



INVESTING IN KYRGYZSTAN: 15 KEY QUESTIONS FROM INVESTORS

About Baker Tilly team in Kyrgyzstan



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Kubat is a certified auditor of the Kyrgyz Republic and has extensive experience working in international audit firms.

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He has over 20 years of professional experience in Big Four companies and international audit firms.



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Albina has more than 16 years of experience working in leading law firms and international consulting companies.

Her areas of expertise include legal consulting across various industries on corporate law, taxation, mergers and acquisitions (M&A), compliance, contracts and support of international investment and public-private partnership (PPP) projects in Central Asia and the CIS.

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Eldiir has 10 years of experience as a senior lawyer and counsel in leading law firms, providing strategic advice on corporate law, mergers and acquisitions (M&A), intellectual property, contracts, and public-private partnerships.

His experience includes advising on large-scale investment projects across various sectors of the economy, representing clients in disputes with government authorities and counterparties, and participating in the development and implementation of legal reforms.

He is an attorney-at-law and a certified patent attorney

Since 2009, we have been providing accounting and audit services, tax services, legal services, information security, valuation and strategic consulting in Central Asia in compliance with the requirements of International Standards on Auditing, International Financial Reporting Standards, International Valuation Standards and local legislation.

Baker Tilly companies in Central Asia are independent members of the international audit and consulting network Baker Tilly International, one of the leading global professional services networks.

1 | What legal guarantees and protection mechanisms are available to foreign investors in Kyrgyzstan?

The legislation of the Kyrgyz Republic, in particular Law of the Kyrgyz Republic "On Investments in the Kyrgyz Republic" dated 12 August 2025, No. 198, provides a system of legal guarantees and protection mechanisms for foreign investors.

Key guarantees and protection mechanisms include, in particular:

- National treatment for foreign investors, meaning that, in similar circumstances, foreign investors enjoy treatment no less favorable than that granted to domestic investors;
- The possibility of resolving investment disputes through international arbitration, subject to an arbitration agreement and/or an applicable international treaty;
- The ability to implement large-scale investment projects under a contractual model, including investment agreements with the state;
- The priority of international treaties where they provide more favorable conditions for investors (subject to following the state's national interests);
- Protection against unjustified interference in an investor's business activities;
- A broad definition of "investments" (capital property, intellectual property, contractual rights, etc.);
- Protection against unlawful expropriation, including an obligation to pay prompt and adequate compensation at market value;
- Guarantees of access to information and the freedom to carry out investment activities in accordance with the law;
- Freedom to choose the forms and methods of investment;
- The right to freely transfer income and capital.

Additional protection for investments is provided through bilateral investment treaties (BITs) and the state's participation in international conventions governing investment and international arbitration.





2 | Which sectors of the Kyrgyz economy are open to investment?



Mining and subsoil use



Energy sector,
including hydropower and
renewable energy sources (RES)



Construction and
real estate;



IT and telecommunications



Manufacturing and
light industry



Hotel and
restaurant industry
(HoReCa)



Financial sector
(banking, insurance,
microfinance)



Agriculture
and processing



Logistics and transport

3 | How can investors protect themselves against adverse changes in legislation of the Kyrgyzstan?

Subject to the conditions set out in legislation, investors may enter into a stabilization agreement for a term of up to 10 years, allowing the most favorable conditions for implementing an investment project with respect to taxes and non-tax payments. If, during the implementation of the investment project, amendments are made to tax legislation or legislation on non-tax payments, the investor and/or the invested enterprise that has concluded a stabilization agreement is entitled to continue applying the selected most favorable conditions and to apply more favorable conditions if such conditions are introduced after the agreement is concluded. The stabilization regime applies to taxes (including value-added tax, except for other indirect taxes) and non-tax payments (except for payments for services provided by state authorities) and applies to both the investor and the invested enterprise.

