guilty person will have to pay the tax and a fine, i.e. 300 soms and a fine of 30 times the minimum wage can be imposed for untimely registration with the Social Fund [1].

What tax systems operate in the Kyrgyz Republic?

The following tax systems operate in the Kyrgyz Republic:

- General tax system.
- Simplified tax system.
- Taxation system on license holders.

GENERAL SYSTEM OF TAXATION

Who does the general system of taxation apply to?

The general tax system applies to all who have obtained a Certificate from the Statistics Agency.

What taxes are paid under this system?

LE are bound to pay the following taxes and contributions:

1. Road tax;
2. Emergency Situations Tax;
3. Profit Tax;
4. Retail sales and services Tax;
5. Value Added Tax (if the VAT payment threshold specified below, has not been reached the tax is not paid);
6. Land Tax (if land plots from state or municipal bodies are owned or rented);
7. Excise Tax (if goods subject to the tax are produced);
8. Income Tax (deducted from salaries of employees and single payments to Physical Entities);
9. Utility Tax (rubbish disposal from populated areas);
10. Resort Tax (when entering a resort Zone);
11. Advertising Tax (if rendering advertising services or independently advertising goods);
12. Hotel Tax (if running a hotel);
13. Contributions to the Fund for Developing and Reproducing Natural Mineral-Raw Material Reserves (if extracting natural resources);
14. Parking fees (if parking a car in specially allocated places);
15. Contributions to the Social Fund (deducted from wages).

PE, certified with the Statistics Agency, are bound to pay the following taxes:

1. Income Tax (on incomes from economic activity, on wages of workers and single payments to Physical Entities);
2. Retail sales and services Tax;

3. Value Added Tax (if the VAT payment threshold specified below, has not been reached the tax is not paid);
4. Land Tax (if land plots from state or municipal bodies are owned or rented);
5. Excise Tax (if goods subject to the tax are produced);
6. Utility Tax (rubbish disposal from populated areas);
7. Resort Tax (when entering a resort Zone);
8. Advertising Tax (if rendering advertising services or independently advertising goods);
9. Hotel Tax (if running a hotel);
10. Contributions to the Fund for Developing and Reproducing Natural Mineral-Raw Material Reserves (if extracting natural resources);
11. Motor vehicle Tax (if any vehicles are owned);
12. Contributions to the Social Fund (deducted from wages).
13. Parking fees (if parking a car in specially allocated places);

Who pays taxes under the general system of taxation and how are they paid? What are the tax rates?

There are indirect and direct taxes

Tax	Rate
Indirect taxes:	
Value Added Tax (VAT)	20 %
Excise tax	by the goods' type
Retail sales and services Tax	4 %
Direct taxes:	
Emergency Situations Tax	1.5 %
Road tax	0.8 %; 0.08 %
Profit tax	10 %
Income tax	10 %
Land tax	According to type of land
Advertising tax	3 %
Resort tax	3 %
Utility tax	No more than 25 % of the calculation index
Hotel tax	2 %
Contributions to the Fund for Developing and Reproducing Natural Mineral-Raw Material Reserves	According to type of resource
Motor vehicle tax	According to type of motor vehicle
Parking fees	3%

1. Value Added Tax (VAT)

VAT is paid:

- when monthly turnover exceeds the registration threshold during a continuous 12 month period.

Since 1st January the registration threshold is **4 000 000** soms.

- it is possible to register voluntarily if gross output is below the registration threshold or at the moment of initial registration with the tax inspectorate.

Registration for VAT is made separately.

All registered VAT taxpayers are obliged to make out standard invoices for VAT. For sales (rendering services) using a cash register (CR) only one invoice per month is made out; for sales (rendering services) to organizations or individual entrepreneurs an invoice is made out for each buyer. All invoices for a month are registered in **the sales register** and the total monthly VAT is **VAT on sales and rendering services**.

Entrepreneurs have to keep **the sales register** in which all standard invoices made out **by buyers when paying for goods** are registered during a certain month; the total VAT on the invoices is the VAT paid on purchases.

VAT is calculated using the formula:

VAT (on sales, rendering services, implementing works)	-	VAT (paid by buyers)	=	VAT (to pay to budget)
---	---	-----------------------------	---	-------------------------------

VAT is paid on the **difference** resulting from **subtracting** the total VAT on sales (rendering services) for a month from the total VAT paid when purchasing the goods (ordering services) for the same month or the total VAT paid when importing the goods into the Kyrgyz Republic from other countries.

For example: in March sales of goods were 120 000 soms (cost of the goods is 100 000 soms plus 20 000 soms VAT); in the same month 18 000 soms were paid for communication services, electricity and rent (15 000 soms have been paid for services plus 3000 soms VAT); let's substitute VAT on sales and VAT on purchases in the formula:

VAT on sales 20 000 soms	-	VAT paid to service suppliers 3 000 soms	=	VAT to pay to budget 17 000 soms
------------------------------------	---	--	---	--

As a result VAT to pay to budget for the month is 17 000 soms.

There are some activities which **are VAT exempt**:

- Distribution of agricultural products and goods produced and processed by an agricultural entrepreneur himself;
- Distribution of medicines;
- Financial services;
- Services rendered by the municipal and provincial (in rural areas) transport system, except for taxi services transporting passengers inside cities, villages and suburban areas and services rendered by water, railway and transport systems;
- Works and services connected with international transport;
- Deliveries provided by non-commercial organizations;
- VAT-exempt imported goods in cases stipulated by the law [2, clause 147].

In addition to the types of activities listed above there are some other types of deliveries exempted from VAT as stipulated by the law [2, clause 138].

If the values of sales or services rendered do not reach the VAT threshold VAT registration can be cancelled:

- compulsorily registered – 12 months after registration;
- voluntarily registered - 2 years after registration.

Cancellation of VAT registration means there is no VAT liability.

2. Excise duties

Excise taxpayers are manufacturers and importers.

Excise duties are paid by:

1. those who import goods into the Kyrgyz Republic;
2. those who produce goods in the Kyrgyz Republic;

Excise tax is not paid on resales.

The following groups of goods are subject to excise duties [2, clause 162]:

- distilled products;
- tobacco products;
- jewelry made of gold, platinum or silver;
- leather and fur products;
- cut-glass ware, lighting units made of crystal;
- firearms and gas spray guns (except for weapons purchased for the needs of state agencies);
- mineral oil;
- coffee and cocoa;
- carpets and carpet products (except for synthetic coverings).

Rates of excise duties are fixed by a separate law [3] which is approved annually. Rates are fixed as a percentage of the goods' value or at a rate depending on the physical volume of the goods.

The rate of excise duty on:

- jewelry is 5 percent of the value;
- distilled products is from 2 to 70 som per litre;
- coffee and cocoa are 10 percent of the customs value.

For example: the customs value of coffee is 20 000 soms, so the excise duty will be 2 000 soms (20000 soms x 10 %).

In addition to excise duty being paid on tobacco and distilled products (except beer), the goods are marked with excise seals.

3. Retail sales and services Tax

Retail sales and services Tax is paid by everyone who sells goods and renders services. The tax is local and the rate is fixed by the local authorities of each area, who can reduce the rate.

4. Emergency Situations Tax (EST).

The Emergency Situations tax is only paid by Legal Entities (organizations, excluding producers of agricultural products).

The tax is charged depending on the kind of activity:

- manufacturing, services, works – the tax is charged on the total sales without taking into account indirect taxes;

- trade, sales of fixed and intangible assets – the tax is charged on the gross income, i.e. the total sales (without taking into account indirect taxes) minus total purchases;

- construction-assembly work – the tax is charged on the total work done using own resources without taking into account sub-contracted work

5. Road Tax

All **Legal Entities** pay Road Tax.

The rate of the tax is specified for each kind of activity, so if an LE is engaged in several kinds of activity the tax is charged for each of them individually.

Field of activity	Subject to tax	Rate
Manufacturing	Goods output volume (finished product manufactured but not sold)	0.8 %
Building	Value of construction-assembly work, repairs and drilling made using own resources	
Trade, procurement, trade-procurement and supply and sales agencies	Retail and wholesale turnover	0.08 %
Transport services	Income for rendered services	0.8 %
Banks, Savings Banks, Insurance Companies, micro-finance organizations	Gross income	
Exchange and broker offices	Gross income	
Other Legal Entities	Gross income	

The Law provides for Road tax relief [4].

6. Profit Tax

LE in the Kyrgyz Republic and branches/representative offices of international organizations are obliged to pay Profit Tax.

Organizations have to submit income declarations by 1st March of the following year.

The Tax is charged using the formula:

Total Annual Income (TAI) – deductions = income subject to the tax

TAI is the total annual income obtained for the period 1st January - 31st December including all monetary, service and work income.

To calculate TAI it is necessary to choose a method for assessing income (for details see [2, clause 29]).

Deductions are costs which can be included in the declaration.

Costs can be included in the declaration:

- fully;
- partly;
- at a rate greater than stipulated in the accounts

Some costs cannot be included in the declaration.

The following costs are fully deductible:

- salaries;
- material and social benefits to employees;
- insurance of assets involved in economic activities;
- all other business costs related to obtaining income, except for costs which are not deductible;
- losses from exchange rate differences when dealing with foreign currency;
- contributions to the Social Fund of the Kyrgyz Republic.

The following costs are partly deductible:

- travel allowances [2, clauses 82, 94];
- interest costs on debentures [2, clauses 77, 95];
- costs connected with extracting natural resources [2, clauses 82, 99];
- costs on intangible assets [2, clauses 83, 100];
- repair costs [2, clauses 81, 98];
- losses from converting securities [2, clauses 85, 102];
- losses related to economic activity [2, clauses 86, 103];

Higher rate costs:

- amortization of capital assets [2, clauses 8, 97];
- costs connected with increasing fixed production-related assets [2, clauses 83-1, 100-1];
- a reserve fund which is created by banks and insurance companies [2, clauses 104, 104-1].

Costs which are not deductible:

- fines and percentage contributions paid to the tax service and Social Fund of the Kyrgyz Republic;
- taxes paid to the budget of the Kyrgyz Republic, except for Land tax, Road tax, Emergency Situations tax and Property tax.
- any costs made to a spouse or other member of the taxpayer's family, partners in economic activities or other persons, except for cases when there is evidence that the costs have been made to pay for rendered services and result from production needs;
- costs the type and size of which cannot be supported by documents of the taxpayer (bills, payment receipts, purchase receipts, etc.).

For other costs which are not deductions see [2, clauses 87, 105]. In some cases allowances are made against Profit Tax, see [2, clause 112].

7. Income tax

Income tax is deducted from salaries paid to employees (for example, income tax is paid by an LE and then an employee receives his/her wages).

Income tax is paid **independently** by persons who work:

- **using a patent**; the cost of the license is income tax.

- **under a certificate** of an individual entrepreneur. The tax is paid depending on the results of economic activity, which are calculated using the formula **Gross annual income – Deductions = the sum to be paid**. Individual entrepreneurs submit an income declaration annually and pay **10 percent** income tax.

8. Land Tax

Land tax is paid by those who own a land plot or lease land from municipal or state bodies.

Persons who use **agricultural land** pay tax depending on the quality of the land plot (not irrigated, irrigated, long-term plantings, pastures, hay meadows) at rates specified for the given area; the area of the land plot is multiplied by the rate of the Land tax.

Persons who use **non-agricultural land** pay land tax at rates calculated taking into account the following factors:

1. Zone index which is specified by local authorities and defines what Zone the land plot is part of;
2. Ecological impact factor (ranges from 1,5 to 2);
3. Factor of functional purpose which is applied depending on what constructions are located on the land plot and what kind of activity is undertaken.

Rates of land tax are specified in a separate law annually [5].

For detailed information on advertising, resort, utility and hotel taxes and contributions to the Fund for the Development and Reproduction of Natural Minerals and Raw Material Reserves and parking fees see [2, Section VIII Local taxes and duties].

9. Contributions to the Social Fund of the Kyrgyz Republic

Who makes contributions to the Social Fund of the Kyrgyz Republic and how are they paid?

Contributions are made by all employers:

- LE;
- Certified PE;
- Physical entities that have patents.

In other words, all employers are obliged to make contributions to the Social Fund at the rate of **27%**: of which **8%** are deducted from employees' wages and **19%** are paid by the employer from its own assets. Contributions are deducted starting from 1500 soms even if the salary is less [6, clause 13].

Certified PE pay **240 soms per month** irrespective of income earned; according to Clause 6 of the Law mentioned above the sum is charged at the rate of 8 % of 3000 soms and employees' contributions' are explained above. Physical entities that have patents pay **25%** of the monthly cost of a Patent.

SIMPLIFIED SYSTEM OF TAXATION

I have decided to apply the simplified system of taxation, what should I do?

The Simplified system of taxation can be applied by LE and PE. LE and Certified PE can use this system providing their annual gross output (annual income without taking into account indirect taxes) does not exceed **3 000 000 soms**.

You can choose the simplified system of taxation when registering at the tax inspectorate. If you have already registered as a taxpayer and want to change to the simplified system you should apply to the tax inspectorate prior to the beginning of the year in which you will apply this system. The tax inspectorate registers you as a single taxpayer.

What taxes should I pay if using the simplified system of taxation?

Under the simplified system of taxation, a PE pays the following taxes:

➤ **Organizations:**

A Single tax which is in lieu of:

1. Road tax;
2. Emergency situations tax;
3. Profit tax;
4. Retail sales and services Tax.

➤ **Certified PE:**

A Single tax which is in lieu of:

1. Retail sales and services Tax
2. Income tax on economic activity.

All other taxes are paid as under the general system of taxation.

What are the Single tax rates?

Those who choose the simplified system of taxation pay the Single tax depending on the kind of activity and at the following rates:

1. Subjects engaged in processing agricultural products, production and public catering – **5 %**;
2. Subjects engaged in trade and rendering transport services – **6 %**;
3. Subjects rendering other kinds of services and engaged in other economic spheres not listed above – **10 %**.

PE engaged in several kinds of activity pay the tax separately on these kinds of activity at the rates specified above.

Are there any restrictions on applying the simplified system of taxation?

According to the Law [2] this system of taxation cannot be used by:

- Physical entities that have patents;
- Land tax payers who own an agricultural land plot;
- Financial-credit and insurance organizations;
- Investment funds;

- Professional participants in the securities market;
- Excise taxpayers.

How are contributions to the Social Fund made?

The same terms are applied to contributions to the Social Fund as those applied in charging other taxes under the general system of taxation.

What are the terms for paying tax and submitting reports?

	Term for paying tax	Term for submitting reports
Taxes under the general system of taxation		
Value Added Tax (VAT)	By 24 th of the month following the reporting month	By the end of the month following the reporting month
Excise duty	By 15 th of the month following the reporting month	By 15 th of the month following the reporting month
Tax on retail sales	By 20 th of the month following the reporting month	By 20 th of the month following the reporting month
Income tax	By 15 th of the month following the reporting month	By 15 th of the month following the reporting month
Profits tax	By 1 st of March of the year following the reporting year	By March 1st of the year following the reporting year
Land tax: - on agricultural land	10 % - by 25 th June, 35 % - by 25 th September, 55 % - by 25 th December annually;	By 1 st March of the year following the reporting year
- on non-agricultural land	By 20 th of each month at the rate of 1/12th of the annual tax	By 1 st March of the year following the reporting year
Local taxes: - Resort, Advertising and Parking Tax;	By 20 th of the month following the reporting month	By 20 th of the month following the reporting month
Utility Tax	By 1 st April annually	By 1 st April annually
Contributions to the Fund for the Development and Reproduction of Natural Minerals and Raw Materials Reserves	By 20 th of the month following the reporting month	By 20 th of the month following the reporting month
Simplified system of taxation		
Single tax	By 20 th of the month following the sales	By 20 th of the month following the quarter
Contributions to the Social Fund		
Insurance	By 15 th of the month following the reporting month	By 15 th of the month following the reporting month

Tax audit under the general and simplified systems of taxation.

What bodies have the right to carry out tax audits?

Tax audits are carried out by the following state agencies:

1. The State Tax and Duties Committee under the Government of the Kyrgyz Republic and its agencies.
2. Agencies of the Social Fund inspect the correctness of deductions of social payments from the wages of employees.

3. Other authorized bodies if there is a resolution from the Ministry for Economic Development and Trade [7].

What kinds of audits are there?

There are the following kinds of tax audits:

- documentary,
- review,
- third party audit.

How are tax audits conducted?

The Tax Inspectorate is obliged to inform a taxpayer of a future tax audit 10 days in advance

Any tax audit is conducted based on a written **instruction** from the Head of the Tax Inspectorate which specifies:

- The name of the LE or PE,
- The address of the LE or PE,
- What the audit covers,
- Period of the tax audit,
- The name of the person authorized to conduct the tax audit,
- The date the instruction was issued,
- The stamp and signature of the Head of the Tax Inspectorate.

Legal and Physical Entities that have Patents are not subject to tax audits.

What is a documentary tax audit and how is it conducted?

The whole period of the taxpayer's economic activity since the date of the previous tax audit or the date of registration, but not more than 6 years is subject to a tax audit.

Documentary audit is carried out no more than once a year and takes about 30 days. Where necessary and with the written consent of the Tax Inspectorate the review period can be extended for a further 10 days.

A tax audit of primary documents and the accounts is conducted by the method, which the tax inspector chooses (total or selective inspection).

An additional **audit** is made only where documentary evidence of tax understatement was not revealed by the previous tax auditor. The Tax inspectorate is obliged to inform the audited taxpayer of this intention.

Third party audit is made to check the truthfulness of the documentary data provided by the taxpayer. The tax inspector can check the financial operations in the accounting records of companies economically related to the audited person.

How are the results of tax audits recorded?

The results of each tax audit are proved by a **certificate** and signed by all the participants in the tax audit. One copy of the document certifying the tax audit took place is handed over to the official representative of the audited subject; a corresponding notification is made in the certificate. Where breaches of the law have been noted the taxpayer is given the opportunity to rectify the situation within 10 days, after which a control audit is conducted. If the taxpayer has not rectified the situation a certificate imposing penalties is written out [2, clauses 63, 64, 65].

What are the penalties for breaking the law?

Where laws are broken the penalties are:

1. Interest payment for delayed tax payment at the rate specified by the NBKR (about 10 % per annum) per each day of delay;
2. A penalty for untimely submission of income declarations and late payments at the rate of 5 % for each month of delay but not more than 25 %;
3. A penalty for understating tax due; in the event of unintentional understating the penalty is 50 %, in case of deliberate understating the penalty is 100 % of the sum of the concealed tax;
4. The penalty for conducting unregistered economic activities is double the sum of the unpaid taxes;
5. Administrative responsibility of officials is defined according to the Administrative Code at the rate of 10 to 20 basic wage levels.

TAXATION SYSTEM FOR PATENT HOLDERS

What kinds of patents are there?

There are **obligatory and voluntary** patents.

Any physical person has the right to run a business under a voluntary patent if this kind of activity is included in the List of activities can be run out by a patent. [8]. Persons, who have decided to pay taxes through purchasing a patent, are **PE** for the period of the patent's validity since the patent is a document certifying the fact of registration and tax payment.

What payments should be made if I run a business based on a patent?

Persons running businesses based on a **patent** provided by the tax inspectorate are obliged to pay the following taxes:

1. Income tax (a fixed payment for the patent depending on the kind of activity)
2. Retail sales and Services Tax
3. Contributions to the Social Fund (purchase of an insurance policy)

The cost of a patent is specified in an Order of the Tax Inspectorate and depends on the kind of activity involved.

