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TAX CODE OF THE REPUBLIC OF TAJIKISTAN
(as adopted by Parliament Nov. 12, 1998, and signed by the President)

(unofficial translation of the Russian version: caveat lector)

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Part I. GENERAL PART

Division I. GENERAL PROVISIONS

CHAPTER 1. The Tax System of the Republic of Tajikistan

Article 1. Relations Regulated by this Code

1. This Code establishes the principles of organization and operation of the tax system of the Republic of Tajikistan, the procedure for introduction, change, and abolition of national and local taxes, determines the legal status of taxpayers, tax authorities, tax agents, and other participants in relations regulated by the tax legislation, institutes provisions for determination of the objects of taxation, fulfilment of tax obligations, and implementation of enforcement measures for national taxes and basic provisions on local taxes, tax accounting, responsibility for tax offenses, and appeals against action (inaction) of tax authorities and their officials.
2. This Code regulates relations pertaining to taxation in respect of national taxes.
3. Relations pertaining to taxation in respect of local taxes shall be regulated on the basis of and in accordance with the general principles of taxation in the Republic of Tajikistan established by this Code, and normative acts of local Majlises of People's Deputies passed in compliance with this Code.
4. The concepts and norms established by this Code and other acts of tax legislation shall only apply (unless otherwise specified by law) to regulate relations pertaining to taxation.
5. The term "national" is used in this Code as referring to the Republic of Tajikistan as a whole.
6. The term "local" is used in this Code as referring to the Gorno-Badakhshan Autonomous Region, regions, the city of Dushanbe, cities and districts of the Gorno-Badakhshan Autonomous Region, regions, and the city of Dushanbe, as well as cities and districts under the republic's jurisdiction.
7. The collection of customs duties shall be regulated by customs legislation and other normative-legal acts, and the collection of state duty - by legal acts regulating matters concerning state duty.

Article 2. The tax system of the Republic of Tajikistan

The tax system of the Republic of Tajikistan consists of a set of taxes envisaged by this Code, principles, forms, and methods of their establishment, amendment and elimination, and payment and provisions for securing their payment, as well as forms and methods of tax control and imposition of responsibility for the violation of tax legislation.

Article 3. Legal basis for taxation

1. All physical and legal persons are obliged to pay all state and local taxes established by this Code and by decisions of local councils of people's deputies, taken in accordance with it, for which they are taxpayers.
2. No one may be required to pay taxes that are not established by this Code.

3. A tax assessed in accordance with this Code is an obligation to the state and is payable to the budget.

Article 4. Tax legislation of the Republic of Tajikistan and its operation in time

1. The body of tax legislation of the Republic of Tajikistan consists of this Code and normative (normative-legal) acts adopted in accordance with it.

2. Taxation shall be based on officially published acts of tax legislation in effect as of the date of the emergence (existence) of circumstances related to the fulfilment of a tax obligation.

3. Interpretation (explanation) of norms and provisions of an act of tax legislation shall be provided by the authority which passed that act unless otherwise specified in the said act. Such interpretation (explanation) shall be officially published.

4. Provisions of normative acts passed on the basis of and in accordance with this Code shall not contradict the provisions of this Code. In case of such contradiction, the provisions of this Code shall apply.

5. Institutions, understandings, and terms of civil, family, and other branches of legislation of the Republic of Tajikistan used in this Code, are applied in the same meaning as they are used in these branches of legislation, unless otherwise provided by this Code. In case of contradiction between the provisions of this Code and normative (normative-legal) acts pertaining to another area of legislation, the provisions of this Code shall apply for purposes of taxation.

6. Acts of tax legislation may apply retroactively in cases consistent with Article 45 of the Constitution of the Republic of Tajikistan.

7. It is prohibited to include issues connected with taxation in non-tax legislation, except for:

- a. provisions concerning administrative violations, included in the Code on Administrative Violations;
- b. provisions on tax crimes, included in the Criminal Code;
- c. provisions on the priority of tax obligations, included in the Law on Bankruptcy;
- d. provisions, included in the customs legislation;
- e. provisions, included in legislation on state duty;
- f. provisions, included in the laws of the Republic of Tajikistan “On the State Budget” for the respective year.

- g. provisions on taxes included in international legal acts adopted by the Republic of Tajikistan.
8. Privileges contemplated by international treaties (agreements) on the avoidance of double taxation do not apply to a resident of a state party to the treaty (agreement), which is used by another person who is not a resident of such state for the purpose of obtaining the privileges.
9. Exemption from taxes provided under this code or contemplated by international treaties (agreements) adopted by the Republic of Tajikistan, for foreign states and governments, international organizations, diplomatic and consular missions of foreign states and governments and diplomatic and consular employees, as well as missions of international organizations and of their employees, and the families of the above-mentioned individuals, shall be provided under the conditions and procedures specified in decrees issued by the Government of Tajikistan. These decrees must provide exemptions to the extent and under the conditions required under international law and the above-mentioned international treaties (agreements).
10. The Tax Committee of the Republic, with the concurrence of the Ministry of Finance of the Republic of Tajikistan, and in necessary instances of other state agencies of the Republic of Tajikistan, shall issue instructions, approved by the Government of the Republic of Tajikistan, to carry out this Code. Any provisions of the instructions that are inconsistent with this Code have no legal effect.

Article 5. Tax

A tax is a payment to the state budget (hereinafter “budget”) or to a special state fund (hereinafter “state fund”) having an obligatory and non quid-pro-quo nature, including penalties and interest contemplated by tax legislation, except for penalties contemplated by the criminal legislation or the legislation on administrative violations.

Article 6. Taxes of the Republic of Tajikistan

- 1. The taxes of the Republic of Tajikistan consist of state taxes and local taxes.
- 2. State taxes include:
 - a. income tax on physical persons;
 - b. profit tax on legal persons;
 - c. value-added tax;
 - d. excises;
 - e. social contributions;
 - f. land tax;
 - g. taxes on users of mineral resources;
 - h. tax on enterprise property;
 - I. tax on proprietors of modes of transportation;
 - j. tax on users of roads;
 - k. the tax payable by small businesses under a simplified system;

- l. tax on sales (of cotton fiber and aluminum);
- m. customs duty and other customs payments;
- n. state duty.

Local taxes include:

- a. tax on retail sales;
 - b. tax on the immovable property of physical persons;
 - c. tax for the maintenance of public transportation.
3. The revenues from the state taxes are divided among republican and local budgets and government funds in accordance with the budgetary legislation of the Republic of Tajikistan. Payments of local taxes are allocated to the respective local budgets.
4. Taxes are calculated in monetary form and paid in the national currency of the Republic of Tajikistan.
5. Subject to point 7 of Article 4, an exemption from any state tax or an amendment to a tax rate stipulated by this Code may be instituted by making amendments to this Code. The establishment of preferences for state taxes is carried out by the Majlis Oli of the Republic of Tajikistan upon recommendation of the Government of the Republic of Tajikistan by adopting acts of tax legislation.

Article 7. Procedure for Establishment, Amendment, and Elimination of Taxes

1. The establishment of new national taxes other than those envisaged by this Code as well as the amendment or abolition of national taxes shall be carried out exclusively through adoption of a law of the Republic of Tajikistan on making changes to this Code.
2. The establishment, change, or abolition of a local tax contemplated by this Code shall be effected by a decision of the appropriate local Majlis of People's Deputies.

CHAPTER 2. Definitions of Terms Used in this Code

Article 8. Economic activity

1. Except as otherwise provided by this Article, economic activity is considered to be any activity aimed at receiving profits, income, or compensation, regardless of the results of such activity.
2. Economic activity can be entrepreneurial (active) and non-entrepreneurial (passive).
3. The following activities are not regarded as economic activities:
 - a. the activity of agencies that are a part of the system of state power of all branches and levels and agencies of local self-administration, directly connected with the execution of the public functions entrusted to them, not

including the rendering of services that are paid for on the basis of a contract, and other entrepreneurial activity;

- b. charitable activity;
 - c. religious activity.
4. Noneconomic activity is activity not deemed economic under this Article.

Article 9. Entrepreneurial (active) and Nonentrepreneurial (passive) Economic Activity

1. Entrepreneurial activity is any economic activity not deemed nonentrepreneurial economic activity according to this Article.

2. Economic activity related to the acquisition, sale, transfer, or leasing of property is considered entrepreneurial activity if at least one of the following circumstances exists:

- a. this activity is performed on a systematic basis and is an ordinary activity for the person that effects the above-mentioned operations;
 - b. goods (works, services) produced (executed, rendered) by the seller are supplied;
 - c. such operations are effected within the framework of trade, trade-cum-intermediary (including dealers' activities), or intermediary activities.
3. Except as otherwise provided by this Article, nonentrepreneurial economic activity includes activity in the form of the transfer of property (including monetary funds) for compensation by one person to another for temporary possession, use, or disposal, without the transfer of title to the property or a part thereof, and without the right of subsequent divestiture thereof, if such a transfer is not attributable to financial activity and does not impose on the person receiving this property additional obligations not connected with the targeted use of the transferred property or with the payment of consideration for the above possession, use, or disposal of this property.

4. Nonentrepreneurial economic activity includes:

- a. the depositing of monetary funds into banks or other financial-credit institutions;
- b. leasing of property, unless otherwise provided by point 2 of this Article;
- c. transfer of property for management into a trust;
- d. acquisition (sale or transfer) of an interest in the charter capital or the securities of an enterprise; acquisition (sale or transfer) of bonds or any other promissory notes; acquisition (sale or transfer) of an interest in a unit investment fund, or of copyright or any similar rights belonging to the seller—shall be equivalent

to nonentrepreneurial economic activities, unless otherwise prescribed by point 2 of this Article;

- e. performance by a physical person of employment.

Article 10. Employment

1. For purposes of this Code, “employment” means:
 - a. the performance by a physical person of obligations within the limits of relations regulated by legislation on labor or on state service;
 - b. the performance by a physical person of obligations directly connected with service in the ranks of the armed forces or in law enforcement or equivalent agencies (establishments);
 - c. service as a director of an enterprise or organization.
2. A physical person engaged in employment is called an “employee” in this Code. A person who pays for the services rendered by such physical person as an employee is called an “employer,” and such payment is called “wages.”

Article 11. Charitable Activity

1. Charitable activity is activity carried out by an organization and consisting of the direct provision of material or any other assistance (support), including money donations, to physical persons in need of this assistance or to organizations that render such assistance directly, including charitable organizations (Article 20), or scientific, educational, or other activity performed in the public interest, unless otherwise provided in this Article.
2. Unless otherwise provided by point 3 of this Article, charitable activity includes the following assistance (support):
 - a. to low-income physical persons or physical persons in need of social adaptation or social protection;
 - b. to children of single-parent families or to orphans as well as to preschools and other children’s institutions, as well as other organizations that care for such children;
 - c. to disabled or elderly persons, or to institutions that take care of disabled or elderly persons;
 - d. to physical persons who need medical care (support) or special care—in the form of payment for medical or related services (including for transportation to the place where these services are provided)—or to organizations that have the status of medical institutions;

- e. to educational institutions including the establishment of stipends;
 - f. to institutions of science, culture, or arts;
 - g. to gifted physical persons for developing their talents;
 - h. for the protection of the population or nature from pollution or other harmful influence;
 - i. to penitentiary institutions when these activities are directed at improving conditions or medical services for the inmates.
3. The provision of assistance (support) to persons is not recognized as charitable activity if any one of the following circumstances exists:
- a. the person who receives such assistance (support) incurs an obligation of a property or non-property nature (except for an obligation to use the received funds or property exclusively as targeted) towards the person who provides such assistance;
 - b. the person who receives such assistance (support) and the person who provides such assistance (support) are considered related persons (Article 23);
 - c. such assistance (support) is rendered to any physical or legal person for participation in an election campaign for any office.

Article 12. Religious Activity

Religious activity consists of the activity of duly registered religious organizations and associations aimed at faith and expansion of religious belief, including that achieved through:

- a. organizing and holding religious rites, ceremonies, prayer gatherings, or any other church-related actions;
- b. allowing believers the opportunity to have and/or use houses of prayer or ritual-oriented buildings for joint or individual satisfaction of their religious requirements;
- c. receiving and sending out pilgrims, religious delegations, and representatives of various beliefs, holding national or international religious meetings, congresses, and seminars, and providing accommodations, transport, meals, and cultural services to participants in the above events;
- d. maintaining houses of worship, training seminaries, and the territory belonging to them, training of participants or those enrolled in the above training seminaries, as well as any other similar charter activity.

Article 13. Enterprises

For purposes of this Code, except as otherwise provided by this Article, enterprises are the following entities that perform economic activity or that are established to perform such activity:

- a. legal persons, subsidiaries established by them, as well as other independent divisions established by them pursuant to the legislation of the Republic of Tajikistan and having their own balance sheet and separate settlement accounts;
- b. corporations, companies, firms, and other similar entities established pursuant to the legislation of a foreign state.

Article 14. Resident enterprise and foreign enterprise

1. A resident enterprise is an enterprise having the place of its establishment or the place of its management in the Republic of Tajikistan (Article 15 and Article 16).
2. A foreign enterprise is an enterprise which is not a resident enterprise pursuant to this Article.

Article 15. Place of establishment of an enterprise

The place of establishment of an enterprise is the place of State registration, and in its absence, the legal address of the enterprise as mentioned in the founding documents of the enterprise (charter, contract, provisions).

Article 16. Place of management of an enterprise

The place of management of an enterprise is the place of effective management, namely the place where its management performs its day-to-day management functions.

Article 17. Permanent Establishment of a Nonresident

1. A permanent establishment of a foreign enterprise or of a nonresident physical person in the Republic of Tajikistan, except as otherwise provided by this Article, consists of a permanent place through which it carries out entrepreneurial activity, in whole or in part, including activity effected through an authorized person.
2. The following, in particular, are considered permanent establishments:
 - a. construction sites, installation or assembly facilities, and the exercise of supervisory activities connected with such facilities;
 - b. installations or sites used for surveying for natural resources, drilling equipment or ships used for surveying for natural resources, as well as the exercise of supervisory activities connected with such facilities;

- c. a fixed base used by a nonresident physical person to carry out entrepreneurial activity.
3. A place is not considered a permanent establishment of a foreign enterprise in the Republic of Tajikistan if it is used (regardless of who uses it) in the Republic of Tajikistan only to do the following:
 - a. store goods or products belonging to the foreign enterprise;
 - b. keep a stock of goods or products belonging to the foreign enterprise for the purposes of processing by another person and their subsequent export from the Republic of Tajikistan;
 - c. purchase goods or products for the purpose of gathering information for the foreign enterprise;
 - d. perform any other activity that is preparatory or auxiliary in nature in the interests of the foreign enterprise;
 - e. prepare contracts for conclusion or mere signing in the name of the foreign enterprise with regard to credits (loans), delivery of goods or products, or provision of works (rendering of services);
 - f. execute any combination of the activities indicated in subpoints “a–e”.
4. A registered representative office of a foreign enterprise that is not a separate legal person is considered a permanent establishment of the foreign enterprise.

Article 18. Organizations

1. Organizations include systems of state power and management, public or religious organizations (associations), funds, institutions, associations (unions), interstate, intergovernmental and other organizations that perform noneconomic activity.
2. The place of the establishment of an organization and the place of management of an organization are defined in accordance with procedures established for enterprises (Article 15 and Article 16).
3. An organization shall be classified as a resident or foreign organization in accordance with procedures established for enterprises (Article 14).
4. To the extent that an organization carries on entrepreneurial activity, the portion of its assets and activities directly connected with entrepreneurial activity is also considered an enterprise.

Article 19. Budgetary Organization

A budgetary organization consists of an organization whose activity is not less than 70% financed from budgetary resources on the basis of a budget estimate of its income and expenses.

Article 20. Charitable organization

1. A charitable organization is an organization that:
 - a. is established for the purposes of performing charitable activity;
 - b. is registered as such in accordance with the procedures established by the legislation of the Republic of Tajikistan;
 - c. used not less than 50% of its expenses for the previous year for charitable activity.
2. An organization is not considered a charitable organization (regardless of its legal and organizational status or name) if such organization:
 - a. directly or indirectly participates in the election campaign for any office of any political party, public organization (movement), or separate physical person; or
 - b. the revenues or assets of the organization benefit or may benefit any person, except as a result of the conduct of its charitable activity or as reasonable payment for property or services.
3. An organization is considered charitable if it meets all the requirements of this Article.

Article 21. Religious organization

A religious organization consists of an organization which is established for the purposes of carrying out religious activity and which is registered according to the procedure established by legislation.

Article 22. Tax agent

1. A tax agent consists of a person, other than an employee of a tax authority, who, under this Code or any other act of tax legislation, is made responsible for the calculation, withholding from a taxpayer, and transfer of a tax to the respective budget (state fund).
2. In respect of his rights and obligations, a tax agent has the same status as a taxpayer if this Code does not state otherwise.

3. A tax agent is obliged:
 - a. correctly and in a timely manner, to calculate, withhold from a taxpayer, and pay to respective budgets (state funds) the appropriate taxes;
 - b. to keep records of income paid to taxpayers and of taxes withheld and credited to budgets (state funds), including separate records for each taxpayer;
 - c. to supply tax agencies with the documents required for controlling the accuracy of calculation, withholding, and payment of taxes; and
 - d. to perform other duties established by tax legislation.
4. For the non-performance or improper performance of the duties imposed on him by tax legislation, the tax agent bears responsibility according to the procedure established by this Code or other legislative acts of the Republic of Tajikistan.

Article 23. Related persons

1. Related persons consist of persons that have special relations between them which may have a direct influence on the conditions or economic results of transactions between them.
2. Such special relations include, in particular, relations where:
 - a. the persons are founders (participants) of the same enterprise, if each person's share is not less than 20 percent;
 - b. one person has a direct or indirect interest in another person which is an enterprise, where such an interest is not less than 20 percent;
 - c. one person is subordinate to the other person in terms of his business position, or one person is under control (directly or indirectly) of the other person;
 - d. the persons are sister enterprises or are under direct or indirect control of a third person;
 - e. the persons directly or indirectly control a third person, if each person's voting right is not less than 20 percent;
 - f. the persons are spouses or are in any other familial relation (Article 27(3)).

Article 24. Resident physical persons

1. Physical persons are considered residents for a calendar year if they were actually located on the territory of the Republic of Tajikistan for more than 182 days in any consecutive 12-month period ending in that calendar year, or were in the state service of the Republic of Tajikistan abroad during that calendar year.

2. For purposes of point 1, a time during which a foreign physical person was in the Republic of Tajikistan is not considered a time of actual location on the territory of the Republic of Tajikistan if the stay was:

- a. as a person having diplomatic or consular status (or as a family member of such person);
- b. as a staff member of an international organization, or as a person who is in the state service of a foreign country (or a family member of such a person);
- c. exclusively for moving from one foreign country to another foreign country through the territory of the Republic of Tajikistan.

3. A day of location in the Republic of Tajikistan consists of any day during which a physical person was actually located on the territory of the Republic of Tajikistan, regardless of the duration of this stay.

4. A physical person who is not a resident of the Republic of Tajikistan in accordance with this Article shall be deemed a nonresident of the Republic of Tajikistan.

5. A physical person is considered a nonresident of the Republic of Tajikistan from the last day of his stay on the territory of the Republic of Tajikistan in a given tax year until the end of that tax year if that person is not a resident of the Republic of Tajikistan in the next tax year.

Article 25. Individual Entrepreneur

1. A physical person is considered an individual entrepreneur if he engages in entrepreneurial activity (Article 9) without establishing a legal person, in his own name, at his own risk and being liable with his own property.

2. The performance by a physical person of entrepreneurial activity in violation of established procedure for registration and receipt of a license, certificate, or other document cannot serve as the basis for non-recognition of the physical person as an entrepreneur for the purposes of taxation.

Article 26. Market prices

1. The market price is the free market price of goods (works, services), consisting of the price resulting from the interaction of supply and demand on a market, as well as the interests of parties to the sales agreements who are not related persons under Article 23.

2. The market price of a good (work, service) is determined on the basis of information about relevant transactions on an identical (similar) good (work, service) concluded at the time of supply of the good (work, service), including on the basis of prices on international and other exchanges.

3. In determining the market price of a good (work, service), transactions between related persons can be taken into account only if their interdependence has not affected the results of such transactions.

4. The market of a good (work, service) consists of the sphere of circulation of this good (work, service), determined by the capacity of the seller (buyer) to supply (acquire), realistically and with no substantial additional costs, a good (work, service) on the territory that is closest to the seller (buyer) within the Republic of Tajikistan or outside it.

5. If no transactions with regard to an identical (similar) good (work, service) have been concluded on the relevant market of the good (work, service), or if there is no supply of such good (work, service) on the market, the market price shall be determined by prices established in relevant transactions with regard to an identical (similar) good (work, service) as of the day closest to the time of the supply of the aforementioned good (work, service) but no more than 30 days (preceding or following) from the time of the supply of the good (work, service). In so doing, the market price of a security is determined by the stock exchange quotation for an identical security of the same issuer on the day closest to the time of supply of the aforementioned security and preceding the time of supply of the security, and for which quotations as described above were announced.

6. When the provisions of points 1-5 of this article cannot be applied, the market price of a good (work, service) is determined according to rules prescribed by the Government of the Republic of Tajikistan. Under these rules, account shall be taken of costs for the production and (or) supply (acquisition price or depreciated value) of the good (work, service) that are customary in such instances, and costs for shipment, storage, insurance and other similar costs that are customary in such instances, as well as additional charges or discounts that are customary for transactions between nonrelated persons, taking into account factors of supply and demand on the market of the good (work, service). The aforementioned discounts are taken into account, in particular, in case of quality deterioration or loss of other consumer qualities of the good, or expiration (approaching expiration date) of the service life period or supply period of the good.

7. Transactions involving the exchange of goods (works, services) (barter transactions) consist of transactions in accordance with which each of the exchanging parties supplies its goods (works, services) and acquires other goods (works, services). In this case, market prices of the goods (works, services) supplied (acquired) in the course of these transactions shall be determined pursuant to the provisions of this article.

8. In determining and recognizing the market price of goods (works, services) use shall be made of official sources of information on market prices of the goods (works, services) and exchange quotations, data bases of state and local authorities, information provided by taxpayers to tax agencies, as well as other relevant information.

Article 27. Definitions of other terms used in the Code

For purposes of this Code, the terms used in this Code have the following meanings:

1. “Person”—legal or physical person according to the Civil Code of the Republic of Tajikistan;
 2. “Taxpayer identification number”—a number assigned by the state tax agencies to a legal or physical person;
 3. “Relatives”:
 - a. spouses;
 - b. ancestors or descendants;
 - c. sisters (brothers);
 - d. nephews and nieces;
 - e. spouse of a sister (brother);
 - f. sisters (brothers) of parents;
 - g. persons who, as a result of a long guardianship, are connected as parents and children;
 - h. brothers- and sisters-in-law.
- When defining relations for the purposes of this article, step-sisters (step-brothers) have the same status as natural sisters (brothers), and adopted children have the same status as natural children. Guardian relations with a common residence (where persons are connected to one another in the same manner as parent and child) have the same status as blood relations. The termination of the residence in common between the above persons is not taken into account if the parent-child relations are maintained.
4. “Resident”—a resident physical person, a resident enterprise, or a resident organization.
 5. “Nonresident”—a person who is not a resident.
 6. “Rendering of services”—any activity for compensation which is not the supply of goods or fulfillment of works, including:
 - a. transport or forwarding services, including transportation of gas, oil, petroleum products, and electric and thermal energy;
 - b. the leasing of movable and immovable property;

- c. communications, consumer, and housing maintenance services;
- d. physical fitness, sports, educational and medical services;
- e. advertising services;
- f. technology upgrading services, and data processing and data support services;
- g. services for the preparation of goods for sale;
- h. services for the storage of goods or other property or for providing protection; and
- i. other services,

but not including, for purposes of VAT, the transfer of ownership of money or leasehold of land or the rendering of services to an employer as an employee;

- 7. “Work”—means an activity the results of which have a material expression, including construction, installation, and repair works, scientific research works, experimental design and development;
- 8. “Fulfillment of works”—any rendering of works for compensation;
- 9. “Good”—any tangible or intangible property, including electric or thermal energy, gas, and water; for purposes of the VAT, goods do not include intangible property, money, and land;
- 10. “Export of goods”—taking goods out of the territory of the Republic of Tajikistan;
- 11. “Re-export of goods”—export of goods by the person who imported the goods without any supply or transformation of those goods having taken place after the import;
- 12. “Import of goods”—the taking of goods onto the territory of the Republic of Tajikistan, which are considered as imported according to the customs legislation of the Republic of Tajikistan;
- 13. “Reimport of goods”—import of goods by the person who exported those goods without any supply or transformation of those goods after the export;
- 14. “Supply of goods”—a transfer of the ownership of goods, including a sale, an exchange, a gratuitous transfer, the payment of wages in kind, and other payments in kind, as well as the transfer of pledged goods to the ownership of the pledgee;
- 15. “Territory of the Republic of Tajikistan”—the customs territory of the Republic of Tajikistan as defined by the customs legislation;

16. “Transit across the territory of the Republic of Tajikistan”—the transportation of goods under customs control across the territory of the Republic of Tajikistan between two points on the customs border of the Republic of Tajikistan;

17. “Financial services”—

- a. the granting, sale, or transfer of credits, credit guarantees, and any other collateral for monetary-credit operations, including management of credits and credit guarantees by the grantor of such;
- b. transactions connected with the management of deposits and accounts, payments, transfers, debt obligations, and means of payment and payment instruments of clients;
- c. transactions connected with the circulation of currency, money, and banknotes which are legal tender (except for those used for numismatic purposes);
- d. transactions connected with the circulation of shares, bonds, certificates, bills, checks and other securities (except for services for their safekeeping);
- e. transactions relating to financial derivatives, forward contracts, options, and similar arrangements;
- f. services related to the management of investment funds;
- g. insurance and reinsurance transactions.

18. “Excisable goods”—goods listed in Article 216;

19. “Nomenclature of goods of foreign economic activity”—the system of codes of commodity classification, adopted pursuant to the International Convention on the Harmonized Commodity Description and Coding System.

