



Doing business in Uzbekistan

An introductory guide to
taxes and regulations



Building a better
working world



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Preface

This booklet is intended to provide useful practical guidance on legal and tax issues faced by foreign investors when starting a business in Uzbekistan. We hope that it will help investors to avoid common pitfalls, and we have highlighted areas where some forethought and planning prevent problems from arising. Uzbekistan offers a wealth of opportunities and places great importance on encouraging foreign investment in key sectors of the economy.

This guide has four sections:

1. Welcome to Uzbekistan
2. Getting started
3. Overview of tax rules in Uzbekistan
4. Overview of other laws that affect business administration

This guide is a summary of the rules in force as of 1 January 2024. It is not a substitute for comprehensive professional advice, which should be sought before engaging in any significant transaction or investment. It should also be noted that this guide does not cover all taxes in Uzbekistan. We have focused here on the most common and important types of taxes. It is therefore essential to seek separate advice as to the actual taxes applicable to any business.

We wish you every success in this exciting and dynamic environment.

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Welcome to Uzbekistan



Highlights

Time

Uzbekistan’s time zone is five hours ahead of Greenwich Mean Time (GMT).

The table below shows time differences between Tashkent and selected cities in the CIS and the world.

City	Hours ahead of or behind Tashkent (in winter)
Tokyo, Seoul	+4
Beijing, Hong Kong	+3
Bishkek	+1
Tashkent	0
Baku, Tbilisi, Yerevan	-1
Moscow, Minsk, Istanbul	-2
Kiev	-3
Paris, Frankfurt	-4
London	-5
New York	-10

Public holidays

The table below lists Uzbekistan’s official public holidays.

Holiday	Date
New Year Holiday	1 January
International Women’s Day	8 March
Navruz	21 March
Ramadan Eid (Eid al-Fitr)	First day, e.g., 10 April*
Day of Memory and Honour	9 May
Kurban Eid (Eid al-Adha)	First day, e.g., 16 June*
Independence Day	1 September
Teachers’ Day	1 October
Constitution Day	8 December

* The dates of religious holidays in 2024 are indicated tentatively. The dates vary from year to year based on the lunar calendar.

Business hours

Uzbek offices are generally open from 9:00 am to 6:00 pm, Monday to Friday, and are closed Saturdays and Sundays.

Uzbekistan's fact sheet

Capital	Tashkent
Administration	Uzbekistan consists of 14 administrative units: the Republic of Karakalpakstan, 12 provinces (viloyats) and the city of Tashkent
Bordering countries	Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, Afghanistan
Land area	448,900 km²
Population	37 million
Language	Uzbek
Central Bank	Central Bank of the Republic of Uzbekistan
Major cities	Tashkent, Samarkand, Bukhara, Khiva
Currency unit	Uzbekistan Soum (UZS)
Exchange rate as of 1 January 2024	USD 1 = UZS 12,338.77 EUR 1 = UZS 13,731.82 RUB 1 = UZS 136.36 CNY 1 = UZS 1736.00

Sources: Official sites of the President of the Republic of Uzbekistan, the Central Bank of Uzbekistan and the State Statistics Committee of the Republic of Uzbekistan.

2

Getting Started



2.1. Arriving in Uzbekistan

Should you require assistance in planning and managing your human capital needs, EY can advise on and assist with obtaining work confirmations for foreign employees, tax registration, and tax and legal compliance for expatriate individuals.

Temporary visas

In general, all foreign nationals and stateless persons are required to obtain a visa to enter Uzbekistan. However, the following individuals are not subject to general visa requirements and may enter Uzbekistan without a visa:

- ▶ Nationals of the following CIS countries: Azerbaijan, Armenia, Belarus, Georgia, Kazakhstan, Moldova, Russia, Ukraine, and Kyrgyzstan (for stays of up to 60 days) and Tajikistan (for stays of up to 30 days);
- ▶ Nationals of the following countries for stays of up to 30 days: Andorra, Antigua and Barbuda, Argentina, Australia, Austria, Bahamas, Barbados, Belize, Belgium, Bosnia and Herzegovina, Brazil, Brunei, Bulgaria, Canada, Costa Rica, Chile, Croatia, Cuba, Cyprus, Czech Republic, Denmark, Dominica, Dominican Republic, El Salvador, Estonia, Finland, France, Germany, Greece, Grenada, Guatemala, Honduras, Hungary, Iceland, Indonesia, Ireland, Israel, Italy, Jamaica, Japan, Latvia, Lithuania, Liechtenstein,

Luxembourg, Malaysia, Malta, Mexico, Monaco, Mongolia, Montenegro, Netherlands, New Zealand, Nicaragua, Norway, Panama, Poland, Portugal, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, San Marino, Romania, Serbia, Singapore, Slovakia, Slovenia, South Korea, Spain, Sweden, Switzerland, Trinidad and Tobago, Turkey, UAE, Vatican and the United Kingdom;

- ▶ Members of flight crews of foreign airlines operating regular flights to Uzbekistan (for the length of time between their flights into and out of Uzbekistan);
- ▶ Nationals of the following countries for stays of up to 10 days: Bahrain, Kuwait, Oman and the People's Republic of China, including Hong Kong and Macao Special Administrative Regions of the People's Republic of China;
- ▶ Nationals of certain countries who hold diplomatic passports and have appropriate accreditation;

- ▶ Holders of a red UN Laissez-Passer, a diplomatic travel document issued by the UN, are exempt from obtaining a visa for a stay up to 30 days. Holders of a blue UN passport are subject to simplified visa procedures: a visa will be issued within 2 days by the Ministry of Foreign Affairs upon presentation of an invitation letter by the host party;
- ▶ Since visa requirements are subject to frequent changes, individuals should check the specific applicable requirements before planning a trip to Uzbekistan.

Business visas

Business visas are issued to foreign individuals arriving in Uzbekistan for business purposes (e.g., for a business trip or negotiations, to sign contracts or to attend conferences, symposiums, forums, exhibitions, concerts or cultural, scientific, sporting or other events).

Investment visa

An investment visa may be issued to shareholders/participants or founders of enterprises with foreign investments and to members of their families for a period of three years, at the end of which it may be extended.

In addition, foreigners who have invested at least USD 3 million in production or service industries in Uzbekistan and shareholders/participants or founders of enterprises with foreign investments may apply for a 10-year residence permit under a simplified procedure. A foreigner with a residence permit does not need to obtain visas and work permits to live and work in Uzbekistan.

Work visas

Work visas are issued to foreign individuals arriving in Uzbekistan for employment. A work confirmation must be submitted to Uzbek foreign affairs authorities to obtain a work visa. See the *“Work Confirmation”* section below for details.

