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TAJIKISTAN

CASE STUDY

Annual Re-registration is No More

Business associations lift an excessive re-registration requirement for annual re-registration of entrepreneurs



One of the entrepreneurs in Dushanbe's Green Bazaar that will benefit from the removal of the onerous requirement.
Photo: USAID

USAID helps Tajik business associations lift a requirement for annual business re-registration, saving over \$285,000 in annual expenses for over 37,000 entrepreneurs.

CHALLENGE: Each year, Tajikistan's 37,000 entrepreneurs used to spend money and time to deregister and again reregister their businesses. Some 600 of them also had to undergo annual re-licensing. Even though the state law did not require these procedures to be performed by the businesses annually, country's tax inspectorates ruled otherwise, costing each business two working days and \$6.27 in state fees spent on the re-registering each year. Businessmen and women subject to annual re-licensing, concomitant with re-registration, lost additional \$81. In a country where a monthly teacher's salary fell short of \$200, it was a sizeable expenditure.

INITIATIVE: So that the entrepreneurs can more effectively advocate removal of this and other business impediments, USAID's Business Environment Improvement Project helped associations of Sogd Oblast form a Business Association Council. Seven business associations have become members of the council to coordinate their efforts in solving the problems that affect the business community, advocating for reforms in state agencies, and other joint activities. Among the members were the Association of Entrepreneurs of Sogd Oblast, Association of Market Entrepreneurs *Panjshanbe*, and Agrobusiness Association of Tajikistan.

In early 2007, USAID's project helped the Association Council prepare a protest letter to the Sogd Oblast Tax Department asking to lift the unnecessary and cumbersome requirement. The letter pointed out that re-registering was not stipulated by the Tax Code of the Republic of Tajikistan nor by the relevant Government regulation. In fact, expiration or re-registration dates for certification were not mentioned or required at all. The Association Council also protested the costs associated with the procedures, especially for businesses subject to related annual re-licensing.

RESULTS: The Sogd Oblast Tax Department concurred with the Association Council's recommendation to abolish the re-registration. As a result, in February 2007, the Tax Committee under the Government of Republic of Tajikistan issued an order to abolish the annual re-registration of entrepreneurs not only in Sogd Oblast, but also throughout the country. Registration certificates are now issued once, without annual deregistration. "Eliminating the annual registration requirement saves time and money for entrepreneurs," says the Chairman of the Association of Market Entrepreneurs *Panjshanbe*. According to the estimates by the USAID project, elimination of

this procedure will save country's businesses more than \$285,000 each year.