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**KYRGYZ REPUBLIC**

**JULY – SEPTEMBER 2009**

# Quarterly Report



## **ECONOMIC REFORMS TO ENHANCE COMPETITIVENESS**

**CONTRACT NUMBER EEM-I-00-07-00005**

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## **Significant issues affecting implementation:**

- EREC Project is waiting for the decision of the State Tax Committee (STC) on the transfer of KITIS database and application to Globally Unique Identifier (GUID).

## **Significant meetings with counterparts & donors:**

- Omurbek Babanov, First Vice Prime Minister of the Kyrgyz Republic
- James McHugh, Resident Representative of IMF
- Pat Shapiro, USAID Country Representative in Kyrgyzstan
- Tatygul Omorova, Acting Head of Financial Reporting and Internal Audit Methodology Department of the Ministry of Finance
- Cholpon Saparbaeva, Acting Head of State Sector Unit of the Ministry of Finance
- Nataliya Pisareva, Senior Economist at the World Bank (WB) Bishkek Office
- Nursulu Ahmetova, Country Director of USAID Business Environment Improvement Project (BEI)
- Sayid Zulpuev, Director of Central Treasury under the Ministry of Finance of the Kyrgyz Republic
- Elmira Ibraieva, Head of the MOF Social Spending Policy Department
- Chinara Ibraieva, Head of the MOF International Relations Department
- Adylbek Kasymaliev, SCTC Deputy Chairman
- Rasym Aidralieva, Head of the SCTC Legislative Work Department
- Rahanov N., Deputy Head of the MOF IGF Policy Department
- Janybekova R., Head of the MOF Local Revenue Forecasting Unit
- Fazymbakiev T., UNDP Expert for Local Self-Governance
- Tashieva Z., Head of Accounts and Banking Operations Unit of the Central Treasury
- Damir Bisembin and Ludmila Matvienko, ADB Tax Administration Reform and Modernization Project
- Elmira Tumenbayeva, Head of SCTC Training Unit
- Sairagul Rakombayeva, Head of SCTC Public Outreach Unit/Taxpayer Service Department.
- Pavel Burtsev, Head of IT Department of SCTC
- Elmira Adjibaieva, Head of Programming Unit of SCTC IT Department.
- Rustam Sultankulov, Deputy Head of the Taxpayers' Audit Department of SCTC.
- Asankojoeva Z. M., Head of the Finance Department in the PM's Office
- Junus Kalberdiev, Manager of the World Bank Land and Real Estate Registration Project
- Moldokulova G., Head of the Local Budgets Unit of the Bishkek Treasury
- Baketayev A.K., Head of the Bishkek Treasury
- Kurmanbekov T., Head of the Finance Department of Sokuluk rayon
- Usenov A.H., Head of Gavrilovsky aiyl-okmotu
- Karymshakova J.B., Head of the Finance Department of Gavrilovsky aiyl-okmotu
- Mambetalieva V., Senior Tax Inspector of Gavrilovsky aiyl-okmotu
- Saadakov M., Head of the Sokuluk rayon Treasury
- Jusupbekov B., Head of Registration Department at GosRegister
- Kovalev A., Head of IT department of the Ministry of Labor and Social Welfare
- Jamilya Mamasheva / Chief Specialist of IT Department of the Social Fund

- Gulzat Aidaraliev, Deputy Head of the Unit for Registration of Physical Persons of the Social Fund
- Jenish Mukanbetov, Chief Specialist / Unit for Data Entry of the Social Fund
- Ajbayev M., Head of SCTC Taxpayer Service Department
- Ilibezova, Director of Center of Public Opinion Study “EL-Pikir”
- Sulaimanov M.M., Head of SCTC Organizational and Internal Audit Department
- Abdraimova B.D., Head of SCTC Organization and Control Unit
- Keldibekov A.K., Chairman of the State Committee on Taxes and Charges
- Kaldybayev E., SCTC Deputy Chairman
- Li A., Head of Banking Settlements Department/National Bank of the KR
- Mambetkunov A., Head of Package Clearing System Unit/ KR National Bank
- Junusov T., Head of Accounting and Reporting Unit of Bishkek Treasury
- Tokochev R., IT Specialist/MOF Central Treasury
- Digerbayeva T., Head of the Water Supply Department in Lenin district
- Rakombayeva S., Head of SCTC Public Outreach Unit
- Laisheva A., Program Director of Internews Representative Office
- Khalilov V., Director of Flexi Communications Company

