

№ №	Title of Normative Legal Act	Comments	Status
1.	<i>First package of draft Laws:</i> a) The Law of the KR “On Subsoil”	The Law was adopted in order to create a favorable environment in subsoil use by means of reforming state regulation in the sphere of mineral resources.	Approved by Jogorku Kenesh of the KR on June 29, 2012, signed by the President of the KR on August 9, 2012, № 160. Published in Erkin Too newspaper dated August 17, 2012, № 73-74.  The Law is effective after 1 month from the date of official publication.
	b) The Law of the KR “On Making Amendments and Addenda to the Land Code of the Kyrgyz Republic”	<ul style="list-style-type: none"> <li>- Established State Reserve of Lands for Mineral Deposits (hereinafter, the State Reserve);</li> <li>- Identified an authorized state body to provide land for subsoil use from the lands of the State Reserve;</li> <li>- Simplified procedures for land plot allocation from the lands of the State Reserve;</li> <li>- Temporary land use rights for subsoil use shall be granted to foreign individuals in a manner same as for the subsoil users- citizens of the KR;</li> <li>- After restoration (rehabilitation) of disturbed plots, the land plots are transferred to other category of lands.</li> </ul>	Approved by Jogorku Kenesh of the KR on June 29, 2012 and signed by th President of the KR on August 9, 2012, № 159. Published in Erkin Too newspaper dated August 17, 2012, № 73-74.  The Law is effective after 1 month from the date of official publication.
	c) The Law of the KR “On Making Amendments and Addenda to the Tax Code of the Kyrgyz Republic”	Key amendments: <ul style="list-style-type: none"> <li>- Tax base <b>reduction</b> size for mining enterprises has been increased from <b>5 to 15 percent</b> in case of spending funds by these entities for research, development and exploration works related to their economic activity;</li> <li>- In order to prevent deliberate underdeclaration of tax base by gold</li> </ul>	Approved by Jogorku Kenesh of the KR on June 29, 2012, signed by the President of the KR on August 9, 2012, № 158. Effective from

		<p>mining companies, for indicated companies <b>tax on income is introduced instead of profit tax</b>, rates of which vary depending on the price of gold;</p> <ul style="list-style-type: none"> <li>- Clarified provisions of Art. 300 of the Tax Code of the KR concerning exemption from subsoil management taxes;</li> <li>- Clarified provisions relating to the payment of bonus in cases of passing rights for subsoil use to third parties, as well as in transferring rights for subsoil use and change of company ownership excluding companies listed at stock exchange markets;</li> <li>- Clarified provisions on taxable deposits, tax base for calculating the bonus;</li> <li>- Government of the KR shall establish bonus rates for all tendered mineral deposits individually;</li> <li>- Extended range of subjects – taxpayers of royalty;</li> <li>- Differentiated royalty rates for drinking and industrial fresh water, introduced royalty for selection of fresh water for agricultural purposes;</li> <li>- Combined royalty rate for marketed minerals or products of their processing not envisaged in parts 1 and 2 of the Art. 310 of the Tax Code of the KR;</li> <li>- An owner of the land plot or land-user that extracts sand, clay, sand-gravel aggregate and ground waters for non-commercial purposes at the owned or leased land plot shall not submit royalty tax report.</li> </ul>	<p>January 1<sup>st</sup>, 2013.</p>
	<p>d) The Law of the KR “On Making Amendments and Addenda to the Law of the KR ‘On Non-tax Payments’”</p>	<p>The Law was adopted in order to establish an economic mechanism of encouraging subsoil users more effectively hold their activities in prospecting, exploration and mining of mineral deposits.</p> <p>The adopted Law has supplemented the Law “On Non-tax Payments” with the Article 19-2 according to which payment for holding license for subsoil use rights is introduced.</p>	<p>Approved by Jogorku Kenesh of the KR on June 29, 2012, signed by the President of the KR on August 9, 2012, № 162. Effective after 1 month from the date of official publication.</p>

