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Amendments to Uzbek legislation introduced by the Law of the Republic of Uzbekistan No. 3PY-391 of 20 August 2015 / Increase of minimum monthly wage / Further measures on improvement of foreign economic activity of the Republic of Uzbekistan / Convention on avoidance of double taxation with Spain enters into force / Tax benefits for commercial banks / New Regulation on business trip expenses / List of goods exempt from customs duties and value added tax is expanded / Most favored nation regime for Brazil

Recent changes in legislation



In this issue, we have summarised notable recent amendments in the Uzbek legislation

Changes to legislation based on Law 391

A number of legislative changes were introduced by virtue of the Law of the Republic of Uzbekistan No.3PY-391 of 20 August 2015 (Law 391). Below we have summarised some of the most notable ones.

Law “On accumulative pension system” № 702-II of 2 December 2004

According to the amended Article 7, legal entities and individuals are granted a right to submit the electronic application for registration of citizens in accumulative pension system, as well as to open individual accumulative pension accounts through the Integrated Portal of Interactive State Services.

Law “On licensing of certain types of activities” № 71-II of 25 May 2000

Requirement to submit copy of certificate on state registration of legal entity or individual entrepreneur to the appropriate licensing authority to receive the license has been abolished.

Moreover, the term for issuing decision by the licensing authority or court on reinstatement of suspended license has been reduced to 3 days (formerly 10 days) from the date of confirmation by the licensee on elimination of the shortfalls that caused the suspension.

Law “On contractual and legal basis for activities of business entities” № 670-I of 29 August 1998

Requirement for certification of commercial contracts exceeding the value of 200 minimum monthly wages (MMW) by in-house or third-party lawyers has been abolished.

Requirement to provide copies of foundation documents

In accordance with the Law 391, the requirement for provision of copies of foundation documents has been abolished for the following purposes:

- Obtaining accreditation of entities entitled to perform conformance evaluation based on the Law “On conformance evaluation” №3PY-354 of 4 October 2013;
- Registration of participants of free economic zone under the Law “On free economic zones” № 220-I of 25 April 1996;
- Receiving preliminary approval of antimonopoly authority for creation of associations of economic entities, their merger, conjunction and for acquisition of shares in an authorized fund (authorized capital) in accordance with the Law “On competition” № 3PY-319 of 6 January 2012.

Amendments to the Tax Code

Article 95 of the Tax Code is amended to include specific wording that statutory tax audit cannot cover period of more than five calendar years of taxpayer’s activity preceding the year of commencement of the tax audit.

According to the amended Article 108 of the Tax Code, when a taxpayer commits several tax offenses financial sanctions are applied on an array of tax offenses by absorption of less severe fine by more severe one or by adding the fines for individual offences. In any event, the final amount of the fine for numerous offences shall not exceed the amount of the maximum fine envisaged for the most severe offense.

Amendments to the Criminal Code

Law 391 introduced new chapter to the Criminal Code envisaging liability for offences related to hampering of and illegal intervention into entrepreneurial activity.

Furthermore, in accordance with the amended Article 184 of the Criminal Code on evasion from payment of taxes and other obligatory payments, first time offenders are relieved from charges if they compensate the damage to the state budget (including late payment interest and other financial sanctions) within thirty days from the date of the relevant decision of the tax authority.

Increase of the minimum monthly wage

In accordance with the Presidential Decree No. YП-4751 of 26 August 2015, effective from 1 September 2015 the MMW is increased from UZS 118,400 to UZS 130,240. MMW affects, among others, calculation of salaries in public sector, retirement pensions, statutory fines and duties, etc.

Resolution “On further measures on improvement of foreign economic activity of the Republic of Uzbekistan” N^o 2388 of 13 August 2015

Effective 1 September 2015 Presidential Resolution No. IIII-2388 of 13 August 2015 has introduced a number of amendments to the excise tax rates for imported goods. Some of the notable ones include:

- Polyethylene, with unit weight less than 0,94 – 10% (no excise tax applied previously);
- Lamps electric and lamps for external lighting – 10% (no excise tax applied previously);
- Assembly structures for construction works from ferrous materials – 10%, etc.

In addition the Resolution amended the rates of import customs duty for several goods, including:

- pipes, tubes and hoses from vinyl chloride polymers, not reinforced nor combined with other materials, without fittings – the rate increased threefold to 30% or USD 2 per 1 kg whichever is greater;
- plastic fittings – similar to the above item the rate increased threefold to 30% or USD 2 per 1 kg whichever is greater;
- rods and profiles from refined copper – 30% (no customs duty applied previously);
- communication cables, including for modern wired communication systems – 30% (no customs duty applied previously).

The Convention on avoidance of the double taxation between Uzbekistan and Spain has been enforced

The Convention between the Republic of Uzbekistan and the Kingdom of Spain on avoidance of double taxation and prevention of evasion of taxes on income and capital signed on 8 July 2013 came into force on 19 September 2015.

Tax benefits for commercial banks

A joint resolution of the Ministry of Finance, Central Bank and the State Tax Committee No. 2716 of 29 September 2015 introduced a Regulation on application of income tax incentive by commercial banks in relations to the share of long-term investment financing in the credit portfolio.

Thus, in accordance with the Regulation, commercial banks will pay corporate income tax at differentiated rates through 1 January 2020 as demonstrated below:

Share of long-term investment financing in credit portfolio	Applicable CIT rate, in % of the standard rate
35-40%	80
40-50%	75
Above 50%	70

New Regulation on business trip expenses

New Regulation on overseas business trips was approved by virtue of the Order of the Ministry of Finance No. 2730 of 19 November 2015. The most notable amendments are provided below:

- In case of air transportation, if the date of arrival to the foreign country is different from the day of departure from the airport in Uzbekistan (as per air ticket), daily subsistence allowance for the day of departure is not paid.
- Similarly, if the date of arrival to Uzbekistan is different from the date of departure from the foreign airport (as per air ticket), daily subsistence allowance for the day of arrival is not paid.
- If travel advance is provided in US dollars while expenses are incurred in other currencies, the expense report is accepted at the exchange rate supported by relevant currency exchange documents from the destination country.

List of goods exempt from customs duty and VAT is expanded

According to the joint Resolution of the Ministry of Economy, Ministry of Finance, Ministry of Foreign Economic Relations, Investments and Trade and State Customs Committee No. 2436-4 of 24 November 2015, the list of technological equipment exempt from import customs duty and VAT is supplemented with few new positions as follows:

- computers and servers comprising telecommunication networks and equipment for internet access provision, routers, gateways, modems, etc. (excluding personal computers weighing less than 10 kg);
- base station equipment, antennas;
- TV cameras, digital cameras.

Agreement between Uzbekistan and Brazil on economic and trade cooperation came into force

The Agreement between the Government of the Republic of Uzbekistan and Government of the Federative Republic of Brazil on economic and trade cooperation signed on 28 May 2009 came into force on 17 August 2015. As a result, Brazil has been included into the list of countries that enjoy the most-favoured nation trade regime.

NOTE: Most-favoured nation regime provides certain customs benefits. For instance, import customs duty is applied at standard rate for goods originating from the concerned nations, while goods originated from countries without such status are subject to double the standard rate of customs duty.

Let's talk

For a deeper discussion of how this issue might affect your business, please contact:

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