#### *A. Public Accounting & Audit*

##### 1. Highlights & accomplished tasks/activities against the work plan

- Following recommendations of EREC Project International Accounting and Audit Advisors and its predecessor Economic Policy Reform Project (EPR) the Kyrgyz government, on July 3, 2009 adopted a decision to implement International Public Sector Accounting Standards (IPSAS). EREC Project Advisor prepared a presentation to the Methodological Council of the Ministry of Finance for the official launch of adoption of IPSAS. The presentation focused on the benefits of IPSAS, changes that Government accountants can expect in the workplace, improvements that need to be made, international experience and other issues that need to be considered when implementing standards in the public sector. EREC advisor met with Head of Financial Reporting and Internal Audit Methodology Department of the Ministry of Finance to discuss his presentation on the adoption of IPSAS and introduction of Cash Based IPSAS. In a follow up meeting advisor provided his comments on the steps needed to progress with the accounting reform. He also identified areas of future technical assistance in terms of training and review of accounting regulations in line with IPSAS.
- EREC Advisor persuaded the Methodological Council of the Ministry of Finance on Accounting and Financial Reporting in State Bodies to proceed with the adoption of the Cash Based Approach - as set out in IPSAS - at a specially convened meeting of the Council that was sponsored by USAID/ EREC on September 2.
- Per recommendation of EREC Project Advisor, 5 staff members of Financial Reporting and Internal Audit Methodology Department of the Ministry of Finance will undergo trainings for Certified Accounting Practitioner (CAP). On September 7, 2009 Head of

Financial Reporting and Internal Audit Methodology Department of the Ministry of Finance commenced her first training on fundamentals of accounting leading to CAP.

## 2. Future activities & events

- EREC Project will develop the Draft financial audit manual
- EREC Project will provide comments regarding the Strategic plan of the AC

### *B. Revenue Analysis*

## 1. Highlights & accomplished tasks/activities against the work plan

- Tax Revenue and Policy Midyear Considerations Report prepared by EREC Senior Economist, was sent for consideration to Head of Budget and Finance Committee of the Parliament, Chairman of State Committee on Taxes and Collections (SCTC), Minister of Finance of the Kyrgyz Republic and Minister of Economic Development and Trade.
- EREC Project Country Manager discussed the impact of shadow economy and measures to combat it at a meeting with USAID Country Representative in Kyrgyzstan.
- EREC Project reviewed the Revenue Forecasting Methodology and made corrections based on the MOF comments.
- EREC Project finalized the review of the economic consequence of the 2008 electricity outages in Kyrgyzstan and the unofficial OSCE report on this topic. The report on “The Influence of Limitations on Power Consumption on the Economy of the Kyrgyz Republic in 2008” was finalized on August 14 and submitted to USAID Country Representative in Kyrgyzstan. The report was subsequently sent for review to the Minister of Economic Development and Trade.
- EREC Project continued working with Budget Informational System (BIS). Entered data to BIS. Held meetings with the MOF Budget Department to discuss further steps in improving the BIS. Provided assistance and delivered trainings to MoF in BIS usage: data input, structure of the input forms, editing entered data, etc.
- Country Manager and Country Coordinator in the meeting with newly appointed Head of Revenue Department of the MoF informed him about the work performed by EREC Project on revenue impact analysis of the new Tax Code and tax policy recommendations. The Project is awaiting comments on the draft methodological guidelines for tax revenue projections presented to the Revenue Department of the MoF.
- EREC continued working on Local Revenue Forecasting Methodology together with MoF specialists. Information was prepared on local self-governments and the local budget revenues for 2008 and 2009.

