



# *Taxation of Stock Exchange transactions*

*Presidential Decree  
#III-90 “On  
additional measures to  
implement effective  
mechanisms to  
support capital  
markets” of 17  
January 2022  
(Decree 90)*

Decree 90 established that in the period from 1 April 2022 to 31 December 2024:

- income of individuals (both residents and non-residents of the Republic of Uzbekistan) in the form of dividends from shares in joint stock companies is exempt from personal income tax;
- income of legal entities - non-residents of Uzbekistan in the form of dividends from shares in joint stock companies shall be subject to a reduced 5% tax rate (same as tax rate applicable to residents of Uzbekistan);
- income of legal entities and individuals (both residents and non-residents of Uzbekistan) in the form of interest on corporate bonds is exempt from personal income tax and corporate income tax.

From 1 July 2022 transactions with securities carried out at the organized over-the-counter trades are subject to a special fee of 0.3% of the transaction value payable by a seller (except for the issuer) in lieu of income tax.

We note that the above tax incentives have not been reflected in the Tax code of Uzbekistan as of today. In the absence of relevant provisions in the Tax code, tax authorities may potentially challenge their applicability.



# *Improvement of business environment*



*Presidential Resolution #YII-101 “On further reforms to create conditions for a stable economic growth by improving business environment and developing private sector” of 8 April 2022 (Resolution 101)*

Resolution 101 envisages reduction of personal income tax rate charged on Uzbek-sourced income of individuals – non-residents of Uzbekistan from 20% to 12% as of 1 May 2022 (except for dividends, interest and income from freight). Ministry of Finance has been assigned to prepare a draft law on respective changes to the Tax Code, which are yet to be introduced.

Furthermore, to create equal competitive environment for business entities, as well as to coordinate provision of tax and customs incentives Resolution 101 provides the following.

*As of 1 May 2022:*

- tax and customs incentives previously applied to a limited group of entities (e.g. only to the members of industry associations) are extended to all entities operating in respective industries (see details below);
- tax and customs incentives in relation to goods (services) purchased at the expense of credits/ loans issued by International Financial Institutions and Foreign Government Financial organizations are no longer applicable in cases when such loans/ credits are channeled via commercial banks of Uzbekistan.



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Below please find some examples of the incentives extended to all entities operating in respective industries as of 1 May 2022:

- ✓ exemption from customs payments (except for customs processing fees) provided by the Presidential Resolution #ПП-2856 of 29 March 2017 - *previously, only members of "Uzbekipaksanoat" Association were eligible;*
- ✓ exemption from turnover tax provided by the Presidential Resolution #ПП-2939 of 1 May 2017 - *previously, only "Uzbekbaliksanoat" Association and its members were eligible;*
- ✓ exemption from customs payments (excluding VAT and customs processing fees) and land tax provided by the Presidential Resolution #ПП-3472 of 12 January 2018 *previously, only members of "Uzbekipaksanoat" Association were eligible;*
- ✓ exemption from payment of land tax, property tax, corporate income tax, turnover tax, as well as customs payments (excluding VAT and customs processing fees) provided by the Resolution of the Cabinet of Ministers of Uzbekistan #ПКМ-138 of 15 February 2019 - *previously, only members of Association for the cultivation and processing of licorice and other medicinal plants were eligible.*

Furthermore, Resolution 101 envisages gradual abolishment of the tax and customs incentives, including without limitation:

***As of 1 July 2022:***

- exemption from property tax, land tax provided to legal entities that acquired state property (Presidential Decree #УП-4933);
- exemption from VAT on imported equipment, technology, communication systems, software and other materials, as per the lists approved by the Cabinet of Ministers (Presidential Resolution #ПП-2992).

***As of 1 January 2023:***

- exemption from payment of social tax and personal income tax from salaries of foreign specialists employed at managerial positions of joint stock companies (Presidential Decree #УП-4720);
- exemption from payment of social tax from salaries of newly employed graduates of academic lyceums, professional and higher educational institutions (Presidential Decree #УП-5052);
- exemption from payment of social tax and personal income tax from salaries of qualified foreign specialists employed at managerial positions in hotels (Presidential Resolution #ПП-3217);
- reduced rate of personal income tax for 'highly-qualified' foreign specialists (Presidential Resolution #ПП-4008);
- exemption from VAT in relation to goods imported within the framework of 'investment projects' implementation (Resolution of the Cabinet of Ministers #ПКМ-656).



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Moreover, Resolution 101 prescribes the Cabinet of Ministers conducting analysis on the rationale for extension of tax and customs incentives provided by the President and Government of Uzbekistan by 1 August 2022 as well as providing recommendation on the incentives to be abolished.

As per Resolution 101, from 1 July 2022, exemptions from customs duty shall be granted only by virtue of laws of Uzbekistan.

*At your request, we will be pleased to share the full list of extended incentives and incentives to be abolished.*



If you are interested in additional information, please contact PwC specialists working as part of a group serving your company, or to any of the persons listed.