Eligibility for the stabilization regime requires:



Investments of at least **KGS 200 million** (\approx USD 2.3 mln.) into the capital of the invested enterprise within 3 years from the date of signing the stabilization agreement



For subsoil use projects – investments of at least **KGS 1 billion** (\approx USD 11,5 mln.) within 5 years from the date of signing the stabilization agreement





4 | Which government bodies can an investment agreement be concluded with in Kyrgyzstan and what does it depend on?

In Kyrgyzstan, an investment agreement may be concluded with local self-government bodies, state authorities, or the Cabinet of Ministers of the Kyrgyz Republic. The choice of the contracting party depends on the investment volume envisaged by the project.

An investment agreement may be concluded through **direct negotiations** with the Cabinet of Ministers if the investment volume is **at least KGS 1 billion** (≈ USD 11.5 mln.), provided that the investor has confirmed experience in the successful implementation of projects in a similar field of activity.

5 | Can a foreign investor fully (100%) own a company in Kyrgyzstan?

Yes. Foreign investors may own 100% of the equity (shares) in commercial companies in Kyrgyzstan. Exceptions relate to:

- Acquiring ownership rights to land plots (nevertheless, temporary land use is permitted for up to 50 years);
- Certain strategic facilities;
- Sectors where the law provides special requirements regarding ownership structure.

It should be noted that, according to the law, a limited liability company may have as its sole founder (shareholder) another business entity consisting of a single person, provided that such business entities are not directly or indirectly controlled by a foreign legal entity.

6 Which legal form of business is typically used by foreign investors in Kyrgyzstan?

A range of organizational and legal forms for doing business is available in Kyrgyzstan, including limited liability companies (LLCs), joint-stock companies (JSCs), branches and representative offices of foreign companies, partnerships, additional liability companies, and other forms prescribed by law. The most common forms are LLCs and JSCs (open or closed). In practice foreign investors most often prefer the LLC form.

Key features of an LLC:

- Typically, no minimum charter capital requirement;
- Predominantly limited liability of participants up to the amount of their contributions to the charter capital;
- Flexibility in management and profit distribution;
- The number of participants must not exceed 30 (thirty);
- The possibility for participants to withdraw from the company.

Joint-stock companies (JSCs) are used much less frequently, mainly for large projects, including those with state participation, and in certain regulated and strategic sectors where the JSC form is mandatory.

Key features of a JSC:

- The charter capital is divided into shares;
- A more complex corporate governance structure (general meeting of shareholders, board of directors, etc.);
- The ability to raise capital through the issuance of shares;
- Enhanced reporting and disclosure requirements.





7 | What are the timelines for registering an LLC in Kyrgyzstan?

In practice, registration takes 1 to 3 business days, provided the documents are properly prepared. Registration is carried out electronically under a "one-stop shop" principle (with simultaneous tax registration, as well as registration with the statistics authority and the Social Fund).

8 | Are any special permits or approvals required for a foreign investor to acquire equity interests (shares) or assets of a local company?

The acquisition of shares (equity interests) or assets generally does not require prior permits or approvals, except in cases expressly provided for by law.

- acquisitions of strategic facilities;
- acquisitions of equity (shares) in financial sector companies;
- transactions related to subsoil use rights;
- transactions subject to antimonopoly control;
- other cases prescribed by law.

9 | Are there any foreign exchange restrictions for investors? Is the use of foreign currency permitted?

Kyrgyz law does not provide for any significant foreign exchange restrictions for investors. Investors are entitled to freely convert the national currency of the Kyrgyz Republic (the Kyrgyz som, KGS) into any foreign currency for all payments related to their investments.

As a general rule, transactions within the territory of the Kyrgyz Republic must be concluded and settled in the national currency. The legislation provides exceptions under which the parties may, by mutual agreement, use foreign currency, including in particular:

- Under agreements for the supply of exported and imported goods and services;
- For the sale of goods and services within fuel and energy sector investment projects implemented on the basis of an investment agreement or a public-private partnership agreement concluded with the Cabinet of Ministers of the Kyrgyz Republic.