## 2. Future activities & events

- EREC Project will continue working on the Local Revenue Forecasting Methodology.

- EREC Project will Install BIS in the MoF computers and conduct training for the BIS users.

### *C. Tax Administration*

#### 1. Highlights & accomplished tasks/activities against the work plan

- EREC Project had a high-level meeting with the First Vice Prime Minister to discuss the following issues:
  - The recommendation to abolish sales tax and increase the VAT rate to compensate for revenue losses; remove the VAT from exports of services and replace with zero-rating; and remove non-standard VAT exemptions on imports of goods.
  - The need for the property tax and simplification of existing tax legislation and provision for local government to manage then tax
  - Provisions in the property tax for national and local incentives for start-up businesses and business moving to designated technology parks, or similar designated areas.
  - The need to create and fund the right facilities as well as incentives to establish techno parks.
  - It was recommended that the 5% excise on jewelry be abolished to support the Vice Minister aim of stimulating growth of jewelry sector. It was recommended that there was no need or justification for other tax concessions.
- At the four-day out-of-town workshop EREC presented its proposals on revising the property tax concept in the Tax Code to the members of the Working Group of the Government Commission. The Working Group accepted the following recommendations:
  - Convert Property Tax into a Property Use Tax.
  - Narrow the scope of the tax and restrict it to residential premises, commercial premises and, vehicles entitled to use public roads and water transport.
  - Rationalize and reduce the number of allowance and exemptions.
  - Provide enabling provisions for mass billing of property tax and rest the burden for claiming exemptions or allowances on the taxpayer.
  - Empower local authorities to compete with other authorities by enabling them to provide exemptions from Commercial Property Use Tax up to five years for all new or start up businesses; and provide partial allowances to stimulate existing business to move to designated industrial zones or technology parks;
  - Give local self-government full administration and collection of local taxes.
- EREC Project developed the Business Requirement for a work measurement system for State Committee on Taxes and Collections (SCTC). The system will be piloted at the Kyrgyz Integrated Tax Information System (KITIS) pilot tax offices. The system could be expanded to cover all work measurement. The system is vital to the support of risk based audit as collects data on the results of audit (time and results). The work

measures system will also provided much needed information about the use of SCTC resources.

- EREC Project continued working on the daily processes for the property tax system. Held discussions with MoF and Central Treasury to collect information about the local self-governments and discuss the property tax system.
- EREC Project prepared materials on the property tax and submitted them to the Head of SCTC Legislative Work Department.
- EREC Project Country Manager and Country Coordinator attended the Round Table organized by the Ministry of Economic Development and Trade of the Kyrgyz Republic dedicated to the first round of amendments and addenda to the Tax Code and key issues related to the sales tax and VAT.
- EREC Project, jointly with the MoF experts, continued writing the Tax Policy Concept for the country.
- EREC Project discussed with SCTC the proposed taxpayer registration forms.
- EREC Project continued working with the Government Commission tasked with making improvements to the Tax Code. The Working Group had meetings with Government Commission members to reconcile the proposed amendments to the Tax Code. 49 meetings of the Working Group were held. 2 meetings were held at the Ministry of Geology to discuss the section on mineral taxation. A meeting was held with participation of the First Vice-Prime Minister to work out the crisis management measures to be included in TC.
- EREC Project Country Manager and Country Coordinator met with the local statistician of IFC Business Environment Improvement Project (IFC BEE) to help define the scope of work for ranking taxpayers – for audit - in order of risk.
- EREC Project documented the existing Treasury revenue accounting processes; analyzed the valuation formula in the existing Property Tax Law and identified the location of data required for the KPTS to calculate property tax bills and record payment. An initial determination was made for data exchanges with the Treasury.
- EREC Project prepared the initial version of a design and implementation document for the Kyrgyz Property Tax System (KPTS). The design takes into account what was learned and agreed at meetings with high level officials in agencies where data exchanges are required. The realities and challenges to implementation of the concept were explored at meetings with government officials who register property at the rayon level and with IT staff working with the data in the relevant agencies: GosRegister, Treasury, Social Fund, and Ministry of Labor and Social Welfare. The data fields required from GosRegister for calculation of a property tax bill and for crediting tax payments to local government accounts at the Treasury were identified.
- EREC Project finalized the Strategy for Implementation of Property Tax System for Local Government and sent it for review and comments to First Vice Prime Minister of the KR, Chairman of SCTC, Director of Central Treasury of the KR, Deputy Minister of Finance of the KR, Director of National Agency for Local Government, State Secretary of GosRegister and Head of Treasury Department in Bishkek City.

