



Kyrgyzstan

WTS Global Country TP Guide

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1. Legal Basis	
Is there a legal requirement to prepare TP documentation?	No
Are TP policies of multinational enterprises in principle accepted by the tax authorities, if they are in line with the OECD TP Guidelines?	No. Transfer pricing is poorly regulated in the Kyrgyz Republic. The Tax Code of the Kyrgyz Republic contains only 3 articles on transfer pricing that are used rarely in practice. The Kyrgyz Republic is not a member of international acts and agreements on transfer pricing regulation.
Does your country apply the arm's length standard?	Yes
Which TP methods may be applied?	The Tax Code of the Kyrgyz Republic dated October 17, 2008 provides for 4 methods (principle) of determining the market price: 1. the method of determining the price on the basis of statistical data; 2. the method of determining the price on the basis of information on transactions with identical and/or homogeneous goods, works or services under comparable conditions; 3. the resale price method; and 4. the computed value method.
Are any TP methods preferred over others?	All methods are applied sequentially: first of all the first method, then the second method and so on. Each subsequent method should be applied if the previous method is not possible.
Have the documentation requirements of OECD BEPS Action 13 already been implemented (i.e. the LF, MF and CbCR concepts)?	No CbCR/MF/LF
Reference to relevant articles of law, legislative regulation or applicable administrative guidance that are in place for TP documentation in general: —	The Kyrgyz legislation does not establish requirements for transfer pricing documentation. The Tax Code of the Kyrgyz Republic dated October 17, 2008 contains three articles (118, 120, 121), which briefly describe some basic definitions, cases in which transaction prices can be checked for their compliance with market prices and methods for determining market prices.
2. Master File (MF)	
	Not implemented
3. Local File (LF)	
	Not implemented
4. Country-by-Country Reporting	
	Not implemented
Did your country sign the Multilateral Competent Authority Agreement on the Exchange of CbC Reports ("CbC MCAA")?	No
Did your country enter into other information exchange agreements, such as on a bilateral basis?	Yes
Please specify the country involved and date the agreement came into force.	There are some agreements about exchange of tax and other relevant information between Commonwealth of Independent States countries and the Eurasian Economic Union countries. But we do not have information about their status, entry into force and application.

5. TP disclosure in tax return or transfer pricing specific returns	
Does a taxpayer need to disclose information regarding TP documentation in his tax return?	No
When a taxpayer files a tax return for which he understands or should understand that the result reported in that tax return is too low due to incorrect transfer pricing, what could be the legal consequences?	Additional tax assessment by tax authorities based on market prices, the application of tax sanctions and penalties to the taxpayer. In the case of non-fulfilment of tax obligations, collection of such debt (including the withdrawal of funds from the account) and/ or application of criminal liability to taxpayer officials.
What could be the consequences for the tax advisor/accountant/administrator drafting and filing the tax return of a client where that advisor/accountant/administrator understands or should understand that the result reported is too low due to incorrect TP?	Administrative and/ or criminal and/ or disciplinary and/ or civil liability may be applied to officials (for example: a manager, an accountant, a financial director), other co-workers, independent consultant, etc. depending on the specific situation and specific circumstances.
Does a taxpayer need to file TP-specific returns?	No

6. Benchmarking	
Is there any local guidance or requirement with regard to the preparation of a benchmark study?	No
Are there any materiality thresholds that apply for the requirement to have a benchmark study available?	No
Does your country apply the general guidance by the OECD to prepare a new benchmarking search every three years and an update of the financial data of the accepted comparable in year 2 or 3?	No
Or is a new search every three years without any financial updates in year 2 and 3 sufficient?	No

7. Year-end adjustments	
Are year-end adjustments permissible?	Yes
Does the taxpayer have to comply with any specific features or guidance?	No

8. Transfer Pricing Audit and Dispute Resolution Mechanisms	
What are currently the main TP areas of scrutiny by the tax authorities in your country?	Transactions between related parties, import of goods.
Based on your experience, are joint or multilateral audits initiated and carried out?	No
Does the taxpayer have the option to apply for bilateral or multilateral APAs?	No

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