10 | Are there any restrictions on the repatriation of profits by a foreign investor?

In general, no restrictions on the repatriation of profits are established in Kyrgyzstan. Legislation and international agreements guarantee foreign investors the free transfer of investment-related payments, including profits, dividends, interest, royalties, loan proceeds, management fees and capital gains.

Restrictions on the movement of funds may be applied, in certain sectors, through the fair, non-discriminatory and good-faith application of legislation and are not aimed at restricting profit repatriation as such.



11 | What exit options are most typical for foreign investors?

The exit of a foreign investor from an investment project in Kyrgyzstan may be carried out in various ways (using different mechanisms), including depending on the form and structure of the investment, the legal form of the business, the contractual terms and restrictions and the sector in which the investment is made.

The most common exit mechanisms include:



Sale of participation interests or shares to Kyrgyz company



Indirect exit (through the sale of interests/shares in a foreign company)



Asset sale



Business reorganization company reorganization (merger, accession, division, spin-off)



Liquidation of the company



Assignment of contractual rights

As a rule, the exit mechanism is determined at the investment entry stage and fixed in corporate and investment agreements (e.g., drag-along, tag-along, options, put/call, etc.), which significantly reduces exit-stage risks.

12 | What tax regimes and taxes apply in Kyrgyzstan?

The tax system is governed by the Tax Code of the Kyrgyz Republic and provides for a **general tax** regime as well as **special tax regimes** applicable to certain types of activities and categories of taxpayers.

Under the general tax regime, commercial entities typically pay the following main taxes:

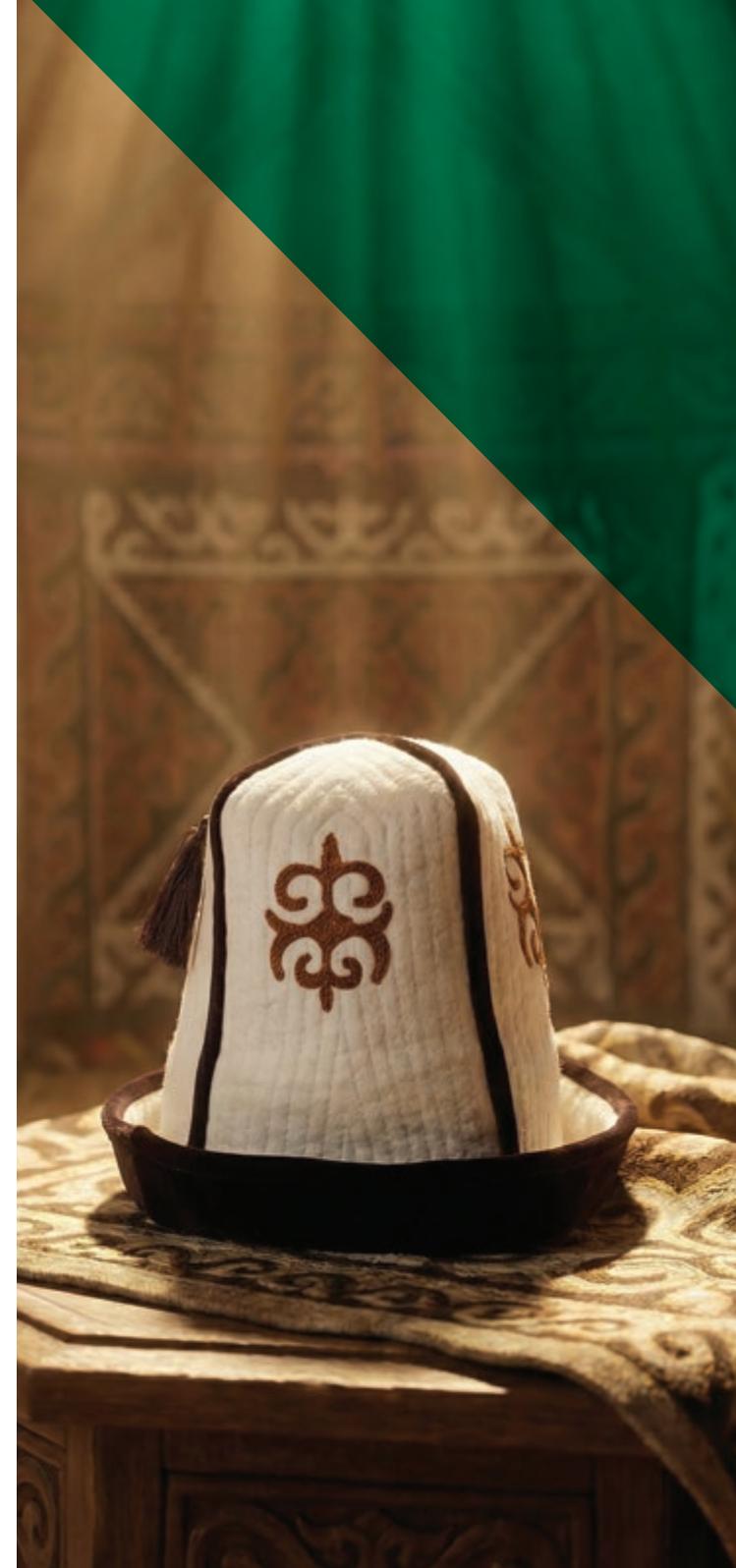
- Corporate income tax (10%);
- Sales tax (1-5%);
- Value-added tax (12%);
- Personal income tax (10%).

