



Legal Alert

Overview of key legislative changes in Uzbekistan in July 2020

Limited liability companies are now entitled to issue corporate bonds

According to the Law of 21 July 2020 amending certain legislative acts, limited and additional liability companies are now entitled to issue and place bonds in the manner prescribed by law. Previously, only joint stock companies and commercial banks were entitled to issue corporate bonds.

Corporate bonds are issued subject to:

- the issue being made within the limits of the issuer's equity as at the date the decision to issue them was taken. If the corporate bond amount exceeds the issuer's equity, the issuer will be obliged to provide collateral for the excess amount;

- the issue being made by issuers that have recorded positive profitability, solvency, financial stability and liquidity over the last year;
- the availability of an audit opinion on financial statements for the year preceding the bond issue year;
- the issue being carried out with commercial banks acting as payment agents for funds due to investors.

The export of medicines and medical products is suspended

According to Resolution of the Cabinet of Ministers No. 449 of 22 July 2020, to prevent a shortage of medicines, medical devices and medical equipment, until 1 October:

- local businesses can produce specific medical apparatus and equipment, including oxygen concentrators and pulse oximeters. The same items will be cleared through customs, if required, without mandatory certification.
- certain medicines can be produced without state registration. They will also be cleared through customs with certification within 5 days.
- with the exception of re-exports, medical products, equipment and medicines may not be exported from Uzbekistan.

Manufacturers and importers should report to the Agency for the Development of the Pharmaceutical Industry on products sold within five days of the sale.

Changes in the alcohol market

Presidential Decree No. UP-6033 of 23 July 2020 establishes a procedure whereby, from 1 August 2020:

- Permits to sell alcoholic beverages retail and for catering enterprises to sell them are issued for an indefinite period (validity period under the current procedure - two years);
- Natural wine products sold by producers in tasting areas on tourist routes (with the exception of packaged products) are subject to 0% excise duties;
- Manufacturers can sell potable ethanol with a 50% prepayment (the current prepayment amount is 100%).

In addition, the State Committee for Tourism Development has been instructed to include the tasting areas of alcoholic beverage producers in tour operator route programmes.

The decree also requires that:

- from 1 July 2021, potable and technical ethanol by transported in vehicles fitted with automatic GPS monitoring systems;
- from 1 January 2021, transportation vehicles should be fitted with electronic meters and data systems to record the production volume and turnover of potable and industrial ethanol, alcohol and tobacco products, as well as a register of vineyards.

Investment dispute innovations

The Presidential Decree from 24 July 2020 introducing additional measures to further improve court activities and judicial procedures stipulates the creation of a panel of judges within the Supreme Court to consider investment disputes and competition cases.

The panel will be authorised to consider investment disputes between large investors - individuals or legal entities that have made investments of at least the equivalent of US\$ 20 million - and government agencies, as well as competition cases.

According to the Decree, large investors in investment disputes and the parties to competition cases can ask any such cases to be considered directly by the panel of judges as court of first instance. Other investment disputes, at the request of investors, can be considered by Karakalpakstan, regional and Tashkent city courts as the court of first instance.

Changes to government benefits

A number of new benefits have been introduced by Presidential Decree support the population, businesses, catering, trading and services to reduce the negative impact of the coronavirus pandemic.

For example, between 1 July 2020 and 31 December 2020, catering establishments and companies renting premises are exempt from sales tax.

Catering establishments are in addition exempt from the charge to carry out the retail trade in alcoholic beverages between 1 April 2020 and 31 December 2020 and from having to obtain a permit to sell alcoholic beverages through delivery. Until quarantine restrictions are lifted on 1 July 2021, public catering establishments may set up and fit out lightweight constructions to provide food on free sites by notifying the local government authorities, providing they comply with temporary requirements for their placement, arrangement and operation. According to the Decree, from July 1, 2020, the maximum average annual number of employees for public catering enterprises has been increased from 25 to 50 people to classify them as small enterprises, with the extension to them of benefits and preferences provided to small businesses.

Until 1 July 2021, when quarantine restrictions are due to be lifted, businesses will be allowed to trade through vehicle stores, dealerships, caravans, tank trucks and food trucks provided they notify the state tax authorities of the trading time frame, goods and location, and without concluding an agreement with the local authorities.

The Decree contains an instruction to the authorised bodies to extend the validity period of the qualification certificates of auditors, realtors, appraisers, actuaries, pharmacy managers and branches, tourism organisations and guides, foreign language teachers that expire from 1 March 2020, until the next qualification exam date.

Signs of sanitary and epidemiological well-being

Presidential Decree No. UP-6035 of 25 July 2020 introduces the practice of issuing "Signs of Sanitary and Epidemiological Well-Being" to businesses from 1 October 2020 based on confirmation that their activities comply with sanitary rules, norms and hygiene standards and also on analysis results. Signs are issued by the Sanitary and Epidemiological Service for a period of up to 12 months, and are divided into three categories - "green", "yellow" or "red".

The decree also establishes that, with the exception of registered cases of mass poisoning, Sanitary and

Epidemiological Service inspections of the activities of entities in the "green" category will not be carried out. Four companies in the "Uzbekistan. Safe travel GUARANTEED" Register equate to "green" category entities

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