## Special tax regimes *(Article 18 of the Tax Code)*

The following special tax regimes shall be established for certain categories of taxpayers on the territory of the Republic of Uzbekistan:

1) turnover tax;

2) special taxation procedure for parties to product sharing agreements;

3) special taxation procedure for participants of special economic zones and certain categories of taxpayers.

Special tax regimes for participants of special economic zones and certain categories of taxpayers shall be established for a certain period of time depending on the investments made and meeting other conditions stipulated by the legislation or by the investment agreements.

Special tax regimes may provide for exemption from payment of certain taxes, application of reduced tax rates and other tax benefits.

## TURNOVER TAX *(Articles 461-466 of the Tax Code of Uzbekistan)*

The turnover tax shall be paid by:

1) legal entities of the Republic of Uzbekistan, whose sales income from goods (services) does not exceed 1 bln UZS within the tax period;

2) individual entrepreneurs, whose sales income from goods (services) exceeds 100 mln UZS, but does not exceed 1 bln UZS within the tax period;

## Subject of taxation

The total income shall be defined as the subject of taxation and the tax base.

The total income excluding the following shall be defined as the tax base:

1) the income from government bonds and other government securities of the Republic of Uzbekistan, as well as the income from international bonds of legal entities – residents of the Republic of Uzbekistan.

2) dividends subject to taxation by a tax agent;

3) the cost of the returned reusable container if its cost has previously been included in the sales income from goods (services);

4) the income received in the course of liquidation of depreciable assets due to their revaluation amount that surplus the amount of previous markdowns;

5) income of the previous years revealed in the reporting year. This income is subject to taxation with recalculation of taxes in accordance with the legislation of the period in which they were formed;

6) income from sales of exported goods (services) if the income from the export of goods (services) makes up more than 15 percent of the total income.

The tax base, except for exclusions provided for by the Part One of this Article, shall be reduced for:

1) brokerage organizations – by the amount of the commission fee transferred to the exchange from the amount of a transaction;

2) legal entities providing intermediary services under a commission or agency agreement – by the amount of customs payments paid when importing goods, in a share of the goods sold;

3) participants of tourist activities – by the amount of funds allocated for the introduction of software products and information systems for online booking and tourist services sale.

## Tax rates

The basic rate of the turnover tax shall be set at four percent of the tax base.

In some cases, the application of rates from zero to twenty-five percent of the tax base shall be allowed.

**Tax period** shall be a calendar year.

**Reporting period** shall be a quarter.

## Procedure for submission of tax reporting and payment of the turnover tax

Tax reporting shall be submitted to the tax authority at the place of tax accounting, within the following periods:

1) following the results of the reporting period – not later than the 15th day of the month following the reporting period;

2) following the results of the tax period – not later than February 15 following the expired tax period.

The tax shall be paid on the basis of the reporting (tax) period results not later than the deadlines for submitting tax reports for the corresponding reporting (tax) period.

