

The Startup Ecosystem of Tajikistan

Mini-Research

Foundation of a legal entity: procedures/time

The registration of legal entities in Tajikistan is carried out on the principle of "one-stop" in the subdivision of the Tax Committee. Registration of legal entities and individual entrepreneurs in Tajikistan is regulated by the Law of the Republic of Tajikistan "On state registration of legal entities and individual entrepreneurs".

Documents are submitted to the registration authority at the location of the legal entity / place of residence of its head / location of a branch or representative office of a foreign legal entity. The documents for state registration are submitted by the founders of the legal entity or by persons authorized by them.

The list of documents to be submitted for state registration of a legal entity:

1) Application for state registration of a legal entity in the form approved by the state registration authority.

The application shall contain the following information:

- a) organizational-legal form of the legal entity;
- b) full (if available, and abbreviated) firm name of the legal entity in the official language of the Republic of Tajikistan;
- c) A seat (address) of the legal entity;
- d) the method of establishment of a legal entity (establishment or reorganization);
- e) information on the founder (founders) and the head of the legal entity (corporate name of the legal entity, full name of the individual, location of the legal entity and individual, contact details)
- f) the main type (main types) of activity that the legal entity intends to carry out, for the purpose of assigning statistical codes;
- g) Date of application and signature of the applicant.

2) The decision of the founder (minutes of the meeting of founders) on the establishment of a legal entity. The decision to create a legal entity shall be signed by the founder of the legal entity.

3) Copy of the document certifying the identity of the head of the executive body of the legal entity to be established. If the head of the executive body of the legal entity is a foreign citizen, also a copy of the document allowing the foreign individual to stay and work in the territory of the Republic of Tajikistan (visa, registration card and residence permit for at least three months) is required.

4) A copy of an identity document of each founder (individual) of a legal entity, and in respect of the founder of a joint stock company - an extract from the register of shareholders and certifying documents of the holder of the register of shareholders, and a certificate of the tax authority on the absence of tax debts of the founder of a legal entity.

5) In the case of foundation of a legal entity on the territory of a free economic zone, information of the administration of the free economic zone.

5) A copy of the document on state registration of a legal entity or an extract from the register of legal entities of a foreign country (or another document of equal legal force proving the legal status of a foreign legal entity) in case the founder is a foreign legal entity.

6) Opinion of the relevant authority in case of registration of mass media.

- 7) A receipt of payment of the state duty.
- 8) A copy of the document confirming the location (address) of the legal entity to be created.

A complete list of documents required to register branches and representative offices of a legal entity is available on the website of the Tax Committee under the Government of the Republic of Tajikistan.

After receiving the documents, the registering authority enters information about the legal entity in the Unified State Register. If the information on the company to be registered does not contradict the requirements of the law, the registering body issues a document confirming the registration - a certificate of state registration, as well as documents confirming the tax, statistical and state social insurance registration.

Through the registration in the Unified state register, the subject receives a Single Identification Number, which is individual for each legal entity.

The document confirming state registration is the basis for opening accounts in banking institutions, as well as for the production of seals and stamps of legal entities.

The period of registration of a legal entity is 5 days.

For information only

The most common organizational and legal forms in Tajikistan are companies, which are divided into:

- a limited liability company;
- a company with additional responsibility;
- open or closed joint stock company.

Taxation of companies in Tajikistan

National taxes:

- Income tax. For residents - 13% + 1% social tax, if a person's income is up to 140 somoni (\$13.56), the rate is 8%. For wages of non-residents there is a higher rate of 25%.
- Profit tax. For commodity production activities - 13% but not less than 1% of gross income; for other activities - 23%, also not less than 1% of gross income.
- Value added tax - 18%.
- Excises are set on excisable goods (e.g., alcohol, tobacco, fuel) or excisable activities (cell phone services, telephony, etc.) and are included in the cost of such goods or services. As a general rule, the rates are governed by the Commodity Nomenclature of Foreign Economic Activities, which specifies the rates for each good or activity.
- Social tax. It is imposed on payments made to employees and workers under contracts, in the form of wages and salaries and other remuneration for certain work or services. This applies to both citizens of Tajikistan, foreign nationals, and stateless persons. The general rate, with some exceptions, is 25% for insurers and 1% for those insured.