Depending on the activities carried out and the existence of certain assets held, the following taxes may apply: property tax, excise tax, subsoil use taxes and income tax on mining and mineral processing enterprises.

In addition, the legislation provides special tax regimes, including in particular:

- a simplified taxation system based on a single tax;
- the tax regime for residents of free economic zones;
- the tax regime for participants of the High Technology Park;
- the tax regime applicable within the "Tamchy" Special Financial Investment Territory;
- other special regimes aimed at supporting certain industries.

For foreign investors, the key considerations include selecting the applicable tax regime, proper tax accounting and compliance with taxation requirements for cross-border transactions.





13

What judicial and extrajudicial dispute resolution mechanisms are available to a foreign investor in investment disputes?

Investment disputes may be resolved:

- Through negotiations and mediation;
- In the courts of the Kyrgyz Republic;
- Through international arbitration (UNCITRAL rules, ICSID), provided that an applicable international treaty and/or an investment agreement concluded between the investor and the Kyrgyz Republic contains a relevant and valid arbitration clause.

The Kyrgyz Republic has acceded to the 1965 Washington Convention (ICSID Convention), which allows investment disputes between the state and foreign investors to be heard under the ICSID framework, providing an additional level of international legal protection for investments.

14

Are international arbitral awards recognized and enforced in Kyrgyzstan?

