



*Translated from Russian*

## **Ministry of Economic Regulation of the Kyrgyz Republic**

The Ministry, having considered letter No. 14-025/594 of 28 January 2011, submits the following proposals for the draft report of the Secretary-General on the strengthening of arrangements to promote international cooperation in tax matters, including the Committee of Experts on International Cooperation in Tax Matters.

The Ministry of Economic Regulation of the Kyrgyz Republic is currently working to conclude bilateral agreements with neighbouring and other States in order to regulate tax relations between partner countries by establishing the right of each Government to impose taxes on certain types of income and capital. The main purpose of such inter-State cooperation is to prevent the income and capital of business entities from being taxed by more than one country. This is achieved by concluding double taxation agreements.

Agreements to avoid double taxation and prevent income and capital tax evasion apply to residents of one or both of the contracting States and cover direct taxes, including corporation tax, income tax, capital tax and taxes on profits, dividends and interest income.

Double taxation agreements are also seen as a means of attracting foreign direct investment to the Kyrgyz economy, as foreign companies can then know that if they invest in the country, they will be assessed for tax purposes only once.

As of 1 February 2011, efforts are being made to conclude double taxation agreements with 30 States. Agreements with 20 States have entered into force: Republic of Kazakhstan, the Russian Federation, Belarus, Republic of Uzbekistan, Canada, Turkey, India, Ukraine, Tajikistan, Poland, Mongolia, Switzerland, Austria, China, Iran, Republic of Moldova, Finland, Germany, Pakistan and Latvia. An agreement with Lithuania has been signed and is at the stage of implementation of domestic formalities. The agreements with Georgia, Armenia, Netherlands, Czech Republic, Republic of Korea, Luxembourg and Azerbaijan

cooperation, taking into account, inter alia, the global economic situation and the need for further institutional development and greater cooperation to prevent double taxation.

We report, for your information, that the World Customs Organization (WCO, originally established as the Customs Co-operation Council) has been working on international customs cooperation since 1952. It coordinates the work of customs administrations to unify and harmonize customs procedures, security and the facilitation of international trade, and it develops international standards and principles for foreign trade, as well as preparing strategic documents on customs procedures. At present, over 170 countries are members of WCO.

Moreover, it has taken several decades and a substantial financial investment to establish WCO as an international organization. Each country pays membership dues which are determined by the WCO financial rules.

### **State Tax Service of the Government of the Republic of Kyrgyz**

The State Tax Service of the Kyrgyz Government, having considered paragraph 1 of Economic and Social Council resolution 2010/33, submits the following information. The State Tax Service implements and develops international tax cooperation with neighbouring and other countries.

As a result of this cooperation, a number of bilateral and multilateral agreements have been adopted to enhance arrangements for cooperation between State tax services, including the following:

- Agreement on cooperation and mutual assistance in tax compliance;
- Agreement on information-sharing between the tax services of member States of the Eurasian Economic Community;
- Agreement on cooperation and information-sharing to combat tax law violations;
- Agreement on the avoidance of double taxation and prevention of income and capital tax evasion.

The State Tax Service needs to be reformed and updated to achieve its main goals. It requires support from international organizations for updating and reforming the tax system. Such support would enable the Service to develop infrastructure, introduce best practices in tax administration, reform business and work processes and use state-of-the-art technology in its day-to-day operations.

Staff capacity-building is another priority of the State Tax Service. With assistance from international organizations, members of our staff could take part in international seminars and conferences, as well as training courses on tax matters, which would enable staff members to become familiar with modern working methods and enhance their analytical skills and would encourage them to gain additional qualifications and improve the quality of their work.

The State Tax Service of the Republic of Kyrgyz is open to dialogue with all interested States on international cooperation in tax matters.

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