		<p>This payment shall be made by subsoil user that has the right for prospecting and/or exploration and/or mining of mineral deposits in the KR.</p> <p>The manner and terms of payment amounts for holding license for subsoil use shall be established by the Government of the KR in concordance with the Law “On Subsoil”. Amounts from payments for holding license shall go to budgets of local self governments.</p>	<p>Published in Erkin Too newspaper dated August 17, 2012, № 73-74.</p>
2.	The Law of the KR “On Additions to the Law of the KR ‘On Non-tax Payments’”	<p>A new non-tax payment in a form of contribution (type of payment established by the state) is introduced to subsoil users aimed at development and maintenance of local infrastructure.</p> <p>Individuals, business entities carrying out mining (extraction) of mineral deposits activities (except for minerals used as construction materials, including raw materials in producing construction products) and contributing to the local budget at the location of a deposit (regardless of the place of registration) are obliged to pay this payment.</p> <p>Deductions are allocated to local budgets by the 20<sup>th</sup> of each month following the next reporting period in the amount of <b>2 percent of turnover</b>, excluding indirect taxes received from the sale of minerals.</p>	<p>Signed by the Chairman of Jogorku Kenesh of the KR in accordance with Part 3 of the Art. 81 of the Constitution of the KR on June 20, 2012, № 89. Effective after 3 month of official publication.</p> <p>Published in Erkin Too newspaper dated June 22, 2012, № 55.</p>
3.	Regulation on the Procedure for Licensing the Subsoil Use Rights	<p>The Regulation considers minimization of direct negotiations as a method of granting subsoil use rights.</p> <p>Subsoil use rights are granted on the basis of license through:</p> <ul style="list-style-type: none"> <li>-tender to deposits of national importance;</li> <li>-auction to all other fields excluding those containing widespread mineral deposits and other mineral resources</li> </ul>	<p>Approved by the Resolution of the Government of the KR dated April 4, 2012, № 228.</p> <p>Published in Erkin Too newspaper dated April 13, 2012, № 30.</p>

		<p>in small volumes (list of sites are indicated in paragraph 8 of the Regulation).</p> <p>Subsoil use rights are granted through direct negotiations only to mining fields on which auction or tender was found invalid two times, as well as to fields on which auction or tender is not provided.</p> <p>The Regulation as of April 4, 2012 included the paragraph 132 according to which in case of discovery by the licensee who is carrying out geological survey of subsoil, of stocks of coal and ore minerals and their registration in the State balance of minerals provided that the earnings from realization of minerals or products received in the result of processing of the minerals registered in the State balance of minerals is equal or exceeds the amount in the national currency equivalent to US \$50 million, the authorized state body entitles it with the right of the subsoil use for the purpose of mining of the specified minerals by direct negotiations, upon condition with gratuitous transfer of at least 20 percent of share of this business entity to the Kyrgyz Republic.</p> <p>According to the Government Resolution as of June 18, 2012 № 425 mentioned obligation upon transferring at least 20% of share of business entity was <b>excluded</b>.</p>	<p>Amendments and addenda are made by the Resolution of the Government of the KR dated June 18, 2012 at № 425.</p> <p>Published in Erkin Too newspaper dated June 22, 2012, № 55.</p> <p>Effective after 15 days from the date of official publication.</p>
4.	<i>Second package of draft Laws:</i>		

	<p>a) The Law of the KR “On Concessions in the Kyrgyz Republic”</p>	<ul style="list-style-type: none"> <li>-Concessionaire rights are protected under concession agreement;</li> <li>-Controlling role of the state is reduced to a minimum;</li> <li>-Application of a special tax and customs regime is considered for duration of concession contract;</li> <li>-Contractual jurisdiction, including the possibility of establishing conditions for resolution of disputes in international arbitration;</li> <li>-Transparency and openness in establishing concession fee;</li> <li>-Legal protection of the property and income of a concessionaire;</li> <li>-Property rights protection of a concessionaire upon the products and results of work created during concession.</li> </ul>	<p>Procedures for adoption through public hearings. First public hearings were held on August 9, 2012.</p>
	<p>b) The Law of the KR “On Mining Concession”</p>	<p>The Law includes number of insurance arrangements for investors:</p> <ul style="list-style-type: none"> <li>-Comprehensive list of termination of agreement on mining concession;</li> <li>-Protection from repatriation;</li> <li>-Freedom to chose institutions of judicial remedy;</li> <li>-Changes to agreement on mining concession only by mutual consent;</li> <li>-Stabilization of the legislation for concessionaire;</li> <li>-Non-interference in the activities of concessionaire;</li> <li>-Right for free transfer of mining concession sites;</li> <li>- Establishment of favorable tax regime and simplified procedures for administering taxes and custom fees for concessionaire.</li> </ul>	<p>Procedures for adoption through public hearings. First public hearings were held on August 9, 2012.</p>
	<p>c) The Law of the KR “On Production Sharing Agreements”</p>	<p>The new edition of the Law regulates relations concerning conclusion of special types of contracts that provide procedures for sharing of products produced at the site of concession not only in subsoil use, but also in other sites of concession.</p>	<p>Procedures for adoption through public hearings. First public hearings were held on August 9, 2012.</p>