



**TAX CODE  
OF THE REPUBLIC OF UZBEKISTAN**

**TASHKENT - 2008**

# **TAX CODE OF THE REPUBLIC OF UZBEKISTAN**

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Draft

## **TAX CODE OF THE REPUBLIC OF UZBEKISTAN**

Adopted by Legislative Chamber  
Approved by the Senate

### **I. GENERAL PART**

#### **SECTION 1. GENERAL PROVISIONS**

##### **CHAPTER 1. GENERAL PROVISIONS**

###### **Article 1. Relations Regulated by the Tax Code**

This Code regulates the procedure for establishment, introduction, order of tax accounting and collection of taxes and mandatory payments to the budget and public funds-in-trust, as well as relations concerning fulfillment of tax obligation and implementation of enforcement measures for national taxes.

###### **Article 2. Tax Legislation**

1. The tax legislation consists of the present Code and other legislative acts and normative (normative-legal) acts adopted in accordance with it.
2. Provisions of normative acts passed on the basis of and in accordance with this Code shall not contradict the provisions of this Code. In case of such contradiction, the provisions of this Code shall apply.
3. A normative-legal act shall be considered inconsistent with this Code if:
  - 1) it was adopted by an authority that in line with this Code has no right to adopt such an act or it was adopted with violation of the established order for adopting of normative-legal acts;
  - 2) eliminates or limits rights of subjects for tax regulations, changes content of responsibilities, justifications, conditions, consequence or order of actions of tax relations subjects established by the present Code;
  - 3) allows or admits actions prohibited by this Code;
  - 4) changes interpretation of terms and concepts established by this Code or uses these concepts and terms otherwise than specified by the present Code.

4. Normative-legal acts on taxation is considered as inappropriate in line with the present Code should any of the above mentioned within part three of the present article be available.

5. Authority or official adopted a normative-legal act subject to conflict with the present Code or superior authorities shall have the right either to revoke or amend it. Should it be the case that the above act is subject to repeal by an authority or an official, abolition of the normative-legal act takes place through the court or otherwise in line with the Law.

### **Article 3. Tax legislation and its operation in time**

1. Taxation shall be based on legislation in effect as of the date of the emergence (existence) of circumstances related to the fulfillment of a tax obligation.

2. Acts of tax legislation do not apply retroactively and are exercised with regards to relations emerged following the acts come into force, unless the present article stipulates otherwise.

3. Acts of tax legislation apply retroactively in case they eliminate or mitigate responsibility for violation of the tax legislation.

4. Acts of tax legislation apply retroactively in case it is unequivocally envisaged in the present acts of the tax legislation and they anticipate elimination of taxes and mandatory payments, reduction of tax and mandatory payments rate, abolition of duties and otherwise mitigation of tax relation subjects position, excluding cases envisaged by the part three of the present article.

5. Acts of tax legislation, envisaging establishment of new tax and mandatory payments, full or partial abolition of concessions, increasing of tax basis shall be published not later than 1<sup>st</sup> December and come into force starting 1<sup>st</sup> January of the next year following the year of publication.

6. Tax legislation acts anticipating change of rates for current taxes and mandatory payments shall be published not later than a month prior to reporting period and come into force on the first day of the reporting period following the month of publication.

7. Acts of tax legislation related to regulation of tax relations and not specified in parts five and six of the present article shall come into force after ten days since the day of official publishing if a later date is not indicated.

#### **Article 4. International treaties norms in force**

If an international treaty, recognized the Republic of Uzbekistan establishes other provisions than those by the present Code, the regulations and norms of the international treaties shall apply.

#### **Article 5. Principles of tax legislation**

1. The tax legislation is based on principles of obligation, distinctness, justice of taxation, commonness of tax system, openness of tax legislation and presumption of rectitude of taxpayer.

2. Standings of tax legislation shall not contradict principles of the present Code.

#### **Article 6. Principle of obligation of taxation**

1. The present Code establishes, changes or abolishes taxes and mandatory payments.

2. Each individual is obliged to pay taxes and mandatory payments specified by the present Code.

3. No one can be required to pay taxes or mandatory payments that are not contemplated by this Code or that are established in conflict with the norms of the Code.

#### **Article 7. Principle of distinctness of taxation**

1. Taxes and mandatory payments shall be distinct. Tax legislation are to be formulated in such a way that each taxpayer knows which taxes and mandatory payments shall be paid as well as dates, sizes and order of the above payments.

2. When establishing taxes and mandatory payments taxpayers shall be identified as well as elements of taxation and mandatory payments if otherwise is not envisaged by the present Code.

#### **Article 8. Principle of justice of taxation**

1. Taxation is universal.

2. Establishment of tax concessions shall correspond to the principles of social justice. It is precluded to provide tax concessions of individual nature.

3. Taxes and mandatory payments cannot be of discriminative nature and cannot be variously applied based on social, racial, national, religious and other similar criteria.

#### **Article 9. Principle of commonness of tax system**

1. The tax system is common throughout the territory of the Republic of Uzbekistan

towards all taxpayers.

2. It is precluded to establish taxes and mandatory payments directly or implicitly limiting free movement of goods (works, services) or financial assets within the customs territory of the Republic of Uzbekistan.

### **Article 10. Principle of openness of tax legislation**

Normative-legal acts regulating issues of taxation are subject to compulsory publication in official editions. Those normative-legal acts officially not published for public information are not considered as those subject to come into force and cannot be a justification for regulation of tax relations, and application of any sanctions towards subjects of tax relations for failure to fulfill the standings included in those acts

### **Article 11. Principle of presumption of taxpayer rectitude**

All unavoidable contradictions and vagueness of tax legislation are interpreted in the favor of taxpayer.

## **Chapter 2. Definitions of Terms Used in this Code**

### **Article 12. Taxes and mandatory payments**

2. A fee shall be defined as an obligatory contribution collected from organizations and individuals the payment of which is one of the conditions of legally significant actions shall be taken in relation to payers of mandatory payments by government authorities, local self-government bodies or other bodies and officials authorized by them, including granting of particular rights or issuance of permits (licenses).

1. Taxes, established by the present Code, shall be defined as mandatory payments to budget collected within a specified rate, having regular, irrevocable and gratuitous nature.

2. Mandatory payments, established by the present Code, shall be defined as an obligatory contribution to public funds-in-trust; customs duties, as well as mandatory payments, public mandatory payments, the payment of which is one of the conditions of legally significant actions to be taken in relation to payers of mandatory payments by government authorities, including granting of particular rights or issuance of permits (licenses).

### **Article 13. Taxpayers. Tax agents. Representatives of taxpayers.**

1. Taxpayers shall be individuals and/or legal entities and their independent affiliates, who have an obligation to pay taxes and mandatory payments in accordance with this Code.

2. Tax agents shall be defined as persons who, under this Code, are required to calculate, withhold payments from the taxpayer and remit taxes and mandatory payments to the corresponding budget (extra-budgetary fund).

3. Representatives of taxpayer shall be defined as persons authorized to represent taxpayer in accordance with a law or statutory document.

4. Applying of the term “taxpayer” in the text of the present Code envisages its exercising similarly in the meaning of “tax agent” and “taxpayer representative”.

#### **Article 14. Tax authorities**

1. Tax authorities shall include:

1) departments of the public tax service, including the State Tax Committee of the Republic of Uzbekistan, state tax departments of the Republic of Karakalpakstan, oblasts and the city of Tashkent, as well as state tax inspections of cities/towns and rayons in cities/towns.

2) customs departments, including the State Customs Committee of the Republic of Uzbekistan, Department of the State Customs Committee of the Republic of Karakalpakstan, oblasts, the city of Tashkent, customs complexes and posts;

3) financial departments, including the Ministry of Finance of the Republic of Uzbekistan, the Ministry of Finance of the Republic of Karakalpakstan, financial departments of khokimiyats of oblasts and the city of Tashkent, financial departments of rayon and municipal khokimiyats, as well as departments of treasury;

4) other authorities, including state departments and organizations that are responsible to collect taxes and mandatory payments following legislative acts.

#### **Article 15. Subjects of tax relations**

Taxpayers and tax authorities shall be defined as subjects of tax relations.

#### **Article 15. Legal entities and individuals**

1. Legal entity shall be defined as:

1) organization, established in line with the legislation of the Republic of Uzbekistan, that has a separate estate as a property or within its economic activity or operative management and meets its corporative responsibilities with the above estate; that is able on its behalf to obtain and property and personal non-property rights, to carry responsibility, to be plaintiff and defendant in the court;

2) foreign and (or) international organization having civic legal capacity, established in line with the legislation of a foreign state.

2. Physical entities are citizens of the Republic of Uzbekistan, citizen of foreign states as well as persons without citizenship.

#### **Article 17. Non-commercial organizations**

Non-commercial organizations shall be defined as legal entities whose major activity

does not aim at gaining profit and who do not distribute gained incomes among its participants (members).

From the point of view of taxation non-commercial organizations shall include budget organizations, departments of public authorities and management, non-public organizations, including international organizations officially registered in the Republic of Uzbekistan as well as institutes of self-governing of citizens.

### **Article 18. Individual entrepreneur**

Individual entrepreneur shall be defined as physical entity carrying out entrepreneurial activity without an independent establishing a legal entity, without the right to employ workers based on property owned as well as on other right allowing possession and (or) use of property.

### **Article 19. Residents and non-residents**

1. The resident of the Republic of Uzbekistan is:

Legal entity publicly registered in the Republic of Uzbekistan;

Physical entity permanently residing in the Republic of Uzbekistan or staying in the Republic of Uzbekistan for a total duration of 183 and more days within any consecutive twelve-month period ending in the current tax period.

2. The following persons are not specified as those subject to the actual stay in the Republic of Uzbekistan within which a citizen of a foreign state or person without citizenship would reside:

- 1) persons having diplomatic or consular status;
- 2) employees of international organizations established within international treaty, which the Republic of Uzbekistan is a participant of;
- 3) members of families of persons specified in paragraph 1 of the present part under condition that these individuals do not carry out entrepreneurial activity;
- 4) those solely for traveling from one foreign state to another state through the territory of the Republic of Uzbekistan (transit);
- 5) tourists for medical treatment or recreation in case these individuals stayed in the Republic of Uzbekistan as tourist utterly with these purposes.

3. Nonresidents of the Republic of Uzbekistan are those not meeting criteria established by the paragraph one of the present article.

### **Article 20. Permanent establishment**

1. Permanent establishment of non-resident enterprise of the Republic of Uzbekistan shall be defined as any object through which the non-resident enterprise carries out entrepreneurial activity in the Republic of Uzbekistan, including activity carried out through an authorized person.

2. The concept “permanent establishment” is used only to determine the tax status of a non-resident enterprise of the Republic of Uzbekistan and has no organizational –

legal purpose.

3. The concept “permanent establishment” shall include:

- 1) any object of activity related to production, processing, completion, pre-packing, packing and realization of goods;
- 2) any object of management, affiliate, branch, representation, bureau, office, suite, agency, manufacture, workshop, factory, laboratory, shop, warehouse;
- 3) any object of activity related to natural resources extraction: mine, pit, oil and/or gas well, open pit;
- 4) any object of activity (including supervision and monitoring) related to pipeline, gas mains, prospecting or exploring of natural resources, erection, mounting, assembling, setting up, start up and/or maintenance of equipment;
- 5) any other object of activity related to exploitation of playing machines (including play stations), computer networks and communications channels, side-shows, transport or other infrastructures;
- 6) construction site or construction, assembling and mounting object, as well as services related to supervision of these activities;

Each construction site from the moment of start of works is considered as a separate permanent establishment.

If subcontractors are other non-resident enterprises, then their activity is similarly considered as separate permanent establishments of subcontractors since the day of commencement of works at this construction site;

7) carrying out of activity, though entity that is based on contractual agreement with the non-resident enterprise of the Republic of Uzbekistan, represents its interests in the Republic of Uzbekistan and operates in the territory of the Republic of Uzbekistan on behalf of this non-resident enterprise of the Republic of Uzbekistan; has and regularly uses authority to enter into contracts on behalf of the non-resident enterprise of the Republic of Uzbekistan (dependent agent).

8) realizing goods on regular basis from warehouses located in the territory of the Republic of Uzbekistan, owned, rented or used otherwise by the non-resident enterprise (including customs warehouses).

9) carrying out of other works, services, other activity but those envisaged in the paragraph five of the present article.

4. In certain cases such as construction of roads and exploring of minerals, i.e. where a regular transferring takes place other criteria are used to determine a permanent object. In such a cases the whole project is regarded as permanent establishment regardless the nature of its transferring.

5. The concept “permanent establishment” shall include:

1) carrying out of activity of preparation and subsidiary nature, that in particular include:

utilization of premises solely for the purpose to store, demonstrate and (or) deliver goods, owned by the non-resident enterprise prior to realization of goods;

maintaining of goods storage, owned by the non-resident enterprise solely for the purpose to store, demonstrate and (or) deliver goods, prior to realization of goods;

maintaining of a permanent object solely for the purpose to gather, process and (or) distribute information (without the right to sell), marketing, advertising or study of goods (works, services) market of the non-resident enterprise, if this activity is not its major one;

maintaining of a permanent object solely for the purpose to perform any other activity listed in the present paragraph, under condition that overall activity is of preparatory or auxiliary in nature in the interests of the nonresident enterprise;

2) carrying out of activity through an independent middleman: broker, commissioner, confidant, promandatory participant of securities market or any other person acting on the basis of the errand contract, commission or other similar agreement and not authorized to sign contracts on behalf of this non-resident enterprise.

Independent middleman is a person acting within his regular (major) activity and independent both legally and economically from the non-resident enterprise;

3) carrying out operations on import of export of goods from the Republic of Uzbekistan including those within foreign trade contracts, solely on behalf of this non-resident enterprise of the Republic of Uzbekistan and activities with regards to the purchase of goods in the Republic of Uzbekistan, as well as operations on goods export to the Republic of Uzbekistan;

4) ownership of securities, shares in the capital of legal entities-residents of the Republic of Uzbekistan as well as of other property in the territory of the Republic of Uzbekistan by the non-resident enterprises.

If the non-resident enterprise of the Republic of Uzbekistan shall impose such a legal entity carrying out of representative functions, except functions of preparatory and subsidiary nature in line with the paragraph 1 of the present article, then this legal entity, besides it is an independent taxpayer, shall simultaneously be regarded as a permanent establishment of the non-resident enterprise of the Republic of Uzbekistan.

5) Provision of a personnel by the non-resident enterprise of the Republic of Uzbekistan for works in the territory of the Republic of Uzbekistan to the legal entity – resident of the Republic of Uzbekistan or other non-resident enterprise of the Republic of Uzbekistan, carrying out its activity in the Republic of Uzbekistan through a permanent establishment, under absence of features of a permanent establishment, envisaged by the item 3 of the present article, in case this personnel acts solely on behalf and in the interests of the organization it was headed to.

6. Permanent establishment is considered as that started the day of commencement of works, services if this day can be determined unambiguously. Should it not be the case one of the below mentioned days will be regarded as a commencement day:

1) the day of initiating of works, services specified in the contract;

2) day when license comes into force if the license was received with the purpose to carry out works or services on a given contract;

In this case permanent establishment is considered as that started the day of



commencement at the earliest of one of the above mentioned came into force.

7. Construction site or construction, mounting or assembling unit shall create a permanent establishment from the moment of signing an act on transferring the site to subcontractor.;

8. permanent establishment ceases its activity from the moment of ceasing its activity through this establishment. If it cannot be specified unambiguously, then one of the below mentioned shall be considered as the day of ceasing of the activity:

- 1) day of signing of an act on carried out works, services;
- 2) day of providing of the last bill for payment of works, services carried out by a permanent establishment of the non-resident enterprise of the Republic of Uzbekistan;
- 3) day of actual submission of the final calculation of the income tax by legal entities to tax authorities.

#### **Article 21. Other definitions applied in the present Code.**

1. The following definitions are applied with the purpose of taxation:

1) **rental (leasing) payment** is a sum paid to the tenant in life (leser) by the tenant in time (lessee) based on a contract for rent (leasing);

2) **uncollectible bills** are bills cannot be reimbursed as a result of cease of obligations on the decision of the court, bankruptcy, liquidation, death of debtor or of expiry of statute of suit limitation;

3) **family**—spouses, children, and parents residing jointly and maintaining a common household;

4) **budget** is the budget of the Republic of Uzbekistan, budget of the Republic of Karakalpakstan and local budgets;

5) . Winnings – any type of income in cash and in kind received by taxpayers from contests, competitions (Olympiads), festivals and other similar events.

6) **income from realization of goods (works and services)** – sum of gains received (subject to receive) for realized goods (works, services) including cost of paid-in property;

7) **public funds** – funds consolidated within the State budge for each of the legislation sets sources of means, norms and conditions of inflow of funds, as well as purposes these means can be spent to;

8) **grant** – property provided on an unrequited basis: by states and governments of states; international and governmental organizations, foreign nongovernmental social organizations and foundations included in the list established by the Government of the Republic of Uzbekistan, to the Republic of Uzbekistan, to the Government of the Republic of Uzbekistan, institutes of self-governing of citizens, juridical and physical entities as well as property, provided on unrequited basis by foreign citizens and persons without citizenship to the Republic of Uzbekistan and the Government of the Republic of Uzbekistan;

9) **humanitarian assistance** – property provided free of charge for medical and social assistance to socially vulnerable groups of population, support of establishments of social sphere, prevention and liquidation of aftermaths of calamities, accidents and catastrophes, epidemics, epizooties and other emergencies. It is provided in the form of food, consumer goods, hardware, tools, equipment, medical supplies and medicines, and other parts as well as unsolicited contributions, works and services, including transportation, escorting and storage of loads of humanitarian assistance and is distributed by the Government of the Republic of Uzbekistan through authorized agencies; sent from foreign countries and international organizations to improve the living conditions and daily life of the population, and also for the prevention and clean-up of emergencies of a military, environmental, natural, industrial, or other nature, distributed following the procedure established by the government of the Republic of Uzbekistan.

10) **goods made of customer-supplied raw stock and materials** shall include raw stock owned by customer, that is forwarded for industrial processing to other person to produce goods in line with contract;

11) **dividends**— any distribution of funds or property by a legal person to its participants (shareholders) including dividends disguised as other payments but excluding the distribution of funds or property for purposes of redemption of shares (other than a redemption that has substantially the same effect as the distribution of a dividend) or income received from property distribution upon liquidation of a legal person, and also excluding a distribution of shares that does not change the percentage interests of the shareholders.

12) **expenses of record** are expenses confirmed with documents allowing definition of a date, sum, nature of operation and identify its participants;

13) **universal register of taxpayers of the Republic of Uzbekistan** is a system of public base for taxpayers data run by the State Committee of the Republic of Uzbekistan;

14) **property** material including cash and securities, non-material objects that can be subject to property, use and disposal. Defining of an object as property is carried out in line with the Civic Code of the Republic of Uzbekistan;

15) **source of payment** is a legal entity carrying out payments to taxpayer;

16) **foreign physical entity** is a citizen of a foreign state or non-resident enterprise;

17) **benefit from exchange** is a difference (positive or negative) emerging on operations carried out in hard currency in line with the change of exchange rate towards the national currency of the Republic of Uzbekistan;

18) **entity** is physical or legal entity;

19) **minimum wage** is a minimal wage per month established in line with the legislation of the Republic of Uzbekistan;

20) **tax liability** is a sum of underpayment or unpaid financial sanctions;

21) **tax relations** are relations regulated by tax legislation;

22) **underpayment** is a sum of taxes and other obligatory payments that are not paid

within the set deadline;

23) **generally established taxes** are taxes and mandatory payments apart from taxes envisaged by a simplified regulation for taxation;

24) **operational rental** is provision of property for temporary ownership and use in line with a rental contract that is not an agreement for financial lease in line with the paragraph 41 of the present part;

25) **major workplace** is a workplace where employer is to run work record for employees in line with the labor legislation;

26) **major type of activity** is activity of legal entity on which the share of gain prevails in overall volume of realization;

27) **interest** – any payment related to a debt obligation, including income from bonds, bills of exchange and other securities as well as deposit payments and other liabilities;

28) **interest income of the tenant in life (leser)** is a part of rental (leasing) payment determined in line with legislation on accounting in the form of difference between the sum of rental (leasing) payment and the sum of repayment of the cost of financial lease (leasing);

29) **worker** is a physical entity carrying out work on labor contract with employer;

30) **realization** is shipment (transferring) of goods, carrying out of works and services with the purpose of sales, exchange and gratuitous granting, as well as transferring of the right for deposited goods to pawnbroker by depositor of the property;

Documents confirming realization include invoice, acts on completion of works and services, vouchers, checks and other documents confirming the fact of goods shipment, completion of works and services;

31) **royalty** includes payments of any type for:

use or provision of the right to apply copyrights for any pieces of literature, arts and/or science including computer software, cinema, TV, video films, radio and TV records;

patent (certificate) use, confirming the right for an object of industrial property, trademark, design or model, plan, secret formula or process or information (know how) on industrial, commercial or scientific experience;

32) **prime cost** is a cost evaluation of products used in manufacturing, carrying out of works, services, material resources, fixed funds, labor resources as well as other expenses necessary for carrying out of production process, works and services;

With the purpose of taxation prime cost is defined in line with the legislation on accounting;

33) **subsidy from the state budget** are resources provided by the state from the public budget for strictly determined purposes;

34) **goods** is a property apart from cash, for realization that is the product of taxpayer or obtained by him for further resale;

35) **goods turnover** in cash expression obtained (are to be gained) from realization of goods within trade activity for a certain period of time;

36) **trade activity** is activity on sales of goods purchased with the purpose of their resale as well as representation of goods in retail network on agreements of

commission.

