

# LEGAL ALERT

## ON CHANGES IN BUSINESS REGULATION IN UZBEKISTAN

### LEGAL ALERT IN RECAP

**September 2024:** Significant business changes emerged in Uzbekistan, driven by amendments to intellectual property laws allowing IP rights holders to claim compensation without proving damages. The government is also offering flexible land payment options to support businesses and attract investment, whereas stricter requirements for commodity exchanges have been implemented to ensure transparency and efficiency. Additionally, competition and consumer rights protections were strengthened, aiming to ensure fair market practices across industries.

Leges Advokat law firm has prepared the following bulletin with updates on the business matters of the Republic of Uzbekistan.

**1. WHICH CHANGES ARE EFFECTIVE FROM OCTOBER 1, 2024?**

**Starting from October 1, 2024:**

- **The Basic Estimate Amount** (BEA) has been increased by 10%, from 340,000 UZS to 375,000 UZS; Whereas the **Minimum Wage** is set at 1,155,000 UZS per month<sup>1</sup>.
- From October 1, 2024, state procurement bodies are obliged to hold public discussions on the electronic platform regarding:
  - Direct contracts - at least for one working day;
  - Minutes of tenders - at least for two working days.<sup>2</sup>
- Suppliers of goods without analogs on the Uzbek market and technically complex goods are included in the Register of Sole Suppliers based on the conclusion of the Committee for Competition Development and Consumer Protection.<sup>3</sup>
- Until 31 December 2026, one-time subsidies are granted for the construction and renovation of **modular hotels** (except for reconstruction), with payments of 1 million UZS per room, regardless of the hotel's category.<sup>4</sup>

*Please note that a modular hotel is a full-fledged hotel made up of one or more prefabricated units with a sturdy metal frame that can be assembled and disassembled.*

- Until 1 January 2028, **a VAT refund program** is initiated for hotels and tour operators, allowing a 20% cashback on the VAT they pay<sup>5</sup>.
- Mandatory state registration of **high-risk products** manufactured and imported from abroad is required. Importers must register products in the Customs Information System «Single Window» and the Unified Electronic Information System of Foreign Trade Operations before the goods arrive in the country<sup>6</sup>.

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<sup>1</sup> <https://lex.uz/uz/docs/7059452>

<sup>2</sup> <https://lex.uz/ru/docs/7010515>

<sup>3</sup> Ibid.

<sup>4</sup> <https://lex.uz/docs/7102971>

<sup>5</sup> <https://lex.uz/ru/docs/7089549>

<sup>6</sup> <https://lex.uz/docs/6821851>

- Until 1 October 2027, the following customs incentives are implemented for owners of **jewelry businesses**<sup>7</sup>:

ITEMS	CONDITIONS FOR EXEMPTIONS FROM CUSTOMS DUTIES OR FEES
Ligature (metal alloy) in the jewelry industry	<i>Custom duties</i> – if imported into the territory of Uzbekistan and used in the jewelry industry.
Equipment, packaging, and labeling of products	<i>Custom duties</i> – if not produced in Uzbekistan and imported according to approved lists.
Jewelry temporarily imported by non-residents	<i>Customs fees</i> – for participants of the “Uzbek Jewelry Fair”, provided the items are subsequently re-exported.

## 2. INTELLECTUAL PROPERTY: COMPENSATIONS

On September 10, 2024, the President of the Republic of Uzbekistan signed the Law “On amendments legislative acts in connection with the further improvement of the legal protection system for IP objects” No. ZRU-959<sup>8</sup>.

**Starting from December 12, 2024**, a procedure for the infringer to pay compensation to the patentees and trademark holders upon request instead of reimbursing damages for the unlawful use of intellectual property objects will come into force.

Patentees and trademark holders may demand **compensation from the infringer** ranging from **20 to 1,000 BEA**. This amount considers the nature of the infringement, the infringer’s fault, and business customs, and can be agreed upon by the parties or determined by the court.