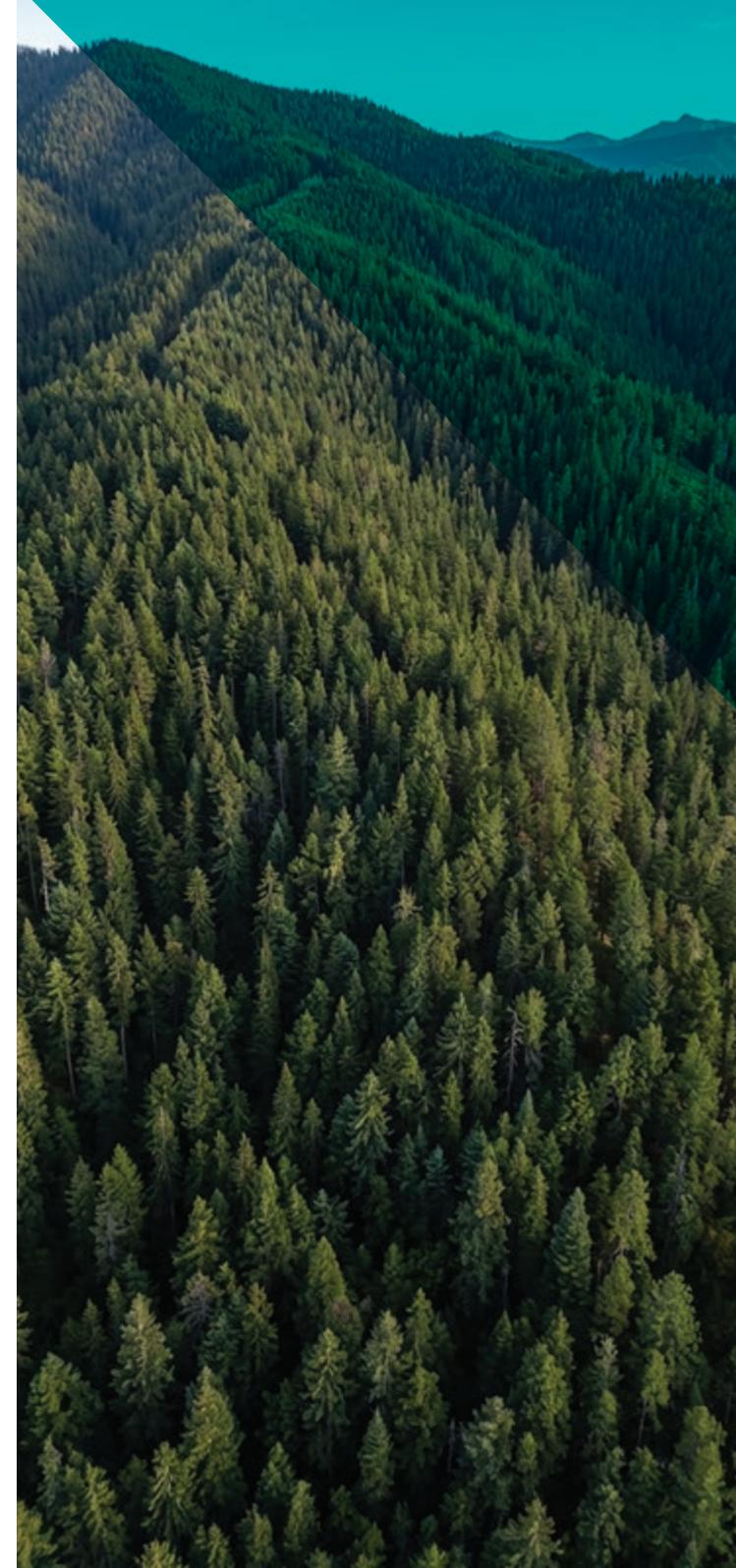
Yes. The Kyrgyz Republic is a party to the New York Convention of 1958, which provides a framework for the recognition and enforcement of foreign arbitral awards, subject to compliance with the applicable procedures.

15 | Are there investment protection agreements between Kyrgyzstan and other countries?

Yes. Kyrgyzstan has concluded more than 30 of bilateral investment treaties (BITs) with various countries, including USA, EU countries, Switzerland, China, Turkey, UAE and CIS countries.

Such treaties typically provide for:

- Fair and equitable treatment;
- Free transfer of income and capital;
- Protection against unlawful expropriation;
- Access to international investment arbitration.



