



Special tax alert

Changes from the
beginning of
September

Review of special changes in currency and tax law in early September 2017

In the beginning of September, several significant documents related to the currency market and customs tariffs were adopted.

The development program of Uzbekistan, adopted at the beginning of the year, includes plans for further liberalization of the foreign exchange market and further regulation by exclusively market instruments.

Liberalisation of foreign exchange policy

On 2 September 2017, the president signed Decree No. 5177 prioritising Measures for the Liberalisation of Monetary Policy, which from 5 September envisages that:

- Uzbekistan legal entities may, without limitation, purchase foreign currency in commercial banks for payment under current international transactions (import of goods, work and services; profit repatriation; loan repayments; the payment of travel expenses and other non-trade transfers)
- individuals resident in Uzbekistan can sell foreign currency freely in exchange offices and purchase it in commercial bank conversion departments in accordance with the current procedure to transfer purchased funds to international plastic payment cards using them abroad without any limitations;
- prohibited payments in foreign currency for goods (works and services), except payments using international payment cards in accordance with international practice;
- prices and tariffs for goods, work and services, and minimum

requirements for company authorised capital are set exclusively in the national currency

- state duties, fees and other compulsory payments are levied only in the national currency, with the exception of consular fees
- the conditions for issuing and repaying loans in foreign currency are determined by commercial banks independently, based on a credit policy agreed by the parties
- the practice of issuing licenses to commercial banks to conduct transactions in foreign currency has been cancelled. Commercial banks now perform transactions with foreign currency on the basis of a license to conduct banking activities

The decree requires the Ministry of Finance to develop a provisional order before 1 July 2018, whereby profit received as a result of the revaluation of foreign currency funds is not included in the taxable base.

The Ministry of Finance was instructed to take measures to guarantee a state budget surplus for 2017 by expanding the tax base and mobilising domestic reserves, ensure the financing of all related activities.

According to the act, within a week the Cabinet of Ministers should develop and submit for approval draft government resolutions mitigating the consequences of monetary policy liberalisation, including lowering custom payment rates to prevent the growth of prices for imported goods and services.

Proposals for amendments to legislation arising from the resolution should be submitted within a month.

Following the adoption of the act, many companies (including mobile

operators, hotels) switched to Sum prices.

Change in customs and excise duties on imported goods

During the last month, several regulatory and legal acts have been adopted affecting customs duties and excise duties, specifically:

- Presidential Decree No. PP-3213 from 15 August 2017 On Measures to further streamline Foreign Economic Activity of the Republic of Uzbekistan
- Presidential Decree No. PP-3254 from 4 September 2017 On Measures to further streamline Foreign Economic Activity of the Republic of Uzbekistan
- Presidential Decree No. PP-3269 from 12 September 2017 On Measures to further streamline Foreign Economic Activity of the Republic of Uzbekistan

The above acts introduced zero rates for cream, soybean and sunflower oils, seeds (potatoes, wheat, olives, rye, barley, oats, corn, grain sorghum, buckwheat, millet, soybeans, flax and sunflowers), rye flour, cereals and coarse wheat flour, cane and beet sugar, chemically pure sucrose, cocoa beans, raw materials used in pharmaceuticals, certain products used in animal feed, flour, some groups of polymers, rubber, textile fibre and others. Excise duties on meat, flour, sugar and a number of other products have been abolished.

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