

Tax system of the Republic of Tajikistan

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Introduction

This booklet provides a summary of information about the Tax system in Tajikistan.

Tax reforms in Tajikistan are aimed to support development of innovative technologies, reduction of types and rates of taxes as well as the introduction of measures to strengthen tax certainty and digitalization of tax administration.

One of the significant achievements was the adoption of the Tax code of the Republic of Tajikistan in a new edition, which entered into force on January 1st 2022. The number of types of taxes were reduced from 10 to 7 and the tax rates such as VAT, CIT, PIT and other types of taxes were significantly reduced.

Today, all tax reporting of taxpayers is submitted in electronic format and the Tax committee through computer modules provides taxpayers and citizens more than 40 state e-services, such as: e-file tax returns, registration of business within 24 hours, e-warehouse; e-VAT invoice and the payments of taxes are done by mobile bank applications.

Types of taxes in Tajikistan

1. Income tax (Corporate Income Tax)

13% - for activities related to the production of goods;

18% - for activities related to the extraction and processing of natural resources, as well as for all other types of activities.

20% - for activities of credit and financial institutions and mobile companies;

Income tax (Personal Income Tax)

12% - for resident individuals from employment;

15% - for resident and non-resident individuals on other types of income.

20% - for nonresident individuals from employment;

2. Value Added Tax (VAT)

0%- for export of goods;

5% - Sale and processing of agricultural products, educational services, medical services in sanatoriums and resorts;

7% - Construction works, hotel and catering services;

14% - Standard rate.

3. Excise Tax

Payers of excise tax, are individuals and legal entities, carrying out taxable operations. Excisable goods are all types of alcohol, alcoholic, non-alcoholic and energy drinks, tobacco products, mineral fuel, all types of crude oil, pneumatic rubber tires, passenger cars, jewelry made of precious metals and precious stones.

The rate of tax on excisable goods is determined by the Government of the Republic of Tajikistan.

7% - Services in the field of electric communication.

4. Social Tax

2% - Employee contributions from the salary,

20% - employer's contribution from the salary fund.

5. Taxes on natural resources

Taxes for the use of natural resources consist of, subscription bonus, commercial discovery bonus, royalty for extraction, water royalty, export rents.

6. Sales Tax only for primary aluminum rate of 3%.

7. Property taxes (local taxes) real estate tax, land tax and vehicle tax, which are enacted by normative legal acts of local state authorities in cities and districts of Tajikistan.

Special and Simplified taxation regimes, includes:

1.For activities in free economic zones. Subjects of the free economic zone are exempted from paying any taxes, with the exception of taxes withheld from the source of payment;

2.For securities market. Investors who receive income from the increase in the value of securities on the day of their circulation on the securities exchange are exempted from paying tax on income from the increase in securities;

3.For individuals carrying out entrepreneurial activities based on a patent or certificate.

4. For small businesses. Tax rate is 6% from gross income or 18% from profit. Exempted from VAT;

5.For agricultural products producers. A single tax is paid on a land plot for a producer of agricultural products, all other taxes are exempted.;

6. For the gambling business, in which taxes are paid from gambling objects. Subjects of this regime are exempted from CIT and VAT;

7.For poultry farming, fish farming, and the production of compound feed for poultry and animals, subjects operating under this regime pay 50 percent of the established rates for of CIT, VAT, tax on real estate and land tax;

8.Innovative and technological activities. Subjects operating under innovative and technological regime are exempted from all types of taxes, except for social tax and personal income tax, for which a 50 percent exemption is granted.

Additional tax incentives

In order to attract foreign investment, the Tax Code provides tax incentives for various sectors of the economy, such as:

-new enterprises for the production of goods are exempted from CIT for a period of 2 to 5 years, if the volume of investment is 200 thousand to 5 million US dollars;

-income received from tourism activities is exempted from CIT for 5 years;

-import of equipment, machinery, materials; accessories for the production of medicines, medical, pharmaceutical equipment are exempted from VAT;

-sale of domestically produced medical products, precious metals and precious stones, jewelry made of precious metals and precious stones, agricultural machinery are exempted from VAT.