



Legal alert

Overview of key legislative changes in Uzbekistan in March 2021

Customs audits regulated by separate provisions

In Resolution No. 101 dated 25 February 2021 the Cabinet of Ministers adopts Regulations outlining the procedure for conducting customs audits, including either desktop or on-site audits of:

- declarants;
- carriers;
- entities storing goods under customs control in places other than customs warehouses;
- customs warehouse, duty-free shop and free trade warehouse owners;

- importers, consignees and persons responsible for financial regulation;
- buyers of released goods;
- authorised economic operators;
- entities that have assumed all financial and legal authorised person obligations.

If necessary, independent specialists with special knowledge and skills can also be involved in the audit process.

A customs audit can be carried out within three years from the end of the period for which goods are under customs control, with documents registered in the "Bojxona auditi" system. The same products cannot be subjected to a repeat customs audit.

Desktop and on-site customs audits should be completed within 10 and 30 working days, respectively.

Environmental audit law

Environmental Audit Law No. ZRU-678 was adopted on 15 March 2021 to regulate environmental audits, including voluntary or mandatory environmental audits.

Environmental audits are voluntary for targets registering a low or insignificant risk of environmental impact, and are carried out at the target's initiative.

Environmental audit targets registering a high or medium risk of environmental impact are subject to mandatory annual environmental audits focusing on environmental protection and the rational use of natural resources in all activities.

The Cabinet of Ministers is responsible for establishing the degree of environmental impact risk for specific activities.

Environmental audit conclusions are provided in audit reports. The Law also makes it unlawful to interfere in and influence environmental audit organisation activities in any way, including their employees, with the intention of impeding an independent environmental audit.

Public procurement prepayments increased

In Resolution No. 139 from 16 March 2021, the Cabinet of Ministers amended Resolution No. 241 from 24 August 2011 Approving the Goods (Work or Services) that Budget Organisations and Budget Fund Recipients can Purchase making Advance Payments in Excess of 15%, to allow contracts signed by those organisations to purchase goods (work or services) for amounts of up to 1 billion Soum to stipulate a 30% prepayment.

Importantly, this provision does not apply to goods (work or services) specified in the appendix to Resolution No. 241.

Goods to be sold exclusively on exchanges identified

On 17 March 2021, the President signed a Resolution introducing measures to aid the further introduction of market mechanisms in sale of highly liquid and monopoly goods. It also introduced a procedure whereby, from 15 June 2021, the following are sold domestically exclusively through exchanges based on market principles:

a) those produced by monopolies and/or companies with a state-owned share of 50% or more, as well as companies in which 50% of authorised capital or more belongs to a company with a state-owned share of 50% or more (hereafter referred to as monopolies and state organisations):

- polyvinyl chloride and formalin - for all customers;

- consumer ethyl alcohol – for producers holding the appropriate licenses and certificates of conformity, regardless of their organisational and legal form;

- technical ethyl alcohol - for all customers;

- silver - for jewellery manufacturers;

b) before 1 January 2022, those produced by companies not recognised as monopolies and/or legal entities with a state share of less than 50%, or by privately-owned companies:

- cement - at least 50% of the production volume;

- processed cotton seeds, cottonseed oil (including infused cottonseed oil) and processed waste seeds (meal or husk) - 100% of the production volume;

c) oil and gas condensate generated by production (gas processing) organisations, regardless of their organisational and legal form - for producers holding the appropriate licenses and certificates of conformity.

Measures to develop airport management public-private partnerships

In Resolution No. PP-5042 from 29 March 2021, the President has introduced measures to develop the public-private partnership management of national airports, which include the implementation of public-private partnership ("PPP") projects to reconstruct, upgrade, operate and manage national airports.

For a period of three years from the PPP agreement signature date:

a) private partners, design organisations engaged by them, operators, consultants, contractors and subcontractors are exempt from:

- customs duties on imported specialised vehicles, road construction equipment, machinery, mechanisms, equipment, raw materials and materials, spare parts, components, units, technical and project documentation, software, inventory, including special road construction equipment and equipment for supply to construction contractors involved in project implementation;
- a recycling fee for imported vehicles (except for passenger vehicles) and special equipment;

b) private partners and airports pay income tax, including income tax withheld on dividends, of 50% of the established rate;

c) the established property tax rate for airports has been reduced by 50%.

Contact us:

Deloitte Advisory LLC
75 Mustakillik Avenue, Inconel Business
Centre, Tashkent, 100000, Uzbekistan
Tel.: +998 (71) 120 44 45/46
Fax: +998 (71) 120 44 47

Agaisha Ibrasheva

Partner, Tax and Legal Department
Tel.: +7 (727) 258 13 40
(ext. 4787)
aibrasheva@deloitte.kz

Olessya Kirilovskaya

Director, Tax and Legal Department
Tel: +7 (727) 258 13 40
(ext. 2755)
okirilovskaya@deloitte.kz

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