

# TAX CODE GUIDE

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## TAXATION OF LEGAL ENTITIES

Leges Advokat has prepared an analysis of the main taxes that are collected from businesses under the Tax Code of the Republic of Uzbekistan. The document prepared contains a summary of types of taxes indicating their main features, such as taxpayers, taxation objects, tax base, tax rate, tax reporting, and tax payment deadlines.

The table is intended as an overview and does not constitute legal advice. For more detailed information you can contact our experts by phone or e-mail, as indicated on the website.

### CORPORATE INCOME TAX

**Corporate income tax** – a tax paid to the state budget from the positive difference between the income and expenses – profit incurred by legal entities during the tax period.

#### Taxpayers

- ❖ tax residents of the Republic of Uzbekistan;
- ❖ non-residents of the Republic of Uzbekistan and foreign entities operating in the Republic of Uzbekistan through Permanent Establishments (hereinafter – “PE”);
- ❖ non-residents of the Republic of Uzbekistan, receiving income from sources in the Republic of Uzbekistan.

#### Taxation objects

- ❖ for legal entities – the difference between total income and deductible expenses;
- ❖ for PEs – the difference between total income and deductible expenses incurred from the activity in Uzbekistan.

#### Tax base

The tax base – the difference between total income and deductible.

$$\text{Tax base} = \text{Total income} - \text{deductible expenses}$$

#### Tax rates

- ❖ commercial banks – 20%
- ❖ Production of polyethylene granules and mobile communication services – 20%
- ❖ Profit from services in markets and shopping malls – 20%
- ❖ E-commerce entities conducting electronic sales of goods – 7.5%

- ❖ Income in the form of dividends – 5%
- ❖ legal entities – 15%.

### **Reporting and tax period**

- ❖ Reporting period – a quarter.
- ❖ Tax period – a calendar year.

### **Deadlines for reporting and tax payment**

#### ❖ *For reporting:*

- for the reporting period – by the 20th day of the month following the reporting period;
- for the tax period – by March 1 of the year following the tax period.

#### ❖ *For tax payment:*

- for the end of the reporting (tax) period – the same deadline as for the tax reporting.

## **VALUE-ADDED TAX**

**Value-added tax (VAT)** – a surcharge on the cost of goods, work or services. The tax is paid to the budget by legal entities that sell goods and services, but this tax is paid by buyers, as its amount is included in the cost of goods and services.

### **Taxpayers**

- ❖ legal entities of the Republic of Uzbekistan;
- ❖ individual entrepreneurs whose income from the sale of goods (services) for the tax period exceeds one billion UZS, or who switched to paying VAT voluntarily;
- ❖ foreign legal entities selling goods (services) on the territory of the Republic of Uzbekistan, if the Republic of Uzbekistan is recognized as the place of sale of such goods (services);
- ❖ foreign legal entities operating in the Republic of Uzbekistan through permanent establishments;
- ❖ the authorized person of the partnership;
- ❖ individuals and legal entities importing or exporting goods.

### **Taxation objects**

- ❖ turnover on the sale of goods (services), the place of sale of which is the Republic of Uzbekistan;
- ❖ Import of goods into the territory of Uzbekistan.

## **Tax base**

- ❖ the value of the goods (services) sold based on the price used by the parties to the transaction, taking into account excise tax not including it in the total amount of goods.

## **Tax rate**

- ❖ basic rate – 12%;
- ❖ Turnovers from export operations and operations equivalent to them – 0%.

## **Reporting and tax period**

- ❖ Reporting period – a month.
- ❖ Tax period – a month.

## **Deadlines for reporting and tax payment**

- ❖ *For reporting:*
  - by the 20th day of the month following the tax period;
- ❖ *For tax payment:*
  - the same deadline as for the tax reporting.

## **EXCISE TAX**

*Excise tax is a tax paid to the budget by business entities, but the actual payers are purchasers of excisable goods (services).*

## **Taxpayers**

- ❖ manufacturers of excisable goods;
- ❖ service providers of mobile communication (excisable services);
- ❖ sellers of natural gas to consumers
- ❖ sellers of petrol, and diesel, through petrol stations and gas filling stations to the final consumers;
- ❖ a trustee – managing partner of partnership – for activities related to the production of excisable goods carried out under the partnership agreement
- ❖ transporters of excise goods through the Republic of Uzbekistan customs territory.

## **Taxation objects**

- ❖ sale and/or production of excisable goods;
- ❖ import of excisable goods into the customs territory of the Republic of Uzbekistan;
- ❖ provision of excisable services;
- ❖ a contribution of the excise goods to the authorized capital of a legal entity;

- ❖ selling petrol, and diesel, through petrol stations and gas filling stations to the final consumers;
- ❖ use of excisable goods for personal needs.

