



## Import regulation and related matters

Amendments introduced in August 2020

Customs legislation of the Republic of Uzbekistan is undergoing gradual reform, including, but not limited to, the implementation of standards and recommendations of the World Customs Organization, the World Trade Organization, and other international organizations, aimed at improving the effectiveness of the state customs service of the Republic of Uzbekistan. In this regard, we would like to draw your attention to certain amendments that were introduced in the field of customs legislation in August 2020.

**From 1 August 2020:**

**1) The mechanism for alternative dispute resolution was improved.**

In accordance with the Decree of the President of the Republic of Uzbekistan (hereinafter - "RUz") "*On Measures to Further Improve Alternative Dispute Resolution Mechanisms*" No. 4754 dated 17.06.2020, Appeal Boards for pre-trial settlement of disputes between individuals, legal entities and state bodies (hereinafter - "**The Appeal Boards**") are established as pilots under:

- The State Customs Committee;
- The State Committee for Land Resources, Geodesy, Cartography and State Cadaster;
- The Off-Budgetary Pension Fund under the Ministry of Finance;
- Khokimiyats (municipal governing bodies) of the Namangan, Bukhara and Tashkent regions.

The main functions of the Appeal Boards are:

- resolving disputes between individuals, legal entities and government bodies through pre-trial consideration and adoption of non-binding opinions;
- facilitating an official interpretation of the national laws in case of discrepancies or incorrect or contradictory implementation practices during consideration of appeals;
- submitting proposals to address legislative gaps identified during the consideration of appeals.

The opinion of an Appeal Board is of a recommendatory nature. The state body may either decide to accept or reject the Appeal Board's opinion. The decision is made by the head of the state body or their deputy in writing, indicating the reasons for the refusal.

**2) Importing certain types of consumer goods without labeling in the state language is prohibited.**

This amendment has been made to Decree of the President of the RUz "*On Measures to Further Streamline Foreign Economic Activities and Improve the System of Customs and Tariff Regulation of the Republic of Uzbekistan*" No. 3818 dated 29.06.2018. It establishes that in order to obtain a Certificate of Conformity for certain types of imported consumer goods in accordance with the list approved by the Cabinet of Ministers (except for goods that do not have consumer packaging), manufacturers are obliged to label these goods in the Uzbek language. The labeling should be carried out in the Latin version of the Uzbek alphabet.

**3) A utilization fee is introduced.**

Resolution of the Cabinet of Ministers of the RUz "*On the Introduction of a Utilization Fee for Wheeled Vehicles, Self-Propelled Cars and their Trailers*" No. 347 dated 02.06.2020 has introduced the concept of a utilization fee and a procedure for its payment. The purpose of the utilization fee is maintaining environmental safety and protecting public health and the environment from the harmful effects of waste generated after the loss of consumer properties of wheeled vehicles, self-propelled machines and trailers. The utilization fee is charged and payable to the state budget to:

- The State Customs Committee of the RUz - when placing wheeled vehicles, self-propelled vehicles and their trailers under the import customs regime; and
- The State Tax Committee of the RUz - in the course of production (assembly or manufacture) of wheeled vehicles, self-propelled vehicles and trailers sold in the territory of the RUz.

Depending on the year of manufacture, category and engine volume of vehicles, the utilization fee rates range from 30 to 1,500 Specified Base Values (approximately USD 652.89 to USD 32,644.62).

The following types of vehicles are exempt from paying the utilization fee:

- vehicles imported into the country and registered under the temporary import customs regime;
- vehicles of diplomatic missions, consulates and international organizations;
- vehicles of L and M1 categories that were manufactured at least 30 years earlier;
- vehicles of M2, M3 and N categories that are not intended for commercial transportation of passengers and cargo and that were manufactured at least 50 years earlier, provided that the original engine and body were preserved or restored to their original condition.

It should also be noted that, further in 2021, a mechanism for encouraging the voluntary disposal of outdated vehicles by both individuals and legal entities is expected to be introduced.

Please also note that, in accordance with Decree of the President of the RUz "*On Measures to Further Streamline Foreign Economic Activity and to Stimulate the Development of the Internal Market of Vehicles*" No. PP-4739 dated 03.06.2020, as of 01.08.2020 excise tax on the import of certain categories of vehicles has been eliminated. The purpose of this change is to create a competitive environment and favorable investment climate in the automotive industry of Uzbekistan.