In the following table you can see an example of some kinds of activity and cost of the patents.

Kind of activity	Cost of the patent (soms)
Dordoi Market: sales of consumer goods	
Row N 0 ("Chinese"):	2300
Rows N 1 to 10	1500
Rows N 11 to 13	800
Djunhai Dordoi: stationery sales	3500
Madina Market: sales of consumer goods	3000

A patent for a foreign citizen will cost 5 times more since a factor of 5 is applied [9].

What taxes are included in the cost of the patent and what taxes are not included?

The cost of the patent includes only income tax.

Besides income tax it is necessary to pay **the Retail Sales and Services Tax**, which can be in the form of:

- **A fixed sum** specified by the local authorities. In Bishkek the fixed payment is at the rate of 450 soms for those who trade in the markets and 360 soms for all others.

- deductions from proceeds are determined from the cash register (CR) data since all persons rendering services to the population and engaged in retail trade **at specified places** are obliged to use cash registers.

How are contributions to the Social Fund made?

Persons applying for a patent **have to** purchase an insurance policy at one of the Social Fund’s offices. The cost of the insurance policy is **25%** of the cost of the patent cost or 100-200 soms for those who are engaged in selling goods. The insurance policy is purchased for the same term as the patent is granted.

How should I pay taxes if I hire workers?

Entrepreneurs have the right to purchase a patent enabling them to hire workers. In this case a patent is purchased for each of the hired workers. The cost of a patent for hired worker in Bishkek is 300 soms.

How are contributions to the Social Fund made if workers are hired?

Contributions to the Social Fund are made according to the generally established procedure as under the general system of taxation.

What kinds of activity have to be carried out under the patents?

The following kinds of economic activities, provided for by the Law [10], must be run out by an obligatory patent and are subject to tax:

Kind of activity	Period/facility	Patent cost (soms)
Sauna services	1 sauna/month	7500
Disco	Month	30000
Casino	1 gaming table/month	50000
Currency Exchange offices	Month	8000
Round the clock parking places	one place/month	70
Billiards Halls	Month	3000

These rates are specified for the city of Bishkek; if these activities are carried out in other settlements adjustments are made depending on the number of people living in the settlement [11].

Who can check the patent and what penalties are imposed violation the law?

The Tax Inspectorate can check the patent. The patent should be written out for the person who is engaged in the economic activities. It is not permitted to hand the patent to other people. If the tax inspectorate finds out that you are running a business without a patent the penalty is the same as for running a business without registration, i.e. double the amount of unpaid taxes.

Besides, the cash register is inspected if you are obliged to use one. If a cash register is available but you do not use it you can be fined from 500 to 1000 soms [1, clause 350].

Normative legal documents:

1. The Administrative Responsibility Code #114 dated 4th August 1998 (with last amendments dated 24th April 2008 #64)
2. The Tax Code of the Kyrgyz Republic #25 dated 26th 1996 (with last amendments 9th August 2007 #142).

3. Law # 189, On rates of excise duty on goods imported and produced by legal and Physical Entities in the Kyrgyz Republic in 2006 dated 31st December 2005
4. The law, On taxes for enterprises, associations and organizations dated 17th December 1991
5. The Tax Code of the Kyrgyz Republic. Section VII Land Tax
6. Law # 8, On Rates of Insurance Contributions to the State Social Insurance Fund dated 24th January 2004
7. Law # 533, Regulations on the procedure for Auditing Business Entities dated 6th November 2007
8. Law # 378, The List of Kinds of Enterprises Physical Entities can conduct under a Patent dated 12th August 1996
9. Law # 378, The Procedure for Declaring Income by Physical Entities and Income Tax on the kinds of activity can be run out using a Patent, and the Procedure of gaining a Patent dated 12th August 1996
10. Resolution # 3- 418-II of the Jogorku Kenesh (Parliament) approving The List of Economic Activities subject to Obligatory Taxation under a Patent dated 29th June 2001
11. Resolution # 3- 417-II, The Procedure for Determining the Cost of a Patent for Legal and Physical Entities carrying out Economic Activities subject to Obligatory Patenting dated 29th June 2001

4. Transport regulations in the Kyrgyz Republic

What are the main transport arteries linking the Kyrgyz Republic with China?

The main transport links between the Kyrgyz Republic and China are:

Road:

- Bishkek – Balykchi – Torugart (Kyrgyzstan) – Kashgar (China);
- Jalalabad – Irkeshtam (Kyrgyzstan) – Kashgar – (China).

Rail

There is as yet, no direct rail link between Kyrgyz Republic and China however goods from China and back can be easily delivered via the “Druzhba” Border Transit Railway Station in Kazakhstan.

Air

Currently there is an air link between Urumchi and Bishkek that flies 4 times a week. Manas Airport, Bishkek handles all types of air freight and it has a goods terminal, equipment and buildings that meet international standards.

What transport transit corridors are there from China via the Kyrgyz Republic to CIS countries?

The following are the main roads to neighbouring countries:

- Bishkek – Osh – Andijan (Republic of Uzbekistan)
- Bishkek – Akzhol Customs point (Republic of Kazakhstan);
- Balykchi – Cholpn-Ata – Tyup – Kegen (Republic of Kazakhstan);
- Suusamyr – Talas – Taraz (Republic of Kazakhstan);
- Osh – Isfana (Republic of Tajikistan).

What documents are necessary to go through transport control with controlled goods in the Kyrgyz Republic?

The following documents are needed to go through transport control:

- Transport permit;
- Goods-transport bill of lading – CMR;
- TIR Carnet;
- Waybill;
- Technical passport.

What enables transportation?

Transportation of goods and passengers between the Kyrgyz Republic and China is based on permits that until the beginning of next year the Transport Departments of these countries exchange in accordance with the agreement [4].

To get a form for a permit it is necessary to apply to the Transport and Communications Department in SUAR (Sinzyan-Uigur Autonomous Region). Without this form it is not possible to enter the Kyrgyz Republic. The form allows you to go to Bishkek and Osh.

If you wish to transport goods further into Republic of Kazakhstan then you must apply to the Transport and Communications Department in SUAR (Sinzyan-Uigur Autonomous Region) for a four-way transit permit. This permit is issued in accordance with the Agreement [5]. In this case you can use the following route: Torugart (on the China – Kyrgyz Republic border) Border Crossing – Naryn – Akzhol (on the Kyrgyz Republic – Kazakhstan Border) Border Crossing and on into Kazakhstan.
(Detailed information about transiting the Kyrgyz Republic can be found in Section 5 Transit).

Must I have a permit for all types of transport?

A permit is not necessary when transporting the following:

1. exhibits, equipment and material designated for fairs and exhibitions;
2. transport means, livestock and various equipment and things designated for sports events
3. theatre props and equipment, musical instruments, film-making and TV equipment and accessories;
4. dead bodies or human remains;
5. mail;
6. broken down or damaged vehicles;
7. personal property when moving;
8. goods that need special permits to be moved.

Goods being transported in vehicles must have a national waybill.

To move bulky, heavy and dangerous goods the forwarder must get special permits from the competent bodies of the other party to the Agreement. Permits are issued by the State Traffic Inspectorate of the Ministry of Internal Affairs of the Kyrgyz Republic. For details see [10].

What transport fees are payable in the Kyrgyz Republic?

The following fees are payable in the Kyrgyz Republic:

- Fees for weighing and measuring vehicles at weighbridges;
- Fees for convoying wide or heavy loads on roads;
- Fees for harmful emissions and substances from vehicles.

You have the right to check the exact size of current fees at entry points and you can find additional information in [11, 12, 13].

Which bodies regulate and control transport in the Kyrgyz Republic?

The following state bodies regulate various aspects of transportation:

1. The Ministry of Transport and Communications of the Kyrgyz Republic and its departments:
 - Kyrgyzintrans regulates international transportation;
 - Transport Inspectorate.

2. State Traffic Inspectorate of the Ministry of the internal affairs of the Kyrgyz;
3. State Customs Committee of the Kyrgyz Republic.

Where can I find out more about carrier services?

Associations

Association of International Carriers of the Kyrgyz Republic	42, Isanova Street, Bishkek, 720017, Kyrgyz Republic Tel.: +996 312 62-07-84; fax: +996 312 61-19-95 E-mail: airc@mail.ru Website: http://www.kyrgyzasmap.on.kg/index.html
Mr. Onishenko, President Association of Carriers and Forwarders	11, Kalyka Akieva Street, Bishkek, Kyrgyz Republic Tel +996 312 64-50-62; fax +996 312 64-50-62 E-mail: fofa@elcat.kg Website: http://www.ffa.web.kg/index.htm

Transport companies

Carrier	Contact person	Contact information
Bartfrakht Limited	Mr. Kirsanov, Director	217/1 Moskovskaya Street, Bishkek Tel +996 312 61-00-43 Fax +996 312 65-35-54 e-mail: bart_fr@elcat.kg
Burantrans Limited	Ms. Arykova, Director	42, Isanova Street, Bishkek Tel +996 312 90-12-31, 61-02-18 Fax +996 312 61-02-18 e-mail: burantrans@yandex.ru
Bishkek Zheldorehkspeditsiya Limited	Mr. Alekseev, Director	194, Lev Tolstoy Street, Bishkek Tel +996 312 92-72-90 Fax +996 312 64-77-86 e-mail: bjde@mail.ru
Viktoriya-Art Limited	Mr. Nikonov, Director	197/5, Moskovskaya Street, Bishkek Tel +996 312 62-09-46, 62-09-39, 66-10-50 Fax +996 312 90-06-28 e-mail: victoria@victoria-art.ru
ZhelDorAziyaTsentri Limited	Ms. Kasyanova, Director	45, Lev Tolstoy Street, Bishkek Tel +996 312 65-35-25 Fax +996 312 65-15-75 e-mail: zdac@mail.ru
Nogaro Limited	Mr. Onishenko, Director	11, Kalyka-Akieva Street, Bishkek Tel +996 312 64-50-62 Fax +996 312 64-50-62 e-mail: nogaro@elcat.kg
Railtrank Limited	Mr. Kim, Director	22-59, Lev Tolstoy Street, Bishkek Tel +996 312 65-01-46, 65-28-96 e-mail: rail@elcat.kg
TAEK Limited	Ms. Klochko, Director	120/11, Kivskaya Street, Bishkek Tel +996 312 61-12-49 Fax +996 312 61-32-31 e-mail: taek@saimanet.kg

Transsistema-Bishkek Limited	Mr. Toktosunov, Director	6/41, Beyshenalieva Street, Bishkek Tel +996 312 65-74-12 Fax +996 312 65-32-55 e-mail: transs_bishkek@mail.ru
Inter Global Cargo and Consulting	Mr. Benyagub, Chairman	Flat 33, Block 18, 3 rd Micro-district, Bishkek Tel +996 312 69-86-46 Fax +996 312 57-06-63 e-mail: info@igcellc.net

Normative legal documents

1. Customs Code of the Kyrgyz Republic dated 12th July 2004 (as amended on 26th March 2007)
2. Instruction for applying Customs regimes approved by Kyrgyz Government Regulation # 961 dated 28th December 2004
3. Law # 89 of the Kyrgyz Republic, On Transport dated 8th July 1998
4. Agreement between the Government of the Kyrgyz Republic and the PRC on International Transport dated 25th February 1993
5. Agreement between the Government Republic of Kazakhstan, PRC, Kyrgyz Republic and the Islamic Republic of Pakistan on Transport Transit dated 9th March 1995
6. Law # 12 of the Kyrgyz Republic , On Licensing dated 3rd March 1997
7. Regulations On Licensing separate types of business activity (Approved by Government Regulation # 260 dated 31st March 2001)
8. Customs Convention on the International Transportation of Goods using the TIR-carnet dated 14th November 1975
9. Regulation # 4/58 On Customs Escort dated 13th May 2005
10. Instruction # 129 On the Vehicular Transportation of Wide and Heavy Loads dated 26th March 2002
11. Order of the Ministry of Transport and Communications of the Kyrgyz Republic About the approval of Duties for Weighing and Measuring vehicles at Weighbridges
12. Size of duties for Wide and Heavy Loads using normal roads approved by Regulation # 283 of the Government of the Kyrgyz Republic dated 21st April 2006
13. Instruction # 4 Defining payments for harmful emissions by vehicles dated 17th September 1999
14. Website of the State Customs Committee of the Kyrgyz Republic: <http://www.customs.gov.kg/>.
15. Website of the Ministry of Internal Affairs of the Kyrgyz Republic: <http://www.mvd.kg/>.

5. Transit in the Kyrgyz Republic

What is transit?

Transit is a Customs regime when foreign goods are moved through the Customs Zone of the Kyrgyz Republic under Customs control between the place of their arrival in the Customs Zone of the Kyrgyz Republic and the place of their departure from the Zone without paying Customs duties and taxes and without applying non-tariff regulation measures to them.

The Customs transit regime ceases when transit goods leave the Customs Zone of the Kyrgyz Republic. The carrier is obliged to submit the goods, Customs declaration and other documents that are used for transit purposes to the destination Customs Office. As soon as possible the destination Customs Office is obliged to carry out the necessary procedures for Customs transit and the Transporter should actually send the goods and vehicles outside the Republic. The time limit for the Customs transit regime is identified by the Customs office and approved by the Ministry of Transport and Communications of the Kyrgyz Republic.

What are the features of the transit Customs regime in the Kyrgyz Republic?

1. In cases when the place of goods and vehicles' arrival in the Customs Zone of the Kyrgyz Republic and the place of their departure from this Zone are the same Customs transit is done under a Simplified Procedure.
2. If the goods are reloaded from the vehicle that is used for bringing in the goods onto a vehicle that is used to remove them this reloading is allowed after the Customs Office has been informed.

What are the conditions for registering goods as transit?

Any goods, with the exception of goods for which transit is prohibited under the existing legislation and international treaties of the Kyrgyz Republic, can be registered as transit.

What is Internal Customs Transit?

Internal Customs Transit is a Customs procedure when the goods that are under Customs control are transported within the Customs Zone of the Kyrgyz Republic without paying Customs duties and taxes, and without applying non-tariff regulation measures to goods when the following conditions are observed:

- Internal Customs transit is allowed when the Customs office in the region where the goods transport commenced has been informed in compliance with the internal Customs transit procedure (hereinafter, Customs Dispatch Office - CDO).
- Internal Customs transit is carried out by the Transporter of the goods or Forwarder (a person who acts under a transport forwarding contract in compliance with [3]) if the forwarder is a local person if the following conditions are observed:
 - 1) The goods are not prohibited from being delivered to or removed from the Customs Zone of the Kyrgyz Republic;

- 2) Border and other types of government control apply to goods if they are subject to such control on arrival in the Customs Zone of the Kyrgyz Republic in accordance with the legislation of the Kyrgyz Republic;
- 3) Permits and/or licenses covering the goods are submitted if the transport of these goods in the Customs Zone of the Kyrgyz Republic is allowed and the permits or licenses are available in accordance with the legislation of the Kyrgyz Republic;
- 4) Documents and information covering the goods that are necessary for internal Customs transit in accordance with [1] are submitted;
- 5) The goods are identified;
- 6) A vehicle is properly equipped if the goods are transported under Customs stamps and seals.

What documents are necessary to apply for the Internal Customs Transit procedure?

1. As a transit declaration, the CDO accepts any commercial and transportation documents and/or Customs documents containing information a carrier (forwarder) provides with the following information to apply for the Internal Customs Transit procedure:
 - The goods sender's (receiver's) names and location in compliance with the transport documents;
 - Country of origin (destination country) of the goods;
 - The name and location of the goods transporter or forwarder if the forwarder engages in internal Customs transit;
 - About the vehicle in which the goods are transported in the Customs Zone of the Kyrgyz Republic and when transporting by motor vehicles there should be information about this motor vehicle's driver;
 - Types or names, quantity and value of goods in accordance with commercial, transport (forwarding) documents, weight and/or capacity;
 - The total number of cargo places;
 - Goods' destination;
 - Planned unloading or other cargo operations on the way;
 - Scheduled period for transporting the goods;
2. To apply the internal Customs transit procedure a transporter (forwarder) submits the following information:
 - The goods sender's (receiver's) names and location in compliance with the transport documents;
 - Country of origin (destination country) of the goods;
 - The name and location of the goods transporter or forwarder if the forwarder engages in internal Customs transit;
 - About the vehicle in which the goods are transported in the Customs Zone of the Kyrgyz Republic and when transporting by motor vehicles there should be information about this motor vehicle's driver;

- Types or names, quantity and value of goods in accordance with commercial, transport (forwarding) documents, weight and/or capacity;
 - The total number of cargo places;
 - Goods' destination;
 - Planned unloading or other cargo operations on the way;
 - Scheduled period for transporting the goods;
3. The Customs Office does not have the right to demand any other information from a transporter or forwarder with the exception of information indicated in Item 2 of this section.
 4. In cases provided by international treaties signed by the Kyrgyz Republic the documents registered in compliance with the international treaties signed by the Kyrgyz Republic are used, as a transit declaration.

Where can I get additional information on transit through the Kyrgyz Republic?

You can apply to State Customs Committee or to Association of Customs brokers.

Contact information, SCC of the KR.

State Customs Committee of the Kyrgyz Republic		Address: 4A, Baatyr Street, Bishkek, Kyrgyz Republic	
Position	Name	Telephone	E-mail
Customs Control Department			
Chief	Mr. Bootbaev	51-24-41	uotk@customs.gov.kg
International Cooperation Department			
Chief	Ms. Turdubaeva	51-24-70	oms@customs.gov.kg
Legal Department			
Chief	Mr. Zakirov	51-22-61	jrist@customs.gov.kg
Duty official		51-18-59 (Fax) 512463	
Help line		51-24-67	
Customs Brokers' Association	Mr. Chukin, President	Office 4 (First floor), 119A, Akhunbaev St, Bishkek, Kyrgyzstan Tel. +996 (0)(312) 441649 E-mail: atb.customs@mail.ru	

Normative legal documents:

1. Customs Code of the Kyrgyz Republic issued on July 12th 2004 (with the latest amendments approved on March 26th 2007)
2. Customs Regimes Application Instructions approved by Resolution #961 of the Government of the Kyrgyz Republic issued on December 28th 2004
3. Civil Code of the Kyrgyz Republic 1 часть от 8 мая 1996 года # 15 (с последними изменениями от 19 марта 2008 года # 24).
4. Civil Code of the Kyrgyz Republic 2 часть от 5 января 1998 года # 1 (с последними изменениями от 19 марта 2008 года # 24)

6. Registration of entrepreneurs as Physical and Legal Entities in the Kyrgyz Republic

What basic terms are used to describe business entities in the Kyrgyz Republic?

Companies, organizations, associations etc. are referred to as Legal Entities and an individual entrepreneur is referred to as a Physical Entity.

Are there any differences in registering as a Physical or Legal Entity?

Registration of a Physical Entity and a Legal Entity is different and packages of documents required, registration procedures, cost of registration and the agencies engaged in the registration procedure and their duties are different.

Registration of Legal Entities

What are the various business structures defined in law in the Kyrgyz Republic?

The following are most common for foreign Legal Entities:

1. Open Joint-Stock Company
2. Closed Joint-Stock Company
3. Branch or representative office of a Legal Entity
4. Limited Liability Company
5. Public Association
6. Integration of Physical Entities into an Association (Union)
7. Cooperative society as a commercial organization

For details about the organizational-legal forms of Legal Entities see [1].

