

LEGAL ALERT
ON CHANGES IN BUSINESS REGULATION IN
UZBEKISTAN

LEGAL ALERT IN RECAP

July 2022: Businessmen's rights protection platform, e-commerce, real estate & residence permit regulations, and tax administration reforms – are the brand-new reforms implemented in the Republic of Uzbekistan.

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

1. BUSINESSMEN'S PROTECTION RIGHTS IN A SINGLE ONLINE PORTAL

Following the adoption of the Resolution of the President “On the measures to implement an effective system of dialogue with business owners” No. 178 dated 27 July 2022, an electronic platform «Businessman’s virtual office» (hereinafter – the **Portal**) was introduced for the protection of entrepreneurs’ rights and interests which offers the following services for business holders:

- Round-the-clock reception for addressing business entities’ concerns and inquiries, and monitoring these processes;
- Identification and solution of existing problems that hinder business activities using online discussions and surveys;
- Collection of proposals from business entities to improve legislation;
- Connection to information systems to provide necessary services (including obtaining licenses and permits, credits, subsidies, compensations and guarantees, tax and customs administration).

The Portal started working on 1 August 2022.

2. E-COMMERCE

With the adoption of the Administrative Regulation “On the creation of favorable conditions for the further development of electronic commerce” approved by the Resolution of the Cabinet of Ministers No. 392 dated 20 July 2022, the procedures for operation of online trading platforms (hereinafter – **E-trade platforms**)¹ and Information Intermediaries² were reestablished in terms of contractual fulfillment issues:

- Operators of E-trade platforms now have a right to use an escrow system or third parties’ services to secure the performance of contractual obligations;

¹Online trading platforms – an electronic system designed to enable its participants to perform electronic transactions and organize and conduct tenders or auctions.

² Information Intermediary – a legal entity that provides services related to the circulation of electronic documents and electronic messages in e-commerce (e.g., a bank, a telecom network provider, or auction organizers).

- The rules of the Information Intermediary may stipulate the need for participants of E-trade platforms to deposit money on their accounts before the conclusion of contracts (as compensation in case the parties fail to fulfill their contractual obligations);
- Any disputes arising from the performance of contractual obligations may be considered by the bodies of pre-trial dispute resolution with the operator of the E-trade platform.

3. REAL ESTATE & RESIDENCE PERMIT

As per the Resolution of the Cabinet of Ministers No. 384 dated 13 July 2022, foreign citizens from the countries approved by the government (please see – **ANNEX 1**) will have a right to purchase new property under construction (except for land plots) without having to obtain a residence permit.

Furthermore, for real estate to be considered as “new property under construction”, it must fit in one of the following categories:

- Objects, the construction of which has already begun, but not accepted for use;
- Objects for which there is a decision of the Khokim (City Mayor) on approval for use of the constructed building, structure, or residential building;
- Objects, where the ownership is based on a certificate for the use of this object with construction and installation work completed;
- Objects from the moment of acceptance for use of which no more than three years have passed.

Please note that the acquisition of such property shall not be a basis for obtaining permanent registration and residence permit.

ANNEX

LIST OF COUNTRIES CITIZENS OF WHICH CAN BUY NEW PROPERTY UNDER CONSTRUCTION WITHOUT A RESIDENCE PERMIT		
1. The Commonwealth of Australia	2. Kingdom of Thailand	3. The Republic of Fiji
4. The Republic of Austria	5. Kingdom of Sweden	6. The Republic of the Philippines
7. The Republic of Azerbaijan	8. The Republic of Latvia	9. The Republic of Croatia
10. Antigua and Barbuda	11. The Republic of Lithuania	12. The Republic of Chile