- Tax on use of natural resources. This is divided into taxes on the use of natural resources. It is divided into taxes on subsoil users and water license fees. In the first case, mined minerals (oil, coal, precious metals, etc.) are taxed, in the second - the use of water bodies in obtaining electricity through hydroelectric power plants. Royalties for extraction are from 0.5 to 10% depending on the type of mineral, while for water royalties they are equal to 0.06 index for each 1000 kilowatt/hour of electricity produced.
- Tax on the use of roads. It is levied at a rate of 1%, except for trade procurement and supply and marketing activities. For these activities the rate is reduced to 0.25%. However, this type of tax is only valid until December 31, 2016.

Local taxes, including vehicle taxes and real estate taxes.

Local taxes include vehicle tax and real estate taxes. In the first case, engine power is taxed from 1 to 14.5% depending on the number of horsepower. In the second case, land tax is levied on land plots at the rates established by local authorities, and on real estate from 3 to 25% depending on the type of object, its area and location.

Registration Place

The state registration of legal entities (including foreign ones), their branches and representative offices, as well as individual entrepreneurs in Tajikistan is carried out by the tax authority - the Tax Committee of the Government of the Republic of Tajikistan.

- **Contacts of the Central Office of the Tax Committee:**
734018, 42/2 Negmat Karabaeva str., Dushanbe, Republic of Tajikistan
Tel.: 233-06-86; 151 Call-center
Fax: 233-09-36.
E-mail: info@andoz.tj
URL: www.andoz.tj
- **Contacts of the Tax Department of Dushanbe:**
Negmat Karabaeva Str.
Tel.: 221-45-22
Fax: 221-45-22
- **Contact the Shokhmansur District Tax Inspection Office:**
22/7 Ain str.
Tel.: 221-32-65, 227-25-90
Fax: 227-90-90
- **Contacts of the Somoni District Tax Inspection Office:**
140/2 Habib Akhroni str
Tel.: 221-74-92, 224-16-41

Fax: 224-16-42

- *Контакты Налоговой инспекции района Фирдавси:*

42/2 Negmat Karabaeva Str.

Tel.: 234-96-20, 234-97-10

Fax: 234-85-03

- *Contacts for the Sino District Tax Office:*

42 Mayakovsky St.

Tel.: 236-30-91, 236-30-92

Fax: 236-31-92

Contacts for other departments and inspections of cities and regions are available in the pdf document.

Opening a bank account, foreign exchange operations (brief description of the processes)

After receiving the Registration Certificate, a legal entity can open a bank account.

List of documents required for opening a bank account (for residents):

- Charter or other equivalent document (notarized copy);
- Certificate of registration of the Charter of the Ministry of Justice (a notarized copy);
- Act of legal examination of the charter (a notarized copy);
- Articles of incorporation, for legal persons who have a founder (a notarized copy);
- Certificate (maktubi ahboroti) of tax inspection on the assignment of TIN (original);
- Certificate of registration with the Social Security Fund, Social Security Institution (original);
- Certificate of assignment of OKPO code from the City Statistical Department;
- Statement on bank account opening;
- Signature sample cards certified by notary or superior organization;
- Copies of orders appointing the manager and chief accountant;
- A copy of the "guvokhnom" about the assignment of TIN;
- A copy of the passports of the manager and the chief accountant;
- Service agreement.

List of banks in Tajikistan that provide services to businesses:

[Агроинвестбанк](#)

[Амонатбанк](#)

[Банк Эсхата](#)

[Халык Банк Таджикистан](#)

[Банк Азия](#)

[Международный банк Таджикистана](#)

[Хумо](#)

[Алиф Банк](#)

[Дочерний банк НБП Пакистана в Таджикистане](#)

[Азизй-Молия](#)

[Банк «Тамвил»](#)

[ООО МДО «Зудамал»](#)

[Банк «Тавхидбанк»](#)

[Ориёнбанк](#)

[Таджиксодиротбанк](#)

[Первый микрофинансовый банк](#)

[Кафолатбанк](#)

[Спитамен Банк](#)

[Коммерцбанк Таджикистана](#)

[Имон Интернешнл](#)

[Банк Развития Таджикистана](#)

[Банк «Арванд»](#)

[Банк ФИНКА](#)

[Банк «Тезинфоз»](#)

[Банк «ОКСУС»](#)

Internet business regulation, e-commerce

The e-commerce sector in Tajikistan is just beginning to develop. In general, small and medium-sized businesses here still prefer traditional offline sales.

As of 2019, 2.6 million of the country's 9.1 million population were Internet users. Access to email in the country is much worse than in most of the world.

There must be improvements in online payment security and delivery systems for goods and services. It is also important

to improve the level of computer literacy in the field of internet commerce - the main obstacle to the intensive development of e-commerce in Tajikistan.