### **Tax base**

- ❖ the volume of excise goods expressed in kind (e.g. fixed rate)
- ❖ the value of services provided by legal entities providing mobile communication services with excise duty paid.

### **Tax rate**

- ❖ Rates vary depending on the type of products – from 10% to 70%.

### **Reporting and tax period**

- ❖ Reporting period – a month.
- ❖ Tax period – a month.

### **Deadlines for reporting and tax payment**

- ❖ *For reporting:*
  - by the 10th day of the month following the tax period;
- ❖ *For tax payment:*
  - the same deadline as for the tax reporting.

## **PROPERTY TAX**

**Property tax** – a type of tax paid to the state budget once a year by taxpayers owning property that is considered a taxation object.

### **Taxpayers**

- ❖ residents owning taxable property and non-residents owning immovable property in the territory of the Republic of Uzbekistan

### **Taxation objects**

- ❖ buildings and structures that must be registered with the state registration bodies of rights to immovable property;
- ❖ unfinished buildings;
- ❖ railways, main pipelines, communication, and power lines, as well as facilities that are an integral technological part of these objects;

- ❖ residential immovable objects indicated for later sale in the balance sheets of construction organizations or builders of buildings, six months after the real estate object is put into operation.

### **Tax base**

- ❖ For unfinished objects – average annual cost of construction in progress.
- ❖ For objects purposed of selling (six months after the property has been put into operation) – the average annual value of the unsold part of these objects.
- ❖ For other objects – the average annual cost of these objects. However, the tax base cannot be lower than the minimum value established in absolute value per 1 sq.m. in the following amounts:
  - In the city of Tashkent – 2 million 500 thousand UZS;
  - In the city of Nukus and regional centres – 1 million 500 thousand UZS;
  - in other cities and rural areas – one million UZS.

### **Tax rate**

- ❖ basic rate – 1,5%;
- ❖ for unfinished buildings – 3%;
- ❖ for railways, main pipelines, communication and power transmission lines and structures that are an integral technological part of these objects as well as objects to be conserved by the decision of the Cabinet of Ministers – 0.2%.

### **Reporting and tax period**

- ❖ reporting period – a calendar year.
- ❖ tax period – a calendar year.

### **Deadlines for reporting and tax payment**

- ❖ *For reporting:*
  - by March 1 of the year following the reporting period;
- ❖ *For tax payment:*
  - taxpayers of turnover tax:
    - quarterly – by the 20th of the third month of each quarter of the year.
  - other taxpayers:
    - in the amount of one-twelfth of the annual tax amount – by the 10th day of each month. For January – by January 20.

## **LAND TAX**

**Land tax** – a type of tax paid to the state budget once a year by taxpayers owning land plots that are considered a taxation object.

### Taxpayers

- ❖ legal entities, including non-residents of the Republic of Uzbekistan, owning land plots based on the right of ownership, right of use or right of lease.

### Taxation objects

- ❖ land plots owned by legal entities based on the right of ownership, right of use or right of lease.

### Tax base

- ❖ **for non-agricultural land plots** – the total area of the land plot excluding the area of non-taxable land plots;
- ❖ **for agricultural land plots** – the normative value of the land plot excluding the area of non-taxable land plots.

### Tax rate

- ❖ For non-agricultural land plots:

Areas	Tax rate per 1 hectare (in million UZS)
Tashkent	
• Zone 1	242
• Zone 2	193
• Zone 3	149
• Zone 4	99
• Zone 5	50
The Republic of Karakalpakstan	31
Andijan region	39
Bukhara region	32
Jizzakh region	32
Kashkadarya region	32
Navai region	32
Namangan region	39
Samarqand region	39
Surkhandarya region	29
Sirdarya region	24
Tashkent region	33



Ferghana region	33
Khorezm region	32

- ❖ For agricultural land plots – 0,95% per 1 hectare.

### **Reporting and tax period**

- ❖ reporting period – a calendar year.
- ❖ tax period – a calendar year.

### **Deadlines for reporting and tax payment**

#### ❖ *For reporting:*

- for non-agricultural land – by the January 20 of the current tax period;
- for agricultural land – by the May 1 of the current tax period

#### ❖ *For tax payment:*

- by taxpayers of turnover tax;
  - advance payment in the amount of a quarter of the annual tax amount – by the 20th of the third month of each quarter.
- by other entities:
  - advance amount in the amount of one-twelfth of the annual tax amount – by the 10th of each month. For January – by January 20.

## **SUBSOIL USE TAX**

**Subsoil use tax** – a type of tax paid to the state budget by taxpayers engaged in the extraction of minerals from the subsoil and (or) extraction of minerals from man-made mineral formations on the territory of the Republic of Uzbekistan.