- EREC Project held a series of meetings with IT specialists of GosRegister to identify the current condition of the hardware and software to support the property registration data exchange with the SCTC (and eventually local government). A meeting was held with the Manager of the World Bank Land and Real Estate Registration Project to discuss their project activities and in particular the software designed for GosRegister.
- EREC Project Country Manager and Country Coordinator discussed the results of the nationwide survey on the economic impact of the new Tax Code on business presented by the Bishkek Business Club and Tax Revenue and Policy Midyear Considerations presented by EREC Senior Economist in a meeting with Executive Director of Investment Round Table, Director of USAID Business Environment Improvement (BEI) Project, Chairwoman of the Chamber of Tax Consultants and Financial Director of Chamber of Tax Consultants. The survey revealed that 40.7% negatively perceived the impact of the new Tax Code on the business due to introduction of the sales tax and minimum taxable income and 33.5% of VAT payers responded that they prefer VAT at 16% without sales tax. It was agreed that an executive summary of findings was needed. It was also agreed to recommend to the President of the KR that sales tax should not be increased and to stick to existing plans to phase out the tax. The need to reduce tax reporting for VAT was emphasized as it is enormously burdensome for businesses.
- EREC Project submitted the results of the nationwide survey among businesses on the economic impact of the new Tax Code to the Presidential Investment Council on September 29. The President supported the recommendation to reduce tax reporting, specifically related to the VAT return.
- EREC Project Country Manager and Country Coordinator met with State Secretary of the National Agency for Local Government (NAMSU) and Advisor to the Director of NAMSU to discuss the input from NAMSU in terms of staffing, premises and resources needed for the sustained development of a centralized Kyrgyz Property Tax System (KPTS).
- EREC Project prepared the Terms of Reference for the development of a prototype of KPTS.
- EREC Project prepared the presentation on the Property Tax amendments made to the Tax Code. A meeting was held with Coordination Committee headed by Prime Minister on approval of the property tax amendments.
- EREC Project participated in a two-day Round Table organized by the Kyrgyz Banking Association on key banking taxation issues.

## 2. Future activities & events

- EREC Project will continue working on the Tax Policy Concept for the country.
- EREC Project will continue working in the Government Commission and the Working Group for making amendments and additions to the Tax Code during the second round of consideration of the proposed Tax Code amendments.

- EREC Project will continue working on the Kyrgyz Property Tax System in collaboration with the Ministry of Finance, Property Registration Agency, and National Agency for Local Self-Governance, Bishkek Treasury and the bank serving the local budgets.
- EREC Project will prepare recommendations to the Investment Council on simplification of VAT returns in line with best international practice.
- EREC Project will obtain a progress report from the local statistician of IFC Business Environment Improvement Project (IFC BEE) tasked with ranking of taxpayers in risk order.
- EREC Project will develop crisis management measures to be included in the Tax Code.