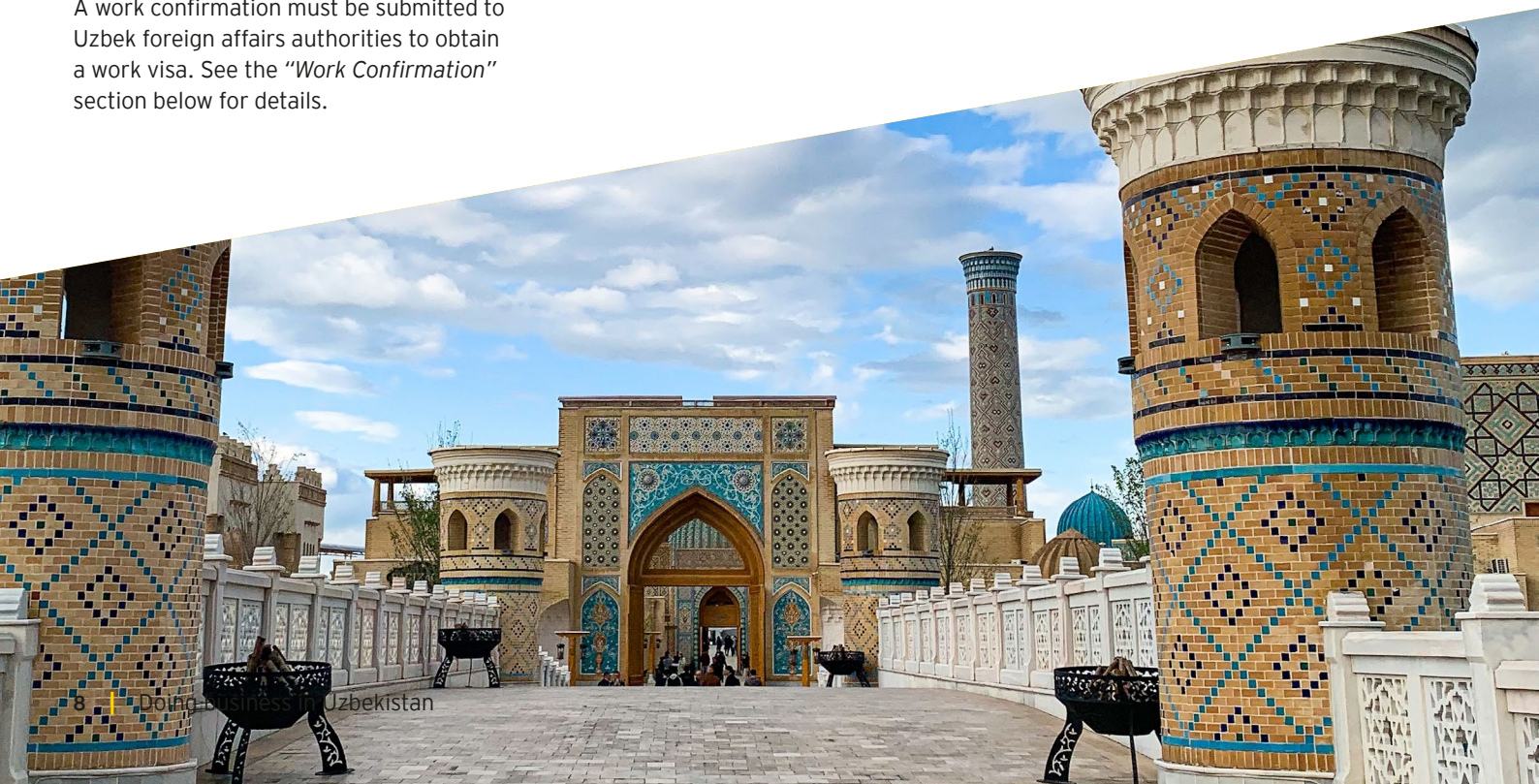
Issuance of visas

Visas are issued by Uzbekistan consulates (the Consular Department of the Embassy of Uzbekistan) abroad. Generally, business visas are issued based on a letter of invitation from a local Uzbek company, or a representative office of a foreign company, submitted to the Consular Department of the Ministry of Foreign Affairs of Uzbekistan.

Unless exempt from visas as mentioned above, citizens of the following countries are eligible to obtain an entry visa to Uzbekistan through the e-visa.gov.uz system or obtain tourist visas under simplified procedures at Uzbek consular offices: Albania, Algeria, Angola, Bahrain, Bangladesh, Bolivia, Cambodia, Cameroon, Cape Verde, China (including Hong Kong), Colombia, Cote d'Ivoire, Ecuador, Egypt, Fiji, Gabon, Ghana,

Guyana, India, Iran, Jordan, Kingdom of Bhutan, Kiribati, Kuwait, Laos, Lebanon, Macedonia, Maldives, Marshall Islands, Mauritius, Micronesia, Morocco, Nauru, Nepal, Oman, Palau, Paraguay, People's Republic of China (including Hong Kong), Peru, Philippines, Republic of Korea, Qatar, Samoa, Saudi Arabia, Senegal, Seychelles, Solomon Islands, South Africa, Sri Lanka, Suriname, Thailand, Tonga, Tunisia, the United States of America, Uruguay, Vanuatu, Venezuela and Vietnam.

The electronic visa is valid for 30 days from the date of issue. The processing time for electronic visa applications is 2 (two) working days, excluding the day the application is submitted. The electronic visa is sent to the e-mail address of the foreign citizen as indicated in the application submitted via the e-visa.gov.uz web portal.



2.2. Forms of legal presence available in Uzbekistan

There are several legal forms available for foreign and local investors wishing to establish a presence in Uzbekistan, including but not limited to joint stock companies, limited liability companies, etc. Foreign companies may also operate in Uzbekistan through representative offices and permanent establishments of foreign entities.

Should you require more information on the nature and uses of various business forms in Uzbekistan, EY offers tax and legal advice on how to structure a specific business in Uzbekistan depending on the investor's particular industry or commercial plans, as well as a full range of company formation and registration services.

In this section, we give details of the four types of business entities most used by foreign investors.

2.2.1. Joint stock companies (JSCs)

A joint stock company (JSC) is a legal entity that is separate and distinct from its shareholders. As a rule, JSC's shareholders are not liable for the JSC's liabilities. A JSC may have one or more shareholders.

In addition, the JSC's supreme governing body is the general meeting of its shareholders. Nevertheless, the supervisory board is elected by the founders at the constituent assembly.

Since establishing a JSC is a very time-consuming and highly regulated process, investors usually prefer to establish LLCs. However, for certain types of businesses (such as banks), the JSC is the only available vehicle for establishing a presence in Uzbekistan.

Generally, there is no minimum charter capital requirement for a JSC. However, regulations governing certain activities normally subject to licensing (e.g., banking and insurance activities) set out minimum capital requirements for JSCs.

2.2.2. Limited liability companies (LLCs)

Like a JSC, as a rule, a limited liability company (LLC) is a legal entity, in which the participants are not liable for the company's liabilities and bear the risk of losses from the company's activities only to the extent of their contributions to the charter capital.

The main difference between these two types of entities is that an LLC does not issue shares. Instead, participants have ownership (participating) interests in the company.

An LLC may have one or more participants. An LLC may not be established by one legal entity that in turn has only one shareholder/participant, unless the former entity is a JSC.

In addition, the supreme governing body of an LLC is the general meeting of its participants. There is also an option to set up a supervisory board of an LLC.

As in the case of a JSC, there is generally no minimum capital requirement for an LLC. However, regulations governing certain activities normally subject to licensing (e.g., insurance activities) may require an LLC to comply with the minimum capital requirements for those specific types of business.

Both JSCs and LLCs may issue bonds as an alternative to equity-based financing.

2.2.3. Representative offices of foreign legal entities (RO)

A representative office (RO) is a structural subdivision of a foreign commercial legal entity that is established at a different location from that of the legal entity and carries on its activities based on accreditation received from the government (a process described in *Section 2.3.1 "State registration of a JSC/an LLC and accreditation of a representative office (RO)"* below).

Since an RO does not constitute a legal entity, all rights and obligations are assumed by the foreign commercial legal entity that established the RO (the main legal entity). The law explicitly states that an RO cannot conduct business activities (subject to certain exemptions, e.g., an RO of a foreign airline company has the right to carry out commercial activities in Uzbekistan).

If any commercial activities are conducted through an RO, the state authorities may cancel the RO's accreditation.

An RO is established exclusively to represent and protect the interests of the main legal entity, and its activities must be limited to marketing and non-transactional support for the head office.

2.2.4. Branches of foreign legal entities

Uzbekistan's law does not explicitly restrict/prohibit the establishment of branches in Uzbekistan by foreign entities. However, there are no regulations governing the registration of branches of foreign companies. In practice, the authorities usually refuse to register branches of foreign legal entities.

2.2.5. Permanent establishments (PE)

Alternatively, it is possible to register a PE of a foreign legal entity in Uzbekistan for purely tax purposes. A PE does not constitute a legal form of the company's presence.

2.3. Establishing a legal presence

As a rule, in Uzbekistan, all legal entities and representative offices of foreign legal entities must be registered or accredited with the appropriate government authorities.

