



Tax alert

Key changes

Overview of changes to tax law in March 2017

In March 2017, two presidential decrees were adopted providing a number of tax benefits. In addition, the Central Bank amended its guidelines for opening bank accounts.

Concessions for legal entities in the Republic of Karakalpakstan and Khorezm region

Presidential Decree No. PP-2843 from 17 March 2017 provides a number of currency regulation and tax breaks to companies registered and operating in the Republic of Karakalpakstan and Khorezm region, such as:

- exemptions from the mandatory sale of foreign currency earnings on exports of industrial products of own production, except for commodities
- exemptions from property tax, land tax, social infrastructure tax and road fund contributions for companies producing pharmaceutical products and preparations, electrical products (except cables and wires), and finishing building materials between 1 April 2017 and 1 January 2018

Establishment of the Uzbekipaksanoat association and benefits for its members

The president signed a Resolution on 29 March 2017 organising the activities of the Uzbekipaksanoat association, accelerating the development of the silk industry and establishing the following concessions until 1 January 2023:

- exemptions from corporate integrated tax payments with respect to income generated from grain production, silkworm cocoon harvesting and treatment, the production of finished silk

products, and auxiliary silk industry materials.

- customs payment exemptions (except customs duties) on spare parts for silk and silk-weaving equipment and mulberry seedlings; and super elite, elite and industrial silkworm eggs imported by companies to produce eggs, harvest and treat silkworm cocoons, and for members of the Uzbeksaxanoat Association, according to lists approved by the Cabinet of Ministers
- personal income tax exemptions for homeworkers engaged in the cultivation of live silkworm cocoons
- integrated social payment exemptions for entities producing silkworm cocoons, in relation to funds allocated to pay homeworkers and other silkworm workers engaged in silkworm cocoon cultivation, and then using the exempt funds to incentivise homeworkers and silkworm workers

Removal of specific requirements for opening bank accounts

The amendments and additions approved in Central Bank Resolution No. 1948-12 from 24 March 2017 refer to bank accounts opened in Uzbekistan banks and remove the requirement to provide a copy of a state registration certificate to the bank, as well as notarised copies of constituent documents. This change applies to resident legal entities including those with foreign investment and foreign capital, individual entrepreneurs and dehkan farms. The banks will obtain the information they require from the Automated State Registration System.

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