

While Tajik authorities report about developing business, the entrepreneurs themselves complain about high taxes and unreasonable inspections, close their businesses.

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Zainiddin Karimov. Photo: CABAR.asia In an interview to CABAR.asia, Zainiddin Karimov, the owner of the “Shaparak” retail chain, says that he has to close his chain of stores, since various government agencies, including employees of the tax authority, do not allow him to conduct business freely with their unreasonable inspections.

“It became difficult to do business in our country; only the tax office has the right to conduct 10 types of inspections. In addition, there are more checks from other departments.

Employees of the tax committee conduct their inspections under various pretexts and impose heavy fines. How can an entrepreneur develop a business under the conditions of such chaos?" says Karimov.

For more than 10 years, Zainiddin Karimov has owned a chain of clothing stores "Shaparak" in the city of Khujand. He brought goods for his stores from Turkey and provided 21 people with permanent workplace until now. According to him, in addition to the tax representatives, employees of other bodies also create problems.

"For 10 years of work, the firefighting service has never offered or installed modern equipment to us. However, it is necessary to pay up to 2000 somoni annually (about \$200) for one order for the store area of 45 square meters".

Every year dozens of small and large enterprises are created in the country, but in a short time, they cease to operate. Entrepreneurs themselves see the reasons for this trend in high taxes, lack of healthy competition, constant inspections by financial and regulatory bodies, high rates on bank loans, and lack of support from the government.

The chief accountant of one of the dairy products producers in Tajikistan anonymously told CABAR.asia that in most cases tax representatives ask enterprises to pay tax prepayments, which negatively affect business.

"During inspections, representatives of the tax authority determine the rate of production for our company for the next six months or a year and calculate taxes based on this indicator, regardless of whether this many products will be produced at all", the source said.

Mirzo Salimpur, chief editor of the Akhbor.com news website, in an interview with CABAR.asia, added that in most cities and districts of Tajikistan, entrepreneurs have already paid tax prepayments for 2020 and even 2021 in order to fulfill the plan for collecting taxes in the relevant region.

"They still do not know whether they will receive a profit next year or not, but they have already paid taxes. Most entrepreneurs work on bank loans that have high interest rates, but they have to pay the money received at interest to the tax authorities", says Salimpur.

In his opinion, the situation will not change until the tax legislation is deeply revised and the rights and powers of the tax department representatives are severely limited.

"The tax department employees, unfortunately, remind the guards of the times of the

Emirate of Bukhara, for whom the entrepreneur is a cash cow, which they milk without pause”, he added.

However, according to the Unified State Register, as of January 1, 2019, 315.8 thousand economic entities operate in the country, which is 14,580 units more than as of January 1, 2018.

Experts hold to an opinion that the situation of entrepreneurs in Tajikistan is unenviable, often there is evidence of pressure on entrepreneurs, which ultimately leads to the termination of their activities and departure to other countries.

According to economist Shamsiddin Jalolov, several factors in Tajikistan create problems for economic development. He says that small and medium businesses are one of the main factors of economic development in all developed countries of the world, and the governments of these countries pay special attention to this issue.



Shamsiddin Jalolov. Photo: ozodi.org

“In Tajikistan, there is no healthy atmosphere of entrepreneurship and the activities of entrepreneurs cannot be called transparent. If an entrepreneur is free to conduct his business, no high taxes can be an obstacle on his path, because he knows that as a result of free activity he will receive a good income and will pay state taxes without any problems”, says Jalolov in an interview with CABAR.asia.

Along with this, Aziz Timurov, CABAR.asia economic expert, says that businessmen are well aware of the conditions in which they live and therefore do not believe that their capital is protected, which is why they do not want to take another risk.

“The entrepreneurial atmosphere in the country is not the best, and what we have is developing another way. The “game rules” are unknown in our country, there is no transparency and it changes all the time. For this reason, both foreign and domestic investors do not believe in the business system of Tajikistan. Business here is conducted using connections with politicians, family ties, bribes. It is very difficult to conduct business strictly within the law”, Aziz Timurov noted.



Aziz Timurov. Photo: CABAR.asia

Experts believe that the development of the industry, including small and medium businesses, requires conditions for free business activity, credibility of economic courts, access to banking services and guarantees of protection the entrepreneurs' property, otherwise the entrepreneurs will be forced to cease their activities and leave the country.

"I no longer want to engage in trading in Tajikistan. Now I plan to leave to another country and do business there. It is very difficult to conduct business in Tajikistan, since the life of an entrepreneur is spent on resolving issues with taxes and fines", added the owner of the Shaparak chain of stores, Zainiddin Karimov.

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