Online trade in the country is carried out through the national payment system "Korti Milli" (Korti Milli). The country has 1.4 million cards issued by this system. Visa and Mastercard payment cards have been operating in the country since 2013. Local microfinance organization Alif Sarmoya launched an electronic wallet alif.mobi. Also electronic wallets QIWI Wallet and Yandex.Money operate in the country.

Popular e-commerce portals in Tajikistan: [Somon](#), [RG.tj](#), online store [Tajcenter](#), portal [TajWeek](#).

For the information only

The following companies are Internet service providers in the country:

- [Babilon-T](#);
- [Tojiktelecom](#);
- [Intercom](#);
- [Saturn Online](#).

Programs that help startups from other countries obtain grants

«[Business-incubator of Tajikistan](#)» was created by the government of Tajikistan in late 2018 to support startups and the development of small and medium-sized businesses.

IT recruiting and other services for finding highly qualified professionals

A list of agencies and resources that can help you find specialists for your startup team in Tajikistan:

- The recruitment agency HotJob, on the site you can search for the necessary specialists, as well as add your own vacancies;
- [Somon](#) – a resource for job postings;
- Announcement section of TajWeek portal allows you to find the right IT professionals;
- The recruitment agency Somon Sinamo Ltd. (it helps to find jobs, selects personnel), tel. +992 98 842 5454.

Startup Acceleration Platforms in Tajikistan

"Business Incubator of Tajikistan" - established by the government of Tajikistan at the end of 2018 to support startups and develop small and medium-sized businesses. The incubator hosts consultations on finance and law, as well as educational programs. There is a regular startup competition, and you need to send a letter of application to participate.

Accelerate Prosperity Tajikistan, an initiative of the Aga Khan Organization to develop small and medium-sized businesses in Central and South Asia, was launched in Tajikistan in 2016. It supports entrepreneurs through business modeling, coaching, business networking, investment readiness screening, seed and long-term financing, and facilitates business development.

The Accelerator "Entrepreneur 2030" from the National Social Investment Fund of Tajikistan.

A startup school in Khujand for technological projects. A project implemented by start-up entrepreneur Bakhtiyor Kadyrov with the support of UNDP. The training program is based on the business incubator program.

Innovation Lab in Khorog is a joint project of UNICEF Tajikistan, Institute of Continuous Education under the Ministry of Education and Science of Tajikistan, Accelerate Prosperity. It is a creative space designed to teach young people innovative solutions to complex problems.

Training camps for children and adolescents from Eurasia Foundation of Central Asia - Tajikistan. The purpose of the program is to support and mentor talented children and implement their innovative ideas.

General characteristics of Tajikistan in terms of the development of startups and digital services

The development of the startup sector in Tajikistan is in its initial stage. A number of ministries and agencies are implementing programs in one way or another related to the development of startups and innovative entrepreneurship in the country. However, due to the inaccessibility of favorable lending conditions, unfinished legislative framework and complex tax system, which is an unbearable burden for start-up entrepreneurs, there are few start-ups in Tajikistan.

Government initiatives for the development of startups in Tajikistan

- The program of the Government of Tajikistan "300 days of reforms to support entrepreneurship and improve the investment climate. The program aims to improve the regulation of entrepreneurship, increase the capacity of entrepreneurs, support producers and exporters, as well as improve public-private dialogue and attract investment.
- A project of the Ministry of Finance of Tajikistan, announced in March 2020, to finance start-ups founded by women, people with disabilities and young people returning from migration.
- SUE Tajikinvest, a division of the State Committee on Investments and State Property Management of the Republic of Tajikistan, oversees the attraction of investors to Tajikistan.
- B2B.tj is a specialized platform to find partners for businesses participating in foreign economic activity in Tajikistan. It helps to search for partners using such parameters as country, city, categories and subcategories of services, languages of communication.
- Young Entrepreneurs Club of the Committee on Youth and Sports under the Government of the Republic of Tajikistan is an organization that aims to connect companies and entrepreneurs, business coaches, experts, mentors (mentors) and investors who are willing to share their ideas, expertise and connections to create a mutually beneficial partnership. The Young Entrepreneurs Club is the organizer of the Starupstan contest and the G5 Start-up Forum.
- National Association of Small and Medium Enterprises of Tajikistan. The purpose of the association is to assist entrepreneurs in the development of their business and profit with its subsequent use not only for personal but also for public benefit.

Private and/or public initiatives promoting the development of startups in Tajikistan

- **Technopark of IT cases BIT** - provides services for integration of business processes in the field of IT, provides services to government and non-government organizations, small and medium-sized businesses.