2.3.1. State registration of a JSC/ an LLC and accreditation of a representative office (RO)

In Uzbekistan, state registration of JSCs/ LLCs and accreditation of ROs is carried out based on a “one-stop-shop” principle whereby all registration documents are submitted to a single center for the provision of public services to business entities (the “One-Stop-Shop Center”). Upon submitting a complete set of documents, provided that the authorities do not raise any issues, the JSC/LLC should be registered and the RO should be accredited with justice, tax and statistics authorities – all at the same time.

There is an option to submit documents to the One-Stop-Shop Center electronically through the e-government web portal.

Uzbekistan's law requires a standard set of documents, i.e., statutory documents prepared in the Uzbek language, to be submitted to complete the state registration of a legal entity.

In addition, under the Uzbekistan laws, a foreign executive body (e.g., General

Director, President, Head) is required to have a Personal Identification Number of an Individual (the “PINFL”), which is issued by a One-Stop-Shop Center upon submission of a notarized copy of the foreign individual's passport, a 3x4 cm photograph and a power of attorney (if the documents are submitted by an authorized representative)). That number must be indicated in the application when registering an LLC/JSC/RO. The timeline for obtaining the PINFL is one business day.

Documents submitted to the One-Stop-Shop Center are required to be accompanied by a bank document confirming payment of the state registration fee (the amount of which depends on the type of the entity to be registered, e.g., ranging from one minimum wage amount for an LLC to four times the minimum wage for insurance companies and 10 times the minimum wage for foreign enterprises as of the date of issue). The documents are also required to be duly signed, sealed, notarized and, where appropriate, legalized or apostilled. Otherwise, the Uzbek authorities may reject the documents. The registration of

a legal entity and accreditation of the RO should take no more than two business days.

In practice, this timeframe is observed, if documents are complete and duly signed and meet the statutory requirements.

An RO is deemed to be accredited from the date of issuance of a certificate of accreditation with a QR code (matrix barcode) certified by an electronic digital signature by the Accreditation Authority through the One-Stop-Shop Center. Generally, accreditation is granted to an RO for a term of one to three years, which may be extended upon the request of a head office. As a rule, the extension of accreditation is a relatively straightforward process.

2.3.2. Location (legal address)

A legal entity's location is the address indicated in its foundation documents (the charter and, if there is more than one participant/shareholder, the foundation agreement).

The legal address of the representative office is the address specified during its

accreditation. Please note that a private household may not be indicated as the legal address of a legal entity or an RO.

Under Uzbekistan's law, government authorities (including tax authorities) require legal entities and ROs to be present at the legal addresses indicated in their foundation documents and in the registration records of the authorities.

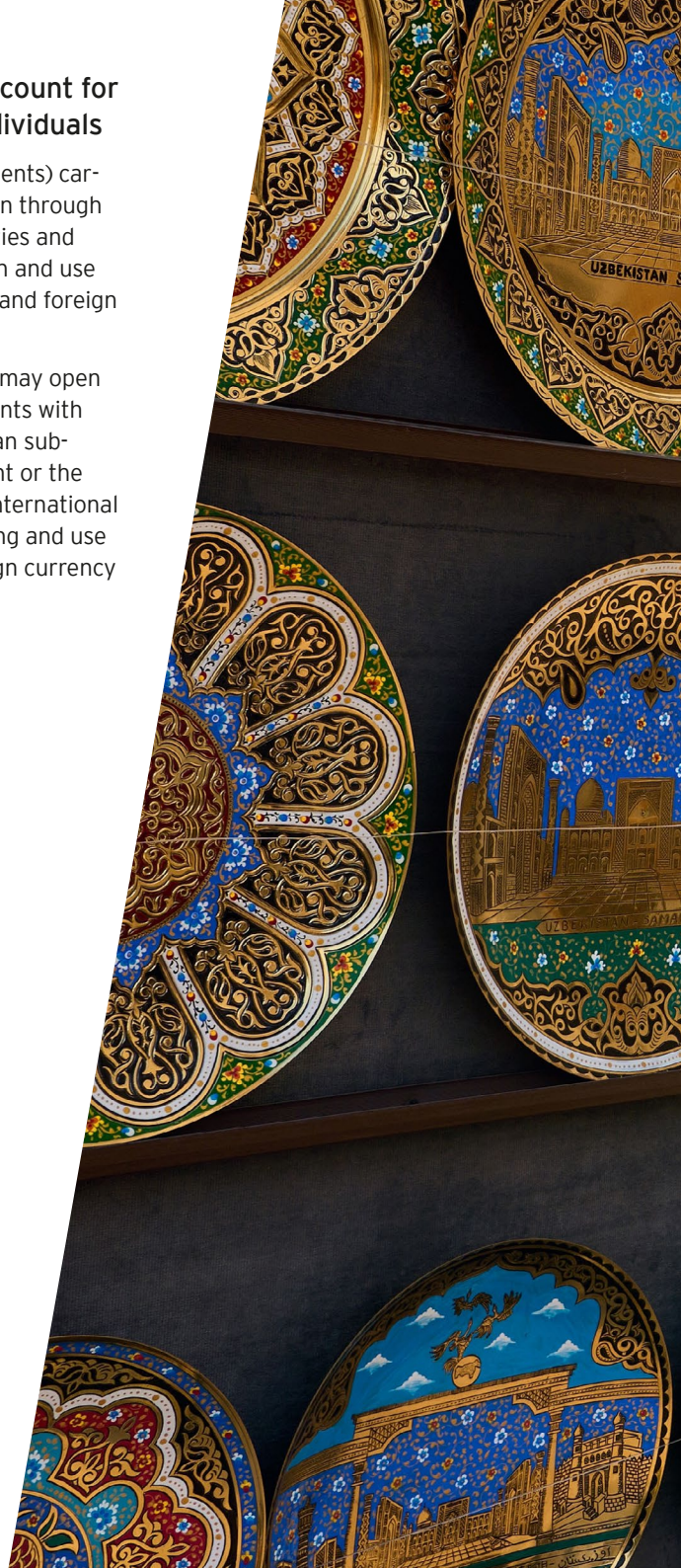
If an entity is not represented at its legal address, i.e., the tax authorities cannot find anyone representing the entity at the time of their visit, the entity may be subject to an administrative fine, and its corporate bank accounts may be seized.

The location of a legal entity or an RO predetermines the court where documents are filed for litigation and the tax authority to which certain tax and other payments are made.

2.3.3. Opening a bank account for companies and individuals

Foreign legal entities (non-residents) carrying out activities in Uzbekistan through ROs as well as Uzbek legal entities and individuals (residents) may open and use bank accounts in both national and foreign currencies in Uzbekistan.

Uzbek legal entities (residents) may open and use foreign currency accounts with foreign banks outside Uzbekistan subject to decisions of the President or the Government of Uzbekistan or international agreements allowing the opening and use of accounts in national or foreign currency with banks abroad.





3

Overview of tax rules in Uzbekistan

In the sections that follow we describe the most important taxes in force in Uzbekistan. There are several other less significant or industry-specific taxes such as excise tax and several taxes on “subsurface users”, i.e., oil, gas and mining companies. It is important to conduct a thorough review of any proposed business activity to determine the actual taxes that apply to it.

3.1. Changes to the Tax Code of Uzbekistan effective 1 January 2024

Certain changes have been introduced to the tax legislation of Uzbekistan effective 1 January 2024. Any tax considerations and summaries in this document are outlined considering the most recent changes in the tax legislation of Uzbekistan.



3.2. Personal income tax (PIT) and social tax

EY offers advice and support with all aspects of tax compliance for individuals and employers as well as payroll processing. EY also provides tax and legal assistance to high-net-worth individuals.

Taxpayers and residency

Both residents and non-residents of Uzbekistan are subject to PIT. Residents are taxed on their worldwide income, while non-residents are taxed only on their Uzbek source income.

A resident is generally defined as:

- I. an individual who is physically present in Uzbekistan for over 183 days in any period of up to 12 months beginning or ending in a calendar year for which tax residency is determined;
- II. an individual who is physically present in Uzbekistan for less than 183 days, but more than in any other state in a calendar year.

Accordingly, non-residents are generally those individuals who do not meet the above tests.

