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The Decree of the President of the Republic of Uzbekistan “On further improvement of resource taxes and property tax”

The President of the Republic of Uzbekistan signed the Decree “On further improvement of resource taxes and property tax” No.UP-6121 dated 03.12.2020 (the “Decree No.UP-6121”) to improve the property and land taxation. This document provides for a number of innovations.

The Decree No.UP-6121 granted local government authorities the right to set land tax rates, namely:

- ▶ right to establish land tax rates on non-agricultural land depending on their economic development was granted to the Jokargy Kenes of Karakalpakstan, Kengashes of people's deputies of regions (except for the city of Tashkent) - from 0.5 to 2.0 coefficients;
- ▶ right to introduce decreasing and increasing coefficients in the amount of 0.7 to 3.0 to the land tax rates, taking into account the prestige of the region (quarter, massif, mahalla, street) - are received by the Kengashes of people's deputies of regions and cities. Simultaneously, the amount of land tax should not exceed the amount of tax charged for 2020 by more than 1.3 times.

Moreover, the Decree No.UP-6121 provides for the introduction of a mechanism for calculating property tax and land tax based on the cadastral value, close to the market value of the real estate, in two periods:

- ▶ 2021-2023 - for real estate objects of the housing stock, as well as land plots occupied by these objects;
- ▶ 2022-2024 - for individual non-residential real estate objects, including land plots occupied by these objects.

The Decree No.UP-6121 provides for methods to improve the efficiency of the use of land and water resources, extracted minerals from the subsoil. Also, it stipulates the introduction of amendments and additions to the Tax Code. In addition, there will be close interaction between the ministries and departments involved in real estate taxation with international financial institutions and foreign experts' involvement.

Practice areas

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Locations

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