What does the procedure for registering a Legal Entity include?

The registration of a Legal Entity in the Kyrgyz Republic is made upon application and includes:

- Checking that the Articles of Association of an established Legal Entity conform to the Law of the Republic;
- Assigning a registration number;
- Granting a state registration certificate;
- Registering the information about the Legal Entity in the uniform state register.

Where should I apply to register as a Legal Entity?

The state registration of established, reorganized and liquidated Legal Entities, as well as registration of their branches and representative offices irrespective of the type of ownership is done by the Ministry of Justice of the Kyrgyz Republic.

Registration of a company with foreign participation is made at the Department of State Registration under the Ministry of Justice which is located at: 32, Molodaya Gvardiya Avenue, Bishkek Tel.: 65-64-87 (Head of Department), 65-65-08, 65-94-01.

What documents should I submit to register as a Legal Entity?

To be registered as a Legal Entity it is necessary to submit:

- A standard application for registration (the standard form is in [3]);
- A package of the Articles of Association in the Kyrgyz and Russian languages in three copies;
- A document confirming the location of the registered Legal Entity.

A foreign Legal Entity acting as a founder should additionally submit a notarized extract from the register testifying that the founder is an existing Legal Entity under the Law of its country accompanied by a notarized certified translation into the state (Kyrgyz) and official (Russian) languages.

Are there differences in the packages of documents submitted for registering the various forms of businesses?

Yes, there are differences depending on the kind of activity involved. For a detailed list of documents to be submitted to register various forms of businesses see the Law and Regulations [2, 3] and the website of the Ministry of Justice of the Kyrgyz Republic [7].

What does the procedure for registering a Legal Entity include? What stages are there?

The procedure for registering a Legal Entity consists of the following stages:

1. Filling in and submitting the registration form and the package of documents to the relevant justice bodies that then check the documents.
2. Registering and obtaining a statistical card. The following documents are submitted to the statistics bodies:
 - A referral from the Justice Department;
 - One copy of the Articles of Association;
 - The Order from the Justice Department confirming registration of the Legal Entity;
 - Passport;
 - Photocopy of the passport of the Head of the registered Legal Entity.
3. Justice Department Registration granting the registration certificate.
4. Tax Inspectorate Registration. The following documents must be submitted for tax inspectorate registration:
 - Copy of the registration certificate;
 - Copy of the Charter;
 - Copy of the Founding Agreement (if the Legal Entity has one);
 - Copy of the Minutes of the Founding Meeting;
 - Copy of the passport of the Head of the Legal Entity.

At the tax inspectorate the Legal Entity is given tax registration number. The addresses of the tax services and terms of registration are laid out in Section 3, Tax system and non-tax payment.

5. Get a company seal made. To get a company seal made it necessary to get a permit from the law-enforcement bodies in the area that the Legal Entity is registered in and after the seal is made register it with those same bodies.

The Order for the seal should be accompanied by the following documents:

- Copy of the registration certificate;
- Copy of the Bylaws;
- Copy of the Foundation Agreement (if the Legal Entity has one).

6. Registration with the Social Fund of the Kyrgyz Republic (see Section 3, Tax system and non-tax payments).

What liabilities does a Registration agency have?

Having obtained the package of documents the registration agency is obliged:

- To check the package of documents is complete;
- To check the documents have been drawn up properly;
- To issue the Order to register the Legal Entity if the Articles of Association are in order;
- To register the Legal Entity;
- To grant the state registration certificate of the Legal Entity;
- To open a file including one copy of the documents submitted by the Founder or its representative to the registration agency. After the registration two copies of the Articles of Association (four copies when registering a bank) with a note of state registration are given back to the Founder or its representative;
- To inform the state statistics agencies of the registration within 10 days.

How much does it cost to register a Legal Entity?

According to [2] the state registration, re-registration of Legal Entities and registration of branches and representative offices is free of charge.

What period is fixed for registering a Legal Entity?

Within 10 days the Ministry of Justice should notify the statistics bodies of the planned registration of a Legal Entity; after that you receive the statistical card and State Registration Certificate.

Can I be refused registration as a Legal Entity? How will I be informed of a refusal?

The state registration of a Legal Entity can be refused only if there is a discrepancy between the documents submitted and the Law of the Kyrgyz Republic.

If registration of a Legal Entity is refused the registration agency is obliged to provide a written refusal specifying the discrepancy with the Law within 10 days.

What penalties are imposed for conducting activity as a Legal Entity without being registered?

Conducting activities without being registered as a Legal Entity is not allowed. Income resulting from the activity are seized and paid into the budget of the Republic.

Registration of a Physical Entity

Can a foreign citizen to be registered as a Physical Entity?

Physical Entities can be citizens of the Kyrgyz Republic, foreign citizens, and persons without citizenship permanently (temporarily) living in the Kyrgyz Republic.

What is the state registration of entrepreneurial activity of a Physical Entity?

The state registration of a Physical Entity is made on application and consists of the following:

- Registration;
- Granting the State Registration Certificate;
- Assignment of the Republican-wide Identification Code;
- Registration of Physical Entities in the Uniform State Register.

Where should I apply to register as a Physical Entity?

State Registration of Physical Entities is done by the National Statistical Committee of the Kyrgyz Republic and its area agencies [4, 5].

The address of the State Statistical Committee is: Room 7, 97, Toktogul Street, Bishkek, 720040, Tel.: +996 312 66-33-41.

You can find the addresses of area departments on the website of the National Statistical Committee [8].

What documents should I submit to register as a Physical Entity?

To register as a Physical Entity it is necessary to submit:

- The standard application form for registration (for the standard form see [5]);
- Your passport with a registration stamp from the law-enforcement bodies (see Section 1 Visa and registration requirements).

A foreign Physical Entity *acting as a founder* additionally submits a copy of his/her passport or other document (with the visa term specified) proving his/her identity accompanied by a notarized translation into the state or official language.

What is the procedure for a person to register as a Physical Entity?

Individual businessmen/women should submit the documents listed above, then the registration agency:

- Checks the name (-s) to avoid repetitions;
- Registers the individual businessman/woman;
- Fills in the registration card;
- Assigns the identification and classification codes;
- Includes the information on the individual businessman/woman in the Uniform State Register;

- Fills out the state registration (re-registration) Certificate and hands it to the individual businessman/woman who signs a receipt for it.

The state registration Certificate is made out in three copies: the first is handed to the individual businessman/woman; the second is kept by the statistics bodies and the third copy is sent to the Tax Inspectorate.

A Physical Entity is obliged to register with the Tax Inspectorate and the Social Fund within 10 days of having registered (see Section 3 Tax system and non-tax payments).

Can I be a Physical Entity without being registered?

PE can work without being registered with the statistics agencies *if they work using a patent* and other cases stipulated by the Law of the Kyrgyz Republic [6]. For details about running business using a patent see Section 3 Tax system and non-tax payments.

How much does registration as a Physical Entity cost?

The cost of registering as a Physical Entity is 164 soms (currently 4.5 US dollars).

When should I re-register as a Physical Entity?

PE are subject to re-registration in the following cases:

- Change of the basic kind of activity;
- Change of residence;
- Change of name of the business established by the PE.

To re-register a PE should submit: the standard re-registration form [5]; the original state registration Certificate; his/her passport.

Normative legal regulations:

1. The Civil Code of the Kyrgyz Republic. Part #1 dated 8th May 1996 #15 (with last amendments dated 19th March 2008 #24)
2. Law # 39, On the state registration of a Legal Entity dated 12th July 1996
3. Regulations # 180, About the Procedure for Registering Legal Entities, branches and representative offices at the Ministry of Justice of the Kyrgyz Republic dated 13th December 2003
4. Law # 40, On State Statistics dated 26th March 2007
5. Regulations # 404, About the procedure for the state registration of Physical Entities engaged in individual entrepreneurial activity dated 2nd July 1998
6. The Tax Code of the Kyrgyz Republic #25 dated 26th 1996 (with last amendments 9th August 2007 #142).
7. <http://www.minjust.gov.kg/rus/regu/>
8. <http://www.stat.kg/Rus/Home/Region.html>

7. Government regulation of business in the Kyrgyz Republic

Can I, a foreign citizen, work in the Kyrgyz Republic?

Foreign citizens can work in the Kyrgyz Republic but should get permits from the **State Committee on Migration and Employment** located at the following address: #59 Razzakov Street, Bishkek, 720040

(<http://www.mfa.kg>).

Foreigners can be employees or self employed. The state has set work quotas for foreigners [1] and the State Committee on Migration and Employment issues work permits within these limits.

The quota limits for foreigners working in the Kyrgyz Republic are given in Appendix 1.

What documents should be submitted to get a work permit?

Permits are issued to foreigners over 18. To get a permit an **application form and the following documents should be submitted:**

❖ For Physical Entities:

- Copy of the person's registration in the Kyrgyz Republic, as a Physical Entity;
- Copy of the document that certifies the person's identity that should be valid for at least another 6 months;
- Photos (3x4cm) – x 2
- Copy of the payment order transferring a guaranteed sum to an individual bank account. Foreigners should transfer a guaranteed sum to a specially opened bank account that covers the foreigner's return to the country of his/her permanent residence; the value of this sum is changed, so, please, check it in the moment of application;
- Copy of the payment order for issuing a work permit;
- Medical certificate of international origin showing the results of an AIDS test.

❖ For employees:

- Questionnaire about the foreign expert;
- Copy of the employment contract with a foreign worker or civil legal contract to work (provide services);
- Copy of the document that certifies the person's identity that should be valid for at least another 6 months;
- Copy of the expert's certificate that recognizes a document on professional education received by a foreign resident in a foreign state or on the equivalence of this document to a professional education diploma of the Kyrgyz Republic;
- Photos (3x4) - 2 items;
- Copy of the payment order transferring a guaranteed contribution to an individual bank account. Foreign citizens should transfer a guaranteed contribution to a specially opened bank account that provides for a foreign worker's return to the country of his/her permanent residence; at present, the rate of this contribution has not been identified;
- Copy of the payment order for issuing a work permit;
- Medical certificate of international origin showing the results of an AIDS test.

What is the cost of getting a work permit?

The payment for a work permit to work as **Physical Entities is 20,000 soms** per year.

For a foreign citizen who **is an employee**, the payment for a work permit is **2,000 soms** and for an employer who hires a foreign worker, the payment is **4,000 soms** per year.

How long does it take for a foreign citizen to get a work permit?

The committee makes a decision within 30 days of an application being submitted. After the application is considered the committee announces its decision within five working days.

Do I need any permits to be involved in business activities related to providing services to the population and trade? For example, if I want to open my own café or restaurant?

Yes, you should apply to the Trade and Service Department of the Bishkek City Mayor's Office for permission and in order to receive it you have to submit the following documents:

- Application for permission;
- Copy of the Bylaws and Registration Certificate of the enterprise/organization;
- Copy of the rental contract or contract for selling/buying a building;
- Copy of the documents for concordance with the Central Architecture and Construction Department (an Order issued by the Bishkek City Mayor's Office, acceptance report stating the construction has been finished);
- Copy of a certificate from the sanitary/epidemiological service;
- Copy of a certificate from the fire prevention office in the area where the Entity is going to be involved in business activities⁵;
- Copy of the registration card of cash registers from the tax inspectorate;
- Copy of the license and quality certificate granting the right to produce and sell products in accordance with the standard documents of the Kyrgyz Republic;
- Copy of the documents from the National Institute on Standards and Metrology (NISM) to certify public catering services, bakery, macaroni, cooked meats and confectionery products;
- Cash receipt or bank order for paying tax at the rate of 0.2% for providing paid services and retail sales to the population and on paying for the Trade and Service Department's services for issuing permits.

Experts from the Trade and Service Department go to the place where the office/organization/enterprise is located and, as a result of their investigation, they issue a **permit** to undertake business activities.

When getting certificates from various government agencies fees should be paid for their services at the rates established by the legislation, information about which you can get from each of these government agencies.

How long does one have to wait to get a permit to conduct such activities?

A decision to issue a permit is made within three days of all necessary documents being submitted.

⁵ The Department's permit is issued only when it has been confirmed by the sanitary/epidemiological and fire services that the building that will be used meets medical and fire safety requirements. Hereinafter, see the permissive system for fire and medical services.

What payments should be made when getting a permit to be involved in business activities related to providing services and trade?

The rates of fees for the right to trade are established by a Resolution approved by the Bishkek City Mayor's Office depending on the location and group of goods sold by a PE [2].

In what cases can I be deprived of my permit to conduct business activities?

The permit giving the right to undertake business activities can be suspended or revoked on a decision made by the Bishkek City Mayor's Office at the request of area control agencies or other controlling bodies if the following takes place:

1. A permit has expired by more than two days;
2. An activity is being carried out that is not shown on the permit;
3. More than three penalties/fines have been imposed on the enterprise/organization/office for various violations of its activities;
4. Sanitary and ecological standards have been infringed;
5. Technical and fire safety was breached;
6. The permit has been altered or handed over to another person;
7. The work schedule was not being observed;
8. The organization/office/enterprise submitted its own application to cease trading.

What should be done to get certificates from the sanitary/epidemiological and fire services?

To get certificates you should ask the Sanitary Epidemiological Service and Fire Prevention Office to survey the building [3, 5].

What must be done to meet the sanitary/epidemiological service requirements?

The Sanitary Epidemiological Supervision Department is located at the following address in Bishkek: 36A, Baytik Baatyr Street, Bishkek. Tel.: + 996 (312) 544537

To organize catering services for the population in a specially equipped placed (cafeterias, cafes, snack-bars, etc.) including cooking food and making, storing and selling drinks and food to people, to prevent the appearance and spread of infectious diseases and mass non-infectious diseases (food poisoning) the following sanitary regulations should be adhered to:

- The building should meet the sanitary requirements laid down by the sanitary/epidemiological regulations [4];
- Sanitary regulations should be observed by all workers who have access to food products;
- Water supply sources and quality of water in the building should meet established requirements;
- Sanitary standards and regulations should be observed when storing and selling products and their quality and safety for consumers' health should be guaranteed;
- Each worker should have his/her own medical book;
- Each worker is obliged to have periodical medical checkups on time;

- When the Sanitary Epidemiological Service is conducting an inspection their recommendations and instructions must be obeyed;
 - Employees' working conditions should be in accordance with the current legislation, medical regulations and hygiene standards;
 - Medical and special clothing should be regularly provided, washed and repaired;
 - Repairs to technological, refrigeration and other equipment should be made as soon as possible;
 - Ensure the availability of sufficient quantities of production and other equipment, crockery and utensils, packaging, packing materials, detergents, disinfectants and other supplies;
 - Take disinfection and pest control measures and follow other requirements laid down by the regulations.
- When the above-written requirements have been met the sanitary service issues a sanitary/epidemiological certificate. This is a document that certifies compliance with sanitary regulations, based upon which the Trade and Service Department issues the permit.

What must be done to meet the fire service requirements?

The Bishkek Fire Department is located at the following address in Bishkek: 128, Osmonkulov Street
Tel.: + 996 (312) 684360

In order to get a certificate from the Fire Department the following requirements should be met:

- Ensure the appropriate fire safety and fire prevention regime in the building;
- Ensure timely and complete implementation of the requirements of officials of the government fire supervisory department and standard statements on fire security when designing, building, rebuilding and using facilities;
- Ensure people who violate the fire safety regulations are punished and meet the legal requirements [5].

What rights do supervisory bodies have when conducting sanitary and epidemiological inspections?

The officials that carry out sanitary and epidemiological supervision have the right to do the following when implementing their duties and show their certificate of employment and Order:

- Conduct sanitary/epidemiological investigations;
- Have unrestricted access to areas and buildings that are subject to government sanitary and epidemiological supervision in an effort to check if the sanitary legislation is being followed and preventive measures are being implemented or not;
- Take samples of raw food products and food products for investigation;
- Supervise vehicles and cargos they transport including raw food products and food products in an effort to ensure the vehicles and cargos they transport comply with sanitary regulations;
- Select samples of air, water and soil for investigation;
- Measure environmental factors to ensure they comply with the sanitary regulations;
- Draw up a report on violations of the sanitary legislation.

The terms and periodicity of checks are coordinated with the Ministry of Economic Development and Trade (MEDT).

What rights do supervisory bodies have when conducting checks on fire safety requirements?

Fire Department officials control the observation of fire safety requirements aimed at preventing fires, limiting the spread of possible fires, evacuating people and removing property in the event of fire, ensuring timely discovery of fires, speedy summoning of fire prevention teams and extinguishing fires. Fire safety checks should be conducted by a senior or competent officer assigned by the Chief for these purposes and the checks should not interfere in the work of the facility. Fire safety checks of business premises are conducted every two years. Unscheduled checks of business premises are conducted, as agreed with the MEDT, in the event of a written complaint being received from a named person that the business premises break the standards and provisions of the fire safety legislation of the Kyrgyz Republic [5]. Fire safety checks should be completed within one working day.

What are the liabilities/responsibilities for violating the sanitary or fire safety legislation?

When violations of the sanitary or fire prevention legislation have been identified the officials have the right to order businessmen/women to carry out the following within the stipulated periods:

- Rectify the identified violations of the sanitary and fire-prevention regulations;
- Stop selling food products that do not comply with health regulations;
- Carry out laboratory tests on people who have been in contact with people ill with infectious diseases and organize sanitary supervision of these people;
- Take disinfection and pest control measures in infectious disease centers and areas and buildings where conditions exist to harbor or spread infectious diseases.

After receiving an Order, businessmen/women should take the measures to rectify the violations that were identified during the check and this should be done during the period indicated in the Order. If this is not done then punitive sanctions (fines) can be imposed in accordance with the law [6 – Article #90, Article #396].

If I sell goods in the territory of the Kyrgyz Republic do I need any permits?

Yes when both receiving goods from abroad and when producing products in the country all LE and PE are obliged to get a quality certificate for the goods from the National Institute for Standards and Metrology (NISM) [7].

The National Institute for Standards and Metrology of the Kyrgyz Republic is located at the following address: 197, Panfilov Street, Bishkek

What is certification?

Certification is a form that confirms origin, during which the certifying agency certifies with documents that the products, processes/methods of production, storage, transportation, sales, use and jobs or services are comply with the requirements of the technical regulations, standards or contractual conditions.

Why are goods certified?

During the certification process, the standardization agencies confirm the accordance of the submitted goods with the technical regulations established and applied in the Kyrgyz Republic. There is a list of the products that are subject to obligatory confirmation of origin [8].

What documents should be submitted to the NISM to get a certificate of quality?

To carry out certification an application to certify goods and the goods themselves should be submitted. The products' accordance with the technical regulations' requirements is certified by means of a certificate of conformance that is issued to an applicant by the NISM. When conducting certification the accredited testing laboratories carry out the tests.

What is the fee for getting a certificate?

Fees are based on the actual costs of work done to confirm origin. The cost of such work should be the same for local producers and importers.

What information does the certificate contain?

The certificate of origin indicates:

- Applicant's name and his/her location;
- Name of the product the origin of which is to be confirmed;
- Name and location of the producer that produced the product subject to certification;
- Name and location of the Certification Agency that issued the certificate of conformance;
- Information about certifying the commodity that allows it to be identified;
- Information about conducted testing;
- Information about the documents submitted by the applicant to the certifying agency, as proof that the products meet the relevant technical regulations;
- Name of the technical regulations and their requirements against which the conformance of the goods were certified;
- Period of validity of the certificate of conformance.