Taxable income

Income of individuals consists of employment income, property income, in-kind income and other types of income. In general, all types of income, including benefits in kind, are taxable in Uzbekistan unless they are specifically exempt. Income that is specifically exempt from tax includes alimony, state pension income, etc.

Rates

PIT is generally levied at a flat rate of 12% for resident and non-resident individuals under employment contracts and civil law contracts, except for dividends, interest and freight income:

- I. Dividends and interest payable to tax resident individuals are subject to tax at the rate of 5%, while the tax rate for non-residents is 10%.
- II. Income from the provision of transport services for international transportation (freight income) for non-resident individuals is subject to 6% PIT.

It should be noted that, from 1 April 2022 to 31 December 2028, individuals, both residents and non-residents of Uzbekistan, are exempted from PIT on:

- I. share dividends;
- II. interest income on corporate bonds.

Tax compliance

In Uzbekistan, the tax year is a calendar year. A withholding obligation is placed on Uzbek legal entities, individual entrepreneurs (where applicable), foreign legal entities operating in Uzbekistan through PEs or representative offices, etc. ('tax agents'), which make salary-related payments to individuals and provide benefits to employees. Tax agents are responsible for the proper assessment, withholding and remittance of PIT. Tax agents are also obliged to file monthly reports on income paid to their employees and tax withheld thereon by the 15th day of the month following the reporting month and are required to submit an annual return not later than 15 February of the following year. PIT must be paid to the budget at the time the income is paid, but not later than the deadline for the submission of monthly reports.

A foreign citizen who becomes a tax resident of Uzbekistan is obliged to file an annual tax return not later than 1 April following the reporting year on their worldwide income. The tax assessed in the annual tax return (i.e., any outstanding liability) is payable by the individual not later than 1 June following the reporting year. If tax-resident foreign individuals are going to permanently leave Uzbekistan, they are also obliged to file a 'departure' tax return not later than one month before departure and the resulting tax liability is paid within fifteen days of filing the 'departure' tax return.

Controlled foreign company (CFC) rules for individuals

A controlled foreign company (CFC) is a foreign legal entity (not classified as a tax resident of Uzbekistan) or a foreign unincorporated entity whose controlling persons are Uzbek tax-resident individuals. Specifically:

- I. For a CFC with corporate status, the controlling persons are those individuals:
 - ▶ whose share in the foreign company exceeds 25%;
 - ▶ whose share in the foreign company exceeds 10% if the shares of all other persons recognised as tax residents of Uzbekistan exceed 50% in total, or
 - ▶ who exercise control over the foreign company (regardless of their participation share).
- II. For a CFC without corporate status, the controlling person is its founder.

III. If a tax-resident individual is recognised as a controlling person of a CFC, such individual is obliged to include retained earnings of that CFC in such individual's annual taxable income and pay the relevant tax.

In addition, Uzbek tax residents are required to notify the tax authorities of (1) their participation in foreign legal entities and the establishment of foreign unincorporated entities, and (2) CFCs where they are controlling persons.

Mandatory payments to social funds

Social tax

Employers are required to assess and pay social tax at the current rate of 12% (25% in the case of state-funded organizations) of gross payroll (i.e., at the employer's expense). The assessed amount of social tax is paid to the budget on a monthly basis (not later than the monthly tax return filing deadline). A cumulative return is submitted to the tax authorities on a monthly basis not later than the 15th day of the month following the reporting month, and an annual return is submitted not later than 15 February of the following year.

Employee pension fund contributions

Employers are required to make monthly mandatory contributions to individual funded pension accounts of local employees (foreign citizens without Uzbekistan residence permits are generally not subject to such contributions) at the rate of 0.1% of their gross employment income. These contributions are deductible from the amounts of PIT payable by tax agents.

Other taxes imposed on individuals

Property tax

The property tax is imposed on buildings and apartments owned by individuals. The rates vary from 0.31% to 1.5% applied to the cadastral value of the property.

Land tax

An individual granted permanent possession of a land plot is subject to land tax at a fixed rate depending on the location of the land. For example, in the city of Tashkent, the rates vary from UZS 616 (approximately USD 0.050) to UZS 1,577 (approximately USD 0.1284) per square meter per annum, depending on the location of the land plot.

3.3. Corporate income tax (CIT)

EY offers the following corporate income tax services:

- ▶ Advisory and structuring services
- ▶ Assistance with tax compliance of legal entities at every step of the process
- ▶ Tax review and due diligence services
- ▶ Other tax-related services

Payers

Taxpayers for CIT purposes are (i) Uzbek resident legal entities on income from worldwide sources, (ii) foreign legal entities that carry out activities in Uzbekistan through a PE, (iii) individual entrepreneurs with an annual revenue of more than UZS 1 billion (approximately USD 81,045) or those becoming CIT payers on a voluntary basis, etc.

Uzbek legal entities with an annual turnover of less than UZS 1 billion (approximately USD 81,045) are eligible for simplified taxation (revenue tax) instead of CIT and output VAT (see the “Revenue tax” section).

Taxable income

Taxable income of Uzbek legal entities is determined as aggregate income less qualifying tax-deductible expenses, with account taken of tax reliefs (where applicable) and deductions provided for in the Tax Code and other legal acts. The required standards of documentation (especially documents used to support deductions) are particularly high in Uzbekistan.

Depreciation for tax purposes

To qualify as a fixed asset for tax purposes, an asset is required to be defined as such under accounting legislation.

For tax purposes, assets may be depreciated at the rates up to the maximum ones shown in the table below:

Type of fixed assets	Maximum depreciation rate
Buildings	5%
Structures	10%
Trains, ships, airplanes	10%
Pipelines, communications equipment, power lines and equipment	15%
Production machinery and equipment	20%
Motor vehicles, car bodies (hulls), trailers and semi-trailers, other transport equipment	20%
Computers and office equipment	40%
All other assets	15%

Land, construction-in-progress, and certain other assets are not depreciated.

Intangible assets are amortized for tax purposes over the useful life of the asset or five years (if the useful life cannot be determined).

Investment deduction

Taxpayers are allowed to make an investment deduction amounting to:

- ▶ 20% of the cost of new production equipment, expenditure on the modernization and retrofitting of production facilities, etc.;
- ▶ 10% of expenditure on the expansion of production through the new construction or reconstruction of buildings and structures used for production purposes.

Loss carryforwards

Tax losses can be carried forward for indefinite years. Losses resulting from distinct types of activities (for example, general entrepreneurship activities, investment activities and partnership activities) can be carried forward to offset profits resulting from the respective type of activities only.

Thin capitalization

If controlled liability of the taxpayer (i.e., loans from a foreign individual/entity holding at least 20% of shares in the taxpayer or from a related party of such an individual/entity, etc.) is more than 3 times greater than the taxpayer's equity (13 times in the case of banks and leasing organizations), thin capitalization

rules apply and interest expenses above the calculated thresholds are considered non-deductible.

Tax rate and compliance

The regular CIT rate is 15%. This rate also applies to Uzbek enterprises with foreign participation and PEs of foreign companies. For commercial banks, mobile operators, legal entities that manufacture polyethylene granules, and markets and shopping malls, the CIT rate is 20%. For taxpayers included in the National Register of E-commerce Entities that sell goods and services online, the CIT rate is 7.5%. Meanwhile, taxpayers that carry out activities in the social sphere, certain producers of agricultural goods, etc. are subject to CIT at 0% (if certain conditions are met).

Additionally, taxpayers that export goods (insofar as profit from exports is concerned) are also subject to CIT at 0% (if certain conditions are met). However, it is planned to abolish this 0% CIT rate on exports from 1 January 2025 as a measure within the aim of joining WTO.

The tax period is a calendar year. Quarterly CIT returns are filed not later than the 20th day of the month following the reporting quarter and an annual return is filed not later than 1 March of the following year.

The final tax liability must be paid by the deadline for filing tax returns. Companies with the revenue of more than UZS 10 billion (approximately USD 810,454) in the preceding calendar year pay monthly advance payments not later than the 23rd day of each month in the reporting period.

