

Key Changes in the Legislation of the Kyrgyz Republic January 2015

On December 23, 2014 Kyrgyz Republic signed the Agreement on Accession to the Agreement on the Eurasian Economic Union dated May 29, 2014 .



On December 23, 2014 Kyrgyz Republic signed the Agreement on Accession to the Agreement on the Eurasian Economic Union dated May 29, 2014 (hereinafter the Agreement).

By this Agreement, the Kyrgyz Republic joined to the Agreement on the Eurasian Economic Union dated May 29, 2014, as well as to other international agreements included in the legislation of the Eurasian Economic Union. The Agreement regulates the procedure of accession of the Kyrgyz Republic to the Eurasian Economic Union.

The Agreement also provides for the abolition of customs control of goods and vehicles moved across the Kyrgyz-Kazakh state border.

The Supreme Eurasian Economic Council will consider this matter before May 8, 2015 based on the assessment of the system of custom control after fulfillment of a number of measures by the Kyrgyz Republic directed for improvement of technological equipment of the checkpoints.

The sanitary and quarantine, veterinary and sanitary and phytosanitary quarantine control at the Kyrgyz-Kazakh state border are also planned to be cancelled.

The Supreme Eurasian Economic Council is to examine this issue before May 8, 2015 subject to the assessment of the system of veterinary and sanitary and quarantine phytosanitary control, as well as familiarization of the officers of the Eurasian Economic Commission and the competent authorities of the countries - members of the Eurasian Economic Union with the system of sanitary and epidemiological surveillance in the Kyrgyz Republic.

From the date of entry into force of the Agreement the provisions of the Eurasian Economic Union, as well as the decisions of the Supreme Eurasian Economic Council, the decisions of the Eurasian Economic Commission valid on the date of entry into force of this Agreement shall apply on the territory of the Kyrgyz Republic.

The approximate date of entry into force of the Agreement is May 2015.

The text of the agreement may be found via the following link:

<http://www.eurasiancommission.org/ru/Lists/EECDocs/635552106404806253.pdf>

From the end of 2014 – beginning of 2015 the Kyrgyz Republic has adopted a number of laws for harmonization of legislation of the Kyrgyz Republic with the legal framework of the Eurasian Economic Union.

Position	Adopted Law
Customs Regulation	Law of the Kyrgyz Republic on the Commodity Classification for Foreign Economic Activity of the Kyrgyz Republic dated December 30, 2014 № 178 Law of the Kyrgyz Republic on Customs Tariff of the Kyrgyz Republic dated December 30, 2014 № 173. Law of the Kyrgyz Republic on Customs Regulation in the Kyrgyz Republic dated December 31, 2014 № 184.
Taxes	Law of the Kyrgyz Republic on Amendments and Supplements to the Tax Code of the Kyrgyz Republic dated December 29, 2014 № 167.
Competition	Law of the Kyrgyz Republic on Amendments and Supplements to Some Normative Legal Acts of the Kyrgyz Republic dated January 21, 2015 № 22.
Technical Regulation	Law of the Kyrgyz Republic on Amendments and Supplements to the Law of the Kyrgyz Republic on Principles of Technical Regulation in the Kyrgyz Republic dated December 25, 2014 № 163.
Monopoly	Law of the Kyrgyz Republic on Amendments and Supplements to the Law of the Kyrgyz Republic on Natural and Permitted Monopolies dated January 13, 2015 № 9.

Customs Regulation

From the January 1, 2015 entered into force the Law of the Kyrgyz Republic on the Commodity Classification for Foreign Economic Activity of the Kyrgyz Republic dated December 30, 2014 № 178. According to the named Law common Commodity Classification for Foreign Economic Activity of the Eurasian Economic Union is applied in the Kyrgyz Republic for the purpose of implementation of the measures of customs tariff and non-tariff regulations of foreign economic activity, for maintaining statistical records and exchange of statistical data .

Text of the Commodity Classification for Foreign Economic Activity of the Eurasian Economic Union may be found via the following link:

<http://www.eurasiancommission.org/ru/act/trade/catr/ett/Pages/default.aspx>



Law of the Kyrgyz Republic on Customs Tariff of the Kyrgyz Republic dated December 30, 2014 № 173.