How is goods' certification controlled?

Standardization agencies have the right to conduct government supervision of the types of products that are subject to certification in accordance with the law [9].

What is the liability/responsibility for violating the legislation?

For selling sub-standard food products that do not meet government standards that render people ill for short periods can be fined from five to ten minimum wages and the products are confiscated [6 – Article #92].

The production, supply and sale of sub-standard products is subject to fines of up to 50% of the value of the sold products and if standards for ensuring the safety, health and property of people and the environment have been infringed the fine is 100% of the sold products' value [10].

Normative legal documents

1. Resolution # 130-IV On Approving a Quota for Labor Migration for the Economy Industries and Regions of the Kyrgyz Republic for 2008 issued by the Kyrgyz Parliament on February 7th 2008.
2. Mayor's Office Resolution # 118, On Establishing Differentiated Rates for the Trading Right for Small Retail Networks in Bishkek issued on March 14th 1997.
3. Law #60 On, The Sanitary and Epidemiological Well-being of the Population issued on June 26th 2001.
4. Sanitary and Epidemiological Requirements for Organized Trade and Food Raw Materials and Food Products, Standards # 2.3.6.004-03.
5. Law # 22 On Fire Safety issued on June 17th 1996.
6. Administrative Liability/Responsibility Code.
7. Law # 67 On, The Basics of Technical Regulation in the Kyrgyz Republic issued on May 22nd 2004.
8. Resolution #639, The List of Products Subject to Obligatory Confirmation of Origin issued by the Government of the Kyrgyz Republic on December 30th 2005.
9. Law # 72 On the Procedure for Conducting Checks of Business Entities issued on May 25th 2007.
10. Standardizing regulations related to Order # 5-st to Issue Instructions and Levy Fines by the Kyrgyz Standards Office When Conducting Government Control and Supervision of the Observation of Requirements on Standards, Certification Regulations and Certified Products issued on February 4th 1997.

8. Licensing system in the Kyrgyz Republic

What is a license?

A license is a permissive document given to a person or Legal Entity that provides the right to engage in certain activities or take certain actions.

What types of license are there?

Licenses can be as follows:

▪ General or one-off use only:

- 1) General – for involvement in a certain activity;
- 2) For one-off use only – to engage in a certain economic operation within the limits of the permitted capacity, weight, or quantity.

▪ Permanent and temporary:

- 1) Permanent – issued with no limit on the period of validity;
- 2) Temporary – issued for at least a two-year period.

- **Area:**

- 1) Validity is limited to a certain area of the KR;
- 2) Validity covers all of the KR;
- 3) Validity applies beyond the Kyrgyz Republic.

- **Alienable and inalienable.**

Can I get a license if I am a foreign citizen?

Foreign LE and PE and people with no citizenship get licenses on the same conditions and under the same procedure as legal and physical entities of the Kyrgyz Republic unless otherwise stated by the legislation.

What activities are licensed and what agencies issue licenses?

Activities	Agency issuing a license (licensor)
- Searching for, prospecting and exploring mineral resources fields	State Agency on Geology and Mineral Resources under the Government of the Kyrgyz Republic located at the following address: 2, Erkindik Avenue, Bishkek http://www.kgs.bishkek.gov.kg
- Town-planning, planning and building residential, public and manufacturing buildings and constructions	State Committee on Architecture and Construction under the Government of the Kyrgyz Republic located at the following address: 28, Manas Avenue, Bishkek http://www.gostroy.gov.kg/
- Production and sales of medicines, vaccines, and serums, medical supplies and medical equipment with the exception of the cases laid down by the legislation, and perfume and cosmetic and chemical substances; - Private medical practices; - Veterinary practices.	Ministry of Health of the Kyrgyz Republic located at the following address: 148, Moskovskaya Street, Bishkek State Veterinary Department under the Ministry of Agriculture, Water Economy, and Processing Industry of the Kyrgyz Republic located at the following address: 96A, Kievskaya Street, Bishkek
- Production of beer, wine, champagne, alcoholic beverages, cognac products and alcohol; - Trading in alcoholic products	State Agency on the Production, Storage and Sales of Alcohol and Alcoholic Products under the Ministry of Agriculture, Water Economy, and Processing Industry of the Kyrgyz Republic located at the following address: 96B, Kievskaya Street, Bishkek http://www.gosalko.gov.kg
- Setting up and running gambling establishments, organization of gaming	Ministry of Finance of the Kyrgyz Republic located at the following address: 58, Erkindik Ave, Bishkek http://www.minfn.kg/
- Conducting banking operations/transactions, foreign currency exchange in cash, electronic payments, pawn-broking, credit union activities, fundraising by Legal Entities from the population urgently and repeatedly and making payments	National Bank of the Kyrgyz Republic located at the following address: 263, Chui Avenue, Bishkek http://www.nbkr.kg/
- Auditing activities; - Professional activities with securities; - Insurance activities.	Supervisory and Regulatory Service of the Financial Market of the Kyrgyz Republic located at the following address: 106, Chui Avenue, Bishkek http://www.scaas.gov.kg/
- Education activities regardless of the educational level and property form	State Inspectorate on Licencing and Attestation of Educational Institutions under the Ministry of Education and Science of the Kyrgyz Republic

	located at the following address: 257, Tynystanov Street, Bishkek http://www.moik.gov.kg/
- Hunting activities and catching birds on the list determined by the Government of the Kyrgyz Republic	State Agency on Environmental Protection and Forestry under the Government of the Kyrgyz Republic located at the following addresses: 2/1, Toktonaliev Street, Bishkek
- Production and sales of medicines, vaccines, and serums, medical supplies and medical equipment; - Production and sales of strong, poisonous, and radioactive substances; - Production and sales of perfume, cosmetic and chemical substances.	Ministry of Health of the Kyrgyz Republic located at the following address: 148, Moskovskaya Street, Bishkek http://www.med.kg/
- Imports, development, production and sales of explosive and pyrotechnic substances and products; - Production, repair and trade of arms and ammunition	Ministry of Interior of the Kyrgyz Republic located at the following address: 469, Frunze Street, Bishkek http://www.mvd.kg/
- Transportation of passengers (excluding taxis) and international cargo transport by motor vehicles, air, water and rail (excluding for special, business, and technological purposes and for implementing activities for which one has the relevant license)	Ministry of Transport and Communications of the Kyrgyz Republic located at the following address: 42, Isanov Street, Bishkek http://www.mtk.gov.kg/

More detailed information about the list of activities subject to licensing can be found in the law [1,2].

What documents should I submit to get a license?

To get a license the following documents are necessary:

- A license application correctly filled in;
- Documents that confirm the applicant's conformity with certain requirements, namely: the production conditions meet the Regulations governing the safety of society, the environment, citizens' lives and health and guaranteeing the quality of the goods (jobs, services) resulting from these activities;
- Documents confirming payment has been made to consider an application and issue a license;
- Copy of the State Registration Certificate.

The Licensing Authority is prohibited from asking for documents not required by the Regulation covering the licensing of appropriate activities.

Within what period is the license issued?

Licenses are issued not later than one month after an applicant has submitted all the necessary documents.

What is the fee for getting a license?

The fee for considering the application, conducting the necessary expertise and registering the documents covers only the expenses incurred with issuing the license paid by the agency that is authorized to issue licenses and it cannot exceed three calculation indexes.

In what cases does a license become invalid?

A license can only become invalid in the following cases:

- 1) Expiry of the period for which this license was issued;
- 2) The activities for which the license was issued have been fully completed;

3) The License was revoked;

4) The physical or legal entity person to whom the license was issued has ceased all activities

What are punishments for engaging in activities without a license?

Engaging in activities without an appropriate license or violating license standards invokes administrative and criminal responsibility as laid down by the legislation.

Revenues received from carrying out the activities without a valid license can be seized.

Administrative liability/responsibility is applied depending on for what activity a violation was admitted (up to 20 minimum wages).

Criminal liability/responsibility is applied for carrying out business activities without a license in cases when one is needed according to the Criminal Code with compensation for the loss or imprisonment.

Normative legal documents:

1. Law # 45 On Licensing issued on April 28th 2007.
2. Regulation # 500 On Licensing Some Business Activities issued on October 23rd 2007.
3. Regulation # 336 On the Procedure for Licensing the Exploitation of Subsoil Resources issued on August 15 2007.

9. Free Economic Zones in the Kyrgyz Republic

What is a Free Economic Zone (FEZ)?

Free Economic Zones in the Kyrgyz Republic are isolated and fenced-off areas specially allocated in areas of some provinces, districts and cities of the Kyrgyz Republic inside which the production of goods attracts special benefits.

Can I be registered in a Free Economic Zone?

LE with foreign investments engaged in producing goods can register in a FEZ.

The Administration of a FEZ has no right to register businessmen who are engaged in retail and render services in the domestic market of the Kyrgyz Republic as subjects of a FEZ.

There are three FEZ in the Kyrgyz Republic:

1. Bishkek FEZ is located at the address: 303, Mir Avenue, Bishkek;
2. Naryn FEZ is located within the city of Naryn;
3. Karakol FEZ is located on two sites:
 - The first site is the city of Karakol;
 - The second site – the outskirts of the village of Tamchi.

Karakol FEZ is being reorganised so those wishing to register in Karakol FEZ should state this when the process of reorganization has been completed.

What privileges are granted in a FEZ?

Participants in economic and foreign trade activities are exempted from all kinds of taxes, duties and deductions whilst working in a FEZ. The exemptions do not apply to those rendering services to organizations and physical entities of the Kyrgyz Republic.

A special Customs regime applies in the FEZ, which provides exemption from all Customs duties on importing goods.

Goods imported from other countries into FEZ and exported to other countries (after or without additional processing) are not subject to Customs duties. 0.15% of the Customs value is paid as Customs duty to cover Customs registration expenses.

Goods which are imported into FEZ located in the Kyrgyz Republic, irrespective of the degree of processing within the free economic Zones, are liable to excise duty and VAT according to the Law of the Kyrgyz Republic.

How much does it cost to run a business in a FEZ?

Participants in economic and foreign trade activities make annual **payments for tax exemptions at the rate of 0.1 to 2 % of the profit** obtained from services rendered to the population and sales. Subjects of the

FEZ rendering services within the Kyrgyz Republic have no such privileges; they pay taxes according to the Tax Code of the Kyrgyz Republic.

What taxes and payments must be paid?

Income tax and obligatory contributions to the Social Fund are paid by employees of FEZ subjects [1, 2].

If the subjects of FEZ run businesses not only in the FEZ but also in the Kyrgyz Republic, they are obliged to pay taxes as laid down in the Law [1]. To determine the volume of sales liable to taxation it is necessary to keep separate accounts for sales made in a FEZ and those made in the Kyrgyz Republic.

What limitations are there in a FEZ?

It is forbidden to sell the goods produced in a FEZ in the domestic market of the Kyrgyz Republic if the added value of the goods made in the FEZ is **less than 30 % and 15%** for domestic appliances and electronic devices, respectively.

Subjects of FEZ are not allowed to import, keep, produce and sell goods subject to excise duty, in the FEZ of the Kyrgyz Republic without paying taxes and Customs duties.

When do these privileges have to be paid for?

Payment for tax privileges is made by subjects of FEZ monthly by 5th of the month following the reporting month. Payment is made to the FEZ budgets.

What is the penalty for late payment?

A penalty is imposed on the unpaid sum at the rate of 0.5% for each day of delay (including the date of payment).

Financial and other penalties are imposed in the event of the delayed submission of estimates (reports) and understating (concealment) of payments [1].

Who has the right to conduct audits in FEZ?

All audits are carried out with the consent of the FEZ General Administration.

1. **Tax audit** is conducted by the tax inspectorate. Subjects who only run a business in a FEZ are checked for income tax payments deducted from the wages of employees.

Subjects who also run businesses in the Kyrgyz Republic are checked for payment of all taxes laid down by the Tax Code.

2. Auditing **contributions to the Social Fund** is conducted by the agencies of the Social Fund. Deductions from the wages of employees are checked.

3. **Payments for granted privileges** are checked by the General Administration of a FEZ. The General Administration controls the timeliness and size of the payments.

4. **Fire safety** is checked by the district Fire Department.

5. **Sanitary and epidemiological** control is carried out by the area public healthcare services. Checks on the sanitary conditions of premises, equipment and products are made on subjects who are engaged in producing and selling food.

Normative legal documents:

1. The Tax Code of the Kyrgyz Republic # 25 dated 26th 1996 (with last amendments 9th August 2007 # 142).
2. Law, # 20 On State Social Insurance dated 17th June 1996 (with last amendments dated 9th August 2007 # 142).
3. Law # 1076-XII, On Free Economic Zones in the Kyrgyz Republic dated 16th December 1992
4. Regulations # 474, On the Bishkek Free Economic Zone dated 11th November 1995
5. Regulations # 133, On the Procedure for Establishing, Reorganizing and Liquidating Free Economic Zones in the Kyrgyz Republic dated 12th March 2002.

Appendix 1

Table 1. Labor migration quota for 2008

Sector	Batken Region	Dzhalala bad Region	Issyk- Kul Region	Naryn Region	Osh Region	Talas Region	Chui Region	Bishkek	Osh	Total
Industry & Construction	450	400	250	100	500	100	750	800	600	3,950
Agriculture & Forestry	10	250	100	16	30	25	186	20	30	667
Transport, communications & geology	50	50	25	25	100	25	80	150	40	545
Trade, public catering & other financial and economic activities	68	142	30	29	1,085	20	232	2,017	240	3,863
Healthcare, education, science, culture, arts	60	120	29	20	30	20	106	450	200	1,035
Crediting, insurance & other sectors	10	30	-	-	30	5	29	120	40	264
Total	648	992	434	190	1,775	195	1,383	3,557	1,150	10,324

Training programs

Doing Business in China

(for Kyrgyz entrepreneurs)

English version

Course: Visa application and registration procedures in China

Course description:

The course will introduce the visa system in China, especially focusing on main visa application issues, including types of Chinese visa, period of validity, prices etc (also including special remarks for visa to Tibet and Hong Kong). The course will explain the procedures and requirements for applying a business visa.

The objective of the course is to train entrepreneurs basic Chinese visa application procedures, aimed to avoid problems during the process of application.

Requirements to the level of understanding:

After having the course, students should know:

- Which documents are necessary to provide to get visa to China;
- Which types of visa exist in China, and what prices are for each type of visa;
- Where individuals can get visa going to China;
- Period of visa validity and detention period.

Plan of the course:

	Lectures	Practical studies
1.	Introduction into the course: legislative acts, regulating visa application and registration procedures in China	-
2.	Types of Chinese visa. Period of visa validity.	-
3.	Documents for visa application.	Filling the visa application.
4.	Visa for the Tibet Autonomous Region and Hong Kong Special Administrative Region.	-

Seminar: *Class discussion of the problems, usually encountered during the process of visa application.*

Content of the course:

Topic 1. Introduction into the course: legislative acts, regulating visa application and registration procedures in China.

1. Legislation, regulating the process of visa application.
2. Sources of information on Chinese visa application.

Topic 2. Types of Chinese visa. Period of visa validity.

1. Common types of Chinese visa.
2. Prices for Chinese visa.
3. Period of visa validity and detention period.

Topic 3. Documents for visa application.

1. Request of basic material.
2. The material of applying different types of visa.

Topic 4. Visa for the Tibet Autonomous Region and Hong Kong Special Administrative Region.

1. Special remarks for applying visas to Tibet and Hong Kong.
2. Sources of information.

Examinations:

1. Test “Types of Chinese visas”.
2. Test “Documents for Chinese visa application”.
3. Assignment: filling the visa application.

Web sources:

Source	Web site
Embassy of the People's Republic of China in Singapore	http://www.chinaembassy.org.sg/eng/
Immigration Department of the Government of the Hong Kong Special Administrative Region	http://www.immd.gov.hk/ehtml/home.htm

Course: Customs procedures in China

Course description:

The course will introduce the general custom system in China, and discuss the issues of custom declaration, regimes, and procedure, rates of custom duties regarding to imported goods, and related document requirements for both business/enterprises and nature person.

The objective of the course is to give entrepreneurs basic knowledge on customs procedures, aimed to simplify passing through the border to increase business effectiveness.

Requirements to the level of understanding:

After having the course, the students should know:

- Which laws regulate customs procedures in China;
- Which steps customs procedure includes;
- Which documents are necessary to provide to pass customs control;
- Customs requirements for physical entity.

Plan of the course:

	Lectures	Practical studies

1.	Introduction into the course: legislative acts, regulating customs procedures in China	-
2.	Customs procedures.	-
3.	Documents for passing customs control. Customs declaration form.	Filling the customs declaration form.
4.	Customs requirements for natural person.	Filling the customs declaration form for natural person.

Seminar: *Custom Practice and Experience.*

Content of the course:

Topic 1. Introduction into the course: legislative acts, regulating customs procedures in China.

Legislation, regulating customs procedures in China.

Topic 2. Customs procedure.

1. Steps of customs procedure.
2. Chinese customs modes.
3. Rates of customs duties.

Topic 3. Documents for passing customs control. Customs declaration form.

Documents requirements for customs control.

Customs declaration form.

Topic 4. Customs requirements for natural person.

1. “Red” and “Green” customs channels.
2. Documents requirements for natural person.

Examinations:

1. Test “Customs procedure and customs duties in China”.
2. Test “Chinese customs modes”.
3. Assignment: filling the customs declaration form and answer the questions.

Course materials:

1. "People's Republic of China Customs Law"
2. “People's Republic of China import Tariffs”
3. "Statutes of the People's Republic of China in import-export tariffs"
4. “Control methods of the People's Republic of China customs entry-exit luggage”

Web sources:

Source	Web site
China Customs	http://www.customs.gov.cn/YWStaticPage/3972/c4538048.htm
The Central People’s Government of the People’s Republic of China	http://english.gov.cn/

Course: Taxation system and Non-taxation payments in China

Course description:

The course will describe general and specific taxation system and non-tax payment in China. Such issues as tax registration, tax and tariff rate on non-residents, tax jurisdiction, tax audit, and tax inspiration will be discussed. Also the course tells about the responsibility for violation of tax legislation and related punishment.

The objective of the course is to increase entrepreneurs' knowledge about tax payments and non-taxation payments by opening Chinese taxation system's features.

Requirements to the level of understanding:

After having the course, the students should know:

- Which laws regulate tax system in China;
- State bodies, regulating taxation system in China;
- The features of Chinese tax levying management;
- Which taxes are levied in China, and their distinctive features;
- Tax rates and deadlines of tax payments;
- Which non-taxation payments are paid in China;
- The responsibility for violation of tax legislation.

Plan of the course:

	Lectures	Practical studies
1.	Introduction into the course: legislative acts, regulating taxation system and tax levying management in China	-
2.	Registration in tax authorities.	-
3.	Tax levying management.	-
4.	Value added tax (VAT), Excise tax.	Calculation of VAT. Filling in the tax payment form.
5.	Business tax. Income tax.	Calculation of business and income tax. Filling in the tax payment form.
6.	Import tariffs.	-
7.	Tax reduction and Exemption based upon preferential treatment.	-
8.	Responsibility for violation of tax legislation.	-

Seminar: *Tax Reduction and Exemption Based upon Preferential Treatment:
A policy perspective.*

Content of the course:

Topic 1. Introduction into the course: legislative acts, regulating taxation system and tax levying management in China.

