Legal alert
Overview of key legislative changes in November-December 2018

Recruitment procedures for qualified overseas specialists have been simplified.

Presidential Resolution No. PP-4008 dated 7 November 2018 approved measures to create favourable working conditions for overseas nationals in Uzbekistan.

From 1 December 2018:

a) employers are no longer required to obtain (renew) permits to recruit highly qualified and qualified foreign specialists. It is sufficient for the applicants to obtain individual work permits. Permits are not required for part-time work.

b) the tariff for processing and issuing (renewing) individual permits for highly qualified and qualified foreign specialists will be reduced to 1 and 2 minimum wages respectively, from 10 minimum wages.

From 1 January 2019, highly qualified specialists will be eligible to a 50% deduction on the general personal income tax rate.

c) confirmation issued to above foreign specialists will be valid, at their request, for up to three years from the date of issue, and may be extended up to three times in each case.

According to the general rules, foreign nationals receive individual permits based on an employer's permit to hire overseas employees, issued for one year, with the right to a one-time extension.

d) foreign nationals who have invested at least 8,500 times the minimum wage to acquire corporate shares or create a foreign company in Uzbekistan, are entitled to work in any position in it without having to go through permit procedures.

In addition, highly qualified specialists and their family members may apply for residence permits while employment or civil contracts are in place.

Highly qualified and qualified specialists are eligible for multi-entry work visas for the duration of their contracts, up to three years. After that initial three-year period, visas can be extended for up to three years without having to leave the country.

Mandatory review of construction project estimates introduced

Presidential Resolution No. UP – 5577 dated 14 November 2018 has introduced additional measures to improve the state regulation of construction. From 1 December 2018, construction project estimates will not be subject to a mandatory review if the work is performed through direct investment, including foreign investment. In all other cases, estimate reviews will become mandatory irrespective of the object being built.

The resolution also states that from 1 January 2019, expenses incurred as a result of the late or incorrect allocation of land plots for construction by Khokims (local administration) will be reimbursed from local budgets and subsequently recovered from the perpetrator. Their personal liability has been introduced for the timely and proper allocation of land for construction, and for construction and installation work without reference to approved master plans for districts (cities) or land distribution schemes (in the absence of master plans).

Article 15 of the Civil Code also previously obligated the state to compensate for damage caused to individuals or companies as a result of the illegal actions (inaction) of its bodies, including in connection with issuing an illegal act. However, in practice compensation was not provided when the unlawful act in question was beneficial to the person incurring damage as a result of its cancellation.

Resident organisations can invest in major state projects

The government issued government treasury bonds and bonds in December 2018 (Cabinet of Ministers Resolution No. 1016 dated 14 December 2018).

Government securities secured by government-held assets are issued by the Ministry of Finance. The Ministry of Finance suggests maximum issue volumes during the fiscal year to the Cabinet of Ministers; determines the volume and timing of each issue, the frequency of payments and interest income on them, and also carries out secondary market repurchase operations and early repayments. As a fiscal agent, the Central Bank will place and redeem government securities through the National Currency Exchange trading platform on behalf of the Ministry of Finance.

They will be placed among commercial banks and resident legal entities (dealers) in non-documentary form (as electronic accounting register entries) and circulate on the securities market according to current rules. They can serve as loan collateral and the subject of repo transactions (purchase and sale of securities under the proviso they are repurchased). Investors, i.e. an entity acquiring securities under a contract with a dealer may be a resident legal entity.

The nominal value of securities will be 1 million Soum. At the same time, they differentiate:

a) according to how holders generate income:

• with a coupon rate, i.e. a fixed interest yield - the holder receives income in the form of interest accrued on nominal value while they are in circulation. The interest rate is set by the Ministry of Finance;

• with a "zero" coupon rate, i.e. discount bonds - no interest is charged, with the holder's income being the difference between the purchase (sale) and repayment price

b) according to the placement period:

• treasury obligations - short-term (up to 1 year)

• treasury bonds - medium-term (from 1-5 years) and long-term (5 years or more)

Funds generated will be used to cover the state budget deficit and implement measures focusing on the country's socio-economic development, and implement major investment projects (identified by presidential decisions within approved budget expenditure).

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