

News of Uzbekistan tax legislation

Guide to recent changes in tax and customs legislation of Uzbekistan

June 2020

Not only exporters will be able to refund VAT

In accordance with Article 5 of the Law of Uzbekistan No. ZRU-599 dated 30 December 2019 "On amendments and additions to the Tax Code of Uzbekistan", starting from 1 July 2020 tax authorities will refund to the taxpayers the amount of VAT formed as a result of excess of qualifying input VAT amount over output VAT amount. This means that tax authorities would be obliged to refund aforementioned excess VAT not only to exporters, but also to other VAT payers.

In order to obtain a refund, it is necessary to submit an application in an electronic form to the State Tax Committee ("STC") of Uzbekistan through the online personal account of the taxpayer.

Certain tax privileges are abolished

According to Presidential Decree UP-6111 dated 19 June 2020 "On cancellation of certain tax and customs privileges", several tax privileges previously provided by tax legislation of Uzbekistan will be abolished. In particular, from 1 October 2020:

- ▶ Tax exemptions provided by tax legislation will not cover social tax, unless social tax was expressly stated therein;
- ▶ VAT exemptions on purchase of works (services) from nonresidents are not applied to works (services) provided by the nonresidents operating in Uzbekistan via permanent establishments;
- ▶ Corporate Income Tax holiday for companies attracting 'foreign private direct investments' and companies that are members of Free Economic Zones will not be provided;
- ▶ Certain VAT exemptions (mainly import VAT exemptions) in various industries will be abolished, including:
 - foreign companies engaged in exploration for oil and gas fields, including their contractors and subcontractors;
 - textile and clothing industry; tourism sector; official dealers selling cars; electrotechnical industry; construction and reconstruction of roads; transport and logistics services; some other industries.

Changes in electronic VAT-returns

Considering that business entities are obliged to switch to VAT-invoices in electronic form starting from 1 January 2020, the STC has developed certain measures to optimize and automate the processes of tax filing by VAT payers:

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- ▶ The Register of VAT-invoices of sold goods (services) and the Register of VAT-invoices of purchased goods (services) in the VAT return will be formed automatically based on the database of electronic VAT-invoices.
- ▶ Unilateral electronic VAT-invoices are issued when importing or exporting services and selling goods/services (including banking services) to individuals through cash registers (payment terminals).

Restructuring of STC of Uzbekistan has been announced

Starting from 1 July 2020, tax administration of VAT payers in Tashkent, Andijan and Surkhondaryo regions will be fully transmitted to the regional State Tax Administrations (STA) and the STA of Tashkent city from district State tax inspectorates.

VAT on digital services of foreign companies

We also would like to remind that starting from 1 January 2020 foreign legal entities providing services to Uzbekistan individuals (B2C) in electronic form via Internet are required to register in Uzbekistan as a VAT payer via online platform and pay the calculated VAT liability to Uzbekistan tax authorities.

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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