**Tax rates (Article 467 of the Tax Code of Uzbekistan)**

| **No.** | **Taxpayers** | **Tax rates, as a percentage** |
| --- | --- | --- |
| 1 | Taxpayers in all sectors of the economy, except as provided for in items 2-14 | 4 |
| 2 | Legal entities rendering customs clearance services (customs brokers)  | 5 |
| 3 | Pawn shops | 25 |
| 4 | Legal entities that receive income from the organization of mass entertainment events by attracting legal entities and individuals (including non-residents) that possess licenses to engage in concert and entertainment activities    | 5 |
| 5 | Brokerage firms (except as specified in [paragraph 6](https://nrm.uz/contentf?doc=572486_stavki_edinogo_nalogovogo_plateja_(prilojenie_n_7_k_postanovleniyu_prezidenta_ruz_ot_26_12_2018_g_n_pp-4086)&products=1_vse_zakonodatelstvo_uzbekistana#п6)), as well as taxpayers who provide intermediary services under commission, delegation agreement and other agreements on performance of intermediary services, including individual entrepreneurs who provide intermediary services to operators and/or telecommunication providers | 25 |
| 6 | Insurance agents, as well as legal entities performing brokerage activities in the insurance and securities markets and commodity exchanges | 13 |
| 7 | Legal entities whose principal activity is to lease property (excluding leasing companies) | 8 |
| 8 | Public catering companies |  |
| depending on the location: |  |
| In cities with populations of one hundred thousand or more.    | 8 |
| In other settlements   | 6 |
| In hard-to-reach and mountainous areas    | 4 |
| Of which |  |
| Specialized catering entities serving general education schools, boarding schools, specialized secondary, vocational and higher educational institutions | 75% of the set tax rate, depending on the location |
| 9 | Taxpayers in retail trade sector |  |
| 9.1. | Depending on the location: |  |
| In cities with populations of one hundred thousand or more.    | 4 |
| In other settlements    | 2 |
| In hard-to-reach and mountainous areas    | 1 |
| 9.2. | Regardless of the location:   |  |
| On turnover from sales of alcohol, tobacco products, petrol, diesel fuel, liquefied and compressed gas    | 4 |
| 10 | Trade enterprises engaged in wholesale as well as wholesale and retail trade (except as specified in [paragraph 11](https://nrm.uz/contentf?doc=572486_stavki_edinogo_nalogovogo_plateja_(prilojenie_n_7_k_postanovleniyu_prezidenta_ruz_ot_26_12_2018_g_n_pp-4086)&products=1_vse_zakonodatelstvo_uzbekistana#п11))    | 4 |
| 11 | Wholesalers and retail pharmacies located in:  |  |
| cities with populations of one hundred thousand or more.   | 3 |
| Other settlements    | 2 |
| Hard-to-reach and mountainous areas    | 1 |
| 12. | Harvesting organizations and individual entrepreneurs engaged in the procurement, sorting, storage, and packaging of agricultural products | 4% of turnover or 25% of gross income |
| 13. | Taxpayers included in the National Register of E-Commerce Entities | 2 |
| 14. | Taxpayers, the only participants of which are public associations of persons with disabilities, the Nuroniy Foundation and the Association Chernobyl's of Uzbekistan, where the total number of persons with disabilities and veterans of the 1941-1945 war and labour front make up at least 50 percent of the total payroll, and the payroll for persons with disabilities and veterans of the 1941-1945 war and labour front makes up at least 50 percent of the total payroll. | 0 |

## Specifics of taxation of legal entities with the participation of foreign private direct investments *(Article 471 of the Tax Code of Uzbekistan)*

For legal entities established with the involvement of foreign private direct investments and specializing in the production (provision of services) in the sectors of the economy included in the list approved by law, the application of benefits for some taxes shall have some peculiarities.

Foreign private direct investment shall refer to investments made by individuals who are the citizens of a foreign state, stateless persons permanently residing outside the Republic of Uzbekistan, as well as foreign non-state legal entities.

Legal entities stated in the Part One of this Article shall be granted tax benefits in the form of exemption from land tax, property tax and water use tax, depending on the amount of foreign private direct investment for the period determined by the decision of the President of the Republic of Uzbekistan.

An enterprise with foreign private direct investments may use other benefits provided by law**.**

## The procedure for applying tax exemptions for legal entities with the participation of foreign private direct investments *(Article 472 of the Tax Code of Uzbekistan)*

Tax exemptions shall be applied:

when locating legal entities in territories determined by law;

when foreign investors make foreign private direct investments without a guarantee from the Republic of Uzbekistan;

when the share of foreign participants in the Charter Fund (Charter Capital) of legal entities is at least 33 percent, and for joint-stock companies – at least 15 percent;

when foreign investments are made in the form of a freely convertible currency or new modern technological equipment;

when at least 50 percent of the income received as a result of the provision of tax benefits is allocated for reinvestment during the period of their application, with a view to further develop the legal entity

## Specifics of taxation of participants of special economic zones (Article 473 of the Tax Code of Uzbekistan)

Participants of special economic zones shall be provided with tax benefits in the form of exemption from property tax, land tax and water use tax, depending on the amount of investments made for a period determined by decision of the President of the Republic of Uzbekistan.

The exemptions specified in the Part One of this Article shall apply exclusively to the types of activities of a participant of a special economic zone provided for in the Agreement on Investing in a Special Economic Zone concluded between an investor(s) and the Directorate of a special economic zone.

