



Tax Alert

State of Emergency Tax Exemptions

In March 2020, as a part of measures to stem the spread of the COVID-19 virus in Uzbekistan, the President signed Decree No. УП-5969 *On Priority Measures to mitigate the Negative Impact of the Coronavirus Pandemic, and the Global Crisis on Economic Sectors* and Decree No. ПП-4662 *On Additional Measures to meet the Needs of the Population for Medicines, Medical Apparatus, Medical Equipment and Essential Goods*, to introduce:

Reductions:

- on contributions made by wholesale alcohol trading companies from 5% to 3% for the period between 1 April and 1 October 2020;
- on charges for the retail trading rights of alcoholic beverages for public catering enterprises by 25% of the basic rate;
- on the minimum social tax for individual entrepreneurs from 100% to 50% of the basic rate (223 to 111.5 thousand UZS) between 1 April and 1 October;
- on tax rates for the use of water resources to irrigate agricultural land by 50% of the basic rates;
- on the fixed personal income tax of individual entrepreneurs directly or indirectly engaged in tourism by 30%.

Deferrals on payments (exemptions):

- Local state authorities will grant legal entities a six-month deferral on property, land and water use tax, without late payment interest;
- The tourist fee will be suspended for the period between 1 April and 1 July 2020;
- The material benefits provided by charity organisations will be exempt from personal income tax from 1 April 2020;
- Individual property and land tax payments have been deferred until 15 October 2020;
- Property and land tax levied from legal entities will be deferred for six months based on an application and decisions of the regional divisions of the Ministry of Economy and Industry and Ministry of Finance, without additional documentation.

Foreign trade operation concessions:

- Fines on legal entities with overdue receivables on foreign trade operations will be suspended;
- The National Commission for the Development of Regional Export Potential will independently provide subsidies to compensate Exporter

Transportation Costs through Export Promotion Agency funds until 1 October 2020.

- Accelerated customs clearance will be introduced for food product imports, including advance permits from 1 April 2020.
- During 2020, legal entities will be allowed to:
 - export goods without any guarantee payment (for legal entities with overdue receivables of less than 10% of total exports for the reporting year);
 - settle overdue foreign trade operation receivables in exchange for a one-off import of technological equipment and raw materials.
- Medicines, substances, medical equipment and other necessary goods imported into Uzbekistan will be exempt from customs duties and VAT.
- While the enhanced procedure for counteracting the spread of coronavirus infection is in place, as an exception, the Special National Commission for preparing a Programme of Measures to prevent the Spread of Coronavirus in Uzbekistan, will be entitled to:
 - adopt decisions on providing VAT concessions for up to three months on the specific medicines and medical apparatus in the list of medicines and medical apparatus whose import is not covered by the VAT concession;
 - reduce customs and excise duties to 0% for up to three months in the import of specific types of essential goods.

Other exemptions:

- The annual personal income tax return filing deadline for 2019 has been extended until 1 August 2020. However, the corresponding tax payment deadline has not been extended and remains 1 June 2020.
- The tax authorities have suspended the accrual of property, land and water use tax late payment interest for legal entities having temporary difficulties, and will not take any tax enforcement measures.
- Business bank accounts will not be frozen during the quarantine period.
- Travel agencies, hospitality, transport and logistics entities and other businesses in the tourism industry, as well as business entities facing financial difficulties due to restrictions on foreign trade operations, have been granted credit deferrals without penalties.
- An Anti-Crisis Fund with cash funds of 10 trillion soum has been set up under the Ministry of

Finance to ensure macroeconomic stability and prevent a sharp decline in personal income in Uzbekistan.

- The tax authorities are taking measures to expand the availability of remote taxpayer services, avoiding the need to visit official tax authority premises.
- The higher property tax and land tax rate on unused facilities belonging to entrepreneurs will not be applied until 1 October 2020.
- Employers are prohibited from terminating the employment contracts of parents (adoptive parents or guardians) of children infected with coronavirus or who has been quarantined, or a child under the age of 14.
- Rent payments on over 3,600 items of state property will not be charged to legal entities during the quarantine period.
- The due dates for all investment project liabilities have been extended for six months.

Contact us:

If you have any questions on the information in this tax alert, or on any other issues regarding doing business in Uzbekistan, please contact any of the experts listed below.

Tashkent

Deloitte & Touche Audit organisation LLC
Mustakillik Avenue 75, Tashkent, 100000
Republic of Uzbekistan

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

Fax: +998 (71) 120 44 47

Aidana Abdaliyeva

Director, Tax & Legal

Tel: +7 (727) 258 13 40

aabdaliyeva@deloitte.kz

Bakhtiyor Sufiev

Manager, Tax & Legal

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

bsufiev@deloitte.uz



Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited ("DTTL"), its global network of member firms, and their related entities. DTTL (also referred to as "Deloitte Global") and each of its member firms are legally separate and independent entities. DTTL does not provide services to clients. Please see www.deloitte.com/about to learn more.

Deloitte is a leading global provider of audit and assurance, consulting, financial advisory, risk advisory, tax and related services. Our network of member firms in more than 150 countries and territories serves four out of five Fortune Global 500® companies. Learn how Deloitte's approximately 312,000 people make an impact that matters at www.deloitte.com.

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. Before making any decision or taking any action that may affect your finances or your business, you should consult a qualified professional adviser. No entity in the Deloitte network shall be responsible for any loss whatsoever sustained by any person who relies on this communication.