1. Tax legislation in China.
2. State bodies, regulating taxation system in China.

Topic 2. Registration in tax authorities.

Documents, necessary for registration in tax authorities.

Terms of registration.

Topic 3. Tax levying management.

1. Tax levying institution in China.
2. Content of tax inspection.
3. Rights and duties of tax officers.

Topic 4. Value added tax (VAT). Excise tax.

Main characteristics of VAT.

VAT rates.

Main characteristics of Excise tax.

Excise tax rate.

Features of excise tax levying procedure.

Topic 5. Business tax. Income tax.

1. Main characteristics of business tax.
2. Tax rate and deadline of business tax payment.
3. Main characteristics of income tax. Tax object.
4. Income tax rate.

Topic 6. Import tariffs.

Features of levying import tariffs.

Topic 7. Tax reduction and Exemption based upon preferential treatment.

Tax reduced business.

Terms of tax exemption.

Topic 8. Responsibility for violation of tax legislation.

1. Cases in which responsibility is carried.
2. Sizes of fines for violation of tax legislation.

Examinations:

1. Test "Taxes and tax levying management in China".
2. Assignment: Calculation of the total tax and non-tax payment and filling in the tax payment form.

Course materials:

1. "People's Republic of China Tax Collection Management Act Implementation Details";
2. "People's Republic of China Tax Collection Management Act (new collection method)";
3. "People's Republic of China Excise Tax Temporary Regulation";
4. "the People's Republic of China Excise tax Temporary Regulation Implementation Details";
5. "The People's Republic of China Income Tax Act";
6. "People's Republic of China Customs Law";
7. "People's Republic of China Customs Imported and Exported Goods Tax Management Measures";
8. "The People's Republic of China VAT Temporary Regulation";

9. "The People's Republic of China Sales Tax Temporary Regulation".

Web sources:

Source	Web site
China State Administration of Taxation	http://www.chinatax.gov.cn/n6669073/index.html

Course: Transit and Transportation in China

Course description:

The course combines into one two sections, Transit and Transportation.

The course will focus on the most important issues such as features of the transit Customs mode in China, conditions for registering goods as transit, internal Customs transit, and documents, necessary to apply for the internal Customs transit procedure etc. Also, within the course information on main legislation, regulating transport in China, information on places of addressing for transport services will be given.

The objective of the course is to give entrepreneurs information on main issues on transit and transportation aimed to simplify process of transportation, thereby to increase effectiveness of trade.

Requirements to the level of understanding:

After having the course, the students should know:

- Which laws regulate transit and transportation in China;
- Main issues of regulating transport in China;
- Features of customs transit regime in China;
- Procedure of passing through customs, when transiting through China;

- Which documents are necessary for customs convoy when transiting through China;
- Where to address for transport services and get information on transit through China.

Plan of the course:

	Lectures	Practical studies
1.	Introduction into the course: legislation, regulating issues of transit and transportation in China.	Class discussion of the problems, usually encountered when transiting through China.
2.	Transportation: transport services, types of transport.	-
3.	Transit: features of customs transit regime in China. Internal customs transit.	-
4.	The procedure of passing through customs. Documents necessary for transport convoy.	Filling in the customs declaration form.

Content of the course:

Topic 1. Introduction into the course: legislation, regulating issues of Transit and Transportation in China.

1. Legislation for regulating Transit and Transportation.
2. China Customs and Ministry of Communications of the People’s Republic of China.

Topic 2. Transportation: transport services, types of transport.

1. Types of transport when importing/exporting.

Topic 3. Transit: features of customs transit regime in China. Internal customs Transit.

1. Customs transit regime. Internal customs transit.
2. The terms of passing through Customs when transiting through China.

Topic 4. The procedure of passing through Customs when transiting.

Documents necessary for transport convoy.

1. Applying to Customs when entering China.
2. Applying to Customs when leaving China.
3. Documents for Customs convoy when transiting through China.

Examinations:

1. Test “Passing through Customs when transiting, documents for Customs convoy.
2. Assignment: filling in the transit customs declaration form.

Course materials:

Highway law of P. R. China;

The sea traffic safety law of P. R. China;

Port law of P. R. China;

Maritime law of P. R. China;

“The People's Republic of China Customs Law”;

“The administration punishment ordinance of the People's Republic China customs law”;

General Agreement on Trade and Tariffs since 1947.

Source	Website
Ship agent, freight forwarder “Shipping China”	http://en.shippingchina.com/

Web sources:

Course: Registration of entrepreneurs as Physical and Legal Entities in China

Course description:

The course describes processes of registration of a company and physical person, focusing on registration procedures, registration documents, and authorities, responsible for business registration.

The objective of the course is to give entrepreneurs all necessary information about registration of business, to simplify the process of registration.

Requirements to the level of understanding:

After having the course, the students should know:

- Which laws regulate registration process in China;
- The differences between registration of a company and individual entrepreneur;
- Which types of business exist in China;
- Where to address for registration;
- What the process of registration of a company is;
- What the process of registration of individual entrepreneur is;
- Documents necessary to register a company or individual entrepreneur;
- Terms of registration and size of payments necessary to pay for registration.

Plan of the course:

	Lectures	Practical studies
1.	Introduction into the course: legislation, regulating business registration procedures in China	Class discussion of the problems, usually encountered during the process of registration.
2.	Types of business.	-
3.	Process of registration of a company. Authority, responsible for registration a company.	-
4.	Documents, necessary for registration of a company.	Filling in the application form.
5.	Process of registration of individual entrepreneur. Documents, necessary for registration of individual entrepreneur.	Filling in the application form

6.	Terms of registration and size of payments necessary to pay for registration of a company and individual entrepreneur.	-
----	--	---

Content of the course:

Topic 1. Introduction into the course: legislation, regulating business registration procedures in China.

1. Legislative acts, regulating the process of registration of a company.
2. Legislative acts, regulating the process of registration of individual entrepreneur.

Topic 2. Types of business.

1. Business types and their legal responsibility.

Topic 3. Process of registration of a company. Authority, responsible for registration a company (individual entrepreneur).

1. Procedure of registration of a company.
2. State body, responsible for registration of a company.

Topic 4. Documents, necessary for registration of a company.

1. Package of documents for registration of a company.
2. Special restrictions and additional information for foreign entrepreneur.

Topic 5. Process of registration of individual entrepreneur. Documents, necessary for registration of individual entrepreneur.

1. Procedure of registration of individual entrepreneur.
2. Documents, necessary for registration of individual entrepreneur.

Topic 6. Terms of registration and size of payments necessary to pay for registration of a company and individual entrepreneur.

The amount of official payments necessary to pay for state registration of business (company/individual entrepreneur).

Terms of registration of a company and individual entrepreneur.

Examinations:

1. Test “Documents, necessary for state registration of a company”.
2. Test “Documents, necessary for registration of individual entrepreneur”.
3. Assignment: filling the application for registration.

Course materials:

Registration of companies:

7. The company law in the People’s Republic of China;
8. The register regulation in The People’s Republic of China;
9. The register regulation about registration capital of company;
10. The register regulation about the Legal Representative of company legal person;
11. The register regulation about company legal person, the register regulation about the name of company;
12. The administrative license law in The People’s Republic of China.

Registration of individual entrepreneur:

1. The temporary regulation about individual entrepreneur of industry and business in the city and country;
2. The temporary regulation ordinance about individual entrepreneur of industry and business in the city and country;

3. The register procedure provision about individual entrepreneur of industry and business;
4. The register regulation about the name of individual enterprise.

Web sources:

Source	Website
State administration for Industry and Commerce (SAIC) of the People's Republic of China	http://www.saic.gov.cn/english/default.htm .
State administration for Industry and Commerce (SAIC) of the People's Republic of China: The official web-site for registration of foreign invested enterprises in China	http://202.108.90.68/sg/sg.html

Course: Government regulation of business in China

Course description:

Government regulation of business includes a wide range of issues, but the course is focused mainly on employment permissive system, including permissive system, regulating start of business by foreign person. The course describes legislation according to what staff is recruited, wages are settled etc. The other main part of the course is regulation through different state bodies, such as fire department, standardization bodies etc.

The objective of the course is to explain key aspects of government regulation of business, thus simplifying process of starting and doing business in China.

Requirements to the level of understanding:

After having the course, the students should know:

- Using which legislative acts government regulates business in China;
- Which requirements are made to foreign employees in China;

- Which permissive documents are necessary to provide for opening business in China;
- Which bodies regulate doing business;
- Which requirements are made to wages, insurance and benefits according to Chinese legislation.

Plan of the course:

	Lectures	Practical studies
1.	Introduction into the course: legislation, through which government regulates business in China.	-
2.	State bodies, regulating business in China and their activities.	-
3.	Hiring foreign person as an employee.	-
4.	Permissive system for starting business by foreign person.	-
5.	Wage policy staff recruitment	-

Content of the course:

Topic 1. Introduction into the course: legislation, through which government regulates business in China.

1. Legislation, regulating establishing foreign business.
2. Labor Law of the People’s Republic of China.

Topic 2. State bodies, regulating business in China and their activities.

1. Starting business – Ministry of Foreign Trade and Economic Cooperation.
2. Business inspections – bodies, duties and rights of entrepreneurs and government officials.

Topic 3. Hiring foreign person as an employee.

1. Requirements to foreign employee.
2. Documents, necessary for hiring a foreign person.

Topic 4. Permissive system for starting business by foreign person.

1. Application procedures for establishing Joint Venture with Chinese and foreign capital.
2. Application procedures for establishing Foreign-capital Enterprise.

Topic 5. Wage policy and Staff recruitment.

1. Staff recruitment.
2. Wages, insurance and benefits.

Examinations:

Test “Procedures of establishing enterprises with foreign participation”.

Course materials:

1. “Labor Law of People’s Republic of China”

Web sources:

Source	Web site
China’s 2007 Foreign Investment Guide	http://www.chinabusinessreview.com/public/0801/cmi.html
The State Industrial Guide to Foreign Investment	http://english.dg.gov.cn/The%20State%20Industrial%20Guide%20to%20Foreign%20Investment.htm

Course: Licensing system in China

Course description:

The course provides a profile of the licensing system in China and tells where and how to get a license and what license’s cost is. Furthermore, the course outlines

rights and duties of licensing administrative bodies, and explains what responsibility is shouldered for doing business without license.

The objective of the course is to develop entrepreneurs’ knowledge in licensing issues, aimed to help starting and doing business in China.

Requirements to the level of understanding:

After having the course, the students should know:

- Which legislative acts regulate licensing in China;
- Which business activities are obliged to license in China;
- What procedure of license application includes and which documents are necessary for application;
- Which state bodies are responsible for giving out licenses in China and where to address to get a license;
- In which cases business license can be cancelled.

Plan of the course:

	Lectures	Practical studies
1.	Introduction into the course: legislative acts, regulating licensing issues in China	Class discussion of the problems, usually encountered applying for a license.
2.	Activities that are subject to license.	-
3.	State bodies, issuing licenses.	-
4.	Procedure of applying for a license. Documents for application.	Filling in the application for getting a license.

Content of the course:

Topic 1. Introduction into the course: legislative acts, regulating licensing issues in China.

1. Administrative Licensing Law of the People’s Republic of China.

2. Main objectives and tasks of licensing.

Topic 2. Activities that are subject to license.

1. Main activities that are obliged to license in China.
2. Responsibility for doing business without a license.

Topic 3. State bodies, issuing licenses.

1. State bodies, issuing licenses. Sources of information.
2. Cases of canceling licenses out.

Topic 4. Procedure of applying for a license. Documents for application.

1. Special remarks about licensing procedure according to business activity.
2. Package of documents, necessary for license application.

Examinations:

2. Test “Activities that are subject to license in China”;
3. Assignment: filling in the license application form.

Course materials:

Administrative Licensing Law of the People’s Republic of China.

Web sources:

Source	Website
Quota and License Administrative Bureau, Ministry of Commerce of the People’s Republic of China	http://www.licence.org.cn/Web/bszn/default.asp?Id=8
FDI information web-site “Invest in China”	http://www.fdi.gov.cn/pub/FDI_EN/chunnel/tztd.jsp

Course: Free economic zones in China

Course description:

The course is focused on key aspects of doing business in Free economic zones in China – a process of registration, privileges and limitations for FEZ subjects, preferential tax policies and tax reduction for FEZ subjects, costs for operation in FEZ, and payments to FEZ administration. The course also outlines main aspects of so-called “policy of central and western regions exploitation”.

The objective of the course is to increase entrepreneurs’ knowledge about operation on the FEZ territory, especially taxation system, privileges and limitation, aimed to encourage trade, investment and simplify the process of doing business.

Requirements to the level of understanding:

After having the course, the students should know:

- Which legislative acts regulate FEZ activities in China;
- Which FEZ operate in China;
- Which taxes FEZ subjects pay;
- Which tax and fees reduction exist in FEZ;
- Which payments FEZ subjects are obliged to pay;
- Which encouraging policies for foreign investment exist in China, and what their advantages are.

Plan of the course:

	Lectures	Practical studies
1.	Introduction into the course: legislative acts, regulating FEZ activities in China. Existing FEZ in China.	-
2.	The policy of central and western regions exploitation.	-
3.	Taxes FEZ-based businesses pay in China	-
4.	Payments to FEZ administration. Costs for operation in FEZ.	-

Seminar: *The advantages and disadvantages of running a business in the FEZ.*

Content of the course:

Topic 1. Introduction into the course: legislative acts, regulating FEZ activities in China. Existing FEZ in China.

1. Legislation, regulating FEZ activity in China.
2. FEZ, existing in China.
3. Registration of business in FEZ.

Topic 2. The policy of central and western regions exploitation.

1. Encouragements for foreign investment to Central and West Chinese regions.
2. Build-Operate-Transfer and Transfer-Operate-Transfer trials.

Topic 3. Taxes FEZ-based businesses pay in China.

Preferential rate of Corporate Income Tax.

Reduction of Corporate Income Tax.

Deduction and Exemption of Import tariff.

Topic 4. Payments to FEZ administration. Costs for operation in FEZ.

1. Costs for operation in FEZ.
2. Payments paid when operating in FEZ.

Examinations:

1. Test “Encourage policies for foreign investors”.
2. Test “Preferential tax policies for FEZ subjects”.
3. Assignment: short essays on the impacts of free economic zones on domestic economic development and business operation.

Course materials:

1. The law of P.R of China on Chinese-Foreign Equity Joint Ventures and its implementation regulations;
2. The law of P.R of China on Chinese-Foreign Contractual Joint Ventures and its implementation regulations;
3. The law of P.R. of China on Wholly Foreign-Owned Enterprise and its implementation regulations;
4. The law of P.R. of China on Foreign-invested enterprises, the income tax and its implementation regulations;
5. Provisions on Guiding Foreign Investment Direction; Industrial Catalogue Foreign Investment; Catalogue of Advantageous Sectors for Foreign Investment in Central and Western Regions.

Web sources:

Source	Web site
FDI information web-site “Invest in China”	http://www.fdi.gov.cn/pub/FDI_EN/chunnel/tztd.jsp

Training programs

Doing Business in the Kyrgyz Republic

(for Chinese entrepreneurs)

English version

Course: visa application and registration requirements In the Kyrgyz Republic

Course description:

The course will study the legislation on issuing visas and registration requirements and procedures for registering foreign citizens in the Kyrgyz Republic, visa regimes, visa categories and the procedure for issuing Kyrgyz visas.

The objective of the course is to upgrade the knowledge of visa and registration requirements concerning the procedure for registering foreign citizens and individuals applying for Kyrgyz Republic entrance visas by means of:

- providing information on agencies involved in registration of foreign citizens entering the Kyrgyz Republic;
- studying the visa regime, visa categories and documents required when applying for Kyrgyz Republic entrance visas.

Requirements to the level of understanding:

After taking the course, students will:

Have an idea of:

- the agencies involved in registration of foreign citizens entering the Kyrgyz Republic;
- visa and visa-free regimes for people entering the Kyrgyz Republic;
- agencies in the Kyrgyz Republic involved in issuing entrance visas

Know:

- the rights and obligations of foreign citizens residing in the Kyrgyz Republic;
- categories of Kyrgyz Republic entrance visas;
- fees for issuing and extending visas collected by consular services;
- the procedure for and documents required when applying for visas.

Learn:

- how to correctly fill in the application form for Kyrgyz Republic entrance visas

Course plan:

#	Lectures	Practical studies
1.	Introduction to the course: legislation on visa and registration requirements	-
2.	The procedure of registration of a foreign citizen in the Kyrgyz Republic	-
3.	Visa and visa-free regimes for people entering the Kyrgyz Republic	-
4.	Categories of visas	-
5.	Documents required when applying for visas. Cost of visas. Agencies involved in issuing Kyrgyz Republic entrance visas in China	Filling in the application form for Kyrgyz Republic entrance visas. Preparing the package of documents
6.	The procedure for issuing visas by the Consular service of the Ministry of Internal Affairs located at Manas International Airport	-

Course content:

Topic 1. Introduction to the course: legislation on visa and registration requirements.

3. The major objectives of the Law of the Kyrgyz Republic, On External Migration
4. Penalties for unregistered foreign citizens residing in the Kyrgyz Republic

Topic 2. The procedure of registration of a foreign citizen in the Kyrgyz Republic.

4. Registration with the Ministry of Foreign Affairs of the Kyrgyz Republic
5. Registration with the Ministry of Internal Affairs of the Kyrgyz Republic
6. Hotel registration
7. Extending registrations. Categories of international passports for which registration is waived

Topic 3. Visa and visa-free regimes for people entering the Kyrgyz Republic.

3. Basic requirements for foreign citizens entering the Kyrgyz Republic

4. 1 month visa-free regime for Chinese citizens entering the Kyrgyz Republic

Topic 4. Categories of visas.

3. Visa categories
4. Visa types (single entry, double entry, multiple entry)

Topic 5. Documents required when applying for visas. Cost of visas. Agencies involved in issuing Kyrgyz Republic entrance visas in China.

1. Package of documents required
2. Fees for issuing and extending visas
3. Visa service at MIA KR and the Kyrgyz Republic Embassy in China

Topic 6. The procedure for issuing visas by the Consular service of the Ministry of Internal Affairs located at Manas International Airport

1. Basic requirements for obtaining a visa by Chinese citizens from the Consular Service of the MIA of the KR located at Manas International Airport
2. Cost of visas

Examinations:

Include tests and problems to be solved:

4. Testing embraces the following basic topics:
 - Basic requirements for foreign citizens entering the Kyrgyz Republic
 - Categories of Kyrgyz Republic entrance visas
 - Registration of a foreign citizen in the Kyrgyz Republic
5. Problem solution related to filling in the application form for obtaining visas

Course materials:

Normative legal documents recommended for studying as part of the course:

Type of document	Name	Date of issue
Law	On External Migration	17 th July 2000 # 61
Resolution	On Approval of the list of states whose citizens have the right to obtain Kyrgyz Republic entrance-exit visas for a period of 1 month at Kyrgyz Republic diplomatic missions abroad and Consular Services in the Republic based on individual applications and for whom registration with interior affairs agencies is waived, taking due account of national security, economic development, the international political situation and other factors	15 th April 2003 # 213
Resolution	On the Approval of state fees	18 th July 1994 # 521
Resolution	On Consular fees and fees for actual expenses for rendering consular services	29 th July 2002 # 502
Instruction	On the Application of the Law of the Kyrgyz Republic On the Procedure for foreign citizens to reside in the Kyrgyz Republic	12 th December 1998 # 664

Web sources:

Name	Website
Website of the Ministry of Foreign Affairs of the Kyrgyz Republic	http://www.mfa.kg/
Toktom Information Centre	http://www.toktom.kg/
Adviser	http://www.adviser.kg/

Course: Customs Procedures in the Kyrgyz Republic

Course description:

The training course deals with the principal aspects of the legislation regulating Customs procedures, the procedure for the transit of goods, vehicles, etc. across the border of the Kyrgyz Republic and customs regimes widely applied in the Kyrgyz Republic.