The trade activity can be of the following nature:

Retail trade activity is sales of goods to final consumers for their own necessities in retail trade network;

Wholesale trade activity is sales of goods obtained as a property with the purpose of further resale apart from cases envisaged in the paragraph 3 of the present clause;

37) **simplified order of taxation** is a special order for taxation established for separate categories of taxpayers and envisaging application of special regulations for calculation and payment of separate types of taxes as well as provision of tax reporting on the latter;

38) **financial lease** is one of types of rental relations emerging when transferring property (object of financial lease) within a property contract and usage for term exceeding twelve months and meeting one of the following requirements:

upon completion of the contract term for financial lease of the object of financial lease transfers to the property of the tenant in life;

the term of financial lease contract exceeds 80 percents of the term of service of the object of financial lease or depreciated cost of the object of financial lease on completion of the contract for financial lease makes less than 20 percents from its initial cost;

upon completion of the term of the contract for financial lease, tenant in time has the right to purchase the object for financial lease on the price less than its market cost by the date of realization of this right;

current discounted cost of rent payments for the period of the contract of financial lease exceeds 90 percents of the current cost of the object of financial lease by the moment of transferring to long-term lease. The current discounted cost is defined in line with the legislation on accounting;

39) **financial-credit organizations** are commercial banks, credit unions, micro credit organizations, lombards and other credit organizations having the license of the Central Bank of the Republic of Uzbekistan;

40) **net income** is profit (income) remaining after the deduction of the profit tax (income tax) and excise tax that will be included into the cost of goods (works, services).

41) **net profit** is a profit remaining after payment of taxes and mandatory payments.

42) **force major** are extreme, unavoidable and unpredictable conditions caused by natural calamities (earthquake, landslide, hurricanes, drought, etc.) other calamities or social-economic factors (war, blockade, bans for import and export in the interests of the country, etc.) that do not depend on the will and activities of parties, to which reason later obligations cannot be fulfilled;

43) **members of family** include spouse(s), parents or guardians, children including those adopted.

44) **export of goods** is export of goods from the customs territory of the Republic of Uzbekistan without obligations on their import if otherwise is not envisaged by the legislation;

45 ) **export of works (services)** is carrying out of works, provision of services by

legal and physical entities of the Republic of Uzbekistan to legal and physical entities of a foreign states regardless the place of execution (provision) of those works and services;

2. Other special definitions and terms of tax legislation are applied in meanings specified in the corresponding articles of the present Code.

3. Definitions and terms of civic, family and other fields of the legislation of the Republic of Uzbekistan applied in the present Code are used in the interpretation used in these field of legislation if other is not specified by the present Code.

## **CHAPTER 3. SYSTEM OF TAXES AND MANDATORY PAYMENTS**

### **Article 22. Types of taxes and mandatory payments**

1. Taxes and mandatory payments specified in the present article are valid in the Republic of Uzbekistan.

2. Taxes:

- 1) the corporate profit tax;
- 2) the personal income tax (tax on income of individuals);
- 3) the value-added tax;
- 4) the excise taxes;
- 5) the tax on users of mineral resources;
- 6) the tax on water resources;
- 7) the property tax;
- 8) the land tax;
- 9) the social tax;
- 10) the personal tax for consumption of gasoline, diesel fuel and gas for transport means.

3. Mandatory payments to social funds:

- 1) single social fee;
- 2) insurance payments to the extra-budgetary Pension Fund;
- 3) compulsory payments to the extra-budgetary Pension Fund;

4. Mandatory payments to the Republican road fund:

- 1) compulsory payments to the Republican road fund;
- 2) fee for purchase and (or) temporary import of vehicles to the Republic of Uzbekistan;
- 3) fee for import and transit through the territory of the Republic of Uzbekistan of vehicles owned by foreign states.

5. Fee for the right to carry out retail trade for separate types of goods.

6. State duty.

7. Customs duties.

8. Simplified order for taxation can be applied in cases and order established by the present Code envisaging payment of:

- 1) single tax payment;
- 2) single land tax;
- 3) fixed tax on separate types of entrepreneurial activity.

9. Taxes envisaged in paragraphs 1-6 of the item 2, paragraphs 6 and 7, items 1 and 3 of the item 8 of the present article are state taxes. Taxes envisaged in paragraphs 7-10 of item 2, item 5, paragraph 2 of the item 8 of the present article are considered as local taxes.

10. Sums of taxes and mandatory payments are addressed to incomes of corresponding budgets and state public funds in order envisaged by the legislation on the State Budget for a corresponding year.

General state taxes are distributed among corresponding budgets on norms annually established in the order specified by the legislation.

### **Article 23. Elements of taxes and mandatory payments**

1. Tax or fee is considered as established only in case, when taxpayers are defined in tax legislation, as well as elements necessary for calculation and payment of this tax or fee.

2. Elements for taxes and mandatory payments are:

- Tax object;
- Tax base;
- Tax rate;
- Order of tax estimation;
- Tax period;
- Order of tax reporting;
- Order of payment.

3. In cases envisaged by the present Code, when establishing tax or fee in the tax legislation also tax concessions can be envisaged as well as justification for their application by taxpayers.

4. Taxpayers and tax and mandatory payments elements are determined with regards to each taxes and mandatory payments.

### **Article 24. Tax object**

An object of taxation and/or an object related to taxation may consist of property, actions, result of actions the availability of which provoke the obligation to pay tax or fee.

## **Article 25. Tax base**

1. The tax base shall consist of the value, physical, or other characteristics of an object of taxation and/or an object related to taxation, on the basis of which the amount of tax payable to the budget is determined.
2. The tax base is determined with the present Code or other legislative acts adopted in line with it.

## **Article 26. Rate**

1. The tax rate shall consist of the amount of tax assessed per unit of the tax base.
2. The tax rate shall be established as a percentage and/or as an absolute amount per unit of the tax base.

## **Article 27. Order of calculation of taxes and mandatory payments**

1. Order of calculation of taxes and mandatory payments determines regulations for calculation of amount of taxes and mandatory payments within a tax period based on tax base, rate as well as concessions if available.
2. Calculation of taxes and mandatory payments is done by taxpayers on individual bases.
3. In cases envisaged by the present Code, responsibility on estimation of taxes and mandatory payments can be imposed on the department of State tax agency or tax agent.

## **Article 28. Tax period**

1. The tax period shall be understood to mean the period of time established with respect to individual taxes by this Code, upon the expiration of which the tax base is determined and the amount of tax payable or fee to the budget is calculated.
2. The tax period may consist of one or several reporting periods upon the expiration of which advance (current) payments are made.

The period when obligation on payment of amounts of taxes and mandatory payments is not considered as reporting period.

## **Article 29. Tax Concessions**

1. Concessions on taxes shall refer to advantages compared to other taxpayers which are granted to individual categories of taxpayers as provided for by this Code, other legislative acts, enactments of the President of the Republic of Uzbekistan, that contain provisions concerning taxation, including the possibility of not paying a tax, paying a smaller amount of tax.

The Enactment of the President of the Republic of Uzbekistan can delegate the right to establish concessions for property tax, land tax and social tax to agencies for public management on sites

2. Taxpayers have the right to use concessions on taxes and mandatory payments from the moment of emerging of corresponding legal justifications within the whole period of their action.

3. In line with the tax legislation concessions on taxes and mandatory payments can be transferred under condition of addressing of free means to certain purposes. In case of these means are used out of purpose the amount equal to out of purpose use is to be paid to the budget with fine in the established order.

## **SECTION 4. RIGHTS AND OBLIGATIONS OF TAX SUBEJCTS**

### **Article 30. Rights of taxpayers.**

Taxpayers shall have the right to:

- 1) receive free information on current taxes and mandatory payments, laws on taxes and mandatory payments and other acts containing rules of taxes and mandatory payments legislation and/or amendments to the latter, and also on the rights and duties of taxpayers, and powers of the tax authorities and their officials from the tax authorities under the jurisdiction of registration;
- 2) receive explanations from the tax authorities and other authorized state bodies about application of legislation relevant to taxes and mandatory payments;
- 3) represent their interests in tax legal relations in person or via their representative;
- 4) use tax benefits provided there are grounds for it and in accordance with the procedure established by the present Code taxes and mandatory payments legislation;
- 5) the timely credit or refund of tax, penalty interest, fines amounts paid or collected over and above the correct amount;
- 6) receive deferral, the right to pay by installments, a tax loan or an investment tax credit in accordance with the procedure and on conditions set by this Code;
- 7) individually correct mistakes made when accounting the tax object, calculation and taxes and mandatory payments payments;
- 8) receive copies of a tax audit protocol and materials;



9) provide explanations on the calculation and payment of taxes and mandatory payments, and also on protocols of audits conducted to the tax authorities and their officials;

8) be present at a field tax audit;

9) receive copies of a tax audit protocol and decisions of the tax authorities, and also of tax notices and requirements for tax payment;

10) not to comply with unlawful acts and demands of the tax authorities and their officials which do not correspond to this Code or other normative-legal acts;

require compliance with tax and other legislation from tax officials while the latter perform actions with respect to taxpayers;

11) appeal against acts of the tax authorities and actions (failure to act) of their officials in accordance with the established procedure;

12) claim full compensation for losses caused by unlawful decisions of the tax authorities or unlawful actions (failure to act) of their officials in accordance with the established procedure.

13) participate in tax relations through legal or plenipotentiary representative.

Plenipotentiary representative of taxpayer acts on the basis of agreement issued by taxpayer.

Personal participation of taxpayer in tax relations does not exempt him from the right to have a representative as well as participation of a representative does not exempt the taxpayer from the right to personally participate in the above mentioned relations.

Action (failure to act) of representatives of taxpayer carried out with regards to participation of this taxpayer in tax relations is acknowledged as action (failure to act) of taxpayer.

**2.** Taxpayers shall also have other rights under this Code and other acts of taxes and mandatory payments normative-legal acts.

**3.** Rights of taxpayers are secured with the corresponding obligations of officials of public tax agency and other authorized agencies.

**4.** Incompliance or improper fulfillment of obligations on securing of rights of taxpayers make accountable in line with the legislation.

### **Article 31. Obligations of taxpayers**

**1.** Taxpayers shall be required to:

1) pay taxes and mandatory payments imposed in a lawful and timely manner;

- 2) keep records of their income (expenses) and taxable parts in accordance with the established procedure and maintain financial and tax statements in line with legislation;
- 3) provide documents on concessions pay taxes to the tax authorities and their officials in cases provided for by this Code;
- 4) provide the necessary information and documents on payments of taxes and mandatory payments in cases of audits to the tax authority;
- 5) to carry out legal requirements of tax agencies and of other authorized agencies and not to impede legal actions of the above mentioned agencies.

### **Article 32. Obligations of tax agents**

1. Tax agents similarly shall be required to:

- 1) estimate, withhold taxes for each individual taxpayer from resources paid to taxpayers and remit to the budgets (extra-budgetary funds) correctly and on time the corresponding;
- 2) keep records of income paid to taxpayers and taxes withheld and remitted to the budgets (extra-budgetary funds), including separate records for each taxpayer personally;
- 3) carry out other duties envisaged by the present Code for tax agents.

2. Tax agents have similarly other duties envisaged by the tax legislation.

### **Article 33. Rights and obligations of authorized agencies**

Rights and obligations of authorized agencies are regulated by the Present Code and other normative-legal acts.

## **DIVISION II. EXECUTION OF TAX OBLIGATION**

### **CHAPTER 5. GENERAL REGULATIONS FOR CARRYING OUT OF TAX OBLIGATION**

#### **Article 34. Tax obligation**

Tax obligation is a duty of taxpayer emerging in accordance with tax legislation in compliance with which taxpayer is to:

- 1) register with the tax bodies if this Code provides for such an obligation;
- 2) keep records of their income (expenses) and taxable parts in accordance with the

established procedure;

3) to compile tax and financial statements and provide them to agencies of tax services;

4) timely and fully pay taxes and mandatory payments.

### **Article 35. Execution of tax obligation**

1. Execution of tax obligation is carried out immediately by taxpayers apart from cases when in line with the present Code or other legislative act it is imposed on other entity.

2. Tax obligation of taxpayer – legal entity on its independent branches shall be carried out by these branches independently in case they own their own property and have an independent balance and accountant (s) in banks.

3. When transferring property subject for taxation to entrusted management, tax obligation of tax payer – establisher can be carried out by authorized manager in case these duties are imposed by the establisher.

4. Default on the duty of tax payment or improper discharge of this duty shall be ground for sending a claim for tax payment to a taxpayer in line with the present Code.

### **Article 36. Terms of execution of tax obligation**

1. Tax obligation is to be carried out by taxpayer within terms set by the present Code.

2. The taxpayer has the right to carry out the tax obligation ahead of time.

3. Terms of execution of the tax obligation are determined by calendar date or cease of period of time in years, quarters, months, decades and days.

4. Duration of term starts the next day following the calendar date or beginning of event that determines its commencement. Tax obligation is to be carried out before twenty four hours of the last day of tax obligation execution.

5. In case the last day of the term is on a weekend (non-working) day, the final day for the term is considered the next working day.

### **Article 37. Cease of tax obligation**

1. Tax obligation of the physical entity is ceased:

1) with his death;

2) when the court decision on comes into force acknowledgement of his death.

2. Tax obligation of the legal entity is ceased:

- 1) upon its liquidation;
- 2) upon its reorganization by means of uniting (with regards to associated legal entity), fusion, division and reorganization.

### **Article 38. Statute of limitations of action on tax obligation**

1. The tax authorities may make or amend a tax assessment on a physical person or legal person within five years after the end of the taxable period.
2. A taxpayer shall be entitled to request a tax refund or credit within five years after the end of the tax period.
3. Duration of limitation of action is suspended, ceased or rehabilitated in accordance with the civil legislation.

## **CHAPTER 6. DEFINITION AND RUNNING OF TAX OBJECTS ACCOUNTING AND OBJECTS RELATED TO TAXATION**

### **Article 39. Determining and accounting of tax objects and objects related to taxation**

1. Object of taxation and objects related to taxation on each type of tax and mandatory payments are determined in accordance with a special part of the present Code.
2. Revenues of taxpayers and corresponding deductions for accounting of taxes and mandatory payments are reflected in a reporting period they are related tax objects regardless the time of payment and date of income of cash (method of calculation).
3. Accounting of property is carried out in line with the legislation on accounting.

### **Article 40. Order of definition of tax objects and objects related to taxation in separate cases.**

In case of loss or liquidation of accounting documentation by taxpayer agencies of State tax service can determine amount of taxes and mandatory payments subject to pay to budget and public funds by means of calculation based on information on taxpayer as well as data on other similar taxpayers in line with order established by the State Tax Committee of the Republic of Uzbekistan and the Ministry of Finance of the Republic of Uzbekistan.

### **Article 41. Accounting documentation. Compilation and storage of accounting documentation**

1. Accounting documentation is primary documents, registers of accounting and other documents that are basis for determining tax objects and of objects related to

taxation as well as accounting of taxes and mandatory payments.

2. Accounting documentation is written in hard and electronic copies and is kept until the end of statute of limitations on tax obligation established by the present Code.

3. When reorganizing legal entity obligations on keeping of accounting documentation of a reorganized entity are forwarded to its assignee.

4. When liquidating legal entity accounting documentation is forwarded to a corresponding state archive in the order established by the legislation.

#### **Article 42. Separate accounting and regulations for its running**

1. Taxpayers who are engaged in activities for which this Code establishes different taxation conditions shall be required to maintain separate accounting records of the objects of taxation and objects related to taxation in connection with these activities.

2. Taxpayers shall maintain separate accounting records by performing calculations on the basis of accounting data.

3. All income and expenditures relating to a certain type of activity shall be supported by the relevant accounting documentation.

4. Separate accounting can be carried out with proportional method or the method of direct accounting.

5. The method of separate accounting is determined by the policy of the legal entity for the whole financial year and cannot be amended within a year.

6. Within a proportional method all revenues, expense and other objects of taxation or objects related to taxation refer to a definite type of activity and proportionally to the share of net profit from realization on these types of activity in the total amount of net profit from realization.

7. When applying the method of a direct accounting, expenses and other objects of taxation or objects related to taxation refer to the type of activity to which they are connected. In this case revenues, expenses and other tax objects or objects related to taxation that cannot be referred to any other type of activity refer to a definite type of activity through proportional method.

### **CHAPTER 7. TAX REPORTING**

#### **Article 43. The definition of tax reporting**

1. Tax reporting is a document of taxpayer that shall consist of documentation containing information on the estimation tax reporting and statements that shall be

prepared by a taxpayer for each type of taxes and mandatory payments or on paid incomes, as well as applications to calculations and tax declarations.

2. Tax reporting is compiled and submitted by taxpayer to agencies of the State Tax Service in the order envisaged by the present Code. Forms of tax reporting are approved by State Tax Committee and the Ministry of Finance of the Republic of Uzbekistan.

#### **Article 44. Compilation of tax reporting**

1. A tax reporting or tax statement shall be a written declaration and/or electronic document following requirements towards e-document in the State language or Russian.

2. Tax reporting is to be signed by taxpayer (application of facsimile is also possible) as well as it is authenticated by his seal in case it is a legal entity. Tax reporting in electronic form is confirmed with electronic digital signature of a taxpayer.

3. When reorganizing or liquidating taxpayer-legal entity, a separate tax reporting is compiled for each reorganized or liquidated taxpayer from the beginning of tax period till the day of completion of reorganization or liquidation based on the act of transmission, separating balance or intermediate liquidation balance correspondingly.

Reporting specified in the present part is submitted within three working days since the day of approval of the act of transmission, separating balance or intermediate liquidation balance.

Liquidated legal entities submit application on realization of extraordinary tax audit simultaneously with tax reporting.

Standings of the present part are not valid for legal entities, going through reorganization as well as joining of another legal entity.

4. Taxpayer shall bear responsibility for authenticity of data in case the tax reporting was compiled by his representatives.

#### **Article 45. Procedure for the Submission of Tax reporting**

1. Tax reporting shall be prepared by a taxpayer within the terms specified by this Code.

2. The tax reporting shall be filed with the tax body at the location of registration of the taxpayer. The tax reporting on separate types of taxes is similarly submitted by taxpayer at the location of object registration in cases envisaged by the present Code.

3. Physical entities file their tax reporting at the location of their residence registration.

4. Taxpayers and tax agents shall have the right to submit tax reporting at their own discretion:

1) in person;

2) by mail, by registered letter with a return receipt;

3) in electronic form, which allows processing of the information for computer, in those cases established by the authorized government body.

5. The date on which tax reporting is submitted to a tax authority shall be:

- the date on which the documents are received by the tax authority in case they were submitted in person;
- the date of sending of materials through regular mail;
- the date of notification of delivery of reporting materials sent by electronic mail.

6. Tax authority has no right in refusing to accept tax reporting submitted in person and is to put a note on the date of submission of the return upon a requirement of the taxpayer.

