



As the most densely populated country in Central Asia, Uzbekistan is home to more than 32 million people, and as such medicine and the related pharmaceutical industry is a government development and investment priority.

In this document, we provide a brief overview of tax and customs concessions available to companies operating in the medical and pharmaceutical industry in Uzbekistan.

As many companies, before investing in the country, prefer to open representative offices for research and monitoring purposes. We highlight the main issues associated with managing those in this brochure. There is also touch on the other legal forms available such as limited liability companies, joint stock companies or permanent establishments. More detailed information on the various business forms can be found on our website.

As the taxation system in Uzbekistan is subject to frequent changes, we recommend using this overview for general purposes only. We will be glad to discuss with you any tax-related issues you may have in more detail.

Tax exemptions for private health care services

In 2017, the president signed a decree outlining measures to further develop the private health care sector to develop the private health care sector, create conditions to provide high-quality medical services, attract greater foreign investment in the private medicine sector and highly qualified foreign specialists.

Under the decree, private medical organisations providing paid medical services, including those with foreign investor participation, are exempt until 1 January 2022 from all taxes and obligatory contributions, with the funds freed up to be used to purchase modern medical and technical equipment. In addition, they will also be exempt for the same period from customs duties on imports of new medical equipment, components and spare parts. Overseas managers of private medical

organisations will be exempt from the majority of personal income taxes.

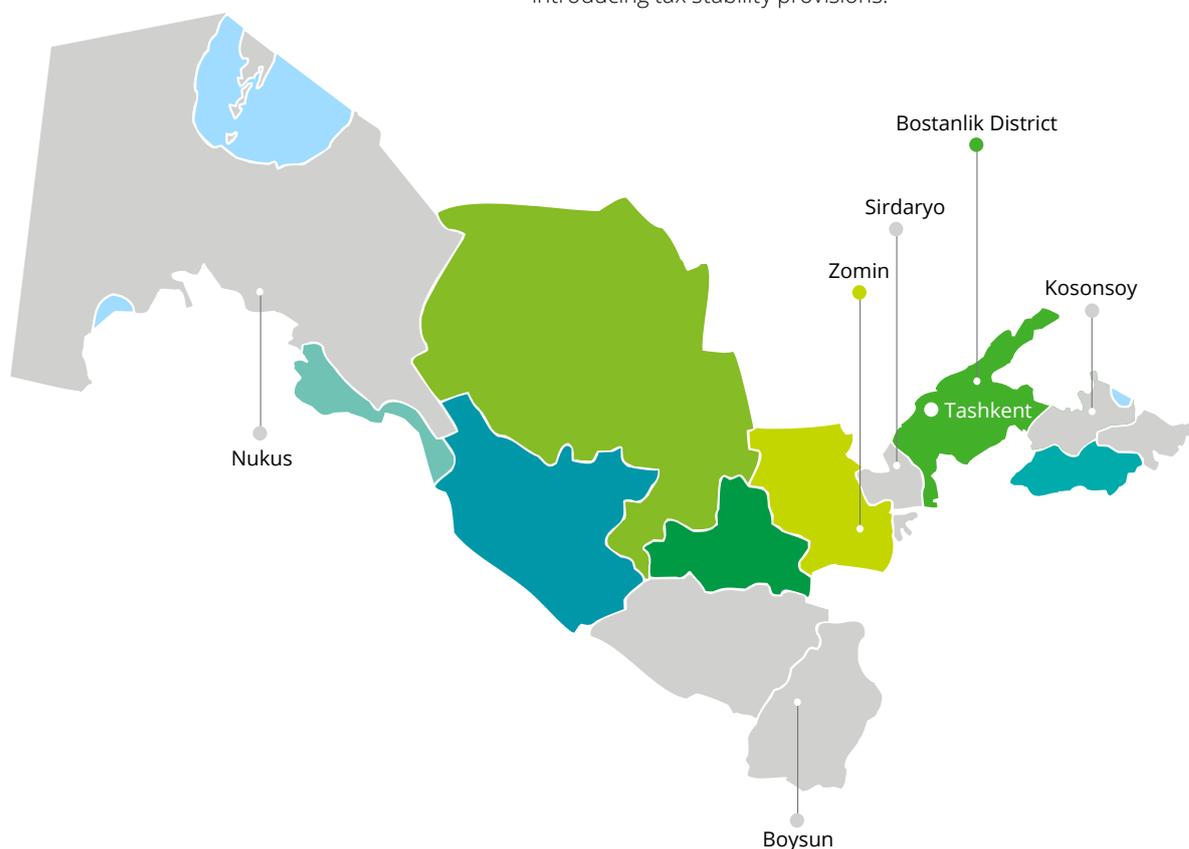
Pharmaceutical industry investment

In its attempts to attract direct investment, Uzbekistan provides a range of tax and customs concessions to specific industries or sectors, or to companies registered in one of the many free economic zones. Deloitte helps investors choose the best business model for operations in Uzbekistan and analyse the best options for business development.

Presidential Edict № УП-5032 dated 3 May 2017 provides special pharmaceutical industry tax relief to aid the development of specific regions in Uzbekistan, for example the Nukus, Zomin, Kosonsoy, Sirdaryo, Boysun and Bostonlik pharmaceutical free economic zones, which have been given an operating period of at least 30 years.

Subject to the value of foreign investment, companies operating in the above free economic zones are eligible for relief on land tax, property tax, corporate profits tax, tax on social infrastructure improvements and others.

As an additional stimulus, in addition to general concessions applicable in all free economic zones, the government has introduced special rules easing restrictions on foreign currency payments for companies registered in them and introducing tax stability provisions.



Representative offices

A foreign company may set up a representative office in Uzbekistan to represent its interests. Representative offices are not recognised as separate legal entities, may be established for representative purposes only (marketing and information gathering, etc.) and may not out carry business activity. For this reason they do not pay the main corporate taxes, except for payroll taxes, if they hire staff, who may be Uzbekistan or foreign nationals. The Ministry of Foreign Trade is responsible for registering representative offices.

Deloitte in Uzbekistan

Deloitte Uzbekistan is one of five national Deloitte member firms operating in Central Asia. The integration of these member firms has enabled them to use the skills and experience obtained during their integration across the whole region. Deloitte provides services clients in Uzbekistan and investors from its office in Tashkent, offering a wide range of accounting, tax consulting and legal services, as well as strategic analysis, risk management, and payroll and bookkeeping services.

Should you have any questions about the information provided above or any other questions regarding operations in Uzbekistan, please do not hesitate to contact any of our team members.

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