### **Taxpayers:**

- ❖ legal entities and individuals engaged in the extraction of minerals from the subsoil and (or) extraction of minerals from man-made mineral formations on the territory of the Republic of Uzbekistan.

### **Taxation objects:**

- ❖ volume of extraction (recovery) of mineral resources; and
- ❖ volume of actual sales of extracted (recovered) ferrous, precious, non-ferrous and radioactive metals, as well as rare and rare-earth elements.

### **Tax base:**

- ❖ value of the volume of mining; and
- ❖ value of the volume of actual sales.

### **Tax rate:**

<b>No.</b>	<b>Group of minerals</b>	<b>Tax rates (in %)</b>
<b>1</b>	Energy carriers	from 2,6 to 10
<b>2</b>	Precious metals	7
<b>3</b>	Non-ferrous metals	from 7 to 10
<b>4</b>	Radioactive metals, rare and rare earth elements	from 2,7 to 8
<b>5</b>	Stone and semi-coloured raw materials	10
<b>6</b>	Ferrous metals	from 2 to 4
<b>7</b>	Mining and chemical raw materials	from 3,5 to 5,5
<b>8</b>	Mining raw materials	from 3 to 7,9
<b>9</b>	Non-ferrous building materials	5
<b>10</b>	Mineral resources extracted from technogenic mineral formations	50% of the tax rate for extraction of the main mineral resource

### **Reporting and tax period**

- ❖ *reporting period:*
  - for legal entities – a quarter;
  - for individuals – a calendar year.
- ❖ *tax period:*
  - for legal entities – a month;
  - for individuals – a calendar year.

### **Deadlines for reporting and tax payment**

- ❖ *For reporting:*
  - for legal entities – by the 20th of each month following the reporting period;
  - for individuals – once a year not later than February 1 of the year following the tax period.
- ❖ *For tax payment:*
  - by legal entities – monthly by the 20th of the following month;
  - by individuals – the same deadline as for the tax reporting.

## WATER USE TAX

**Water use tax** – a type of tax paid to the state budget by taxpayers using surface and underground water resources.

### Taxpayers:

- ❖ Legal entities of Uzbekistan;
- ❖ Non-residents of the Republic of Uzbekistan and foreign entities operating in the Republic of Uzbekistan through PEs;
- ❖ Individual entrepreneurs utilizing water for entrepreneurial activities;
- ❖ Individuals with non-residential immovable property intended for entrepreneurial activity and (or) income generation;
- ❖ Dekhkan farms, as well as individuals with agricultural land.

### Taxation objects:

- ❖ water resources used from surface and underground sources.

### Tax base:

- ❖ amount of water used.

### Tax rate:

No.	Taxpayers and taxation objects	The tax rate for 1 cubic meter (in UZS)	
		surface water resources	underground water resources
1	All enterprises, including individual entrepreneurs and Individuals	265	320
2	Industrial enterprises	570	680
3	Power plants and public utilities	90	110
4	The volume of water used for irrigation of agricultural land and fish breeding (cultivation)	45	45
5	The volume of water used for washing vehicles	2 410	2 410

<b>6</b>	The volume of water used for the production of soft drinks and alcoholic beverages, except beer and wine	30 500	30 500
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### Reporting and tax period

❖ *reporting period:*

- for legal entities – a calendar year;
- for individuals – a calendar year.

❖ *tax period:*

- for legal entities – a month;
- for individuals – a calendar year.

### Deadlines for reporting and tax payment

❖ *For reporting:*

- for legal entities – once a year by March 1 following the reporting period;
- for individuals – once a year not later than February 1 of the year following the tax period.

❖ *For tax payment:*

- by legal entities – monthly by the 20th of the following month;
- by individuals – the same deadline as for the tax reporting.

## SPECIAL RENTAL TAX ON EXTRACTION OF MINERALS

**Special rental tax on extraction of minerals** – *a type of tax paid to the state budget by taxpayers using surface and underground water resources.*

### Taxpayers:

- ❖ legal entities mining precious, non-ferrous and (or) radioactive metals.

### Taxation object:

- ❖ rent income received by a taxpayer from the sale of extracted metal or hydrocarbon raw materials.

### Tax base:

- ❖ the amount of rental income; in case of rental loss, the tax base is recognized as zero.

### Tax rate:

- ❖ the minimum tax rate is set at 25% of the tax base.

## Reporting and tax period

- ❖ reporting period – a quarter.
- ❖ tax period – a calendar year.

## Deadlines for reporting and tax payment

### ❖ *For reporting:*

- for non-agricultural land – by January 20 of the current tax period;
- for agricultural land – by May 1 of the current tax period

## Deadlines for reporting and tax payment

### ❖ *For reporting:*

- In case of rental loss – by March 1 following the tax period;
- In case of rental income:
  - quarterly – by the 20th of the month following the reporting period;
  - annually – by March 1 following the reporting year.