The objective of the course is to build up the basic knowledge of Customs procedures to facilitate going through Customs control and improve the efficiency of the process.

Requirements to the level of understanding:

After taking the course, students will:

Have an idea of:

- the most widely applied Customs regimes in the Kyrgyz Republic;
- basic Customs duties collected when going through Customs control at the border of the Kyrgyz Republic.

Know:

- The procedure for transiting goods and vehicles across the Customs border of the Kyrgyz Republic;
- what documents should be provided when going through Customs control;
- rates of Customs duties for the main imported goods;
- where to obtain additional information on the Customs Regulations of the Kyrgyz Republic.

Learn:

- how to fill in the declaration for Customs transit;
- how to fill in the physical entities declaration.

Course plan:

#	Lectures	Practical studies
1.	Customs Regulations of the Kyrgyz Republic. Customs offices operating in the Kyrgyz Republic	-
2.	The procedure for transiting goods and vehicles across the Customs border. Physical entities declaring goods	-

3.	Documents required when going through Customs control.	Filling in the Customs cargo declaration Filling in the declaration for Customs transit by physical entities
4.	Customs regimes.	-
5.	Customs payments.	Calculating Customs tariffs and taxes.

Course content:

Topic 1. Customs regulations of the Kyrgyz Republic: Customs offices operating in the Kyrgyz Republic.

1. Regulations covering Customs procedures.
2. Customs offices operating in the Republic.
3. Customs offices located on the border with China.

Topic 2. The procedure for transiting goods and vehicles across the Customs border.
Physical entities declaring goods.

1. The procedure for transiting goods across the Customs border.
2. Special Customs procedures: transit of vehicles, transit of goods by certain categories of foreign citizens, transit of goods by international mail.
3. Special Customs procedures: transit of goods by physical entities.

Topic 3. Documents required when going through Customs control.

1. Documents and information required when going through Customs control.
2. Customs Cargo declaration.
3. Customs Declaration for physical entities in transit.

Topic 4. Customs regimes.

1. Customs regimes of the Kyrgyz Republic.
2. Special Customs regimes.

Topic 5. Customs payments.

1. Customs tariffs and taxes.
2. Customs fees.
3. The procedure and terms for paying Customs tariffs.
4. Customs duties rates for various categories of goods.

Examinations:

Include testing and problems to be solved:

1. The testing embraces the following subjects:
 - Customs regimes of the Kyrgyz Republic;
 - Customs duties and rates;
2. Problem solution related to filling in the Customs declaration and calculating Customs duties and taxes.

Course materials:

Normative legal documents recommended for studying as a part of the course:

Type of document	Name	Date of issue
Code	Customs Code of the Kyrgyz Republic	12 th July 2004 # 87
Law	On Customs Tariff	29 th March 2006 # 81
Instructions	On the application of Customs regimes	28 th December 2004 # 961
Instructions	On Customs processing and control of goods and vehicles transiting across the Customs border of the Kyrgyz Republic	28 th December 2004, # 961
Code	Tax Code of the Kyrgyz Republic	9 th August 2007 #142

Law	On marking goods with control (latent) labels	24 th November 2006 #187
Instructions	On the Transit of goods and vehicles across the state border of the Kyrgyz Republic by physical entities	31 st December 2004 # 976.

Web sources:

Name	Website
Legal Information Centre under the Ministry of Justice of the KR	http://www.minjust.gov.kg/
Toktom Information Centre	http://www.toktom.kg/
Adviser	http://www.adviser.kg/

Course: tax system and non-taxation payments In the Kyrgyz Republic

Course description:

The course focuses on studying the tax systems operating in the Kyrgyz Republic and principal issues related to taxation such as types and rates of taxes and non-tax payments, the procedure for paying tax and accounting, types of audit and the auditing procedure.

The objective of the course is to improve professional competency in the sphere of taxation and social insurance by means of:

- studying and practical application of the tax and social insurance regulations;
- defining the system of rights and obligations of taxpayers and tax services;
- improving skills in making the best decisions about taxation.

Requirements to the level of understanding:

After taking the course, students will:

Have an idea of:

- taxes existing in the Kyrgyz Republic;
- rights and duties of the tax services, Social Fund and taxpayers;
- responsibilities for violations of the tax and Social Fund regulations;

Know:

- which agencies establish and approve rates of taxes and Social Fund contributions;
- the procedure for paying taxes and Social Fund contributions;
- terms and extension of periods for paying taxes and Social Fund contributions, accounting and period for repaying overpaid taxes;
- the procedure for appealing against decisions of state agencies.

Can:

- explain the concept of taxation and principles of preparing tax and Social Fund reports;
- choose the best system of tax planning for an enterprise;

Learn:

- prepare tax reports, calculations, declarations and deductions for the Social Fund;
- how to minimise tax risks and optimise the tax system.

Course plan:

#	Lectures	Practical studies
1.	Tax and Social Fund regulations	-
2.	Tax administration	-
3.	Types of tax systems	-
4.	General system of taxation. The procedure for calculating tax and taxation: income tax and value added tax (VAT)	Filling in the income tax declaration. Preparing tax reports, VAT, sales and account payable ledger invoices
5.	General system of taxation. The procedure for calculating taxes: excise duty, profit tax, retail sales and services tax	Filling in the declarations on excise duty, profit tax, retail sales and services tax

6.	General system of taxation. The procedure for calculating taxes: road, Emergency Situations, land and local taxes	Filling in the relevant tax report
7.	Contributions to the Social Fund of the Kyrgyz Republic	Calculating contributions to the Social Fund and preparing the reports
8.	Simplified system of taxation	Calculation of overall tax and preparing the reports
9.	Patent (fixed tax deduction certificate) activity	-
10.	Non-taxation payments	-

Course content:

Topic1. Tax and Social Fund regulations.

1. Tax regulations.
2. Social Fund regulations.

Topic 2. Tax administration

1. Agencies involved in tax administration.
2. Agencies involved in managing Social Fund contributions.

Topic 3. Types of tax systems.

1. General system of taxation: taxes paid under the system
2. Simplified system of taxation
3. Patent (fixed tax deduction license) activity.

Topics 4 – 6 Study of the procedure for calculating various taxes and general system of taxation.

1. Income tax
2. VAT (value added tax)
3. Excise duty
4. Retail sales and services tax

5. Profits tax
6. Road tax
7. Emergency Situations tax
8. Land tax
9. Local taxes

Topic 7. Contributions to the Social Fund of the Kyrgyz Republic.

1. Calculating of the contributions, terms of payment and reporting.

Topic 8. Simplified systems of taxation.

1. Calculating the taxes, terms of payment and reporting.

Topic 9. Patent (fixed tax deduction license) activities.

1. Payers and the procedure for carrying on business under obligatory and voluntary patents

Topic 10. Non-taxation payments.

1. Subsoil users, calculating, accounting and payment terms.

Examinations:

Include:

1. Being tested on the main subjects of the course.
2. Solving the problems related to filling in tax declarations and preparing reports on certain taxes.

Course materials:

Normative legal documents recommended for studying as part of the course:

Type of document	Name	Date of issue
------------------	------	---------------

Code	Tax Code	9 th August 2007 # 142
Law	On a Simplified system of taxation intended for small enterprises	7 th December 2001 # 102
Law	On Basic rates of land tax for using agricultural, homestead, dacha, populated area and non-agricultural land for 2005	23 rd October 2007 # 466
Law	On Rates of excise duty on excisable goods imported or produced by legal entities and physical persons in the Kyrgyz Republic for 2006	23 rd October 2007 # 466
Instructions	On a Simplified system of taxation intended for small enterprises	31 st December 2001 # 846
Resolution	On the Procedure for carrying on various kinds of business by physical and legal entities based on obligatory patents	25 th February 2002 # 101
Resolution	On the procedure for fixing the cost of patents for legal and physical entities carrying on business based on obligatory patents	29 th June 2001 # 417-II
Resolution	On the procedure for declaring incomes and issuing patents by physical entities and paying income tax on business carried on based on patents	12 th August 1996 # 378

Web sources:

Name	Website
Legal Information Centre under the Ministry of Justice of the KR	http://www.minjust.gov.kg/
Toktom Information Centre	http://www.toktom.kg/
Adviser	http://www.adviser.kg/

Course: Transport Regulations in the Kyrgyz Republic

Course description:

The course will study the main transport regulations in the Kyrgyz Republic, main transport corridors linking the Kyrgyz Republic and China and transportation

The objective of the course is to update knowledge of the transport regulations in the Kyrgyz Republic, raise the level of awareness of transportation and the permits and documents necessary for transportation to facilitate carrying on business in goods transport and delivery

Requirements to the level of understanding:

After taking the course, students will:

Have an idea of:

- The main transport corridors linking the Kyrgyz Republic and China;
- transport regulations and state agencies involved in transport management in the Kyrgyz Republic;
- transport fees collected in the Kyrgyz Republic.

Know:

- means of transportation between the Kyrgyz Republic and China;
- the list of documents required when going through cargo transport control;
- types of transport permits;
- where to apply for transport services.

Course plan:

#	Lectures	Practical studies
1.	Legislation and state agencies involved in transport regulation. Main transport corridors linking the Kyrgyz Republic and China	-
2.	International agreements on transport regulation between the Kyrgyz Republic and China	-
3.	Documents required when going through cargo transport control. Transport fees.	-

4.	Transportation means. Types of transport permits.	-
----	---	---

Course content:

Topic 1. Legislation and state agencies involved in transport regulation. Main transport corridors linking the Kyrgyz Republic and China.

1. Main laws regulating transportation in the Kyrgyz Republic: Transport Law, Customs Code.
2. The Ministry of Transport and Telecommunications, State Motor Vehicle Inspectorate, State Customs Committee of the Kyrgyz Republic.
3. Main transport corridors linking the Kyrgyz Republic and China.

Topic 2. International agreements on transport regulation between the Kyrgyz Republic and China.

1. The agreement on International Transportation between the Government of the Kyrgyz Republic and the Government of the People's Republic of China.
2. The agreement on Transit Transportation made by and between the Governments of the Republic of Kazakhstan, People's Republic of China, the Kyrgyz Republic and the Islamic Republic of Pakistan.

Topic 3. Documents required when going through cargo transport control. Transport fees.

1. The list of documents.
2. Transport fees collected and fees regulations.

Topic 4. Transportation means. Types of transport permits.

1. Obligatory one-way transport permit, four-way transport permit.
2. Types of transportation for which obligatory permits are waived.

Examinations:

The testing embraces the following subjects:

1. International agreements on transport regulation;
2. Documents required when going through the transport control. Transport permit.

Course materials:

Normative legal documents recommended for studying as a part of the course:

Type of document	Name	Date of issue
Code	Customs Code of the Kyrgyz Republic	12 th July 2004 # 87
Law	On transport	8 th July 1998 # 89
Agreement	On international highway services between the Governments of the KR and the PRC	25 th February 1993
Agreement	On Transit Transportation between the Governments of the Republic of Kazakhstan, Chinese People's Republic, Kyrgyz Republic and Islamic Republic of Pakistan	9 th March 1995
Instructions	On Road Transportation of Wide and Heavy Loads	26 th March 2002 #129
Resolution	On the Approval of rates of fees for allowing vehicles carrying Wide and Heavy loads onto public highways	21 st April 2006 # 283
Instructions	On fees for harmful vehicle emissions	17 th September 1999 # 4

Web sources:

Name	Website
Website of the Ministry of Transport and Communications of the Kyrgyz Republic	http://www.mtk.bishkek.gov.kg/

Toktom Information Centre	http://www.toktom.kg/
Adviser	http://www.adviser.kg/

Course: Transit in the Kyrgyz Republic

Course description:

The course focuses on studying the wide range of legal and procedural problems related to application of the transit customs regime in the territory of the Kyrgyz Republic.

The objective of the course is to build up the knowledge and practical skills on applying the Customs transit regime by means of:

- studying the system of agencies involved in implementing Customs procedures, their rights and obligations;
- raising the level of awareness of transit procedures and terms in the Kyrgyz Republic for legal and physical entities;
- becoming aware of responsibilities for carrying on business in violation of the rules and procedures stated in the Customs Regulations of the KR.

Requirements to the level of understanding:

After taking the course, students will:

Have an idea of:

- the basics of the Customs Code of the Kyrgyz Republic;
- procedures for applying Customs transit regimes;
- terms of putting the goods under the transit customs regime;
- what Internal Customs Transit is;
- what documents are required when going through internal Customs transit control;
- features of applying the Customs transit regimes.

Learn:

- how to use the instructions on applying Customs transit regimes;
- how to correctly fill in transit declarations;

- Execute the transit procedure.

Course plan:

#	Lectures	Practical studies
1.	Introduction to the course: Transit in the Kyrgyz Republic	-
2.	Regulations covering Transit in the Kyrgyz Republic	-
3.	Procedures and terms for putting the goods under Customs transit regimes; features of the Customs transit regime	-
4	Internal Customs transit	-
5.	Documents and information required when going through internal Customs transit control	Filling in Customs transit declarations
6.	Overloading and other operations with goods	-
7.	Executing the Customs regime	-

Course content:

Topic 1. Transit Regulations in the Kyrgyz Republic.

1. Basis of the Customs Code of the Kyrgyz Republic.
2. Functions, objectives and necessity of Customs regimes.
3. Responsibilities for carrying on business activity in violation of the rules and procedures stated in the Customs Regulations of the Kyrgyz Republic.

Topic 2. Procedures and terms for putting goods under the Customs transit regime.

1. The essence and features of the process of putting goods under the Customs transit regime.
2. Documents required when putting goods under the Customs transit regime.

Topic 3. Documents and information required when going through Customs transit control.

1. Documents required when going through the internal customs transit control.
2. Filling in Customs declarations.

Topic 4. Internal Customs Transit.

1. Details of internal transit
2. Agencies involved in internal transit procedures
3. Terms of internal transit

Topic 5. Overloading and other operations with goods.

1. Terms for allowing overloading with goods

Topic 6. Implementation of the customs transit regime.

1. Terms for implementing the Customs transit regime.
2. Rights and obligations of carriers and destination Customs services.

Examinations:

Include tests and problems to be solved:

Testing embraces the following subjects:

- Internal Customs transit in the Kyrgyz Republic;
- Problem solution related to filling in the Customs transit declaration.

Course materials:

Normative legal documents recommended for studying as part of the course:

Type of document	Name	Date of issue
------------------	------	---------------

Code	Customs Code of the Kyrgyz Republic	12 th 2004 # 87
Instructions	On Applying Customs Regimes	28 th December 2004 # 961
Official press of the State Customs Committee KR	Kyrgyz Customs in Documents	2008

Web sources:

Name	Website
Website of the State Customs Committee of the Kyrgyz Republic	http://www.customs.gov.kg/
Toktom Information Centre	http://www.toktom.kg/
Adviser	http://www.adviser.kg/

Course: Registration of Entrepreneurs as Physical and Legal Entities in the Kyrgyz Republic

Course description:

The course is dedicated to the wide range of legal and procedural problems related to the state registration of legal and physical entities based on the normative legal documents and rules specified by the Law of the Kyrgyz Republic.

The objective of the course is to build up the knowledge and practical skills needed to register entrepreneurs by means of:

- studying the system of agencies involved in state registration, their rights and obligations;
- raising the level of awareness of procedures and stages of state registration of legal and physical entities;
- becoming aware of responsibilities for the unregistered carrying on of business activities and its consequences.

Requirements to the level of understanding:

After taking the course, students will:

Have an idea of:

- differences of registration of legal entities and physical persons;
- the essence of the registration process and obligations of registering agencies under the processes;
- cases when the state registration is unnecessary.

Know:

- what organizational-legal forms of legal entities operate in the Kyrgyz Republic;
- stages of state registration of legal entities;
- what documents are required by various organizational-legal forms of legal entities when applying for state registration;
- what documents are to be provided to register a physical entity as an entrepreneur.

Learn:

- hoe to correctly fill in the application for registering a physical or legal entity;
- the procedure for re-registering a physical entity.

Course plan:

#	Lectures	Practical studies
1.	Introduction to the course: legislation on state registration	-
2.	The process of registering a legal entity. Registering agencies and their obligations. Documents to be submitted for registration	Filling in the application form for registration of a legal entity
3.	Organizational-legal forms of legal entities. Documents to be submitted for registration of open and closed joint-stock companies and limited liability companies	Business game: Preparing the package of documents for state registration

4.	Organizational-legal forms of legal entities. Documents to be submitted for the registration of a branch or representative office of a legal entity, Public Associations and Unions	
5.	The procedure a legal entity registration	Business game: Imitating the procedure for registering a legal entity
6.	The process of business activity registration of a physical entity. Registering agencies and their obligations.	-
7.	Documents to be submitted for the registration of business activity of a physical entity. The registration procedure	Filling in the application form for registering a physical entity
8.	Re-registration of the business activity of a physical entity	-

Course content:

Topic 1. Introduction to the course: legislation on state registration.

1. Functions, objectives and need for state registration
2. Responsibilities for the unregistered carrying on of business activities
3. Regulations for registering a legal entity
4. Regulations for registering a physical entity

Topic 2. The procedure of registration of a legal entity. Registering agencies and their duties. Documents to be submitted for state registration.

1. The essence and features of the procedure for registering a legal entity
2. The Ministry of Justice of the KR as the body responsible for registering legal entities
3. The package of documents to be submitted for registering legal entities with foreign participation

Topic 3. Organizational-legal forms of legal entities. Documents to be submitted for registering open and closed joint-stock companies (OJSC, CJSC) and limited liability companies (LLC).

1. Peculiarities of OJSC. Documents to be submitted for OJSC registration.
2. Peculiarities of CJSC. Documents to be submitted for CJSC registration.
3. Peculiarities of LLC. Documents to be submitted for LLC registration.

Topic 4. Organizational-legal forms of legal entities. Documents to be submitted for registering a branch or representative office of a legal entity, Public Associations (PA) and Associations (Unions)

1. Documents to be submitted for registering a branch or representative office of a legal entity
2. Public Associations and documents to be submitted for registering PA
3. Associations of legal entities as a Union and documents to be submitted for their registration.

Topic 5. The procedure of registration of a legal entity.

1. Stages of registering a legal entity
2. Terms and cost of state registration.
3. The procedure for refusing registration.

Topic 6. The procedure of a physical entity registration. Registering agencies.

1. The essence of the procedure for registering physical entities
2. National Statistics Committee KR as the body responsible for registering physical entities

Topic 7. Documents to be submitted to register for business activity of a physical entity. The procedure for registering and obligations of registering agencies.

1. The package of documents to be submitted for registration of a foreign citizen as a physical entity.
2. Stages and cost of physical entity registration.
3. Obligations of registering agencies.

Topic 8. Re-registration of business activity of a physical entity.

