

## THE XX SESSION OF THE CONSULTATIVE COUNCIL ON IMPROVEMENT OF INVESTMENT CLIMATE UNDER THE PRESIDENT OF THE REPUBLIC OF TAJIKISTAN

DUSHANBE, February 12, 2020 – The 20th Session of the Consultative Council on Improvement of Investment Climate under the President of the Republic of Tajikistan was conducted under chairmanship of the President of the country, Chairman of the Consultative Council on Improvement of Investment Climate, His Excellency Emomali Rahmon.

The number of issues related to the implementation of decisions of 19-th Consultative Council's session, results of analysis of cluster development in the agro-industrial complex and issues of draft agenda for the next Session of the Consultative Council were discussed during the Session.

Chairman of the Consultative Council, President Emomali Rahmon has opened the 20th Session of the Council and stated that a number of significant reforms aimed on improvement of business and investment climate have been implemented in the framework of Council's activity. Moreover, a range of relevant decisions of the Council and the Government were taken to address challenges of private sector. The implementation of economic reforms in respective sectors, such as including simplification of administrative procedures and reducing entrepreneurs' expenses, strengthening public-private dialogue

dialogue at regional level, increasing accountability and evaluation of executive authorities, regional and city administration activity towards attraction of foreign and local investments, simplification of procedure for getting construction permission and electricity connection, construction of factories and job places, as well as extension of awareness rising activity on incentives provided by the Government were considered important.

**In regard with the first issue,** Farrukh Hamralizoda - the Council's Executive Secretary and Chairman of the State Committee on Investment and State Property Management of the Republic of Tajikistan has mentioned that the State Committee on Investment and State Property Management jointly with Secretariat of the Consultative



Council conducts regular monitoring of the implementation of Council's decisions, regulatory and legal acts adopted by the Government, and to submit the results to the subsequent Council's Sessions on regular basis.

The Leader of the Nation has reminded on assurance on effectiveness of provided incentives, timely implementation of targets, clear sense of positive effect of reforms from entrepreneurs and investors, as well as prompt elimination of shortcomings in the process of coordinating action plans and decisions that in some cases can take a longer time, which become obstacles for reform implementation.

**Concerning the second issue** of the Session, Minister of Agriculture - Salimzoda Amonullo delivered speech and presented results of analysis of cluster development in agro-industry sector, in particular draft Concept and Action Plan of the Government on development of agro-industrial clusters and inclusion of Global GAP standards. The President mentioned that currently Tajikistan is agro-industrial country and transformation into industry-agrarian country is one of the strategic goals of the Government. One of the ways to achieve this goal is to create and develop value-added chain of final products in the agro-industrial sector,

which can boost the economic growth across the country.

**On the last issue,** Minister of Industry and New Technologies Faizullozoda Zarobiddin Qudrat proposed issue of analysis of the conditions of country's industry and discovering new opportunities to enhance the sector capacity for consideration in next Council' sessions, which was supported by all members of the Council.

The Chairman of the Coordination Council of Development Partners, the World Bank Country Manager in Tajikistan, Jan-Peter Olters, Head of the German Agency for International Cooperation in Tajikistan, Ms. Sabine Olthof, Representative of the Food and Agriculture Organization of the United Nations in Tajikistan, Oleg Guchgeldiev, Member of the Consultative Council, director of LLC "Resandai Tojikiston", Ravzabonu Negmatulloeva, Chairman of the National Association of Milk and Dairy Products Producers of Tajikistan, Umed Shomurodov and others, also expressed their points.

At the end of the Session, the President Emomali Rahmon delivered final speech and gave relevant instructions to the responsible ministries and agencies on issues considered in the



Session.

Presentations and reports were made in particular regarding following achievements:

- The position of the Republic of Tajikistan in the World Bank Doing Business Report was increased by 20 points and the country was included in the list of top 10 leading reformers out of 190 countries. *(Action Plan on improvement of Tajikistan's indicators in the World Bank Doing Business Report for 2019 - 2022, was approved by Government decree as of May 2, 2019);*

- On January 23, 2020, the international Extractive Industries Transparency Initiative (EITI) Board recognized Tajikistan significant progress overall in implementing the EITI Standard, and thus the country's status was renewed. *(This international rating agency evaluates compliance with requirements of effective management of natural resources in the country in order to ensure equal participation of all stakeholders in this process, which is considered positive for attracting direct domestic and foreign investments);*

- On November 22, 2019 the First Intersession Meeting of the Consultative Council was conducted under the First Deputy Prime Minister. The meeting agenda included two main objectives (i) strengthening the activity of regional investment councils and (ii) to address issues of foreign



investments attraction and existing big investors. According to the meeting protocol relevant instructions were given to respective ministries and agencies

- Provisions on the procedure for collection of information related to effectiveness of tax incentives, procedure for inclusion and abolishing tax incentives, was developed in coordination relevant ministries and adopted by the Government of the Republic of Tajikistan on November 27, 2019 #591;

- Draft "Procedure for Assessing the Effectiveness of Tax and Customs Incentives" was developed in coordination with relevant ministries (It is anticipated that after ratification, a legal framework and mechanism for assessing effectiveness



of incentives will be introduced and modern system of incentives for priority sectors would be established);