## The procedure for applying tax exemptions for participants of special economic zones *(Article 474 of the Tax Code of Uzbekistan)*

The period of tax exemptions validity shall be calculated from the date of receipt of the certificate of the special economic zone participant issued to a participant of a special economic zone.

If a business entity is deprived of the status of the special economic zone participant, it shall not have the right to enjoy the exemptions and preferences provided for participants of a special economic zone from the 1st day of the month in which it was deprived of the status of the special economic zone participant.

If a participant of a special economic zone increases the amount of investments to the amount that grants the right to a longer duration of benefits than was previously granted, the benefits are extended until the end of a longer period. Moreover, if an increase in investments is performed after the expiration of the previous term of the benefits**,** tax exemptions are applied from the 1st day of the month following the month in which the right to a longer duration of the benefits arose**.**

## Specifics of taxation of activities performed under the product sharing agreement *(Article 475 of the Tax Code of Uzbekistan*)

A product sharing agreement is an agreement in accordance with which the Republic of Uzbekistan grants to a foreign investor on a reimbursable basis and for a certain period of time exclusive rights to prospect, explore deposits and extract mineral resources in the subsoil area specified in the agreement.

The product sharing agreement shall provide for:

accounting and reporting procedures;

terms of taxation and other payments;

the procedure for exporting a share of a foreign investor.

During the period of the product sharing agreement, except for the cases provided for by the law on product sharing agreements, a foreign investor shall pay:

1) income tax;

2) value added tax;

3) land tax;

4) water use tax;

5) subsoil use tax, signature bonus and commercial discovery bonus;

6) social tax;

7) excise tax;

These taxes shall be levied at the tax rates established for residents of the Republic of Uzbekistan, unless otherwise is stated by a product sharing agreement.

A foreign investor shall be taxed taking into account the following features:

1) the income tax shall be paid separately on the income received during the performance of work under a product sharing agreement, and on the income derived from other activities. The unit of the income tax on income derived from work under a product sharing agreement shall be the value of profitable products owned by a foreign investor under the terms of the agreement, without deductions;

2) the subsoil use tax shall be established in accordance with the terms of a product sharing agreement as a percentage of the production volume of mineral raw materials or of the cost of products and shall be paid in money or as part of the extracted mineral raw materials;

3) the signature bonus or the commercial discovery bonus, established in accordance with the terms of the agreement, upon conclusion of a product sharing agreement and (or) upon achievement of a concrete result;

4) compensation payments for environmental pollution;

If the investor is an association of legal entities that does not have a legal entity status, then the tax obligations executor shall be one of the participants of such an association or an operator performing work under a product sharing agreement.

## Specifics of taxation of legal entities with the participation of foreign private direct investments *(Article 471 of the Tax Code of Uzbekistan)*

For legal entities established with the involvement of foreign private direct investments and specializing in the production (rendering of services) in the sectors of the economy included in the list approved by law, the application of benefits for some taxes shall have some peculiarities.

Foreign private direct investment shall refer to investments made by individuals who are the citizens of a foreign state, stateless persons permanently residing outside the Republic of Uzbekistan, as well as foreign non-state legal entities.

Legal entities stated in the Part One of this Article shall be granted tax benefits in the form of exemption from land tax, property tax and water use tax, depending on the amount of foreign private direct investment for the period determined by the decision of the President of the Republic of Uzbekistan.

An enterprise with foreign private direct investments may use other benefits provided by law**.**

## The procedure for applying tax exemptions for legal entities with the participation of foreign private direct investments *(Article 472 of the Tax Code of Uzbekistan)*

Tax benefits shall be applied:

when locating legal entities in territories determined by law;

when foreign investors make foreign private direct investments without a guarantee from the Republic of Uzbekistan;

when the share of foreign participants in the Charter Fund (Charter Capital) of legal entities is at least 33 percent, and for joint-stock companies – at least 15 percent;

when foreign investments are made in the form of a freely convertible currency or new modern technological equipment;

when at least 50 percent of the income received as a result of the provision of tax benefits is allocated for reinvestment during the period of their application, with a view to further develop the legal entity