13. The Republic of Argentina	14. Malaysia	15. The Republic of Ecuador
16. Barbados	17. Republic of Maldives	18. Russian Federation
19. Belize	20. The United States of Mexico	21. Romania
22. Bolivarian Republic of Venezuela	23. Mongolia	24. Saint Vincent and the Grenadines
25. Vatican	26. New Zealand	27. Saint Lucia
28. Grand Duchy of Luxembourg	29. The United Arab Emirates	30. Slovak Republic
31. Hungary	32. The Republic of Portugal	33. The Commonwealth of the Bahamas
34. Eastern Republic of Uruguay	35. The Republic of Bulgaria	36. Dominican Republic
37. Brunei Darussalam	38. The Republic of Bosnia and Herzegovina	39. The United Kingdom of Great Britain and Northern Ireland
40. State of Israel	41. The Republic of Belarus	42. Socialist Republic of Viet Nam
43. Grenada	44. The Republic of Guatemala	45. Turkmenistan
46. The Republic of Greece	47. The Republic of Honduras	48. The Republic of Turkey
49. Georgia	50. The Republic of Indonesia	51. Ukraine
52. Democratic Socialist Republic of Sri Lanka	53. The Republic of Kazakhstan	54. Federative Republic of Brazil
55. Dominican Republic	56. The Republic of Cyprus	57. Federal Republic of Germany
58. Ireland	59. The Republic of Korea	60. Federation of Saint Kitts and Nevis
61. The Kingdom of Bahrain	62. The Republic of Costa Rica	63. Finland
64. Iceland	65. The Republic of Mauritius	66. Republic of France
67. The Republic of Italy	68. Moldova	69. Montenegro
70. Canada	71. The Republic of Nauru	72. Czech Republic
73. Kyrgyz Republic	74. The Republic of Palau	75. Swiss Confederation
76. Principality of Andorra	77. The Republic of Panama	78. Republic of Estonia
79. Principality of Liechtenstein	80. The Republic of Peru	81. Republic of South Africa
82. Principality of Monaco	83. The Republic of Poland	84. Jamaica
85. Cooperative Republic of Guyana	86. The Republic of San Marino	87. Japan
88. The Kingdom of Belgium	89. The Republic of Seychelles	90. State of Kuwait
91. The Kingdom of Bhutan	92. The Republic of Serbia	93. State of Qatar
94. The Kingdom of Denmark	95. The Republic of Singapore	96. Sultanate of Oman

97. The Kingdom of Spain	98. The Republic of Slovenia	99. The Republic of Macedonia
100. The Kingdom of Morocco	101. The Republic of Suriname	102. The Republic of Malta
103. The Kingdom of the Netherlands	104. The Republic of Trinidad and Tobago	105. The USA
106. The Kingdom of Norway	107. The Republic of Tajikistan	

4. TAX INCENTIVES

In line with the President's Decree No. 162 dated 13 July 2022, the duration terms for income tax exemptions to participants of special economic zones (SEZ) were introduced in the following way:

- for investments from USD 3 million to USD 5 million - **3 years**;
- for investments from USD 5 million to USD 15 million - **5 years**;
- for investments from USD 15 million or more - **10 years**.

Please note that these terms are to be calculated from the date of acceptance of the object for exploitation.

5. EVALUATION & EXPERTISE OF THE INVESTMENT PROJECT'S DRAFTS

Adoption of the President's Resolution No. 332 dated 25 July 2022 brought in the procedure and fees for examination of pre-project documentation of investment and infrastructure projects for public procurement and tenders:

TYPE OF PROJECT	FEES
Tender documentation and Terms of Reference for public procurement	0.1% of the value of the subject of procurement excluding VAT, but not more than 100 times the amount of BRV ³ (with the addition of VAT to this amount).
Due diligence of the overall feasibility study of the project	0.03 % of the total project amount excluding VAT, but not less than USD 4,000 and not more than USD 50,000 (with the addition of VAT to this amount).
Due diligence of technical and economic feasibility study	50 % of the amount established for the due diligence of the overall feasibility study of the project.
Terms of Reference for the development of pre-project documentation	–

³ BRV is a basic calculation value in Uzbekistan that is used in determining the amount of taxes, fees, and payments for public services. As of July 2022, it equals UZS 300,000 (approx. USD 28).

Procurement documentation for the tender for public procurement of goods (works, services) at the expense of the government's budget	—
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Please note that such examination will be carried out with the pre-condition of 100% pre-payment.

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