7. In case tax reporting is submitted by electronic mail, the tax authority is to send a confirmation to the taxpayer on receipt of the return.

8. Tax reporting shall be accepted without prior in-house control and discussion of its content.

9. Tax reporting is considered as non-submitted to tax authority in case:

- 1) the identification number of the taxpayer is missing or improperly filled;
- 2) tax period and/or amount of tax or fee is missing;
- 3) requirement of the article 44 of the present Code on tax reporting are violated.

10. When tax reporting is submitted improperly the tax authority shall inform the taxpayer within three days and send the tax reporting back with its comment in order it was filled out properly.

11. No administrative accounting is applied against the taxpayer IN case the adjusted version of the tax reporting is resubmitted within a deadline.

#### **Article 46. Submission of adjusted tax reporting**

1. The taxpayer independently revealing mistakes related to the period that was covered by the tax reporting submitted to the tax agency has the right within the statute of limitation of actions specified by the present Code, to submit the adjusted version of tax reporting for the same period.

2. Data from the previous reporting as well as adjusted data and the difference are to be identified in the adjusted version.

3. If the amount of calculated taxes and mandatory payments on the adjusted tax

reporting exceeds the amount of taxes and mandatory payments that was earlier calculated and paid in line with the previously submitted report, then this difference is added to the paid amounts with the fine.

4. In case the amount of calculated taxes and mandatory payments on the adjusted tax reporting is less than the amount of taxes and mandatory payments that was earlier calculated and paid in line with the previously submitted report, then from the day of submission of the tax reporting reduction of the amount of taxes or mandatory payments is reflected to the extent of the difference. Remaining amount of payments, fines are subject to registration or return in the order specified by the present Code.

#### **Article 47. Time Period for Storage of Tax Reporting**

1. Taxpayers and tax agents shall retain tax reporting materials within the statute of limitation determined by the article 38 of the present Code.

2. Storage of tax reporting by the taxpayer is carried out in the order envisaged by the present Code for storage of accounting information.

#### **Article 48. Order of submission of financial statements**

Financial statements are submitted to agencies of tax service in the order specified by the present article, within the time frame and conditions established by the Ministry of Finance of the Republic of Uzbekistan.

### **CHAPTER 8. PAYEMENT OF TAXES AND MANDATORY PAYMENTS**

#### **Article 49. Obligation to Pay a Tax or a Duty**

1. A tax obligation consists of a taxpayer's duty to pay a certain tax to the budget or state fund under circumstances established by this Code

2. Tax obligation shall be considered fulfilled by the taxpayer from the moment an order to pay the tax in question is presented to the bank, provided that the money balance of the taxpayer's account is sufficient to make the payment, and if the payment is made in ready cash, from the moment the tax payment is deposited into a bank or paid to the receiving cashier of the authorized department.

3. The tax shall not be recognized as paid if the taxpayer himself redeems, or the bank returns, the payment order for the remittance of the tax payment into the budget (extra-budgetary fund) to the taxpayer, and also if at the time of presenting an order for tax payment by a taxpayer this taxpayer has other claims failed to be fulfilled made to his account, which under the civil legislation are executed in a priority order, and if the taxpayer has not sufficient monetary funds on the account to satisfy all claims.



4. Obligations on payment of taxes and mandatory payments similarly can be carried out by means of registration specified by the chapter 10 of the present Code.

5. If the responsibility of assessing the tax and withholding it is imposed, in accordance with the provisions of this Code, on the tax agent, then the tax obligation of the taxpayer shall be considered fulfilled in line with the items two-four of the present article.

6. The obligation to pay taxes/duties shall be executed in the national currency, and when the legislation specifies otherwise the duty of tax payment may be discharged in foreign currency.

7. The amount of tax or a fee is paid by taxpayer in established time frames. In cases stipulated by the chapter 9 of the present Code the taxpayer can be granted with prolongation and/or payment by installments for tax and/or fee and fine.

8. Failure to fulfill an obligation to pay taxes shall constitute grounds for applying measures of enforced fulfillment of the tax obligation provided in the present Code.

9. In cases the calculation of tax base is carried out by tax authorities in line with the order established by the present Code, obligation to pay taxes and mandatory payments emerges since the day of receipt of tax compliance.

10. Taxes and mandatory payments as well as financial sanctions are enrolled to the budget and public funds in the following order:

- primary sum;
- fine;
- penalty.

#### **Article 50. Accounting of tax and mandatory payments**

1. The accounting for tax and mandatory payments is carried out by taxpayers in line with the legislation on accounting.

2. The taxpayer has the right to demand the compilation of the revision act for fulfillment of obligations on payment of taxes and mandatory payments. Agencies of state tax authority have no right to refuse the taxpayer in compilation of the revision act.

#### **Article 51. Fulfillment of Tax Obligations in the Event of the Liquidation of an Enterprise (Organization)**

1. When taking a decision on liquidation of the taxpayer, liquidator informs tax authorities on his decision within fifteen days.

2. The taxpayer is obliged to submit reports and calculations on taxes and mandatory payments simultaneously with provision of a liquidation balance to tax authorities.

3. The tax obligations of an enterprise (organization) undergoing liquidation shall be fulfilled by the enterprise's (organization's) liquidator at the expense of the enterprise's (organization's) funds, including proceeds from the sale of its property in order established by legislative acts of the Republic of Uzbekistan.

4. The tax obligation on payment of taxes and mandatory payments as well as fines and penalties emerge during the liquidation period is carried out as required within time frames and order established by the present Code.

5. Tax obligation on taxes and mandatory payments is considered as bad debt and is written off in the order specified by the present Code for liquidated legal entity that is not paid in line with the item five of the present article.

6. If a liquidated legal entity has amounts exceeding paid taxes and mandatory payments then the above amounts are to be registered or refunded in the order established by the chapter 10 of the present Code.

#### **Article 52. Fulfillment of Tax Obligations in the Event of the Reorganization of a Legal Entity**

1. Tax obligation of a reorganized legal entity on payment of taxes and mandatory payments is carried out by his successor(successors) in the procedure established by the present Code.

2. The legal successor (successors) of a reorganized legal entity shall be responsible for fulfilling its tax obligations, regardless of whether facts or circumstances related to a failure to fulfill or improper fulfillment of tax obligations by the reorganized legal entity were known to the legal successor (successors) before the reorganization is completed. The legal successor (successors) shall be assigned responsibility for payment of all interest and penalties owed in connection with the tax obligations of the reorganized legal entity.

3. The reorganization of a legal entity shall not alter the deadlines for the fulfillment of the legal entity's tax obligations by its legal successor (successors).

4. Identification of successor (successors) and their share in fulfilling its tax obligations is established in line with the normative-legal acts of the Republic of Uzbekistan.

5. Exceeding amounts of taxes and mandatory payments earlier paid by legal entity prior to its reorganization are subject to transfer to accounts of successor(successors) of this legal entity not later than one month from the day of completion of the reorganization.

In the event of the merger of several legal entities, the legal entity that is established as a result of the merger shall be recognized as their legal successor with respect to the fulfillment of tax obligations.

5. In the event that one legal entity is taken over by another legal entity, the legal entity that effected the takeover shall be recognized as the legal successor of the legal entity that was taken over with respect to the fulfillment of tax obligations.

6. Distribution of the amount of tax debts or exceeding amount among several successors is carried out in line with the share of each successor.

**Article 53. Fulfillment of tax obligations of deceased, incompetent, and missing individuals or persons who have been declared dead**

1. The tax obligations of a physical entity, who has been declared dead shall be fulfilled by his heir (heirs) up to the value of the person's estate and in proportion to the heirs' share in the estate as of the date it is received. This standing is not valid for the obligation to pay fines and/or penalties imposed on the dead physical entity.

2. In case the amount of tax and mandatory payments obligation of the dead physical entity exceeds the value of the person's estate, the remaining amount on payment of tax and mandatory payments of the dead physical entity is acknowledged as bad debt and is written off in the order established by the present Code.

3. In the absence of a heir (heirs) the tax obligations of a person who has been declared shall be terminated.

4. Tax authority at the place of registration of the dead physical entity and/or the place of location of his/her property is to inform his/her heir (s) within thirty day from the moment of receiving the information on the death of the taxpayer on available debts on taxes or mandatory payments of this person and on the obligation of the heir(s) of the dead physical entity in case of acceptance of the heritage.

5. The tax obligations of an individual who has been declared missing by the courts shall be fulfilled by the person who has been charged with administering the property of the missing person not later than three months from the moment the person was declared as missing.

6. The tax obligations of an individual who has been declared missing, by the courts shall be fulfilled by the person who is obliged to pay the amount of taxes and mandatory payments as well as fines and penalties accumulated by the day the person was acknowledged as missing. The above amounts are paid at the expense of cash or other property of the missing person.

7. Tax authority at the place of registration of the missing physical entity and/or the place of location of his/her property is to inform the person who has been charged with administering the property of the missing person within thirty day from the moment of receiving the information on the acknowledgement of the missing taxpayer on available debts on taxes or mandatory payments of this person and on the obligation of the above person to pay the accumulated debts instead of the missing physical entity.

8. The tax obligations of an individual who has been declared incompetent by the courts shall be fulfilled by the person who has been charged with administering the property of the incompetent person the courts of cash assets of the incompetent person. The tax obligations of an individual who has been declared incompetent by the courts shall be fulfilled by the person who is obliged to pay the amount of taxes and mandatory payments as well as fines and penalties accumulated by the day the person was acknowledged as incompetent.

9. If the property of an individual who has been declared missing, incompetent by the courts is insufficient to fulfill the tax obligations of the given individual those tax obligations will be acknowledged as bad debt and shall be written off following the procedure established under this Code.

10. Persons, who in lien with the present article, are imposed with the obligation to pay taxes and mandatory payments of physical entities, are acknowledged as missing or incompetent enjoy all rights and fulfill all obligations in the order established by the present Code for taxpayers taking into consideration features envisaged by the present article. When carrying out duties, the above persons, imposed by the present article and called for the account for violation of the tax legislation in line with the present article, shall not pay penalties envisaged by the present Code at the expense of the property of the person acknowledged as missing or incompetent.

11. When a decision is made following the established procedure to overturn a finding that an individual is missing or incompetent (in the latter case, when an individual is found to be competent) or to overturn a relevant court decision declaring a citizen (physical entities) dead, tax obligations previously written off shall be reinstated regardless the statute of limitation.

12. Regardless standing of other part of the present article, debts of the dead physical entity on income taxes is acknowledged as a bad debt and is written off in the order established by the present Code.

#### **Article 54. Fulfillment of tax and mandatory payments obligations by banks and order of collection on taxes and mandatory payments**

1. Banks are to fulfill obligations on instructions from taxpayers, to post (transfer) taxes payable to the respective budget to an account as well as in the order established by the present Code, orders of collection of the authorized agency on collection of taxes and mandatory payments in line with in the procedure established by the legislative acts.

2. Transferring of amounts of taxes and mandatory payments is acknowledged debiting State budget or public funds from a taxpayer's settlement or other accounts.

3. Instruction to transfer amounts of taxes and mandatory payments or order on collection of taxes and mandatory payments to a corresponding budget or public extra-budgetary fund is carried out by banks not later than the following operational day upon receipt of the instruction or order of collection with consideration of the

standings of four and five of the present article. services on order of collection for these operations are free of charge.

4. If cash assets are available in the accounts of taxpayers banks have no right to delay fulfillment of instructions on transferring of amounts of taxes and mandatory payments or orders for collection to corresponding budgets or State extra-budgetary funds.

5. When cash assets are not available in the accounts of taxpayers or not sufficient to carry out instructions to collect taxes and mandatory payments or orders for collection to a corresponding budget or public extra-budgetary fund the order shall be executed as money arrives on such accounts not later than one business day after each such arrival as established by the legislation.

6. In case of failure (delay) to fulfill instructions of taxpayers to transfer amount of taxes and mandatory payments or orders for collection of tax or customs authorities by banks, fine at the rate of 0.5% is imposed to banks for each day of delay from the non-transferred amount of taxes and mandatory payments.

7. When paying taxes and mandatory payments through cashiers of authorized agencies the latter are obliged to transfer amounts of taxes and mandatory payments to the following budget or public extra-budgetary fund not later than the following business day from the moment of the money was received by the cashier. In case this time frame is violated a fine is imposed at the rate of 0.5% for each day of delay from non-transferred amount of taxes and mandatory payments.

## **CHAPTER 9. DEFERMENT OR PAYMENT BY INSTALLEMNTS FOR TAX DEBT**

### **Article 55. General procedure and conditions of allowing tax deferment and/or payment of tax and charge by installments**

1. Tax deferment or payment of tax by installments means rescheduling of tax or fee collection for reasons stated in this article, for a later period with the one-off or step-by-step payment of the arrears by the taxpayer with the purpose to provide public assistance to enterprises having temporary financial difficulties.

2. Deferment and/or payment by installments is provided by the Cabinet of Ministers of the Republic of Uzbekistan or an authorized department for the period from one to twenty four months in the order established by the legislation.

3. Collection of tax dept above 20 percents from the amount of current assets on the last reporting date is carried out with installments on monthly basis for the period of 6 months from the day of taking the decision by the tax authority.

4. Deferment and/or payment by installments can be carried out with regards to the whole and partial tax liability of taxpayers.

5. Extra charge of fines on taxes and mandatory payments is suspended from the beginning of the period of deferment and/or payment by installments for corresponding taxes and mandatory payments.

6. Order of provision of deferment (payment by installments) is established by the Cabinet of Ministers of the Republic of Uzbekistan.

7. Standings of the present chapter are not valid for payment of customs duties and state tax. Deferment (payment by installments) of customs duties is carried out in the order, justifications set by the customs legislation and other legislative acts.

**Article 56. Seizure of deferment and/or payment by instalments period for payment of debts on taxes and mandatory payments**

1. The action of deferment and/or payment by installments is seized upon the end of its timeframe.

2. The action of deferment and/or payment by installments is seized ahead of schedule in case deferred and/or paid by installments amount is paid prior to deadline or there are violations of conditions for deferment and/or payment by installments.

**CHAPTER 10. OFFSET AND REFUND OF EXCESS TAX AND MANDATORY PAYMENTS PAID**

**Article 57. Offset of excess tax**

1. Excess tax is a positive difference between paid and requested amounts of tax to the budget that is determined on the basis of tax reporting provided.

2. Excess tax to the budget is subject to offset at the expense of payment of tax debt in the following order:

- 1) for repayment of fine and penalties on the tax;
- 2) for repayment of arrears on other types of taxes;
- 3) for repayment of fines and penalties on other types of taxes;
- 4) for repayment of future payments on the tax;
- 5) for repayment of future payments for other types of taxes.

3. The offset of an overpaid tax against forthcoming fines and penalties shall be made on the strength of the decision of a tax body without a written petition of the taxpayer by. Such decision shall be passed during three days prior to the fulfillment of the offset in a written form to the taxpayer.

4. The offset of an overpaid tax in cases described in paragraphs 2, 3, and 5 of the second item of the present article shall be made on the strength of a written petition of the taxpayer by decision of a tax body. Such decision shall be passed during three days after the receipt of an application.

5. When within 10 days from the date of submission of tax reporting the tax authority can independently provide conclusion on carrying out of offsets envisaged by paragraphs 2 and 3 of item 2 of the present article to corresponding financial authorities.

6. Offset of excess tax is carried out within 10 business days from the date of submission of the conclusion on fulfillment of offset.

7. The amount of excess tax is not subject to offset for repayment of tax debts of another taxpayer.

#### **Article 58. Refund of overpaid tax or charge**

1. Upon carrying out of offset in the order envisaged by the article 57 of the present Code, the remaining amount of excess taxes is subject to bank account of the taxpayer.

2. Decision on the repayment of the excessively collected tax shall be taken by a financial body justified by a conclusion of tax authority for refund on the basis of a written application by the taxpayer within thirty days since the day of the registration of the above application.

#### **Article 59 Offset and refund of excess mandatory payments.**

1. Excess fee is a positive difference between paid and requested amounts of fee.

2. Offset and refund of other mandatory payments is carried out by corresponding agencies in the order established by the present chapter and other normative-legal acts.

3. Offset and refund of mandatory payments for customs duties is carried out by customs authorities in the order established by the customs legislation.

4. Refund of excess obligatory mandatory payments is carried out by authorities that are responsible for their collection from the budget or the public extra-budget fund where the excess amount was allocated to.

### **CHAPTER 11. SECURING OF FULFILLMENT OF OBLIGATIONS ON PAYMENT OF TAXES AND MANDATORY PAYMENTS**

#### **Article 60. Securing of fulfillment of obligations to pay taxes and mandatory payments**

1. It shall be the duty of taxpayers/payers of mandatory payments with unfulfilled obligations on payment of taxes and mandatory payments to submit invoice for their payment to the bank not later than deadline for taxes and mandatory payments established by the present Code regardless on availability of cash means at their bank account.

2. Collection of a tax shall be performed on the strength of a decision of the tax authority (hereinafter referred to as decision on collection) by forwarding a written demand to the taxpayer on the necessity to fulfill his/her tax obligation and on enforced measures taken against tax debt.

#### **Article 61. Demand on repayment of tax debt**

1. The demand forwarded to the taxpayer by the tax authority is to contain the following:

- 1) last name, first name and patronymic or full name of the taxpayer;
- 2) identification number of the taxpayer;
- 3) date on which the demand was compiled;
- 4) amount of debt on taxes and mandatory payments, fines, penalties set by the moment of forwarding of the demand;
- 5) measures and dates of enforced collection that will be used in case of failure to fulfill tax obligation upon receipt of the demand;
- 6) demand on provision of revision acts with debtors for the amount of tax debt;
- 7) order of appeal.

2. The demand is to be handed over to the taxpayer (legal or authorized representative of the taxpayer), personally under signature or by other means that will confirm the fact and date of receipt of this demand by the taxpayer.

3. In case the demand is forwarded as registered letter via mail the demand is considered as received on the date of receipt of the letter, which is indicated in the voucher on receipt.

4. The blank of demand is established by the State Tax Committee of the Republic of Uzbekistan.

#### **Article 62. Dates of fulfillment of demand on repayment of tax debt**

1. In case of non-repayment of tax debt within five days from the receipt of the demand by the taxpayer, tax authorities shall apply measure on enforced collection of taxes, mandatory payments and fines from bank accounts of taxpayers in the order established by article 64 of the present Code.

2. In case of non-repayment of tax debt by legal entity within ten days from the receipt of the demand by the legal entity, and if upon applying measures envisaged by part one of the present article, tax debt is not repaid, tax authorities shall apply measure on enforced collection from the amount due to taxpayers from their debtors in the order established by article 65 of the present Code.

3. In case of non-repayment of tax debt by legal entity within thirty days from the receipt of the demand by the taxpayer, and if upon applying measures envisaged by



part one of the present article, tax debt is not repaid, tax authorities shall apply measure on enforced collection from the property of the taxpayer in the order established by article 66 of the present Code.

4. In case of non-repayment of tax debt by physical entity within ten days from the receipt of the demand tax authorities apply to the court on collection of tax debt from the physical entity in the set order.

### **Article 63. Measures on enforced collection**

1. Measures on enforced collection include:

- 1) indisputable collection of tax debts from bank accounts of taxpayers;
- 2) collection of taxes at the expense of amounts due to taxpayers from debtors;
- 3) collection of taxes at the expense of property of taxpayers.

2. In case of non-repayment of tax debt upon of taking the above measures envisaged by the part one of the present article tax authority applies to the court on acknowledgement bankruptcy of the taxpayer.

3. Measures of enforced collection against physical entities are undertaken only through the court.

4. Measures on enforced collection of tax debt accrued in line with results of tax audit are suspended for the period of appeal for its results by the taxpayer in line with the division V of the present Code.

### **Article 64. Indisputable collection of tax debts from bank accounts of taxpayers**

1. The tax obligation shall be executed by enforced collection actions by levying the taxpayer's or tax agent's bank account. Collection of a tax shall be performed on the strength of a decision of the tax authority by forwarding a cash collection order to the bank of the taxpayer or tax agent, ordering the bank to withdraw money funds from the accounts of a taxpayer and remit the required amount to the corresponding budgets and (or) extra-budgetary funds.

2. Order of collection for the tax debt amount are submitted by tax authorities within three business days from the day of expiry of the set date for fulfillment of demand on repayment of the above debt in case the taxpayer does not provide copies of invoices with the stamp of the bank it was received from.