20. “Dividends”— any distribution of funds or property by a legal person to its participants (shareholders) including dividends disguised as other payments but excluding the distribution of funds or property for purposes of redemption of shares or income received from property distribution upon liquidation of a legal person, and also excluding a distribution of shares that does not change the percentage sharehold interests of the shareholders.

21. “Income from sources in the Republic of Tajikistan”—

- a. income from employment executed in the Republic of Tajikistan;
- b. income from the supply by the producer of goods produced in the Republic of Tajikistan, as well as from the performance of works and rendering of services in the Republic of Tajikistan;

- c. income from entrepreneurial activity attributable to a permanent establishment located on the territory of the Republic of Tajikistan, including income attributable to sales in the Republic of Tajikistan of goods of the same or similar kind as those sold through such a permanent establishment, and income arising from entrepreneurial activity in the Republic of Tajikistan of the same or similar nature as activity performed via such a permanent establishment;
- d. income from the writing off of bad debts of the taxpayer by his creditors, from the sale of fixed assets included in income according to point 7 of Article 138, or from compensated expenses according to Article 165 which relate to entrepreneurial activity carried on in the Republic of Tajikistan;
- e. income in the form of dividends received from a resident legal person and from the sale or transfer of an equity share in such legal person;
- f. income in the form of interest received from residents;
- g. income in the form of interest, received from a person with a permanent establishment or property located on the territory of the Republic of Tajikistan if the indebtedness of such person relates to such permanent establishment or property;
- h. a pension, if it is paid by a resident;
- i. income in the form of royalties received from property located or used in the Republic of Tajikistan, or income from the sale or transfer of property described in subpoint (24) of this article which is located or has been used in the Republic of Tajikistan;
- j. income from leasing movable property used in the Republic of Tajikistan;
- k. income received from immovable property located in the Republic of Tajikistan, including income from the sale or transfer of an interest in such property;
- l. income from the sale or transfer of stocks or equity participation in an enterprise, the value of whose assets primarily, directly or indirectly, consists of the value of immovable property located in the Republic of Tajikistan;
- m. other income from the sale or transfer of property, which is not connected with entrepreneurial activity, by a resident;
- n. income received from management, financial, and insurance services, including reinsurance services, if it is paid by a resident enterprise or a permanent establishment of a nonresident located on the territory of the Republic of Tajikistan, or is received on the basis of a contract with such an enterprise or permanent establishment;

- o. income paid under agreements for the insurance or reinsurance of risk in the Republic of Tajikistan;
- p. income from telecommunications or transportation services in international communications or shipments between the Republic of Tajikistan and other states;
- q. other income not covered by the preceding paragraphs and arising on the basis of activity in the Republic of Tajikistan.

In determining the source of income under this point, the place of payment of the income is not taken into account.

22. “Fixed assets”—tangible assets with a service life of more than one year that are subject to amortization in accordance with Article 138;

23. “Interest”—any charge relating to a debt obligation, including payments for credits (loans) that are extended and for deposits (accounts);

24. “Royalties”—payment for the right to use mineral resources in the process of the extraction of minerals and processing of technogenic formations or for the use of or right to use copyrights, software, patents, blueprints or models, trademarks, or other ancillary types of rights; the use of or right to use industrial, trade, or scientific-research equipment; the use of know-how; the use of or right to use movies, videos, sound recordings, or other recording media; the provision of technical assistance in connection with the above, or the forbearance of use of any of the above;

25. “Family”—spouses, children, and parents residing jointly and maintaining a common household;

26. “Net profit (Net income)”—profit (income), which is subject to profit tax (income tax), minus that tax;

27. “Participant” —a shareholder, partner, or other participant in the assets and profit of an enterprise.

28. “Spin off”—a distribution by a parent enterprise to its shareholders (participants) of the shares (participations) in another (subsidiary) enterprise.

29. “Immovable property” -- immovable things (immovable property, real estate) means plots of land, subsurface rights, subordinated water objects and all that is closely connected to land, that is, objects which it is impossible to move without damaging them, including forests, long-lived plantations, buildings, etc.

30. “brother-sister enterprises” -- subsidiary enterprises of one parent enterprise are considered brother-sister enterprises in relation to each other.

31. “subsidiary enterprise” -- an enterprise is considered a subsidiary if another (parent) enterprise owns 50 percent or more of the voting interests (shares) of the enterprise.

32. “nontaxable minimum income” -- the amount determined according to point 1 of article 124.

Division II. GENERAL ADMINISTRATIVE PROVISIONS

CHAPTER 3. General Provisions

Article 28. Procedure for application of administrative provisions

The administrative provisions stipulated in this Division and in Division III shall apply to all taxes, except as otherwise provided in this Code.

Article 29. Tax control of full and timely receipt of payments to the budget

1. Tax authorities shall be wholly and exclusively responsible for tax control of legal and physical persons, for verifying the accuracy of calculation and timeliness of payment of taxes, and for all other aspects of tax administration and collection, except where this Code grants this responsibility to another body.

2. Tax control is exercised by tax authorities by means of recording taxpayers and objects of taxation, verifying accounting and reporting data, questioning taxpayers and other persons, examining premises used for earning income, according to the procedure established by the legislation of the republic of Tajikistan, and employing other methods consistent with this Code. In cases where the payment of taxes connected to export-import operations is determined according to customs procedures, control is carried out by the customs bodies in accordance with the customs legislation.

3. Tax control carried out by tax authorities may be in the form of an office audit or a field audit. An office audit is carried out by the tax authority on the basis of balances, declarations, explanations, and other documents submitted by the taxpayer as well as documents and information in the possession of the tax authority. A field audit is carried out on the basis of a written decision of the tax authorities by means of a written notice to the taxpayer, which describes the object of audit and basis and approximate time for holding the audit. A field audit may be carried out without prior notice in cases when there is evidence of tax evasion, on the decision of the head of a tax authority.

A field audit is carried out during the course of one month for all types of taxes as a whole no more frequently than once every two years. A repeated field audit is carried out according to the written permission of the Tax Committee of the republic. Other state agencies are forbidden from carrying out audits on tax matters.

4. The results of a tax audit are drawn up in the form of an act, which is signed by the responsible official of the tax inspectorate carrying out the tax audit and the taxpayer. In case the taxpayer refuses to sign an act a note is made to this effect.

Article 30. Taxable income

Income (profit) is subject to taxation regardless of the means by which it was obtained.

Article 31. Taxpayer identification number

1. Tax authorities shall assign identification numbers to taxpayers and tax agents to be used for all taxes and customs duties. The procedure for assigning taxpayer identification numbers is established by the Tax Committee of the Government of the Republic of Tajikistan.
2. Legal persons and physical persons must include their taxpayer identification number on tax returns, tax invoices, correspondence with tax authorities, and other documents determined by this Code.
3. Physical persons - entrepreneurs described in Article 25 and legal persons must apply to tax authorities for an identification number within ten days of registration (foundation) or of the beginning of entrepreneurial activity.

Article 32. Rights of the taxpayer

In addition to other rights contemplated by this Code, the taxpayer has the right:

- a. to provide documents in evidence of his right to tax concessions;
- b. to examine records of audits that are performed;
- c. to present explanations to tax authorities with respect to his computation and payment of taxes or with respect to the records of audits that are performed;
- d. to appeal decisions of tax agencies in the manner stipulated by this Code.

Article 33. Right to representation in relations regulated by tax legislation

1. The taxpayer may participate in relations regulated by tax legislation via his legal or authorized representative, unless otherwise provided in this Code.
2. Personal participation of the taxpayer in relations regulated by tax legislation shall not deprive him of the right to have a representative; likewise, participation of the representative shall not deprive the taxpayer of his right to personal participation in such relations.
3. The powers of the representative shall be documented in accordance with this Code and other laws of the Republic of Tajikistan.
4. The rules provided by this chapter apply to tax agents.

Article 34. Legal representative of the taxpayer

1. The legal representatives of a taxpayer which is a legal person shall be defined as persons authorized to represent this legal person on the basis of law or its founding documents.

2. The legal representatives of a taxpayer who is a physical person shall be defined as persons acting as his representative in accordance with the civil legislation of the Republic of Tajikistan.

Article 35. Actions (inaction) of legal representative of a legal person

Actions (inaction) of legal representatives of a legal person performed in connection with participation of this legal person in connection with relations regulated by tax legislation are considered actions (inaction) of such legal person.

Article 36. Authorized representative of the taxpayer

1. An authorized representative of a taxpayer shall be defined as a physical or legal person authorized by the taxpayer to represent his interests in relations with tax authorities, or other parties to relations regulated by tax legislation.

2. Officials of tax authorities, judges, investigators, or public prosecutors may not be authorized representatives of taxpayers.

3. An authorized representative of a taxpayer which is a legal person exercises his authority on the basis of a power of attorney issued according to the procedure established by the civil legislation of the Republic of Tajikistan.

An authorized representative of a taxpayer who is a physical person exercises his authority on the basis of a power of attorney certified by a notary or a power of attorney equated with one certified by a notary in accordance with the civil legislation of the Republic of Tajikistan.

Article 37. Conversion of foreign currency

Any transaction with foreign currency pertaining to taxation is converted into the national currency of the Republic of Tajikistan:

- a. at the official exchange rate of the National Bank of Tajikistan on the day the transaction takes place; and
- b. in the case of currencies for which an official exchange rate of the National Bank of Tajikistan is not available, at a rate based on published cross-rates against the U.S. dollar.

Article 38. Measures against tax avoidance and alternative methods of taxation

1. Any amount that is applied in the interests of a specific person is treated for tax purposes as paid to the person.

2. For the purposes of determining tax liability, the tax authorities have the right:

- a. to disregard a transaction that does not have substantial economic effect (other than its effect on tax obligations); or
 - b. to reclassify according to its reality a transaction whose form does not reflect its substance.
3. If a taxpayer keeps inaccurate accounts of his transactions, or does not keep accounts and records in the required form and manner, or if accounting documents or records are lost or destroyed, the tax authorities have the right to make an assessment of tax payable based upon an estimate according to the relevant facts and circumstances. In the event of accounting violations or the destruction or loss of documents, or where determination of the taxable object is impossible, tax authorities shall determine the taxable object and the tax on the basis of direct and indirect methods (on the basis of assets, turnover, production costs, method of comparison, etc.).
4. In any transaction between related persons, tax authorities may allocate income or deductions between these persons as is necessary to reflect the taxable income that would have resulted from a transaction between independent persons. If a taxpayer uses in his commercial or financial transactions with a related party prices that differ from those used between independent enterprises, then for taxation purposes tax authorities shall adjust the taxpayer's income by the resulting price difference.
5. In a case where an individual has declared an amount of income insufficient to support expenses incurred for personal consumption, including acquisition of property, the tax authorities shall determine the income for purposes of taxation on the basis of expenses incurred by the individual, taking into account income of previous periods.
6. With respect to all taxes, barter transactions, including the receipt of income and the carrying out of expenses in kind, shall be considered by tax authorities as a sale of goods (or the result of work or services) at market prices, with compulsory issuance of tax invoices for the given transaction on the same basis as sales for cash. If the value of a barter transaction indicated in a tax invoice is a reduced value, the tax inspectorate shall adjust the taxable objects taking into account market prices, reassess the taxes and impose sanctions established by this Code for violation of the tax legislation of the Republic of Tajikistan.

CHAPTER 4. Contacts with Taxpayers

Article 39. Procedure for establishing obligations

Subject to Article 40 and Article 41, no statement provided by tax authorities to a taxpayer is binding with respect to the tax authorities or the taxpayer unless it is in writing and is served upon the taxpayer.

Article 40. Written communications with taxpayers

Any notice or other document sent by tax authorities to a taxpayer must be in writing, signed by a director or an authorized official of the tax agency, noting his last name and initials, officially stamped, and sent to or served upon the taxpayer. Such documents shall be deemed

properly served if they are delivered to the address of the taxpayer by registered mail with return receipt or are personally served upon the taxpayer or his representative.

Article 41. Sufficiency of notices and other documents

No assessment or other document issued under the tax legislation shall be considered invalid if:

- a. it is, in substance and effect, in conformity with this Code; and
- b. the person whose tax is assessed or who is affected by the document is designated in it according to common understanding.

Article 42. Notices for the application of tax legislation

1. Under procedures prescribed by instructions, the Chairman or the deputy chairman of the Tax Committee of the Republic may issue to a taxpayer a notice setting out the position of the tax agencies regarding the application of tax legislation to a transaction proposed by the taxpayer.
2. If the taxpayer has made a full and true disclosure of the nature of all aspects of the transaction relevant to the given ruling, and the transaction proceeds in all material respects as described in the taxpayer's application for the ruling, the notice shall be binding on the tax agencies and the taxpayer with respect to the application of the tax legislation as it stood at the time of the notice.

CHAPTER 5. Presentation and Collection of Information

Article 43. Formation and retention of records

1. A person is obligated to document transactions that:
 - a. may give rise to a tax liability by the person;
 - b. may give rise to an obligation by the person to withhold tax; or
 - c. may give rise to an obligation by the person to file a tax information return.
2. Taxpayers must keep such records in accordance with normative acts of the Ministry of Finance of the Republic of Tajikistan and the Tax Committee of the Republic and in necessary cases of the National Bank of Tajikistan and the Customs Committee of the Government of the republic of Tajikistan.
3. If a taxpayer has certain accounting records in a foreign language and they are not understandable to the tax authorities, the latter may require that they be translated into the state language.
4. Taxpayers described in point 1 of this article are required to keep such records for no less than five years.

Article 44. Filing of tax returns

1. Those taxpayers who are required to file tax returns under the provisions of this Code shall file tax returns with tax authorities by the deadlines established by this Code and in the form and manner established by the Government of the Republic of Tajikistan.
2. The tax return must be signed by the taxpayer or, if the taxpayer is absent or incompetent, by the taxpayer's legal representative.
3. An independent auditor who renders services with respect to the preparation of a taxpayer's tax return must sign the return along with the taxpayer, stamp it, and note his own taxpayer identification number. If the tax return is prepared by more than one auditor, only the principal auditor must sign the return.

Article 45. Provision of information on payments

A person effecting payment for goods, work performed or services rendered or making any other type of payment must provide information to the tax authorities and to the recipient on the amount paid, in accordance with the instructions for implementation of this Code.

Article 46. Extension of deadline for filing tax returns

If the taxpayer applies before the filing due date for an extension of time to file a return for income tax or profit tax and pays with the application the amount of tax estimated to be due, the deadline for filing the return is automatically extended for two months. An extension of the deadline under this article does not affect the deadline for payment of the tax and does not suspend the accrual of interest pursuant to Article 72.

Article 47. Bank accounts

Banks and other financial-credit institutions conducting various banking operations must:

- a. open settlement and other accounts for physical and legal persons only upon presentation of documents showing the issuance of a taxpayer identification number presented by tax authorities, notify the tax authorities within a five day period that the taxpayer has opened these accounts, and may not effect transactions on accounts without noting the taxpayer's identification number in the banking documents;
- b. execute, on a first-priority basis, except for the priority of wages, payment orders of taxpayers for the payment of taxes from their settlement or other accounts, including foreign exchange accounts;
- c. credit (transfer) to a bank or other financial-credit institution acting as a cashier for the budget system taxes to the appropriate budget on the day of the transaction with regard to the withdrawal of funds from the settlement or other account of the taxpayer;

- d. furnish to the tax authorities information in accordance with article 32 of the Law of the Republic of Tajikistan “On Banks and Banking Activity.”

Article 48. Provision of information to the tax authorities

1. For the purpose of carrying out tax control and in respect of a legal purpose, the tax inspectorate has the right, by giving reasonable notice in writing, to require any person, whether a taxpayer or not, within seven days from the date of delivery of the notice,
 - a. to furnish the information that is required by the notice, including information concerning another person; or
 - b. to come at the time and to the place indicated in the notice for questioning or presentation of documents or other evidence available to the person and indicated in the notice.
2. Arising from a legal purpose, for the carrying out of tax control, a designated officer of the tax authorities has the right under the procedure established by the legislation of the Republic of Tajikistan to enter any premises without prior notification, and to enter a dwelling in accordance with a sanction by a public procurator obtained upon a showing of necessity to do so.
3. A designated officer of a tax inspectorate who is lawfully upon premises or in a dwelling under point 2 of this article has the right under the procedure established by law:
 - a. to make a copy of any record relating to taxation;
 - b. to seize on the basis of a written confirmation a record or other document that appears to be relevant to an authorized purpose;
 - c. to install or monitor meters; and
 - d. to seal records or other documents.

If a designated officer of a tax agency uses equipment and materials of another person for the purpose of making an extract or copy of a record under this point, the tax agency must reimburse the person for the use of the equipment and materials, with compensation based on the market value of the use of the equipment and materials. If a designated officer seizes a record or other document pursuant to the authority provided under this point, the tax agency may make a copy of the record or other item and must return the original in the shortest time practicable, but in no event later than 7 days after the date of seizure.

4. This Article does not authorize access without official consent to diplomatic or consular premises, or those of other representatives of foreign countries as well as international organizations which enjoy immunity from such investigations under international law.
5. If a person asserts privilege under legislation of the Republic of Tajikistan over documents or other evidence which a tax agency wishes to seize or examine pursuant to this

Article, the materials over which privilege is claimed shall be deposited into envelopes which shall then be sealed by the owner and retained unopened by the tax agency pending an application by the tax inspectorate to a court of competent authority to determine whether the items in question are privileged and a relevant ruling by the court.

6. In this Article, "authorized purpose" means the collection of information for the purpose of determining the liability of a taxpayer for a tax, or for purpose of collecting tax from a specific person.

8. In this Article, "designated officer" means an employee of a tax agency designated by the Director of the respective tax agency as an officer entitled to exercise the rights specified in this Article.

CHAPTER 6. Tax Obligations

Article 49. Tax obligation

1. A tax obligation consists of a taxpayer's duty to pay a certain tax to the budget or state fund under circumstances established by this Code or another act of tax legislation.

2. The foundations for the advent, amendment, or termination of a tax obligation, as well as procedures and conditions for meeting a tax obligation, may be regulated exclusively by this Code or other acts of tax legislation.

3. A taxpayer is responsible for tax obligations from the moment the circumstances providing for payment of the tax as established by the tax legislation arise.

Article 50. Satisfaction of tax obligations

1. Satisfaction of tax obligations consists of the payment by the established deadline of amounts of the tax owed, regardless of the availability of funds in accounts or other property of the taxpayer.

2. Satisfaction of tax obligations is one of the basic responsibilities of a taxpayer and shall be performed regardless of other obligations of a non-tax nature the taxpayer has.

3. Satisfaction of tax obligations shall be effected directly by a taxpayer unless otherwise established by this Code or other acts of tax legislation. In cases established by this Code or other acts of tax legislation, another legally obliged person is responsible for satisfaction of tax obligations.

4. Unilateral refusal to satisfy tax obligations, or unilateral amendment of procedures for their satisfaction by a taxpayer or other legally obliged person, is not allowed if it is not contemplated by the tax legislation.

5. Satisfaction of tax obligations in the case of bankruptcy of the taxpayer is governed by the Civil Code of the Republic of Tajikistan and the legislation on bankruptcy.

Article 51. Satisfaction of tax obligations in the event of the liquidation of an enterprise (organization)

1. Tax obligations of an enterprise (organization) being liquidated are satisfied by the liquidation commission of the enterprise (organization) from its monetary funds, including proceeds from the sale of the property of the enterprise (organization). To this end, tax obligations of its branches and other separate units recognized as enterprises under Article 13 must also be satisfied by the liquidation commission, unless otherwise prescribed by this article. Tax obligations of a branch or another separate unit of an enterprise (organization) being liquidated are satisfied directly by the enterprise (organization) of which the separate unit was a part; if this enterprise (organization) is also being liquidated, the tax obligations are satisfied by the liquidation commission of the enterprise (organization).

2. If an enterprise (organization) being liquidated does not have enough monetary resources to satisfy its tax obligations in full, including after the sale of its property to meet the tax obligations, the remaining indebtedness for the tax obligations must be paid by the participants (founders) of the enterprise (organization) if, pursuant to the law, charter, or any other constituent documents, they are jointly liable for the obligations of the enterprise (organization).

Article 52. Satisfaction of tax obligations in the event of the reorganization of a legal person

1. Tax obligations of a reorganized legal person are satisfied by its lawful successor (successors), according to the procedure established by this article.

2. Satisfaction of tax obligations of a reorganized legal person shall be imposed on its lawful successor (successors) regardless of whether the facts or circumstances of the non-satisfaction or improper satisfaction of the tax obligations by the reorganized legal person were or were not known to the lawful successor (successors) before the completion of reorganization. In this connection, the responsibility to pay all interest and penalties due in connection with the tax obligations of the reorganized legal person is imposed on the lawful successor (successors).

3. Reorganization of a legal person does not change the deadline for satisfaction of its tax obligations by the lawful successor (successors) of the legal person.

4. In the event of a merger of several legal persons, the legal person established as a result of the merger shall be recognized as their lawful successor with regard to the satisfaction of tax obligations of each of the enterprises (organizations).

5. In the event that a legal person joins another legal person, the legal person which the first legal person joined shall be recognized as the lawful successor with regard to satisfaction of tax obligations of the joining legal person.

6. In the case of a division, the legal persons established as a result of the division shall be recognized as the lawful successors with regard to satisfaction of tax obligations of the reorganized legal person.

7. If there are several lawful successors, the share of each lawful successor with regard to satisfaction of tax obligations of the reorganized legal person shall be defined in accordance with the separation balance sheet or other document of transfer. If the separation balance sheet or the document of transfer does not help in determining the stake of the lawful successor in the reorganized legal person or rules out the possibility of satisfaction of the tax obligations in full by any of the lawful successors, the newly established legal persons shall bear joint liability for the satisfaction of the tax obligations of the reorganized legal person or the respective part of such tax obligations.

8. In case of a transformation of one legal person into another by means of a change in organizational and legal form, the newly established legal person is recognized as the lawful successor with regard to the satisfaction of tax obligations of the reorganized legal person.

9. In the event that one or several legal persons are spun off from a legal person, the legal persons that are spun off do not become lawful successors in respect of the legal person with regard to satisfaction of tax obligations, providing this reorganization is not targeted at the non-satisfaction of tax obligations by the reorganized legal person.

Article 53. Satisfaction of Tax Obligations of Physical Persons Who Are Deceased, Incompetent, or Missing

1. Tax obligations of a deceased physical person are satisfied by his heir (heirs) within the limits of the value of the inherited property and in proportion to share in the inheritance, as of the time of receipt of the inheritance.

2. In the absence of an heir (heirs), or the disclaimer of the inheritance by all the heirs, tax obligations of a deceased physical person cease to exist.

3. Tax obligations of a physical person recognized by a court as missing or as incompetent are satisfied by the person who administers the property of this missing or incompetent person, at the expense of this property.

4. If the property of a physical person recognized in accordance with established procedure as missing or incompetent is insufficient to satisfy tax obligations and accrued penalties and fines of the physical person, the part of the tax obligation that was not satisfied because of insufficient assets, including penalties and fines, will be written off by the relevant tax agency in accordance with procedures stipulated in Article 71.

5. In the event of a decision to rescind recognition of a physical person as missing or incompetent (in the latter case, to recognize the physical person as competent) in accordance with established procedure, the validity of previously written off tax obligations shall be restored, but there shall be no accrual of interest and penalties from the day the physical person was recognized as missing or incompetent through the day of the decision to rescind.

Article 54. Procedures for Satisfaction of Tax Obligations

1. The taxpayer independently, unless otherwise stipulated by tax legislation, calculates the sum of tax payable for the tax accounting period, based on the tax base, tax rate, and tax concessions.
2. In instances established by this Code or other act of tax legislation, the responsibility to calculate the sum of tax payable may be delegated to a tax authority or to a tax agent.
3. Tax shall be calculated in accordance with the procedures established for the relevant tax by this Code or other act of tax legislation.
4. The sum of tax payable by the established deadline is paid (transferred) by the taxpayer or other legally obliged person in accordance with this Code or other act of tax legislation.

CHAPTER 7. Assessments

Article 55. Assessments

1. Assessment in this Code means the entering into the records of the tax authorities of the amount of a taxpayer's liability for tax for a specific taxation period. Assessment includes an amended assessment and a deemed assessment.
2. The tax authorities are authorized to make an assessment of every taxpayer's tax liability under this Code on the basis of one or more of the following sources of information:
 - a. the information contained in a taxpayer's tax returns;
 - b. information concerning payments described in Article 45; and
 - c. audit materials and any other information known to the tax authorities.

If the taxpayer does not furnish the information needed to assess the tax, the tax authorities have the right to assess the tax on the basis of any available information.

3. In cases where tax legislation does not require payment of the tax with a declaration, and in cases where the tax authorities consider an assessment previously made to be incorrect, the tax authorities shall make an assessment and send an assessment notice to the taxpayer according to Article 56. The tax authorities may make an assessment, or may amend an assessment previously made, until the period of limitations in Article 57 has expired.
4. In the case of taxes involving the filing of returns, the filing of a return showing liability for tax shall be deemed to be:
 - a. an assessment of such tax; and
 - b. notice and demand that such tax be paid by the deadline specified in this Code.

5. In the case of taxes collected by withholding, where a taxpayer does not file a tax return and the tax authorities do not otherwise make an assessment of the taxpayer's tax liability on the basis of other information, the tax authorities are deemed to have made an assessment of the taxpayer's tax liability for the year as the amount of tax, if any, that has been withheld from payments made to the taxpayer during the year and to have served notice of that assessment on the taxpayer.

6. The head of a tax authority has the right to make an assessment in advance of the date on which tax is normally due, if the action is required to secure the collection of the tax, and there is specific evidence that the taxpayer is planning to evade taxation by fleeing the jurisdiction, transferring assets to another person, or taking other actions that will jeopardize collection of the tax unless an immediate assessment is made. An assessment under this point may be challenged by the taxpayer including by an appeal to court.