#### *D. KITIS software*

##### 1. Highlights & accomplished tasks/activities against the work plan

- EREC Project continued collecting recommendations and comments from pilot tax offices to improve KITIS business processes.
- EREC Project finalized testing and tuning VPN-L2 lines in all pilot tax offices. Deployed KITIS in all pilot tax offices. Continued maintenance of KITIS in pilot tax offices and continued assisting SCTC in installation of new VPN-L2 lines in the tax offices located in the remote areas.
- EREC Project continued administration and maintenance of the SCTC corporate network system.
- EREC Project completed development and installation of the SCTC Registration subsystem (RegS) at the SCTC. Training for the users of the RegS application was conducted. Continued maintenance of the RegS application.
- EREC Project continued testing and upgrade of KITIS work stations in the pilot tax offices to make them consistent with the changes in the systems code.
- EREC Project continued maintenance of KITIS in pilot tax offices. Eliminated errors in KITIS application, particularly, errors in KITIS application procedures for entering and processing new input tax forms.
- EREC Project designed, tested and added to KITIS new processes for transferring registration and taxpayer's characteristics data from SCTC to pilot tax offices.
- EREC Project designed DB structure of Work Measures System (WMS). Started specifying requirements for WMS design. In particular, made provisions in WMS for management controls.
- In view of the new reporting templates, EREC Project redesigned the following: KITIS report on tax revenue; and KITIS report on tax assessment.
- At SCTC request, EREC Project designed a new tax form on royalty and bonus and submitted it to the SCTC IT Department for consideration.
- EREC Project made analysis on how to improve connection between SCTC Headquarters and its pilot tax offices. Negotiated with Internet providers on the use of

optical connection channels in pilot tax offices, received their commercial proposals and price lists.

- EREC Project assisted IT Department with setting up increased physical security and backup procedures.
- The first 42 cases of PCs under Phase II IT equipment procurement for KITIS arrived on September 28. The Project anticipate delivery of the remaining 160 cases in the first week of October.
- EREC Project continued analysis of the new business rules and its specifications; held meetings with SCTC specialists; made changes to the reporting forms based on clarification letters received from SCTC.
- EREC Project, jointly with SCTC IT department, prepared a letter requesting from the SCTC the business rules for a number of tax administration processes.
- EREC Project started making amendments to the KITIS tax penalty assessment processes, following explanations provided by the SCTC Methodology Department.
- EREC Project sent for comments the business requirements, prepared by the Country Manager for the KITIS pilot offices WMS, to Deputy Chairman of SCTC and members of the Risk Based Audit Working Group.
- EREC Project discussed with the SCTC IT team the KITIS options for registering and processing of original and adjusted tax returns.
- EREC Project assisted BEI IFC Project in preparing a memo to SCTC asking for the data required for building a model for risk-based selection of taxpayers for audit. Also, assisted IFC in data sampling.
- EREC Project completed development of the new KITIS tax penalty assessment processes based on the new business rules and explanations provided by SCTC.
- EREC Project completed transfer of the SCTC central database from Informix to MS SQL. Continued assisting the SCTC in transferring other databases to MS SQL.
- EREC Project amended the KITIS procedure for generating the standard 7N revenue report in order to comply with the Tax Code changes.
- EREC Project continued changing new input tax forms, coding and procedures for entering and processing new forms.
- EREC Project collected data to support the development of risk-based audit system. This data was submitted to an international statistician from the IFC BEE Project.
- EREC Project revised the SERNA application (for registration of taxpayers), adjusted it to the new database platform and deployed it at the SCTC.
- EREC Project revised the SCTC standard report 9N "Information on assessed and collected major taxes, penalties and fines, balance of taxes in the context of economic activity codes" to make it consistent with the New Tax Code and upgraded KITIS accordingly in all pilot tax offices.
- EREC Project continued redesign of KITIS in compliance with the new Tax Code.
- EREC Project conducted the Train the Trainers course for KITIS users. Assisted the trainers in downstream training. Assisted the SCTC in conducting their own Train the Trainers course.