- In order to implement instructions of the Leader of the Nation, President of the Republic of Tajikistan Emomali Rahmon given at the meeting with the economical block of the government on May 10 2019, as well as instructions from the Message to the Parliament of the Republic of Tajikistan on December 26, 2019 by the Order of the President of the Republic of Tajikistan the Working Group for the Development of Draft Tax Code of the Republic of Tajikistan in new edition was established on June 20, 2019; *(under the State Committee on Investment and State Property Management there was established a sub-working group from representatives of private sector, business associations, investors, development partners and national-level experts);*

- The Action Plan of 300 days of reform was approved by the Government of the Republic of Tajikistan on March 1, 2019. *(Action Plan includes strengthening of the legislative framework in business regulation, improvement of professional skills of entrepreneurs, encouragement of producers and exporters, introduction*

of new business methods, strengthening of public-private dialogue and investment attraction);

- The Decree of the President of the Republic of Tajikistan on extension of the period of simplified taxation (5% VAT) for private educational facilities was signed on July 19, 2019. The decree extends incentive up to December 31st, 2023.

- The draft amendments to the Tax Code of the Republic of Tajikistan on extension of the period of simplified taxation (7% VAT) for constructional activity was approved on July 19, 2019. The decree extend incentive until December 31, 2023

- In accordance with amendments adopted to the Tax Code and Customs Code (June 20, 2019) domestic producers in fishery and poultry industry are discharged from income tax, VAT, road users' tax, real estate tax and land tax for six years. Moreover, according to the article 169 of the Tax Code import of technology, equipment and materials for fishery and poultry is free from VAT.

- In order to remove the experience of duplicated inspections and examination of inspecting bodies there was developed the draft document with amendments to the Law "On Inspection of Economic



Entities” which was adopted on June 20, 2019

- Exemption of import the breeding and meat livestock, as well as all types of feed stock from VAT and customs payments from 1.08.2019 have been submitted with amendment to the Law “On State Budget of Tajikistan for 2019” dated October 8, 2019.

- Adoption of the “Procedure for exemption from VAT and customs duties import of raw materials for processing and production of final products” and “List of raw materials produced in the country” from 22.06.2019, No 327

- The amendment to the “Regulation of Entrepreneurs Holding Patent or Tax Certificate” was approved on November 30, 2019. Starting from January 1, 2020 the amendment abolishes all taxes and registration fees for entrepreneurs manufacturing goods at home listed in the amendment *(this measure will help identify legal status of individual entrepreneurs and ensure their access to financial benefits, loans from financial and credit institutions, and in particular dismiss obstacles for development of handcrafting activity)*;

- The draft concept of new edition of the Tax Code was developed by the interdepartmental WG and approved by the First Deputy Prime Minister on January 3, 2020

- The Tax Committee submitted the draft amendments to the Tax Code to abolish 1% income tax for enterprises to ensure decrease in tax burden adopted by the Government dated January 2, 2020, No 1676

- The Tax Committee drafted amendments to the Law “On State Registration of Legal Entities and Individual Entrepreneurs” and Law “On State Duty” have been adopted dated January 2, 2020, #1680 and #1681.

in accordance with amendment business entities register themselves with “Single Window” on state registration of business entities for free without payment of state fee for registration.

- Within Coordination Committee on Trade Facilitation amendments to the Customs Code to introduce the concept of Authorized Economic Operator and (or) a reliable trader have been drafted and adopted dated November 28, 2019, No 1518 which simplifies foreign trade procedures

- Order Procedure has been included in the Economic Procedure Code by Government Decree dated 02/01/2019, No 1650 as well as amendments to Article 157 of this Code and Law “On Mediation” have been drafted to simplify procedures for commercial disputes resolution;

- In order to simplify the construction permit procedures within Dushanbe, the Center of the “Single Window, Monitoring and City Planning Cadastre” was established. *(This mechanism is being supported by the World Bank Group and it will save 40% of time spent for permit procedures and reduce 74% of permit expenses)*

- The OSHC “Barki Tojik” starting from March 1, 2019 the application for electricity supply can be submitted



through the company's website. The applications are being reviewed in 10 days. The company is also posting the notifications at special website in case of planned electricity shortage.

- To determine the average number of power failures per customer during the calendar year and annual average rates of disruptions per customer OSHC “Barki Tojik” developed the «Rules for determining the normative indicators of reliability of energy supply». The document was shared with local electricity operators for implementation

- Provision of technical conditions for connection to electric network from January 1, 2020 is entrusted to OJSC “Dushanbe Electricity Networks”, which provides framework for timely submission of technical conditions;

- On 25 April 2019 the e-commerce portal of the Ministry of Economic Development and Trade was launched

- With the support of the Asian Development Bank the pilot launch of “The Single Window for export, import and transit of goods” was initiated.

For more information please contact the Secretariat of the Consultative Council on improvement of investment climate under the President of the Republic of Tajikistan by phone [44 601-60-27/28/29/30](tel:446016027282930) or via e-mail: [secretariat@investmentcouncil.tj](mailto:secretariat@investmentcouncil.tj) and visit our web-site: [www.investmentcouncil.tj](http://www.investmentcouncil.tj)

