



Deloitte.

Tax status of Permanent Establishments

Deloitte Uzbekistan, 2015

Tax status of Permanent Establishments

Many foreign companies are involved in projects to upgrade, reconstruct or build facilities in Uzbekistan, which under domestic legislation are recognised as those foreign companies' Permanent Establishments for taxation purposes.

The term "Permanent Establishment" in Uzbekistan is recognised as any place through which a non-resident carries out business activities in Uzbekistan, including activities performed through an authorised person. For instance, the term incorporates:

- business activities that lasts more than 183 calendar days during any successive twelve-month period;
- any place of activity connected with the production of natural resources such as mines, oil and gas wells or quarries;
- any place where activities (including control or supervisory) associated with oil or gas pipelines; the exploration and (or) exploitation of natural resources; the installation, assembly, commissioning, start-up and (or) maintenance of equipment;
- construction, assembly or installation project sites, and services to monitor work progress at these sites;
- any place where activities related to the operation of slot machines (including consoles), computer networks and communication channels, amusements, transport or other infrastructure activities are performed;
- activities performed through an entity that based on a contract with a non-resident of Uzbekistan represents its interests in Uzbekistan, including by acting in Uzbekistan on behalf of the non-resident, and regularly uses its authority to conclude contracts on behalf of the non-resident of Uzbekistan;
- any place activities related to the production, assembly, packaging or sale of goods.





This list is not exhaustive and it is worth remembering that double taxation treaties/agreements may contain different definitions of “permanent establishment”.

The term “permanent establishment” is used solely to determine the an organisaiton’s tax status and has no legal status.

Tax law differentiates between registration and further tax execution responsibilities. For example, based on special government resolutions, companies participating in upgrade or renovation projects are entitled to tax and customs concessions.

However, this does not exempt companies whose activities fall under the definition of “permanent establishment” from having to register with the authorities.

Tax law stipulates significant financial penalties that may affect overall project viability if registration deadlines are missed.

Contacts:

Deloitte & Touche Audit Organization, LLC

75 Mustakillik Ave., Business Center "Inconel",
Tashkent, 100000, Uzbekistan

Tel: +998 (71) 120 44 45/46
Fax: +998 (71) 120 44 47

For additional information, please visit our
Deloitte Uzbekistan website at: www.deloitte.uz

Almaty

Vladimir Kononenko

Partner, Tax & Legal
+7 (727) 258 13 40 ext.2755
vkononenko@deloitte.kz

Tashkent

Andrey Tyo

Manager, Tax & Legal
+998 (71) 120 44 45/46
antyo@deloitte.uz

Bakhtiyor Sufiev

Senior Consultant, Tax & Legal
+998 (71) 120 44 45/46
bsufiev@deloitte.uz

deloitte.uz

About Deloitte

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee ("DTTL"), its network of member firms, and their related entities. DTTL and each of its member firms are legally separate and independent entities. DTTL (also referred to as "Deloitte Global") does not provide services to clients. Please see www.deloitte.com/about for a more detailed description of DTTL and its member firms. Please see <http://www2.deloitte.com/kz/ru/pages/uzbekistan/topics/uzbekistan.html> for a detailed description of the legal structure of Deloitte, Uzbekistan.

Deloitte provides audit, tax, consulting, and financial advisory services to public and private clients spanning multiple industries. With a globally connected network of member firms in more than 150 countries and territories, Deloitte brings world-class capabilities and high-quality service to clients, delivering the insights they need to address their most complex business challenges. Deloitte's more than 210,000 professionals are committed to becoming the standard of excellence.

This communication contains general information only, and none of Deloitte Touche Tohmatsu Limited, its member firms, or their related entities (collectively, the "Deloitte Network") is, by means of this communication, rendering professional advice or services. No entity in the Deloitte network shall be responsible for any loss whatsoever sustained by any person who relies on this communication.

© 2015 "Deloitte & Touche" Audit organization LLC. All rights reserved.