

Uzbekistan introduces additional tax measures to support businesses amid the global COVID-19 pandemic

Alert on recent changes to tax legislation of Uzbekistan

July 2020

Uzbekistan President's Decree No. 6029 "On additional measures to support the population, business entities, catering and trade entities to reduce the negative impact of the coronavirus pandemic" was adopted on 20 July 2020 ("Decree").

According to the Decree, the following key tax measures are provided to support the economy and business:

- ▶ For a period from 1 July 2020 to 31 December 2020:
 - ▶ public catering enterprises (e.g. restaurants) and enterprises specialized in provision of premises for rent are exempt from revenue tax;
 - ▶ individuals are exempt from personal income tax (PIT) on income received from lease of real estate.
- ▶ For a period from 1 April 2020 to 31 December 2020, public catering enterprises are exempt from paying duty for the right to sell alcohol products;
- ▶ In 2020 no penalty is imposed for failure of timely submission of tax returns if tax returns are submitted not later than five days after the established deadline.
- ▶ From 1 July 2020, the threshold for annual average number of employees to be classified as small business for public catering enterprises is increased from 25 to 50 employees.
- ▶ Earlier provided tax benefits and preferences are extended until 31 December 2020, in particular:
 - ▶ property tax and land tax exemptions for:
 - ▶ small businesses;
 - ▶ markets and shopping malls, cinemas, public catering enterprises, public transport enterprises, sports and recreation facilities, as well as legal entities engaged in the transportation

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of passengers, the provision of household services, the provision of premises for rent;

- ▶ reduction of the social tax rate from 12% to 1% for small businesses, with the exception of manufacturers of excisable products and state enterprises;
- ▶ suspension of forced collection of tax liabilities, penalties and fines from small business outstanding as of 15 May 2020.
- ▶ In accordance with the Decree, the application of a reduced social tax rate is carried out by public catering enterprises, regardless of the number of employees.

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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