Article 56. Notice of Assessment and Demand for Payment of Tax

A taxpayer shall be given notice of an assessment of tax liability. The notice of tax assessment must contain the following information:

- a. the family name, first name and patronymic (or the name) of the taxpayer;
- b. the taxpayer identification number;
- c. the date of the notice;
- d. the matter to which the notice relates and the tax year (tax period) or years (periods) to which the notice relates;
- e. the amount of assessed tax, interest, and penalties;
- f. a demand for payment of the tax and deadline for payment;
- g. the place and manner of payment of the tax;
- h. a statement of the grounds upon which the assessment has been made; and
- i. appeal procedures.

Article 57. Statute of limitations

1. The tax authorities may make or amend a tax assessment on a physical person or legal person within four years after the end of the taxable period and the assessed (amended) tax may be collected by the tax authorities within eight years after the end of the taxable period.

2. A taxpayer shall be entitled to request a tax refund or credit within four years after the end of the tax period, with allowance for time additional to this four-year period, as provided for in Article 91.

CHAPTER 8. Payment, Collection and Refund of Tax

Article 58. Payment of tax

Tax shall be due and payable at the time specified in this Code and other acts of tax legislation.

Article 59. Place of payment of tax

Tax is payable:

- a. at the place specified in a notice of assessment and demand for payment of tax; or
- b. if no notice of assessment is required, at the place specified in the relevant act of tax legislation; or
- c. if no place is specified in the relevant act of tax legislation, according to the place of residence of a taxpayer-physical person or place of management of a taxpayer-legal person.

Article 60. Refund of excess tax paid

1. If the amount of tax paid exceeds the amount of tax assessed, the tax authorities:
 - a. shall apply the excess against the taxpayer's liability for other taxes;
 - b. shall with the agreement of the taxpayer, apply the balance as described in subpoint "a" of this point against the taxpayer's liabilities with respect to future payments;
 - c. unless otherwise provided in this Code, jointly with the financial authorities shall refund the balance to the taxpayer within 45 days of written application by the taxpayer.
2. If the excess tax paid by the taxpayer is applied against the taxpayer's liability for other taxes, the tax authorities must notify the taxpayer.

Article 61. Extension of deadline for payment

Upon receiving a proper, written, motivated application by the taxpayer, the director of the respective financial organ may, according to procedures established by the Government of the Republic of Tajikistan, extend the deadline for payment of tax to the respective budget, but for no longer than 6 months. An extension shall not exempt a taxpayer from paying interest for late transfer of the tax to the budget.

Article 62. Order of payment of tax debts

Payments of tax debts to the State Budget shall be made in the following order:

- a. assessed interest;

- b. assessed penalties;
- c. assessed amounts of taxes.

Article 63. Effect of objection or appeal

1. Pending consideration of an objection (appeal) against the assessment of a tax filed with the tax authorities in accordance with Article 91, only the part of the tax obligation that is not contested by the taxpayer is subject to payment and can be collected in accordance with the procedures described in Chapter 11. The suspension of payment of the full amount or part of the tax assessed does not exempt the taxpayer from payment of interest for late payment of the tax to the budget.
2. When an objection (appeal) is filed in court, the tax assessed is subject to payment and may be collected by tax authorities in accordance with the procedures described in Chapter 11.
3. Where tax has been paid under an assessment to which the taxpayer has objected or against which the taxpayer has appealed and, as a result of the taxpayer's success with the objection or appeal, the tax due is remitted in whole or in part, the taxpayer is entitled to receive:
 - a. a refund of the incorrectly paid amount; and
 - b. interest on this amount, according to Article 72.

CHAPTER 9. Enforced Collection of Tax

Article 64. Attachment of property

1. Attachment of property as a means of securing execution of a tax obligation shall mean an action by a tax authority to restrict a taxpayer's rights of ownership in relation to his property. Property shall be attached in the event of a taxpayer's failure to execute his tax obligation by the established due dates, and when tax authorities have sufficient grounds for believing that this person will take steps to conceal himself or to conceal his property.
2. Attachment of property may be complete or partial. Complete attachment of property shall mean restriction of a taxpayer's rights in relation to his property such that he does not have the right to dispose of the attached property, and possession and use of this property is with the permission and under the supervision of the tax authority. Partial attachment shall mean restriction of the taxpayer's rights in relation to his property such that the taxpayer possesses and uses this property independently, but may dispose of it only with the permission and under the supervision of the tax authority. Tax authorities may impose partial attachment in the absence of sufficient grounds for believing that the taxpayer will take steps to conceal himself or to conceal his property, but in this case the taxpayer must be informed of partial attachment of his property within fifteen days.

3. In the case of a taxpayer who is a legal person, all of the taxpayer's property may be attached, while an individual taxpayer's property may be attached with the exception of that against which recourse may not be taken pursuant to laws of the Republic of Tajikistan.

4. Only that property which is necessary and sufficient for execution of a tax obligation shall be subject to attachment.

5. The decision to attach a taxpayer's property shall be made by the director (chairman, chief) of the tax authority in the form of the corresponding resolution.

6. The property of a taxpayer (or another liable person) shall be attached in the presence of witnesses. The authority attaching the property shall not have the right to deny presence of the taxpayer (his lawful and (or) authorized representative) when the property is attached. Rights and responsibilities shall be explained to persons participating in the property's attachment as witnesses and specialists, and to the taxpayer (his representative).

7. Attachment of property at night shall not be allowed, except when delays cannot be tolerated.

8. Prior to attachment of property, the officials attaching it shall be obligated to present to the taxpayer (to his representative) the decision of attachment and documents attesting to his authority.

9. A record of the property's attachment shall be prepared at the time of its seizure. The property to be attached shall be listed and described on this record or on an inventory appended thereto, with the name, quantity, and individual attributes of the objects and, when possible, their value accurately stated. All objects to be attached shall be shown to the witnesses and the taxpayer (his representative).

10. The director (chairman, chief) of the tax authority that issued a resolution of full attachment of property shall designate the place where the attached property is to be located.

11. Transactions consummated by the taxpayer (or other liable person) in relation to attached property in violation of the procedure established in this Article shall be recognized as null and void (invalid).

12. The decision to attach property shall cease to be effective from the moment this decision is rescinded by an authorized official of the tax authority that adopted this decision, or from the moment this decision is rescinded by a higher tax authority or the court, or from the moment of objection by the public prosecutor, or from the moment of execution of the tax obligation.

13. The rules of this article shall also apply to attachment of the property of a tax agent.

14. Any interested person may petition the tax authority to reverse attachment of a taxpayer's property, and the tax authority shall adopt a resolution rescinding attachment when so decided by the director of the tax authority. A decision of a tax authority made pursuant to this article may be appealed in accordance with the provisions of Chapter 12 [11?], and for the

purposes of this item the person petitioning for rescission of attachment shall be the taxpayer as defined in Chapter 12 [11?].

Article 65. Procedure for Collection of Tax From Property of the Taxpayer

1. A tax authority may collect an unpaid tax amount from a taxpayer's property (hereinafter "seize property") (except the residence of the taxpayer and his/her family within the limits of norms for provision of living quarters in accordance with the Housing Code of the Republic of Tajikistan) by decision of the head of the appropriate tax authority indicating the taxpayer whose property is subjected to this procedure, the location of the property, and the assessment of the tax for which this procedure is applied.
2. The tax authorities may seize property pursuant to point 1 of this article only after attachment of property and no less than 15 days from the receipt of notice by the taxpayer.
3. If the Director of the respective tax agency has reasonable grounds for believing that the collection of tax is in jeopardy, the tax inspectorate at the time of the written notice may demand immediate payment of the tax and, on failure of the taxpayer to pay the tax, may proceed to seize the taxpayer's property immediately pursuant to point 1 of this article without regard to point 2 of this article.
4. The tax agency may store the seized property or deliver it on a contractual basis for safekeeping to a third party, or in some instances may leave it in the safekeeping of the taxpayer. In the last case, the taxpayer is responsible for maintaining the property.

Article 66. Enforcement of seizure

1. A person in possession of property subject to seizure proceedings in accordance with Article 65 must, on demand of an authorized officer, surrender the property to the tax authorities.
2. A person who fails to comply with such demand is liable to the State in the amount of the value of the property held, but not in excess of the amount with respect to which the seizure proceedings are undertaken by a tax authority.
3. In addition to the liability under point 2 of this article, if the failure is without reasonable cause, such person shall be liable for a penalty by the tax agency equal to 50 percent of the amount recoverable under point 2 of this article.
4. A person complying with the requirements of point 1 of this article is, from the time of compliance, discharged from any obligation to the taxpayer, to the tax authorities, or to any other person to the extent of the value of property surrendered and is therefore not liable for any loss or damage incurred as a consequence of compliance.
5. The customs authorities, on the basis of a written notification by the tax authorities concerning the full attachment of the taxpayer's property, shall stop export operations of such taxpayer for the period specified in the letter of the tax agency.

Article 67. Sale of seized property

1. Property seized from a taxpayer or obtained from a debtor to the taxpayer under Article 68 shall be sold at a specialized open auction, conducted in accordance with procedures and conditions defined by the Government of the Republic of Tajikistan.
2. The sales proceeds shall be applied first against the expenses of the sale, then against the interest, penalties, and tax in accordance with Article 62 of this Code. Any balance shall be returned to the taxpayer within three banking days.
3. Foreign currency seized from the taxpayer is transferred to the National Bank of Tajikistan for conversion into the national currency of the Republic of Tajikistan and transfer to the budget as collections of tax responsibilities of the taxpayer.

Article 68. Recovery of amounts due to the taxpayer

1. Pursuant to procedure for seizure according to Article 65(2) and after expiration of the 15-day time period indicated in the above article, tax authorities may issue a notice to third parties (including the taxpayer's bank or other financial-credit institution) ordering direct payment to the respective budget of any amount owed by a third party to the taxpayer within 10 days of the receipt of the notice.
2. If the amounts due are not paid within the time specified, the tax authority may file an action in court for collection of these amounts from third parties to the respective budget.

Article 69. Secondary liability for unpaid tax

Where a taxpayer's liability has not been satisfied after the sale of seized property, a person who has received assets of the taxpayer in a transaction that is not at arm's length in the three-year period preceding the date of the seizure proceedings is secondarily liable for the taxpayer's obligation in the amount of the value of the assets received, less any amount paid by this person for such assets.

Article 70. Liability for failure to withhold income tax at the source

Legal and physical persons who pay income and fail to withhold tax at the source as required under this Code are liable for payment of the tax not withheld at the source, as well as the respective penalties and interest, from their own net income (profit).

Article 71. Writing off bad tax debts

1. Bad debts owed for taxes, penalties, and interest are written off by the relevant tax agencies if the following circumstances occur:
 - a. expiration of the statute of limitations for collection of tax in accordance with Article 57;
 - b. cessation of the tax obligation on grounds established by this Code or other acts of tax legislation.

2. In other cases, bad tax debts are written off according to procedures established by the Government of the Republic of Tajikistan.

Article 72. Interest on overpayments and tax arrears

1. If any amount of tax is not paid by the due date, the taxpayer is obligated to pay interest on such amount for the period from the due date to the date the tax is paid.

2. In the case of an overpayment of tax, interest shall be paid to the taxpayer from the date of the application for a refund of the overpayment to the date on which the refund is made. For purposes of the preceding sentence, where an overpayment is credited, the refund is considered to be made when the credit is authorized. For purposes of this point, a refund is considered to be made when authorized, as long as the taxpayer receives the payment within seven days thereafter. Interest is not payable to the taxpayer if the refund is made no more than 45 days from receipt of the taxpayer's application for a refund of the overpayment.

3. Interest for delays resulting from failure to observe the order of priority for debiting from settlement or other accounts of the taxpayer the amounts of taxes to the budget and the amounts of sanctions for delaying the crediting (transferring) to the budget of amounts debited from the accounts of their taxpayer customers, and for returning to the taxpayer, without honoring them, payment orders for payments to the budget when the taxpayer has funds in his accounts is charged to the banks and other financial-credit institutions servicing the taxpayer in the amounts set forth in point 4 of this article. Taxpayers shall not pay interest for these days.

4. The interest rate under this article is set at 125 percent of the simple interest rate of the interbank credit auction of the National Bank of Tajikistan, determined for each quarter on the basis of the average for the preceding quarter.

CHAPTER 10. Liability

Article 73. Definition of Tax Violation

Tax violation means any act (action or inaction) of a taxpayer, a tax agent, and their representatives which is contrary to law (violates tax legislation) and for which this Code establishes liability.

Article 74. Persons Subject to Liability for Tax Violations

1. Legal persons and individuals shall bear liability for tax violations in cases provided for by this chapter.

2. An individual may be held liable for tax violations from an age of 16 years.

Article 75. Procedure in Tax Violation Cases

1. Persons shall be held liable and prosecuted for tax violations according to the procedure established in this chapter.

2. Subject to points 3 and 4, violations of legislation on taxes and fees possessing the elements of an administrative violation or a crime shall be prosecuted according to procedure established respectively by legislation of the Republic of Tajikistan on administrative violations and by legislation of the Republic of Tajikistan on criminal procedure.

3. Violations of tax legislation involving movement of goods across the customs border of the Republic of Tajikistan shall be prosecuted according to procedure established by customs legislation of the Republic of Tajikistan.

4. In case of the violations stated in articles 80, 81, 82, and 84, violations shall be prosecuted under the same procedure as that applied to the assessment of tax and to appealing a assessed amount of tax. In this case the statutes of limitations shall be consistent with those applicable to the corresponding tax.

Article 76. Circumstances Excluding Liability for Tax Violations

A person may not be held liable for a tax violation in the presence of at least one of the following circumstances:

- 1) no tax violation has occurred;
- 2) the person is not at fault for the tax violation;
- 3) an act possessing the elements of a tax violation is committed by an individual who had not reached an age of 16 years as of the moment of the act;
- 4) the statute of limitations for the tax violation has run out.

Article 77. Forms of Guilt for Tax Violations

1. A person who has committed an unlawful act deliberately or out of negligence shall be recognized as culpable for a tax violation.

2. A tax violation shall be recognized as deliberate if the person who committed it realized the unlawful nature of his actions (inaction) or the harmfulness of the consequences of these actions (inaction), and desired or consciously allowed the harmful consequences of such actions (inaction) to occur.

3. A tax violation shall be recognized as having been committed out of negligence if the person who committed it did not realize the unlawful nature of his actions (inaction) or the harmfulness of the consequences of these actions (inaction), although this is something he should have and could have realized.

4. The culpability of a legal person for a tax violation shall be determined depending on the culpability of its officials or its representatives whose actions (inaction) are responsible for occurrence of this tax violation.

Article 78. Circumstances Excluding Guilt of a Person for a Tax Violation

1. The following circumstances shall be recognized as precluding culpability of a person for a tax violation:

- a) an act possessing the elements of a tax violation is committed owing to a natural disaster or other extraordinary and insurmountable circumstances;
- b) an act possessing the elements of a tax violation is committed by an individual taxpayer who at the time of the act was in a state rendering him unaccountable for his actions, or was unable to control them owing to a pathological condition;
- c) the taxpayer or tax agent has complied with written instructions and explanations given by a tax authority or other authorized state body, or by their officials within the limits of their competency.

2. In the presence of the circumstances stated in point 1 of this article, the person shall not be held liable for the tax violation.

Article 79. Period of Limitations for Liability for Tax Violation

1. A person may not be held liable for a tax violation if 4 years have passed (the period of limitations) from the date of its commitment or from the date following the end of the tax period in which this violation was committed.

The period of limitations shall be reckoned from the date of the tax violation for all tax violations other than those provided for in point 4 of Article 75.

Article 80. Fines for late filing of returns

1. A taxpayer who fails to file a timely tax return is liable for a penalty equal to 5 percent of the amount of tax underpayment for each month (or portion of a month) during which the failure continues, up to 25 percent of such amount.
2. The penalty under point 1 of this article is limited to 250 nontaxable minimum incomes for the first month (or portion of a month) in which no return is filed.
3. For purposes of this Chapter, an underpayment of tax is the difference between the tax required to be shown on the return and the amount of tax paid by the due date.
4. In any event the penalty may not be less than the smaller of the two amounts:
 - a. 25 nontaxable minimum incomes;
 - b. 100 percent of the amount of tax required to be shown on the return.

Article 81. Fines for understatement of taxes

1. If the amount of tax shown on a return understates the amount of tax required to be shown on the return, the taxpayer is liable for a penalty in the amount of 10 percent of the understatement (50 percent if the understatement is considered substantial in accordance with point 2 of this article).
2. The understatement is considered substantial if it exceeds the smaller of the following two amounts:

- a. 25 percent of the tax required to be shown on the return; or
 - b. 5,000 nontaxable minimum incomes.
3. In the process of review of the decision of the tax authorities in accordance with Article 90 of this Code, the Tax Committee of the Republic or a court may decide against imposing the penalty under this article if the taxpayer has substantial legal grounds for his actions.

Article 82. Fines for VAT violations

The following fines are imposed for VAT violations:

- a. in the event of operation without VAT registration where VAT registration is required — 100 percent of the amount of VAT payable to the budget for the entire period of operation without VAT registration;
- b. in the event of the incorrect issuance of a tax invoice resulting in a decrease in the amount of tax or increase in a credit or or in the event of the failure to issue a VAT invoice— 100 percent of the amount of VAT for the invoice or on the transaction;
- c. for issuing a VAT invoice a person who is not registered for VAT is assessed a penalty of 100 percent of the value added tax which is indicated in the tax invoice and is due for transfer to the budget but has not been transferred.

Article 83. Liability of banks and other financial-credit institutions conducting various banking operations

Banks and other financial-credit institutions conducting various banking operations are subject to penalty:

- a. for opening settlement and other accounts of physical and legal persons without presentation of documents showing the assignment of the taxpayer identification number by the tax authorities -- in the amount of 200 nontaxable minimum incomes for every opened account;
- b. for violating the deadline for notifying the tax authorities of the opening by the taxpayer of settlement and other accounts -- in the amount of 5 nontaxable minimum incomes for every opened account;
- c. for violating the order of fulfillment of payment orders of taxpayers concerning payment of taxes from their settlement and other accounts, including foreign currency accounts, in the event of sufficient funds in these accounts, that is, the nonfulfillment of such payment orders at least after fulfillment of payment orders for withdrawing funds for payment of wages-- in the amount of 10 percent of the funds of payment orders not fulfilled in the established order;

- d. for the failure to deposit or transfer to the bank or other financial-credit institution carrying out cashier services for the budget, the amounts of taxes to the income of the corresponding budget on the day that the transaction on withdrawing funds from the settlement or other account of the taxpayer took place -- in the amount of 150% (calculated on the basis of one day) of the simple interest rate of the interbank credit auction of the National Bank of Tajikistan on the nondeposited (nontransferred) amount of taxes for each day of violation of the deadline.

Article 84. Liability for the Impediment of Tax Investigation

1. If a taxpayer hinders an investigation of its tax obligation, that person is assessed a penalty of 5 percent of the unpaid tax for each month or portion of a month during which the failure to pay occurred.
2. By way of example, the following actions are considered to constitute hindrance to a tax investigation:
 - a. refusal to satisfy a lawful requirement of tax authorities regarding the inspection of documents, reports or other information which is related to economic activities and is under the person's control;
 - b. noncompliance with a lawful requirement of tax authorities to report for an interview with the tax authorities' officials;
 - c. interference with a tax official's lawful right to enter the territory of the person's economic activities.
3. Legal requirements and rights of the tax authorities and their officials in this Code mean requirements and rights that are granted by this Code and other legislative acts of the Republic of Tajikistan.

Article 85. Liability Imposed on Responsible Parties

1. An official responsible for withholding, collecting, reporting on or paying any type of tax established by this Code shall be liable if he/she:
 - a. fails to properly withhold, collect, report on or pay the tax;
 - b. attempts to evade the payment of the tax.
2. The liability of an official imposed under this article shall not exceed the total amount of the tax that was not withheld, collected, or paid or whose payment was evaded by that official.
3. Under the terms of this article a penalty of up to 20 nontaxable minimum incomes is imposed on the following officials:

- a. a manager who was in a position to know of the actions described in point 1 of this article;
- b. a chief accountant or another senior official who is responsible for supervision or control of actions described in point 1 of this article and who had advance knowledge of the unlawful actions described above.

Article 86. Unlawful denial of access to authorized officials of the tax authorities onto territory or premises

Unlawful denial of access of a tax authority official conducting a tax examination pursuant to this Code to the grounds or premises of a taxpayer or other liable person (except living quarters) by a taxpayer or his legal representative shall incur a fine by the tax authorities amounting to 200 times the minimum nontaxable income.

Article 87. Failure to respect the procedure for possession, use and (or) disposal of attached property

A taxpayer's or tax agent's violation of the procedure established by this Code for possessing, using and (or) disposing of attached property shall incur a fine by the tax authorities amounting to 400 times the minimum nontaxable income.

Article 88. Failure to Furnish Information Concerning the Taxpayer to a Tax Authority

1. Failure to present taxpayer information to a tax authority, expressed as refusal by a legal person to present documents contemplated by this Code in its possession containing taxpayer information when so requested by a tax authority conducting a tax examination, and equally so, as avoidance of presentation of such documents, or as presentation of documents containing information known to be untruthful, shall incur a fine amounting to 200 times the minimum nontaxable income.

2. If the acts provided for in item 1 herein were committed by an individual, they shall incur a fine amounting to 20 times the minimum nontaxable income.

Article 89. Exoneration of taxpayer from liability

In the event that errors that led to incorrect determination and execution of tax obligations are corrected independently before commencement of a tax examination, the taxpayer shall be released from liability, with the exception of paying the tax and interest.

CHAPTER 11. Settlement of Disputes

Article 90. Review of tax authority decisions

1. A taxpayer who disputes a tax assessment or other decision of a tax authority may appeal to the subdivision of the tax organ which issued the decision, with a petition for its reconsideration in an administrative procedure. The petition must indicate the reasons and

documents on which the taxpayer bases the request. The petition must be filed within 30 days of the date the taxpayer received notice of the assessment or other decision.

2. The tax authority shall consider the petition of the taxpayer for review, shall issue its decision thereon, and shall so notify the taxpayer within 30 days.

3. A further appeal with regard to the decision taken by the tax authority may be made to the higher organ, which shall notify the taxpayer of its decision within 30 days of receipt of the appeal. The decision of the higher tax authority may be appealed to the central office of the Tax Committee of the Republic, which shall notify the taxpayer of its decision within 30 days of receipt of the appeal.

4. Each subsequent appeal may be filed after expiration of the 30-day period for rendering the decision on the taxpayer's appeal by a lower level tax authority, but must be made before the expiration of 15 days after the taxpayer receives notice of the previous decision.

5. A taxpayer who has appealed to the central office of the Tax Committee of the Republic shall have the right to appeal to a court if he disagrees with the Tax Committee decision, or if the Tax Committee fails to make a decision within 30 days of receipt of the appeal.

6. If the taxpayer pays the tax assessed, he may immediately appeal the decision of the tax authority to the central office of the Tax Committee of the Republic and then to the court in accordance with point 5 of this article.

Article 91. Burden of proof

The burden of proving that an assessment is incorrect is on the taxpayer.

Division III. STATUS AND STRUCTURE OF THE TAX AUTHORITIES OF THE REPUBLIC OF TAJIKISTAN

CHAPTER 12. The Tax Authorities

Article 92. Basic Functions of the Tax Authorities

1. The basic functions of the tax authorities are to:
 - a. ensure the execution and enforcement of tax legislation;
 - b. participate in the preparation of draft laws and other normative-legal acts on tax matters, including treaties with other states;
 - c. explain to taxpayers their rights and obligations;

- d. provide timely information to taxpayers with respect to changes in tax legislation.

Article 93. Legal Basis for Operation of the Tax Authorities

The legal basis for the operation of the tax authorities is the Constitution of the Republic of Tajikistan, this Code, constitutional laws, and other laws of the Republic of Tajikistan; legal acts of the Parliament, the President and the Government of the Republic of Tajikistan; and international legal acts, recognized by the Republic of Tajikistan.

Article 94. Principles of Activity of the Tax Authorities

1. The activities of tax authorities of the Republic of Tajikistan are conducted on the basis of the principles of:
 - a. rule of law;
 - b. observance of human and civil rights and freedoms;
 - c. subordination and accountability to higher authorities.
2. Establishment and activities of political parties and other public associations pursuing political goals are not allowed in the system of tax authorities. Employees of tax authorities may not be restricted in their official activities by decisions of political parties and other public associations.
3. Tax authorities carry out their activities in cooperation with other state agencies, public associations, and citizens as well as with tax authorities of other countries based on international treaties and commitments of the Republic of Tajikistan.

Article 95. Status and Structure of the Tax Authorities of the Republic of Tajikistan

1. The tax authorities of the Republic of Tajikistan (hereinafter “tax authorities”) consist of the Tax Committee of the Government of the Republic of Tajikistan (hereinafter “Tax Committee of the Republic”), tax committees for the Autonomous Region of Gorno-Badakhshan, regions, and the city of Dushanbe, and tax inspectorates within regions, cities and districts within cities. The Tax Committee of the Republic is subordinate to the Government of the Republic of Tajikistan, and the territorial tax authorities — to higher tax authorities. The subdivisions of the tax police function as an arm of the tax authorities of the Republic of Tajikistan.
2. The Tax Committee of the Republic functions within the Republic of Tajikistan’s system of central administrative agencies.
3. The Tax Committee of the Republic and its local offices are legal persons, have their own balance sheets, settlement and other accounts (including foreign exchange accounts) in banking institutions of the Republic of Tajikistan, and seals with the state coat-of-arms of the Republic of Tajikistan and their names in the state language and the Russian language.

4. The Tax Committee of the Republic is headed by the Chairman who is appointed and removed from office by decision of the Government of the Republic of Tajikistan.
5. The First Deputy and Deputy Chairmen of the Tax Committee of the Republic are appointed and dismissed by the Government of the Republic of Tajikistan on recommendation of the Committee chairman.
6. A Board of the Tax Committee of the Republic is created whose composition is determined by the Government of the Republic of Tajikistan.
7. The tax authorities of the Gorno-Badakhshan Autonomous Region, regions and the city of Dushanbe, cities and districts are headed by chairmen (chiefs) appointed and dismissed by the Chairman of the Tax Committee of the Republic in consultation with the Chairmen of the Gorno-Badakhshan Autonomous Region, regions and the city of Dushanbe, cities and districts.
8. The structure of the Tax Committee of the Republic is determined by the Government of the Republic of Tajikistan.
9. Heads of tax authorities of the Gorno-Badakhshan Autonomous Region, regions and the city of Dushanbe, cities, districts and city districts ensure the performance of functions assigned to them on their respective territories, and organize, coordinate, and control the activities of subordinate subdivisions.
10. Tax authorities are vested with full powers in matters of maintaining state control of complete and timely payment of taxes, except in cases where this Code provides for tax collection by other agencies.