3. In case of full or partial failure to fulfill order of collection caused by absence or insufficiency of cash assets at the account of taxpayer, the copy of the order of collection within three days is forwarded to the tax authority with the note from the bank and to the taxpayer.

4. In case by the moment of provision of the order of collection the taxpayer submitted invoice for transferred means to repay tax debt to the bank, the order of

collection is returned to the tax authority with the attachment of the copy of invoice from the taxpayer.

5. Collection of the tax debt amount is carried out from cash means available at accounts of the taxpayer except the means that are not subject to collection in line with the legislation.

**Article 65. Collection of taxes at the expense of amounts due to taxpayers from debtors**

1. In case the taxpayer provides a revision act for interline payable accounts with the debtor, tax authorities collect taxes from the amount that is due to the taxpayer from his/her debtors.

2. In case of groundless refusal of debtors to sign the revision act the taxpayer has the right to submit unilaterally signed revision acts with attached documents confirming availability of debt liability to tax authorities.

3. In case of submission of the unilaterally signed revision acts the tax authority forwards notification to the debtor of taxpayer on the availability of credit debt with the attached revision act for signature and copies of these documents submitted by the taxpayer to confirm this debt.

4. The debtor of taxpayer is obliged within the three days from the day of receipt of the notification to sign revision act or submit refusal with justification of absence of the debt that was indicated in the revision act. If the amount of debt acknowledged by the debtor of the taxpayer differs from that indicated in the revision act, on the same time frame the debtor is to submit a revision act indicating the amount acknowledged by him.

5. The revision act signed by the debtor of the taxpayer is a justification for collection of the debt of his/her creditor regardless the availability of the signature of the creditor.

6. The revision act of interline payable accounts between the taxpayer and his/her debtor is to contain the following data:

- name of the taxpayer and his/her debtor, their identification numbers;
- name of tax authority, where the taxpayer and his/her debtor are registered;
- requisites of bank accounts of taxpayer and his/her debtor;
- amount the debtor owes to the taxpayer;
- signatures of the taxpayer and his/her debtor authorized with a seal, excluding cases envisaged by the part three of the present article;
- date of compilation of revision act.

7. The revision act is to be compiled by the date, not earlier than the date of forwarding of the requirement on repayment of tax debts by the tax authority.

8. Based on revision act the tax authority the tax authority executes orders of collection to bank accounts of debtors on collection of tax debt amount at the rate not exceeding the debt of the taxpayer.

9. Execution of the order of collection is carried out in line with the article 64 of the present Code.

#### **Article 66. Collection of taxes at the expense of property of taxpayers**

1. The complaint concerning collection of a tax from the property of taxpayer shall be filed with the Court based on the petition of the tax authority.

2. The petition on collection of taxes at the expense of property is signed by head or by deputy head of tax authority, where taxpayer is registered. The following documents are attached to the petition:

- quote from available personal accounts of the taxpayer on availability of tax debt;
- certificate from the bank on the absence of cash means in bank accounts of taxpayer;
- certificate on results of revision of accounts within acts of tax audit (in cases these audits took place);
- copy of the balance of the taxpayer for the last reporting period excluding newly established legal entities whose deadline for submission of financial statements is not expired yet.

3. Collection of a tax from the property of an individual taxpayer or an individual tax agent on the basis of an effective court decision shall be made by officers of the court in accordance with the procedure established by the legislation.

#### **Article 67. Write off of bad debt**

Write off of the bad debt is carried out in the order established by the legislation.

## **DIVISION III. TAX CONTROL**

### **CHAPTER 12. BASICS OF THE TAX CONTROL**

#### **Article 68. Types of TAX CONTROL**

1. The tax control is carried out in the form of:

- taxpayers accounting;
- accounting of tax objects and objects related to taxation;
- accounting of revenues to the budget and the public extra-budget funds;
- in-house control;
- time-study for income of cash;
- tax audits;
- application of cash registers with fiscal memory;
- marking of separate types of sub-excise goods as well as introduction of the position of financial inspector at certain enterprises;
- control on wholeness and timeliness of income of cash means to the income of the state from realization of property turned into the income of the state;
- control over authorized agencies carrying out functions on collection of mandatory payments.

2. The customs agencies shall exercise tax control within their jurisdiction over the observance of the legislation on taxes and mandatory payments collected from due to the fact of transferring of goods through the customs border of the Republic of Uzbekistan in the order prescribed by the present customs legislation of the Republic of Uzbekistan.

3. In the exercise of tax control no allowance shall be made for the collection, storage, use and spread of information about a taxpayer, received in violation of the provisions of the Constitution of the Republic of Uzbekistan, the present Code, and other legislative acts as well as in violation of the principle of non-disclosure of tax classified information.

4. Documents or other information on taxpayer received on the basis of violation of requirements of the legislation cannot be a justification for bringing of the taxpayer to account for violation of the tax legislation.

#### **Article 69. Accounting of tax objects and objects related to taxation**

1. Accounting of tax objects and objects related to taxation is carried out by the tax authority by means of formation and running of data base, including electronic database on tax objects and objects related to taxation for each taxpayer and for all paid taxes and mandatory payments.
2. Database on tax objects and objects related to is formed on the basis of data on financial and tax reporting submitted by the taxpayer, data provided by tax authorities envisaged in the article 85 of the present Code, other authorities in cases envisaged by legislative acts and information collected by tax authorities within tax audits.
3. Order of formation and running of database on tax objects and objects related to taxation is established by the State Tax Committee of the Republic of Uzbekistan.
4. Standings of the present article are not valid for taxes and mandatory payments subject for payment caused by transferring of goods through the customs border of the Republic of Uzbekistan as well as mandatory payments that are collected by authorized agencies.

**Article 70. Accounting of revenues to the budget and the public extra-budget funds**

1. Agencies of tax, customs and other authorized departments that are responsible for collection of taxes and mandatory payments are account of revenues to the budget and extra-budgetary public funds.
2. Accounting of revenues and mandatory payments is carried out in line with the budget classification.
3. Tax authorities carry out accounting of revenues to the budget and extra-budgetary public funds by means of reflecting requested and paid amounts of taxes and mandatory payments, fines and penalties in the personal account of the taxpayer.
4. Personal account is opened for each type of taxes and mandatory payments.
5. Order of maintaining of personal accounts is determined by the State Tax Committee in accordance with the Ministry of Finance of the Republic of Uzbekistan.
6. Customs departments carry out accounting of revenues to the budget an extra-budgetary public funds on taxes and mandatory payments subject to payment in relation to transferring of goods trough the customs territory of the Republic of Uzbekistan in the order established by the State Tax Committee and in accordance with the Ministry of Finance of the Republic of Uzbekistan.
7. Order of accounting of incomes to the budget on separate types of mandatory payments that are collected by other authorized departments is determined by the State Tax Committee on agreement with the Ministry of Finance of the Republic of Uzbekistan .

## **Article 71. In-house control**

1. In-house control shall refer to control performed directly by a tax authority based on a study and analysis of tax returns submitted by a taxpayer and other documents. In-house control shall be performed directly at a tax authority's offices. In-house control is carried out on the place of location of tax authority without presence of the taxpayer.
2. In-house control is carried out by officers of tax authority in accordance with their duty of service without any special permission of the head of tax authority.
3. In the event that a tax authority identifies errors in tax returns, discovers inconsistencies in the information contained in tax returns, a notification shall be sent to the taxpayer to allow for the independent correction of the errors that have been made.
4. The taxpayer is within ten-days term from the moment of receiving of the demand to provide a adjusted tax reporting in line with the order for submission of adjusted tax reporting on corresponding taxes and mandatory payments or justification of revealed differences.

## **Article 72. Time-study for income of cash**

1. Time-study for income of cash of the taxpayer is carried out with the purpose to establish its actual income for the period of carrying out of the time-study.
2. Time-study for income of cash is carried out by tax authority from the taxpayer realizing goods or providing services for cash promptly at places of realization of goods and services.
3. Order on carrying out of time-study for income of cash is issued by the head of the tax authority or his/her deputy when during accounting of tax objects and objects related to taxation revealing differences allowing suggestion of reduction of the gain by the taxpayer.
4. The order mandatory specifies name of taxpayer, who carries out the time-study, place and date of carrying out of the time-study, difference in the connection of which a decision is taken on carrying out of time-study, as well as officers of the tax authority carrying out the time keeping.
5. The time-study of income of cash is carried out by officers of the tax authority by means of monitoring and fixing of inflowing cash assets. It is not allowed attraction of other persons, including experts when carrying out the time-study.
6. Within the time-study realization of audit, requirement of any information from the taxpayer or any other information or clarifications, it is not allowed provide requirements against the taxpayer or infringe otherwise to the activity of the taxpayer excluding taking off records kept in fiscal blocks of the memory of cash registers.
7. The officer compiles a certificate on results of the time-study. The copy of the

certificate is forwarded to the taxpayer.

8. Results of the time-study are used exclusively for analysis of authenticity of reporting submitted to the tax authority as well as for maintaining the base for of tax objects and objects related to taxation. The result of the time-study cannot be a justification for calling of the taxpayer to the account.

9. Order of carrying out of the time study is established by the State Tax Committee of the Republic of Uzbekistan.

### **Article 73. Application of cash-registers with fiscal memory**

1. In the territory of the Republic of Uzbekistan monetary settlements effected with consumers involving the sale of goods, performance of works and services by means of cash shall be performed with the mandatory application of cash registers with fiscal memory that are enlisted into the universal register for cash-registers with fiscal memory apart from certain legal and physical entities that for the reason of the specifics of their activity can carry out settlements in cash without application of cash-registers with fiscal memory.

2. List of certain legal and physical entities that for the reason of the specifics of their activity can carry out settlements in cash without application of cash-registers with fiscal memory is approved by the Cabinet of Ministers of the Republic of Uzbekistan.

3. The pubic register for cash-registers with fiscal memory allowed for application in the territory of the Republic of Uzbekistan is complied in the order approved by the Cabinet of Ministers of the Republic of Uzbekistan.

4. In the event of a temporary technical malfunction of a cash register with fiscal memory or an electric power failure, it shall be permitted to use and issue to buyers receipts, vouchers, tickets, checks and other documents equal to checks of a strict reporting on blanks approved by economic subjects in the order established by the legislation.

5. When using cash-registers with fiscal memory it is mandatory to:

1) prior to being put into operation, cash registers with fiscal memory shall be registered with the tax authority serving the area in which business is to be conducted that issues a registration card for a cash-registers with fiscal memory;

2) arrange technical maintenance for cash-registers with fiscal memory;

3) issue of a receipt from cash-registers with fiscal memory to a consumer;

4) allow access of officers of tax agencies to a cash-registers with fiscal memory.

6. Tax authorities shall monitor compliance with the procedure for the application and use of cash registers with fiscal memory.

7. Tax authorities shall use data stored in the fiscal memory units of cash registers with fiscal memory when conducting tax audits.

8. Order of application of cash-registers with fiscal memory is established by the Cabinet of Ministers of the Republic of Uzbekistan.

**Article 74. Marking of separate types of sub-excise goods. Introduction of the position of financial inspector.**

1. Tobacco, alcohol goods, except beer, shall be subject to sealing with excise stamps following the procedure and under the conditions determined by the Cabinet of Ministers of the Republic of Uzbekistan.

2. The manufacturers and importers of excisable goods shall be responsible for applying excise stamps to excisable goods.

3. The tax and customs authority shall monitor compliance by the manufacturer of excisable goods with the regulations for the stamping of certain types of excisable goods.

4. The position of the financial inspector of the Ministry of Finance of the Republic of Uzbekistan can be introduced in manufacturers-payers of excise tax. The list of the manufactures where the position of financial inspector is introduced, as well as rights and duties, order of carrying out of activity are established by the Cabinet of Ministers of the Republic of Uzbekistan.

**Article 75. Control over fullness and timeliness of inflow of cash assets to the revenue of the state from realization of property for the benefit of the revenue of the State.**

Tax authorities carry out control over full and timely inflow of cash assets to the revenue of the State from realization of property for the benefit of the revenue of the State.

**Article 76. Control over authorized agencies carrying out of functions on collection of mandatory payments.**

Tax authorities shall monitor authorized bodies collecting mandatory payments to ensure the proper calculation, full collection, and timely transfer of taxes and other compulsory payments to the budget.

**Article 77. Tax classified information**

1. Tax classified information includes any information received by the tax authority on taxpayer except information:

- 1) provided by the taxpayer on his/her will or from his/her written approval;
- 2) on name and identification number of the taxpayer;
- 3) on statutory fund (capital) of a legal entity;



- 4) on violations of the tax legislation and applied measures for these violations;
  - 5) provided to tax and enforcement agencies of other States in compliance with international treaties of the Republic of Uzbekistan (particularly on information provided to these agencies).
2. The tax classified information shall not be a subject for divulging except cases envisaged by the law.
  3. In particular use or transferring of production of commercial classified information of the taxpayer to the third person, known to the office of the tax authority, expert or translator when carrying out their duties, is considered as divulging of the tax classified information.
  4. Data received by tax authorities considered as tax classified information have a special system for storage and access.
  5. Access to data considered as tax classified information is provided to the officer of tax authorities in compliance with the list approved by the State Tax Committee of the Republic of Uzbekistan.
  6. Loss of documents containing data of tax classified information or divulging of these data calls to the account envisaged by the legislation of the Republic of Uzbekistan.

## **CHAPTER 13. REGISTRATION OF TAXPAYERS**

### **Article 78. General standings of taxpayers registration**

1. For purposes of tax control, taxpayers shall be subject to registration with the tax authorities.
2. Registration is carried out in accordance with the registration and maintaining of registration data on taxpayers.
3. Each taxpayer shall be assigned an taxpayer identification number and personal data are entered into the Single Register for Taxpayers of the Republic of Uzbekistan.
4. certificate on identification number issued by the tax authority is a document confirming registration of the taxpayer or the certificate on state registration issued by registering authority in case public registration of the taxpayer with a simultaneous registration in public tax and statistical departments.
5. The Single Register of Taxpayers of the Republic of Uzbekistan is maintained by the State Tax Committee of the Republic of Uzbekistan. Formation and maintenance of the Single Register of Taxpayers of the Republic of Uzbekistan is carried out in line with the order established by the Cabinet of Ministers of the Republic of Uzbekistan.

## **Article 79. Identification number of taxpayer.**

1. Taxpayers Identification Number is a unique number issued to a specific taxpayer when registering him.
2. The Taxpayers Identification Number is issued to a specific taxpayer on one-time basis. It shall not change upon annulling it and is not issued to other taxpayers.
3. Certain branches specified in the part two of the article 35 of the present Code are issued with Taxpayers Identification Number issued to a legal entity that created this branch adding control signs.
4. The Taxpayers Identification Number is to be specified in:
  - certificate on public registration for legal entities that is carried out with a simultaneous registration in public tax and statistical departments;
  - licenses for engagement in separate types of activity;
  - in fiscal-computation invoices, but checks, and their electronic blanks;
  - in the documents for financial and tax reporting submitted to tax authorities;
  - in economic, civic-legal and labor contracts signed with physical and legal entities;
  - in documents determining or confirming fulfillment of deals by legal entities or individual entrepreneurs including invoices and freight documents;
  - in documents defining or confirming formation of property, financial and other commitments of legal entities and individual entrepreneurs, having a cost expression as well as their fulfillment.

## **Article 80. Registration of taxpayers**

1. The following are subject to registration as taxpayers:
  - legal entities-residents of the Republic of Uzbekistan – at the tax departments at location of their legal address;
  - separate sub-units carrying out tax obligations independently on the bases of the item two, article 35 of the present Code –at state tax departments at their location or carrying out of the activity of a separated sub-unit;
  - physical entities-residents of the Republic of Uzbekistan – at state tax departments at residential address of physical entity;
  - legal entities-non-residents of the Republic of Uzbekistan carrying out their activity through a permanent establishment – state tax departments at their location and/or realization of activity of a permanent establishment;
  - legal and physical entities-non-residents of the Republic of Uzbekistan who in line with the present Code are taxpayers for property and land tax – tax service departments at location of taxed objects.

2. When upon completion of registration the taxpayer faces commitment to pay land and water tax (and property tax for physical entities) not at the place of registration, the taxpayer is subject to on-object registration at the tax authority in line with the article 82 of the present Code.

### **Article 81. Procedure of taxpayers registration**

1. Legal entities and individual entrepreneurs, whose state registration is carried out with a simultaneous registration in state tax and statistic departments are subject to registration at location of state registration following the procedure specified by the legislation.

2. Legal entities-residents, but those indicated in the part one of the present article, are obliged to provide the state tax departments with an application on registration within ten days from the state registration (establishment). A copy of a document, confirming state registration of a legal entity or decision of the authorized department is attached to the application that will confirm public registration of a legal entity or decisions of an authorized public department on establishment of an enterprise.

3. To register separate branches carrying out tax duties independently on the basis of the item two of the article 35 of the present Code, a legal entity established the present separate branch shall submit application in compliance with the set procedure to the tax authorities within 10 days from the day the decision was taken on establishment or separation of the enterprise. The application shall include the Taxpayers Identification Number of taxpayer – legal entity, who established the present separate branch. Decision of a legal entity on establishment of a separate branch as well as power of attorney issued to its head are attached to the application.

4. Physical entities-residents of the Republic of Uzbekistan, but those specified in the part one of the present article of the Code, shall within ten days from emerging of tax object provide the state tax departments with an application on registration.

5. Legal entities-non-resident of the Republic of Uzbekistan carrying out their activity through a permanent establishment shall provide the state tax departments with an application on registration as a permanent establishment not later than 183 days from the beginning of carrying out of this activity. Contract or power of attorney for carrying out activity on behalf of a legal entity-non-resident of the Republic of Uzbekistan of activities in the Republic of Uzbekistan, as well as, if available, contract in line which execution of obligations result in formation of a permanent establishment are attached to the application on registration of legal entity-non-resident of the Republic of Uzbekistan, carrying out its activity through a permanent establishment.

6. Legal and physical entities-non-resident of the Republic of Uzbekistan who, in line with the present Code are payers of land tax, property tax with regards to real estate shall, within ten days from the day of registration of the right for land, real estate, provide application on registration in a set form to the tax authorities. Documents confirming data in the application are attached to it.

7. Legal entities, payers of tax for gasoline, diesel fuel and gas for transport means

shall, provide application on registration as a payer of the tax for gasoline, diesel fuel and gas for transport means in compliance with the set form, within ten days from the day of registration of the right for filling station. Documents, confirming data specified in the application are attached to it.

8. State tax departments based on application and attached documents issues Taxpayers Identification Number to the taxpayer and enters data on the taxpayer to the Single register for taxpayers of the Republic of Uzbekistan and issues the Certificate of registration of the taxpayer not later than three days from the moment of submission of a corresponding application.

9. The application blank and certificate on registration is approved by the State Tax Committee of the Republic of Uzbekistan.

10. If a legal entity-resident of the Republic of Uzbekistan has several branches specified in the part three of the present article, registration is carried out for each separate branch in corresponding tax authorities.

11. If a legal entity-non-resident of the Republic of Uzbekistan has several permanent establishments, it shall get registered for each permanent establishment in corresponding departments of tax authority. Consolidation of tax reporting for one legal entity-non-resident of the Republic of Uzbekistan on several enterprises is not allowed.

## **Article 82. Procedure of object registration.**

1. On-object registration is carried out by departments of tax authority with the purpose to control realization of tax obligations on a given type of tax.

2. On-object registration is carried out upon registration of the taxpayer in the order specified by article 81 of the present Code in case if in line with present Code the taxpayer faces commitment to pay land tax or water tax not at the place of registration.

3. The taxpayer, who faces the commitment to pay land or water tax, and for physical entities – property tax, not at the place of registration, within ten days from the day of registration of the right for a corresponding piece of land (or dwelling, building, erection that caused emerging of the right for land) or from the day of emerging of the tax object with the tax for water resources shall apply for registration to the tax authorities at their location in the order specified by the legislation.

4. Tax authority not later than three days from the day of application of the taxpayer registers is on-object basis in line with earlier issued Taxpayers Identification Number.