- EREC Project designed tools for transfer of the data from KITIS databases to the database which supports GUIDs (Globally Unique Identifier) for the purpose of data centralization. This additional work is critical for the next stage of developments by ADB.
- EREC Country Manager addressed Deputy Chairman of SCTC and Head of IT Department of SCTC with a request to provide access to the national database of KITIS in order to gather national risk data. Under the RBA work plan EREC Project will provide this data to local experts of IFC BEE Project to perform national risk ranking of all taxpayers in the country. This issue is raised in view of the need to maintain high level of confidentiality and security of data that is being gathered.
- At IFC's request, EREC Project completed sampling data for risk evaluation of the audit system based on the LTU's and Alamedin tax office's data for the period of 2005 - 2008 on all taxes, payments, and audit results and the national data on profit tax and VAT. The data were forwarded to IFC BEE Project for further risk-based analysis.
- EREC Project prepared and sent to IFC BEE Project a set of tax returns on VAT, profit tax, excise tax and single tax for SMEs.
- EREC Project, jointly with IT specialists of ADB, developed the requirements for revision of KITIS application and database structure for centralization of data collection and audit. Started revision of KITIS according to these requirements.
- EREC Project continued the analytical work on specifying business processes to make them consistent with the New Tax Code. Revised business processes for imposing tax sanctions, post payments and tax adjustments. Revised the SCTC tax return forms for the new taxes and made recommendations on how to improve them.

## 2. Future activities & events

- EREC Project will continue providing technical advice to IT department on enhancement of its corporate network and administration.
- EREC Project will continue assisting in installation of new VPN-L2 lines for remote tax offices on an "on-demand" basis.
- EREC Project will continue assisting in training the KITIS end users in all pilot tax offices.
- EREC Project will continue providing advice on technical aspects of KITIS maintenance in all pilot tax offices. Continue KITIS upgrade based on the changes entered.
- EREC Project will continue: redesign of KITIS based on the new tax law; analyzing new business processes for redesigning KITIS; assisting SCTC in application programming and DB administration issues.
- EREC Project will continue assisting SCTC in KITIS maintenance and upgrade in Alamedin and Issyk-Ata tax offices.
- EREC Project will continue: maintenance of Regs application; sampling data for risk-based audit system on demand basis.

- EREC Project, jointly with the SCTC IT Department, will start working on introduction of the new KITIS reporting forms.
- EREC Project will continue collecting recommendations and comments from pilot tax offices for clarifying and improving KITIS business processes.
- EREC Project will finalize the hardware procurement for KITIS phase 2. Upon receipt of the hardware, will start its installation in pilot tax offices.
- EREC Project will replace web-based property tax calculator to reflect anticipated amendments to the Tax Code.
- EREC Project will continue designing Work Measures System (WMS) and improvement the DB structure of WMS.
- EREC Project will continue programming the data entry procedures for new forms and taxes (property tax, income tax, contract based tax, etc.)
- EREC Project will continue improving the subsystem of nonstandard queries.
- EREC Project will assist the IT Department in conducting training on KITIS maintenance.
- EREC Project will assist the SCTC in transferring the 2003-2005 databases of the Alamedin and Issyk-Ata inspectorates to MS SQL.
- EREC Project will continue assisting the SCTC in installation and upgrade of KITIS in Alamedin and Issyk-Ata rayon tax offices to MS SQL.
- EREC Project will continue training the users of the Registration system.
- EREC Project will update the KITIS manuals to reflect the changes in the Tax Code.
- EREC Project will deploy KITIS in the pilot Oktiabr and Sverdlov tax offices. Provide assistance in technical aspects of KITIS deployment in Oktiabr and Sverdlov tax offices.
- EREC Project will continue cooperation with ADB on registration and tax administration issues.
- EREC Project will continue assisting ADB in developing the IT concepts, software and hardware provision.
- EREC Project will assist SCTC in designing new registration forms and new registration procedure.
- EREC Project will continue revision of KITIS to meet requirements for centralization of data collections and audit.

