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- Meeting to discuss legal entity registration legislation to be held in Khujand tomorrow

IFC PRESS REVIEW

1. News directly connected to SME Project

PAYING TAXES 2008: PAYING TAXES IS GETTING EASIER BUT MORE REFORM IS NEEDED

DUSHANBE, November 21, Asia-Plus - Tax reforms that make it easier for firms to pay taxes can increase government revenues by broadening the tax base, says a new report launched today by the World Bank, IFC, and PricewaterhouseCoopers, press release issued by the World Bank said.

Paying Taxes 2008, the second report in an annual series on tax systems, covers 178 countries worldwide. The report concludes that there is a win-win opportunity for governments and firms if governments simplify tax systems, ease the compliance cost on business, and reduce tax rates.

This year, 31 economies improved their business tax systems, and 65 have done so over the past three years. Bulgaria was the top reformer, and Turkey was runner-up. While reducing corporate income tax was the most popular reform, implemented in 27 economies worldwide, many countries have reduced the compliance burden by simplifying or eliminating other business taxes. Countries in Eastern Europe and Central Asia had the most reforms in 2006 and 2007, but tax rates remain highest there and in Africa. The compliance burden is highest in Latin America and in Eastern Europe and Central Asia.

According to the report, complying with administrative tax requirements remains a real burden for business. Globally, on average, a company spends almost two months a year complying with tax regulations—15 days for corporate income taxes, 21 for labor taxes and contributions, and 21 for consumption taxes. However, there are wide variations between countries. For example, it takes 105 days to comply with consumption taxes in Azerbaijan but only one day in Switzerland.

The study allows direct comparison of tax systems from around the world. It shows how businesses are affected not only by tax rates, but also by the procedural burden of compliance. The report focuses on the number of tax payments made, the time it takes to comply, and the cost of taxes, which is measured by the total tax rate. The total tax rate covers five types of taxes that firms pay: profit, social, property, turnover, and other taxes, such as municipal fees and fuel taxes. The steps, time, and cost indicators are used to determine the overall ease of paying taxes.

The report calls on businesses to play a strategic part in reform. Authors of the report note that businesses need to be more upfront in revealing their total tax contributions, to help governments assess their real economic footprint. More and better information about the taxes paid and the cost of compliance is essential to understanding how tax systems affect businesses. It is clear that governments need to look across all taxes when considering reform.

The findings demonstrate that when considering reform, governments need to look at all taxes paid by companies. The Paying Taxes study was carried out by PricewaterhouseCoopers and the World Bank Group as part of the World Bank Group's Doing Business 2008 report. The methodology applied to calculate the total tax rate for each country uses the broad principles from the PricewaterhouseCoopers Total Tax Contribution Framework and looks across all taxes that businesses pay. The total tax rate indicator measures the amount of all taxes borne by the business in the second year of operation, expressed as a percentage of commercial profits.

2. News interesting for Business Environment

SECO AMBASSADOR VISITS TAJIKISTAN

DUSHANBE, November 23, Asia-Plus - Ambassador Joerg Alois Reding, Head of the Economic Development and Cooperation Division of the Swiss State Secretariat for Economic Affairs (SECO) arrived in Tajikistan yesterday afternoon for a five-day visit.

According to SDC (Swiss Agency for Development and Cooperation) Dushanbe Office, the aim of the visit is for Ambassador Reding to get acquainted with Swiss funded projects in this country, meet partners and discuss issues of economic development of Tajikistan.

During his five-day visit he will meet the Minister of economic development and trade, Minister of finance, Chair of the Tajik National Bank, the State Advisor on economic issues, the Chair of the Joint Stock Company "Barqi Tojik" and other partners.

The program of the Ambassador also includes visits to different projects funded by Switzerland in Tajikistan.

The Swiss State Secretariat for Economic Affairs (SECO) supports projects in the sphere of macro-economic development, water and energy infrastructure, and promotion of private sector in Tajikistan. For the last decade, SECO has invested more than USD 50 million to development projects in Tajikistan. Additionally, based on the new Cooperation Strategy 2007-2011, SECO has committed itself to grant another USD 30 million during next five years.

Switzerland has started its cooperation with Tajikistan in 1993 with humanitarian aid, which in 1998 has been replaced by financial and technical assistance. Since then Switzerland has contributed more than USD 120 million to different development projects, half of which has been funded by the State Secretariat for Economic Affairs (SECO).

Ambassador Joerg Alois Reding (1951), MA in economics, delegate of the Federal Council for Trade Agreements, since 1 August 2006 Head of the Economic Development Cooperation Division in the Foreign Economic Affairs Directorate. From July 1999 he headed the Bilateral Economic Relations Division. In 1996-1999 he was Vice-Director of the Swiss Federal Office for Foreign Affairs and, with the title of minister, head of the Division for Economic Measures for Eastern Europe and the CIS States. He was executive director at the African Development Bank in Abidjan, Ivory Coast from 1992 to 1995

PRESIDENT URGES TO HOLD REPUBLICAN CONFERENCE TO DISCUSS ENTREPRENEURSHIP DEVELOPMENT ISSUES

DUSHANBE, November 21, Asia-Plus - Issues related to further development of entrepreneurship and attraction of domestic and foreign investments were major topics of a November 21 working meeting presided over by President Emomali Rahmon.