- American Chamber of Commerce in Tajikistan (AmCham). A business association uniting foreign and local companies operating in Tajikistan. AmCham's objectives are to improve the business environment, protect the interests of its members, attract investment in Tajikistan, and develop a networking platform.
- GoViral Festival in Dushanbe, dedicated to IT, business and media. The organizer is the U.S. Embassy in Tajikistan.

Co-working spaces

Name - Regus

Address - Business center Opera & Ballet, Nisor Muhammad street 5/5, Dushanbe, Tajikistan

WEB-address - <https://www.regus.tj/coworking-space/tajikistan/dushanbe>

Availability of meeting rooms - yes

Name - Puzzle Coworking

Address - Business-center "Cozidaniye", 48 Ayni str, Dushanbe, Tajikistan

WEB-address - <http://sozidanie.tj/pages/13>

Overview -

Working hours -

The cost of renting a fixed working space - 40 somoni/day

Price of a workplace in Open Space - / 1 week Rental of personal office space - / 1 month Availability of meeting rooms - yes

Attracting investment in startups

The following companies and organizations help with investment/investment in startups/IT businesses:

- The State Unitary Enterprise "Tajikinvest" under the State Committee on Investments and State Property Management of the Republic of Tajikistan. It helps projects to attract investments, finds partners to promote goods and services. In the summer of 2020, "Tajikinvest" launched a nationwide platform B2B.tj for entrepreneurs and investors.
- National Social Investment Fund of Tajikistan. It provides technical, consulting and practical assistance to private and non-governmental organizations in the creation and development of community projects. Successful projects receive micro-credits. Funding is given to those projects that will improve the standard of living in the country.
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- Open Society Foundations in Tajikistan. The Foundation works in a number of areas: from promoting inclusive education for children with disabilities, to supporting economic development in the country. From 1997 to 2017, the Foundation invested \$52 million in

Tajikistan's projects.

- The Eurasian Development Bank is an international financial institution that aims to promote the development of market economies in Central Asia and expand trade and economic relations. From 2018 to 2022, the Bank is implementing a strategy to finance projects with a strong integration effect and national projects that can play a significant role in the lives of nations. Among the priority projects in terms of investment for the EBRD are projects from the fields of infrastructure, electricity, chemicals and petrochemicals, mechanical engineering, metallurgy and mining, the financial sector and information technology. A project can be submitted through a form on the Bank's website.
- Grants for the development of entrepreneurship (including IT) in Tajikistan are provided from time to time by international organizations. For example, in 2019, grants to 41 projects for the implementation of business plans were allocated by FAO.
- The Japan International Cooperation Agency (JICA) is implementing a mini-grants program in Tajikistan in 2020. Mini-grants is a cooperation program developed by JICA to financially support former participants of JICA training courses to implement their initiatives to contribute to the socio-economic development of Tajikistan.
- StartupStan, a competition for startups in Tajikistan, was held in 2017 (30 participants) and 2018 (64 participants). In 2018, the prize fund of the contest was 1,000,000 somoni, which is equivalent to \$97,000. The organizers of the contest are the Young Entrepreneurs Club and 55Group (FiftyFive Group).

Development of the fintech market in Tajikistan

As of 2020, it is possible to make purchases via QR code, make money transfers online and pay bills via smartphone in Tajikistan. In addition, mobile applications to deliver food, flowers, buy tickets, and pay for parking lots have been developed.

The main obstacles to the development of fintech in the country: the lack of a legislative framework, the lack of qualified professionals, the low level of financial literacy.

Alif Bank in Tajikistan is one of the successful examples of fintech market development in Tajikistan. Alif Bank is a startup, which in 6 years turned from an idea into a rapidly growing neobank in Central Asia. Its founders made a bet on the fact that 70% of the country's population are young people under 30 who actively use smartphones. Of the bank's 250 employees, 50 are programmers. The bank's products: an academy for training programmers, an electronic wallet, a debit card, a QR-payment system, its own fintech solution alif.mobi, and an online store of goods in installments. Alif Bank has aroused great interest among investors abroad, including the Swiss private bank (CBH Bank) and the investment office of a private investor from Monaco (an experienced investor, Hofiz Shahidi). The last round of financing (as of early 2020) closed at an estimate of about \$20 million.

The possibility of using blockchain technology in Tajikistan

The development of blockchain technology in Tajikistan is in its infancy. The country has hosted sporadic events on this topic, as well as several pilot projects using blockchain technology.