Starting from 1 January 2023, CIT and VAT taxpayers with the total revenue of up to UZS 10 billion (approximately USD 810,454) have the right to pay their tax debt on installment basis within a period of up to 6 months. Interest-free installments are allowed once during a calendar year.

Controlled foreign company (CFC) rules for legal entities

A CFC is a foreign legal entity (not classified as a tax resident of Uzbekistan) or a foreign unincorporated entity whose controlling persons are legal entities classified as Uzbek tax residents.

- I. For a CFC with corporate status, the controlling persons are those legal entities:
 - ▶ whose share in the foreign company exceeds 25%;
 - ▶ whose share in the foreign company exceeds 10%, if the shares of all other shareholders recognised as tax residents of Uzbekistan exceed 50% in total, or
 - ▶ which exercise control over the foreign company (regardless of their participation share).
- II. For a CFC without corporate status, the controlling person is its founder.

If a tax-resident company is recognised as a controlling person of a CFC, it is obliged to include retained earnings of that CFC in its taxable income and pay the relevant tax.

In addition, tax-resident companies are required to notify the tax authorities of (1) their participation in foreign legal entities and (2) the establishment of foreign unincorporated entities and CFCs where they are controlling persons.

Consolidated group of taxpayers

A consolidated group of taxpayers is a voluntary association of taxpayers based on a relevant agreement whereby CIT is assessed and paid on the aggregate financial result of the economic activities of those taxpayers.

A consolidated group of taxpayers may be formed by legal entities subject to certain criteria, e.g., the total revenue of all legal entities that are members of the consolidated group of taxpayers from the sale of goods and services together with other income according to financial statements for the calendar year is at least UZS 500 billion (approximately USD 40,5022,000), provided that one entity has a direct or indirect share of at least 90% in the charter (authorized) capital of the other legal entities. This condition is required to be met during the entire term of the agreement on the creation of a consolidated group of taxpayers.

Dividend tax for PEs of non-residents

Net profit remaining at the disposal of a non-resident operating through a PE in Uzbekistan after the payment of tax is considered as a dividend and is subject to 10% tax. A non-resident operating through a PE in Uzbekistan has the right to apply a reduced tax rate on dividend income provided by the relevant DTT. If the DTT provides for several reduced tax rates, the lowest one can be applied.



3.4. Withholding tax (WHT) (other than PIT)

Uzbek source income of a non-resident legal entity (without a PE) doing business in or with Uzbekistan is subject to WHT at the source of payment.

Tax agents

Any tax-registered entity that pays Uzbek source income to a foreign company is potentially a tax agent with the responsibility to withhold tax from the gross amount of the Uzbek source income of the non-resident (generally, without deductions).

Taxable income

Taxable income includes, but is not limited to:

- Dividends and interest;
- Income from the sale of property located in Uzbekistan: shares, stocks (except for stocks traded on a stock exchange), and real estate. Taxable income is defined as the amount by which the sale price exceeds the original purchase price;
- Income from the sale of goods in the territory of Uzbekistan via a commission agency agreement or other similar agreement. Taxable income is defined as the excess of the amount paid to foreign entities over the original purchase price;
- Royalties;

- Lease payments;
- Insurance premiums;
- Telecommunications and freight charges;
- Fees for services, etc.

Tax rates and compliance

Type of income of non-residents	WHT rate
Interest*, dividends**	10%
Insurance premiums under insurance, co-insurance, and reinsurance agreements	10%
Income from international transportation and telecommunications services	6%
Other income	20%

* From 1 April 2022 to 31 December 2028, for legal entities that are non-residents of Uzbekistan accrued interest income on bonds is exempt from WHT (irrespective of a DTT in place).

** From 1 April 2022 to 31 December 2028, for legal entities that are non-residents of Uzbekistan the WHT rate on dividend income on shares is decreased to 5% (irrespective of a DTT in place).

Interest on certain loans made by financial institutions and certain types of income of banks are subject to 0% WHT.

Most DTTs concluded by Uzbekistan provide either for exemption from Uzbek WHT or for the reduction of WHT rates to 0%-15%. However, there are specific requirements to be met for DTT provisions to be applied. Please refer to the Appendix hereto for the list of DTTs.

WHT is withheld and remitted by tax agents. The general rules are:

- The tax is withheld and paid not later than the date following the day the income was paid to the non-resident.
- A WHT return is filed not later than the 20th day of the month following the calendar month in which income was paid to the non-resident.

Dividends payable to Uzbek tax residents are subject to domestic WHT at the rate of 5%. Interest payable to Uzbek tax resident companies is not subject to domestic WHT (with certain exceptions); instead, it is included in the aggregate income of the interest recipient and subject to CIT.

3.5. Value added tax

EY offers help with VAT risk identification, VAT compliance support and cross-border VAT planning.

Payers and registration

VAT payers are (i) Uzbek legal entities on a general basis, (ii) individual entrepreneurs whose annual revenue exceeds UZS 1 billion (approximately USD 81,045) or who register as VAT payers on a voluntary basis, (iii) foreign legal entities as well as individuals registered as entrepreneurs in accordance with the legislation of a foreign state and carrying out entrepreneurial activities that sell goods or services in Uzbekistan if the place of supply is deemed to be Uzbekistan (e.g., electronic services sold to individuals via the Internet), (iv) foreign legal entities operating in Uzbekistan through a PE, and (v) legal entities and individuals that import goods into Uzbekistan (import VAT), etc. VAT payers are assigned a VAT registration number.

The standard rate of VAT is 12%.

VATable turnover

VAT is levied on the turnover derived from the supply of goods and services in Uzbekistan (based on the place of supply rules) and imports into Uzbekistan, unless they are zero-rated or specifically exempt.

Any excise tax paid is included in the taxable base for VAT purposes.

VAT payable to the budget is generally determined as output VAT less allowable input VAT. Input VAT incurred in connection with the supply of exempt goods and services and non-business costs cannot be offset against output VAT.

Purchase of services from non-residents (reverse charge VAT/withholding VAT)

Under the place of supply rules, services are deemed to be supplied at the location of the business activity of the purchaser of these services (except for certain specified services). Where such services are rendered by a non-resident, the Uzbek purchaser of the services is considered as a tax agent for VAT purposes, i.e., the Uzbek purchaser has an obligation to assess VAT based on the VAT-inclusive price of the services and withhold and remit VAT to the budget on behalf of the non-resident. However, if the contract for the supply of services does not take into account Uzbek VAT, the purchaser of the services is required to self-assess and pay VAT to the budget on top of the price

of the services (in a similar way to the reverse charge mechanism). That VAT may be offset against output VAT in the normal manner.

The above rules of the reverse charge VAT/withholding VAT mechanism can also be applied to the supplied goods.

Zero rating

Export sales of goods, international transportation services and utility services provided to individuals are generally taxed at a zero rate.

Exempt supplies

VAT-exempt supplies and imports include:

- Financial services, except for bank transactions for which fixed charges apply;
- Insurance services;
- Goods and services purchased by legal entities using a loan provided by international or foreign government financial institutions, if such exemption is provided for in the legislation, etc.;
- Until January 2028, the sales turnover as well as import of goods (services) purchased within the infrastructure

projects implemented, wholly or partially, at the expense of external public debt raised by budget organizations, state-owned enterprises and companies with a state share of 50% or more from international financial institutions and foreign government financial organizations (except for the funds borrowed or refinanced through commercial banks of Uzbekistan). This exemption covers the relationships arising from 16 November 2023.

Starting from 1 April 2024, VAT exemptions will be canceled for the import and sales of medicines, medical and veterinary products as well as raw materials to produce medicines, medical and veterinary products as well as medical and veterinary services; also, for services of water supply, sewerage, sanitation and heat supply provided to the population.

VAT compliance

The VAT tax and reporting period is a calendar month. VAT returns are filed, and VAT due is paid not later than the 20th day of the month following the reporting month.

Starting from 1 January 2023, taxpayers of VAT and CIT with the total income of up to UZS 10 billion (approximately USD 810,454) have the right to pay their tax debt on installment basis within a period of up to 6 months. Interest-free installments are allowed once during a calendar year.