1. Cases when a physical person is not obliged to re-register.

2. Documents to be submitted for re-registration.

Short description of the business games used in the training:

Business game “Preparing the package of documents for state registration:

Subjects and problems concerned:

- peculiarities of various organizational-legal forms of legal entities in the Kyrgyz Republic;
- the package of documents to be submitted for registering various organizational-legal forms of legal entities.

The game’s objective: to learn to prepare the package of documents to be submitted to the registering agencies to register various forms of business enterprises – OJSC, CJSC, LLC, PA, Associations, branches or representative offices of a legal entity.

The business game’s tasks:

- to prepare the package of documents to be submitted for registration depending on the form of a legal entity (OJSC, CJSC, etc.);
- to fill in the registration application form.

Business game “Imitating the legal entity registration procedure”

Subjects and problems concerned:

- stages of procedure for registering a legal entity;
- registration with the justice agencies;
- registration with the Tax service;
- registration with the Social Fund.

The game’s objective: having studied the stages and content of state registration, learn to prepare the package of documents to be submitted for registration with the tax services and Social Fund and to gain practical experience of carrying out the registration procedure.

The business game’s tasks:

- to prepare the package of documents to be submitted for registration with the justice agencies;

- to prepare the package of documents to be submitted for registration with the Tax service and Social Fund;
- to imitate the registration procedure of a legal entity by means of playing the roles of an applicant and a registering person.

Examinations:

Include tests and problems to be solved:

The testing embraces the following subjects:

- Organizational-legal forms of legal entities and their peculiarities;
- The procedure for registering a legal entity and obligations of registering agencies;
- The procedure for registering the business activity of a physical entity and obligations of registering agencies.

Problem solution related to filling in the registration application forms.

Course materials:

Normative legal documents recommended for studying as part of the course:

Type of document	Name	Date of issue
Code	Civil Code	8 th May 1996 # 15
Code	Tax Code	9 th August 2007 # 142
Law	On the State registration of legal entities	12 th July 1996 # 39
Law	On State statistics	26 th March 2007 # 40
Resolution	On the Procedure for registering legal entities, branches and representative offices with agencies of the Ministry of Justice of the Kyrgyz Republic	17 th December 2003 #180
Resolution	On the Procedure for registering physical entities carrying on private business	2 nd July 1998 # 404

Web sources:

Name	Website
Toktom Information Centre	http://www.toktom.kg/
Adviser	http://www.adviser.kg/
Legal Information Centre under the Ministry of Justice of the KR	http://www.minjust.gov.kg/
Website of the National Statistics Committee	http://www.stat.kg/

Course: Government Regulation of business In the Kyrgyz Republic

Course description:

The course deals with key aspects of government regulation of business in the Kyrgyz Republic related to obtaining permits and carrying on business according to the basic regulations. The course also pays attention to the correlation between business-structures and state agencies concerned in regulating business activity, i.e. migration services, sanitary-epidemiological services, standards bodies, fire stations, Customs services and local authorities.

The objective of the course is to form a basis for efficient correlation between entrepreneurs and state bodies of the Kyrgyz Republic by means of:

- Studying the legal base of the licensing system in the Republic;
- Defining the rights and obligations of licensed legal and physical entities.

Requirements to the level of understanding:

After taking the course, students will:

Have an idea of:

- how and who regulates the permissive system;
- rights and duties of bodies concerned in the regulating system;
- responsibilities for violating the legislation.

Know:

- legislation, through which government regulates business;
- which state bodies are responsible for giving out permits;
- the procedure of getting permits in the Kyrgyz Republic;
- payments for and terms of permits;
- the procedure for business interruption.

Course plan:

#	Lectures	Practical studies
1.	Legislation in the area of permissive system	-
2.	State bodies responsible for giving out permits	-
3.	The procedure of getting permit	Filling in the application forms and the list of documents to be submitted for licensing
4.	Administration and auditing	Filling in the Register of auditing bodies
5.	Responsibilities for doing business without necessary permissive documents	-

Course content:

Topic 1. Legislation in the area of permissive system

1. Basic tasks of permissive system of Kyrgyz government.

Topic 2. State bodies responsible for giving out permits

1. Sanitary/epidemiological Service
2. Fire Department

Topic 3. The procedure of getting permit

1. List of documents, necessary to get a permit from sanitary and fire services
2. Application review period
3. Period of permit activity

Topic 4. Administration and auditing

1. Bodies that regulate and audit business activity of legal and physical entities, having permits
2. The auditing procedure
3. The auditing period
4. Documents given after auditing

Topic 5. Responsibilities for doing business without necessary permissive documents

1. Responsibilities for violating the law and carrying on business activity without necessary permissive documents

Examinations:

Include tests and problems to be solved:

The testing embraces the following subjects:

- The lists of documents to be submitted for getting permits;
- A test on the Register of auditing bodies.

Problems solution related to filling in the application forms for licensing.

Course materials:

Normative legal documents recommended for studying as part of the course:

Type of document	Name	Date of issue (the last document is shown)
Code	Customs Code of the Kyrgyz Republic	12 th July 2004 # 87

Resolution	On the Approval of payment rates for licensing business activity involving foreign workers in the Kyrgyz Republic and the job placement of Kyrgyz citizens abroad	31 st October 2006 # 754
Resolution	On Implementing Resolution # 126 of the President of the Kyrgyz Republic dated 13 th May 2003”	4 th December 2003 # 754
Resolution	On the Procedure for carrying on activity aimed at placing Kyrgyz citizens in jobs abroad	8 th September 2006 # 639
Resolution of the Bishkek City Administration	On the Approval of differentiated payment rates on retail sales in Bishkek	14 th March 1997 # 118

Web sources:

Name	Website
Toktom Information Centre	http://www.toktom.kg/
Adviser	http://www.adviser.kg/
Legal Information Centre under the Ministry of Justice of the KR	http://www.minjust.gov.kg/

Course: Licensing System in the Kyrgyz Republic

Course description:

The course focuses on legal and procedural aspects of business activity licensing in the Kyrgyz Republic: rights and obligations of bodies concerned in licensing, the procedure for

administering licensed activities, including processing complaints and bearing responsibility for violating the licensing regulations.

The course objective is to raise the level of knowledge and practical skills in business activity licensing by means of:

- reinforcing the knowledge of the main regulations related to licensing various business activities;
- learning the procedure for obtaining the main permits.

Requirements to the level of understanding:

After taking the course, students will:

Have an idea of:

- the types of licenses operating in the Kyrgyz Republic;
- what bodies are involved in licensing;
- how and what bodies are concerned in administering licensed business activities;
- responsibilities for violating licensing regulations;

Know:

- the rights and obligations of the state bodies involved in licensing;
- licensing terms;

Learn:

- how to prepare documents to be submitted for obtaining a license.

Course plan:

#	Lectures	Practical studies
1.	Legislation regulating licensing system in Kyrgyz Republic.	-
2.	Types of licenses and business activities to be licensed	Types of licenses. Types of business activities subject to licensing
3.	Licensees	-
4.	License issue process	Preparing the documents to be submitted to obtain a license

5.	Administering licensed business activities	-
6.	Licensed business interruption	-
7.	Processing complaints	Filling in the application form for registering a physical entity
8.	Responsibilities for doing business without a license.	-

Course content:

Topic 1. Legislation regulating licensing system in Kyrgyz Republic.

1. Studying the law and Regulations governing the licensing system

Topic 2. Types of licenses and business activities subject to licensing

1. Types of licenses depending on the lifetime, territory and type of operations
2. Types of business activities subject to licensing

Topic 3. Licensees.

1. Persons who have the right to obtain a license.

Topic 4. License issue process.

1. Documents to be submitted to obtain a license.
2. Review period.
3. Licensing period.

Topic 5. Administering licensed business activities.

1. Bodies involved in administering licensed business activities.

Topic 6. Licensed business interruption.

1. Bodies having the right to interrupt licensed business activities
2. The procedure for interrupting business activities or withdrawing a license

Topic 7. Processing complaints.

1. The procedure and period for processing complaints

Topic 8. Responsibilities for doing business without a license.

1. Responsibilities for the unlicensed carrying on of business activities
2. Responsibilities for violating the Licensing Regulations

Examinations:

Include tests and problems to be solved:

Testing embraces the following subjects:

- Types of licenses and business activities subject to licensing;
- Bodies involved in licensing;
- Responsibilities for violating the Licensing Regulations.

Problems solution related to filling in an application for getting license.

Course materials:

Normative legal documents recommended for studying as part of the course:

Type of document	Name	Date of issue
Law	On Licensing	28 th April 2007 # 45
Resolution	On Licensing various types of business activities	23 rd October 2007 # 500
Resolution	On Licensing subsoil usage	15 th August 2007 # 336

Web sources:

Name	Website
Toktom Information Centre	http://www.toktom.kg/
Adviser	http://www.adviser.kg/
Legal Information Centre under the Ministry of Justice of the KR	http://www.minjust.gov.kg/

Course: Free Economic Zones (FEZ) in the Kyrgyz Republic

Course description:

The course is dedicated to the key aspects of business activities carried on within the Free Economic Zones (FEZ) of the Republic – regimes and the procedure for registering in FEZ; FEZ credits and the procedure for applying them; taxes and payments to be made by FEZ subjects. The course material is based on the Regulations of the Kyrgyz Republic.

The course objective is to raise the competency level of entrepreneurs on questions of taxation in FEZ by means of:

- studying the Regulations for FEZ in Kyrgyzstan;
- training in the practical skills of tax planning and interaction with the tax services.

Requirements to the level of understanding:

After taking the course, students will:

Have an idea of:

- the system of taxation operating in FEZ in Kyrgyz Republic;
- basic concepts of tax accounting and principles of preparing tax reports.

Know:

- basic regulations of the Law of the Kyrgyz Republic On Free Economic Zones;

- rights and obligations of bodies controlling the activity of FEZ subjects.

Can:

- choose the best system of tax planning at an enterprise;
- make the best decisions concerning taxation;
- take account of tax and Customs risks of certain business operations in order to minimize them.

Learn:

- to implement and analyse situations related to taxation;
- to carry on a reasoned dialogue with State Tax Inspectorate officials concerning the problems of correctly calculating taxes and deductions;

Gain the experience of:

- preparing tax and other reports, accounts and declarations.

Course plan:

#	Lectures	Practical studies
1.	Registration in FEZ	Filling in the registration documents
2.	Privileges and payments in FEZ	-
3.	Carrying on business activities inside and outside FEZ	-
4.	Types of accounting	Preparing reports and filling in declarations
5.	Control and audit	-

Course content:

Topic 1. Registration in FEZ.

1. The right to register in FEZ.
2. Documents to be provided to get registered in FEZ.
3. What business activities can be carried on in FEZ.

Topic 2. Privileges and payments in FEZ.

1. Payments made in FEZ.
2. Privileges applicable in FEZ.

Topic 3. Carrying on business activity both inside and outside FEZ.

1. Types of business activities: manufacturing, rendering services (in the FEZ and to customers in the Kyrgyz Republic) and trade.
2. What business activities can be carried on in FEZ

Topic 4. Types of accounting.

1. Accounting reports for the FEZ General Administration, Tax Service, Social Fund and Customs Service.

Topic 5. Control and audits.

1. Bodies controlling and auditing the business activities of FEZ subjects.
2. Types of auditing.
3. Rights and obligations of auditors and those being audited.
4. Documents provided after completing the audit.
5. Responsibilities for violating the Regulations.
6. Appealing against decisions of state agencies.

Examinations:

Include tests and problems to be solved:

1. Testing embracing all the subjects of the course;
2. Solving the problems related to preparing the registration documents, reports and declarations for the tax services and Social Fund and filling in Customs cargo declarations.

Course materials:

Normative legal documents recommended for studying as part of the course:

Type of document	Name	Date of issue
Law	On Free Economic Zones in the Kyrgyz Republic	16 th December 1992 #1076-XII
Resolution	On the Bishkek Free Economic Zone	11 th November 1995 # 474
Resolution	On the Procedure for establishing, reorganizing and liquidating the Free Economic Zones in the Kyrgyz Republic	12 th March 2002 #133

Web sources:

Name	Website
Toktom Information Centre	http://www.toktom.kg/
Adviser	http://www.adviser.kg/
Legal Information Center under the Ministry of Justice of the KR	http://www.minjust.gov.kg/

Summary of the Kyrgyz entrepreneurs survey results

1. Sample

In total 500 Kyrgyz businessmen have been surveyed. Responses were received from 150 people.

The sampling covered:

Legal entities - 20%, physical persons - 80%

The most common field of activity among the respondents is "trade" (87%).

5% of respondents carry out the activity in sphere of transport, 4% - communications and 4% - in sphere of rendering of public utilities, social and private services.

The respondents' breakdown has revealed among them representatives of (see Diagram 1):

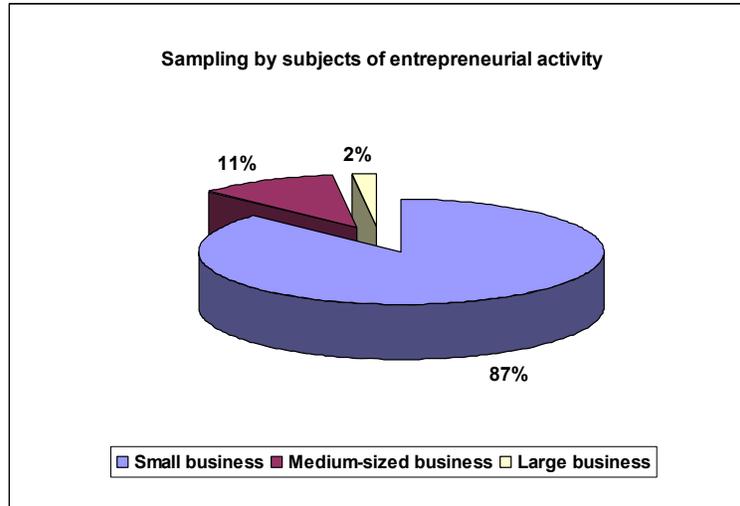
Small business – 87%,

Medium-sized business - 11%

Large-scale business - 2%

16% of the surveyed noted that they have been doing business in China, from 1 till 3 years; 13% - 3-5 years and over 5 years (42%); 23% have been doing business in the republic during the period less than a year. 6% of respondents did not give the answer to the question.

Diagram 1. Sampling by subjects of entrepreneurial activity



2. Processing questionnaires by sections

Section 1. Visa registration

From the total number of the surveyed 71% noted that they know where to go to get visa to China, and 29% noted that they did not know, respectively.

42% of the surveyed stated that they know the migration regulations, and 58% know what documents are necessary for getting visa.

The most frequently faced at obtaining a visa to China was delay in obtaining of the visa (26%), next in order is lack of information (6%), followed by refusal/declining in obtaining of the visa (6%). There is a big share of not-answered questions.

A single-entry visa to China was received by 52% of respondents, and 42% of the surveyed obtained a multiple-entry visa. 6% of respondents did not answer the question.

Section 2. Customs procedures

10% of respondents stated that they know the customs legislation of China, 71% responded as 'do not know', and 19% of respondents answered that they know 'not completely' the customs legislation.

Only 16% of respondents know where they can get the information about customs legislation in China.

10% of respondents know about the types of customs regimes, 23% of the surveyed stated that they know the types of customs regimes in China as ‘not completely’.

90% of the surveyed has never used the customs broker’s services, and the other 10% did not answer the question.

87% of respondents mentioned that they have never applied special customs procedures.

There were identified 2 major problems faced by respondents at undergoing customs procedures – poor quality of consultations provided at the customs stations (19%) and lack of the information on the customs legislation requirements in native/English languages (10%). 26% of respondents have not faced any problems when passing through Customs control. There is also a very big share of not-answered questions.

90% of the surveyed have stated that they are not familiar with the appeal procedures to dispute decisions made by customs bodies and their officials. 10% did not answer the question.

Section 3. Tax system and non-taxation payments

3% of respondents answered that they know the tax legislation of China; 84% stated that are not familiar with corresponding laws; and 10% ‘could not answer’ the question.

Majority of respondents (61%) don’t know that it is necessary to make tax payments when importing goods to China.

Only 6% know about taxation regimes existing in China, 55% don’t know about physical persons - non-residents of China.

No respondent has specified what taxes are paid by physical persons and legal entities - residents and non-residents of China.

10% of respondents have answered the question on the existing VAT positively, 87% of respondents do not know about the VAT, and 3% of respondents have not selected any option of the answer.

No respondent has noted about knowledge relating to income tax for non-residents of China.

77% stated that they don't know about the pension deductions in China.

61% of respondents found the VAT payment as the greatest difficulty, followed next the customs duties (58%). Payment of the profit tax causes difficulties for 42% of interrogated, payment of retail sales and services tax– for 39%, payment of income tax and social contributions– 35%. The least difficulty for 10% of respondents makes payment of excise tax.

No respondent has noted about knowledge relating to doing business using “patent” as the individual entrepreneur.

74% of the surveyed stated that they don't know what tax checks/inspections are carried out for entities involved in economic activities, 71% don't know the procedures for carrying out tax checks in China.

No respondent knows about non-tax payments and responsibility for violation of tax legislation in China.

Section 4. Transit

32% of respondents answered that they have to transit often through China.

81% of respondents don't know where to get information on transit through China, and 74% of the surveyed answered that they do not know what documents are necessary for customs convoy in transiting through China.

Only 6% of respondents said that they are familiar with the features of customs transit regime in transiting through China.

On the average, in opinion of the majority of respondents (32%) passing the customs procedures at transiting through China takes 1-7 hours. There is a big share of not-answered questions.

Section 5. Transport regulations

Based on the survey results it has been revealed that the majority of entrepreneurs uses the vehicular means of transportation in doing business (77%), 23% use air transport services, 3% use rail transportation.

Majority of the Kyrgyz entrepreneurs (68%) use the Kyrgyz carriers at carrying out their activity, 16% of respondents resort to services of the Chinese carriers, and 16% ticked off the answer option as "Other" without further specification.

84% of respondents indicated that they are not familiar with Chinese legislation regulating transport.

39% of respondents know to address for transport services.

Section 6. Registration of entrepreneurs as physical and legal entities

No respondent has stated about knowledge of the differences between registration of physical person (individual entrepreneur) and registration of companies in China (from which 26% know as “not completely”).

10% of respondents answered that they know where to address for registration of individual entrepreneur in China, and 6% know where to address for registration of a legal entity. 10% of respondents know what documents are necessary to provide to register business of individual entrepreneur (16% - not completely), 3% know about the necessary documents to be submitted for registration of the legal entity (32% - not completely).

74% of the surveyed found difficulty in replying to the question on terms of the registration procedures of entrepreneurial activity of the physical person, 87% - of the legal entity.

68% of the surveyed do not know about the registration procedure of the physical person. Over the half of surveyed (55%) are not familiar with organizational legal forms of legal.

6% of respondents know the size of official payments necessary to pay for registration of the physical entities, none of the respondents knows the amount payable for registration of the legal entity.

Section 7. Government regulation of business

10% of the surveyed stated that they know about the requirement to get permissive documents from state bodies for carrying out the entrepreneurial activity in China, and 10% know what documents are necessary to start up business in the country.

32% of respondents answered that they do not know about the requirement to obtain permits (35% do not know namely what documents), 45% found difficulty in replying to the question, and 13% did not tick off any option of the answer.