The law defines the procedure for the application of import and export duties, the establishment of rates of duties, features of application of import duties subject to the country of origin and the conditions of their import, as well as features of granting tariff preferences and tariff quotas.

According to the current Law of the Kyrgyz Republic on Customs Tariff dated March 29, 2006 N 81 the Government of the Kyrgyz Republic shall establish rates of customs duties within the bound tariff rates of the WTO, while in the new version of the Law customs duty rates are common and are not subject to change depending on persons moving goods across the customs border of the Eurasian Economic Union.

The new version of the law provides for the application of the Common Customs Tariff of the Eurasian Economic Union - a set of import duties applied to the goods imported to the customs territory of the Eurasian Economic Union from third countries.

The Law enters into force following the application of the Common Customs Tariff of the Eurasian Economic Union in the Kyrgyz Republic. The provisions of the Common Customs Tariff of the Eurasian Economic Union will be applicable on the territory of the Kyrgyz Republic following the adoption by the Supreme Eurasian Economic Council of the decision on abolishment of customs control of goods and vehicles moved across the Kyrgyz-Kazakh state border. The Supreme Eurasian Economic Council is to consider this matter before May 8, 2015 pursuant to the Agreement on Accession of the Kyrgyz Republic to the Agreement on Eurasian Economic Union dated May 29, 2014.

Law of the Kyrgyz Republic on Customs Regulation in the Kyrgyz Republic dated December 31, 2014 № 184.

The adopted Law governs relations pertaining to the movement of goods across the customs border of the Customs Union in the Kyrgyz Republic, their transportation in the common customs territory of the Customs Union in the Kyrgyz Republic under customs control, temporary storage, customs clearance, release and use in accordance with the customs procedures, conduction of customs control, payment of customs duties, as well as the relations between the customs authorities of the Kyrgyz Republic and persons exercising the right of ownership, use and disposal over these products.

The named law provides for the closer integration of customs regulation of the Kyrgyz Republic with the Customs Code of the Customs Union and brings the legal relations related to the movement of goods across the customs border of the Customs Union in accordance with the customs legislation of the Customs Union.

The Law shall enter into force from the date of entry into force of the Agreement on Accession of the Kyrgyz Republic to the Agreement on the Eurasian Economic Union dated May 29, 2014.

With the entry into force of this Law the Customs Code of the Kyrgyz Republic dated July 12, 2004 № 87 is deemed to be expired.

Taxes



Law on Amendments and Supplements to the Tax Code of the Kyrgyz Republic dated December 29, 2014 № 167.

The Law is a part of the Laws related to the accession of the Kyrgyz Republic to the Eurasian Economic Union, according to which certain provisions of the Tax Code of the Kyrgyz Republic are brought into compliance with the legal framework of the Eurasian Economic Union.

From the moment of the Agreement on Accession of the Kyrgyz Republic to the Agreement on the Eurasian Economic Union dated May 29, 2014 entering into force amendments and supplements into the Tax Code of the Kyrgyz Republic enter into force as well. Thus, Tax Code is supplemented with Chapter 40-1 "Taxation of Export and Import of Goods, Works and Services in the Customs Union". The provisions of this chapter govern the taxation under VAT the export and import of goods, performance of works and rendering services within mutual trade among countries - members of the Customs Union. The chapter stipulates for the rules on administration of indirect taxes applied to the activity of business entities on the territory of the member-countries, description of features for determining of taxpayers, calculation and payment of VAT for import of goods to the territory of the Kyrgyz Republic in the Customs Union, as well as provision on taxation of tolling in the Customs Union.

Changes in the Tax Code envisage the use of the legislation of the Customs Union in field of taxation of import and export of goods, rendering works and services on the territory of the Customs Union.

Competition

In accordance with Article 75 "General Principles of Competition" of the Agreement on the Eurasian Economic Union dated May 29, 2014, general principles and rules on competition shall be established on the territory of Member States of the Common Economic Space in order to ensure detection and prevention of anti-competitive actions on Member States' territories, and actions that have a negative impact on competition in the cross-border markets of two or more Member States.