VAT refund

The excess of qualifying input tax to be offset against the amount of output tax for the reporting period is accounted for toward future output tax (to the following tax periods) or can be refunded to the taxable person. The refund option is available with effect from 1 July 2020. Before this date, excess input tax over output VAT could only be refunded for amounts related to zero-rated supplies, such as exports.

To request a refund, the taxable person is required to notify the tax authorities when filing a respective tax return requesting the refund to the tax authorities. Then, an in-house tax audit is carried out on the refund amount requested.

In-house tax audits in relation to input VAT refund are carried out within 30 days (previously, 60 days), without the tax authorities' issuing of an order. If based on the results of the in-house tax audit, the tax authority has decided to refund, fully or partially, the tax amount claimed for refund, the indicated tax amount is returned to the taxable person.

Large taxpayers are granted the right to offset VAT that is subject to refund against import VAT automatically.

VAT on electronic services supplied by non-residents to individuals

A non-resident company that supplies electronic services to individuals living in Uzbekistan via the Internet (B2C) are required to register as a VAT payer in Uzbekistan, calculate Uzbek VAT based on the turnover from those services (if the place of supply is deemed to be Uzbekistan), file quarterly VAT returns (electronically) and pay the calculated amount of VAT to the Uzbek tax authorities.

3.6. Other taxes

Nature of the tax	Rate
Excise tax: imposed on a specific range of services and goods produced in Uzbekistan or imported into Uzbekistan. Goods subject to tax include oil and gas products, alcohol, tobacco, etc. Services subject to tax include mobile telecommunications services.	Various
Property tax: imposed on the annual average depreciated value of immovable property and certain other assets. Land is exempt (subject to land tax)	Standard rate is 1.5% Tax rate for construction projects that have not been completed within the normative period is 3%
Water use tax: standard rates per cubic meter	Surface water UZS 345 (approximately USD 0.028) Underground water UZS 415 (approximately USD 0.033)
Land tax: imposed at a fixed rate per hectare; varies depending on the location, quality and purpose of the land plot	Various Example: rate in Tashkent Zone 1 is UZS 271 million (approx. USD 21,963) per hectare

In addition, the Tax Code and other legal acts provide for levies such as fee for the entry of foreign vehicles into and transit through Uzbekistan, road toll for trucks

weighing more than 10 tons, fees for the right to sell alcoholic beverages, motor vehicle levy on sales/purchases of cars and other vehicles, etc.

3.7. Taxes for subsoil mineral users

Special rental tax (SRT) on mineral extraction

Payers of the special rental tax (SRT) are legal entities that mine metals (precious, non-ferrous and/or radioactive metals, rare earth elements and/or those extracted from technogenic mineral deposits) and hydrocarbons in licensed areas where mining will begin after 1 January 2022. Companies operating under production sharing agreements are exempt from the SRT.

However, in the period from 1 January 2024 to 31 December 2025, legal entities extracting precious, non-ferrous and/or radioactive metals, rare and rare earth elements and/or extracting them from man-made mineral formations, as well as extracting hydrocarbons are not subject to SRT. This provision applies to a subsurface area where production began in the period from 1 January 2024 to 31 December 2025 and applies to the entire period of activity for the extraction of metals or hydrocarbons.

The minimum tax rate is set at 25% of the tax base (income is determined as the difference between revenue from the sale of extracted resources, excluding VAT and excise taxes, and the cost of their extraction (i.e., capital and operating expenses and historical expenses).

However, if the right to use a subsoil plot for geological exploration or production at a previously explored subsoil plot is put up for tender with respect to certain metal mining or hydrocarbon assets with significant commercial potential, the organizer of the competitive tender or bidders may offer higher tax rates.

Companies with foreign investments that are SRT payers are entitled to keep records for tax purposes in US dollars on an accrual basis.

Subsoil use tax

Subsoil use tax is imposed on the extraction of natural resources. The tax is imposed on the sale price of extracted natural resources and their components as well as on waste derived from the extraction or processing of natural resources.

For ferrous, precious, non-ferrous and radioactive metals, as well as rare and rare earth elements:

- the object of taxation is the volume of actual sales of mined (extracted) metals;
- the tax base is the value of the actual sales of mined (extracted) metals.

Subsoil use tax	Rate
Energy	2.6%-10%
Precious metals	7%
Non-ferrous metals	7%-10%
Radioactive metals, rare and rare earth elements	2.7%-8%
Ornamental stone materials	10%
Ferrous metals	2%-4%
Mining and chemical materials	3.5%-5.5%
Ore mining materials	3%-7.9%
Construction materials	Various
Mineral products extracted from technogenic mineral deposits	50% of the tax rate for the extraction of the main mineral

3.8. Revenue tax

Legal entities with the annual turnover (revenue) not exceeding UZS 1 billion (approximately USD 81,045) may choose to pay revenue tax (instead of CIT and output VAT). Individual entrepreneurs whose annual revenue is over UZS 100 million (approximately USD 8,104) but less than UZS 1 billion (approximately USD 81,045) are also eligible to pay revenue tax. The tax base for revenue tax is generally gross revenue (with some adjustments).

The revenue tax rates are unified, with the establishment of a fixed rate of 4% for all categories of taxpayers except for some enterprises (e.g., for wholesale/retail trading located in hard-to-reach and mountainous areas the rate is 1%, in other settlements – 2%, etc.). The reporting period for revenue tax is a calendar month. The tax return filing deadline is the 15th day of the month following the reporting period. The annual tax return is submitted not later than 15 February of the following year.

Moreover, revenue taxpayers have the right to voluntarily choose to pay the tax in a fixed amount:

- ▶ If the total income does not exceed UZS 500 million (approximately USD 40,523) – a fixed amount of UZS 25 million (approximately USD 2,026) per year applies;
- ▶ If the total income exceeds UZS 500 million (approximately USD 40,523) – a fixed amount of UZS 34 million per year (approximately USD 2,755) per year applies.

Revenue tax in a fixed amount is paid in equal monthly installments not later than the 15th day of the month following the calendar month.



3.9. Transfer pricing

Controlled transactions

Under the transfer pricing rules, the following transactions are considered controlled and therefore subject to the arm's length principles:

1. Controlled transactions between related (affiliated) parties

Transactions between related parties, including transactions between tax residents of Uzbekistan under certain conditions (e.g., transactions exceeding a materiality threshold of more than UZS 5 billion (approximately USD 405,226), transactions with entities that apply tax benefits, etc.).

2. Cross-border controlled transactions

- Cross-border transactions involving goods traded on commodity exchanges (non-ferrous metals, precious metals, mineral fertilizers, etc.);
- Transactions in which one party is a person whose place of registration, residence or tax residence is an offshore jurisdiction (please refer to *Appendix (A.1.)* for the list of such countries).

3.10. Tax administration

The tax administration rules in Uzbekistan are complex, and penalties for even minor infringements can be severe.

EY offers comprehensive tax compliance and tax due diligence services to assess in-house tax compliance risks, as well as on-site tax audit support and a full range of tax appeal services.

Tax accounting policy

Taxpayers are required to have a Tax Accounting Policy, which they may draw up in any form; however, there are minimum content requirements established by the tax law.

Tax returns

Tax reports (including returns and calculations) must be compiled and submitted by the taxpayer to the local tax authority for their registered address. Legal entities and individual entrepreneurs generally prepare and submit tax reports electronically.

Tax audits

Taxpayers are subject to tax audits, and it is vital to manage the tax audit process. There are various types and categories of a tax audit.

Starting from 1 January 2024, while conducting an in-house tax audit (except for in-house tax audits conducted for VAT refunds), the following actions are prohibited:

- access to the territory of the taxpayer;
- inspection of the territory and premises of the taxpayer;
- request of documents from the taxpayer and its summons;
- seizure of documents and items of the taxpayer.

An additional tax liability assessed as the result of an in-house tax audit can be paid in installments.

Tax audits can cover any period within the tax statute of limitations, which is generally 3 years. Tax audits can be intrusive and time-consuming and may sometimes even result in criminal proceedings.