**Article 96. Authority of the Chairman of the Tax Committee
of the Republic**

The Chairman of the Tax Committee of the Republic:

- a. organizes the activities of the Tax Committee of the Republic and is responsible for the execution of functions and tasks assigned to tax authorities;
- b. makes proposals to the Government of the Republic of Tajikistan on appointment and dismissal of the First Deputy Chairman and Deputy Chairmen, and on the membership of the Board of the Tax Committee of the Republic;
- c. in accordance with normative-legal acts on labor remuneration in effect in the Republic of Tajikistan approves staff structures and expenditure budgets for tax authorities, which are registered with financial agencies;
- d. approves Regulations on departments and separate divisions of the Tax Committee of the Republic, determines the functional responsibilities of the First Deputy Chairman and Deputy Chairmen of the Tax Committee of the

Republic, issues orders, directives, instructions, and methodological guidelines;

- e. determines the list of staff positions of personnel of tax authorities and other subordinate enterprises and organizations appointed and dismissed by the Chairman of the Tax Committee of the Republic and heads of territorial tax authorities;
- f. confers grades up to and including Chief Counselor of Tax Authorities, First Class, and special ranks up to and including colonel of the tax police;
- g. submits recommendations to the President of the Republic of Tajikistan on awarding special ranks of senior officers of the tax police and grades of Counselor-General and Chief Counselor of tax authorities;
- h. annuls orders, instructions, and directives of heads of lower level tax authorities that contradict this Code;
- i. in accordance with the existing legislation issues mandatory representations and proposals to state agencies, officials of enterprises, institutions and organizations, regardless of their form of ownership, and to public associations on removal of conditions that contributed to perpetration of tax offenses and violations;
- j. performs other functions established by existing legislation.

Article 97. The Financing and Material-Technical Support of Tax Authorities

1. The tax authorities shall be financed by appropriations from the republican budget.
2. The procedures and norms pertaining to the receipt of material-technical support and services by the tax authorities are established by the Government of the Republic of Tajikistan.
3. Property of the tax authorities is considered state property. Such property is not subject to privatization.

Article 98. An Employee of the Tax Authorities

1. All positions in the tax authorities shall be staffed by persons who meet the qualifications demanded for the position as established by the Tax Committee of the Republic.
2. An employee of a tax authority is a person who has been conferred a grade or special rank in accordance with the established procedure.

3. Grades or special ranks of employees of tax authorities are established by the Parliament of the Republic of Tajikistan. The regulations for the conferment and the rates of additional remuneration for grades or special ranks of tax authority employees are determined by the Government of the Republic of Tajikistan.
4. Employees of tax authorities are issued uniforms whose models and norms of issue are approved by the Government of the Republic of Tajikistan. The provision of uniforms to employees of tax authorities is financed from the republican budget.
5. To certify their authority employees of tax authorities are issued official identification in accordance with standards approved by the Tax Committee of the Republic.

Article 99. The Progression of Service in the Tax Authorities

1. The progression of service in the tax authorities is regulated by the legislation of the Republic of Tajikistan, by this Code, and by the regulations on the progression of service in subdivisions of the tax police of the tax authorities approved by the Government of the Republic of Tajikistan.
2. Employees of tax authorities shall undergo performance review according to established procedures.
3. Employees of tax authorities are prohibited from engaging in other part-time paid work (except artistic, research, and teaching activities) and from carrying on entrepreneurial activity.

Article 100. Relations between Tax Authorities and Government Bodies

1. Tax authorities shall exercise their duties independently from central and local executive government bodies, law enforcement, financial and other state bodies, and shall interact with these bodies.
2. State government bodies shall be obliged to assist and provide information to the tax authorities upon their request for the enforcement of tax legislation and the establishment of control over the payment of taxes. These bodies are prohibited from interfering in the functions of the tax authorities, except as otherwise provided by legislation in force.
3. The customs agencies, and agencies of the Fund of Social Security for the population of the Republic of Tajikistan are required to regularly furnish to the tax authorities the information at their disposal that is necessary for the administration of the tax laws.

Article 101. Delegation of Authority by the Director

The Director of a tax authority may delegate to any officer of the tax authorities any power or duty conferred or imposed on the Director by tax legislation, except for those described in point 2 of Article 105.

Article 102. Annual reports

1. The Director of the Tax Committee shall, within 6 months of the end of each financial year, publish a report through generally available print media on the operation of the tax system of the Republic of Tajikistan.
2. The report shall include the following information:
 - a. amounts of tax collected by the tax authorities, categorized by reference to the tax laws under which they have been collected, and the regional (city) inspectorates where they were paid;
 - b. amounts of tax owing, similarly categorized;
 - c. expenditure incurred by the tax authorities in collecting taxes;
 - d. statistics relating to the components of tax revenue;
 - e. a description of the strengths and weaknesses of the operation of the tax system; and
 - f. a list of names of physical persons and legal persons on whom a tax has been assessed but remains unpaid in an amount exceeding 5,000 nontaxable minimum incomes, also indicating the amount of arrears.

CHAPTER 13. Powers and Responsibilities of Tax Authorities

Article 103. Responsibilities of Tax Authorities

The tax authorities shall be obliged to:

- a. observe the Constitution, this Code, constitutional laws and other laws of the Republic of Tajikistan, the legislative acts of Majlisi Oli, the President, and the Government of the Republic of Tajikistan, the statutory rights and interests of enterprises, institutions, and organizations as well as citizens;
- b. ensure the implementation of the state tax policy;
- c. provide full and timely registration of taxpayers and objects of taxation and monitoring of correct assessment and full and timely payment of taxes to the budget and state funds;
- d. compile reports on tax receipts of the budget and state funds;
- e. impose and enforce in a timely manner financial and other sanctions, penalties, and interest stipulated by this Code and other legislative acts of the Republic of Tajikistan;
- f. conduct audits of taxpayers in accordance with current normative acts;

- g. issue guidelines and instructions on matters within their jurisdiction as well as manuals, brochures, and posters, publish in mass media guidance and explanations on such matters;
- h. review according to the established procedure letters, complaints, and applications on issues within the jurisdiction of the tax authorities;
- I. submit to financial authorities on a monthly basis information on actual payments of taxes to the budget (state funds);
- j. jointly with financial authorities monitor the execution of the revenue side of the budget;
- k. collect and analyze information on compliance with the tax legislation, forecast adverse developments related to taxation of legal and physical persons, and provide information to the Government of the Republic of Tajikistan;
- l. carry out inventorying, appraisal, and sale of confiscated and ownerless property that has been taken over by the state;
- m. perform foreign exchange control in cooperation with other agencies authorized by the legislation of the Republic of Tajikistan;
- n. in accordance with the provisions of Article 60 refund to taxpayers amounts paid in excess of the tax assessed;
- o. maintain confidentiality of taxpayer information in accordance with the provisions of Article 108.

Article 104. Rights of Tax Authorities

Subject to the provisions of this Code, the tax authorities shall have the power, in accordance with the current legislation of the Republic of Tajikistan:

- a. In relation to physical and legal persons, to examine all financial documents, accounting books, reports, estimates, cash, securities and other assets on hand, settlements, returns, and other documents relating to the calculation and payment of taxes; to receive from officials and other employees of enterprises (organizations) and from physical persons information and oral and written explanations on questions arising with respect to such examinations; and to exercise monetary control.
- b. In accordance with this Code, to examine all production, storage, commercial, and other premises of enterprises and physical persons which are used to obtain income or are connected with the maintenance of objects of taxation, through chronometric methods or other methods.

- c. To issue mandatory instructions to managers and other officials of enterprises and to physical persons to remedy identified violations of tax legislation, and to verify compliance with those instructions.
- d. To apply the tax sanctions and penalties provided for in this Code and fines envisaged by legislation in effect to enterprises, officials, and physical persons for violations of tax legislation.
- e. To collect, including by means of court action, in accordance with this Code, from enterprises, their officials, and physical persons taxes, penalties, and interest, as well as administrative fines that are not paid in a timely manner.
- f. In cases of violations of tax laws by officials of enterprises or physical persons, to prepare a record and issue binding orders.
- g. To make test purchases of goods (commodities), work, and services from enterprises and from physical persons who are entrepreneurs.
- h. To receive from banks and other enterprises information, references, and documents on business activities and operations and on the financial condition of accounts of enterprises and physical persons being examined, solely for official purposes.
- i. Submit according to the established procedure proposals to the Government of the Republic of Tajikistan and local representative and executive authorities proposals for reversal of their decisions and those of lower level authorities that are in conflict with the current tax legislation of the Republic.
- j. In the case of existence of circumstances described in point 3, Article 65, suspend by decision of the head of the tax authority expenditures of legal and physical persons out of settlement and other accounts, including foreign exchange accounts, in bank institutions of the Republic of Tajikistan for a period of not more than one month.

Article 105. Procedures for the Employment of Rights Given to the Tax Authorities

1. The rights of tax authorities described in points a, b, f, and g of Article 104 of this Code apply to all employees of the tax authorities.
2. The rights of tax authorities described in points c, d, e, h, i, and j of Article 104 of this Code are granted to the Chairman of the Tax Committee of the Republic, his first deputy and his deputies, heads of departments and divisions of the Tax Committee of the Republic, their deputies, chairmen, deputy chairmen, heads of departments of tax committees of the Gorno-Badachshan autonomous oblast, regions and the city of Dushanbe, chiefs of tax inspectorates, and their deputies.

Article 106. Liability of Officials of the Tax Authorities

1. For failure to execute or improper execution of official duties; failure to respect the confidentiality of state, service and commercial information deemed as such by legislation and

confidentiality of bank accounts; abuse of office and other unlawful actions, officials of the tax authorities shall incur disciplinary, financial, or criminal liability envisaged by legislation of the Republic of Tajikistan.

2. A taxpayer who has suffered a loss as a result of illegal action of employees of the tax authorities shall be compensated out of the respective budget according to procedures specified in legislation of the Republic of Tajikistan.

Article 107. Conflict of interest

Employees of the tax authorities shall be prohibited from conducting official duties with respect to a taxpayer:

- a. who is related to the employee; or
- b. in relation to whom the taxpayer or a relative of the taxpayer has a direct or indirect financial interest.

Article 108. Confidentiality of information

1. The tax authorities and all persons who are or have been their agents or employees shall maintain secrecy regarding all information on taxpayers received by them in an official capacity, and may disclose such information only to the following persons:

- a. other agents or employees of the tax authorities in the course of and for the purpose of carrying out their official duties;
- b. law enforcement agencies, for the purpose of the prosecution of a person who has committed tax violations or offences;
- c. a court, in proceedings to establish a taxpayer's tax liability or responsibility for tax violations or offences or other criminal liability;
- d. the tax authorities of a foreign country in accordance with international treaties (agreements);
- e. the financial authorities and the Fund for Social Security of the Republic of Tajikistan to the extent necessary in administering the budgetary legislation and social security legislation;
- f. the customs authorities, for purposes of administering the customs legislation, and also to authorities that have the right to administer taxes according to this Code, for purposes of administering those taxes.

2. Employees of these agencies who receive information under point 1 of this Article shall maintain secrecy regarding that information under the provisions of this Article, except to the minimum extent necessary to achieve the object for which disclosure is permitted.

3. Except in the case of information received pursuant to point 1 or 4 of this Article, a person who receives information the disclosure of which is regulated by this Article may not disclose the information and must return documents reflecting the information to the tax authorities.

4. Information concerning a taxpayer may be disclosed to another person with the taxpayer's written consent.

Chapter 14. Subdivisions of the Tax Police

Article 109. Subdivisions of the Tax Police

The tax police is the law enforcement arm of the tax authorities dedicated to increasing the efficiency of their efforts aimed at prevention of tax violations in order to provide for the timely and full payment of taxes to the budget and state funds.

Article 110. Fundamental Tasks of the Subdivisions of the Tax Police

1. The fundamental tasks of the tax police are:
 - a. detection, prevention, and suppression of tax offenses and violations within the purview of the tax police including malfeasance in tax authorities;
 - b. safeguarding the security of tax authorities' own operations and protection of their staff from unlawful harassment in the line of duty.
2. Subdivisions of the tax police shall inform appropriate law enforcement authorities about other economic offenses and violations of the law revealed in the course of their operations.

Article 111. Responsibilities of the Subdivisions of the Tax Police

In accordance with the tasks assigned to the tax police it shall:

- a. Receive and register applications, reports, and other information on tax offenses and violations and verify them according to the statutory procedure;
- b. Ensure the security of tax authorities' activities, protection of their staff in the line of duty, and their own safety;
- c. Execute within their jurisdiction rulings and decisions by judges, and written instructions of procurators and investigators regarding statutorily authorized actions on tax offense cases;
- d. Assist agencies of the Procurator's office, the Ministry of Internal Affairs, security service, and other state agencies in exposing other offenses;
- e. Safeguard state and official secrets;

- f. Conduct search, inquiry, and preliminary investigation in order to detect and investigate tax offenses and violations;
- g. Detect and suppress crimes and other offenses involving failure to pay taxes, concealment or understatement of profits (income), nondisclosure of taxation objects by legal and physical persons, and other forms of tax evasion as well as other crimes and offenses causing damage to the state through tax shortfalls and arrears.

Article 112. Rights of the Subdivisions of the Tax Police

1. Except as otherwise provided by this Code, in discharging its functions the tax police has the right to:

- a. In accordance with a written request of the head (chairman, director) of a tax organ, participate in examinations of taxpayers (including control inspections) and draw up examination reports;
- b. Check the identification of citizens and officials if there are sufficient reasons to suspect them of violations of the tax legislation;
- c. Use in emergency situations communication equipment and vehicles owned by enterprises, institutions, and organizations or public associations (except communications equipment and vehicles of diplomatic missions, consular and other institutions of foreign states, international organizations, and private owners) in order to prevent tax offenses, pursue and detain persons who have committed tax offenses or are suspected of such offenses. On demand of the owners of the communications equipment and vehicles subdivisions of tax police shall reimburse them for losses and expenses suffered by the owners in these cases;
- d. Carry out administrative arrests in cases of violation of tax legislation in accordance with the legislation of the Republic of Tajikistan in force;
- e. In accordance with a written request of the head (chairman, director) of a tax organ, seize the property of legal and physical persons followed by its sale according to the established procedure in order to ensure timely payment of taxes to the budget and state funds if these persons fail to fulfil their tax obligations;
- f. Keep records of persons, objects, and facts within the scope of authority of the tax police.
- g. Keep, carry, and use firearms issued to them in accordance with the law of the Republic of Tajikistan “On Police”; use special means and physical force according to the procedure contemplated by this Code and the legislation of the Republic of Tajikistan;

- h. Conduct in accordance with the legislation of the Republic of Tajikistan search, inquiry, and preliminary investigation in order to detect, investigate, prevent, and suppress tax offenses and violations, as well as ensuring the security of tax authorities' operations.
2. The procedure for the exercise of rights of subdivisions of the tax police shall be established by the Chairman of the Tax Committee of the Republic in accordance with the legislation of the Republic of Tajikistan in force.

Article 113. Progression of Service in Subdivisions of the Tax Police

1. Citizens of the Republic of Tajikistan between 20 and 35 years of age who have been on active military service can be admitted for service in the tax police. The maximum age limit does not apply to appointments to management positions in the tax police. A person who has been convicted of a crime is not eligible for tax police service.
2. Employees of the tax police shall take an oath of allegiance. The text of the oath and the procedure for taking it shall be approved by the Government of the Republic of Tajikistan.
3. Persons liable for military duty who are appointed to staff positions of the tax police shall be removed from the military register according to the established procedure and entered in the special register of subdivisions of the tax police.
4. The progression of service is regulated by the Regulation on Progression of Service in Subdivisions of the Tax Police of Tax Authorities approved by the Government of the Republic of Tajikistan.
5. Those serving in mountainous areas and regions with severe climatic conditions shall be granted a pay increment in accordance with normative acts in effect in the Republic of Tajikistan.
6. When transferred to subdivisions of the tax police, military personnel, rank and file and officers of agencies of internal affairs, security, and other law enforcement authorities holding military and special ranks and service grades shall have their length of service in the previous job included in seniority for pensions and length of service increments.
7. The length of working hours for employees of the tax police is determined in accordance with the legislation of the Republic of Tajikistan. Employees of the tax police may where necessary be required to perform their job functions beyond the statutory working hours as well as at night, on weekends, and on holidays.
8. Employees of the tax police shall be granted annual regular and additional leaves as well as other types of leave in accordance with the Regulations on the Progression of Service in Subdivisions of the Tax Police of Tax Authorities.

Article 114. Application by Officials of the Subdivisions of the Tax Police of Physical Force, Special Means and Weaponry

Physical force, special means, and weapons may be used by employees of the tax police when human life and health are under threat as well as for suppressing crimes and offenses and detention of perpetrators if the duties assigned to the employees of the tax police cannot be fulfilled by other methods, in accordance with the Law of the Republic of Tajikistan “On Police.”

Chapter 15. The Legal and Social Protection of Employees of the Tax Authorities of the Republic of Tajikistan

Article 115. The Legal Protection of Employees of the Tax Authorities

1. Employees of the tax authorities shall be authorized representatives of the state, and shall be protected by the state. Their lawful requirements within the limits of their competence shall be mandatory for individuals and officials. No person has the right to intervene in lawful activities of tax authorities except persons so authorized by this Code.
2. The impediment of the performance of the official duties by employees of the tax authorities, offenses against their honor and dignity, threats, resistance, violence or attempts on the life, well being and property of those employees in their line of duty will entail liability stipulated by the legislation of the Republic of Tajikistan.
3. The protection of life, health, honor, dignity, and property of family members of employees of the tax authorities from criminal violations in connection with performance of official duties, is provided for by this Code and other legislative and normative acts of the Republic of Tajikistan.

Article 116. The Material and Social Support of Employees of the Tax Authorities and Members of Their Families

1. The social protection of tax authority employees shall be guaranteed by the state.
2. All employees of the tax authorities shall be unconditionally insured at the expense of Republican budgetary resources.
3. Damage that occurs to the property of an employee of the tax authorities in connection with his official duties shall be paid in full from Republican budgetary resources, subsequently to be recovered from the persons responsible.
4. The relation between the loss of or damage to property as well as harm to life and health of an employee of the tax authorities and his execution of official duties shall be confirmed by a higher level tax authority.
5. In cases of death of an employee of the tax authorities or death (including after his discharge from service) resulting from a wound, contusion or illness suffered during his official period of service, by reason of performance of his official duties, a one-time subsidy in the amount of five years' earnings of the deceased shall be given to the latter's family or

dependents from Republican budgetary resources, and shall subsequently be recovered from the person responsible.

6. In cases where an employee of the tax authorities is caused serious bodily injury that renders him incapable of employment in his occupational activities, he shall be given a one-time subsidy in the amount of three years' earnings from Republican budgetary resources, subsequently to be recovered from the persons responsible.

7. Employees of the tax authorities dispatched on business trips have the right to reserve and obtain hotel accommodations on a priority basis, and to purchase tickets for all modes of transportation within the Republic of Tajikistan.

8. The types and amounts of benefits including the types and amounts of salaries of employees of tax authorities shall be determined by the Government of the Republic of Tajikistan.

9. Pensions to employees of subdivisions of the tax police and their families shall be paid according to norms and procedures established by the Law of the Republic of Tajikistan "On Military Pensions".

10. Employees of subdivisions of the tax police are entitled to interest-free loans for individual and cooperative housing construction for a term of 20 calendar years. Employees of the tax police are given a 50 percent discount on rent payments regardless of the type of housing, communal services, and fuel used. The amount of the privileges described in this point is covered by the resources of the state budget.

11. Local executive authorities (Khukumats) may sell housing to employees of the tax police on favorable terms and transfer housing free of charge to persons with length of service of not less than 20 years and to families of employees who died when performing their official duties.

12. In cases of death of an employee of the tax police by reason of performance of his official duties the family of the deceased shall retain the right to housing based on the grounds that existed at the time the person was registered. In such cases housing shall be provided not later than one year from the time of death of the tax police employee.

13. Employees of tax authorities holding the degree of doctor or candidate in science in specialties related to work in the tax agencies shall have their salary increased by up to 30 percent.

14. Employees of tax authorities are entitled to free travel by all modes of public city, suburban, and local transportation (except taxi) on the territory of the Republic of Tajikistan as well as by train within their service area, and in rural areas - by passing motor vehicles.

PART II. SPECIAL PART

Division IV. INCOME TAX ON PHYSICAL PERSONS

CHAPTER 16. General Provisions

Article 117. Taxpayers

Payers of income tax consist of resident and nonresident physical persons.

Article 118. Object of taxation

1. For residents, the object of taxation of the income tax is taxable income, determined as the difference between gross income for the calendar year and the deductions contemplated by this Code for this period.
2. A nonresident taxpayer engaging in activity in the Republic of Tajikistan via a permanent establishment is a payer of income tax with regard to taxable income attributable to the permanent establishment, determined as the difference between gross income for the calendar year from Republic of Tajikistan sources attributable to the permanent establishment (Article 27(21)(c)), and the amount of deductions contemplated by this Code with respect to such income for this period.
3. Gross income of a nonresident not described in point 2 of this Article is subject to taxation at the source of payment, if so provided in Article 149, without deductions.
4. A nonresident physical person receiving employment income or income from the sale or transfer of property from a source in the Republic of Tajikistan is a payer of income tax with regard to gross income of this type for the calendar year, reduced by the deductions stipulated by this Code and attributable to such income for this period.

Article 119. Gross income

1. Gross income of a resident taxpayer consists of income received by him from sources in the Republic of Tajikistan and outside the Republic of Tajikistan.
2. Gross income of a nonresident taxpayer consists of income received from sources in the Republic of Tajikistan.
3. All types of income, except for income exempt from income tax under this Code, form part of gross income, including:
 - a. income received in the form of wages;
 - b. income from nonemployment economic activity;
 - c. any other income.

Article 120. Income received in the form of wages

1. Any payments or gains received from by a physical person from employment are considered income received in the form of wages, including income from former employment received as a pension or otherwise or from prospective employment.
2. For the purposes of point 1 of this Article, the value of gains equals the sum indicated below minus any payment by the employee for the received gains:
 - a. in the case of an automobile of any type—0.02 percent of the value of a new automobile of that type at the beginning of the tax year for each day during which the automobile is at the disposal of the employee for private use except for travel between home and place of employment for state employees;
 - b. in the case of loans at an interest rate that is lower than the market interest rate for loans of that type—an amount equal to the interest to be paid at the market rate;
 - c. in the case of the sale or gratuitous transfer of goods, works, or services by an employer to his employee—the market price of these goods, works, and services;
 - d. in the case of assistance in the education of an employee or his dependents (excluding training programs directly connected with performance of the employee’s duties)—the cost to the employer of the education assistance;
 - e. in the event of the reimbursement of expenses to an employee—the amount of reimbursement;
 - f. in the case of forgiveness of an employee’s debt or obligation to his employer—the amount of the debt or obligation;
 - g. in case of life and health insurance premiums and other similar amounts paid by an employer—the cost to the employer of the premiums or amounts;
 - h. in any other case, the market price of the gains, in accordance with Article 26.
3. Gross income does not include the reimbursement of actual business trip expenses in accordance with the norms established by the Ministry of Finance of the Republic of Tajikistan.
4. Gross income does not include representation and other similar expenditures (on social functions, guest accommodations, etc.).
5. The values and costs mentioned in point 2 of this Article include excise, value added tax, and any other tax payable by the employer in connection with the transaction to be appraised.
6. Gross income of physical persons does not include social contributions paid under Division IX of this Code.

Article 121. Income from nonemployment economic activity

1. The following belong to income from nonemployment economic activity:
 - a. income from entrepreneurial activity, including:
 - gain on the sale or transfer of assets used for purposes of entrepreneurial activity;
 - income received for consenting to limit entrepreneurial activity or close an enterprise;
 - amounts received on the sale of fixed assets and included in income in accordance with point 7 of Article 138;
 - compensated deductions in accordance with Article 165.
 - b. income from nonentrepreneurial economic activity, including:
 - interest income;
 - dividends;
 - income from the leasing or hiring of property;
 - royalties;
 - the amount of debt of the taxpayer that is forgiven by the creditor;
 - gain from the sale or transfer of assets;
 - any other income reflecting an increase in the net worth of the taxpayer, other than wages.
2. Individual entrepreneurs, other than VAT taxpayers, may pay income tax and social contributions on the basis of patents or other simplified taxation systems according to the procedure defined by the Government of the Republic of Tajikistan.
3. Individual entrepreneurs who do not pay income tax and social contributions on the basis of patents or other simplified taxation systems are taxable for purposes of these taxes in accordance with the provisions of Divisions IV, V, VI, and IX of this Code.

Article 122. Adjustment of gross income

Dividends and interest, received by physical persons and previously taxed at the source of payment in the Republic of Tajikistan in accordance with Article 147 or Article 148, are excluded from gross income.

Article 123. Right to personal deductions

1. A physical person is entitled to a deduction in the amount of one monthly nontaxable minimum income determined by the President of the Republic of Tajikistan for each month in the course of a tax year. If the physical person is an employee for any portion of a month, the deduction for this month is allowed only against wages at the principal place of employment.
2. The following physical persons have the right to a deduction of fifty nontaxable minimum incomes described in point 1 of this article for each month of the tax year:
 - a. Heroes of the Soviet Union and Heroes of Tajikistan, persons awarded the Order of Glory of all three classes, as well as persons disabled since childhood, and invalids of the 1st and 2nd groups;
 - b. Participants in the Second World War and persons equated to them, and other military operations in defense of the USSR who served as military personnel in combat units, headquarters, and institutions that were part of the regular army, and former irregular and internationalist combatants;
 - c. individuals who contracted radiation sickness caused by accidents at nuclear facilities, who took part in liquidation of the effects of such accidents within evacuation zones, and who performed operational and other work at the nuclear facilities at the time of such liquidation.
3. A physical person - entrepreneur is entitled to a deduction for social contributions paid in accordance with Chapter 34 of this Code.