*Please note that compensation is payable regardless of whether actual damages have been incurred or not.*

<sup>7</sup> <https://lex.uz/ru/docs/7034721>

<sup>8</sup> <https://lex.uz/docs/7098010>

At that, Regulation on determining compensation amount payable to a patentee for the use of an invention, utility model, or industrial design without the consent of the patentee approved by the Resolution of Cabinet of Ministers No. 535 comes into force on October 9, 2024.<sup>9</sup>

### 3. NEW REQUIREMENTS FOR COMMODITY EXCHANGES

On September 12, 2024, the Government of Uzbekistan introduced the roadmap for expanding the exchange activities, introducing new financial instruments into the sector, and creating greater convenience for trading participants in line with the Resolution of the Cabinet of Ministers “On measures of wide introduction of advanced information technologies into exchange trading and consistent continuation in the field of digitalization processes” No. 570.<sup>10</sup>

Starting from November 1, 2024, commodity exchanges must:

- own a licensed electronic exchange trading system;
- have server equipment with a total memory of 100 TV and a separate data processing center;
- ensure protection of the electronic exchange trading system;
- ensure the availability of software that allows, within the framework of integration with the servicing bank, to perform operations on crediting and debiting of funds without human intervention.

The minimum **charter capital** for commodity exchanges is set at:

- 100 billion UZS – from November 1, 2024;
- 200 billion UZS – from July 1, 2025.

Moreover, the charter capital shall be formed only in cash.

By the end of 2024 and at the end of each year thereafter, an independent audit of the financial activities of commodity exchanges by one of the Big Four audit organizations will be introduced.

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<sup>9</sup> <https://lex.uz/ru/docs/7090221>

<sup>10</sup> <https://lex.uz/ru/docs/7102969>

#### 4. INSTALLMENT PAYMENTS FOR LAND PLOTS

As per the Presidential Decree “On measures for the effective use of investment opportunities of land resources in entrepreneurial and urban planning activities” UP-135 dated 6 October 2024, it is allowed to pay the cost of land plots in installments on a monthly basis in equal shares with accrual of interest to the outstanding amount at the main rate of the Central Bank on the following terms:

- in Tashkent, Nukus and regional centers – within 3 years at the rate of not less than 35% on condition of initial payment within 15 working days;
- in other settlements - within 5 years, and in districts of 4 and 5 categories – within 10 years at the rate of not less than 15 % on condition of initial payment within 15 working days.

In case of full payment of the cost of all types of land plots within fifteen working days, a 20% discount to the total amount shall be granted, except for land plots sold with a reduction in the starting price by more than 50%.

The Resolution also approved the main conditions for:

- inclusion of the cost of a land plot in the charter fund of a business entity;
- involvement of design organizations in urban planning of the territories of new massifs based on selection of the best proposals;
- registration of rights to land plots on the territory of new housing estates created on the initiative of private investors.

#### 5. CHANGES IN LICENSING PROCEDURES

In accordance with the Law of the Republic of Uzbekistan ZRU-956 dated 5 October 2024, a new procedure for notifying the authorized state body for carrying out the following activities<sup>11</sup>:

- customs broker;
- activity on delivery of international courier shipments.

Failure to notify the authorized state body will entail a fine in the amount of 20 BEA.

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<sup>11</sup> <https://lex.uz/uz/docs/7093758>

## 6. STRENGTHENING COMPETITION AND CONSUMER PROTECTION

On September 4, 2024, the President of Uzbekistan signed Law «On amendments legislative acts of the Republic of Uzbekistan in connection with the further improvement of the activities of the Committee for the Development of Competition and Protection of Consumer Rights» No. ZRU-954.<sup>12</sup>

The following amendments have entered into force:

- A natural monopoly is defined as a legal entity primarily engaged in producing or selling goods within a natural monopoly environment.
- First-time minor violations of competition law will result in a warning instead of financial penalties.
- Fines for competition law violations will be imposed through the court, unless the violator admits guilt and pays voluntarily.
- Warnings or fines do not exempt the violator from complying with decisions or requirements from state authorities.

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<sup>12</sup> <https://lex.uz/en/docs/7095907>

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