Assessments

Upon completion of a tax audit, the tax authorities usually issue a tax audit report. If no violations of tax law are discovered, a note to that effect is made in the tax audit report. Otherwise, based on the findings of the report, the tax authorities issue a decision to impose audit-based assessments of taxes and other obligatory payments plus applicable penalties and interest.

Appeals

Taxpayers may, within set time limits, file appeals against the decisions of the tax authorities in the following order:

1. Appeal to a higher tax authority;
2. Appeal to a court (only after step 1 has been completed, unless the decision being contested was issued by the highest tax authority, i.e., the State Tax Committee).

Penalties and interest

Interest is charged on late tax payments at one three-hundredths ($1/300$) of the refinancing rate set by the Central Bank of Uzbekistan (approximately 0.047% based on the refinancing rate effective as of 1 January 2024) for each day of the delay.

Penalties imposed on legal entities for tax violations include the following:

- ▶ The penalty for non-registration or late registration by a foreign legal entity carrying out activities triggering a PE in Uzbekistan is 10% of income earned from the date on which the activities began, but not less than UZS 10 million (approximately USD 810);
- ▶ The penalty for late registration as a VAT payer is 5% of the revenue received from the registration date required by tax law to the date of actual registration, but not less than UZS 5 million (approximately USD 405);
- ▶ The penalty for the understatement of tax liability is 20% of the additionally assessed tax liability;
- ▶ The penalty for concealing tax base is 20% of the concealed tax base, etc.;
- ▶ The penalty for non-compliance with the transfer pricing rules is 40% of the underpaid tax.

In addition, administrative fines may be imposed on the company's officers for tax offences. In certain cases, they may also face criminal proceedings.



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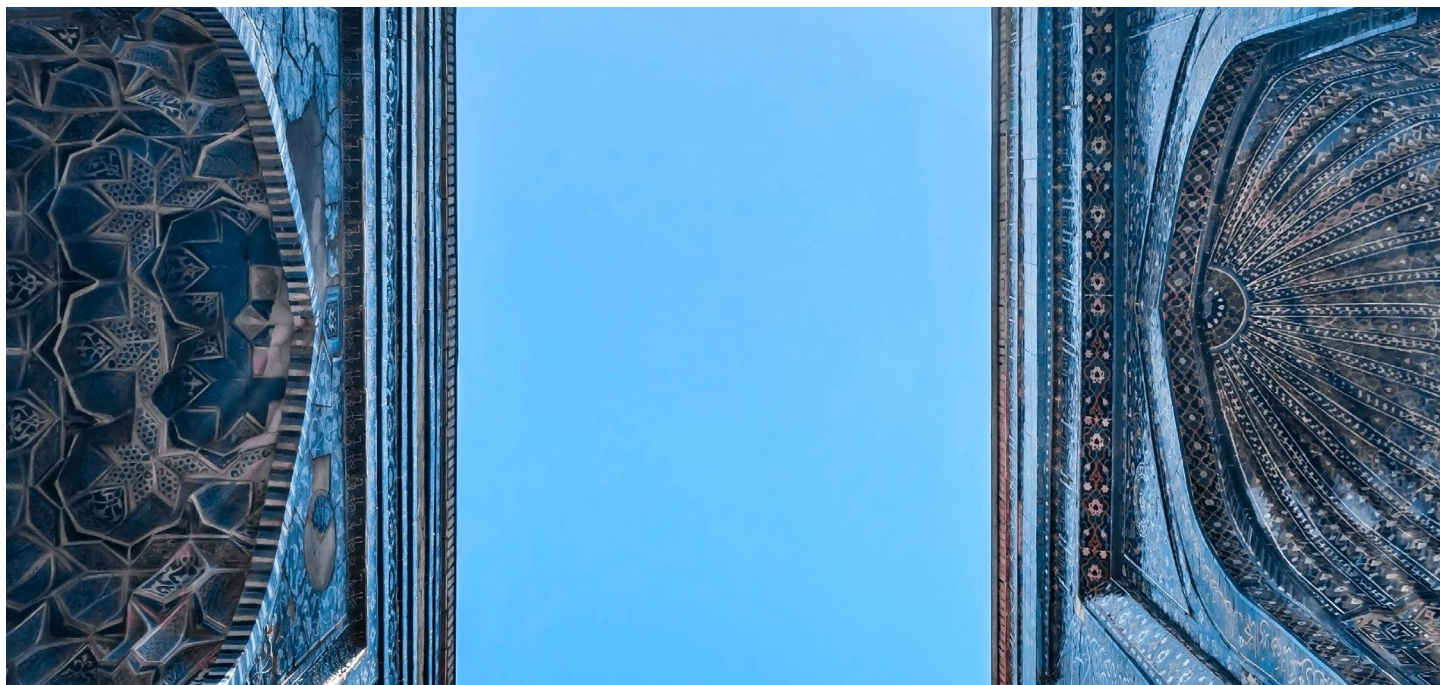
Overview of other laws that affect business administration



4.1. Employment regulations

The Uzbek Labor legislation applies to both local and foreign citizens, including stateless persons, working in Uzbekistan.

An employment agreement with an employee is concluded in writing. The terms of an employment agreement are entered into the National Labor System and in hard copies. The system serves as an electronic database of individuals' employment histories, effectively replacing the old system of "labor books".



4.2. Work permits

EY offers a range of legal, tax, payroll and work permit services to help you structure your operations in Uzbekistan efficiently from a human resources perspective and ensure compliance with tax, payroll and labor regulations. Depending on your needs, we are well-positioned to help, with our assistance ranging from ad hoc advisory services to complex structuring advice and complete outsourcing of the HR and payroll function.

A foreign citizen who came to Uzbekistan to work needs to obtain a work confirmation prior to signing an employment agreement. Although a work confirmation may appear to be a personal work permit for a foreign citizen, it is the responsibility of the employer to apply for it. A work confirmation may not be transferred to other employers/employees. Thus, a foreign employee's employment and his/her work confirmation are attached to that specific employer. Furthermore, only local employers may apply for a work confirmation.

Documents required to obtain a work confirmation are submitted to the government body responsible for issuing work permits and work confirmations,

i.e., the Agency for External Labor Migration Matters (the "Agency"), on-line using an electronic digital key or on a paper basis. As a rule, the Agency has 15 (fifteen) business days to review the application and issue a work confirmation.

A work confirmation is issued for a period of one year and may be extended.

To create favorable conditions for the attraction of qualified foreign specialists, increase the investment appeal of the Republic of Uzbekistan and stimulate the attraction of competitive human resources, qualified and highly qualified foreign specialists (experts) may be granted work confirmations for up to three years with an unlimited number of extensions.

If a foreign citizen comes to Uzbekistan to be employed in a RO, the employer will be required to obtain an accreditation card issued in such employee's name. An accreditation card is a substitute of work permit for employees working in ROs. The application for obtaining an accreditation card is reviewed within 15 (fifteen) business days and issued for the period of one year. Like the work confirmation, the accreditation card is attached to specific employer.

4.3. Banking regulations

The banking system of Uzbekistan consists of the Central Bank of the Republic of Uzbekistan and commercial banks. In Uzbekistan, banking operations are subject to licensing by the Central Bank of the Republic of Uzbekistan.

International financial institutions also operate in Uzbekistan to a certain extent, providing financing to local businesses in the form of loans or equity investments.

The minimum charter capital for banks is set at UZS 150 billion (approximately USD 11.8 million). Non-financial foreign entities face strict requirements, such as a minimum rating requirement for the entity and its origin country and a 50% limit on their ownership interest in the bank. However, foreign banks, foreign financial institutions and banking institutions with good investment ratings can open subsidiary banks or participate in the capital of local banks subject to certain requirements. Nowadays, Uzbekistan is working on the complex transformation,

re-organization and privatization of several local banks. The main goal of privatization is to reduce the state's share in the banking sector by selling shares in state-owned banks on a competitive basis to local and foreign investors with the appropriate experience and knowledge.

