



Legal alert

Overview of key legislative changes in January 2020

Notary system reforms

As part of radical reforms to the national notary system, a law "On introducing amendments and additions to some legislative acts of the Republic of Uzbekistan in connection with a radical reform of the notary system" from 14 January 2020 has introduced the concept of "private notary".

Private notaries require a license to practice and may operate from an office without forming a legal entity. They also hold property rights and may appear in court.

The concept of "notarial chamber" has also been introduced based on the membership of notaries from non-profit organisations.

The law also stipulates that mortgage and pledge agreements to purchase new real estate and vehicles do not have to be notarised.

Also, according to a Minister of Justice Order, from 1 January 2020, it has become possible to notarise a transaction by video conference if notary offices are in different regions.

For this to happen:

- The notary of the first party records the execution of the contract and uploads scanned documents to an automated information system.
- The second party's notary downloads documents from the system and prints them, after which he/she establishes a video link so that the first party notary and participants are seen on screen. Then, the notary executes the transaction on video.

Allocation of agricultural land on a competitive basis

As part of its Strategy to develop agriculture in Uzbekistan for 2020-30, the Government issued a resolution on 28 January 2020 to allocate agricultural land.

Thus, the Kibray and Tashkent districts of Tashkent region, the Ferghana and Altyaryk districts of Ferghana region, and the Kitab and Nishan districts of Kashkadarya region, from 1 April 2020, will be the first to:

- introduce a mechanism to allocate land to individuals and legal entities for farming through a transparent and open tender process;
- grant individuals and legal entities the right to post information on land plots through a special geoportal and put the land up for tender;
- introduce a mechanism to assess the market value of the right to use agricultural land and its use in taxation.

Changes in obligatory audits

The laws "On Auditing Activities" and "On Limited and Additional Liability Companies" have been amended to facilitate the implementation of Presidential Resolution N PP-3946 from 19 September 2018, which approves a programme for the development of audit activity in Uzbekistan.

Under the changes, audits are now obligatory for limited and additional liability companies with a book value of assets in excess of one hundred thousand times the base calculation rate ("BCR"), (1 BCR equals approx. 23 USD). The changes come into force on 24 April 2020.

Administrative sanctions for unlicensed mining

Individuals will be subject to an administrative fine of 30-50 BCR, and officials - from 50-100 BCR for mining without a license.

The same fine will be imposed for artisanal mining. In the event of a repeat violation within the year after an administrative penalty has been imposed, the fine increases to 50-70 BCR for individuals and 100-150 BCR for officials.

Stricter sanctions for forced labour

Administrative fines for forced labour have been increased from 10-30 BCR to 50-100 BCR. Instead of the administrative fine of 30-100 BCR, repeat violations are now subject to criminal sanctions, such as a fine of 100-150 BCR, the deprivation of certain rights for up to 2 years or correctional work for up to 2 years.

Criminal liability is now stipulated for the repeat use of minors in work that could affect their health, safety or morality. Sanctions include a fine of up to 25 times the BCR or the deprivation of certain rights for up to 3 years or correctional work for up to 3 years.

A law from 23 January 2020 made the corresponding changes to the Administrative Liability and Criminal Codes.

Subsidies for the export of fruit and vegetables

Regulations from 17 January 2020 approve subsidies for the export of fruit and vegetables, and which will cover 50% of the cost of:

- training in new fruit and vegetable production technology;
- market research aimed at developing product exports;

- monitoring agricultural operations – agronomist salaries, the subsidy does not exceed 5 times the minimum salary (the minimum salary is 679,330 sums, which is approximately 72 USD).

To receive a subsidy, applicants should contact the Export Promotion Agency presenting their registration and a business plan.

In the case of the incomplete subsidy use or its misuse, the recipient will receive a request to make a refund within 10 business days.

Tax audits will be recorded on video

According to a Decision of the State Tax Committee from 30 December 2019, control measures such as stock takes, territory and premises inspections, taxpayer failure to provide documentation, taxpayer refusal to sign verification documents, the seizure of material evidence and others will now be recorded on video.

At the end of the control event, a document is drafted providing information on the video recording device. Except in some cases, witnesses are not required.

Information obtained as a result of the recording is a tax secret and tax officials can only use it for official purposes.

Measures to improve the pharmaceutical industry

The Presidential Decree from 30 December 2019 stipulates a number of measures to regulate the national pharmaceutical industry. In particular, the Ministry of Health Agency for the Development of the Pharmaceutical Industry has been charged with:

- approving a procedure for registering medicine prices within the framework of the reference pricing system and a list of reference countries by 1 March 2020;
- ensuring the registration of maximum prices for the trade name of each medicine in the List of Essential Medicines by 1 July 2020;
- by 31 December 2020, ensuring the registration of maximum prices for each medicine trade name, as well as the full-fledged functioning of a system containing information on organisations engaged in pharmaceutical activities, registered and certified medicines, and registered maximum prices for medicine trade names;

The Decree also approved a concept for developing the national pharmaceutical industry in 2020-2024 and a programme of measures for its implementation in 2020. The Cabinet of Ministers will develop a programme of implementation measures for each subsequent year by 31 December.

According to the Decree, the Cabinet of Ministers should submit a draft Law introducing administrative and criminal liability on medical workers for violating legal requirements when prescribing medicines, such as counterfeiting prescriptions.

On January 28 2020, the President signed another Decree on further improvement of pharmaceutical industry on creating an innovative scientific and industrial pharmaceutical cluster in the Kibray district of Tashkent region.

Customs clearance procedures amended

A Resolution of the Cabinet of Ministers stipulates measures to improve customs clearance processes, for example allowing goods to be cleared within three hours if they are accompanied by a certificate of conformity, environmental certificate and sanitary-epidemiological certificate obtained through the "Single Window" electronic system.

The required product information can be submitted to the customs authorities an hour prior to the goods' arrival. Information is provided by the title holder or by the carrier.

The procedure for filing a preliminary customs declaration for goods will be developed within three months.

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