Article 124. Income tax rates

1. The taxable income of a physical person is taxed at the following rates:

#	Amount of nontaxable income	Amount of tax
1	Does not exceed the nontaxable minimum income	Is exempt from income tax
2	From an amount in excess of the nontaxable minimum income up to 14 nontaxable minimum incomes	10 percent of the amount in excess of the nontaxable minimum income
3	From an amount in excess of 14 nontaxable minimum incomes up to 21 nontaxable minimum incomes	The amount of tax in line 2 plus 15 percent of the amount in excess of 14 nontaxable minimum incomes
4	From an amount in excess of 21 nontaxable minimum incomes up to 28 nontaxable minimum incomes	The amount of tax in line 3 plus 20 percent of the amount in excess of

#	Amount of nontaxable income	Amount of tax
		21 nontaxable minimum incomes
5	From an amount in excess of 28 nontaxable minimum incomes up to 43 nontaxable minimum incomes	The amount of tax in line 4 plus 25 percent of the amount in excess of 28 nontaxable minimum incomes
6	From an amount in excess of 43 nontaxable minimum incomes	The amount of tax in line 5 plus 30 percent of the amount in excess of 43 nontaxable minimum incomes

2. For taxation purposes the amount of income subject to income tax and the amount of nontaxable minimum income shall be calculated on a cumulative basis from the beginning of the year (the sum of monthly incomes and monthly nontaxable minimum incomes for the respective period from the beginning of the year).

3. The income of the President of the Republic of Tajikistan received by him for performance of his duties as President of the Republic of Tajikistan shall be subject to income tax at a flat rate of 20 percent.

Article 125. Exemptions

1. The following types of income of physical persons are not subject to income tax:
 - a. official employment income of a diplomatic or consular employee who is not a citizen of the Republic of Tajikistan;
 - b. employment income of a person who is not a resident or a citizen of the Republic of Tajikistan and who is present on the territory of the Republic of Tajikistan for less than 90 days in the tax year, if this income is paid by an employer or in the name of an employer who is not a resident of the Republic of Tajikistan and is not paid by a permanent establishment of a nonresident in the Republic of Tajikistan;
 - c. the value of property received in the form of a gift or inheritance, with the exception of income from such property as well as property received as wages;
 - d. the value of gifts received from legal persons as well as prizes at international and republican contests and competitions including cash of up to 12 nontaxable minimum incomes per year;

- e. state pensions, state stipends, and state allowances, including maternity benefits and allowances and those related to loss of work capability as a result of injury and other health problems, and to loss of a breadwinner;
 - f. alimony, in the case of recipients thereof;
 - g. one-time payments and material assistance provided from the budget, as well as assistance from the budget during natural disasters;
 - h. gains on the sale or transfer of immovable property by a physical person that has been the main place of residence of the taxpayer over a period of at least the last five years;
 - i. gains on the sale or transfer of tangible movable property by a physical person, except for property that is or has been used by the taxpayer in entrepreneurial activity;
 - j. amounts of state prizes of the Republic of Tajikistan;
 - k. insurance payments received as a result of death of the insured person;
 - l. income from sale of household agricultural produce without industrial processing;
 - m. amounts of money allowances, money compensation, and other benefits received for service (performance of official duties) by military personnel, rank and file and officers of the Ministries of Defense, Internal Affairs, Security, Committees for Protection of the National Borders, on Emergency Situations and Civil Defense under the Government of the Republic of Tajikistan, the Customs Committee of the Government of the Republic of Tajikistan, the tax police of the Tax Committee of the republic, the Presidential Guard, as well as persons liable for military duty who have been summoned to military training or inspection camps - up to 50 nontaxable minimum incomes for each month;
 - n. amounts received for giving blood;
 - o. gains from state obligations and lotteries of the Republic of Tajikistan.
2. If the taxpayers listed in subpoint “m”, point 1 of this article earn income at their place of employment in excess of the exempt income or earn other income in addition to the exempt income, the tax assessed is calculated as the difference between:
- a. the amount of tax that would be payable on their total income including the income exempt from taxation under subpoint “m” of point 1 of this article; and
 - b. the amount of tax that would be payable on their income exempt from taxation under subpoint “m” of point 1 of this article if that income was taxed and was their only income.

Division V. TAX ON PROFITS OF LEGAL PERSONS

CHAPTER 17. General Provisions

Article 126. Taxpayers

1. Payers of the tax on profits of legal persons (hereinafter “profit tax”) consist of resident enterprises and foreign enterprises.
2. Any foreign entity which is not a physical person shall be treated as an enterprise for purposes of this Division, unless it proves that it should be treated as a joint ownership arrangement under Article 161.

Article 127. Object of taxation

1. The object of taxation of a resident enterprise is its profit. Profit is defined as the positive difference between gross income of the taxpayer and the deductions stipulated by Chapter 18. For purposes of this article gross income is defined in accordance with the provisions of Article 119 (including all receipts increasing the net value of the taxpayer’s assets except those exempt from profit tax).
2. The object of taxation of a foreign enterprise engaging in activity in the Republic of Tajikistan via a permanent establishment is its profit from this activity — that is, its gross income from sources in the Republic of Tajikistan attributable to the permanent establishment, reduced by the amount of deductions stipulated by this Code with respect to such income.
3. Types of gross income of a foreign enterprise specified in Article 149 that are not attributable to a permanent establishment are subject to taxation at the source of payment without deductions, if the source of income is located in the Republic of Tajikistan.
4. A foreign enterprise receiving income from the sale or transfer of property not attributable to a permanent establishment in the Republic of Tajikistan is a payer of profit tax with regard to its profit from this activity, that is gross income of this type for the calendar year from a source in the Republic of Tajikistan, reduced by the deductions stipulated by this Code which are attributable to such income for this period.

Article 128. Tax rates

1. Subject to points 2 and 3, profit of an enterprise is subject to taxation at the rate of 30 percent.
2. The types of incomes of a foreign enterprise described in point 3 of Article 127, are taxed at the rates specified in Article 149.
3. Profit of a foreign enterprise in cases stipulated in point 4 of Article 127 is taxed at the rate of 30 percent.

Article 129. Exemptions

The following are exempted from profits tax:

- a. religious, charitable, budgetary, interstate and intergovernmental organizations, except for profit received by them from entrepreneurial activity;
- b. grants, membership dues, and contributions received by organizations;
- c. the National Bank of Tajikistan and its establishments;
- d. dividends received from a resident enterprise;
- e. enterprises, belonging to organizations of the handicapped (blind, deaf) in which at the same time:
 - a) not less than 50% of the number of workers are handicapped (blind, deaf) and
 - b) not less than 50% of the resources for paying wages and other material compensation, including in kind, is expended for the current taxable year for the needs of the handicapped (blind, deaf).

DIVISION VI. GENERAL PROVISIONS CONCERNING THE PROFITS TAX AND INCOME TAX

CHAPTER 18. General rules and definitions

Article 130. Scope of Application

This Division applies for the purposes of the income tax (Division IV) and the profits tax (Division V).

CHAPTER 19. Deductions from Gross Income

Article 131. Outlays connected with the receipt of income

From gross income shall be deducted all expenses connected with the receipt of such income, with the exception of outlays for the acquisition of fixed assets and their installation and other expenses of a capital nature in accordance with Article 167, and expenses that are nondeductible according to Article 132 and other provisions of this chapter.

Article 132. Nondeductible expenses

1. Deductions are not allowed for expenses not connected with economic activity.
2. Deductions described in this Chapter are not allowed if they do not meet the requirements of Article 131.
3. No deductions are allowed with regard to representation or other similar expenses (the conducting of festivities, accommodations for guests, etc.).
4. Point 3 of this Article does not apply to a taxpayer whose entrepreneurial activity is in the nature of entertainment, if the expenses are incurred within the bounds of such activity.
5. Deductions for contributions to reserve funds shall only be made in accordance with the provisions of Article 135 and Article 136.
6. A physical person may not deduct his expenses of personal consumption, or expenses connected with his employment.

Article 133. Deduction for Charitable Contributions

Regardless of the provisions of Article 132, a deduction for contributions to charitable organizations and for carrying out charitable activities in accordance with points 2 and 3 of Article 11 is allowed within the amount of actual disbursements, but not more than 2 percent of the taxable profit (determined before the deduction under this article). In the case of contributions in the form of property, the size of the actual disbursement is the smaller of two amounts - the market value of the property or its cost.

Article 134. Limitation on Interest Deduction

1. Subject to point 2 of this Article, interest that is actually paid (or payable in the case of use of the accrual method) on each loan is deductible, but in an amount not more than 125 percent of the interbank credit auction of the National Bank of Tajikistan.
2. In the case of an enterprise more than 20 percent of the equity interests in which are owned, directly or indirectly, by nonresidents or by legal persons who are exempt from profits tax, interest paid on each credit used during a tax period shall be deducted according to point 1 of this Article, but the maximum amount that may be deducted according to point 1 of this Article is limited to:
 - a. any interest income of that enterprise, plus
 - b. 50 percent of the enterprise's gross income (other than interest income) reduced by the allowed deductions permitted under this chapter other than the deduction for interest.

Article 135. Doubtful and bad debt deduction

1. Taxpayers are entitled to a deduction for bad debts connected with goods, work, and services that have been supplied where income from them was previously included in gross income received from entrepreneurial activity.
2. The deduction of bad debts is allowed at the time the debt is written off in the taxpayer's books as worthless.
3. Banks are entitled to deduct 80 percent of the allocation to a reserve fund to cover doubtful and bad debts under rules for formation of the reserve fund established by the National Bank of Tajikistan. Deduction under this point is only allowed for substandard loans.

Article 136. Deduction for allocations to insurance reserve funds

A legal person engaged in insurance activity is entitled to deduct allocations to insurance reserve funds in accordance with norms established by Government of the Republic of Tajikistan.

Article 137. Deductions for expenditures on scientific-research, Project-design, and experimental-design work

Deductions are taken for expenditures on scientific-research, project-design, and experimental-design work connected with the receipt of gross income, with the exception of expenditures on the acquisition of fixed assets, their installation, and other outlays of a capital nature.

Article 138. Amortization charges and deductions for fixed assets

1. Amortization charges for fixed assets used in economic activity are deductible in accordance with the provisions of this article.

2. Assets subject to amortization do not include land, works of art, inventories, property whose value is fully deducted in the current year when determining taxable profit, and other assets which are not subject to wear and tear.

3. Fixed assets subject to amortization are divided into groups with the following amortization rates:

Group number	Type of property	Amortization rate as a percentage
1.	Passenger automobiles; automobile and tractor equipment for use on roads; special instruments, sundries and accessories; computers, peripherals, and equipment for data processing	20
2.	Automotive transport rolling stock; trucks, buses, special automobiles, and trailers. Machines and equipment for all sectors of industry and the foundry industry; forging and pressing equipment; electronic equipment; construction equipment; agricultural machines and equipment. Office furniture.	15
3.	Railway, sea, and river transport vehicles; power machines and equipment; thermal-engineering equipment, turbine equipment, electric motors, and diesel generators. Electricity transmission and communication facilities; pipelines.	8
4.	Buildings, structures, and installations.	7
5.	Amortizable assets not included in other groups	10

4. Amortization charges under each group of fixed assets (hereinafter “group”) are calculated by applying the amortization levels indicated in point 3 of this article to the balance of the group at the end of the tax year.

5. Amortization for buildings, structures, and installations (hereinafter—buildings) is charged for each building separately rather than by group.

6. The balance value of a group at the end of the year is the amount determined as follows (but no less than zero):

- a. the balance of the group at the end of the preceding year, reduced by the amount of depreciation accrued for the preceding year, and also amounts indicated in points 8 and 9 of this article;

plus

- b. the cost of fixed assets according to Article 167 added to the group in the course of the year;

minus

- c. the amount received from the sale of fixed assets of the group at their sales prices during the course of the tax year.

7. If the amount received upon the sale of fixed assets from a group in the course of a tax year exceeds the balance of the group at the end of the year, the excess is included in income and the balance of the group becomes equal to zero.

8. If the balance of the group at the end of the year is less than 50 nontaxable minimum incomes, the amount of the balance is deductible.

9. If all fixed assets of a group have been sold, transferred or liquidated, the balance of the group at the end of the tax year is deductible.

Article 139. Repair expenses deduction

1. Deductions are permitted in respect of each group for expenses on the repair of fixed assets belonging to that group.

2. A deduction is allowed in accordance with point 1 in the amount of the actual repair expenses, but not in excess of 5 percent of the balance of the group at the end of the year.

3. The amount of actual repair expenses exceeding 5 percent of the balance of the group shall go to increase the balance of the group.

Article 140. Deduction of insurance premium payments

Insurance payments that are paid by insured parties under insurance agreements shall be deducted, with the exception of insurance payments under agreements of a cumulative and repayable nature.

Article 141. Expenditures on geological surveying and work to prepare for the extraction of natural resources

1. Expenditures on geological surveying and work to prepare for the extraction of natural resources are deductible from gross income in the form of amortization charges at the amortization rate for group 2 fixed assets and shall form a separate group.

2. This article also applies to expenditures on intangible assets borne by the taxpayer in connection with the acquisition of rights to geological surveying and the processing or exploitation of natural resources.

Article 142. Expenditures on intangible assets

1. Intangible assets include outlays of legal and physical persons on intangible objects used over long periods of time in economic activity, if these have a limited useful life.

2. Expenditures on intangible assets are deductible in the form of amortization charges at the rate of amortization of group 5 fixed assets and shall form a separate group.

3. The value of intangible assets subject to amortization does not include expenditures on their acquisition or production if they were already deducted when calculating taxable profit of the taxpayer.

4. This article does not apply to intangible assets described in Article 141.

Article 143. Limitation on deduction of taxes and fines

No deduction is allowed for:

- a. income tax or profits tax paid on the territory of the Republic of Tajikistan and in other states;
- b. fines and penalties paid (payable) to the budget of the Republic of Tajikistan or the budget of another state;
- c. the enterprise property tax.

Article 144. Losses upon the sale or transfer of property

Losses arising upon the sale or transfer by a physical person of property (other than property used in a business or property the gains on the supply of which are exempt from tax) are compensated from gains received from the sale or transfer of such property. If the losses cannot be compensated in the same year, they are carried forward for a period of up to five years and compensated from income from gains from the sale or transfer of similar property.

Article 145. Carrying losses forward

1. In the case of an enterprise, the excess of allowed deductions over gross income (loss from entrepreneurial activity) is carried forward for a period of up to five years to be covered from the profit of future periods.

2. In the case of a physical person, the excess of allowed deductions attributable to gross income from nonemployment economic activity over such gross income may not be deducted against wages of this person but may be carried forward for a period of up to five years to be covered from gross income from nonemployment economic activity of future periods.

CHAPTER 20. Withholding of Tax at the Source of Payment

Article 146. Procedures for Withholding Tax at the Source of Payment

1. The following persons (tax agents) are obliged to withhold income tax at the source of payment:
 - a. legal persons who make payments to physical persons working as employees;
 - b. physical persons-individual entrepreneurs who make payments to physical persons working as their employees;
 - c. legal or physical persons paying out pensions to other persons, with the exception of state pensions;
 - d. resident legal persons that pay dividends to legal and physical persons;
 - e. legal or physical persons that pay interest to legal and physical persons;
 - f. legal or physical persons that make payments described in Article 149.
2. The legal or physical person paying income bears responsibility for withholding and transferring taxes to the budget. If amounts of tax are not withheld, a legal or physical person paying income is obliged to pay to the budget the tax not withheld and the associated fines and penalties.
3. Legal and physical persons withholding tax at the source in accordance with point 1 of this article when receiving funds for payment of wages from banks and other financial-credit institutions performing specific banking operations are obliged:
 - a. to transfer the tax to the budget concurrently with receipt of the funds or otherwise within five business days after the end of the month in which the payment was made;
 - b. upon payment of wages, to issue to the physical persons receiving the income, upon their request, a statement indicating their last name and initials, the amount and type of income, and the amount of tax withheld (if tax was withheld);
 - c. within 30 days of the end of the tax year, to file with the tax authorities, and also to send to legal and physical persons receiving income in accordance with point 1 of this article, statements reflecting the registration number of those persons, their names or last names and initials, the total amount of income, address, and the total amount of tax withheld during the accounting year.
4. An employer who is not the principal employer of a taxpayer is required to withhold tax from wages at the rate of 15 percent without deduction of the nontaxable minimum income.

Article 147. Withholding of tax on dividends at the source of payment

1. Dividends paid by resident enterprises are subject to taxation at the source of payment at the rate of 12 percent, with the exception of dividends paid to resident enterprises.
2. Dividends taxed under point 1 of this article are not included in the gross income of the person who receives the dividends.

Article 148. Withholding of tax on interest at the source of payment

1. Interest paid by a resident or by or on behalf of a permanent establishment of a nonresident is taxed at the source of payment at the rate of 12 percent of the amount due, if the income is from a source in the Republic of Tajikistan according to Article 27.
2. Interest paid to resident banks for loans is not subject to taxation at the source of payment.
3. Interest taxed under point 1 of this article is not subject to further taxation after its payment to a physical person.
4. A resident legal person whose profit is subject to taxation and who has received interest taxed under point 1 of this article shall include in its gross income the full amount of interest income without deduction of the tax withheld and is entitled to a credit for the tax withheld, in the case of the existence of documents certifying the withholding.

Article 149. Withholding of tax on income of nonresidents at the source of payment

1. A nonresident's income from a source in the Republic of Tajikistan according to Article 27 that is not attributable to a permanent establishment of the nonresident located on the territory of the Republic of Tajikistan is subject to taxation at the source of payment according to the gross income without deductions at the following rates:
 - a. dividends — according to Article 147;
 - b. interest — according to Article 148;
 - c. insurance payments by a resident enterprise or individual enterprise under agreements for the insurance or reinsurance of risks—4 percent;
 - d. payments by a resident enterprise or individual enterprise for telecommunication or transport services in international communications or shipments between the Republic of Tajikistan and other states, excepting freight payments —4 percent, and freight payments —6 percent;
 - e. the following payments by a resident enterprise or individual enterprise: royalties, management fees, income from the rendering of works or services (with the exception of income received in the form of wages), other than insurance, including payments for services described in points b, i, j, k, and n of Article 27(21), except insurance payments—20 percent.

- f. income in the form of wages paid by a resident enterprise or individual enterprise —at the rates specified in Article 124.
2. For purposes of this article, payments made by or on behalf of a permanent establishment in the Republic of Tajikistan of a nonresident are considered to be made by a resident enterprise.

CHAPTER 21. International Taxation

Article 150. Taxation of net profit of the permanent establishment of a foreign legal person

In addition to the tax on profits, a permanent establishment of a nonresident legal person is taxed on the net profit of that permanent establishment at the rate of 8 percent.

Article 151. Foreign tax credit

1. Amounts of income tax or profit tax paid outside the Republic of Tajikistan are credited upon payment of tax in the Republic of Tajikistan.
2. The amount of the credit stipulated by point 1 of this article must not exceed the amount of tax assessed in the Republic of Tajikistan on that income or profit at the rates in effect in the Republic of Tajikistan.

Article 152. Income received in countries with concessional taxation

1. If a resident directly or indirectly holds more than 10 percent of the authorized capital of a foreign enterprise or has more than 10 percent of the voting shares of this enterprise, which in its turn receives income in a state with concessional taxation, then the portion of such income pertaining to the resident is included in his taxable income (profit).
2. A foreign state is considered to be a state with concessional taxation if its tax rate is 1/3 lower than that determined in accordance with this Code, or if laws on the confidentiality of financial information or company information exist which allow secrecy to be maintained concerning the actual owner of property or recipient of income (profit).

CHAPTER 22. Rules for Tax Accounting

Article 153. The tax year

The tax year is the calendar year.

Article 154. Principles for recording income and expenditures

1. The taxpayer is obliged to maintain accurate and timely records of income and expenditures on the basis of documented data, assigning them to the relevant reporting period in which they have been received or made, depending on the accounting method used in accordance with this Chapter, in a manner that clearly reflects taxable income (profit). The method of accounting used by a taxpayer includes all aspects of the time and manner in which receipts and costs are taken into account, such as the use of the cash or the accrual method, the method of inventory accounting, and the method of accounting for costs of production and other capital costs.
2. The taxpayer is obliged to ensure that all operations connected with its activities are recorded, and in such a manner that their beginning, course, and end can be identified.
3. Except as otherwise provided by this article, taxable income (profit) must be calculated under the same method that the taxpayer uses in keeping his books, making such adjustments as are required to conform to the rules of this Code.
4. Except as otherwise provided by this article, the taxpayer may maintain records for tax purposes using the cash basis method or the accrual basis method, on condition that the taxpayer uses one and the same method during the tax year.
5. The taxpayer must use the accrual basis method of accounting during the first tax year in which it is registered as a VAT taxpayer or is obliged to maintain accounting records using double entry bookkeeping, and in the course of all succeeding tax years.
6. In the case of a physical person, the requirement to keep records using the accrual basis method applies only to income from entrepreneurial activity.
7. If the accounting method of the taxpayer has changed, adjustments to income, expenses, and other elements affecting the tax must be made in the year the accounting method is changed, so that none of the above elements is left out or included twice.

Article 155. Principles for recording income and expenditures using the cash basis method

A taxpayer maintaining records using the cash basis method should record income upon receipt, and the taxpayer should record deductions when they are carried out.

Article 156. Moment of receipt of income in certain cases under the cash basis method

1. If a taxpayer receives monetary resources, the moment of receipt of the income is considered to be the moment of receipt of cash; if non-cash payment is made, it is the moment of transfer of funds to its account at a bank or to another account which it may manage or from which it is entitled to receive said resources.

2. In the case of the annulment or repayment of a financial obligation of a taxpayer, in particular, in the case of mutual offsetting, the moment of receipt of the income is deemed to be the moment when the obligation is annulled or repaid.

Article 157. Moment of carrying out of expenditures in certain cases under the cash basis method

1. The moment of carrying out of expenditures when a taxpayer uses the cash basis method in tax accounting is considered to be the moment, unless otherwise stipulated in this Article, when the taxpayer actually makes the expenditures.

2. If a taxpayer pays out monetary resources, the moment of carrying out of expenditures is considered to be the moment of payment of cash monetary resources; if non-cash payment is made, it is the moment the bank receives the order of the taxpayer to transfer the monetary resources.

3. In the case of the annulment or repayment of a financial obligation to a taxpayer, in particular, in the case of mutual offsetting, the moment of performance of expenditures is considered to be the moment when the financial obligation is annulled or repaid.

4. When paying interest on a debt obligation or when making payments for rental property, if the term of the debt obligation or rental agreement extends over several reporting periods, the amount of actually paid interest (rent) that is deducted for the tax year is the amount of interest (rent) that is payable for that year.

Article 158. Principles for recording income and expenditures under the accrual basis method

A taxpayer maintaining records using the accrual basis method should record income and expenditures based on the time when the taxpayer acquires the right to that income or assumes the payment commitment respectively, regardless of the time of actual receipt of income or performance of payments.

Article 159. Moment of receipt of income under the accrual basis method

1. The right to receive income is considered to have been acquired if the relevant amount is subject to unconditional payment to the taxpayer or the taxpayer has fulfilled all its obligations under the transaction or agreement.

2. If the taxpayer fulfills work or provides services, said right is considered to be acquired at the time of completion of the work or the provision of the services stipulated under the transaction or agreement.

3. If a taxpayer receives or has the right to receive income in the form of interest or income from the rental of property, the right to receipt of the income is considered to be acquired at the time of expiration of the term of the debt obligation or rental agreement. If the term of the debt obligation or rental agreement extends over several reporting periods, the income is distributed among these reporting periods according to its accrual.

Article 160. Moment of carrying out of expenditures under the accrual basis method

1. The moment of carrying out of expenditures connected with a transaction (agreement) when a taxpayer uses the accrual basis method in tax accounting is considered to be the moment, unless otherwise stipulated in this Article, when all the following conditions are fulfilled:
 - a. the taxpayer unconditionally acknowledges a financial obligation;
 - b. the amount of the financial obligation can be valued with sufficient accuracy;
and
 - c. all of the parties to the transaction or agreement have actually fulfilled all their obligations under the transaction or agreement and the relevant amount is subject to unconditional payment.
2. In relation to the above, a financial obligation means an obligation assumed according to a contract (agreement) for the purpose of fulfilling which the other party to the transaction (agreement) will be required to supply the corresponding income in monetary or other form.
3. When paying interest on a debt obligation or when making payments for rented property, the moment of carrying out of expenditures is considered to be the moment of expiration of the term of the debt obligation or rental agreement. If the term of a debt obligation or rental agreement extends over several reporting periods, the expenditure is distributed among these reporting periods in accordance with its accrual.

Article 161. Joint ownership

In the case of a joint ownership or joint economic activity arrangement or another arrangement that involves ownership by more than one person but that does not involve the establishment of a legal person, the income and deductions of the arrangement are attributed to the owners and taxed according to their ownership interests.

Article 162. Income and deductions under long-term contracts

1. In the case of a taxpayer using the accrual method of accounting, the income and deductions in connection with long-term contracts are reflected for each tax year based on the percentage of their actual completion.
2. The percentage of completion of a contract is determined by comparing the expenditures borne during the tax year against the total estimated expenditures under the contract.
3. A "long-term contract" means a contract for manufacture, installation, or construction, or the performance of related services, which is not completed within the tax year in which work under the contract commenced, other than contracts which are to be completed within 6 months of the date on which work under the contract commenced.

