



Support of Business during the Quarantine

April 2020

On March 11, 2020, the World Health Organization officially declared an outbreak of a new type of COVID-19 coronavirus a pandemic. In this regard, unprecedented measures have been taken at the global level to combat the spread of the coronavirus infection. Countries have been imposing restrictive measures on the movement of people and sale of goods, which measures directly affect production volumes, lead to a gap in the global supply chain, lower commodity prices and a deterioration in the global financial markets. Republic of Uzbekistan (hereinafter – “**Uzbekistan**”), as a part of the global economic system, is also affected by these factors.

To mitigate the negative impact of the restrictive measures imposed in connection with coronavirus, and to ensure economic stability, smooth functioning of the economy, and support foreign trade operations, on March 19, 2020 the President of the Republic of Uzbekistan signed the Decree “On Priority Measures to Mitigate the Negative Impact on the Economy of the Coronavirus Pandemic and Global Crisis Phenomena” No. 5969 (hereinafter, the “**Decree**”). The Decree contains a package of **anti-crisis measures (I)** that includes the following:

- the application of administrative penalties to entrepreneurs for overdue accounts receivable in foreign trade operations is suspended until October 1, 2020;
- entrepreneurs may export goods without a guarantee payment from importers during 2020, if the overdue accounts receivable do not exceed 10% of their total export of goods for the reporting year;
- entrepreneurs may carry out one-time import of technological equipment and raw materials in exchange for the repayment of overdue accounts receivable for foreign trade operations during 2020;
- a special operation headquarters established by customs control authorities will ensure an expedited passage of certain goods through border customs posts, their customs clearance, as well as the issuance of permits for exported and imported goods;
- a new option of expedited customs clearance of imported food products is being introduced from April 1, 2020, including by issuing permits before the arrival of goods in the Uzbekistan via a special web-site;
- the Republican Commission for the Development of Export Potential of the Regions and Industries, at its discretion, should provide subsidies to compensate part of the transport costs of exporters at the expense of funds allocated to the Export Promotion Agency until October 1, 2020.

Further, according to the Decree, the Ministry of Investments and Foreign Trade and the Chamber of Commerce and Industry of Uzbekistan are instructed to issue certificates of Force Majeure on requests from entrepreneurs, if the circumstances that affected the performance of obligations relates to coronavirus and the government’s response thereto.

Package II of anti-crisis measures

Decree of the President of Uzbekistan "On Additional Measures to Support the Population, Economic Sectors and Business Entities during the Coronavirus Pandemic" dated April 03, 2020, No. 5978, approved additional extensive anti-crisis measures to support business, the population and the national economy. The document introduced additional anti-crisis measures in the following areas:

Customs exemptions:

- the rates of customs duty and excise tax were canceled for the import of 20 types of goods including meat, milk, butter, onions, flour, sugar, gauze, hygiene products, ventilators and others till December 31, 2020;
- construction materials for the construction of medical and quarantine facilities to combat coronavirus infection, as well as goods for their operation, are exempt from customs payments and VAT till December 31, 2020;
- no customs clearance fee to be charged for import of express tests for detecting coronavirus infection.

Moreover, based on the Presidential Decree "On Additional Measures to Ensure the Population's Need for Medicines" dated March 23, 2020 No. PP-4662, for the period of quarantine measures, customs duties on the import of a number of medicines, medical equipment, medical devices, as well as raw materials, substances and materials used in their production are temporarily canceled according to the list prepared by the Ministry of Health of Uzbekistan and the Pharmaceutical Development Agency. The list of these goods is still being developed.

Business support:

- deadlines for fulfilling investment obligations that have not been fulfilled due to restrictive measures introduced to counteract the spread of coronavirus infection are extended until these measures are lifted;
- from April 1, 2020 the mandatory requirement for entrepreneurs to make prepayment for gas and electricity is reduced from the current 100% to a 30% level;
- until October 10, 2020 the State Fund for Support of Business (hereinafter referred to as the "**Fund**") will provide a guarantee for loans to entrepreneurs with a positive credit history to replenish working capital in the amount of up to 75% of the loan amount, but not more than 10 billion Uzbek soums, regardless of the number of projects;
- the Fund will remove the restriction on providing both guarantees and a compensation to one borrower at the same time;
- suspension of accrual and collection of rent payments for the use of state property by entrepreneurs who have been forced to suspend their activities for the period of quarantine;
- conditions are created for entities and persons continuing their production activities by attaching sanitary and epidemiological control services, as well as for health care institutions to constantly monitor the organization of conditions for their employees.

Bankruptcy:

- introduced a moratorium on initiating bankruptcy procedures and declaring bankrupt enterprises that have faced financial difficulties due to restrictive measures to combat the pandemic until October 1, 2020.

Audit:

- the deadline for conducting an audit based on the results of 2019 of businesses subject to mandatory audit is extended until October 1, 2020;
- a new requirement for mandatory annual audit for limited and additional liability companies with a book value of assets of more than 100,000 basic calculation values has been clarified as required to be carried out in 2021 based on FY2020 results.

Pharmaceutics:

- wholesale of medicines, medical devices and other products manufactured in pharmacies is allowed until October 1, 2020.

JSCs:

- are allowed to hold annual general meetings of shareholders based on the results of 2019 until October 1, 2020, and in the form of a videoconference, if an in-person meeting is impossible within the established time frame.

In addition to the above-mentioned anti-crisis measures, on April 20, 2020, the Republican Special Commission adopted a decision on the following:

- the validity term of all expired documents, such as licenses, permits, passports, residence permits, insurance policies, powers of attorney, and documents confirming technical inspection is extended until July 1, 2020;
- it is allowed to sell non-food products (clothing, household goods, seedlings, seeds) through visiting (mobile) outlets in compliance with sanitary and hygienic rules;
- the validity term of foreign citizens' visas is extended until July 1, 2020.

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For entrepreneurs:

List of state bodies of Uzbekistan authorized to promote the protection of the rights and interests of entrepreneurs

- Ministry of Investments and Foreign Trade of Uzbekistan
<https://mift.uz>
- Commissioner for Protection of Rights and Legitimate Interests of Entrepreneurs under the President of Uzbekistan (Business Ombudsman)
<https://biznesvakil.uz>
- Chamber of Commerce and Industry of Uzbekistan
<http://www.chamber.uz>
- Local government authorities
<https://borku.uz/Gos/State>

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