- In June 2018, DOODLE organized a blockchain event in Khujand, during which participants were able to learn how blockchain technology can be used in various areas of Tajikistan's economy.
- There is also information that a number of companies tested their blockchain products here. In particular, the company Bitspark, within the framework of the UN UNDP program, tested an interest-free money transfer system based on blockchain technology in Tajikistan. The goal of the project was to reduce the financial costs of migrant workers to intermediary banks when sending remittances from their place of work to their home country. We could not find information on how successful the experiment was.

Special benefits for startups, IT companies in Tajikistan. Registration procedures for these benefits

As of 2020 data, there were no special benefits for start-ups in Tajikistan. At the same time, investors and residents of FEZs can count on benefits.

Benefits for enterprises-investors in Tajikistan

Tax benefits are provided to investors in accordance with the procedure established by the Tax and Customs Codes of the Republic of Tajikistan.

An exemption is provided for:

- 1) From profit tax at the following volume of investments:
 - for 2 years, with the volume of investments up to \$500 thousand;
 - 3 years, with the volume of investments from \$500,000 to \$2 million;
 - 4 years, with the volume of investments from \$500,000 to \$2 million;
 - 4 years, with investments from \$2.0 mln to \$5 mln;
 - For 5 years, with the investment volume over \$5 million.
- 1) Customs duty and import VAT waiver for a number of goods imported under the priority projects approved by the Government of Tajikistan.
- 2) All enterprises involved in the export of goods, except for raw cotton, cotton-fibre and primary aluminium, shall be subject to VAT at a zero rate.

Зоны FEZ - Free Economic Zones

There are 4 free economic zones operating in Tajikistan ("Panj", "Ishkoshim", "Dangara", "Sughd"). They offer tax and customs privileges to their residents. Namely, within the territory of Tajikistan FEZ subjects' business activity regardless of their form of ownership are free from paying all kinds of taxes envisaged by the Tax Code of Tajikistan, only income and social taxes are to be paid.

FEZ subjects can be individual entrepreneurs and organizations regardless of legal forms provided by Tajikistan legislation, as well as branches and their representations, that passed state registration.

To obtain the status of a FEZ subject it is necessary:

- 1) submit relevant documents (application in the form approved by the FEZ Administration; organization information sheet form, application form for obtaining a certificate of a free economic zone subject, business plan form, rules for making business plans and (or) investment projects submitted to obtain the status of a FEZ subject) to the FEZ Administration;
- 2) defend investment project at the Ministry of Economic Development and Trade;
- 3) sign an agreement with FEZ Administration;
- 4) to receive certificate on FEZ subject status.

The cost of the certificate for any activities, regardless of their volume of production and turnover, is 5 thousand US dollars.

Templates of documents for FEZ are available [here](#).

General economic situation in Tajikistan, conditions for relocation and opening an office

According to the Tajikistan Statistics Agency, in June 2020, the average monthly nominal wage in the country will be 1,447 somoni, equivalent to \$140.

Food prices in 2020 are equivalent to \$ (data from Numbeo.com):

- milk (1 liter) - \$0.59
- milk (1 liter) - \$0.59
- loaf of white bread (500 g) - \$0.42
- Rice (white, 1 kg) - \$1.28
- Eggs (12 eggs) - \$1.19
- Local cheese (1 kg) - \$4.15
- Chicken fillet (1 kg) - \$2.63
- beef tenderloin (1 kg) - \$5.07
- Apples (1 kg) - \$1.46
- Bananas (1 kg) - \$2.15
- Oranges (1 kg) - \$2.01
- Tomatoes (1 kg) - \$1.05
- Potatoes (1 kg) - \$0.41
- Bottle of wine - \$8.63
- Local beer (0.5 l) - \$0.84
- Cigarettes (pack) - \$0.97

Transportation prices:

- fare on city passenger transport - \$0.19
- boarding in a cab (average tariff) - \$0.97
- 1 km of cab ride - \$0.29
- 1 liter of gasoline - \$0.76

Utility bills:

- basic utilities per apartment 85 - \$22.90

Rental housing:

- 1-bedroom apartment downtown - \$210
- 1-bedroom apartment in the residential district - \$118

There are no publicly known relocation programs in Tajikistan.

The cost of office rent in Dushanbe varies depending on the class of business center and its location. For example, an office space of 60 m² with two offices in Shohmansur area in Dushanbe will cost 5000 somoni per month, or \$483.

Prototyping laboratories and Hi-Tech production facilities

There is no FabLab (Laboratory of Industrial Innovation) in Tajikistan today