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- Risk & ESG Advisory

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- Dispute resolution and arbitration

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- Software Development
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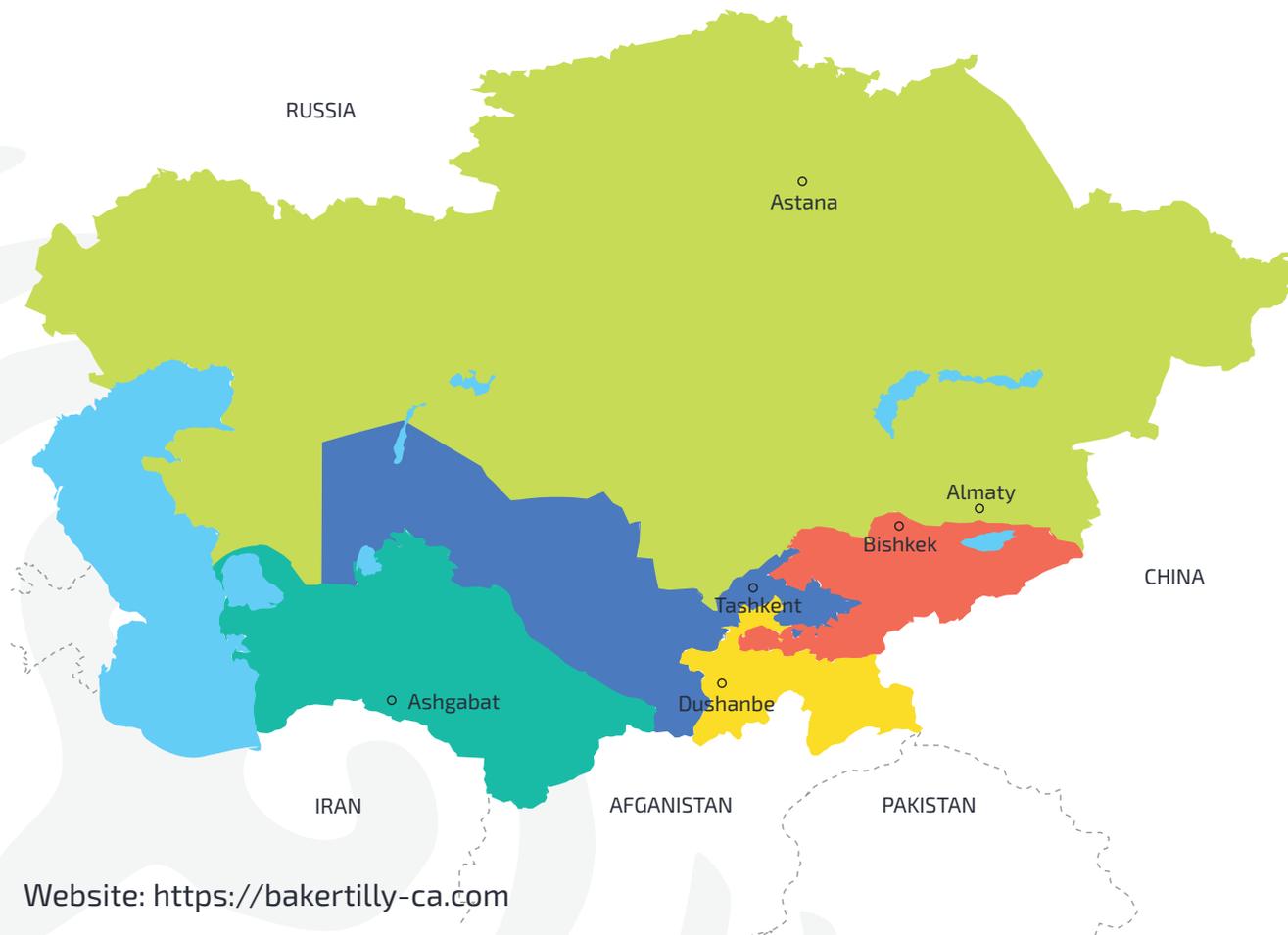
- Bookkeeping & Payroll
- Tax Accounting
- Management Reporting
- IFRS Reporting
- Accounting Outsourcing
- Internal Controls & Compliance

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- Valuation of movable and immovable property
- Valuation for IFRS reporting purposes
- Asset inventory
- Construction monitoring

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