## **Article 83. Registration data of taxpayer**

1. Major registration data for the taxpayer-legal entity are:

- Taxpayers Identification Number of the taxpayer;

- name (full and short);
- place of location.
- For legal entities-residents of the Republic of Uzbekistan in addition to major registration data envisaged in the part one of the present article the following are registration data of:
  - organization-legal form;
  - organization that includes the taxpayer, for separated sub-units carrying out tax obligations independently based on the item two of the article 35 of the present Code, as well as entities within the departments of economic management;
  - place, date and number of state registration;
  - size of the authorized fund (capital) for commercial organizations;
  - full stuff of founders with specification of the Taxpayers Identification Number of founders-residents of the Republic of Uzbekistan and share of each founder in the authorized fund (capital) for commercial organizations, but joint-stock companies.

3. Registration data for taxpayer-physical entity are:

- Taxpayers Identification Number;
- last name, first name, patronymic;
- citizenship;
- identification number (personal code) of a citizen for citizens of the Republic of Uzbekistan;
- series and number of passport, date and place of its issue;
- place of residence.

4. For individual entrepreneur registration data for the taxpayer additionally are:

- place, date and number of state registration;
- type of activity;
- place of activity.

**Article 84. Maintaining of registry data on taxpayers.**

1. Maintaining of registry data on taxpayers is carried out through entering amendments and addenda to registry data of taxpayers data based on data submitted by taxpayers and organizations, envisaged by article 85 of the present Code and other departments in cases envisaged by legislative acts.

2. When revealing taxpayers not registered in tax departments, tax departments impose them with the requirement on registration in line with the set procedure.

3. Legal and physical entities non-residents of the Republic of Uzbekistan included into the Single Register of taxpayers of the Republic of Uzbekistan shall inform tax authority on any changes of registry data within ten days of occurrence of these changes.

4. When changing place of residence of the physical entities tax authorities are to transfer all materials on the above taxpayers to tax authorities at a new place of residence. The order of receipt-transfer of such materials is set by the State Tax Committee of the Republic of Uzbekistan.

5. Upon demand of taxpayers tax authorities shall issue certificate, confirming registration of taxpayers including those with amendments of registry data.

6. In the following cases exclusion from the Single Register of taxpayers of the Republic of Uzbekistan takes place:

for physical entities-residents of the Republic of Uzbekistan – upon their death under condition of a full payment of duties on taxes and mandatory payments by their heirs or write-off in the order established by the regulation on tax debt;

legal entities-residents of the Republic of Uzbekistan upon their liquidation under the condition of a full payment of duties on taxes and mandatory payments by their heirs or write-off in the order established by the regulation on tax debt;

non-residents of the Republic of Uzbekistan – under abolition of circumstances determining their inclusion into the Single Register of taxpayers of the Republic of Uzbekistan, under the condition of a full payment of duties on taxes and mandatory payments by their heirs or write-off in the order established by the regulation on tax debt.

#### **Article 85. Organization providing information on duties of taxpayers and their responsibilities.**

1. Authorities carrying out state registration for legal entities but those indicated in the part two of the article 80 of the present Code are obliged to transfer an extract from the State Register for corresponding legal entities not later than ten days from the day of state registration for these legal entities to tax authorities at the place of registration. The above authorities shall be required to notify the tax authority of any changes in the State Register with regards to the legal entities not later than ten days from the moment amendments were made.

2. Authorities issuing licenses and/or permission certificates shall notify tax authorities, on facts of issuance of these documents as well as information on annulment, suspension or seizure of validation at the place of location of entities that were issued these documents with.

3. Authorities of internal affairs on monthly basis shall notify on facts of issuance of passports including those issued instead of the lost ones or expired ones, on annulment of passports to tax authorities at the place of their location.

4. Departments in charge of record-keeping and/or registration of taxable immovable

property shall notify the tax authorities of their jurisdiction of the registered immovable properties and owners within 10 days after the date of property registration.

5. Departments in charge of record-keeping of water resources, not latter than 1<sup>st</sup> February, following the results of a preceding year, shall notify on use of water without measuring devices tax authorities at the place of the use of water.

6. State departments (institutions) authorized to perform notary actions and private notaries shall report instances of notarization of rent contracts for immovable property and size of rental payment, inheritance right, deeds of gift, transactions with immovable property to tax authorities of their jurisdiction within ten days after the date of the corresponding notarization unless otherwise provided for in this Code.

7. Departments in charge of record-keeping and/or appraisal of land resources shall notify on provision (seizure) of rights for land identifying persons having (not having) these right and a legal cost of agricultural land to tax authorities of their jurisdiction.

8. Departments registering operations with securities shall notify tax authorities of the jurisdiction for registration of participants of operations with securities not later than fifteen days from the day of registration of operations on purchase and sell of securities.

9. Departments carrying out registration of entrails provided for use, and/or state registration for rights to use entrails shall notify on location of entrails and person(s) who is (are) issued with such a right to tax authorities of their jurisdiction within ten days from the day of registration of the right.

10. Banks can open bank accounts to legal entities and individual entrepreneurs only upon provision of a document confirming registration at corresponding tax authorities and shall notify the same authorities on opening of the above accounts not later than then next day. In cases stipulated by the law banks similarly provide this information to tax authorities.

11. Customs authorities shall notify tax authorities on export-import operations and movement of goods on monthly bases.

## **CHAPTER 14. TAX AUDITS**

### **Article 86. Tax audit**

1. Tax audit is checking exercised by tax service bodies of conforming to tax legislation. Tax audits are carried out exclusively by tax service bodies.

2. There are two types of tax audit: audit of financial-economic activity of taxpayers (revision) and short-term audit.

3. Audit of financial-economic activity of taxpayers (revision) includes study and comparison of accounting, financial, statistical, banking and other documents of

taxpayers with the purpose to carry out control on conformity of tax legislation.

4. Short term audit is audit with the purpose to control of conformity by tax, of separate requirement of the legislation.

#### **Article 87. Types of tax audits**

1. The following are types of tax audits:

- 1) document tax audit;
- 2) unannounced tax audit;
- 3) counter audit.

2. Short term audits are carried out as unannounced tax audits.

3. Document audit is a complex audit carried out on the basis of a coordination plan for realization of audits approved by a specially authorized department for coordination of activity of auditing departments.

4. Unannounced audit is conducted by tax bodies in relation to separate taxpayers on issues of:

- 1) liquidation of a legal entity;
- 2) necessity for audit following decisions of the President or the Government of the Republic of Uzbekistan;
- 3) presence of additional information on facts of violation of the tax legislation by taxpayers.

5. Counter audits are made by tax bodies in order to compare documents united by oneness of operations and owned by various taxpayers.

6. Counter audits are carried out in relation of the third parties in case when conducting tax audits a tax body needs additional information about the right way of reflecting in tax accounts of a taxpayer's operations related the indicated parties.

#### **Article 88. Participants of tax audits.**

1. Participants of tax audit are officials of tax service bodies, designated in order, and a taxpayer.

2. Similarly representative of taxpayers can participate in tax audit.

3. In cases envisaged by the present Code, expert, translator and witnesses not interested in the result of tax audit can be participants.



4. Representatives of the Commercial and Industrial Chamber of the Republic of Uzbekistan and its territorial branches have the right to participate in tax audits of taxpayers-members of the Commercial and Industrial Chamber of the Republic of Uzbekistan.

#### **Article 89. Grounds for carrying out Tax Audits**

1. The following are grounds for carrying out tax audits:

extract from a coordination plan for realization of audits approved by a specially authorized department for coordination of activity of auditing departments or its corresponding subdivision. The extract shall be signed and certified by stamp seal with identification of authenticity of the extract;

order of tax authorities issued on the basis of coordination department for conducting audits containing purposes of audit, list of auditors, period and time frame of the audit.

2. When assigning unannounced audits, except cases envisaged in the part four of the present article, the following are grounds for the audit:

- decision of a special authorized body on coordination of auditing authorities on unannounced audit the order should contain the name of object being audited, purposes, time frame (for revision), dates of audit and justifications for it.
- order of tax authorities audits containing purposes of audit, list of auditors, period and time frame of the audit

3. When assigning subject, counter audits the following are grounds for the audit:

- decision of a special authorized body on coordination of auditing authorities on counter audit the order should contain the name of object being audited, purposes, dates of audit and counter objects subject to audit;
- order of tax authorities audits containing purposes of counter audit, list of auditors, period and time frame of the audit

4. When assigning unannounced audits for legal entities subject for liquidation the following are grounds for the audit:

- application of legal entities subject for liquidation or notification of registering departments on liquidation of legal entity;
- order of tax authorities audits containing purposes of audit, list of auditors, period and time frame of the audit

5. Officers of tax authorities are allowed conducting tax audits upon the results of tests carried out in the order established by the legislation and upon availability of a special ID of a due form for access to tax audits.

6. Order of testing and sample of the due form ID are specified by the State Tax Committee of the Republic of Uzbekistan on consent with a special authorized body

for coordination of auditing authorities.

### **Article 90. Terms of conducting tax audits**

1. Term of conducting tax audits indicated in provided orders is not to be more than 30 working days from the moment of order delivery, in exclusive cases on decision of a specially authorized body for coordination of auditing authorities this term can be prolonged.
2. In case of extending terms of an audit an additional order is issued where number and date of registration of a subsequent order, last names, first names, patronymics of persons earlier conducted an audit are indicated.
3. Term of conducting short-term tax audits indicated in provided orders is not to be more than one working day.
4. Under no condition the term for short-term tax audits can be prolonged.

### **Article 91. Periodicity of Tax Audits**

1. Complex tax audits are conducted no more than once a year, except cases envisaged in the item two of the present article. Complex tax audits of taxpayers, who in full and timely manner meet the set norms and regulations, are conducted not more than once in two years.
2. Complex tax audits of micro firms, small undertakings and farms are conducted not more than once in four years and of other taxpayers, who are subjects of entrepreneurship, not more than once in three years.
3. Newly established micro firms, small undertakings and farms are not subject to complex tax audits the first two years from the moment of their public registration.

### **Article 92. Other requirements for tax audits**

1. Tax audits are carried out only under conditions stipulated in the article 89 of the present Code.
2. A tax audit shall not suspend operations of a taxpayer, except for cases stipulated by legislative acts.
3. Tax audit of entrepreneurship subjects registered in other rayons (towns/cities) irrespective the location of their production premises, trade put lets and place of provision of services (works) is carried out with exclusion of duplication together with corresponding bodies of public tax service on the location of public registration of entrepreneurship subject.
4. Tax audits are carried out in line with its program of conducting authorized by the head of public tax service body.
5. The following is to be indicated in the program of audit:

- 1) issue or number of issues studied during tax audit;
  - 2) list of acts of tax legislation subject to tax audit;
  - 3) other data based on type of audit.
6. Tax audit shall not exceed frames of conducting of tax audit and competency of the body for public tax service.
7. Regulations of compiling the program for tax audit are established by the State Tax Committee of the Republic of Uzbekistan on the consent with a specially authorized body for coordination of activity of auditing authorities.
8. Counter audit can be carried out only with regards to co-relations with taxpayers subject for audit.
9. It is prohibited to visit taxpayers and require financial-accounting or other documentation from them not relevant to the subject of audit when conducting counter audits.
10. Tax audit shall cover not more than five calendar years of activity of taxpayers that precede the year of audit. It is allowed carrying out of audit for periods of the calendar year, when the audit is conducted.
11. It is prohibited to conduct audits on issues and periods that were audited earlier.
12. When conducting audits access is provided to officials of a tax service body conducting a tax audit following the order established by the present Code on the territory or to premises, carry out inventory of property, require documents, withdraw documents and objects, receive explanations from taxpayers and persons carrying out managerial functions or account and financial management functions, of other materially responsible employees of taxpayers, take measures on suspension of operations on bank accounts, attract expert and appoint expertise, demand elimination of identified violations of the tax legislation, fulfill other actions, envisaged by the present Code and other legislative acts.
13. A protocol is compiled on results of tax audit.
14. Taxpayer has the right to deny access of officials of a tax service body on the territory or to premises for conducting a tax audit on issues out of competency of the officials, if documents are requested with no relation to the tax subject and period being audited.
15. It is not allowed for taxpayers to amend and addend tax reporting for the audited period during tax audit.

## **CHAPTER 15. ORDER OF CONDUCTING TAX AUDITS**

### **Article 93. Beginning of tax audit procedure. Access of officials of a public tax**

### **authority to the territory or premises to conduct tax audit**

1. When commencing tax audit and within a short-term audit of cash gains before completion of tax audit official of public tax departments shall:

- 1) inform taxpayers with the purpose of tax audit;
- 2) provide a special ID on access to audits;
- 3) fill out the book of registration of audits in the order established by the legislation;
- 4) hand over taxpayer with a receipt on a copy of extract from a coordination plan for realization of unannounced or counter audits (except unannounced audits on the grounds stipulated in the part four of the article 89 of the present Code) and copies of order of public tax authority on appointment of a corresponding tax audit and a program for conducting of tax audit.

2. The moment of handing over of the documents specified in the paragraph four of the part one of the present article to taxpayer shall be regarded as commencement of audit. Denial of taxpayer from receipt of such documents shall not be a ground for denial of tax audit. In case of denying receipt of the documents of a tax service body a protocol is issued that is signed by the official and taxpayer. In case taxpayer refuses to sign the protocol a corresponding note is entered into the protocol. In such a case the moment of signing of the protocol shall be considered as a commencement of tax audit.

3. A taxpayer shall provide access to officials of a tax service body conducting a tax audit in the territory or to premises for investigation except cases stipulated by the parts four and eight of the present article.

4. Taxpayer has the right to deny access of officials of a tax service body on the territory or to premises for conducting a tax audit in cases if:

- 1) documents specified in the paragraph two of the part one of the present article are not given out or issued in the set procedure except cases when taxpayer denies to receive them;
- 2) data of an official are not indicated in the order or he/she did not provide a special ID on access to tax audit;
- 3) terms of an audit indicated in the order are premature or expired;
- 4) auditing person refuses from filling out of the book of record for audits.

5. In case of denying access to officials of a tax service body conducting a tax audit on the indicated territory or to premises a protocol is issued. In case taxpayer refuses to sign the protocol a corresponding note is entered into the protocol.

6. Cases of illegal denying access to officials of a tax service body conducting a tax audit on the indicated territory or premises (except premises of residence) as well as of obstruction for the officials to conduct their duties, cause to call the violator to the account, envisaged by the legislation.

7. Call to the account for obstruction of conducting their duties by officials of a tax service body conducting tax audit shall not be a ground for cancellation of tax audit.

8. Access of officials of a tax service body conducting tax audit to premises of residence against the will of its residents except cases stipulated by the legislative acts or on the basis of courts decision, is not allowed.

#### **Article 94. Investigation of territories and premises. Inventory of property**

1. When necessary, officials of a tax service body conducting a tax audit on the territory or to premises, production, trade premises, warehouses or other premises used for profit making or to the taxations and objects related to taxation for investigation, have the right similarly conduct inventory of property.

2. Investigation of territories and premises is carried out in the presence of witnesses. When carrying out investigation of a person, who is under audit or his/her representatives have the right to participate it.

3. When necessary photo and video-, cinema record are carried out, copies are taken from documents, which is reflected in the protocol.

4. Protocol is compiled on the results of investigation following requirements stipulated in the article 101 of the present Code.

5. The order of inventory for the tax audit is approved by the State Tax Committee in accordance with the Ministry of Finance of the Republic of Uzbekistan.

#### **Article 95. Demand of documents**

1. Officials of a tax service body conducting a tax audit have the right to demand documents, related to calculation and payment of taxes and mandatory payments from taxpayer under audit.

2. In case of denial by the taxpayer to provide those documents officials of a tax service body conducting a tax audit conducts withdraw necessary documents in the order established by the article 96 of the present Code.

#### **Article 96. Withdrawal of documents and objects**

1. Documents witnessing on violation of the tax legislation and objects of violation, except documents and objects identified in the item two of the present article, can be withdrawn on the basis of a motivated enactment of the officials of a tax service body conducting a tax audit.

2. Withdrawal of documents or objects resulting in suspension of activity of taxpayers is carried out only based on the decision of the court.

3. Withdrawal of documents or objects during nighttime is prohibited.

4. Withdrawal of documents or objects not related to tax audit is prohibited.
5. Before withdrawal officials of tax authority provide order on withdrawal and explains rights and duties of those present.
6. Officials of tax authority suggest to voluntarily provide the entity subject to withdrawal documents and objects and in case of denial takes measures for enforced withdrawal.

Withdrawal of documents and objects takes place in the presence of taxpayer.

Enforced withdrawal of documents or objects takes place in the presence of witnesses and taxpayer. All documents and objects subject to withdrawal are provided to witnesses and other persons present during withdrawal.

7. Documents are withdrawn either in original or in copy that is authorized by signature or seal of the taxpayer.

Officials of tax authority have the right to withdraw originals of documents in cases, when withdrawal of copies of documents is not sufficient for tax control and tax departments have sufficient grounds to believe that originals of documents will be liquidated, hidden, adjusted or changed. When withdrawing originals of documents copies are taken that are authorized by officials of tax departments and forwarded to the person they are withdrawn from. If it is not possible to transfer immediately, the tax departments forward copies to the person they are withdrawn from within five days upon withdrawal.

In other cases documents are withdrawn in copy that is authorized by signature or seal of the taxpayer

8. Protocol is written on Withdrawal of documents and objects following requirements anticipated in the article 101 of the present Code. Documents and objects subject to withdrawal are to be listed in the protocol with a precise name, number and individual features of objects and when possible cost of objects.

The protocol is written in two copies one of which is handed over to the person they are withdrawn from on his receipt. When the person they are withdrawn from denies to receive the above copy a corresponding note is entered into the protocol. In such a case the copy is mailed with a registered letter and is considered as handed over upon three days of mailing.

#### **Article 97. Suspension of operations within bank accounts of taxpayers**

1. Suspension of operations through bank accounts is carried out only on the bases of courts decisions, except cases of legalization of incomes gained from criminal activity and financing of terrorism.
2. In case of illegal obstruction of taxpayers against tax audit or denial in access of officials of tax departments to investigate territories and premises used to gain profit that contain objects for taxation or related to taxation the tax departments have the

right to apply to the court on suspension of operations at accounts of taxpayers at banks and other financial-credit organizations.

### **Article 98. Expertise**

1. When necessary expert can be invited to tax audits and expertise can be appointed.

Expertise is appointed in case special knowledge in the science, arts, techniques and other spheres is necessary to specify concerns.

2. Order on expertise is taken by the head of tax department on the basis of application of official carrying out the audit.

The order includes justification for expertise, name of expert or organization, where the expertise should take place, concerns for expertise and materials provided to expert.

Invitation of a person as an expert is carried out on the basis of a contract on expertise between tax department and expert.

3. The blank of order on expertise is approved by the State Tax Committee of the Republic of Uzbekistan.

7. Issues for expert and his/her conclusion cannot go beyond special knowledge of the expert.

8. Expert has the right to learn materials of the audit that relate to the subject of the expertise and apply on provision of additional materials.

9. Expert can refuse from giving his/her conclusion in case materials provided are insufficient or he/she does not have sufficient knowledge to conduct the expertise.

10. Expert issues his/her conclusion in a written form on his/her behalf. The conclusion contains information on researches conducted, outcomes made and answers to the questions raised. If expert during expertise reveals other conditions important for the case he/her has the right to include the outcomes to his/her conclusion.

11. The conclusion of expert or his/her notice on impossibility to issue conclusion are provided to the person under audit, who can give his/her own explanations, objection and request to ask expert additional questions or recurring expertise.

12. Recurring expertise is announced in case of the conclusion is unclear or not full and is ordered to the same expert.

13. Additional expertise is announced in case of absence of grounds of the conclusion of the expert or doubts in accuracy and is ordered to another expert.

14. Additional and recurring expertise are appointed following requirements envisaged by the present article.

**Article 99. Participation of translator.**

1. When necessary translator can be invited for tax audit.
2. Translator is a person not interested in the outcome of the audit, who speaks the language necessary for translation or understanding signs of deaf or dumb person.
3. Translator shall come upon a call from an official of tax department and provide an accurate translation.
4. Translator is warned on responsibility for denial or evasion to carry out his duties or on frivolous translation, which is noted in the protocol that is authorized by the signature of translator.
5. Participation of translator is carried out on the basis of a contract between tax department and translator.

