



## Legal alert

# Overview of key legislative changes in Uzbekistan in September 2020

### Corporate law reforms

A law from 5 October 2020 has amended a number of regulatory legal acts, including the laws *On Joint Stock Companies and Protection of Shareholder Rights*, *On the Securities Market* and the Economic Procedure Code.

According to the amendments, supervisory board members, joint stock company board directors or members, along with trustees, are now liable for losses incurred as a result of:

- providing information that is misleading or knowingly false;
- violating procedures for providing information;

- making proposals to conclude and/or making a decision to conclude major transactions and/or transactions in which they have an interest, as well as transactions with affiliates to generate profit (income), which leads to company losses.

The new law also establishes that company annual reports should include information on transactions with affiliates, including their written notification and full formulations of decisions made on transactions, information on the persons who made the decision, and information on conflicts of interest when concluding transactions with affiliates.

Companies are obliged to disclose details of transactions between them and affiliates on the integrated corporate information portal and on their official websites within 72 hours of their conclusion.

### Regulation of the legal status of foreign nationals and stateless persons

A plenary session of the Legislative Chamber on 5 October 2020 discussed the Draft Law *On the Legal Status of Foreign Nationals and Stateless Persons in the Republic of Uzbekistan*. It should be noted that this issued is currently not regulated.

The draft law stipulates fundamental rights, freedoms and obligations for foreign nationals and stateless persons, such as inviolability, free movement and choice of place of residence, property and personal non-property rights, the right to work and rest, the right to invest and conduct business.

The draft law also proposes taxing highly qualified specialists at 50% of the established personal income tax rate.

It also contains provisions detailing country entry, exit and transit rules for foreign nationals and stateless persons.

### Sale of Uzbekozikovkatholding entities at auction

Resolution of the Cabinet of Ministers No. 581 of 23 September 2020 provides for the:

- gratuitous transfer to the Agency for State Asset Management of state shares in the authorised capital of entities belonging to the Uzbekozikovkatholding holding company. The shares will be available at public auction until 1 March 2021.
- gratuitous transfer to the Ministry of Finance of the Uzbekozikovkatholding share in Uzagroexportbank and Agrobank authorised capital.

### Electronic waybills to be introduced for international transportation

According to Presidential Resolution No. PP-4842, Uzbekistan will accede to an Additional Protocol to the Convention on the Contract for the International Carriage of Goods by Road introducing electronic waybills, which have the same probative value and the same consequences as waybills.

According to the Additional Protocol, any parties interested in entering into a contract of carriage agree on procedures and their application to ensure compliance with the Protocol and the Convention, specifically with respect to:

- the method used to issue and transfer electronic waybills to the authorised party;
- confirmation of the integrity of the electronic waybill;

- the manner in which a party with rights arising from the electronic waybill is able to demonstrate that those rights exist;
- the procedure for sending confirmation of the delivery of the goods to the recipient;
- procedures for supplementing or changing the electronic waybill; and
- procedures for the possible replacement of an electronic waybill issued by other means.

### ID-cards to replace passports: implementation deadlines

To facilitate the introduction of ID cards to replace biometric passports from 2021, a Presidential Resolution from 22 September 2020 has established the following timetable for the exchange of biometric passports of Uzbekistan citizens, stateless persons and residence permits of foreign nationals for identification ID cards:

- stage one – voluntary from 1 January 2021 until 31 December 2022, upon reaching the age of 16, as well as for other reasons stipulated by law;
- stage two – obligatory from 1 January 2023 until 31 December 2030.

2011-issue Uzbekistan biometric passports will be recognised as invalid from 1 January 2031.

In this regard, by 31 December 2020, the Ministry of Internal Affairs and the State Identification Centre have been instructed to introduce the option to apply and pay for ID cards electronically on the Integrated Interactive State Service Portal.

### Citizenship applications now accepted online

According to Resolution No. 557 of 16 September 2020, the Cabinet of Ministers has updated the "Passport-Visa" information system and created the "E-Fuqaro" interdepartmental database of Uzbekistan citizenship, which will be used to:

- automate the procedure for receiving and considering citizenship applications;
- consider applications within the framework of interdepartmental electronic interaction between the relevant departments and ministries;
- form a unified database on naturalization, and the restoration and loss of Uzbekistan citizenship.

## An integrated database of foreign business entities to be formed

According to Resolution of the Cabinet of Ministers No. 539 of 4 September 2020, the State Tax Committee has been appointed the responsible body for maintaining and forming a centralised database on foreign legal entities and individuals engaged in entrepreneurial activities. The database will be created using data from the tax authorities' integrated information and resource base and should ensure electronic interagency interaction in the provision of public services.

## The "Digital Uzbekistan - 2030" Strategy has been approved

To accelerate digital industry development in Uzbekistan and improve economic competitiveness, the President signed Resolution No. UP-6079 on 5 October 2020 approving a "Digital Uzbekistan - 2030" strategy. The resolution also adopts digital transformation programmes for regions and industries in 2020-2022.

Digital transformation includes:

- increasing Internet access across the country 78% to 95%;
- implementing over 400 information systems, electronic services and other software products in various areas of socio-economic development of regions;
- Implementing over 280 information systems and software products to automate management, production and logistics processes in the real sector of the economy.

A Coordination Commission will be formed to implement the Strategy.

## Enhanced tax consultant capabilities

The President signed a Resolution on 30 September 2020 allowing tax consultant organisations to:

- represent taxpayer interests in relations with the state tax and customs authorities;
- present tax reporting electronically on behalf of taxpayers through the taxpayer's personal account;
- file conclusions with the state tax service, on behalf of a taxpayer, as justification for discrepancies highlighted in state tax service demands.

Likewise, from 1 January 2021, the Uzbekistan Chamber of Tax Consultants will be given the function of the Ministry of Finance to:

- hold qualification exams for tax advisor qualification certification;
- issue, renew, suspend, terminate and cancel a tax advisor qualification certificate;
- approve training and professional development programmes for tax consultants;
- maintain a register of tax consultants.

Under the Resolution, if a tax consultant is employed by lawyers, audit organisations or other legal entities providing accounting services, his/her qualification certificate cannot be terminated for not participating in tax consulting for three years.

## Work permits will not be required

The President has signed a resolution to improve licensing and permission procedures for the activities of business entities by eliminating bureaucratic barriers.

From 1 January 2021, the requirements to obtain licenses and permits for specific activities have been cancelled, which affects the procedure for hiring foreign nationals. Specifically, it stipulates the abolition of the requirement for employers to obtain permits to hire foreign employees.

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