#### **4) Provision of information on the movement of railcars and containers within the country.**

Decree of the President of the RUz "*On Reforming Customs Administration and Improving the Activities of the State Customs Service of the Republic of Uzbekistan*" No. UP-6005 dated 05.06.2020 introduced a number of reforms in the field of customs administration, leading to further improvement of the effectiveness of the customs authorities and the formation of "digital customs". As of 01.08.2020, railway transport organizations are obliged to regularly provide the customs authorities with information about the movement of railcars and containers under customs control within the country. This procedure for providing information should be carried out in real-time and free of charge through the integration of private information systems with the information systems of the customs authorities. This measure is expected to prevent illegal imports of goods into the country.

#### **From 16 August 2020:**

A new version of the Regulation "*On the Procedure for Monitoring and Controlling the Implementation of Foreign Trade Operations*" introduced by Resolution of the Cabinet of Ministers of the RUz "*On Measures to Further Improve the Monitoring of Foreign Trade Operations in the Republic of Uzbekistan*" No. 283 dated 14.05.2020, has come into force. The current version of the Regulation "*On the Procedure for Monitoring and Controlling the Implementation of Foreign Trade Operations*" is set out in Annex 1 to Resolution of the Cabinet of Ministers of the Republic of Uzbekistan No. 416 dated 30.09.2003.

The main changes introduced by the new version of the Regulation are as follows:

- New terms such as import and export (fair) exchange contract, processing contract (out of the country), centralized import and export contract, export consignment contract, and export contract in the territory of the Republic have been introduced and defined. Definitions of certain other existing terms have been clarified;
- Legal entities will be assigned with an identification number while entering the necessary information regarding foreign trade contracts and invoices into the Unified Electronic Information System for Foreign Trade Operations;
- Import and export of goods (work or services) on the basis of an invoice will be allowed without the need for a foreign trade contract, except for certain goods specified in the list provided by Decree of the President of the RUz "*On measures for further liberalization of foreign trade activities and support for legal entities*" No. PP-3351 dated 03.11.2017;
- The timeframe for the import and registration of goods in the "release for free circulation (import)" regime, as well as the terms for completion of work and services, and the period of repatriation of money paid for them, should not exceed 180 calendar days from the date of payment for import contracts. Moreover, the period of receipt of revenue or re-import of the goods for export operations should also not exceed 180 days from:
  - the date of registration of the cargo customs declaration under the export customs regime with respect to goods, or
  - the date of signing of the act of acceptance of completed work or services (with respect to work or services);
- The procedure was introduced to impose a fine on exporters who cause a delay in the inflow of foreign currency proceeds from abroad, and on importers who do not ensure the import of goods into Uzbekistan and their clearance in the release for free circulation (import) customs regime, or who do not perform work or services within the established timeframe. In these cases, the state tax service will send a demand for a fine, in response to which the legal entity should provide information about the elimination of overdue receivables on foreign trade operations or confirm the voluntary payment of fines within 10 (ten) days from the date of receipt of the demand. In case of non-payment or refusal to pay the fine, the state tax service may seek the imposition of a fine in court. After the court decision comes into force, the amount of the imposed fine is reflected in the official record of the legal entity. This amount is recognized as a tax debt and collection thereof is enforced in the same manner as tax obligations.

**From 21 August 2020:**

**Some changes on the import of food products and children's toys.**

According to Resolution of the Cabinet of Ministers of the RUz "On Amendments and Additions to the Regulations on the Procedure for Product Certification, approved by Cabinet of Ministers Resolution No. 318 dated July 6, 2004" No. 302 dated 20.05.2020, imports of the following products are allowed:

- food products with an expiration term that differs from the term prescribed by the regulatory documents in the field of technical regulation currently in force in the RUz. However, initial research is required to be carried out by appropriate accredited laboratories to determine whether the expiration date indicated on the product label corresponds to the safety parameters.
- baby food, children's toys, and energy drinks, provided that toxicological testing was carried out by the appropriate accredited laboratories for conformity with the safety parameters.

The Service for Sanitary and Epidemiological Welfare and Public Health of the RUz is responsible for maintaining the register of issued sanitary and epidemiological conclusions (the "**Conclusion**") on compliance (non-compliance) of products with the necessary requirements. The abovementioned Resolution provides a more detailed list of grounds for refusing to issue the Conclusion. In addition, the Resolution sets out the procedure for declaring food products unfit for consumption or use, banning the production, use or import of unfit products, as well as the adoption of methods and conditions for processing or destroying food products recognized as unfit for consumption, depending on their type.

*We hope that the above information is helpful. Should you have any questions, please contact our local team.*

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