**Article 100. Participation of witnesses**

1. Witnesses are called when carrying out actions of tax audit in cases envisaged by the present Code.
2. Any persons not interested in the outcome of the audit can be engaged as witnesses.
3. Officials of tax departments cannot participate as witnesses.
4. Witnesses shall confirm fact, content and results of actions carried out in their presence. They can make their comments on actions carried out that are subject to be entered to the protocol.
5. When necessary witnesses can be questioned on the above conditions.

**Article 101. Requirements to the protocol compiled within tax audit**

1. In cases envisaged by the present Code and when conducting actions within tax audit a protocol is compiled. The protocol is written in the State language.
3. The following is noted in the protocol:
  - 1) full name of a taxpayer;
  - 2) justification, type and period of tax audit;
  - 3) date and place of an action;
  - 4) time of commencement and completion of the action;
  - 5) position and full name of the person written the protocol;



- 6) full name of each person participating in the action, when necessary their address, information whether they know the State language;
- 7) description and subsequence of action;
- 8) revealed facts and conditions within actions important for the case;
- 9) tax period being audited in case of documentary audits.

2. The protocol is read by all persons participating / participated in actions or witnessed those actions. The above persons have the right to make comments that are to be registered in the protocol or attached to materials of tax audit.

3. The protocol is signed by an official of tax department, who wrote it and persons participated in actions or witnessed those actions.

5. Photo shots and negatives, movie shots, video records and other materials created during the action can be attached to the protocol.

### **Article 102. Registration of result of tax audit**

1. Officials of tax audit of the public tax department can write act on tax audit specifying:

- 1) date and registration number of tax audit and date of act;
- 2) justification for tax audit;
- 3) type and period of audit
- 4) name of a tax body that carried out tax audit;
- 5) full name of a taxpayer;
- 6) taxpayer's registration number and bank requisites;
- 7) full name of employees of taxpayer carried out supervision or functions of accounting and financial management within the period of audit;
- 8) information on previous audits;
- 9) tax period being audited and general information on documents provided by taxpayer for tax audit;
- 10) detailed description of tax offence (if available) with reference to a corresponding tax legislation;
- 11) results of tax audit.

2. When no facts of tax offence are revealed upon tax audit a corresponding note is made in the act of tax audit.

3. The tax audit act is written in not less than three copies.

4. All copies are signed by officials of tax department carrying out tax audit. One copy is handed over to taxpayer. The taxpayer should sign all copies confirming receipt of his copy specifying the date it was received. The remaining copies are attached to other materials of tax audit.

The signature of taxpayer in the act of tax audit does not mean his consent with results of tax audit.

When taxpayer denies to receive the above copy a corresponding note is entered into the protocol. In such a case the copy is mailed with a registered letter and is considered as handed over upon three days of mailing.

5. The day of handing over of a copy of tax audit is considered as the day of completion of tax audit.

6. Copies of documents served as justification for tax audit specified in the article 89 of the present Code, protocols on actions within tax audit, inventory acts, conclusions of experts, materials received within tax audit and other documents confirming actions within tax audit are attached to the act of tax audit.

7. In line with the order established by State Tax Committee of the Republic of Uzbekistan, materials of audit shall be registered in a corresponding tax department of taxpayer jurisdiction not later than the following business day.

### **Article 103. Review of materials of tax audit by tax department**

1. Materials of tax audit are reviewed by head (deputy head) of tax department within ten days, but not later than fifteen days since completion of tax audit.

2. When reviewing materials of tax audit the size of calculated or excessively paid tax and mandatory payment is determined, and availability of facts of violation of tax legislation, size and nature of applied financial sanctions, conditions, mitigating or worsening responsibility for violation, availability of administrative violations or crime and other circumstances significant for a proper review of materials of audit.

3. When reviewing materials of tax audit protocol is maintained where the following is noted:

- 1) date and place of review;
- 2) full name and position of a person reviewing materials of tax audit;
- 3) information on availability сведения of persons participating in reviewing materials of tax audit;
- 4) reviewed materials of tax audit;;
- 5) explanation of participants of the case and their petitions and results of review of the latter;
- 6) documents studied when studying materials of tax audit;
- 7) other information on review of materials of tax audit.

4. The protocol is signed by official reviewed the materials of tax audit and other

persons participated in the review.

5. Taxpayer has the right to provide his/her written explanations or objections on the act of tax audit within ten business day since the day of completion of tax audit. In this case materials are review under presence of officials of taxpayer. Tax department informs taxpayer on the place and date of tax audit materials review not later than two business days prior to review.

6. When taxpayer informs tax department on his/her unavailability at the review for good reasons, head (deputy head) takes a decision to delay the review of materials of tax audit for not more than three business days, which is informed to taxpayer. If taxpayer is not available despite a recurring notification, the materials of tax audit including explanations and objections of taxpayer are considered without his/her presence.

7. When reviewing tax audit materials in the presence of taxpayer the protocol is signed by official reviewing tax audit materials and other persons participating in the review. When taxpayer denies to sign the protocol or materials are reviews in his/her absence a note is entered in the protocol

8. When reviewing tax audit materials in the presence of taxpayer the protocol is written in three copies, one of which is handed over to taxpayer. The taxpayer should sign all copies confirming receipt of his copy specifying the date it was received. When taxpayer denies to receive the protocol or materials are reviews in his/her absence a note is entered in the protocol

9. All remaining copies of the protocol are attached to materials of tax audit.

#### **Article 104. Decision of tax department on results of review of tax audit materials.**

1. Head (deputy head) of tax department not later than five business days upon expiry of date for tax audit materials review takes a decision envisaging:

- 1) calculation of taxes, mandatory payments, fines or denial;
- 2) bringing of taxpayer to the account for violation of tax legislation or denial;

2. Depending on the results of audit the following is mentioned in the decision:

- 1) amount of appointed taxes, mandatory payments, fines and penalty;
- 2) circumstances of violation of tax legislation revealed by audit, documents and other data confirming the above circumstances;
- 3) decision on bringing of taxpayer to the account for specific violation of tax legislation showing articles of the present Code, envisaging these violations and measures taken against them;
- 4) term of liquidation of tax offences and payment of taxes, mandatory payments and penalty in line with the paragraph one of the article 105 of the present Code;
- 5) the right of the taxpayer for levy from payment of penalty in case tax offences are annulled and the specified taxes are paid, as well as mandatory payments and fines

in timely manner.

3. Decision of tax department envisaging bringing of taxpayer to the account for violation of tax legislation shall be taken following norms of the chapter four of the present Code.

4. Within not more than two business days since the decision was taken the copy of decision is handed over (forwarded) to the taxpayer on his/her receipt or is sent by other means witnessing the date of its receipt by taxpayer. When the copy of the decision cannot be handed over to taxpayer it is sent with registered letter and is considered as received upon three days it was sent.

#### **Article 105. Execution of the decision of tax department by taxpayer**

1. Within a month from the moment of receipt of the copy of tax department decision the taxpayer shall annul tax offences and pay amounts of taxes, mandatory payments and fines specified in the decision.

2. In case tax offences are annulled and the specified taxes are paid, as well as mandatory payments and fines in timely manner specified by part one of the present article, the decision of tax department on penalty is considered as cancelled. However this norm is not valid for cases of concealment (reduction) of profit from realization of goods (works, services) and storing of unregistered goods, violation of order to use cash register machines as well as working without license.

In case tax offences are not annulled and the specified taxes are not paid, as well as mandatory payments and fines in timely manner specified by part one of the present article, tax department takes measure on enforced collection of taxes, mandatory payments and penalty in line with articles 63-66 of the present Code and applies to the court on application of penalty against the taxpayer.

3. When the decision of the tax authority envisages application of a penalty against taxpayer that did not result in failure to pay of taxes and mandatory payments, taxpayer shall provide (forward) a written notification business to tax authority on acknowledgement of guiltiness in these violations and voluntary payment of the penalty or refusal to pay within five days from moment of receipt of a copy of the decision.

4. When acknowledging guiltiness in the tax offence the taxpayer has the right to apply to the tax authority on provision of a term necessary to pay the penalty (with specific date) within the term specified by the part three of the present article. The head (deputy head) of the tax authority, who took the decision on application of the penalty not later than two business days from the moment of receipt of the application takes the decision on provision of the term requested by the taxpayer. It should not exceed one month from the day of decision on provision of the term for voluntarily payment of the penalty.

The copy of this decision is forwarded to the payer on his/her receipt or is forwarded by other means providing there is evidence witnessing on the date of receipt. If it is not possible to hand over the copy by the above means, the copy is sent as a

registered letter through a mail and is considered as received upon three days from the moment of mailing.

5. When a written acknowledgment of guiltiness in the tax offence and voluntarily payment of the penalty or denial does not take place in line with the item three of the present article and when the tax is not paid within terms provided in line with the item four of the present article the tax authority applies to the court on application of penalty against the taxpayer.

6. Inobservance of standings of the present chapter by officials of tax authority can cause cancellation of decision of the tax department by the superior tax department or the court.

7. Review is carried out in line with the Administrative Code of the Republic of Uzbekistan for cases on administrative violations revealed in the course of tax audit and application of administrative charges.

#### **Article 106. Unacceptability of causing groundless harm when conducting tax control**

1. It is unacceptability to cause groundless harm against taxpayer or the property owned, used or in charge of him, when conducting tax control.

2. Losses caused by illegal actions of tax departments or their officials when conducting tax control are subject for a full compensation including lost gain (non-received profit).

3. Tax departments and their officials are responsible in line with the legislation for causing losses to taxpayer as a result of illegal actions.

4. Losses caused by legal actions of tax departments or their officials when conducting tax control are not subject for a compensation, excluding cases envisaged by the legislation.

### **DIVISION IV. RESPONSIBILITY FOR TAX OFFENCE**

#### **CHAPTER 16. GENERAL STANDINGS ON RESPONSIBILITY FOR TAX OFFENCE**

##### **Article 107. Concept of tax offense**

Tax offense is an unlawful act (action or inaction) of a taxpayer, tax agent or other persons entailing liability under the present Code.

##### **Article 108. Persons liable for committing tax offenses**

1. Liability for committing tax offenses shall be borne by legal and physical entities in cases provided for in chapter 17 of this Code.
2. Physical entities can be held liable for tax offences from the age of sixteen.

**Article 109. General conditions of holding [taxpayers] liable for committing tax offenses**

1. No one can be held liable for committing a tax offense other than on the grounds and in the manner stipulated in the present Code.
2. No one can be held liable for the same tax offense twice.
3. Liability provided for an act committed by a physical entity under this Code shall arise if this act does not contain elements of crime provided for by criminal legislation of the Republic of Uzbekistan
4. Holding an organization liable for a tax offense shall not release its officials from administrative, criminal or other liability.
5. Holding a taxpayer liable for a tax offense shall not release him from the obligation to pay the tax and penalty liability.
6. A person shall be presumed innocent of committing a tax offense until his guilt is proven in accordance with the procedure provided for by the law. The person called to account shall not be required to prove his innocence of committing a tax offense.
7. In case of commitment of several tax offences by the taxpayer financial sanctions are applied against, following circumstances shall rule out the guilt of a person in committing a tax offense are applied with regards to each offence.
8. In case entity whom financial sanctions are applied against for tax offence did not commit any similar offence within a year it is believed to be not subject to financial sanctions.

**Article 110. Circumstances which rule out the possibility of holding a person liable for committing a tax offense**

1. A person cannot be held liable for committing a tax offence if at least one of the following circumstances is present:
  - 1) absence of the event of a tax offence;
  - 2) absence of guilt of the person in question in committing a tax offense;
  - 3) action containing elements of a tax offense committed by a physical entity who had not reached sixteen years of age at the time of the action was committed;
  - 4) expiry of the statute of limitations for the tax offence committed.

2. In case of independent annulment of offences before a new tax audit the taxpayer is released from responsibility but payment of the penalty.

**Article 111. Circumstances ruling out the guilt of a person in committing a tax offense**

1. The following circumstances shall rule out the guilt of a person in committing a tax offense: *изнаются*:

1) committing an act that contains elements of a tax offence in consequence of a natural calamity or other extraordinary or insurmountable circumstances (said circumstances shall be established by the presence of generally known facts, by publications in mass media and by any methods that are not in need of special means of proof);

2) committing an act that contains elements of a tax offence by physical entities whose condition at the time of committing that act was such that they could not understand or control their actions as a result of their sick state (when these circumstances shall be proved by submitting documents to a tax body, which by their meaning, content and date relate to that tax period in which a tax offence was committed);

3) the taxpayer or tax agent was acting on the strength of written explanations on the questions of the application of the legislation on taxes and dues given by a tax authority or another authorized government agency of officials thereof within the scope of their authority (said circumstances shall be established, given appropriate documents of these bodies, which by their meaning and content relate to tax periods in which a tax offence was committed, regardless of the date of the publication of these documents).

2. Circumstances excluding bringing persons to account for tax offence are:

committing of tax offence by a physical entity under 16 by the moment of offence was committed;

expiry of the statute of limitations for the tax offence committed; .

3. In the presence of circumstances listed under part two and three of this Article, the person shall not be held liable for committing a tax offence

**Article 112. Attenuating and aggravating circumstances for committing a tax offense**

1. Circumstances attenuating the liability for committing a tax offence shall be the following:

1) committing an offence on account of a coincidence of difficult personal or family circumstances;

2) committing an offence under threat of force, or due to pecuniary, administrative or other dependence;

3) other circumstances recognized by court as those attenuating the liability for a tax offense.

2. The aggravating circumstance shall be that when the tax offense is committed by a person who was already held liable for committing a similar offence in the past.

### **Article 113. Tax Sanctions and order of their application**

1. A tax sanction is a measure of liability for tax offenses and is applied in the .

4. Tax sanctions against taxpayers, legal entities and entrepreneurs, shall be recovered from only in court proceedings except the cases of imposing a penalty for delay in payment of taxes and mandatory payments, as well as acknowledgment of guiltiness by the taxpayer in a committed tax offence and voluntary payment of the penalty.

Tax sanctions against taxpayers, physical entities, shall be recovered from only in court proceedings except the cases of imposing a penalty

3. Provided there is a voluntary payment of taxes, mandatory payments and fine within one month from forwarding of materials to the court the subject of entrepreneurship is released from application of penalties for failure to pay of taxes and mandatory payments.

## **CHAPTER 17 TYPES OF TAX OFFENCES AND RESPONSIBILITY FOR COMMITTING THEM**

### **Article 114. Failure to Meet the Deadline for Registering with a Tax Authority**

Failure by a taxpayer to meet the deadline for filing an application for registration with a tax authority, including non-residents of the Republic of Uzbekistan, but those taxpayers whose public registration is carried out simultaneously at tax departments shall entail a fine:

if the activity was carried out up to thirty days – in fivefold size of minimum wage but not less than ten percents of net profit gained as a result of such an activity;

if the activity was carried out more than thirty days – in hundredfold size of minimum wage but not less than ten percents of net profit gained as a result of such an activity.

### **Article 115. Storage of unaccounted goods or concealment (reduction) of profit from realization of goods (works, services)**

Storage of unaccounted goods or concealment (reduction) of profit from realization of goods (works, services) shall entail a fine equal to the cost of unaccounted goods or concealment (reduction) of profit.



The amount of concealed (reduced) of profit is not considered when calculating the amount of tax or mandatory payments and recalculations on taxes and mandatory payments are not carried out caused by this office.

In the purpose of the present article concealment (reduction) of profit is:

- non-registration of the amount of profit from realization of goods (works, services) when confirming the fact of realization of goods (works, services) through documents;
- substitution, falsification or annulment of documents witnessing on realization of goods (works and services);
- absence of goods in warehouse and at places of realization accounted as non-realized.

#### **Article 116. Offence of submission of documents necessary for accounting and payment of taxes and mandatory payments**

Non-submission or untimely submission of tax reporting that was carried out recurrently within a year after application of administrative punishment against physical entity or employee of the taxpayer

shall entail a fine in the amount of one percent for each delayed day, but not more than ten percents of the amount due by the day of payment with deduction of earlier imposed payments for a corresponding reporting period.

#### **Article 117. Failure to comply with the rules of accounting for income, expenses and objects of taxation**

A gross violation of rules of accounting resulted in impossibility to determine the amount of taxes and mandatory payments

shall entail imposition of a fine against the taxpayer – legal entity in the amount of one percent from the amount of profit from realization of goods (works, services) for a period within which impossible to determine the amount of taxes and mandatory payments, but not more than fifty-fold size of the minimum wage.

In this case the taxpayer is not levied from the responsibility to rehabilitate accounting.

#### **Article 118. Running activity without a license or permission certificate**

Running activity without a license or permission certificate -

shall entail imposition of a fine in the size of the net profit received upon realization of these types of activity for the period of the activity without license.

#### **Article 119. Violation of the order of registration of invoices**

Registration of the value added tax in the invoice when realizing goods (works, services) by suppliers who do not pay value added tax, -

shall entail imposition of a fine against the suppliers in the size of the amount of tax indicated in the invoice and twenty percents from this amount.

In this case purchasers of goods (works, services) do not carry out re-calculation with the public budget on the value added tax.

#### **Article 120 Failure to use cash registration machines**

1. Carrying out of trade and provision of services without cash-registration machines, when their use is obligatory, as well as realization of goods (services) without issuing of a voucher, checks, coupons to purchaser and of other equal evidences is obligatory, -

shall entail imposition of a fine from thirty to fifty-fold minimum wages;

in case of recurrence of the same actions within one year upon application of the penalty from seventy five to hundred fold of minimum wage.

2. Use of cash registry machines that do not comply with technical requirements or with offence of the software for fiscal memory, -

shall entail imposition of a fine for legal entities and individual entrepreneurs in hundred-fold of minimum wage;

in case of recurrence of the same actions within one year upon application of the penalty in two hundred-fold of minimum wage.

#### **Статья 121. Failure to maintain terms of payment of Taxes Due**

Failure to maintain terms of payment of taxes due –

shall entail imposition of a fine at the rate of 0.05 percent for each day of delay starting from the following day upon the designated term for payment to the day of payment inclusive.

Fine is not imposed for the amount of debt equal to excessive paid amount on other taxes and mandatory payments. The size of the penalty cannot exceed the sum of debt on corresponding taxes and mandatory payments. Payment of fine does not relieve the taxpayer from execution of tax obligations.

### **DIVISION V. APPEALING ACTS OF TAX AUTHORITIES AND ACTIONS OR INACTION ON THE PART OF TAX OFFICERS**

#### **CHAPTER 18. PROCEDURE OF APPEALING ACTS OF TAX AUTHORITIES AND ACTIONS OR INACTION ON THE PART OF TAX OFFICERS**

##### **Article 122. Right for appealing**

Every taxpayer or tax agent shall be entitled to appeal acts of tax authorities of non-normative nature, as well as actions or inaction of tax officials to the superior agency, superior official of tax department (further superior agency) or the court.

### **Article 123. Procedure of appealing through the court**

1. Judicial appeals against acts of tax authorities, actions or inaction of tax officials shall be performed in accordance with the procedure established by the legislation.
2. Judicial appeals to superior agency does not exclude the right for onetime of further appeal of the similar nature to the court.
3. Judicial appeals to the court suspends execution of the decision or action subject to appeal, including collection of remaining taxes and mandatory payments, as well as application of responsibility prior to the court decision comes into force.

The taxpayer is to inform the tax department on a judicial appeal attaching corresponding justifying documents.

### **Article 124. Procedure of appealing to superior agency**

1. An appeal against an act of a tax authority, actions or failure of a tax officer to act shall be filed in a written form with the higher tax authority or a higher official of the same tax authority, respectively.
- 2 An appeal to higher tax authority (higher official) shall be filed within one month from the day when the taxpayer learned or ought to have learned of the violation of their interests. Documents supporting the complaint may be appended to this complaint.

### **Article 125. Review of appeal by superior agency**

1. Review of appeal by superior agency is carried out not later than one month from the day of its receipt.
2. On results of the review of the appeal with regards to the decision of tax department, the superior agency has the right to:
  - 1) leave appear without satisfaction;
  - 2) deny the decision of the tax department;
  - 3) deny the decision subject to appeal and seize production on the case on tax offence;
  - 4) change the decision or take a new decision.
3. On results of review of the appeal for actions or inactions of tax departments officials the superior agency has the right to take the decision ad rem.
4. The decision of the superior agency on the appeal is taken within a month. A person applied with the appeal is informed on the taken decision in a written form within three days from the day it was taken.