Amendments and Supplements are made to the Law of the Kyrgyz Republic on Competition dated July 22, 2011 N116. Pursuant to the supplements, dominant position, based on the results of the analysis of competition, is recognized as position of a business entity whose share in the market of a certain product is less than 35 percent and larger than shares of other business entities, but which can have a decisive influence on the general conditions of goods' circulation in the commodities market, subject to the existence of the following conditions:

- 1) business entity has the ability to unilaterally determine price level of goods and have a decisive influence on the general conditions of sale of goods on the relevant commodities market;
- 2) access to the relevant commodities market is complicated for new competitors, including due to the presence of economic, technological, administrative or other restrictions;
- 3) goods sold or purchased by a business entity cannot be substituted by another goods when consumed (including consumption for production purposes);
- 4) change in the price of good does not entail the corresponding change in terms of decrease in demand for such good.



The Law on Competition is supplemented with Articles 4-1 - 4-4. The supplemented Articles provide for the criteria of determining monopolistically high and low prices, monopolistic position, as well as the conditions on executing coordinated actions by business entities.

The included changes are subject to official publication and enter into force from the date of the Agreement on Accession of the Kyrgyz Republic to the Agreement on the Eurasian Economic Union dated May 29, 2014 entering into force..

Technical Regulation

Law of the Kyrgyz Republic on Amendments and Supplements to the Law of the Kyrgyz Republic on Principles of Technical Regulation in the Kyrgyz Republic dated December 25, 2014 № 163.

The scope of the law is limited according to the amended preamble of the Law on Principles of Technical Regulation in the Kyrgyz Republic (hereinafter - Law). Thus, the Law does not govern relations related to the development, adoption, implementation and enforcement of the requirements set for the activities in the field of industrial safety, process safety at hazardous production facilities, requirements for ensuring safety and reliability of power systems and power facilities, except for elaboration, adoption, implementation and enforcement of these requirements to the products and / or related to the process of designing such products (including research), manufacturing, construction, installation, adjustment, storage, transportation, sale, use and disposal.

Thus according to the supplements technical regulations may be adopted in compliance with the international treaty of the Kyrgyz Republic, ratified in accordance with the legislation of the Kyrgyz Republic.

Prior to the entry into force of the technical regulations adopted in compliance with the international treaty of the Kyrgyz Republic technical regulations may be adopted by law or decree of the Government of the Kyrgyz Republic in accordance with the provisions of the Law.

The Law shall be officially published and enters into force from the date of entry into force of the international Agreement on Accession of the Kyrgyz Republic to the Agreement on the Eurasian Economic Union dated May 29, 2014.

Monopoly

Amendments and supplements are made to the Law of the Kyrgyz Republic on Natural and Permitted Monopolies in the Kyrgyz Republic dated August 8, 2011 N 149.



According to the Law of the Kyrgyz Republic on Amendments and Supplements to the Law of the Kyrgyz Republic on Natural and Permitted Monopolies in the Kyrgyz Republic dated January 13, 2015 № 9 gradation on natural and permitted monopolies is abolished.

The amendments and supplements to the Law are made in light of requirements of section XIX (natural monopolies) of the Agreement on the Eurasian Economic Union dated May 29, 2014 and the Protocol on Common Principles and Rules of Regulating Natural Monopolies' Activity.

Thus, the supplements for the first time identify the sectors of economy subject to regulation as a sphere of activity of natural monopolies. These include according to the Law:

- 1) transportation of oil and oil products through pipelines;
- 2) transportation, distribution, storage and sale of natural gas;
- 3) production, distribution, sale and transfer of electric and thermal energy;
- 4) services for operational-dispatching management of the national power system;
- 5) centralized water supply and sanitation;
- 6) telecommunication services and public postal services;
- 7) rail transportation;
- 8) air navigation of flights;
- 9) ground handling of domestic air transportation.

The law is subject to official publication and enters into force from the date of entry into force of the Agreement on Accession of the Kyrgyz Republic to the Agreement on the Eurasian Economic Union dated May 29, 2014.

