

COVID – 19 Uzbekistan Government’s Response

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Decree of the President of Uzbekistan has introduced measures to mitigate the negative impact of coronavirus pandemic and support sectors of economy through attracting external borrowing. It mainly aims to support enterprises in the real sector of the economy, exporters and commercial banks through establishing anti-Crisis Fund under the Ministry of Finance for the amount of 10 trillion soums (about USD 1 bln.). Below we have prepared a brief summary of the measures taken in response to COVID-19.

The main purpose and directions of using the anti-Crisis Fund:

- ❑ financing measures to control the spread of coronavirus infection;
- ❑ support for entrepreneurship and employment;
- ❑ expanding social support for the population;
- ❑ ensuring the sustainable functioning of economic sectors.

Due to the spread of coronavirus in Uzbekistan, with a view to mitigate its negative effects on the economy, the government introduced a "force majeure" regime for businesses thereby mandating the Ministry of Investment and Foreign Trade to issue force-majeure certificates within one day after receiving relevant request from business entities.

Tax audits are suspended until 1 January 2021 (i.e. moratorium), exceptions are criminal cases and liquidation of a legal entity.

From 1 April to 1 October 2020:

- ❑ minimum amount of social tax for individual entrepreneurs is reduced by 50%;
- ❑ special duty on wholesalers of products containing alcohol is reduced from 5% to 3%;
- ❑ permit fees for sale of alcohol products paid by public catering establishments are reduced by 25%.

From 1 April to 1 July 2020, the tourist duty will not be charged to entities providing tourist accommodation services.

Water tax rates on water used for agricultural irrigation are reduced by 50% for 2020.

The deadline for filing of an annual personal income tax declaration for 2019 is postponed from 1 April to 1 August 2020.

Interim payments of individual property tax and land tax due by 15 April are eliminated and the full amount will be due by 15 October.

From 1 April 2020, income received as benefits in-kind received by individuals from charitable organizations will not subject to personal income tax.

On priority measures to mitigate the negative impact of the coronavirus pandemic and global crisis events on economic sectors.

Companies have a right to request 6- month deferral of property tax, land tax, and water usage tax payments with no interest charged.

Until 1 October 2020:

- ❑ no fines will be charged on overdue receivables related to cross-border transactions;
- ❑ no penalties will be charged on late payment of land tax, property tax and water usage tax.

Business entities may carry out:

- ❑ export of goods without providing a guarantee payment for existing overdue receivables that do not exceed 10 percent of the total export of goods for the reporting year;
- ❑ one-off import of technological equipment and raw materials in exchange for offset of overdue receivables on foreign trade operations during 2020.

Expedited passage of goods through customs check points, smooth customs clearance checking, as well as the issuance of permits for exported and imported goods are provided;

From 1 April 2020, a mechanism for customs clearance of imported food products in an accelerated manner, including issuing permits before the arrival of goods in the territory of Uzbekistan is introduced.

Commercial banks will provide a total of 5 trillion soums (about USD 500 mln.) of deferrals on repayment of loans (without penalties) for the period through 1 October 2020 to enterprises of tourism industry, transport and logistics companies and economic entities faced with financial difficulties due to the introduction of restrictions on foreign trade.

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We will be glad to discuss any questions you may have on the new regulations and tax filling requirements.

We also attach an overview of tax measures taken by countries worldwide.

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