## **II. SPECIAL PART**

### **DIVISION VI. CORPORATE PROFIT TAX**

#### **CHAPTER 19. TAXPAYERS. OBJECT OF TAXATION. TAX BASE**

##### **Article 126. Taxpayers**

1. Recognized as the taxpayers of the tax on the profit of legal entities shall be:

- resident enterprises of the Republic of Uzbekistan;
- non-resident enterprises of the Republic of Uzbekistan, carrying out their activity through a permanent establishment or gaining profit source of which is located in the territory of the Republic of Uzbekistan.

2. Recognized as the non-taxpayers of the tax on the profit of legal entities shall be:

- 1) non-commercial organizations. When carrying out entrepreneurship activity non-commercial organizations taxpayers of the profit tax for the revenue gained within realization of the entrepreneurship activity;
- 2) legal entities for which in line with the present Code a simplified order for taxation is envisaged if other is not specified by division XXIII of the present Code.

##### **Article 127. Object of Taxation**

Object of for profit tax of legal entities shall be:

- 1) derived incomes, of residents of the Republic of Uzbekistan and non-residents of the Republic of Uzbekistan carrying out their activity through permanent establishment;
- 2) incomes of residents and non-resident of the Republic of Uzbekistan taxed in the source of payment without deductions in line with the present chapter

##### **Article 128. Tax Base**

The tax base shall consist of the value, physical, or other characteristics of an object of taxation and/or an object related to taxation, on the basis of which the amount of tax payable to the budget is determined.

When the losses from previous periods are available subject to transferring to the next period, the taxed base reduces by the sum of losses occurred in line with the article 162 of the present Code.

## CHAPTER 20. GROSS INCOME

### Article 129. Composition of the gross income

#### 1. Gross income

- 1) incomes from realization of goods (works, services);
- 2) other incomes.

2. Incomes of the taxpayer the cost of which is expressed in foreign currency are considered together with incomes gained in the national currency of the Republic of Uzbekistan in the order envisaged by the legislation on accounting.

#### 3. The following shall not be considered as income:

1) contributions received to authorized capital stock including the amount of excess of the cost for allocation of shares against their nominal cost (initial rate), means, joined to carry out joint activity within a contract of the society in participation.

2) means (property or property rights), received within a contribution into authorized capital stock.

when leaving from the staff of founders;

when allocating the property of a liquidated economic subject among its participants;

3) means (property and property rights) received in the amount of a contribution to participants of one society in participation in case of return of its share in the joint property of participants or division of such a property;

4) means (property or property rights) received from other persons in the form of prepayment (advanced payments) for realization of goods (works, services);

5) means (property and property rights) received in the form of deposit or down payment to secure obligations in line with the legislation up to the moment of transferring property rights to them;

6) subsidies from the public budget;

7) gratis received property, property rights, works and services or transferring of property, realization of works and services takes place:

on the basis of an enactment of the President of the Republic of Uzbekistan or the Cabinet of Ministers of the Republic of Uzbekistan;

from legal and physical entity when the authorized capital of a receiving party gaining

not less than 50 percents consists of contributions of a giving party.

Property, mentioned in this paragraph is not acknowledged as a revenue in case when within a year it was received the above property is not alienated;

8) received grants;

9) means received by economic management body from sub-departmental organizations for maintaining of this body within approved estimate.

In case of improper use of received means and (or) when receiving means above approved estimate, means are included to the gross income.

Revenues of economic management body received for provided services in line with signed contracts from subordinate organizations and incomes received from entrepreneurship activity are included into the gross income;

10) cost of additionally received shares by organization-shareholders, divided among shareholders upon a decision of a joint meeting proportional to the number of shares owned or the difference between the cost of new shares received instead of initial ones and nominal cost of initial shares of the shareholders as a result of distribution of shares among shareholders within increase of the authorized capital stock of the shareholding company;

11) means received by non-commercial organizations to maintain and run of authorized activity, received with purpose address and (or) gratis from other organizations and physical entities;

12) means received as insurance compensation (insurance amount) on contracts of insurance;

13) means as property, including cash assts (excluding rewards) gained by commissioner, agent or another authorized person with regards carrying out of middlemen services and towards compensation of expenses carried out by the commissioner or other authorized person for the commitment or another constituent;

14) compensation of the cost of the object in the form of a part of rental (leasing) payment, received by the tenant in life (leaser);

15) gratis received technical means of the system for operative-investigation measures in the networks of telecommunications;

16) means received from constitutors (participants) of a voluntary liquidated legal entity to carry out their commitments. In case of incompleteness of a voluntary

liquidation within terms established by the legislation or seizing of the procedure for liquidation and rehabilitation of activity, the above means are included into the gross income or are subject to taxation;

17) property used as investment commitment in line with a contract between investor and authorized public agency for public property management.

4. Dividends and interests taxed at the source of payment in the Republic of Uzbekistan are deducted from the gross income.

### **Article 130. Incomes from goods (works, services)**

1. Income from realization of goods (works, services) is a gain from realization of goods (works, services) including by supplemental services upon deduction of a value added tax and excise tax.

2. Profit from the realization is determined based on the cost of shipped goods (works, services) in line with documents confirming the fact of shipment of goods, realization of works, and provision of services.

3. For legal entities receiving incomes from middlemen activity, amount of bonuses for provided services is considered as a gain.

4. Incomes from long-term contracts completion are considered within a reporting period with regards to actual gradual realization.

Actual carrying out of a long-term contract by the end of a reporting period is determined based on the ground of income weight occurred from the beginning of realization of the contract in the gross amount of expenses for execution of the contract.

Income by the end of a reporting period is determined as product on of a calculated expenses weight and a total amount of a gain within a contract (cost of a contract). Earlier considered gains on this contract are deducted when determining gain from realization within a current reporting period.

5. For construction, construction-mounting, building, start-adjusting, design-research and scientific works (services) as well as when turnkey construction objects income includes the cost of executed and confirmed by customers works (services) without including the value added tax, along which documents are provided for payment based on costs specified in the contract.

6. Within realization of goods (works, services) under prices less than the prime cost or the cost of purchase of goods (considering expenses related to purchase of goods) and gratis transferring of goods (works and services) for purposes of taxation, the gain from realization of goods (works, services) is determined based on the prime cost of goods (works, services) or the cost of purchase of goods (considering expenses related to the purchase of goods).

### **Article 131. Adjustment of income from realization of goods (works, services)**

1. Income from realization of goods (works, services) is subject to adjustment under:

- 1) full or partial return of goods;
- 2) change of conditions of deal;
- 3) change of cost, use of discount by purchaser;
- 4) in case of refusal from realized works and provided services.

2. Income from realization of goods (works, services) envisaged in the part one of this article is carried out within a year on goods (works, services) and for goods (works, services) under warranty – within the term of the warranty.

3. Adjustment of income from realization of goods (works, services) in line with this article is carried out on the basis of documents confirming cases mentioned in the part one of this article. In such a case supplier of goods (works, services) carries out adjustment of income from realization of goods (works, services) in the order envisaged by the article 223 of the present Code.

### **Article 132. Other incomes**

Other incomes include incomes from operations not immediately related to production and realization of goods (works, services):

- 1) incomes from outcome of fixed assets and other property of taxpayer determined in line with the article 133 of the present Code;
- 2) incomes from provision of property for operational rent determined by part item one of the article 134 of the present Code;
- 3) incomes from transferring of fixed assets and non-material assets to financial lease, determined in line with the part two of the article 134 of the present Code;
- 4) gratis received property (including cash assets), property rights and works and services determined by article 135 of the present Code;
- 5) incomes in the form of cost of excesses for goods-material stocks and other property that are revealed in the course of inventory;
- 6) incomes of previous years revealed in the reporting year;
- 7) incomes from write-off of commitments;
- 8) incomes received from a contract of assignment determined by the article 137 of the present Code;
- 9) incomes received in the form of compensation for expenses and losses that were earlier deducted from taxed income, determined by article 138 of the present Code;
- 10) incomes from attending economies determined in line with the article 139 of the present Code;
- 11) incomes from participation in a joint activity, determined in line with the part two



of the article 157 of the present Code;

- 12) satisfied or acknowledged by debtor penalties, fines and other types of sanctions;
- 13) and positive exchange rate difference on hard currency accounts and incomes on operations with foreign currency;
- 14) dividends and interests;
- 15) royalty;
- 16) extraordinary incomes;
- 17) other incomes from operations not immediately related to production and realization of goods (works, services).

### **Article 133. Incomes from outcome of fixed assets and other property of taxpayer**

Revenue from income of fixed assets, non-material assets, securities (share) goods-material stocks and other property determined by the legislation on accounting is considered as incomes from outcome of fixed assets and other property of taxpayer.

### **Article 134. Incomes from rental of property**

- 1. Amount of rent payment is considered as incomes from rental property.
- 2. Interest revenue of the tenant in life is considered as incomes from fixed assets and non-material assets for financial lease.

### **Article 135. Gratis received property**

- 1. Property (including cash assets), property rights, works and services received gratis by the taxpayer are considered as incomes of the taxpayer if otherwise is not envisaged by the present Code.
- 2. When receiving gratis property, property rights revenues of a receiver are determined on market cost.
- 3. The market cost of the property or property rights is confirmed with documents or by means of invitation of appraiser.

Document confirmation includes:

- shipment ( delivery) documents;
- price data from suppliers (price lists);
- data from mass media;
- exchange data;
- data from statistics departments.

### **Article 136. Incomes from write-off of obligations**

1. Incomes from write-off of obligations include:

- 1) written off obligations (including credit and debit debts) on which the statute of limitation is expired;
- 2) written off obligations on the decision of the court or authorized public department.

2. Amount of credit debt of the taxpayer to the budget and extra-budgetary funds written off in line with the legislation are not included into revenue.

### **Article 137. Revenues received from a contract of assignment**

Revenues received from a contract of assignment are those revenues of the taxpayer determined as positive difference between the amount paid by the debtor on the assignment of the major debt, including amounts paid over the major debt and cost of an obtained debt by the taxpayer.

### **Article 138. Incomes received in the form of compensation for expenses and losses that were earlier deducted from taxed income**

1. Earlier paid expenses from gross income and or losses compensated in the current tax period are regarded as incomes in the form of compensation.
2. The amount of compensation is a revenue of the tax period in which the compensation occurred.
3. Amounts of compensation and/or losses that earlier were deducted when determining taxed base are not included into the revenue.

### **Article 139. Incomes from attending economies**

1. Those economies, whose activity is directed towards attending the major activity of the taxpayer and is not connected with production of goods, realization of works, provision of services, which is the goal of the taxpayer, are considered as attending economies.

For the purposes of this article attending economies include subsidiary plots, objects of housing and communal services, social – cultural sphere, canteens and buffets, education complexes and other similar economies, productions and services, carrying out realization of services both to employees and non-employees.

2. Housing-communal economy includes housing fund, hotels (but tourist hotels), housed and dormitories for visitants, objects of external accomplishments, artificial facilities, swimming pools, erections and facilities of beaches, and objects of gas-termo and electrical supply of population, plots, workshops, bases, special machines and mechanisms, storehouses for technical maintenance and repair of objects of housing-communal economy, social-cultural sphere, physical training and sports.

3. Objects of social-cultural sphere include objects of healthcare, culture, preschool

establishments, health centers (sanatoriums), resort houses, objects of physical training and sports (including tracks, hippodromes, stables, tennis courts, golf areas, badminton, healthcare centers), objects of non-production types of communal services to population (bath houses, saunas, laundries, tailor houses and other workshops for communal services).

4. Incomes from attending economies are determined as a positive difference between the amount of means received (to be received) from realization of services by attending economies and the amount of expenses related to the activity of these economies.

#### **Article 140. Positive exchange rate**

1. Positive exchange rate on currency accounts as well as operations in foreign currency is included into revenues in line with the legislation on accounting:

- 1) when selling hard currency on the price exceeding the rate of the Central Bank established by the date of transferring of the property right to this foreign currency;
- 2) when purchasing foreign currency at the cost less than the Central Bank exchange rate established by the date of transferring of the property right to this foreign currency;
- 3) when re-evaluating currency assents of the balance for a corresponding reporting period with regards to changes of exchange rate for hard currency.

2. For taxpayers establishing prices for goods (works, services) in hard currency the positive difference emerging in the connection of the change of the Central Bank exchange rate for the period of the date of realization of goods (works, services) up to the date of payment for these goods (works, services) is included into revenues by the date of payment for goods (works, services) in accordance with the legislation on accounting.

#### **Article 141. Extraordinary incomes**

1. Extraordinary incomes are those of the unpredictable, extraordinary nature and those emerging following events and operations taking place out of a regular activity of the taxpayer, receipt of which was not expected.

2. In order for any income to be considered as extraordinary it should meet the following criteria:

- 1) untypical for a regular economic activity of taxpayers;
- 2) should not recur within several years;
- 3) does not depend on decisions taken by management.

## **CHAPTER 21. EXPENSES**

### **Article 142. Grouping of expenses**

1. Expense of the taxpayer are subject for deduction when determining tax base except those that are not subject to deduction in accordance with the present Code.
2. Expenses are those justified and confirmed with document (and losses in cases envisaged by the present Code) registered in accordance with the legislation and/or accounting policy of the taxpayer.
3. Expenses are subject to deduction in the tax period, in which they are actually carried out.
4. When one and the same expense is envisaged in several assets of expenses then the above expenses are considered only once within calculation of tax base.
5. Expenses occurred to the taxpayer the cost of which is expressed in the foreign currency are considered together with expenses the cost of which is expressed in the national currency. Recalculation of the above expenses is carried out in accordance with the legislation on accounting.
6. Expenses of the taxpayer are divided into:
  - 1) deductible;
  - 2) non-deductible.
7. Deductible expense are:
  - 1) material expenses in accordance with the article the present Code;
  - 2) expenses for labor payment in accordance with the article 144 of the present Code;
  - 3) expenses for depreciation in accordance with the article 145 of the present Code;
  - 4) other expenses in accordance with the article 146 of the present Code;
  - 5) expenses of a reporting period from a taxed income in future in accordance with the article 147 of the present Code.
8. Expenses listed in the part three of the present article are not deductible in case they are accounted within any expense (i.e. are its part) not subject to deduction, specified in the article 148 of the present Code.
9. The following are not considered as expenses:
  - 1) payments in the form of property (including cash assets) forwarded by commissioner, agent and/or other authorized person concerning execution of

obligations within commission, agency contract or any other similar contract as well as towards payment of expenses carried out by a commissioner, agent and/or authorized person for a commitment or any other trustee when these expenses are not subject to inclusion to the expenses by commissioner, agent or any other trustee in accordance with the conditions of signed contracts;

2) the cost of shares transferred by issuer-taxpayer that are distributed among shareholders on the decision of a general meeting of shareholders is proportional to the number of shares owned by them or the difference between a nominal cost of new shares transferred instead of initial ones and nominal cost of initial shares of the shareholder among shareholders of these shares within increasing of the authorized capital stock of the issuer;

3) the cost of property (including cash assets), property rights transferred in the form of contribution to the authorized capital of other legal entities or of society in participation.

### **Article 143. Material expenses**

1. Material expenses shall include:

1) raw stock, materials, spare parts and half-stock;

2) packing materials or other preparation of produced and/or realized goods, including resale preparation for other production and economic needs, materials and spare parts for repair of equipment and other property;

3) equipment, economic facilities, other property, which is not a depreciated property;

4) fuel, energy of all types, used for technological, transport, other production and economic needs, production of all types of energy by taxpayer for production and economic needs, heating of buildings and expenses for transformation and energy transferring;

5) expenses for treatment of lands with cultivator and other environmental measures;

6) payment for water, consumed by the taxpayer from water systems within norms established in accordance with the legislation;

7) technological losses when producing and/or transporting within norms established by an authorized department in accordance with the legislation or the taxpayer;

8) losses and damage of goods-material stocks when storing and transporting within norms established by an authorized department in accordance with the established legislation or taxpayer;

2. The cost of goods-material stock inclusive to material expenses is determined in accordance with the legislation on accounting.

3. If the cost of a recycling container received from supply is included into the cost of received goods-material stocks, the cost of the recycling containers is deducted from a total amount of expenses at the cost of their possible use or realization. The cost of non-recycling containers or packing material received from the supplier of goods-material stocks is included into the amount of expenses for its purchase. Classification of containers into recycling and non-recycling is determined with the

conditions of agreement (contract) for purchase of goods-material stocks.

4. The amount of expenses is reduced at the cost of recycling wastes. With the purpose to implement the present article under recycling wastes should be considered remaining raw-stock (materials), half-stock, heat carrier and other types of material resources created in the process of production of goods (works, services) partially lost consuming qualities of initial resources (chemical, physical qualities) and for this reason cause excessive expenses (reduced outcome) or not used towards their immediate destination.

5. Under recycling wastes should not be considered remaining of goods-material stocks that in accordance with the technological process are transferred to other subdivisions as full-value raw stock (materials) to produce other types of goods (works, services) and accompanying (incidental) production, received as a result of execution of technological process.

6. Recycling wastes are evaluated in the following order:

- 1) of the possible use if these wastes can be applied for major or accompanying production but with increased expenses (reduced outcome of a ready product);
- 2) of realization cost should these wastes be sold under the counter.

#### **Article 144. Expenses for payment of labor**

Expenses for payment of labor shall include:

- 1) calculated wages for actually executed works, calculated based on piece rates, tariff rates and official salary in accordance with the forms and systems of labor reimbursement accepted by the taxpayer;
- 2) rises in tariff rates and wages for professionalism, scientific degree, tutorship and emeritus;
- 3) rise in wage and overtime payments connected with work schedule and conditions, including:
  - a) rises in tariffs and overtime payments to tariff rates and official wages for work during nighttime, overtime, on weekends and holidays (non-working) days envisaged by the schedule of technological process;
  - b) rises in wages for work in multi-shift system, combination and substitution of professions/positions, expanding of service zones;
  - c) rises in wages in hard, hazardous and very hazardous work conditions and natural-climatic conditions including rises in wages for a continuous work record in these conditions in line with a list of professions and works approved by the Cabinet of Ministers of the Republic of Uzbekistan;
  - d) rises in wages to employees of communication, railway, navy, auto transport and highways and other employees whose permanent employment takes place en route or of traveling nature for each 24 hours en route paid from the moment of departure to the moment of return at the place of location of the taxpayer;
  - e) rises in wages for traveling nature of employments for employees immediately involved in construction, reconstruction and capital maintenance as well

as when executing works by watch method in cases envisaged by legislation;

f) payment to employees constantly involved in underground works for normative time of their movement in mines (pits) the terrace to the place of work and back;

g) payments justified by rayon regulation of labor including on rayon coefficients for work in waterless and high-mountainous areas in accordance with the legislation;

h) amounts paid (when executing works by watch method) in the size of tariff rate, for days en route from the place of location of the taxpayer (place of collection) to the work place and back, envisaged by work schedule at watch and for days when employees were kept en route due to meteorological conditions and through the fault of transport organizations;

i) payment to employees for days of rest (day-offs) provided for overtimes under the watch system of works when summarizing work time and in other cases established by the legislation;

4) severance pay:

a) in accordance with the legislation severance pay for major (prolonged) vacations and compensations when not using them including cases of dismissing of employees, payment for privileged hours of teenagers and the time of medical examinations;

b) payment of additional vacations, established in accordance with the legislation for employees of separate sectors for unfavorable natural-climatic conditions;

c) payment for maternal leaves;

d) payments to employees taking forced vacations with a partial maintaining of wages;

e) payments for donor-employees for days of examination and donation of blood and day off provided upon each blood donation;

f) payment of work for carrying out of public duties (military training, trainings on extraordinary situations, etc.);

g) payment of difference in wages to employees engaged from other legal entities with maintaining of official salaries for a certain period of time at the previous workplace and within a temporary substitution;

h) payment of downtime and spoilage not through the fault of employees;

i) expenses for payment of work on major workplace to employees of the taxpayer during their training with isolation from work in the system of manpower development;

j) payment for the time of a forced day off or execution of less paid work in accordance with the legislation or upon decision of the taxpayer;

k) payment of additional maternal leave to women having two and more children at the age under twelve or handicapped child at the age under sixteen in accordance with the legislation;

l) raises in wages in case of temporary disablement to actual salary

established by legislation on the basis of the decision of a corresponding department;

m) payment of allowances for professional diseases;

5) payments of motivating nature:

a) envisaged by system regulations on bonuses for taxpayer;

b) awards for work done within a year and long-service bonus;

6) payment of work for employees out of staff of the taxpayer for works provided within contracts of civil-legal nature, including contract agreement or payments to employees for work provided is done by the taxpayer;

7) additional payments to handicapped persons, envisaged by the legislation;

8) cost of parts provided gratis (including uniform, special catering) remaining in personal use (or amount of concessions connected to their selling on reduced prices).

