

# News of Uzbekistan tax legislation

Alert on recent changes to tax legislation of Uzbekistan

August 2020

Decree of the Cabinet of Ministers of Uzbekistan No. 489 "On measures to improve tax administration related to foreign legal entities and value added tax (VAT)" was adopted on 14 August 2020 ("Decree"), in accordance with the new Tax Code which entered into force on 1 January 2020.

The Decree has adopted the following regulations:

- ▶ Regulation on VAT reimbursement;
- ▶ Regulation on the forms of VAT-invoices, the procedures of filling them in, their issuance and acceptance;
- ▶ Regulation on the procedure for determining the tax base of VAT based on the market value of goods and services (the procedure in this Regulation is applied in cases of free-of-charge transfer, exchange and other similar sales turnovers);
- ▶ Regulation on the procedure of making adjustments to the VAT base in cases if bad debts receivable for sold goods (services) are recognized;
- ▶ Regulations on the forms of notifications about participation in foreign legal entities, the procedure for filling in and submitting, as well as the Regulation on forms of notification about controlled foreign companies, the procedure for filling in and submitting. However, the Regulations in this paragraph (similarly to the respective articles of the new Tax Code) enter into force from 1 January 2022.

## Regulation on VAT reimbursement

- ▶ Reimbursement of the excess of input VAT over output VAT, including reimbursement by offsetting such amount against outstanding liability on other taxes, is carried out in accordance with the Tax Code and the procedures envisaged in the Regulation.
- ▶ The Regulation determines the procedures of:
  - submitting documents that serve as the basis for VAT reimbursement (including VAT refund on export operations);
  - conducting an in-house tax audit on the validity of the reimbursable amount of VAT;
  - reimbursing (refunding) VAT to diplomatic missions, consulates of foreign countries and equivalent organizations in Uzbekistan;
  - reimbursing (refunding) the amount of VAT to the participants of production sharing agreements.
- ▶ The Regulation stipulates that the refund of the VAT amount is carried out after a decision on (full or partial) reimbursement of the VAT amount as a result of an in-house tax audit, and after the offset of the reimbursable amount against the taxpayer's liability on other taxes.

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Regulation on the forms of VAT-invoices, the procedures of filling them in, their issuance and acceptance;

- ▶ The document defines the features of:
  - filling in VAT-invoices upon the sale of goods and services (including the sale of medicines and medical devices);
  - filling in VAT-invoices upon carrying out entrepreneurial activities under contracts of commission, agency and freight;
  - issuing additional and amended VAT-invoices;
  - issuing VAT-invoices upon the sale of goods (services) under certain contracts and upon providing discounts;
  - acceptance and formation of electronic VAT-invoices.
  
- ▶ The Regulation provides a special form of VAT-invoice drawn up for the sale of medicines and medical devices for which there are established maximum mark-up (margin) levels. According to the VAT-invoice form, the seller must, in addition to the usual details in a VAT-invoice, indicate the purchase price (i.e. the base price) and the percentage mark-up (margin) for each sold product.

We hope that you found this overview helpful. We will be glad to advise you on these changes in more detail and discuss should you have any questions.

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