



## **IBC Financial Market Committee**

***International Business Council, Bishkek, the Kyrgyz Republic***

The committee was created in June 2016 and consists of banking institutions, microcredit, leasing insurance companies and other financial organizations.

Two 2016 Committee meetings considered the following issues:

1. Drafting of amendments to the Law of Kyrgyz Republic on leasing operations (taxation issues);
2. Access to the financial market;
3. Bank sector issues related to Kyrgyzstan's joining the EEU and strict regulation of the National Bank of the Kyrgyz Republic;

### **Events**

- The Resolution of the NBKR Board "On the Minimum Amount of the Authorized Capital of Commercial Banks" No. 35/5 of June 24, 2015 establishes the minimum amount of the authorized capital and the terms of its formation. To implement this resolution, commercial banks increase their authorized capital by issuing additional shares including through retained earnings of past years in the authorized capital.

With the increase of the authorized capital due to the retained earnings of the previous years, the amount of the authorized capital's increase was transferred from the account of undistributed profits to the authorized capital account. Thus, no payments were made to shareholders.

As a rule, the bank shareholders refuse to receive dividends and direct their profits to increase the authorized capital. The money allocated to increase the authorized capital through retained earnings is an investment both in the banking sector and in the economy of the country as a whole.

The specialized state bodies determined the increased amount as the basis for taxation, which is radically wrong since it is an investment, which is not subject to taxation.

Through the efforts of IBC and other representatives of the business community, this necessary norm was included in the new version of the Tax Code of the Kyrgyz Republic.