EY has a team of professionals who can advise on setting up a bank in Uzbekistan and relevant compliance requirements and provide full support with the financing of local businesses by international financial institutions.

4.4. Currency regulations

Currency law allows cross-border transactions to be carried out in any currency of the parties' choice. However, transactions within Uzbekistan can be performed only in soums (UZS), the national currency of the Republic of Uzbekistan (subject to certain exceptions).

Currency operations may be subject to registration and subsequent monitoring, depending on the substance of the transactions.

Generally, legal entities are allowed to purchase foreign currency from commercial banks to fulfil their obligations under the following types of international transactions: imports of goods, work and services, repatriation of profits, including dividends, repayment of loans, payment of travel expenses, and certain non-commercial transfers. Individuals generally may also buy and sell foreign currency at banks subject to certain limitations.

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EY
in Uzbekistan



EY was one of the first international advisory firms to commence operations in Tashkent with the opening of its office in 1995. Our firm in Uzbekistan is part of our EMEIA practice, encompassing Europe, the Middle East, India and Africa. In Uzbekistan, EY has an office in Tashkent.

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Appendix



A.1. Double tax treaties

The following table lists the withholding tax rates under Uzbekistan's tax treaties.

Payee resident in	Dividends (I), %	Interest (I), %	Royalties, %
Austria	5/15 (a)	10	5
Azerbaijan	10	10	10
Bahrain	8	8	8
Belarus	15 (k)	10	15
Belgium	5/15 (a)	10	5
Bulgaria	10	10	10
Canada	5/15 (a)	10	5/10 (e)
China	10	10	10
Czech Republic	5/10 (b)	5	10
Egypt	5/10 (b)	10	12
Estonia	5/10 (b)	5	10
Finland	5/15 (a)	5	0/5/10 (f)
France	5/10 (a)	0/5 (d)	0
Georgia	5/15 (b)	10	10
Germany	5/15 (b)	5	3/5 (g)
Greece	8	10	8
Hungary	10	10	10
India	10	10	10
Indonesia	10	10	10
Iran	8	10	5
Ireland	5/10 (a)	5	5
Israel	10	10	5/10 (h)
Italy	10	5	5
Japan	5/10 (b)	5	0/5 (i)
Jordan	7/10 (b)	10	20
Kazakhstan	10	10	10
Korea (South)	5/15 (b)	5	2/5 (j)
Kuwait	5/10 (b)	8	20

Payee resident in	Dividends (I), %	Interest (I), %	Royalties, %
Kyrgyzstan	5	5	15
Latvia	10	10	10
Lithuania	10	10	10
Luxembourg	5/15 (b)	10	5
Malaysia	10	10	10
Moldova	5/15 (a)	10	15
Netherlands (I)	5/15 (b)	10	10
Oman	7	7	10
Pakistan	10	10	15
Poland	5/15 (c)	10	10
Qatar	8	8	10
Romania	10	10	10
Russian Federation	10	10	0
Saudi Arabia	7	7	10
Singapore	5	5	8
Slovak Republic	10	10	10
Slovenia	8	8	10
Spain	5/10 (b)	5	5
Switzerland	5/15 (c)	0/5 (d)	5
Tajikistan	5/10 (b)	10	10
Thailand	10	10/15 (k)	15
Turkey	10	10	10
Turkmenistan	10	10	10
Ukraine	10	10	10
United Arab Emirates	5/15 (b)	10	10
United Kingdom	5/10 (a)	5	5
Vietnam	15 (k)	10	15
Non-treaty countries	10	10	20

- a) The lower rate applies if the beneficial owner of the dividends is a company that owns at least 10% of the payer of the dividends.
- b) The lower rate applies if the beneficial owner of the dividends is a company that owns at least 25% of the payer of the dividends.
- c) The lower rate applies if the beneficial owner of the dividends is a company that owns at least 20% of the payer of the dividends.
- d) The 0% rate applies to interest with respect to the following:
 - Loans made, guaranteed or insured by the government of the other contracting state or an instrumentality or agency thereof
 - Sales on credit of industrial, commercial or scientific equipment
 - Sales on credit of merchandise between enterprises
 - Bank loans
- e) The 5% rate applies to royalties paid for certain cultural works (with exceptions) as well as for the use of, or the right to use, computer software or patents or for information concerning industrial, commercial or scientific experience (know-how), with exceptions.
- f) The 0% rate applies to royalties for the use of, or the right to use, computer software, patents, designs or models, or plans. The 5% rate applies to royalties paid for the use of, or the right to use, secret formulas or processes, or for information concerning industrial, commercial or scientific experience (know-how). The 10% rate applies to royalties paid for trademarks or certain cultural works.
- g) The 3% rate applies to royalties paid for the use of, or the right to use, copyrights of scientific works, patents, trademarks, designs or models, plans, or secret formulas or processes, as well as for the disclosure of industrial, commercial, or scientific knowledge. The 5% rate applies to royalties paid for certain cultural works.
- h) The 5% rate applies to royalties paid for certain cultural works (with exceptions).
- i) The 0% rate applies to royalties paid for the use of, or the right to use, copyrights of literary, artistic or scientific works, including motion picture films.
- j) The 2% rate applies to royalties for the use of, or the right to use, industrial, commercial, or scientific equipment.
- k) The domestic withholding tax rate for dividends and interest in Uzbekistan is 10%. Consequently, the withholding tax rate of 15% for dividends and interest under treaties does not apply to payments made by Uzbek companies.
- l) Under the Protocol to the Netherlands-Uzbekistan Double Tax Treaty, withholding tax rates may potentially be reduced to zero if certain conditions are met.

The provisions of the Double Tax Treaty between Uzbekistan and Qatar will come into force on 1 January 2025.

A.2. List of countries with preferential tax regimes

Approved by Decree No. 2467 of the State Tax Committee, the State Customs Committee and the Central Bank directors of 12 June 2013 (as amended on 12 October 2020):

1. American Samoa
2. Andorra
3. Antigua and Barbuda
4. Aruba
5. Bahamas
6. Barbados
7. Belize
8. Brunei Darussalam
9. Vanuatu
10. The United Kingdom of Great Britain and Northern Ireland (only with regard to the following areas):
 - 1) Anguilla
 - 2) Bermuda Islands
 - 3) British Virgin Islands
 - 4) Montserrat
 - 5) Gibraltar
 - 6) Chagos Island
 - 7) Pitcairn Islands
 - 8) South Georgia and South Sandwich Islands
 - 9) Turks and Caicos Islands
 - 10) Cayman Islands
11. Individual administrative units of the United Kingdom of Great Britain and Northern Ireland:
 - 1) Channel Islands (Guernsey, Jersey, Sark, Alderney)
 - 2) Isle of Man
12. Grenada
13. Guatemala
14. Djibouti
15. Dominican Republic
16. Dominica
17. Cyprus
18. People's Republic of China, only with regards to:
 - 1) Siangan (Hong Kong)
 - 2) Aomyn (Macao)
19. Costa Rica
20. Cook Islands (New Zealand)
21. Liberia
22. Lebanese Republic
23. Liechtenstein
24. Mauritius
25. Malaysia (only with regard to Labuan Island)
26. Maldives
27. Malta
28. Marshall Islands
29. Monaco
30. Nauru
31. Netherlands Antilles
32. Niue (New Zealand)
33. Panama
34. Republic of Kiribati
35. Republic of Portugal (only with regards to Madeira Islands)
36. Samoa
37. San Marino
38. Seychelles
39. Saint Kitts and Nevis
40. Saint Lucia
41. Saint-Martin Island
42. Saint Vincent and the Grenadines
43. The United States of America (only with regard to the following areas):
 - 1) US Virgin Islands
 - 2) Puerto Rico
 - 3) Wyoming State
 - 4) Delaware State
44. Tonga
45. Fiji
46. France (only with regard to the following areas):
 - 1) Kerguelen Islands
 - 2) French Polynesia
47. Sri Lanka
48. Jamaica
49. Uruguay
50. Palau (Pacific Ocean)
51. Philippines

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ED None.

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