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# Navoi region becomes a free economic zone

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According to the decree, the territory of Navoi region is defined as a free economic zone for innovative, high-tech, export-oriented and import-substituting industries for the period up to 1 January 2030, with the possibility of further extension in due course.

The document notes that enterprises implementing investment projects to create innovative, high-tech, export-oriented and import-substituting industries within the territorial boundaries of Navoi region are granted the status of a participant of the Navoi free economic zone with a compact location of production facilities in territories with existing or easily created infrastructure.

The President granted the right to the Administrative Council of free economic and small industrial zones in the Navoi region to independently determine newly implemented investment projects as innovative, high-tech, export-oriented and import-substituting industries and provide them with the status of a Navoi FEZ participant if there is a positive opinion from the Navoi Directorate.

The main directions of development of Navoi region as a free economic zone are:

- ▶ development of innovation, as well as the introduction of advanced experience and the creation of high-tech industries;
- ▶ the attraction of direct investments for the creation of modern productions for the production of export-oriented and import-substituting products with high added value;
- ▶ ensuring the integrated and effective use of the production and resource potential of the Navoi region;
- ▶ creation of clusters for the production of chemical products and modern building materials, processing of natural stones and other industries based on local raw materials and materials;
- ▶ creation of new industries in the field of processing of precious stones and metals, as well as the introduction of innovative technologies in the production of jewelry;
- ▶ deepening of localization processes for the production of high-tech products through the development of industrial cooperation between enterprises in the region
- ▶ development of transport and engineering and communication infrastructure of the region, first of all, regional centers and large settlements,
- ▶ as well as the creation of a large logistics center in the region;
- ▶ training highly qualified specialists, based on the current and future needs of the regional economy in specialized personnel.

The head of Uzbekistan exempted enterprises in Navoi region, which received the status of a participant of the Navoi free economic zone, from paying:

- ▶ land tax, income tax, property tax of legal entities, single tax payment for micro-firms and small enterprises;
- ▶ customs payments (except for customs clearance fees) for equipment, raw materials, materials and components, delivered for their own production needs, with the target direction of the released funds for the creation of new ones, as well as

modernization, reconstruction, technical and technological re-equipment, expansion of existing industries, construction of industrial buildings, purchase of raw materials and materials needed for own production needs, without the right to refund the negative amount of tax value added arising from the export of products;

- ▶ customs payments (except for customs clearance fees) for construction materials that are not produced in the republic and are imported as part of project implementation, according to the lists formed in the prescribed manner.

In case of sale or gratuitous transfer of equipment, raw materials, materials, and components imported with the use of customs privileges specified in this paragraph, within three years from the date of their importation, customs payments are levied in full in the manner prescribed by law.

The benefits provided by the decree are granted for a period of 3 to 10 years, depending on the amount of investments made, including the equivalent:

- ▶ from 300 thousand US dollars to 3 million US dollars - for a period of 3 years;
- ▶ from \$ 3 million to \$ 5 million - for a period of 5 years;
- ▶ from \$ 5 million to \$ 10 million - for a period of 7 years;
- ▶ from 10 million US dollars and higher - for a period of 10 years.

Over the next 5 years, the rates of income tax and the single tax payment are set at 50 percent below current rates.

The economic entities that received the status of the participant of the Navoi FEZ are allowed to use the terms and conditions that are convenient for them, forms of payment and payments for exported and imported goods.

Tax acts of the Republic of Uzbekistan that worsen the situation of taxpayers, with the exception of acts regulating the taxation of excisable goods, are not applied to business entities that have received the status of a participant in the Navoi FEZ.

For founders of enterprises with foreign investments - participants of the Navoi FEZ and members of their families, from 1 June 2019, an "investment visa" is introduced for a period of up to three years with the possibility of its extension without leaving the republic.

## Practice areas

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## Locations

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