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# New legislative developments in the Republic of Uzbekistan

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## Excise taxes on cigarettes have been increased

From March 1, in addition to the fixed rate, the ad valorem excise tax on cigarettes produced in the country is introduced. Thus, the combined excise tax rate will be 117,900 soums [1] (approximately \$14)/ 1,000 units + 4%.

The fixed rate, as before, will be applied to the volume (quantity) of excisable goods in kind, while ad valorem will be applied to the cost of sold cigarettes that will not include excise tax and VAT.

## Bureaucratic costs to be reduced

From March 1, bank accounts for individual entrepreneurs and legal entities whose founders are residents of Uzbekistan can be opened remotely at the time of their state registration.

Government agencies and other organizations will no longer require business enterprises to put a seal on documents. It should be reminded that earlier only small businesses were allowed to work without the company seal.

Additionally, a number of innovations in the field of construction, connection to the power supply system, property registration, protection of minority shareholders, international trade and contract execution will improve business conditions. These areas are not chosen by chance. They are considered as indicators in the preparation of the "Doing Business" annual report. The task of the state is to reach the 20th place in this international ranking by 2022. For reference, in "Doing Business 2019" Uzbekistan has taken 76th place among 190 countries

## Small-scale miners to be "legalised"

On March 1, a new type of business activity will be introduced in Uzbekistan - the artisanal mining of precious metals. This activity will be available to both legal entities and individuals, i.e. individual entrepreneurs. The small-scale miners will be exempted from all taxes and other obligatory payments, except for the unified social payment (USP), in terms of implementation of the small-scale mining of precious metals.

## New corridors at customs posts

From March 1, new color corridors are being introduced into the customs clearance system:

- ▶ "green corridor" - for goods and vehicles with a low level of risk (there is no customs control);
- ▶ "blue corridor" - for goods with an average level of risk or those determined by random choice (facilitated customs control).

Thus, customs control at the border is to be carried out through 4 corridors. Starting from March, customs inspection of imported goods will take place exclusively in places equipped with a video surveillance system. Videos will be stored for 3 months.

## Foreign investors are welcome!

Visa regime and regularities for the stay in the country of foreign investors are simplified. In particular, a special 3-year “investment visa” is being introduced which can be extended without leaving the country. For foreigners who have invested in domestic production from \$ 3 million a residence permit in Uzbekistan is issued in a simplified procedure for 10 years. With a residence permit it will also be easier now. It will be issued in the region where the investment project is being implemented. In case of moving to another part of the country, it will not be necessary to re-register.

## Public preview of applications for trademark registration

A new procedure for registering trademarks, service marks and names of places of origin of goods have been introduced. Now, the Agency for Intellectual Property places on its website information about the received applications for registration of such objects within 1 day. Manufacturers, suppliers, sellers or their representatives will be able to submit their written comments about the bad faith of a particular application after its publication. The exclusive right to the listed objects of intellectual property arises from the moment they are registered in the State Register of Trademarks which is also reported by the official website of the Agency.

## Redemption payments in the framework of privatisation

The deadline for payment of the redemption payments for the state real estate facilities and the state share is now determined depending on the amount of the redemption payment as of the date of the auction (from the date of the purchase contract):

- ▶ up to 3,000 minimum monthly wages (hereinafter referred to as “MMW”)[2] (approximately \$ 75,000) - no more than three months from the date of the conclusion of the contract of sale;
- ▶ over 3,000 MMWs, but not more than 7,000 MMWs (from approximately \$ 75,000 to \$ 175,000) - no more than six months from the date of the conclusion of the purchase and sale agreement;
- ▶ more than 7 000 MMWs, but not more than 15 000 MMWs (approximately from 175 000 US dollars to 375 000 US dollars) - no more than one year from the date of the conclusion of the contract of sale;
- ▶ over 15,000 MMWs, but not more than 20,000 MMWs (approximately from \$ 375,000 to \$ 500,000) - no more than two years from the date of the conclusion of the purchase and sale agreement;
- ▶ more than 20 000 MMWs (approximately 500 000 US dollars) - no more than three years from the date of the conclusion of the contract of sale.

The innovation has a reservation. Different procedure and terms for making redemption payments may be envisaged by Presidential decrees, decrees of the Cabinet of Ministers or by the State Tender Commission.

## Nostrification of foreign diplomas is simplified

From March 1, in most cases, recognition and nostrification (determination of equivalence) of education certificates issued abroad will be held directly without special tests. Applications for recognition and nostrification are now accepted exclusively through public service centers or the Single portal of interactive Services which relatively simplifies and accelerates this process.

[1] As of 18 March 2019 one dollar equals to 8374.10 (as provided by Central Bank)

[2] As of 19 March 2018 the minimum monthly wage equals to UZS 202 730.

## Locations

UZBEKISTAN