According to presidential press service, the meeting participants included senior representatives from president's office, ministries and organizations.

Sharif Rahimzoda, Chairman of the State Committee for Investments and Management of State-owned Property, noted that 53 investment projects for a total amount of \$1.3 billion have been implemented in the country.

During the meeting, it was noted that over the past ten months, \$275.54 million of investments have been drawn, and since the beginning of implementation of the projects - \$572.17 million.

Speaking at the meeting, the president named development of small and medium enterprises (SMEs) one of priorities of the government's economic policy and set specific tasks to ensure achievement of indices, mentioned in his address to the parliament.

During the meeting it was noted that one of the main tasks is to create favorable conditions for attraction of domestic and foreign investments to provide further development of the country's economy, introduce the state-of-the-art technologies, create new jobs, etc.

The head of state charged to hold republican conference with participation of entrepreneurs in December to discuss the entrepreneurship development issues.

SECOND WORLD BANK GRANT SUPPORTS IMPROVEMENTS IN INVESTMENT CLIMATE AND PUBLIC SECTOR REFORM

DUSHANBE, November 17, Asia-Plus - The World Bank has released an amount of USD 10.5 million to the Tajik Government under the Second Programmatic Development Policy Grant, press release issued by World Bank said.

The grant aims to improve the environment for private sector development and the overall functioning of the public sector in the country.

The Second Programmatic Development Policy Grant (PDPG2) continues to support the Government's reform program as outlined in its Poverty Reduction Strategy (PRSP). Specifically, the grant helps the authorities to reduce the burden of licensing and inspections on businesses, to improve transparency and accountability of state-owned enterprises, and to strengthen laws protecting investors. The grant also assists in civil service reform, including reforms of health and education services, aimed at creating a more responsive, accountable, and effective public service.

PDPG2 is the second in a series of three grants through which the World Bank is assisting the Government with improving governance, transparency, and good economic management in the public and private sectors. A third programmatic development policy grant is under preparation. All three grants are closely aligned with investments and technical assistance programs of the World Bank and other development partners in related areas. The grants are provided by the World Bank Group's International Development Association (IDA). The resources are critical to support Tajikistan's efforts to promote growth, improve governance, and reduce poverty.

The proposed reforms in health and education are expected to result in improved access and quality of services to the poor. Reforms of public administration are aimed at clarifying the roles and responsibilities of government entities and at building capacity for improved service delivery. The PDPG operations are also intended to help accelerate export growth and diversification of the economy by stimulating investment, which is critical improve productivity and strengthen the competitiveness of Tajikistan's industries.

MEETING TO DISCUSS LEGAL ENTITY REGISTRATION LEGISLATION TO BE HELD IN KHUJAND TOMORROW

DUSHANBE, November 19, Asia-Plus - Sughd agency for investments and management of state-owned property will hold a roundtable meeting in Khujand on November 20 to discuss national legislation regulating registration of legal entities.

The meeting entitled "Review of Tajikistan's Legislation Regulating Registration of Legal Entities" held under technical support of the USAID Business Environment Improvement Project (BEI), which is implemented by PRAGMA Corporation, aims to consider the country's legislation and practice of registration of legal entities and individual entrepreneurs with state bodies, as well as issues related to revealing obstacles on the way of registration of them and elaborating recommendations on simplifying the registration process.

Natalia Ryashchentseva, public relations officer, USAID BEI Project Tajikistan, noted that one of important conditions for development of entrepreneurship in Tajikistan is simplification of procedure of registration of legal entities and individual entrepreneurs, reduction in financial and time expenses. Improvement of the national legislation on registration of legal entities will allow extending access to market and promote raising attractiveness of the country for domestic and foreign investors, she said.

The meeting is expected to discuss the present legal foundation of registration of legal and physical entities with bodies of justice and social security, statistics and tax committees for the purpose of elaborating recommendations on improving the legal foundation and introduction of the "On Window" business registration system for all business categories.

The Business Environment Improvement Project (BEI) is a four-year initiative funded by the United States Agency for International Development (USAID) for the countries of Kazakhstan, the Kyrgyz Republic, and Tajikistan. The BEI Project supports USAID's strategic objectives in these countries by providing direct consultation and support to build capacity within government and the private sector to promote effective dialogue, strengthen the free market-supporting commercial law framework, improve implementation of business-related legal reforms, streamline administrative processes and promote operational improvements for the benefit of small and medium enterprises (SMEs) in the region.

BEI works directly with national governments, oblast and city administrations, private sector businesses and service providers, and professional and business associations to promote the greatest potential positive impact for SMEs in each country of operation

BEI provides consultative assistance, training and, in some cases, through subcontracts and the BEI Grant Program, limited financial support to associations and select private sector groups to execute specific reform initiatives that directly contribute to improvement in the legal environment for business.



Schweizerische Eidgenossenschaft
Confédération suisse
Confederazione Svizzera
Confederaziun svizra

Federal Department of Economic Affairs FDEA
State Secretariat for Economic Affairs SECO

With best wishes,
Tajikistan SME Public Relations/Communication Department