### ❖ *For tax payment:*

- the same deadline as for the tax reporting.

## PERSONAL INCOME TAX

**Personal income tax** – a type of tax paid by individuals on the income received in the territory of the Republic of Uzbekistan.

## Taxpayers

- ❖ individuals – residents of the Republic of Uzbekistan;
- ❖ individuals – non-residents of the Republic of Uzbekistan, receiving income from sources in the Republic of Uzbekistan.

## Taxation object

- ❖ Total income of individuals

## Tax base

- ❖ for residents – total income, taking into account the application of tax benefits provided for in this section;
- ❖ for non-residents – total income without the application of tax benefits.

## Tax rate

- ❖ For residents:

- Basic – 12%;
- Dividends and interest – 5%.

❖ For non-residents:

- Dividends and interests – 10%;
- Freight income – 6%;
- Incomes under labor and civil contracts – 12%.

### **Reporting and tax period**

- ❖ Reporting period – a month.
- ❖ Tax period – a calendar year.

### **Deadlines for reporting and tax payment**

❖ *For reporting:*

- within thirty days after the end of the tax period;
- monthly – by the 15th day of the month following the reporting period, and at the end of the year – by February 15 of the following year.

❖ *For tax payment:*

- simultaneously with the payment of income, but no later than the deadlines for submitting the tax report;
- when the income is made in kind, the tax is paid within five days after the end of the month in which the payment is made.

## **SOCIAL TAX**

**Social tax** – a type of tax paid by an employer on the costs associated with paying wages to their employees.

### **Taxpayers**

- ❖ legal entities of the Republic of Uzbekistan;
- ❖ non-resident legal entities operating in the Republic of Uzbekistan through a permanent establishment, representative offices and branches;
- ❖ individuals who are employers (individual entrepreneurs, etc.)

### **Taxation objects**

- ❖ expenses occurred due to payments of salary to employees by Legal entities as employers.

### **Tax base**

- ❖ amount of expenses to be paid.

### **Tax rate**

- ❖ for budgetary organizations – 25%;
- ❖ for other entities – 12%.

### **Reporting and tax period**

- ❖ Reporting period – a month.
- ❖ Tax period – a calendar year.

### **Deadlines for reporting and tax payment**

#### ❖ *For reporting:*

- within thirty days after the end of the tax period;
- monthly – by the fifteenth day of the month following the reporting period, and at the end of the year – by February 15 of the following year.

#### ❖ *For tax payment:*

- simultaneously with the payment of income (wages), but no later than the deadlines for submitting the tax report.

## **TURNOVER TAX**

**Turnover tax** – a type of tax paid by legal entities of the Republic of Uzbekistan whose total income from the sale of goods (services) during the tax period does not exceed one billion UZS.

### **Taxpayers**

- ❖ legal entities of the Republic of Uzbekistan whose total income from the sale of goods (services) during the tax period does not exceed one billion UZS;

### **Tax base**

- ❖ total income of taxpayers.

### **Taxation objects**

- ❖ Total income during the reporting period.

## Tax rate

No.	Taxpayers	Tax rates (in %)
1	Taxpayers of all sectors of the economy, except for those provided below	4
2	Retail taxpayers	
	Depending on the location:	
2.1	in cities with a population of 100 thousand or more	4
2.2.	in other population areas	2
2.3.	in hard-to-reach and mountainous regions	1
3.	regardless of the location, turnover from the sale of tobacco products	4
4.	Wholesale and retail pharmacy organizations (drugstores) located in the following locations:	
4.1.	in cities with a population of one hundred thousand or more	3
4.2.	in other population areas	2
4.3.	in hard-to-reach and mountainous regions	1
5.	Organizations and individual entrepreneurs who buy, sort, store and pack agricultural products	4 of turnover or 25 of gross income
6.	Taxpayers conducting electronic sales of goods (works, services)	2

For taxpayers paying taxes at a fixed rate:

No.	Taxpayers	Annual tax rates (in million UZS)
1.	Taxpayers with total income not exceeding 500 million UZS	20
2.	Taxpayers with a total income of over 500 million UZS	30

## Reporting and tax period

- ❖ Reporting period – a month.
- ❖ Tax period – a calendar year.

## Deadlines for reporting and tax payment

- ❖ *For reporting:*



- for the end of the reporting period – by the fifteenth day of the month following the reporting period;
- for the end of the year – by February 15 of the following year.

❖ ***For tax payment:***

- simultaneously with the payment of income, but no later than the deadlines for submitting the tax report.