3% of respondents know what bodies should issue the permitting documents, 35% do not know, 48% found difficulty in replying to the question, and 13% did not tick off any option of the answer.

Section 8. Licensing

19% of the surveyed know that some kinds of activity are subject to licensing, no respondent has stated that her/his activity refers to licensed kinds of commercial activity. 29% found difficulty in replying to the question whether their activity is subject to licensing, and 65% of respondents answered that their activity is not subject to licensing.

13% of respondents know what bodies of China should issue licenses, 10% found difficulty in replying to the question, and 71% do not know. 6% of respondents didn't answer the question.

16% of respondents know what documents are necessary to submit in order to obtain the license, 65% do not know, and 13% find difficulty in replying to the question, 6% didn't answer the question.

Section 9. Free economic zones (FEZ)

None of respondents mentioned that he/she carries on his activity in the free economic zone in China.

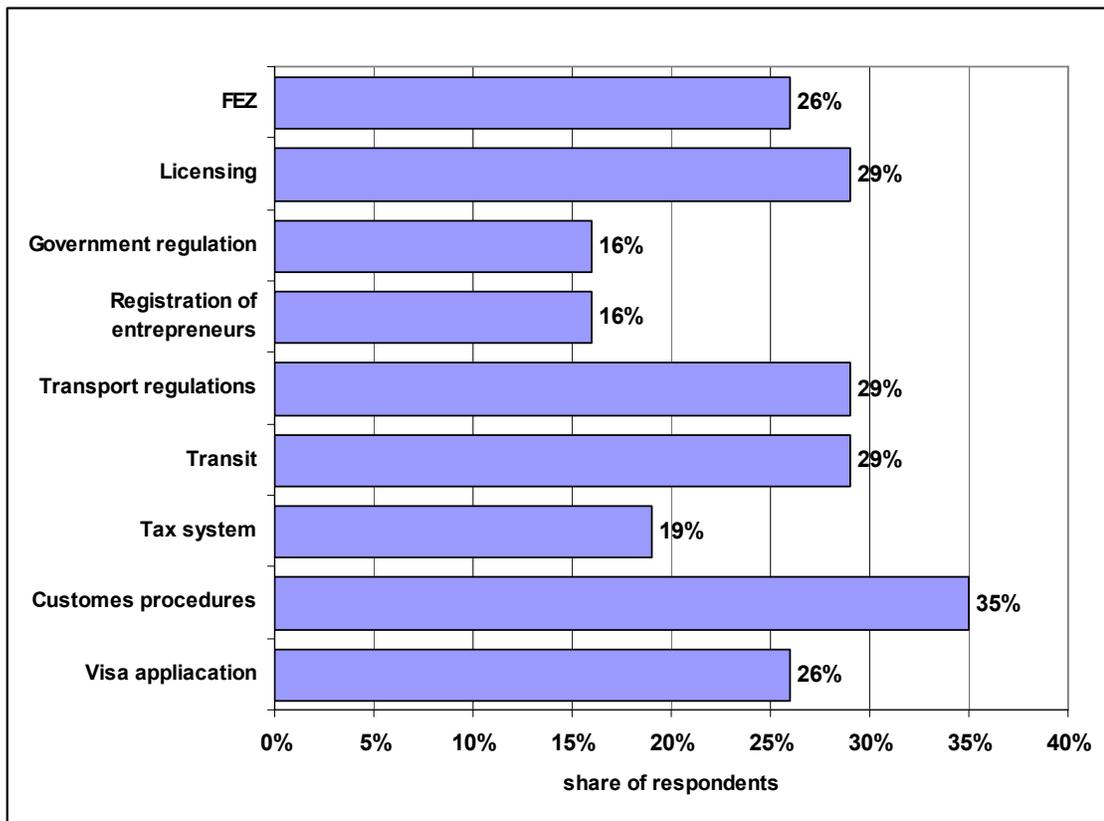
No respondent has stated about knowledge of FEZ existing in China and legislation, regulating FEZ activities in China, FEZ-based taxes and privileges for doing business in FEZ.

50% of surveyed has stated that they are interested in obtaining additional information about FEZ.

The most important section of the questionnaire

Diagram 2 illustrates which sections were marked by entrepreneurs as the most interested and about which part of the legislation they would like to get more information.

Diagram 2. Part of the legislation representing the greatest interest for entrepreneurs



One of the questions in questionnaire was “About which section out of listed below do you want to receive more information?” Each respondent marked for at least one section.

The Kyrgyz respondents showed the greatest interest to the sections: “Customs procedures” (35% of respondents), "Transit", “Transport regulations”, “Licensing” (29% of respondents). Next the sections “Visa registration” and "Free economic zones" (26% of respondents) come.

Next ranked is the section "Tax system and non-taxation payments”.

The least interest for respondents present the sections “Registration of entrepreneurs as physical and legal entities” (16% of respondents), and “Government regulation” (13% of respondents).

13% of respondents have shown their interest in respect of all sections.

Summary of the Chinese entrepreneurs survey results

1. Sample

In total 500 Chinese businessmen have been surveyed. Responses were received from 151 people.

The information about the respondent

The sampling covered:

Legal entities - 64%

Physical persons - 36%

The most common field of activity among the respondents is "trade" (18%), and 15% of the surveyed named «hotels and restaurants». "Manufacturing industry", "Construction" - 10%.

8% of respondents carry out the activity in spheres of financial activities and renting of public utilities, social and private services, followed by representatives of such industries as «Production and distribution of electrical energy, gas and water» and «Real estate activities, rent and renting of services to consumers» - 7% of respondents.

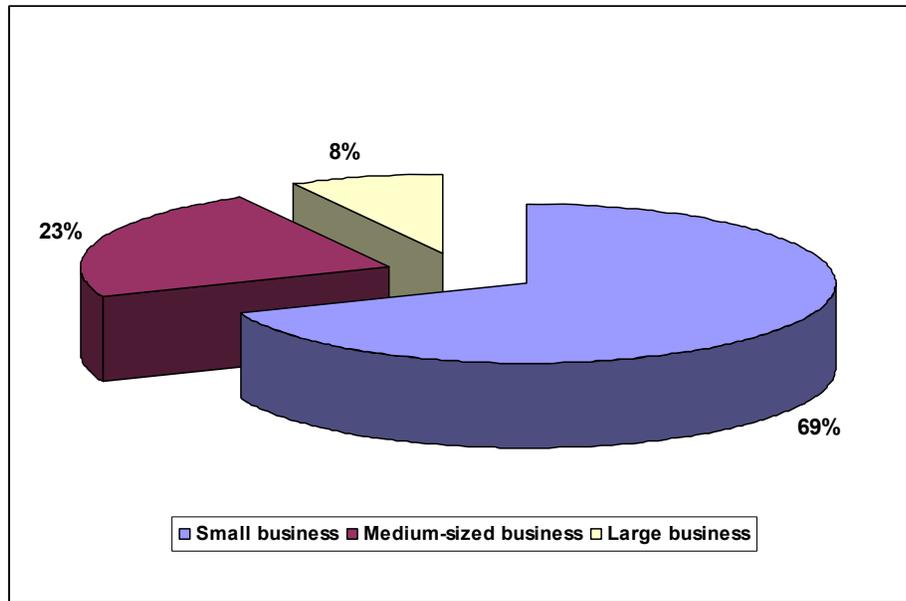
6% of respondents fell on such areas of activity, as «Public health and social services» and «Mineral resource industry».

The least number of respondents carry out economic activities in sphere of transport (3%) and educations (2%).

The respondents' breakdown has revealed among them representatives of (see Diagram 3):

- Small business - 69% (including, micro-enterprises - 36%)
- Medium-sized business - 23%
- Large-scale business - 8%

Diagram 3. Sampling by subjects of entrepreneurial activity.



30% of the surveyed noted that they have been doing business in the Kyrgyz Republic, from 1 till 3 years; 54% - 3-5 years (26%) and over 5 years (28%); 15% have been doing business in the republic during the period less than a year.

2. Processing questionnaires by sections

Section 1. Visa registration

From the total number of the surveyed 52% noted that they know where to go to get visa to the Kyrgyz Republic, and 48% noted that they did not know, respectively.

26% of the surveyed stated that they know the migration regulations, and 34% know what documents are necessary for getting visa.

The most frequently problem faced at obtaining a visa to the Kyrgyz Republic was lack of the information about requirements (79%), next in order is delay in obtaining of the visa (40%), followed by refusal/declining in obtaining of the visa (21%).

Section 2. Customs procedures

6% of respondents stated that they know the customs legislation of the Kyrgyz Republic, 65% responded as 'do not know', and 29% of respondents answered that

they know ‘not completely’ the customs legislation. Only 13% of respondents know where they can get the information about customs legislation in the Kyrgyz Republic.

3% of respondents know about the types of customs regimes, 34% of the surveyed stated that they know the types of customs regimes in the Kyrgyz Republic as ‘not completely’.

33% of the surveyed would resort to services of customs brokers.

There were identified 2 major problems faced by respondents at undergoing customs procedures - incompetence of employees (74%) and lack of the information on the customs legislation requirements in native/English languages (66%). 36% of respondents have indicated poor quality of consultations provided at the customs stations.

97% of the surveyed have stated that they are not familiar with the appeal procedures to dispute decisions made by customs bodies and their officials.

Section 3. Tax system and non-tax payments

21% of respondents answered that they know the tax legislation of the Kyrgyz Republic ; 60% stated that are not familiar with corresponding laws; and 17% ‘could not answer’ the question.

Majority of respondents (75%) know that it is necessary to make tax payments when importing goods to the Kyrgyz Republic.

Only 13% know about taxation regimes existing in the Kyrgyz Republic, 14% know about physical persons - non-residents of the Kyrgyz Republic.

No respondent has specified what taxes are paid by physical persons and legal entities - residents and non-residents of the Kyrgyz Republic.

32% of respondents have answered the question on the existing VAT positively, 67% of respondents do not know about the VAT, and 1% of respondents have not selected any option of the answer.

5% stated that they know about income tax for non-residents of the Kyrgyz Republic, 76% found difficulty in replying to the question.

No respondent has noted about knowledge relating to the pension deductions in the Kyrgyz Republic.

73% of respondents found the VAT payment as the greatest difficulty, followed next by the turnover tax (28%) and the customs duties (24%). Payment of the profit tax causes difficulties for 21% of interrogated, payment of social deductions – for 17%, and the excise tax - for 15% of respondents. The least difficulty for 10% of respondents makes payment of income tax.

10% of the surveys answered that they know how to carry on business using “patent” as the individual entrepreneur.

19% of the surveyed stated that they are aware know what tax checks/inspections are carried out for entities involved in economic activities, 15% know the procedures for carrying out tax checks in the Kyrgyz Republic. Over half of the respondents answered that do not know completely the tax checks procedures (57% and 52%, respectively).

3% of respondents know about non-tax payments in the Kyrgyz Republic.

25% of respondents answered that they know about responsibility for violation of tax legislation in the Kyrgyz Republic.

Section 4. Transit

18% of respondents answered that they have to transit often through the Kyrgyz Republic.

Approximately the same number of respondents know where to get information on transit through Kyrgyzstan (21%), and 16% of the surveyed answered that they know what documents are necessary for customs convoy in transiting through Kyrgyzstan.

However, only 5% of respondents said that they are familiar with the features of customs transit regime in transiting through the Kyrgyz Republic.

On the average, in opinion of the majority of respondents (57%) passing the customs procedures at transiting through Kyrgyzstan takes 3-5 days.

Section 5. Transport regulations

Based on the survey results it has been revealed that the majority of entrepreneurs uses the vehicular means of transportation in doing business (83%), 9% use rail transportation, 6% use air transport services, and 2% ticked off the answer option as "Other" without further specification.

Majority of the Chinese entrepreneurs (64%) use the Kyrgyz carriers at carrying out their activity, 36% of respondents resort to services of the Chinese carriers, and 1% ticked off the answer option as "Other" without further specification.

16% of respondents indicated that they are familiar with the Kyrgyz legislation regulating transport. 35% of respondents know to address for transport services.

Section 6. Registration of entrepreneurs as Physical and Legal entities

Only 6% of the surveyed stated that they know about the differences between registration of physical person (individual entrepreneur) and registration of companies in the Kyrgyz Republic, 59% answered that they do not know, and 35% do not know completely.

The awareness level of the Chinese entrepreneurs in respect of registration of physical persons and legal entities is approximately equal.

19% of respondents answered that they know where to address for registration of individual entrepreneur in Kyrgyzstan, and 22% know where to address for registration of a legal entity. 10% of respondents know what documents are necessary to provide to register business of individual entrepreneur (35% - not completely), 16% know about the necessary documents to be submitted for registration of the legal entity (51% - not completely).

73% of the surveyed found difficulty in replying to the question on terms of the registration procedures of entrepreneurial activity of the physical person, 69% - of the legal entity (12% of respondents indicated correctly the terms established for the state registration of legal entities).

Over half of the surveyed do not know about the registration procedure of the physical person (55%). 44% are not familiar with organizational legal forms of legal

entities (16% answered "yes", 39% - "not completely", and 1% provided the answer as N/A).

12% of respondents know the size of official payments necessary to pay for registration of the physical persons, 14% know the amount payable for registration of the legal entity.

Section 7. Government regulation

19% of the surveyed stated that they know about the requirement to get permissive documents from state bodies for carrying out the entrepreneurial activity in the Kyrgyz Republic, and 18% know what documents are necessary to start up business in the country.

52% of respondents answered that they do not know about the requirement to obtain permits (49% do not know namely what documents), 27% found difficulty in replying to the question, and 1% did not tick off any option of the answer.

17% of respondents know what bodies should issue the permitting documents, 55% do not know, 26% found difficulty in replying to the question, and 2% did not tick off any option of the answer.

As to obtaining of information from the state bodies of the Kyrgyz Republic the greatest interest for the Chinese entrepreneurs present standardization bodies (69%) and sanitary-and-epidemiologic service (66%).

Next come the financial police (52%) and fire service (51%). Veterinary services represent the least interest for respondents (6%). Besides, 26% chose the answer option "Other" without further clarification.

Section 8. Licensing

27% of the surveyed know that some kinds of activity are subject to licensing, 26% of respondents stated that their activity refers to licensed kinds of commercial activity. 63% found difficulty in replying to the question whether their activity is subject to licensing, and 11% of respondents answered that their activity is not subject to licensing.

19% of respondents know what bodies of the Kyrgyz Republic should issue licenses, 50% found difficulty in replying to the question, and 30% do not know.

The same 19% of respondents know what documents are necessary to submit in order to obtain the license, 30% do not know, and 52% find difficulty in replying to the question.

Majority of respondents would like to know more about the bodies granting licenses in the Kyrgyz Republic:

- Ministry of Health (75%)
- National Bank of the Kyrgyz Republic (69%).
- Ministry of Justice - 60%
- Financial Market Supervision and Regulation Service of the Kyrgyz Republic - 57%
- Ministry of transport and communications of the Kyrgyz Republic - 55%
- State Agency on Architecture and Construction and State Customs Committee of the Kyrgyz Republic - 51%
- The least interest for respondents represents activity of the State Agency on Production, Storage and Realization of Spirit and Alcoholic Products - 21%.

Section 9. Free economic zones (FEZ)

12% of respondents answered that they are the subject of the free economic zone.

Out of them only half knows (6%) about the existing free economic zones in Kyrgyzstan, and 6% knows the legislation regulating the FEZ activity.

32% of respondents know ‘not completely’ the legislation regulating the activity within the FEZ, and 53% do not know what other free economic zones exist in the Kyrgyz Republic .

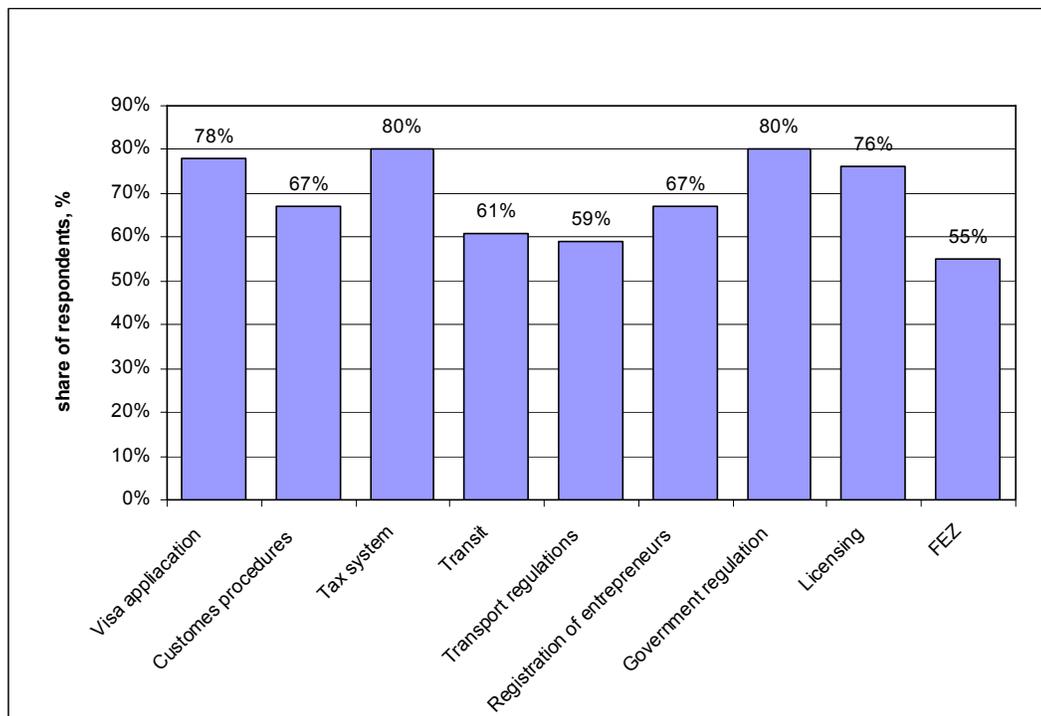
4% of the surveyed businessmen know about taxes that the FEZ-based businesses must pay, and 6% know about the privileges granted to the subjects of free economic zones (while 65% do not know about taxes and 59% do not know about

privileges). 86% of respondents noted that are interested in obtaining of the information on the privileges granted to the FEZ-based entities.

12% of respondents expressed a wish to become the FEZ-based subject.

4. The most important section of the questionnaire

Diagram 4. Part of the legislation representing the greatest interest for entrepreneurs



941 answers were received to the question «**About which section out of listed below do you want to receive more information?**» Each respondent marked for at least one section.

The respondents showed the greatest interest to the sections: «Tax system and non-tax payments» (80% of respondents), "Government regulation" (80% of respondents). Next come the sections «Visa registration» (78% of respondents), and "Licensing" (76% of respondents).

Next ranked are the sections "Customs procedures" (67% of respondents), «Registration of companies and physical persons as businessmen» (67% of respondents), and "Transit" (61% of respondents). The least interest for respondents present the sections «Regulating transport» (59% of respondents), and «Free economic zones» (55% of respondents).

43% of respondents have shown their interest in respect of all sections.

5. Awareness level of respondents in relation to parts of the legislation

The diagram below presents the average level of the respondents' awareness relative to sections specified in the questionnaire. The given level has been estimated as the average number of answers in the affirmative (the answer option "Yes") in each of sections (those questions aimed at revealing the level of the respondents' awareness relating to one or another aspect of doing business).

Diagram 5. Awareness level of respondents in relation to parts of the legislation

