

**LEGAL ALERT**

**ON CHANGES IN BUSINESS REGULATION IN**

**UZBEKISTAN**

**LEGAL ALERT IN RECAP**

**September 2022:** Uzbek government delineated a new legal framework in the area of customs clearance, financial services, sustainable energy, business inspection, certification of pharmaceutical products, IT visas, and transparency of public databases.

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

**1. WHAT CHANGES ARE EFFECTIVE FROM 1 SEPTEMBER 2022?**

The following changes came into force on 1 September 2022:

- Introduction of financial sanctions for anticompetitive actions: concerted actions, abuse of dominant position, violations in M&A transactions aimed at restricting competition (**however, no statutory amount of such sanctions has been enacted so far**);
- Cancellation of several requirements and restrictions in corporate property ownership:

Covered area	Security measure
Corporate law	<ul style="list-style-type: none"><li>• Disposal of pledged shares (stocks) in the charter fund (capital) of a legal entity without the consent of the pledgee;</li><li>• Disposal of property of the state-owned companies only on the basis of an act by state authorities</li></ul>
Land plot use	<ul style="list-style-type: none"><li>• Termination of ownership by canceling the acts, under which these land plots were issued (except for the court decisions);</li><li>• Termination of ownership in lieu of the liquidation of a legal entity;</li><li>• Granting ownership of another state-owned real estate as compensation for the withdrawal of land plots for public needs (except for residential properties in apartments);</li></ul>
Use of buildings and structures, vehicles owned by individuals and legal entities	<ul style="list-style-type: none"><li>• Termination of ownership by canceling administrative acts that were the basis for the emergence of property rights, in particular on the basis of a prosecutor's protest (except for cancellation or invalidation by the court);</li></ul>

## 2. CUSTOMS: CARGO DECLARATION UPDATES

The State Customs Committee adopted a Regulation on the declaration procedure of transit cargo – Resolution No. 3382 dated 31 August 2022 (“**Resolution No. 3382**”). Regulation No. 3382 provides for the declaration of all cargo through the “E-transit” digital platform and gives detailed instructions on the procedure for filling out, processing, amending and adding information to the transit declaration. The transit declaration is required to be made either in Uzbek or Russian languages.

Additionally, under Resolution No. 2868-2 dated 16 September 2022 (“**Resolution No. 2868-2**”), the State Customs Committee amended the Method No. 1 (‘contract value’ method) for ascertaining the customs value, as well as the list and the procedure for submission of certain documents. For instance, in case of detecting a medium or high-level risk cargo, it will be required the following documents are to be provided **only if** the declared customs value is lower than the customs value of items imported over the past 90 calendar days (previously – submission of these documents was required by default):

- Customs declaration of the country of departure;
- Contracts with third parties related to the supply of the goods being valued;
- Invoices issued by third parties.

Besides, the following documents (information) can serve as an alternative source for justification of the customs value:

- Officially published bulletins (directories), stock quotes;
- price lists of manufacturers or suppliers, brief price directories of their associations (unions);
- information of representative offices of foreign manufacturers of goods, their officially registered dealers or distributors, countries where interstate information exchange is established for obtaining price data;
- appraisal reports drawn up in line with Uzbek law, acts of internal market research;
- from other reliable sources of general price information that objectively shape the price situation.

Resolution No. 2868-2 is already effective, while Resolution 3382 will enter into force on 31 November 2022.

### 3. MICROFINANCING

Following the adoption of the Law “On non-bank credit organizations and microfinance activities” No. ZRU-765 dated 21 April 2022, the Central Bank of Uzbekistan enacted the Regulation “On minimal requirements to activities of the microfinancing organizations and pawnshops” under Resolution No. 3384 dated 6 September 2022 (“**Microfinancing Regulation**”).

The Microfinancing Regulation determines the regulatory framework for establishing relations with the customers, guidelines on overdue debts, as well as handling consumers’ complaints. Further, the Microfinancing Regulation emphasizes on the publicly available information and advertisements to be made by microfinancing organizations.

The Microfinancing Regulation will enter into force on 6 December 2022.

### 4. BUSINESS INSPECTIONS & CHECKUPS

Pursuant to the newly adopted Resolution of the President of the Republic of Uzbekistan No. PP-374 dated 14 September 2022, starting from 1 November 2022, inspections and checkups conducted by the governmental authorities are required to be registered. In case the inspection and/or checkup was not registered, it will be considered illegal.

Registration will be processed through the digital platform administered by the Commissioner for the Protection of the Rights of Entrepreneurs. The following procedural requirements are mandatory for the state authorities for the inspection and/or checkup to be considered lawful:

- notification of the company about the start of inspections to be carried out at least 10 business days in advance;
- the regulator is not entitled to re-inspect the company and the objects for the previously verified period of activity of entrepreneurs and demand previously examined documents;
- the regulator can take precautionary measures on the basis of schedules approved by the Commissioner for the Protection of the Rights of Entrepreneurs without interfering in the financial and economic activities of business entities.

Additionally, starting from 1 January 2023, it is prohibited to inspect on the functions not included in the registry of the state controlling functions in the digital platform administered by the Commissioner for the Protection of the Rights of Entrepreneurs.

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