Article 163. Procedures for accounting for inventories

1. A taxpayer is obliged to include in inventories any processed or partially processed goods in its ownership and intended for subsequent sale or for production of goods, fulfillment of work, or provision of services.
2. When determining taxable income (profit), the value of inventories at the beginning of the period is added to income, and the value of inventories at the end of the period is subtracted from income.
3. When accounting for inventories, the taxpayer is obliged to reflect in the tax accounting the value of goods produced or acquired by it, to be determined based on outlays or the price of their acquisition, respectively. In particular, the taxpayer is obliged to include in the value of such goods the outlays on their storage and transportation.
4. When recording inventories, the taxpayer is entitled to assess the value of goods or products having defects, obsolete, or out of fashion or a product that for similar reasons cannot be sold at a price in excess of its production cost (its acquisition price) on the basis of the price at which they can be sold.
5. If the case of goods for which the taxpayer does not keep individual records, the taxpayer has the right to use one of the three following methods for inventory accounting:
 - a. the FIFO method – according to which goods that are allocated to inventory at the beginning of the accounting period are considered as sold (used) first during the accounting period, followed by goods produced (acquired) in the course of the accounting period in the process of their production (acquisition);
 - b. the LIFO method – according to which goods that are produced (acquired) last are considered as sold (used) first during the accounting period;
 - c. the method of valuing at average cost.

Article 164. Finance leases

1. If a lessor leases tangible property to a lessee under a finance lease, then for purposes of taxation, the lessee is treated as the owner of the property, and lease payments are treated as payments made on a loan to the lessee.
2. A lease of property is a finance lease if it satisfies one of the following requirements:
 - a. the lease provides for transfer of ownership by the end of the lease term, or the lessee has an option to purchase the property by the end of the lease term for a fixed price or a price determined in accordance with the lease agreement; or
 - b. the lease term exceeds 75% of the service life of the leased property; or
 - c. the estimated residual value of the property at the expiration of the lease term is less than 20% of its fair market value at the commencement of the lease; or

- d. the present value of the minimum lease payments equals or exceeds 90% of the fair market value of the property at the commencement of the lease term;
or
 - e. the leased property is custom-made for the lessee and at the end of the lease term it will not be usable by anyone other than the lessee.
3. Subpoint (d) of point 2 does not apply to leases that commence during the last 25% of the economic life of the property.
 4. For the purposes of this article, the discount rate used to determine the present value of lease payments is equal to the rate of interest under Article 72(4).
 5. For the purposes of this article, the lease term includes an additional period for which the lessee has an option to renew the lease.
 6. Where the lessor was the owner of the property before commencement of the finance lease, the transaction is treated as a sale of the property by the lessor and its purchase by the lessee.

Article 165. Recovered deductions and decrease in reserves

1. If previously deducted expenses, losses, or doubtful loans are reimbursed, then the amount received becomes income for the year in which it was reimbursed.
2. If reserves previously deducted in accordance with Article 135(3) and 136 are decreased, the decrease is included in income.

Article 166. Income and losses upon the sale or transfer of assets

1. Income from the sale or transfer of assets consists of the positive difference between proceeds from the sale or transfer and the cost of the assets as determined in accordance with Article 167. Upon the transfer of assets free of charge or at a reduced price, the income of the transferring person is determined as the positive difference between the market price of the property so transferred and its cost as determined in accordance with Article 167.
2. Losses from the sale or transfer of assets consist of the negative difference between proceeds from the sale or transfer and the cost of the assets as determined in accordance with Article 167.
3. Points 1 and 2 of this article do not apply to assets subject to amortization by groups as well as to inventories.

Article 167. Cost of assets

1. The cost of assets includes outlays for their acquisition, production, construction, assembly, and installation, as well as other outlays that increase their value, with the exception of outlays for which the taxpayer is entitled to a deduction.

2. If only part of an asset is sold or transferred, the cost of the asset at the time of sale or transfer is distributed between the remainder and the sold or transferred parts.

Article 168. Nonrecognition of gain or loss

1. No gain or loss is taken into account in determining taxable income (profit) on:
 - a. a transfer of assets between spouses;
 - b. a transfer of assets between former spouses as part of a divorce settlement; or
 - c. an involuntary destruction or disposition of an asset, where the proceeds are reinvested in an asset of the same character or nature before the end of the second year following the year in which the destruction or disposition takes place.
2. The cost of a replacement asset described in subpoint 1(c) of this article is determined with reference to the cost of the replaced asset at the time of destruction or disposition.
3. The cost of an asset acquired in a transaction in which a gain is not taken into account for tax purposes under subpoints 1(a) or (b) of this article is the cost to the transferor at the date of the transaction.
4. This article does not apply to assets which are depreciated by group, except that subpoints (a) and (b) of point 1 of this article apply where all assets in the group are transferred at the same time.

Article 169. Liquidations

1. The complete liquidation of a legal person is treated as a sale by the participants of their participations in such legal person.
2. If a legal person is liquidated, an asset of the legal person is transferred to a participant which is a legal person, the value of the asset is commensurate to the participant's interest in the legal person, and the participant held a 50 percent or more interest in the legal person immediately prior to the liquidation, then:
 - a. the transfer is not treated as a disposal of the asset by the liquidated legal person;
 - b. the cost to the participant of the asset transferred is the same as the cost of such asset to the liquidated legal person prior to the transfer;
 - c. the transfer of the asset is not a dividend;
 - d. no gain or loss is taken into account on the cancellation of the participant's interest in the liquidated legal person;

- e. the balance value of any amortization groups shall be carried over to the transferee.
3. Point 2 of this Article does not apply to an asset which is depreciated using the group method, unless all assets in the group are transferred at the same time.
4. Point 2 of this Article applies only if the complete liquidation is approved by the tax authorities as not having tax avoidance as a principal purpose.

Article 170. Formation of a legal person

1. A transfer is not treated as a disposal of the assets transferred where:
 - a. a person or group of persons transfers assets (with or without any liability) to a legal person in exchange for a participation in the legal person; and
 - b. the person or group has a 50 percent or greater participation in the legal person immediately after the exchange.
2. The transferee's cost of an asset to which point 1 of this article applies is the same as the transferor's cost at the time of transfer, and the balance value of any amortization groups transferred shall be carried over to the transferee.
3. The cost of a participation received in an exchange described in point 1 of this article is equal to the cost of the assets transferred including the balance value of any amortization groups transferred, less any liability transferred.
4. This article does not apply to assets which are depreciated using the group method, unless all assets in the group are transferred at the same time.
5. This article does not apply to a transferor if the liabilities transferred by him exceed the cost of the assets transferred by him, including the balance value of any amortization groups transferred.

Article 171. Reorganization of legal persons

1. The value of property and participations held by a legal person or legal persons which are parties to a reorganization is the same as the value of such property and interests immediately before the reorganization. Similarly, the balance value of any amortization groups shall be carried over.
2. Transfers of property and participations among the legal persons which are parties to a reorganization are not treated as a disposal of the property.
3. Any exchange of participations in a resident legal person which is a party to a reorganization for participations in another resident legal person which is also a party is not a disposal of the participations.

4. The value of the participations given in exchange under point 3 of this article shall equal the value of the original participations.
5. The distribution of participations in a legal person which is a party to a reorganization with respect to participations in another legal person which is also a party is not a dividend for those parties to the reorganization.
6. The value of the original participations referred to in point 5 of this article shall be determined in accordance with the distributed participations in proportion to the market value of the distributed interests and of the original participations immediately after distribution.
7. Reorganization means:
 - a. a merger of two or more resident legal persons;
 - b. the acquisition or takeover of 50 percent or more of the voting participations and 50 percent or more of all other participations by value of a resident legal person solely in exchange for participations of a party to the reorganization;
 - c. the acquisition of 50 percent or more of the assets of a resident legal person by another resident legal person solely in exchange for voting participations with no preferential rights as to dividends of a party to the reorganization;
 - d. a division of a resident legal person into two or more resident legal persons;
and
 - e. the creation of a new person by means of a spin-off;

providing that the merger, acquisition, takeover, division, or spin-off is approved by the tax authorities as not having tax avoidance as a principal objective.

8. A party to a reorganization includes:
 - a. any resident legal person which is directly involved in the reorganization;
 - b. any resident legal person which owns a resident legal person which is directly involved in the reorganization;
 - c. any resident legal person which is owned by a resident legal person which is directly involved in the reorganization.
9. For purposes of point 8 of this article, ownership of a legal person means ownership of 50 percent or more of the voting participations and 50 percent or more of the value of all remaining participations in the legal person.
10. This Article does not apply to assets which are depreciated using the group method, unless all assets in the group are transferred at the same time.

Article 172. Significant change in ownership of legal persons

Where there has been a change of 50 percent or more in the ownership of a legal person, as compared with the ownership in the previous year, the carryforward of a loss, deduction, or credit from a previous taxable year ceases to be available, starting with the tax year in which the change occurred, unless:

- a. for a period of three years after the change, the legal person continues to conduct the same entrepreneurial activity; and
- b. for a period of one year after the change, the legal person does not engage in a new entrepreneurial activity.

CHAPTER 23. Administrative Provisions

Article 173. Filing of returns

1. A return for income tax and for profit tax is filed with the tax authorities prior to April 1 of the year following the accounting year by the following taxpayers:
 - a. resident legal persons;
 - b. resident physical persons having income not taxed at the source of payment in the Republic of Tajikistan;
 - c. resident physical persons having monetary resources in accounts with foreign banks located outside the Republic of Tajikistan;
 - d. nonresident legal or physical persons having income from a source in the Republic of Tajikistan that is subject to tax but is not taxed at the source of payment.
 - e. physical persons receiving incomes taxable in accordance with point 4 of Article 146.
2. Upon a taxpayer's cessation of entrepreneurial activity in the Republic of Tajikistan, he must file a tax return within 30 days with the tax authorities.
3. Upon liquidation of a legal person, the liquidation committee or the taxpayer shall immediately notify the tax authorities in writing. Within 15 days after the decision to liquidate the legal person, the liquidation committee is obliged to file a return with the appropriate tax authority.
4. A physical person who is not required to file a return may file a return in order to claim a recalculation of tax and its refund.
5. A nonresident taxpayer without a permanent establishment in the Republic of Tajikistan who receives income that is taxed at the source of payment under subpoints c, d, or e of Article 149(1) may file a return of such income for the purpose of claiming a refund of tax withheld. Such a return must be filed by the due date established in point 1 of this article (taking into account any extension under Article 46). Such a taxpayer is taxed at the rate of

30% on the same basis as if the above-described income (profit) had been attributable to a permanent establishment of the taxpayer in the Republic of Tajikistan, and expenses of the taxpayer that are attributable to such income (profit) shall be deductible as if they had been incurred by such a permanent establishment, except that the tax shall be no more than the amount required to be withheld at the source under Article 149.

Article 174. Current tax payments

1. Legal and physical persons engaged in entrepreneurial activity are obliged to make current payments to the budget no later than the 15th of the month. The amount of each payment for the 12 months commencing each April 15 is 1/12 of the tax for the preceding taxable year, multiplied by a factor of 1.2.
2. At the taxpayer's option, the amount of current tax payments may be determined as the taxpayer's gross income (without deductions) for that month multiplied by the ratio of the annual amount of the tax to the taxpayer's gross income (without deductions) for the previous year. The taxpayer may use either of the two allowed methods for determining the amount of current tax payments throughout the year.
3. Current payments of tax are credited to tax charged against the taxpayer for the tax year.

Article 175. Payment of tax on results for the year

Taxpayers perform a final settlement and pay tax no later than April 10 of the year following the accounting year.

DIVISION VII. VALUE-ADDED TAX

CHAPTER 24. General Provisions

Article 176. Concept of value added tax

The value added tax, hereinafter VAT, is a form of collection to the budget of a portion of the value added in the process of the production and circulation of goods, works, and services on the territory of the Republic of Tajikistan, and of a portion of the value of all taxable goods imported onto the territory of the Republic of Tajikistan. The value added tax, as an indirect tax, is payable at all stages of the production and supply of goods, fulfilment of works, and rendering of services. The amount of VAT payable with respect to taxable turnover is determined as the difference between the sum of tax assessed on this turnover and the sum of tax that is creditable according to issued VAT invoices in accordance with this Division.

CHAPTER 25. Taxpayers

Article 177. Taxpayers

1. A VAT taxpayer is a person who is registered or is required to be registered as a VAT taxpayer.
2. A person who is registered is a VAT taxpayer from the time the registration takes effect. A person who is not registered, but who is required to apply to be registered, is a VAT taxpayer from the beginning of the accounting period following the period in which the obligation to apply for registration arose.
3. In addition to persons who are VAT taxpayers under point 1 of this article, all persons carrying out taxable import of goods to the Republic of Tajikistan are considered VAT taxpayers with respect to such import.
4. A nonresident person who carries out works or performs services without registration for VAT that is subject to taxation under Article 195 is considered a VAT taxpayer with respect to such works or services.

Article 178. Requirement for submission of application to be registered

1. A person who carries on economic activity and whose taxable transactions in the preceding 12 full calendar months exceeded 12,000 nontaxable minimum incomes is required to file an application with the tax authorities to be registered for VAT no later than 10 days from the end of that period.
3. For the purpose of this article, the supply of goods, fulfilment of works, and rendering of services carried out by a nonresident are taken into account in determining the total value of taxable transactions only if carried out through a permanent establishment of this nonresident in the Republic of Tajikistan.

Article 179. Voluntary registration

A person who is not required to be registered for VAT may voluntarily apply to the tax agencies for such registration.

Article 180. Registration

1. A person applying to register for VAT is required to do so in such form as is established by the Tax Committee of the Republic.
2. When a person carrying out taxable supplies files an application to be registered for VAT, the tax authorities are required to register the person in the VAT register, and to issue a certificate of registration within ten days of the registration, that states: the full name (family name, first name) and other relevant details of the taxpayer, the date of issuance of the certificate, the date from which the registration takes effect, and the taxpayer identification number.
3. Registration takes effect on one of the following dates, depending on which date comes first:

- a. in the case of obligatory registration, on the first day of the accounting period following the month in which the obligation to apply for registration arose;
 - b. in the case of a voluntary registration, on the first day of the accounting period following the month in which the person applied for registration;
 - c. on the date selected by the taxpayer on his application for registration.
4. The tax authorities are required to establish and maintain a VAT taxpayer register containing details of all persons registered for VAT.
 5. If a person is required to register for VAT and has not applied to be registered, the tax authorities register the taxpayer on their own initiative and send the taxpayer the appropriate documentation.
 6. A person registered for VAT is required to use his taxpayer identification number on all VAT invoices, and on all returns and official communications with the tax authorities.

Article 181. Cancellation of registration

1. A taxpayer is required to apply to have his registration for VAT canceled if he has ceased to make taxable transactions. In this case the cancellation of VAT registration takes effect at the time the taxpayer ceased to make taxable transactions.
2. With the exception of those instances provided for in point 1 of this article, a taxpayer may apply to have his registration for VAT canceled at any time after a period of two years from the date of his most recent registration for VAT if the taxpayer's total taxable transactions during the preceding twelve full calendar months do not exceed 12,000 nontaxable minimum incomes. The cancellation of VAT registration takes effect at the time the person applies to the tax service for cancellation of VAT registration.
3. If a person's registration for VAT is canceled, the tax authorities are required to remove the person's name (family name, first name) and other details from the VAT taxpayer register as well as withdrawing the issued certificate of registration.

CHAPTER 26. Objects of Taxation

Article 182. Objects of taxation

1. The objects of taxation for the value added tax are taxable transactions and taxable imports.
2. Taxable transactions are the supply of goods, fulfillment of works, and rendering of services—other than supply, fulfillment, or rendering which are exempt under this Division—carried out in the course of independent economic activity by a person, if they are considered to be carried out on the territory of the Republic of Tajikistan under Article 193 or Article 194. Taxable transactions do not include the rendering of services or the fulfillment of works outside the Republic of Tajikistan according to Article 194.

3. If a VAT taxpayer purchases goods (works, services) accompanied by a VAT payment, and receives (or has the right to receive) appropriate credit, the use of such goods (works, services) or the results of the use of the goods (works, services) for non-economic activity is considered a taxable transaction.
4. The supply of goods, fulfilment of works, or rendering of services by a taxpayer to his employees, including gratuitously, is a taxable transaction.
5. If a taxpayer's registration is canceled, his goods on hand at the time the cancellation takes effect are considered to be supplied in a taxable transaction taking place at that time.
6. Notwithstanding the other provisions of this article, the supply of a good by a person who acquired such good in a transaction subject to VAT, but who was not entitled to a credit for the VAT on the acquisition of the good by reason of the operation of Article 201, is not considered a taxable transaction. If a credit was partially disallowed on the acquisition of the good, then the amount of the taxable transaction is reduced proportionally according to the portion of the credit that was disallowed.
7. The value of returnable packaging is not included in the taxable amount, except in the case of sales at retail. Retailers may reduce taxable turnover by amounts shown to have been paid by them as refunds for returned containers.

Article 183. Sale or Transfer of Enterprise

1. The sale or transfer in a single transaction of substantially all the assets of an enterprise or an independently functioning part of an enterprise by a taxpayer to another taxpayer is not considered a taxable transaction.
2. Under point 1 of this article, the purchaser or transferee accepts the rights and obligations of the seller or transferor indicated in this Division relating to the enterprise or part of an enterprise which was sold or transferred.
3. This article applies only if the seller (transferor) and the purchaser (transferee) notify the tax authorities in writing within 10 days of the sale or transfer of their decision to apply the provisions of this article.

CHAPTER 27. Determination of Taxable Turnover and of Taxable Import

Article 184. Value of a taxable transaction

1. The value of a taxable transaction is determined according to the amount of compensation the taxpayer receives or is entitled to receive, whether from the customer or any other person, including any duty, taxes, or other fee payable, but without including VAT.
2. If the taxpayer receives or is entitled to receive goods, works, or services in exchange for a taxable transaction, the value of the taxable transaction includes the market prices of

these goods, works, or services (including any duties, taxes, or other fees payable), but without including VAT.

3. In a case where the taxpayer receives or is entitled to receive nothing of value in exchange for a taxable transaction (including that of goods remaining on hand in the case of a cancellation of registration), the value of the taxable transaction is the market price of the goods, works, or services supplied, fulfilled, or rendered (including any taxes, duties, or other fees payable), but without including VAT.

4. In the case of consumption or use of goods (works or of services) for noneconomic activity according to Article 182(3), as well as in the cases of a supply to one's own employees according to Article 182(4), the amount of the taxable transaction is the market price of the goods, works, or services (including any taxes and fees payable), but without including VAT.

Article 185. Adjustment of taxable turnover

1. This article applies where, in relation to a taxable transaction made by a taxpayer:

- a. the transaction is canceled;
- b. the nature of the transaction is changed;
- c. the previously agreed consideration for the transaction is altered, whether due to a reduction of prices or for any other reason; or
- d. the goods (works or services) are returned in full or in part to the taxpayer.

2. If a taxpayer has, as a result of the occurrence of one or more of the events described in point 1 of this article:

- a. provided a VAT invoice, and the amount of VAT shown on the invoice is incorrect, or
- b. shown an incorrect amount of VAT on a VAT return,

then an adjustment is made as specified in point 5 of Article 201 or point 2 of Article 200.

Article 186. Amount of a taxable import

1. The amount of a taxable import is the customs value of the goods, determined in accordance with the customs legislation of the Republic of Tajikistan, plus the sum of duties and taxes payable upon the import of the goods into the Republic of Tajikistan, excluding VAT.

2. In the case of services considered part of an import under Article 197(2), their value, without VAT, is added to the value as defined under point 1 of this article.

CHAPTER 28. Tax Preferences

Article 187. Exemptions from payment of tax

The following types of supplies of goods, fulfilment of works, and rendering of services, as well as the following types of imports, are exempt from payment of VAT (except for the export of goods):

- a. the sale, transfer or lease of immovable property, except for the following:
 - the sale or transfer of hotel or holiday accommodations;
 - the sale or transfer of newly constructed residential property, unless the property has been occupied as a residence for at least 2 years;
- c. the rendering of financial services;
- d. the supply or import of national or foreign currency (except for that used for numismatic purposes), and of securities;
- e. the import of gold to be transferred to the National Bank of Tajikistan;
- f. the rendering by religious organizations of religious or church-related services;
- g. the rendering of medical services;
- h. the rendering of educational services provided to children and teens by hobby groups or study circles (including for physical culture and sport), as well as child care services for children at pre-school institutions,
- i. the rendering of educational services provided by educational institutions;
- j. supply of goods, performance of works, and rendering of services in the form of humanitarian aid, as well as import of goods transferred to state agencies of the Republic of Tajikistan and public organizations for purposes of rehabilitation after natural disasters, industrial accidents, and catastrophes;
- k. import of goods into the Republic of Tajikistan from countries which impose value added tax on exports of goods (works, services) to the Republic of Tajikistan. If the VAT paid in the country from which the goods are imported is lower than the VAT on such goods determined in accordance with this division, the imported goods shall be subject to VAT for the amount of the difference.
- l. supplies of goods, fulfilment of works, and rendering of services by societies of handicapped (blind, deaf) persons and enterprises belonging to them, in which at the same time a) not less than 50% of the number of workers are handicapped (blind, deaf); b) not less than 50% of the resources for paying

wages and other material compensation, including in kind, is used for the needs of the handicapped (blind, deaf).

Article 188. Regime of Taxation for Goods Crossing the Customs Border of the Republic of Tajikistan

1. When goods are imported to the customs territory of the Republic of Tajikistan, the following taxation procedures shall be applied, depending on the customs regime chosen:
 - a. when goods are treated for customs purposes as released for free circulation, tax shall be paid in full;
 - b. when goods are treated for customs purposes as reexports, the taxpayer shall pay the amounts of taxes from which he was exempted or which were refunded to him in connection with exports of goods in accordance with this Code under the procedure established by the customs legislation of the Republic of Tajikistan;
 - c. when goods are treated for customs purposes as goods in transit, goods in customs warehouses, reexports, goods for duty free shops, goods intended for processing under customs control, goods designated for a free customs zone, a free warehouse, for destruction, or for waiver in favor of the state, tax shall not be paid;
 - d. when goods are treated for customs purposes as intended for processing on the customs territory, tax shall be paid when the goods are imported to the customs territory of the Republic of Tajikistan and refunded when processed products are exported from the customs territory of the Republic of Tajikistan;
 - e. when goods are treated for customs purposes as temporary imports, they are fully or partially exempt from tax according to the procedure stipulated by the customs legislation of the Republic of Tajikistan;
 - f. when products of processing of goods that have been placed under the customs regime of processing outside the customs territory of the Republic of Tajikistan are imported into the country, full or partial exemption from tax shall be granted according to the procedure stipulated by the customs legislation of the Republic of Tajikistan.
2. In cases of export of goods from the customs territory of the Republic of Tajikistan the following taxation procedures shall be applied:
 - a. when goods are treated for customs purposes as exported outside the territory of the Republic of Tajikistan, tax shall not be paid or, if paid, shall be refunded (credited) by tax authorities of the Republic of Tajikistan according to the procedure stipulated by the legislation of the Republic of Tajikistan and this Code;

The procedure described in this point shall also be applied to exports of goods under the customs regimes of exports through a customs warehouse, a free warehouse, or a free customs zone;

- b. when foreign goods are treated for customs purposes as reexports, the amounts of tax paid on their import to the customs territory of the Republic of Tajikistan shall be refunded to the taxpayer according to the procedure stipulated by the customs legislation of the Republic of Tajikistan;
 - c. when goods are exported from the customs territory of the Republic of Tajikistan under customs regimes other than those indicated in subpoints “a” and “b” of this point, the tax exemption and/or refund is not provided, unless stipulated otherwise by the legislation of the Republic of Tajikistan.
3. When physical persons carry goods which are not intended for production or other economic activities, a simplified or preferential tax payment procedure may be applied, determined by the Government of the Republic of Tajikistan. Under this regime, the value of the purchased goods intended for personal consumption must not exceed the equivalent of 1,000 U.S. dollars. The excess is taxable according to the generally applicable (nonpreferential) procedure.
4. If the terms of the selected customs regime are not observed in cases stipulated by the customs legislation of the Republic of Tajikistan, the taxpayer shall pay the amounts of tax as well as interest accrued on these amounts (at the interest rate of the interbank credit auction of the National Bank of Tajikistan). The interest shall be accrued from the date of export through the date of payment of tax.

CHAPTER 29. Transactions Taxed at a Zero Rate

Article 189. Taxation of the export of goods (works, services)

Exports of goods (works, services) shall be subject to value added tax at a zero rate, with the exception of supply of goods (works, services) to countries which levy value added tax on exports of goods (works, services) to the Republic of Tajikistan.

Article 190. Taxation of international and transit shipments

1. The rendering of transportation or other services or the fulfillment of works directly connected with international transport of goods or passengers, as well as the supply of lubricants and other consumable technical supplies taken on board for consumption during international flights, is taxed at a zero rate.
2. The transportation and servicing of shipments indicated in subpoint c of Article 188(1) (transit goods) are taxed at a zero rate.
3. This article does not apply in relation to states which apply VAT to the rendering of transportation or other services or the fulfillment of works, directly connected with international shipments and passenger transport to the republic of Tajikistan.

Article 191. Gold transferred to the National Bank of Tajikistan

The supply of gold to the National Bank of Tajikistan is taxed at a zero rate.

CHAPTER 30. Time and Place of Taxable Transaction and Special Rules

Article 192. Time of taxable transaction

1. Except as provided in points 2 and 3 of this article, a taxable transaction occurs when a VAT invoice is issued for that transaction.
2. If a VAT invoice is not issued within five days after the moments described in this point, then point 1 of this article does not apply and the taxable transaction occurs:
 - a. at the time the goods are received, sold or transferred, or the works are fulfilled, or the services are rendered; or
 - b. in the case of a delivery of goods that involves shipment of the goods, when the shipment starts.
3. If payment is made in advance of the time described in subpoint a or b of point 2 of this article, then, if a VAT invoice is not issued within five days after the date of payment, then points 1 and 2 of this article do not apply, and the taxable transaction occurs when payment is made.
4. For the purposes of point 3 of this article, and except as provided in point 5 of this article, if two or more payments are made for a taxable transaction, each payment is treated as made for a separate transaction to the extent of the payment.
5. If services are rendered on a regular or continuing basis, a rendering of services is treated as taking place on each occasion when a VAT invoice is issued in connection with any part of that transaction or, if payment is made earlier, at the time when payment is made for any part of the transaction.
6. In the case of the application of Article 182(3), the time of the taxable transaction is the time when the use or consumption of the goods, works, or services begins. In the cases specified in Article 182(4), the time the taxable transaction occurs is the time of supply of the goods, fulfilment of the works, or rendering of the services to the workers.
7. In the case of the application of Article 182(5), the time of supply is immediately before the cancellation takes effect.
8. The time of a taxable transaction consisting of the supply of electric or thermal energy, gas, or water is determined according to the rules for the rendering of services. The import of electric or thermal energy and gas is taxed not by the customs authorities, but by the tax authorities.

