

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

Alert on recent changes to tax legislation of the Republic of Uzbekistan

April 2020

Presidential Decree No. 5978 "On additional measures to support the population, sectors of economy and business during coronavirus pandemic" was adopted on 3 April 2020 ("Decree").

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

- ▶ Zero rate of customs duty and excise tax will be effective until 31 December 2020 for the import of goods according to the list provided in the Decree, which includes certain food products as well as sanitary-hygienic and medical products.
- ▶ From 1 April to 31 December 2020:
 - VAT payers with a sales turnover below UZS 1 billion (approx. USD 105,000) per month who use electronic VAT-invoices, are entitled to calculate and pay VAT on a quarterly basis (rather than on a standard monthly basis);
 - The increased rates of property tax and land tax related to unused production areas and non-residential buildings, as well as late payment interest and measures of forced collection of these taxes arising from such increased rates, shall not be applied;
 - Tour operators, travel agents and entities providing hotel services (accommodation services) are exempt from payment of land tax and property tax, and are entitled to pay social tax at a reduced rate of 1% on payroll costs (instead of the standard rate of 12%).
- ▶ Starting from 1 April 2020 taxpayers utilizing VAT exemptions granted by the decisions of the President of Uzbekistan and the Cabinet of Ministers are entitled to use funds released from taxation freely without redirecting such funds for specific targeted purposes.
- ▶ Starting from the second quarter of 2020 corporate income tax (CIT) payers are entitled to submit CIT advance payments statements based on the expected amount of tax payable, whilst the requirement for calculation of CIT advance payments based on the actual results of the previous quarter is not applied.
- ▶ Income resulting from receipt of an interest-free loan (financial aid), imputed for tax purposes based on the refinancing rate, is not subject to CIT and revenue tax (whichever applies) until the end of 2020.

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- ▶ Fixed amounts of individual income tax and social tax are not assessed for individual entrepreneurs, who have been forced to suspend their activities for the period of quarantine measures, by submission of notice through the personal online cabinet of the taxpayer.
 - ▶ Until 1 October 2020 interest free tax payment deferral is granted for small businesses and individual entrepreneurs, who have suspended their activities (with mandatory submission of notification to the tax authorities) and/or whose revenue is reduced by more than 50% compared to the average monthly revenue for the first quarter of this year: on revenue tax, property tax, land tax, water use tax - with the obligation of deferred payments in equal installments within further 12 months; on social tax - with the obligation of deferred payments in equal installments within further 6 months.

We will be glad to advise you on these changes in more detail and discuss should you have any questions.

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