#### *E. Public Education & Outreach*

##### 1. Highlights & accomplished tasks/activities against the work plan

- EREC Project worked with the SCTC Public Outreach Unit on clear allocation of assignments and duties among its 4 officers. Together with the Head of the Unit, reviewed job descriptions of every tax officer in the given unit to rearrange their duties in such a way so that every person was responsible for a specific area. As a first step, a person was determined for writing leaflets, brochures and all sorts of publications. Provided assistance to the assignee in designing and writing a brochure informing

about the newly-established Taxpayer Service Department and a new customer-oriented policy of SCTC.

- An article was published in MSN newspaper about the construction of the server room at SCTC Headquarters, its purpose and its importance for the efficient SCTC operation. The article also highlights EREC's activities in tax administration that will improve tax officers' performance and reduce burdens on businesses.
- EREC Project Country Manager's speech was published in the special edition of Tax Herald dedicated to the Tax Officials Holiday on July 1, 2009. The speech highlighted technical assistance provided by USAID/ EREC to SCTC.
- EREC Project, jointly with ADB Modernization Project, started qualitative research in the form of the focus group discussions among the tax officers in Bishkek, Issyk-Kul and Osh oblasts. A series of meetings were held with the SCTC leadership and the selected polling company, questionnaire developed, criteria for selection of the participants identified. The goal is to find out tax officers' opinion about the SCTC new business processes, new Tax Code and public outreach strategies.
- EREC Project designed the Leaflet introducing the newly established Taxpayer Service Department to the public. The leaflet tells about the functions of the TPS department and presents a new customer-oriented policy of the SCTC.
- EREC Project held a series of meetings with the TPS management and recommended establishing a Joint Tax Council to be administered by the SCTC and to include representatives of the most important business associations and unions in KG. The Council's goal will be to provide an ongoing dialogue on the current tax issues and to become one of the means of improving relations with businesses and, at the same time, improve taxpayer outreach. Head of the TPS Department indicated his support to the proposal.
- EREC supported the SCTC's initiative to conduct a media training event for the SCTC senior staff. Meetings were held with the companies working in mass media sector to select the trainers. Based on the discussion of SCTC needs, EREC Project developed a training program.
- EREC Project assisted ADB in arranging the Train the Trainers' Course (TOT). Participated in the Commission for selecting the company for conducting TOT; provided recommendations on the training methodology and criteria for selection of the trainees.
- EREC Project revised the Leaflet on Personal Income Tax, based on the latest changes made to the Tax Code. The leaflet was approved by SCTC leadership for publication. EREC ordered 3000 copies of the leaflet.
- EREC Project drafted a Property Tax Brochure based on anticipated tax law amendments that introduce simplified calculations and improved administration.
- In the meeting with SCTC Chairman, EREC was asked to provide technical assistance in conducting property tax workshops to explain the new simplified principles of property taxation. EREC commenced preparation for conducting the workshops in conjunction with USAID Business Environment Improvement (BEI) Project.

- EREC Project published a press release on the launch of International Public Sector Accounting Standards (IPSAS) and contribution made by the EREC Project experts.

## 2. Future activities & events

- EREC Project will continue working with SCTC on implementation of the education campaign on property tax once the property tax amendments are approved to the tax law. Following SCTC request, EREC will support organization of the property tax seminars in Osh and Issyk-Kul.
- EREC Project, jointly with TPS Department and BEI Project, will resume the work on writing and issuing the Book of Frequently Asked Questions on Taxes.
- EREC project will conduct property tax workshops for SCTC in cooperation with USAID BEI Project to explain the new simplified principles of property taxation. Publish Property Tax Brochure in Russian and Kyrgyz and print the Kyrgyz version of the Property Tax leaflet.
- EREC Project will conduct a 3-day mass media training for the SCTC senior staff in order to improve the quality of the SCTC's public outreach.
- EREC Project will finalize the report on tax research held among the tax officers in Bishkek, Osh and Issyk-Kul in collaboration with ADB. Upon completion of the research, a presentation will be made to the SCTC management on research findings.
- EREC Project will assist SCTC's Training Center in preparing the test for the LTU officers to assess their knowledge of the new SCTC business processes and policy.