Article 193. Place of supply of goods

1. If a supply involves the goods being transported, the supply takes place at the location of the goods when transportation starts. In other cases, the supply of goods takes place at the location where the goods are transferred.
2. A supply of electric or thermal energy or gas takes place where the goods are received. If these goods are exported from the Republic of Tajikistan, the supply is considered to take place in the Republic of Tajikistan.

Article 194. Place where works are fulfilled or services are rendered

1. The place of fulfilment of works or rendering of services for purposes of this Division is:
 - a. the place where immovable property is located, if the works (services) are directly connected with that property;
 - b. the place where the works (services) are actually carried out, if they are connected with movable property;
 - c. the place where services are actually carried out, if they are rendered in the field of culture, art, education, physical fitness, or sports, or in another similar activity;
 - d. the place where transportation actually takes place, if the works (services) are connected with that transportation. For purposes of Article 190, a transaction connected with the performance of works or rendering of services by a taxpayer outside the territory of the Republic of Tajikistan, is considered as carried out on the territory of the Republic of Tajikistan;
 - e. the location of the permanent establishment of the purchaser of the services to which (permanent establishment) the services most closely relate.

The provisions of this subpoint are applied to the following services:

the transfer of ownership or concession of patents, licenses, trademarks, copyrights, or other similar rights;

consulting, legal, accounting, engineering, and advertising services, as well as data processing services, and other similar services;

staff provision services;

the leasing of movable property (except for vehicles of transportation enterprises);

services of an agent that engages a person (enterprise or physical person) on behalf of the main participant in a contract to perform the services that are described in this subpoint;

f. the location of the economic activity of the person who fulfills the works or renders the services.

2. In applying point 1 of this article, the place for the fulfilment of works or rendering of services that are described in more than one of the subpoints in point 1 of this article shall be determined according to the subpoint that comes first.

Article 195. Reverse taxation

1. If a nonresident person who is not registered for VAT in the Republic of Tajikistan renders services or fulfils works on the territory of the Republic of Tajikistan for a tax agent described in point 2 of this article, then for purposes of this Division the fulfillment of works or rendering of services is taxed according to this article.

2. For purposes of this article, a tax agent is any person registered in the Republic of Tajikistan for VAT or any resident legal person.

3. In a case where point 1 of this article applies, the tax agent withholds the tax from the amount payable to the nonresident. The amount of tax is determined by applying the tax rate under Article 199(1) to the amount payable to the nonresident after withholding of tax.

4. If the tax agent is registered for VAT, the withheld tax is payable at the time for filing of the VAT return for the month in which the transaction took place. The payment document for payment of the withheld tax is considered to be a VAT invoice, and gives the tax agent the right to a VAT credit according to Article 201.

5. If the tax agent is not registered for VAT, he is required to pay the withheld tax in the manner prescribed by the Tax Committee of the Republic within five days of the date of payment to the nonresident.

6. In the case of the import of property owned by a nonresident to be leased to a tax agent, where the lease payments are subject to VAT under this article, the tax agent may claim a VAT credit for the tax paid on the import upon the agreement of the nonresident owner. In this event, the tax agent is treated as the taxpayer and is responsible for VAT payable upon the subsequent supply of the property (other than its export).

Article 196. Time of import

An import of goods takes place when the goods become liable to customs duty under the customs legislation of the Republic of Tajikistan. If the goods are exempt from customs duty, the import of goods takes place when the customs duty would be payable if the goods were not exempt.

Article 197. Mixed transactions

1. A supply of goods, fulfillment of works, or rendering of services which is incidental to a (main) supply of goods, fulfillment of works, or rendering of services is treated as part of the latter.
2. A fulfillment of works or rendering of services incidental to an import of goods is part of the import of goods.
3. A taxable transaction involving independent elements, one or more of which if separately supplied would be exempt from tax, is treated as separate transactions. An exempt transaction which involves independent elements which if separately supplied would be taxable is treated as separate transactions.

Article 198. Transactions by agent

1. A supply of goods, rendering of works, or fulfillment of services by a person as agent (“proxy”) for another person (“the principal”) on behalf and on instructions of that other person (principal) is considered as a transaction made by the principal.
2. Point 1 of this article does not apply to services rendered by an agent to the principal.
3. Point 1 of this article does not apply to the supply of goods in the Republic of Tajikistan by a resident agent of a nonresident person who is not registered for VAT in the Republic of Tajikistan. In this case for purposes of VAT the supply is considered as carried out by the agent.

CHAPTER 31. Procedure for the Calculation and Payment of Tax

Article 199. Rates of value added tax

1. The rate of value added tax is 20 percent of the amount of the taxable turnover or taxable import.
2. The taxable turnover is the total value of taxable transactions during an accounting period.

Article 200. Value added tax on taxable turnover payable to the budget

1. The sum of value added tax payable to the budget in respect of taxable turnover taking place during an accounting period according to Article 192 is determined as the difference between the sum of tax charged on the taxable turnover in accordance with Article 199(1) and the sum of tax creditable under Article 201.
2. In cases described in Article 185, where VAT payable exceeds VAT actually indicated by the taxpayer, the amount of the excess is treated as VAT due for the accounting period in which the event referred to in Article 185 occurred and is added to the amount of tax payable for the accounting period under point 1 of this article.

Article 201. Value added tax creditable in the determination of payments to the budget

1. Except as otherwise provided by this article, the sum of value added tax that is creditable is the sum of tax payable (paid) in respect of issued VAT invoices, taking into account the time of the taxable transaction, for:
 - a. imports of goods that take place during the accounting period under Article 196; and
 - b. taxable transactions involving the supply of goods, fulfillment of works, or rendering of services that are considered to take place during the accounting period under Article 192,

where the goods, works, or services are used or are to be used for the purpose of the taxpayer's economic activity, even if they do not enter into production costs.

2. In the case where the VAT payable (paid) by the taxpayer in respect of issued VAT invoices for imports of goods and taxable transactions is partly for the purpose of the taxpayer's economic activity and partly for other purposes, VAT shall be creditable in proportion to their use in economic activity.

3. No credit is allowed for VAT:

- a. on passenger automobiles, except those for sale or hire by a person whose principal business is automobile sales or rental, or
- b. on expenses for entertainment or representation, for charity, or for social purposes.

4. In the case where the taxpayer has taxable transactions and transactions exempt from value added tax in accordance with [Article 185: should be] Article 187, the amount of value added tax allowed as a VAT credit is determined on the basis of the ratio of the taxable turnover to the total amount of turnover. If the taxpayer has only exempt turnover, no credit is allowed. Point 2 of this article is applied before applying this point.

5. In cases provided for in Article 185, where the VAT indicated in the VAT invoice or VAT declaration for a transaction exceeds VAT payable on this transaction, the taxpayer is allowed a credit for the amount of the excess in the accounting period in which the event referred to in point 1 of Article 185 occurred.

6. In the case of goods indicated in subpoint "k" of Article 187, VAT paid in the country from which the goods are exported shall be considered VAT paid in the Republic of Tajikistan, but not in excess of the amount which would have been paid on domestic supplies of such goods in accordance with this division.

Article 202. VAT invoices

1. Except as otherwise provided by point 4 of this article, a person registered for value added tax that carries out a taxable transaction is required to write out a VAT invoice to the person who receives the goods, works or services. A person who is not registered for VAT does not have the right to issue a VAT invoice.
2. A VAT invoice is a document of strict accounting executed in the form stipulated by the Tax Committee of the Republic and containing the following information:
 - a. family name (last name, first name) of the taxpayer and the purchaser (client), and the taxpayer's trade name, if different from the legal name;
 - b. identification number of the taxpayer and the purchaser (client);
 - c. number and date of the VAT registration certificate;
 - d. name of the goods shipped, works fulfilled, or services rendered;
 - e. amount of the taxable transaction;
 - f. amount of the excise on excisable goods;
 - g. sum of the VAT due on the given taxable transaction;
 - h. the issue date of the VAT invoice;
 - i. serial number of the VAT invoice.
3. The taxpayer is required to issue and give the tax invoice to the purchaser of goods (works, services) upon the supply or not later than 5 days after the supply.
4. In the case of the supply of goods, fulfillment of works, or rendering of services at retail to purchasers who are not VAT taxpayers, a receipt or simplified form of VAT invoice prescribed by the Tax Committee of the Republic may be used instead of a VAT invoice.

Article 203. Special Rules

The determination of the amount of VAT to be paid in the case of gambling, lotteries, services of travel agents, commission sales, sales of second-hand goods, and other industries where the determination of the tax base under the general rules is difficult is carried out under instructions of the Tax Committee of the Republic agreed with the Ministry of Finance of the Republic of Tajikistan.

CHAPTER 32. Administrative and Concluding Provisions

Article 204. Filing of returns and payment of value added tax

1. Every taxpayer is required:

- a. to file a value added tax return with the appropriate tax agency for each accounting period;
 - b. to pay the tax to the budget for every accounting period by the deadline for filing the VAT return.
2. The value added tax return is filed for every accounting period no later than the 15th of the month following the accounting period.
3. In cases where a registration takes place with retroactive effect under Article 180(3)(c), i.e. retrospectively, the taxpayer is required to pay VAT for taxable transactions taking place since the coming into effect of the registration and is entitled to a tax credit according to the procedure for taxpayers. In addition, the corresponding transactions are to be reflected on the first return filed by the taxpayer and are considered as taking place during the month to which the return relates. In this event the taxpayer is entitled to issue tax invoices for the transactions shown on the return.
4. Points 1 and 2 of this article do not apply to a person who is a taxpayer only with respect to the import of goods according to Article 177(3).
5. VAT on taxable imports is levied and collected by customs agencies in accordance with this Code and the customs legislation of the Republic of Tajikistan under the procedure contemplated for customs duty.

Article 205. Value added tax accounting period

The accounting period for value added tax is the calendar month.

Article 206. Operations with the budget in cases where the amount of tax to be credited exceeds the amount of tax charged for the accounting period

1. In the case of a taxpayer at least 25 percent of whose taxable turnover for the accounting period is taxed at a zero rate, the sum of tax applied as a credit in excess of the sum of charged tax for the accounting period is refunded from the appropriate budget by the financial authority together with the tax authority within 45 days of the time of receipt by the tax authority of an application from the taxpayer.
2. In the case of other taxpayers, the sum of tax applied as a credit in excess of the sum of charged tax for the accounting period is to be carried forward to the next five accounting periods and credited against payments for these periods, with any excess being refunded from the budget within 45 days of the expiration of this five-month period.
3. In all cases where amounts refunded to a taxpayer are found by the tax authority to have been made erroneously, the tax authority may demand the return of such amounts according to the procedure for collection of tax.

Article 207. Responsibility of taxpayers and control by the tax agencies

1. The responsibility for the correct calculation and timely payment to the budget of value added tax and presentation of a return to the tax authorities by the prescribed deadline rests on the taxpayers and their responsible persons in accordance with this Code, and in cases where the collection of value added tax is in the competence of customs agencies of the Republic of Tajikistan—in accordance with the customs legislation of the Republic of Tajikistan.

2. The tax is administered by the tax authorities and by the customs agencies within their respective competencies, in accordance with this Code and with the customs legislation of the Republic of Tajikistan.

DIVISION VIII. EXCISES

CHAPTER 33. Excises

Article 208. The concept of excises

1. Excise is an indirect tax included in the sales price of excisable goods.
2. The production on the territory of the Republic of Tajikistan or the import of excisable goods is subject to excises, except where exempt from this tax.

Article 209. Taxpayers

1. Except as otherwise provided in this Division, excise taxpayers are all legal and physical persons producing excisable goods on the territory of the Republic of Tajikistan, or importing excisable goods.
2. With respect to goods produced on the territory of the Republic of Tajikistan from customer-supplied raw materials, the excise taxpayer is the producer, who is required to transfer to the customer the excisable goods produced from his raw materials (finished products) at a sales price including excise in accordance with this Code, reduced by the price (amount) of raw materials used to produce the excisable good.

Article 210. Object of taxation

The object of taxation is the following taxable transactions:

- a. In the case of excisable goods produced on the territory of the Republic of Tajikistan, the taxable transaction is the removal of excisable goods from the production premises.
- b. In the case of imports, the taxable transaction is the import of excisable goods onto the territory of the Republic of Tajikistan in accordance with the customs legislation.

Article 211. Amount of taxable transaction

1. Points 2-4 of this Article shall apply in cases where the assessment of excise is based on the value of excisable goods and an excise rate expressed in percent of the value. In other cases excise shall be assessed by multiplying the excise rate expressed as a fixed amount per unit of goods by the respective quantity of the excisable goods.
2. In the case of excisable goods produced on the territory of the Republic of Tajikistan, the amount of the taxable transaction is determined on the basis of the consideration received or receivable by the taxpayer from the customer or any other person, excluding the amount of the excise and VAT, but no less than the wholesale market price (excluding the excise and VAT). In the case of goods that the taxpayer sells at the retail level, the amount of the taxable transaction is determined as the wholesale market price (excluding the excise and VAT).
3. In the case of imports, the amount of the taxable transaction shall be the customs value of the goods, determined in accordance with the customs legislation of the Republic of Tajikistan (but not less than the wholesale market price, excluding the excise and VAT), plus the amount of duties and taxes payable on the import of the goods into the Republic of Tajikistan, except for value-added tax and the excise.
4. The price of the container, with the exception of returnable containers, is included in determining the amount of the taxable transaction.

Article 212. Time of taxable transaction

1. In the case of excisable goods produced in the Republic of Tajikistan, the taxable transaction takes place at the time of removal of the goods from the production premises.
2. In the case of imports of excisable goods, the taxable transaction takes place at the time of import, according to the customs legislation.

Article 213. Taxation of exports

Exports of excisable goods are taxed at a zero rate except supplies of excisable goods to countries which levy tax on exports of excisable goods to the Republic of Tajikistan.

Article 214. Exemptions

1. The following are exempt from excise:
 - a. alcoholic beverages produced by a physical person and used for his personal consumption within the limits imposed by the Government of the Republic of Tajikistan;
 - b. the import of one liter of alcoholic beverages and one carton of (200) cigarettes by a physical person for personal consumption and, in the case of a

person entering the Republic of Tajikistan by automobile, the contents of the gas tank;

- c. goods carried across the territory of the Republic of Tajikistan in transit;
 - d. the temporary import of goods onto the territory of the Republic of Tajikistan, except those intended for re-export;
 - e. goods guaranteed by collateral and intended for reexport;
 - f. excisable goods, except alcohol and tobacco products, imported as humanitarian aid in cases of natural disasters;
 - g. imports to the Republic of Tajikistan of goods from countries which levy excises on exports of goods (works, services) to the Republic of Tajikistan. In cases where the excise paid in the country of origin is less than the excise for such goods determined in accordance with this division, the imported goods shall be subject to excise in the amount of the difference.
2. The excise exemptions specified in subpoints (c) through (f) of point 1 of this article are applied only in the cases where the conditions for exemption from customs duty are met. In these cases, if for purposes of customs duty an import falls under a drawback regime, or if the conditions for payment of customs duty in case of violation of the exemption requirements are met, the same regime applies to the excise.

Article 215. Excise credit for inputs

1. A person who purchases an excisable good (raw materials) and uses the good for the production of other excisable goods that are subject to tax is allowed a tax credit in the amount of the excise paid on the purchase of the good (raw materials), or a refund of the excise on such good (raw materials).
2. A credit or refund is allowed for excise paid for excisable goods used:
 - a. as samples for analysis or for inspection required in the course of production;
 - b. for scientific research;
 - c. for medical purposes by hospitals and pharmacies.
3. A credit or refund of excise under this article is allowed only upon presentation of an invoice indicating payment of excise by the producer of the raw materials, or in the case of the import of raw materials – upon presentation of the corresponding documentation. The amount is refunded to the taxpayer from the appropriate budget by the financial authority jointly with the tax authority within 45 days after the filing of the documents with the tax authorities.

Article 216. Tax rates and list of excisable products

The Government of the Republic of Tajikistan shall determine the list of excisable goods from the following items of the harmonized system and set excise rates for them:

Chapter 22 (Beverages, Alcohol, and Vinegar)

Chapter 24 (Tobacco and Tobacco Products)

Chapter 27 (Fuels, Lubricants, and Similar Materials)

Code 4011, 4012 (Automobile tires)

Code 8703 (Cars).

Article 217. Payment of excise

1. In the case of the production of excisable goods, excises are due with respect to taxable transactions occurring in each reporting period no later than:
 - the 13th of the month – for the first 10 days of the month;
 - the 23rd of the month – for the second 10 days of the month;
 - the 3rd of the following month – for the remainder of the month.
2. The reporting periods for excises are the periods specified in point 1 of this article.
3. If the taxpayer is in arrears on payment of excise tax for any period, then starting with the time the arrear arises and until it is settled, the excise tax becomes due at the time the taxable transaction occurs and the taxpayer is not allowed to remove goods from the production premises before payment of the tax relating to those goods.
4. In the case of imports of goods, the excise is collected by the customs agencies according to the same procedure as for customs duties.

Article 218. Filing of returns

1. In the cases mentioned in Article 217(1), a taxpayer must file a return according to procedures established by the Tax Committee of the Republic by the deadlines indicated for payment of the tax, indicating taxable transactions during the accounting period.
2. A payer of excise must include an application for a credit mentioned in Article 215 with the excise return; a person who is not a payer of excise tax shall file a special application for a refund, which may be submitted at any time during one year from the time the right to a refund arose.

Article 219. Refund of excise on re-exports

1. In the case of goods that are imported for the purpose of subsequent re-export, excise is payable on the import of the goods and then is refunded by the customs agencies to whom the tax was paid upon import of the goods, together with the corresponding financial authorities, according to the actual quantity reexported. Refunding is carried out by customs agencies within 45 days of receipt of the written application for refund.
2. Point 1 of this article does not apply to goods, the import of which is exempt under Article 214(1)(e).

Article 220. Excise stamps

The Government of the Republic of Tajikistan may decree that domestic and imported excisable goods are subject to marking with excise stamps. It is forbidden to import or sell such excisable goods without stamps. The tax authorities are entitled to confiscate such excisable goods which are received for sale without excise stamps.

Article 221. Excise tax invoices

1. Except as otherwise provided by point 3 of this article, a taxpayer who supplies an excisable good is required to write out and issue an excise tax invoice in accordance with the instructions in effect to the person who receives the good.
2. An excise tax invoice is an invoice executed in the form stipulated by the Tax Committee of the Republic and containing the information described in Article 202(2).
3. In the case of the supply of goods at retail, a simplified form of excise tax invoice prescribed by the Tax Committee of the Republic may be used.

Division IX. SOCIAL FEES

CHAPTER 34. Social Fees

Article 222. Definition and Role of Social Fees

1. Social fees are mandatory payments to the Social Security Fund of the Republic of Tajikistan which shall be paid by all insurance payers with the purpose of providing social security, in accordance with the rates established under this Code with respect to salary or another tax base stipulated in this chapter.
2. Social fees are considered a tax for the purposes of this Code.

Article 223. Taxpayers

1. Taxpayers of social fees in accordance with this Division are:

- a. legal and physical persons who are employers and who pay salaries to resident physical persons employed in the Republic of Tajikistan;
 - b. legal and physical persons who in the course of their entrepreneurial activity pay for the services of resident physical persons that are carried out on the territory of the Republic of Tajikistan on the basis of contracts of a civil law nature or without contracts;
 - c. those physical persons stipulated in subpoints a and b who are receiving payment;
 - d. resident physical persons conducting entrepreneurial activity on the territory of the Republic of Tajikistan, except for those described in point 2 of Article 121.
2. Taxpayers stipulated in subpoints a and b of point 1 of this article are hereinafter referred to as insurers, and those taxpayers stipulated in subpoint c of point 1 of this article are hereinafter referred to as insured.

Article 224. Object of Taxation

1. The object of taxation in cases stipulated in subpoint a of point 1 of Article 223 is the wage as determined in accordance with Article 120 . The object of taxation in cases stipulated in subpoint b of point 1 of Article 223 is the amount of payment to physical persons as determined in accordance with Article 120, as if such physical persons were employees.
2. For taxpayers stipulated in subpoint d of point 1 of Article 223, the object of taxation is the taxable income from entrepreneurial activity as determined in accordance with Division IV of this Code.

Article 225. Exemptions

The following are tax-exempt:

- a. the income of persons working in diplomatic and consular establishments who are not citizens of the Republic of Tajikistan;
- b. payment for temporary workman's disability from the Social Security Fund of the Republic of Tajikistan.

Article 226. Tax Rates

1. For fees payable to the Social Security Fund of the Republic of Tajikistan, a tax rate of 25 percent for insurers and 1 percent for insured is applied.
2. For physical persons stipulated in subpoint d of point 1 of Article 223, the tax rate is equal to 20 percent.

Article 227. Procedure for the Determination and Payment of Tax

1. Social fees in cases stipulated in subpoints a, b, and c of point 1 of Article 223 are calculated and are withheld according to procedures established in Article 146 relating to a worker's wages.
2. Physical persons described in subpoint d of point 1 of Article 223 pay fees simultaneously with income tax. These physical persons receiving taxable income from entrepreneurial activity are required to submit a social fees return simultaneously with the income tax return. The current social fees payments are remitted in accordance with procedures established under Article 174.

Division X. LAND TAX

CHAPTER 35. Land Tax

Article 228. Taxpayers

The land tax is paid by land users who have been allocated land plots for use or for lifetime use with the right of bequest.

Article 229. Object of Taxation

1. The land tax is established with consideration of the composition of land, its quality and location, public records on its value, the characteristics of its use and its environmental properties.
2. The basis for determining land tax is the public land record documentation of the land user.
3. The amount of the land tax is independent of the profits from agricultural activity of land users and is established in the form of fixed payments based on a yearly sum per unit of land.

Article 230. Tax Rates on City Land and Suburban Areas

Tax rates on city land and suburban areas are established as follows:

- a. for the city of Dushanbe, Khudjand, Kurgan-Tyube and Kulyab:
– 30,000 rubles per hectare (3 rubles per square meter);
- b. for cities under republican and oblast jurisdiction, and the city of Khorog:
– 20,000 rubles per hectare (2 rubles per square meter);
- c. for cities and suburban areas under regional jurisdiction:
– 15,000 rubles per hectare (1.5 rubles per square meter).

Taxable areas include land occupied by buildings and structures, the land essential for their maintenance, as well as preservation zones, technical zones, and other zones.

Article 231. Land Tax Rates in Rural Areas

1. The average tax rates for one hectare of land according to public zoning records and type of land are established as the following amounts (in rubles):

Public land record zones	Arable land and planted fields: irrigation	Pastures and hayfields	Roads, streets, public buildings, forests, canals, irrigation and interception ditches	Other areas not used for agricultural purposes
Lenina-badskaya	8311/635	84	642	88
Gissarskaya	8854/1578	146	491	63
Garmskaya	7169/2169	146	327	38
Kulyabskaya	9271/1775	262	466	63
Vakhshskaya	12880/1324	115	781	101
GBAO (except the Murgabskaya zone)	2515/1324	71	277	38
Across the Republic	10000/1324	146	454	49

2. The index for the land tax rates is established by the Parliament of the Republic of Tajikistan by adopting legislation as proposed annually by the Government of the Republic of Tajikistan upon confirmation of the state budget of the Republic of Tajikistan for the previous year with consideration of the changes in price and tariffs of the goods (works, services) and production expenditures, as well as clarification of the materials of the official land records.

3. The average land tax rates for regions within the republic are confirmed by the Government of the Republic of Tajikistan upon submission by the Committee on Land Resources and Land Allocation of the Government of the Republic of Tajikistan.

Article 232. Procedures for Filing Tax Accounts

1. The land users (legal and physical persons), annually and no later than 1 March of the reporting year, submit to the tax authorities at the location of the land in question an account of the calculated land tax due from them.
2. For newly-allotted land plots, the tax account is submitted within one month of their allotment.
3. The tax authorities keep records of payers of the land tax and monitor the accuracy of its calculations and payments.

Article 233. Deadlines for Payment of Land Tax

The land tax is paid:

- a. for land described in Article 230 of this Code, no later than 15 March, 15 June, 15 October, and 15 December in equal installments of the annual amount;
- b. for land described in Article 231 of this Code, no later than 15 September and 15 December in equal installments of the annual amount.

Article 234. Land Tax Concessions

The following are exempt from land tax:

- a. preservation areas, national parks and arboretums, botanical gardens;
- b. land areas dedicated for scientific and educational purposes, as well as for research of agricultural and forestry species by scientific organizations, experimental and educational-experience farms, scientific research establishments and educational establishments of an agricultural or forestry nature;
- c. land plots, dedicated for seed and seedling cultivation by seed and seedling cultivation farms;
- d. lands used by budget organizations and by the National Bank of Tajikistan and its establishments;
- e. lands belonging to organizations on which are located buildings in their use preserved by the state as historic, cultural, and architectural landmarks;
- f. received lands that have sustained degradation (which are in need of recultivation) and lands, which have been in an agricultural developmental stage for five years from the moment of receipt (start of development);

- g. farmlands being newly recultivated - for five years, and farmlands that have undergone recultivation - for one year after their division and allocation;
- h. lands allocated to veterans of the Second World War and persons equated with them;
- i. lands allocated to disabled persons of all classes having no family member able to work;
- j. lands occupied by security monitoring areas along the border of the Republic of Tajikistan;
- k. publicly-used municipal and communal lands;
- l. land underneath glaciers, landslides, rivers and lakes;
- m. unallocated government reserve lands;
- n. lands used for public roadways and railways, as well as those used for government supply of water and hydropower;
- o. lands allocated for business use by government authorities, as well as for the defense and security of the Republic of Tajikistan.

Division XI. TAX ON SUBSURFACE USERS

CHAPTER 36. General Provisions

Article 235. Establishment of the Tax Regime in Contracts for Subsurface Use

1. The requirements for the payment of taxes and special payments (the tax regime), established for subsurface users, shall be defined in contracts between the subsurface user and the competent authority, concluded in accordance with the procedures established by the legislative acts of the Republic of Tajikistan.
2. The tax regime established by the contract shall be consistent with the tax legislation of the Republic of Tajikistan that is in effect on the date of conclusion of the contract.
3. It is prohibited to include issues related to taxes and special payments into licenses and other documents associated with the use of the subsurface, other than into contracts on the use of the subsurface.
4. A subsurface user consisting of legal and physical persons operating under one contract is considered one taxpayer for the purposes of taxation and is required to pay taxes and special payments specified in the contract.
5. Mineral resource users operating under more than one contract concluded with the competent authority authorized by the Government of the Republic of Tajikistan (hereinafter

“competent authority”) cannot aggregate income and expenditures for calculation of taxes and special payments. This provision does not apply to the contracts on extraction of common use mineral resources, on the condition that these contracts do not envisage extraction of other types of minerals.

Article 236. Models of a Tax Regime for Subsurface User Contracts

1. The taxation of subsurface users, based on the main types of contracts, shall follow one of two models:
 - a. the first model contemplates the payment by subsurface users of all types of taxes and special payments established by this Code;
 - b. the second model contemplates payment (transfer) by subsurface users of the share of the Republic of Tajikistan under production sharing agreements, as well as payment of the following types of taxes and special payments: profit tax on legal persons, value added tax, bonuses, royalties, and other obligatory payments established by legislative acts of the Republic of Tajikistan and not specified in Article 6 of this Code.
2. The first model of a tax regime is employed in all types of contracts, except for contracts of the “Production Sharing” type, in which the second model is employed.
3. The share of the Republic of Tajikistan under production sharing contracts is a source of revenue of republican and local budgets and is allocated to corresponding budgets in the order specified by the Law of the Republic of Tajikistan regarding the state budget for the ensuing year.

Article 237. A Tax Regime for Operations not Pertaining to Subsurface Use

Payments effected according to contract terms do not exempt subsurface users from their responsibility to pay taxes established by this Code for the carrying out of activities not covered by the contract.

Article 238. Stability of the Tax Regime

1. The tax regime established by a valid subsurface use contract that has passed a mandatory tax examination remains in effect without change until the expiration of the contract, with the exception of those instances specified in point 2 of this article.
2. In the event that amendments are made to legislation after the signing date of the contract which make it impossible to further observe the original terms and conditions of the contract or lead to a significant change in the general economic terms of the contract, the subsurface user and the representatives of the competent organ, the Tax Committee of the Republic and the Ministry of Finance of the Republic of Tajikistan may introduce changes or revisions to the contract, essential to restore economic interests of the parties as of the date of signing of the contract. These changes or revisions to the contract shall be introduced within 60 days after written notification of the Tax Committee of the Republic or a subsurface user.

Article 239. Taxation of Rights Assignment

Incomes received as a result of the assignment of contractual rights are taxable in accordance with procedures established by this Code.

Article 240. Special Payments and Subsurface User Taxes

1. Special payments and subsurface user taxes include:
 - a. bonuses: signing, commercial discovery, extraction;
 - b. royalties;
 - c. excess profits tax.
2. All types of bonuses and royalties are deducted for purposes of the profit tax and excess profit tax.

Article 241. Tax Audit

1. All contracts concluded between the parties are subject to an obligatory tax audit according to procedures established by the Government of the Republic of Tajikistan. This provision also pertains to amendments and additions made to earlier contracts.
2. The agreed taxation regime is subject to obligatory inclusion in the final version of the contract.

CHAPTER 37. Bonuses

Article 242. General Provisions on Bonuses

1. Bonuses are considered as fixed payments by subsurface users and are paid in monetary form within the amount and procedure established in the subsurface use contract.
2. Subsurface users, with regard to the individual terms of their operations, pay the following types of bonuses:
 - a. signing bonus;
 - b. commercial discovery bonus;
 - c. extraction bonus.
3. One or several types of bonus can be used depending on the economic characteristics of the contracts to be signed.

Article 243. Signing Bonus

A signing bonus is a one-time fixed payment by the subsurface user for the right to carry out the subsurface use operations upon conclusion of the contract in accordance with procedures established by legal acts of the Republic of Tajikistan.

Article 244. Procedures for the Liability, Amount and Deadline of Payment of a Signing Bonus

1. The initial signing bonus size is defined by the competent authority, as well as by bidding offers.
2. The final signing bonus size is established in a contract depending on the economic value of the mineral deposits (territories) assigned to the subsurface user.
3. The deadline for payment of the signing bonus is established by a contract or agreement between the parties, but no later than 30 calendar days from the signing date of the contract.

Article 245. Commercial Discovery Bonus

1. The commercial discovery bonus is a fixed payment and is paid by the subsurface user for each commercial discovery made on the contract territory.
2. The commercial discovery bonus is not charged under contracts for the exploration for mineral resources that do not contemplate their subsequent extraction.

Article 246. Procedures for the Calculation, Amount, and Deadline of Payment of the Commercial Discovery Bonus

1. The procedure for calculating the commercial discovery bonus is determined by the Government of the Republic of Tajikistan.
2. The amount of the commercial discovery bonus is established in the contract.
3. The commercial discovery bonus is paid no later than 30 calendar days after the confirmation of the commercial discovery in accordance with the established procedures.

Article 247. Extraction Bonus

The extraction bonus is considered a fixed payment and is paid periodically by the subsurface user upon reaching extraction levels specified in the contract.

Article 248. Procedures for the Calculation, Amount, and Deadline of Payment of the Extraction Bonus

1. The procedure for calculating the extraction bonus for groups of natural resources is determined by the Government of the Republic of Tajikistan.
2. The amount of the extraction bonus is established in the subsurface use contract.

3. The extraction bonus is paid no later than the 20th day of the month following the month in which every extraction level specified in the contract was reached.

CHAPTER 38. Royalties

Article 249. General Provisions on Royalties

Royalties are paid by subsurface users separately for all types of mineral resources on the territory of the Republic of Tajikistan.

Article 250. Forms of Payment of Royalties

1. Payment of royalties in contracts for subsurface use is effected in monetary form, with the exception of those cases stipulated in point 2 of this article.
2. During the period of contract activities, the cash form of the payment of royalties, on the basis of an additional agreement between the parties, may be temporarily, fully or partially replaced by payment in-kind, equal to the cash sum and within an established time period.

Article 251. General Royalty Principles

1. The royalty rates in each contract for subsurface use are established depending on the types of mineral resources:
 - a. on common mineral resources and underground water, at the fixed rates established by the Government of the Republic of Tajikistan;
 - b. on all other mineral resources, rates are established individually for each contract, depending on the project economics, based on technical-economic estimates, according to procedures determined by the Government of the Republic of Tajikistan.
2. In the event that several types of mineral resources are extracted under one contract, royalties are established and paid for each separate type of mineral resource.

Article 252. Royalties on Common Mineral Resources and Underground Water Resources

1. The royalties on common mineral resources and underground water resources are calculated using the value of the extracted mineral resources and underground water resources, based on the average sale price for the reporting period.
2. This procedure for calculating royalties is also applied to the common mineral resources and the underground water resources utilized by the subsurface user for his own consumption.

Article 253. Royalties on Precious Metals and Stones

1. The object of taxation for royalties on precious metals (except for gold, silver, and platinum) and precious stones, is the actual sale price of the extracted precious metals.
2. The object of taxation for royalties on gold, silver and platinum is the value of the extracted metal based on the sale price of that metal on the international non-ferrous metal market determined by the Government of the Republic of Tajikistan.

Article 254. Royalties on Hydrocarbons

1. The object of taxation for royalties on hydrocarbons is the value of mineral resources extracted, based on the reference prices of standard grades of hydrocarbons and adjusted for the difference in cost and quality of freight (transportation expenses), but no less than the average sale price of hydrocarbons for the reporting period.
2. Under contracts concerning production of hydrocarbons, royalties are established through the sliding scale as a set percentage, depending on the production level.

Article 255. Royalties on Solid Minerals, other than Common Mineral Resources, Precious Metals and Stones

1. The object of taxation for royalties on solid minerals, other than those specified in Article 252 and Article 253, is the value of the extracted mineral resources, based on the average sale price of the respective mineral resources for the reporting period.
2. Under contracts on solid minerals referred to in this Article, royalties are established as a fixed percentage for the duration of the contract.

Article 256. Procedures for Payment of Royalties

1. Except as otherwise provided in point 2 of this article, the reporting period for purposes of determining royalties is the calendar month.
2. If the average monthly royalty payments for the quarter are less than 1000 times the minimum nontaxable income, then the reporting period is the quarter.
3. Royalty reports are submitted by the payer to the tax authorities at the place of tax registration by the tenth day of the month following the reporting period.
4. Royalties are paid no later than the fifteenth day of the month following the reporting period.

CHAPTER 39. Excess Profits Tax

Article 257. General Provisions for the Excess Profits Tax

Subsurface users, with the exception of the subsurface users under production sharing contracts and contracts on the extraction of common mineral resources and water resources, provided that these contracts do not stipulate the extraction of other types of mineral

resources, are subject to the excess profits tax in accordance with the rates established in Article 258 and Article 259.

Article 258. Object of Taxation and Procedures for Calculating the Excess Profits Tax

1. The object of the excess profits tax is the net profit of the subsurface user for each separate contract for the reporting year, under which the subsurface user received an internal rate of return in excess of twenty percent.
2. The excess profits tax is assessed according to the rates established in Article 259, based on the actual internal rate of return as of the end of the reporting year. The procedure for determination of the internal rate of return is established by the Government of the Republic of Tajikistan.

Article 259. Rates and Deadlines for Payment of the Excess Profits Tax

1. The excess profits tax rates are established as follows:

Internal Rate of Return (IRR, %)	Excess Profits Tax rate as a percentage of net profit for the reporting year
less or equal to 20%	0
more than 20%, but less or equal to 22%	4
more than 22%, but less or equal to 24%	8
more than 24%, but less or equal to 26%	12
more than 26%, but less or equal to 28%	18
more than 28%, but less or equal to 30%	24
more than 30%	30

2. Excess profits tax statements shall be submitted by subsurface users to the tax authorities at the place of registration before April 1 of the year following the reporting year.
3. The deadline for payment of the excess profits tax is April 10 of the year following the reporting year.

Division XII. ENTERPRISE PROPERTY TAX

CHAPTER 40. Enterprise Property Tax

Article 260. Taxpayers

1. Taxpayers of the enterprise property tax are:

- a. resident enterprises;
 - b. subsidiaries and other similar subdivisions of enterprises described in subpoint a of this point, having an independent balance sheet and settlement account;
 - c. foreign enterprises, conducting entrepreneurial activity in the Republic of Tajikistan through their permanent establishments.
2. Taxpayers described in this article are referred to as “enterprises” in this chapter.

Article 261. Object of Taxation

1. The object of taxation is the property of the enterprise in value terms, including intangible assets and inventories, that is recorded on its balance sheet.
2. For taxpayers described in Article 260(1)(c) the object of taxation includes only property connected with the permanent establishment.
3. In the case of banks and other financial-credit and insurance institutions, the object of taxation is net assets.

Article 262. The Determination of the Value of Taxable Property

The taxable value is the average annual residual balance value of the property described in Article 261, calculated as the arithmetic mean of the residual balance value of such property at the start and end of the reporting year.

Article 263. Tax Concessions

The enterprise property tax is not levied on:

- a. property of budget organizations and government authorities, including the National Bank of Tajikistan and its establishments;
- b. property used exclusively for public education and culture;
- c. property of religious institutions and organizations, national-cultural societies, with the exception of that used in entrepreneurial activity;
- d. property of housing, utility, and other public city, region and village enterprises;
- e. property mothballed under the procedures established by the Government of the Republic of Tajikistan;
- f. 50 percent of taxable property value of hydro and thermal energy facilities;
- g. technical equipment acquired and placed in service through loan finance, where the loan agreements have

been registered, within one month of being signed, with the tax agency at the place of the taxpayer's registration or with the Tax Committee of the Republic of Tajikistan, for the period that the loans are outstanding.

Article 264. Tax Rates and their Calculation Procedure

1. The taxation period for the enterprise property tax is the calendar year.
2. The property of enterprises, appraised in accordance with Article 262, is subject to taxation at a rate of 0.5 percent.
3. Taxpayers pay the tax in the form of current payments of 25 percent of the tax amount of the previous year before the 15th day of the second month of the quarter.
4. Amounts transferred to the budget in the form of current payments are credited upon final payment of the tax for the reporting year.

Article 265. Report on Property Tax

Calculation accounts for the enterprise property tax for the reporting year are submitted to the tax authorities by 1 April of the next year.

Article 266. Profits Tax Credit

A credit of the amount of profit tax, assessed for the tax year, is allowed against the amount of the enterprise property tax for the same period.

Division XIII. TAX ON OWNERS OF VEHICLES

CHAPTER 41. Tax on Owners of Vehicles

Article 267. Taxpayers

A taxpayer is any person who owns a vehicle that is required to be registered in the Republic of Tajikistan.

Article 268. Object of Taxation

An object of taxation is any vehicle specified in Chapter 87 (codes 8702-8704) of the harmonized system.

Article 269. Exemptions

The following are exempt from tax:

- a. caterpillar-style tractors and machines;

- b. grain harvesting and special motor-powered combines;
- c. buses and trolley buses used by public transport enterprises for transporting passengers in cities;
- d. motorized wheelchairs and hand-controlled vehicles belonging to disabled persons.

Article 270. Tax Rates

The annual tax rates vary according to the type of vehicle and are set as follows (per horsepower of the engine):

Object of Taxation	Tax amount in percent of nontaxable minimum income
Motorcycles and Motorscooters	1.0 percent
Passenger Automobiles	2.0 percent
Buses (with up to a 12-person capacity)	2.5 percent
Buses (with a capacity of 13-30 persons)	3.0 percent
Buses (with a capacity of over 30 persons)	3.5 percent
Trucks and similar vehicles with a load capacity up to 10 tons	4.0 percent
Trucks (with a load capacity of 10-20 tons)	4.5 percent
Trucks (with a load capacity of 20-40 tons)	5.0 percent
Trucks (with a load capacity higher than 40 tons)	5.5 percent

Article 271. Procedures for Payment and Collection of the Tax

1. The tax is subject to payment by the deadlines specified for the registration, reregistration or yearly inspection of the vehicle. Violation of the deadline is grounds for the imposition of interest in the amounts and according to the procedures specified in this Code. Tax is not imposed upon reregistration of a vehicle if the former owner of the vehicle paid the tax for the given year.
2. Without proof of payment of the tax, registration, reregistration, or inspection may not be conducted.
3. The State Automobile Inspection of the Interior Ministry of the Republic of Tajikistan shall demand payment of the tax on vehicles if proof of such payment cannot be furnished by the owner of the vehicle.

Division XIV. TAX ON ROAD USERS

Chapter 42. Tax on Road Users

Article 272. Taxpayers

Payers of the tax on road users are:

- a. resident enterprises;
- b. subsidiaries and other such subdivisions of enterprises described in subpoint a of this point, having an independent balance sheet and settlement account;
- c. foreign enterprises, conducting entrepreneurial activity in the Republic of Tajikistan through their permanent establishments.

Article 273. Object of Taxation

The object of taxation is the supply of goods, the fulfillment of works and the rendering of services that are subject to VAT.

Article 274. Tax Concessions

The following are not subject to tax on road users:

- a. budget organizations and government authorities including the National Bank of Tajikistan and its establishments;
- b. religious institutions and organizations and national culture societies, with the exception of their entrepreneurial activity.

Article 275. Tax Rate

The tax rate is set at 2 percent of the tax base.

Article 276. Tax Base

The tax base is calculated in line with the procedure for determining the taxable turnover for VAT in accordance with Article 184 of this Code.

Article 277. Procedure and Deadline for Payment

The tax period, deadline for payment, and procedure for submitting a declaration are the same as those for the value added tax.

Division XV. TAX PAYABLE BY SMALL BUSINESSES ON A SIMPLIFIED BASIS

Chapter 43. Tax Payable by Small Businesses on a Simplified Basis

Article 278. Taxpayers

1. Taxpayers of the tax payable by small businesses on a simplified basis are enterprises that are not subject to VAT, with the exception of enterprises engaged in the production of excisable products, credit organizations, insurance companies, investment funds, and professionals in the securities market.

Article 279. Object of Taxation

1. The object of taxation is the difference between gross receipts for the reporting period and the deductions contemplated by this Code, except for the deduction for wages paid by enterprises in accordance with article 120. The gross earnings are calculated on a cash basis as the sum of earnings received from the sale of goods (works, services), the sale price of property sold during the reporting period, and income received from entrepreneurial activity other than sales.

2. Enterprises taxed under the simplified system on the basis of a percentage of gross receipts are not taxpayers for purposes of the profit tax on legal persons and the enterprise property tax.

Article 280. Tax Rate

The tax rate for enterprises is established as 10 percent of gross earnings.

Article 281. Procedure for Applying the Simplified System of Taxation

1. The tax period for the simplified system of taxation on small business is a quarter.
2. An enterprise shall submit a declaration to the tax authorities before the tenth day of the month following the reporting tax period stating the amount of tax due, and pays the calculated tax at that time.

Division XVI. SALES TAX (ON COTTON FIBER AND ALUMINUM)

CHAPTER 44. Sales Tax (on Cotton Fiber and Aluminum)

Article 282. Taxpayers

Taxpayers of the sales tax on cotton fiber and aluminum are legal and physical persons who effect supplies of cotton fiber and primary aluminum on the domestic and foreign markets.

Article 283. Object of Taxation

The object of taxation is the value of own production, goods sold or obtained in exchange for other goods, goods transferred free of charge or for partial payment, as collateral, under futures (forward) transactions, goods transferred as give-and-take raw materials or connected with an owner (manufacturer) in Tajikistan.

Article 284. Tax Base

1. The tax base is determined using the value of goods sold as calculated based on the price of the taxable good prevailing on the sale date on the respective international (regional) market with regard to quality, type, and grade. The market value includes the sales tax.
2. Legal and physical persons acting as resellers of taxable goods shall pay sales tax in the amount of the difference between the tax amounts as calculated using the prices on the date of sale of goods to customers and the date of their purchase from the suppliers.
3. Persons exporting taxable goods from the Republic of Tajikistan or transferring the goods to other enterprises within the Republic of Tajikistan as give-and-take raw materials or collateral, shall pay the full amount of the sales tax in advance.

Article 285. Tax Rates

The sales tax rates are determined in percentage of the market price of the taxable goods as follows:

- a. for cotton fiber — 23 percent.
- b. for primary aluminum — 4 percent.

Article 286. Procedures for Calculation and Deadlines for Payment of Sales Tax

1. The tax amount subject to payment is calculated by the seller independently based on the market price on the date of sale of the good with consideration of quality, type and grade, sales volume and tax rate. Tax payment documentation must include the method of disposition of the good (sale, exchange, transfer free of charge or for partial payment, transfer as give-and-take raw materials, as collateral, or sale under futures (forward) transactions).
2. In the case of resale of the good, the tax is determined based on the date of purchase, the date of sale, and the volume of the transaction.
3. For futures (forward) transactions, the tax is calculated using the value of the good on the date of the first transaction (supply, shipment).
4. In the case of transfer of the good as collateral or as give and take raw material, the tax is calculated based on the price prevailing on the date of the transfer.

5. If the seller does not have the latest market price of a good on the date of sale, the tax is calculated based on the available information concerning the market price of the good.
6. The tax amount is updated by the taxpayer upon receipt of the latest information about the market price of the good sold.
7. Tax payment is made no more than three days following the transfer of funds to the account of the seller in a banking institution, in cases of cash transactions - to its cashier, and in cases of gratuitous transfer, exchange of taxable goods, and in cases of transfer as give-and-take raw materials or collateral — upon shipment or supply.
8. In the case of export of a taxable good from the Republic of Tajikistan, tax payment is made prior to crossing the customs border of the Republic of Tajikistan. Persons allowing the transfer of taxable goods or the export of taxable goods out of the republic without tax payment are held liable under law.

Article 287. Supervision over Tax Payment

1. The tax authorities assume responsibility for ensuring timely and full payment of sales tax into the budget.
2. The procedure for payment of sales tax is established by the Government of the Republic of Tajikistan.

Division XVII. LOCAL TAXES

Chapter 45. Local Taxes

Article 288. General Provisions

1. Local councils of peoples' deputies have the right to establish local taxes for their territories as stipulated in Article 6, based on the provisions of this Division.
2. Acts of tax legislation that are passed by the local councils of peoples' deputies must determine the procedure of payment and collection of local taxes. Unless otherwise stipulated in acts of tax legislation by the local councils of peoples' deputies, taxation is effected using the procedures outlined in Divisions II and III of this Code.
3. Local councils of peoples' deputies have the right, regardless of the provisions established in this division:
 - a. to exempt certain categories from paying taxes or to apply lower local tax rates to them;
 - b. to exclude certain elements from the taxation base or apply lower rates to them;
 - c. to establish lower local tax rates.

4. Instructions for the application of local taxes are published by the respective local tax authorities in conjunction with local financial agencies upon agreement with the Ministry of Finance of the Republic of Tajikistan and the Tax Committee of the Republic.

Article 289. Retail Sales Tax

1. Taxpayers of retail sales tax include enterprises and individual entrepreneurs.
2. The object of taxation is retail sales of goods on the territory of the city (region).
3. The tax base is determined as the value of goods sold by the taxpayer, as calculated based on free (market) prices excluding the retail sales tax. In determining the free (market) prices of the goods in question, the value added tax as well as the excise tax for excisable goods is taken into account (included in the price).
4. Tax rates shall not exceed five percent.

Article 290. Tax on Immovable Property of Physical Persons

1. Taxpayers are physical persons-proprietors of immovable property or persons using such property considered to be an object of taxation in accordance with point 2 of this article and located in the given region (city).
2. The following types of property are included in objects of taxation: dwellings, apartments, vacation homes, garages and other buildings, structures, premises and facilities (hereinafter “immovable property”).
3. The tax base for the given tax may include: the market price of the object, the inventory value of the object, the insurance value of the object or the value of the object as calculated on the basis of the cost of one unit of space adjusted for the location factor. The local councils of peoples’ deputies may on their own territory employ one of the above mechanisms of determining the tax base.
4. The tax rate for the immovable property of physical persons may not exceed one percent of the tax base.

Article 291. Tax for the Maintenance of Public Transportation

1. Taxpayers of the tax and the tax base for the maintenance of public transportation are the same as in the case of social fees in accordance with Division IX of this Code.
2. The tax rate for the maintenance of public transportation may not exceed 2 percent of the tax base for social fees.

Chapter 46. Laws of the Republic of Tajikistan that are Repealed

Article 292. Laws of the Republic of Tajikistan that are Repealed:

As of January 1, 1999:

- Law of the Republic of Tajikistan of Jan. 9, 1992, “On the Taxation of Owners of Vehicles and Other Self-Propelled Machines and Mechanisms” (Vedomosti of the Supreme Soviet of the Republic of Tajikistan, 1992 No. 2, art. 24);
- Law of the Republic of Tajikistan of Jan. 6, 1992, “On Excises” (Vedomosti of the Supreme Soviet of the Republic of Tajikistan, 1992 No. 4, art. 45);
- Law of the Republic of Tajikistan of Jan. 6, 1992, “On Income Tax on Citizens of the Republic of Tajikistan, Foreign Citizens, and Persons without Citizenship” (Vedomosti of the Supreme Soviet of the Republic of Tajikistan, 1992, No. 5, art. 48);
- Law of the Republic of Tajikistan of March 14, 1992, “On the State Tax Agencies of the Republic of Tajikistan” (Vedomosti of the Supreme Soviet of the Republic of Tajikistan, 1992, No. 9, art. 135; new revision as of Feb. 1, 1996 (Achbori of the Majlisi Oli of the Republic of Tajikistan, 1996, No. 14, art. 60);
- Law of the Republic of Tajikistan of Dec. 27, 1993, “On the Taxation of Incomes from Insurance Activity” (Vedomosti of the Supreme Soviet of the Republic of Tajikistan, 1994, No. 1, art. 8);
- Law of the Republic of Tajikistan of Dec. 27, 1993, “On the Fund for Liquidation of the Consequences of the Extraordinary Situation” (Vedomosti of the Supreme Soviet of the Republic of Tajikistan, 1994, No. 1, art. 12);
- Law of the Republic of Tajikistan of Dec. 27, 1993, “On Taxes on the Property of Physical Persons” (Vedomosti of the Supreme Soviet of the Republic of Tajikistan, 1994, No. 1, art. 20);
- Law of the Republic of Tajikistan of Dec. 27, 1993, “On the Road Fund” (Vedomosti of the Supreme Soviet of the Republic of Tajikistan, 1994, No. 1, art. 26);
- Law of the Republic of Tajikistan of June 20, 1994, “On the Fundamentals of the Tax System” (Vedomosti of the Supreme Soviet of the Republic of Tajikistan, 1994, No. 34, art. 203);
- Law of the Republic of Tajikistan of May 15, 1997, “On Payment for Land”;
- Law of the Republic of Tajikistan of May 15, 1997, “On Sales Tax”;

As of July 1, 1999:

- Law of the Republic of Tajikistan of Jan. 6, 1992, "On Value-Added Tax"
(Vedomosti of the Supreme Soviet of the Republic of Tajikistan, 1992, No. 2, art. 28;
- Law of the Republic of Tajikistan of July 21, 1994, "On Profit Tax on Enterprises
and Organizations" (Vedomosti of the Supreme Soviet of the Republic of Tajikistan,
1994, No. 3-4, art. 249;
- Law of the Republic of Tajikistan of Dec. 12, 1997, "On a Simplified System of
Taxation, Accounting, and Reporting for Small Businesses".

President of the Republic of Tajikistan

E. Rachmonov

Dushanbe

Nov. 12, 1998

No.