9) dismissal payment and other payments carried out in accordance with the labor legislation as material support or seizure of labor contract with an employee for separate reasons.

#### **Article 145. Expenses for depreciation**

1. Depreciated property in the purpose of this article shall be fixed assets and non-material assets considered by the taxpayer in accordance with the legislation on accounting.

2. The following are not subject for amortization:

1) land and other objects of nature (water, entrails and other natural resources);

2) production cattle;

3) library fund;

4) museum treasures;

5) fixed assets transferred to conservation in accordance with the order set by the legislation;

6) architectural and arts monuments

7) auto roads, pavements, boulevards, public alleys, constructions of accomplishments subordinate to public departments;

8) property the cost of which earlier was classified as deductions;

9) capital investments not transferred to fixed assets and non-material assets.

3. Property subject to depreciation with the purpose of taxation is distributed on groups with the following maximum norms of depreciation:

No. of groups	No. of sub- groups	Name of fixed assets	Annual maximum norm of depreciation in percents
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No. of groups	No. of sub-groups	Name of fixed assets	Annual maximum norm of depreciation in percents
1	2	3	4
<b>I</b>		<b>Buildings, constructions and erections</b>	
	1	Buildings, constructions	5
	2	Oil and gas pits	
	3	Oil-gas stocks	
	4	Sea, water channels	
	5	Bridges	
	6	Dams, dykes	
	7	River and navy mooring facilities	
	8	Railways of enterprises	
	9	Coast-protecting structure	
	10	Reservoirs, cisterns, tanks and other containers	
	11	Internal economic and inter-economic irrigation system	
	12	Closed collector-drainage network	
	13	Strips, ways, fleet for aircraft	
	14	Constructions of parks and zoos	
	15	Sports and medical care structures	
	16	Greenhouses	
	17	Other structures	
<b>II</b>		<b>Transmission facilities</b>	
	1	Structures and lines of electrical transmission and communication	8
	2	Internal gas mines and pipe lines	
	3	Water, sewerage and hearing networks	
	4	Main pipelines	
	5	Other	
<b>III</b>		<b>Power machines and equipment</b>	
	1	Termo-technological equipment	8
	2	Turnbine equipment and gas-turbine erections	
	3	Electrical engines and diesel-generators	
	4	Complex erections	
	5	Other power machines and equipment (but mobile transport)	
<b>IV</b>		<b>Working machines and equipment on types of activity (but mobile transport)</b>	
	1	Machines and equipment of all sectors of economy	15
	2	Agricultural tractors and equipment	
	3	Digital electronic equipment for commutations and data transfer, equipment of digital systems, transmissions, digital measuring technique of communication	
	4	Equipment of satellite, cellular communication, radiotelephone, paging and tanking communications	

No. of groups	No. of sub-groups	Name of fixed assets	Annual maximum norm of depreciation in percents
	5	Analogue equipment of commutations for transmission systems	
	6	Specialized equipment for cinema studios, equipment of medial and microbiological industry	
	7	Compressor machines and equipment	
	8	Pumps	
	9	Lifting-transport, shipping machines and equipment, machines and equipment for land, pit and toad-construction works.	
	10	machines and equipment for pile works, crushing-grinding, sorting enriching equipment	
	11	Containers of all types for technological processes	
	12	Oil-field and boring equipment	
	13	Other machines and equipment	
<b>V</b>		<b>Mobile transport</b>	
	1	Railway rolling stock	8
	2	Sea crafts, river boats, ships of fishing industry	
	3	Aircraft	
	4	Rolling stock of auto transport, production transport	20
	5	Vehicles and taxi	
	6	Industrial tractors	
	7	Communal transport	10
	8	Specialized watch cars	
	9	Other transport means	20
<b>VI</b>		<b>Computer and peripheral gears, equipment for data processing</b>	
	1	Computers	20
	2	Peripheral gears and equipment for data processing	
	3	Copy machines	
	4	Others	
<b>VII</b>		<b>Fixed assets not included in other groups</b>	
	1	Perennial plants	10
	2	Office furniture and equipment (including telephones, calculators, etc.)	15
	3	Other	10

4. Depreciation deductions for purposes of taxations are calculated for each group by means of application of a depreciation norm but not more than maximum norm established by the present Code.

5. For purposes of taxation depreciation accounting is allowed in line with norms lower than those established by the present article and fixed in the accounting policy of the taxpayer.

6. Recalculation of taxed income for the amount of depreciation calculated not to the full scope against norms envisaged by the present article for the purpose of taxation is not carried out.

7. The taxpayer obtaining objects of fixed assets that were prior to this used has the right to determine the depreciation norm on this object for fixed assets considering the term of use, reduced by the number of years (months) for exploitation of the object of fixed assets by previous owners.

8. When the term of actual use of the fixed asset by previous owners will be equal or exceeding the term of its valid use determined by classification of fixed assets in the present article, the taxpayer has the right to independently determine the term of valid use (but not less than three years) for this fixed asset considering requirements of safety and other factors.

9. When it is not possible to determine the term of use for prior used fixed assets calculation of depreciation is carried out for new fixed assets.

10. Expenses for non-material assets are subject to deduction from gross income in the form of depreciation on monthly basis in line with norms, calculated by the taxpayer based on initial cost and validity of use (but not more than the term of activity of the taxpayer).

11. Determining of the term for valid use of the object of non-material assets takes place based on the term of patent, certificate and (or) other limitations validity, and/or from other terms of limitations for using objects of intellectual property in line with the legislation of the Republic of Uzbekistan or applied legislation of a foreign state and based on a validity term for non-material assets, stipulated by adequate agreements.

12. For those non-material assets, where it is not possible to determine the term of validity, depreciation norms are determined entertaining by five years (but not more than the term of activity of the taxpayer).

#### **Article 146. Other expenses**

Other expenses shall include:

1) cost of works and services, carried out by outer legal or physical entities for realization of the activity of the taxpayer.

The following include the above works and services:

a) carrying out of separate operations on production (manufacture) of products, carrying out of works, provision of services, processing of raw stock (materials), control for observance of established technological processes, technical maintenance of fixed assets and other similar works;

b) transport services of outer organizations (including physical entities);

c) expenses for services on provision of employees (technical personnel) by outer organizations for participation in production process or to carry out other functions related to the activity of taxpayer;

2) expenses for maintaining fixed assets and other property in working condition (expenses for technical maintenance and repair, carrying out medium, current and

capital repairs).

To secure equal distribution of expenses for capital repair of fixed assets the taxpayer has the right to establish reserves under future repairs of fixed assets in the established order;

3) rent expenses and expenses related to maintenance of fixed assets received within operative rent;

4) expenses for maintaining conserved production capacities and objects (but expenses substituted from other sources);

5) expenses for products certification, payment of licenses and those related to carrying out of expertise of goods (works and services);

6) expenses for study of sales markets (marketing expenses);

7) amount of expenses or payment for laundry, repair and disinfection of inventory, economic facilities and uniform;

8) amount of expenses for production or payment for obtaining of blanks of accurate reporting, vouchers and other documentation;

9) expenses on cashing of profit;

10) advertisement expenses;

11) representative expenses within 1 percent from the volume of profit upon realization of products (works, services) including value added tax and excise tax.

Representative expenses include expenses of the taxpayer for receiving and serving persons, that are carried out with the purpose to establish and maintain mutual cooperation and participants came to the meeting of the board of directors, revision commission, and carrying out of the meeting of shareholders. These expenses for an official reception of the above persons and their transport securing, buffet services during negotiations, organization of dinners and recreation, payment of services of translators not on the permanent staff of the organization;

12) expenses for warranty repair and service of parts having warranty;

13) payment for services of telecommunication and post;

14) expenses for business trips:

a) actual expenses for the trip to the place of business trip and back, including payment for booking based on confirming documents. In case of absence of travel documents expenses are deducted at the rate of railway tickets (or long-distance buses if there is not railway communication) but not more than 30 percents of the cost of air ticket;

b) actual expenses for housing including expenses for booking based on confirming documents within the Republic of Uzbekistan. when these documents are not available these expenses are deducted within norms established by the legislation.

Expenses for housing out of the Republic of Uzbekistan are deducted within norms established by the legislation;

c) per diems paid for business trip within norms established by the legislation;

- d) other expenses envisaged by legislation and confirmed with documents;
- 15) compensation payments (compensations) on the decision of the Cabinet of Ministers of the Republic of Uzbekistan;
- 16) expenses related to invitation of nonresident (foreign) specialists required in the activity of the taxpayer;
- 17) expenses on audits if otherwise is not envisaged by the paragraph 7 of the article 148 of the present Code;
- 18) payment for consultation, information services and services on running and rehabilitation of accounting;
- 19) payment for services of the bank and depository;
- 20) expenses for manpower development necessary for the activity of the taxpayer;
- 21) taxes and mandatory payments to the budget and extra-budgetary public funds, carried out in accordance with the legislation and considered as expenses of the taxpayer;
- 22) fees paid by international organizations in case payment of such a fees is a required condition to carry out the activity of the taxpayer or on decisions of the Government of the Republic of Uzbekistan;
- 23) expenses on social protection and securing of labor conditions, provision of security, fire safety and observation posts and other special requirements envisaged by the rules of technical exploitation of the taxpayer;
- 24) expenses related to the obtaining of the right to use software for computers and databases with the ownership of copyrights following license agreements. The above expenses similarly include expenses on renovations of programs for computers and databases;
- 25) periodic (current) payments for use of copyrights on intellectual activity and means of individualization (in particular with the rights emerging from purchase patents, industrial samples and other types of intellectual ownership);
- 26) expenses for publication of accounting reporting and publication and further disclosure to other information if the legislation of the Republic of Uzbekistan imposes other duties on the taxpayer for carrying out of publication (disclosure);
- 27) material assistance related to severe injury or other mutilation of the health of employee or death of members of employee's family, or the assistance paid to member of the family following the death of employee;
- 28) expenses on payment of a monthly allowance on childcare up to two years in accordance with the legislation;
- 29) payments to employees dismissed based on reorganization, reduction of number of employees and staffs in accordance with the legislation;
- 30) expenses on maintaining healthcare stations, payment to medical establishments for medical examination of employees of the taxpayer and prophylactic measures;
- 31) expenses to maintain objects of healthcare, retirement and handicapped homes, sanitary camps, objects of culture and sports, of national education and housing funds (including payments for depreciation and expenses for all types of repair);

- 32) payments for voluntary insurance up to 2 percents from the volume of gains and excise duty and excluding those mentioned in the paragraph of the present article, except those specified in the sub-paragraph 33 of the present article;
- 33) amount of insurance premiums for property and long-term life insurance;
- 34) assignments for mandatory types of insurance;
- 35) compensation payments for environmental pollution and allocation of wastes within norms established by the legislation;
- 36) expenses for scientific-research and experimental-construction elaborations related to the activity apart from obtaining of fixed assets and their installation as well as other deductions of capital nature. Design estimates, act for works carried out and other documents confirming realization of corresponding scientific-design, research and experimental-construction works;
- 37) expenses for innovation, rationalization of production nature, carrying out experimental activities, production and testing of models and samples on innovations and rationalization suggestions, organization of exhibitions and reviews, competitions, for other measures on innovation and rationalization, payment of copyright bonuses, creation of new and improvement of applied technologies, creation of new types of raw stock and materials, reequipping of production;
- 38) expenses carried out by the taxpayer for geologic explorations and preparation works on extraction of natural resources, evenly deducted from an aggravated revenue at the rate of not more than fifteen percents a year;
- 39) expenses on preparation works in extracting industries are deducted into a production prime cost evenly within an established period for their repayment or proportional volume and quantity of extracted products;
- 40) losses and damages:
- a) on annulated production orders;
  - b) on operations with containers;
  - c) losses from write off of bad debts, excluding write offs at the expense of an established reserve for bad debts;
  - d) expenses and losses on operations of previous years revealed in a reporting year excluding non-deductible expenses and losses in accordance with the article 148 of the present Code;
  - e) losses and expenses subject for non-compensation resulted from natural calamities (destruction and damage of production stocks, ready-made parts and of other material values, losses from suspension of production etc) including expenses with preventing or liquidation of consequences of natural calamities;
  - f) losses from gratis transferring of property on a decision by the President of the Republic of Uzbekistan or the Cabinet of Ministers of the Republic of Uzbekistan and losses from gratis transfer of technical means of the system for operative-search measures in the networks of telecommunications and provision of services on their exploitation and maintenance;
  - g) losses from realization of fixed assets, exploited more than three years;
  - h) amount of discount, prevailing over the raise from a previous evaluation

(or amount of discount) emerged as a result of annual reevaluation of fixed assets;

- i) losses from defects;
- j) losses from downtimes caused by internal reasons;
- k) losses from downtimes subject for non-compensation caused by external reasons (not on the fault of legal entities);

41) interests on credits (loans) excluding interests on credits and loans received from investments that are inclusive in capital investments within an investment period;

42) interests on overdue credits (loans) within rates envisaged in a credit agreement excluding interests on loans and credits received from investments are inclusive in capital investments within an investment period;

43) negative exchange rate on currency accounts and operations in hard currency is deducted from an aggregated revenue in line with the legislation on accounting;

1) when selling hard currency at a lower price against the rate of the Central Bank of the Republic of Uzbekistan established by the date of property transfer to this hard currency;

2) when purchasing foreign currency at a higher price against the rate of the Central Bank of the Republic of Uzbekistan established by the date of property transfer to this hard currency;

3) when reassessing currency assets of balance for a corresponding reporting period due to changes of foreign currency exchange rate.

For taxpayers who establish the price for goods (works, services) in a foreign currency and interline accounts are carried out in a national currency, negative difference caused by the change of the exchange rate of the Central Bank of the Republic of Uzbekistan for the period from the date of realization of goods (works, services) to the date of payments for these goods (works, services), is deducted from a gross income by the date of payment for goods (works, services);

44) expenses related to issue and distribution one ones own securities;

45) expenses on payment of means that are an interest income of the tenant in life (leaser) on financial lease, including leasing;

46) expenses in the form of interests on bonds and other liability securities issues by the taxpayer;

47) extraordinary losses.

Extraordinary losses are assets of unusual expenses emerging as a result of events or operations out of frames of usual activity of taxpayer, receipt of which was not expected.

In order for an asset to be reflected as an asset of extraordinary losses it should meet the following criteria:

- a) untypical for a usual economic activity of legal entities;
- b) should not reoccur within several years;
- c) does not depend of decisions taken by management personnel;

48) means directed by founders (participants) of voluntarily liquidated legal entities for execution of their obligations. In case of incompleteness of a voluntary liquidation in

terms established by the legislation or suspension of the procedure for liquidation or resumption of activity the above mentioned means are not considered as deducted expenses.

49) other expenses of the taxpayer related to his activity.

#### **Article 147. Expenses of a reporting period deducted from a taxed base in future**

1. Expenses listed in the present article are not deducted when calculating a tax base in the moment of their emerging in a current reporting period and are subject to deduction in further and future periods.

2. The following types of expenses are deducted from a tax base within a minimum of the following two terms – effective action of the present losses or ten years:

- 1) expenses for mastering of new productions, workshops, aggregates and production of new types of serial and mass production and technological processes;
- 2) complex idle approbation of equipment and technical units with the purpose to check the quality of their installment;
- 3) expenses related to the recruitment of workforce and personnel training for works at a newly started unit in an economic subject;
- 4) difference between the amount of depreciation of fixed assets and non-material assets calculated by speedy method and depreciation amount calculated on established norms in accordance with the the present Code.

3. expenses for establishment of a reserve on bad debts are deducted in future in the moment of deduction of bad debts acknowledged as bad debt in line with the present this Code, not exceeding amount of a bad debt subject to write off.

#### **Article 148. Non-deductible expenses**

When determining tax base the following is considered as non-deductible expenses:

- 1) losses and damage above norms of natural reduction of material values;
- 2) cost differences (reductions) on goods (works, services) provided by employees or subsidiary plots for needs of public catering of the taxpayer;
- 3) the following expenses above norms established in the article 146 of the present Code:  
business trip expenses;  
representative expenses;  
subsidies for voluntary types of insurance.
- 4) assignments to non-public pension funds;
- 5) assignments of sub-departmental organizations to maintain economic management unit;
- 6) expenses on free provision of premises to catering enterprises or other external organizations, payment for communal services provided to these enterprises and organizations;



- 7) expenses to carry out audits for an annual financial reporting carried out more than once for the same reporting period;
- 8) expenses on personnel training on professions not related to the activity of taxpayer;
- 9) cost of gratis communal services, catering, goods, production or other values or carrying out of works and services, expenses for free housing provided to employees of the taxpayer (or amounts of money compensation for housing, communal services etc);
- 10) payment of additional provided holidays to employees and compensations on them above norms envisaged by the legislation, but those indicated in the article 144 of the present Code;
- 11) compensation or payment of expenses for catering, transportation, medical treatment, recreation, excursions and travels, sports sections, clubs, visit of cultural and sports measures, subscription and goods of personal consumption for employees and other similar payments;
- 12) additional payments to pensions, one-time payments to those about retired, veterans of labor;
- 13) material assistance paid to employees but those envisaged in the article 144 of the present Code;
- 14) payments related to the loss of ability to work caused by production traumas by an actual wage, paid without decision of corresponding competent departments;
- 15) contributions to environmental, health and other charity funds, establishments, organizations of culture, national education, health care, social security, physical culture and sports, departments of self governing of citizens, local departments of power and management;
- 16) expenses for activities on health care and organization of recreation not related to production process;
- 17 expenses for realization of goods (works, services) by economic subjects not related to the production (works on improvement of towns and settlements, provision of assistance to agricultural units, other types of works);
- 18) compensation payments for environmental pollution and allocation of wastes above norms established by the legislation;
- 19) interests on overdue and delayed loans and credits above rates envisaged by a credit agreement for urgent liability;
- 20) expenses on annulations of imperfections in design and construction-mounting works, as well as damages and deformations, caused by transportation to warehouse within an object, expenses on revision (dismounting equipment) caused by defects of anticorrosion protection and other similar expenses to the extent which these expenses cannot be replaced at the expense of supplier or other economic subjects, responsible for imperfections, damages or losses;
- 21) one-time bonuses motivating employees, related to various holidays and special occasions, achievements in public activity;
- 22) courts expenses;

- 23) losses from embezzlement and thefts, whose culprits are not identified or in case necessary amount cannot be paid by offenders;
- 24) losses from withdrawal (write off from balance) of fixed assets or other property of the taxpayer (determined in accordance with the legislation on accounting) but losses identified in subparagraphs "f" and "g" of the paragraph 40, article 146 of the present Code.
- 25) paid or acknowledge penalties, fines and other types of sanctions for violation of conditions of economic contracts and legislation;
- 26) expenses on payment of services and bonuses for managers of companies, public trustees and managers in trust to control public shares and bonuses for other professional managers of companies;
- 27) other expenses not related to the activity of the taxpayer except those mentioned in articles 142-146 of the present Code.

## **CHAPTER 22. TAXING OF FINANCIAL-CREDIT ORGANIZATION**

### **Article 149 Distinctions of determining financial-credit organizations**

1. Incomes of financial-credit organizations, besides those envisaged by the articles 130 and 132 of the present Code include the following revenues:
  - 1) interests from allocation of financial-credit organization on its behalf and at its expense, provision of credits and loans;
  - 2) payment for opening and running accounts of clients including of banks-correspondents, carrying out of payments on their order including commission fees or other bonuses for transferring, cashing of check, accrediting and other operations, registration and servicing of payment cards and other special means for realization of bank operations, provision of extracts and other documents on accounts and for quest of amounts;
  - 3) from check, bill of exchange, invoices cashing, and provision of cash services for clients;
  - 4) from currency operations, carried out in cash and non-cash, including commission fees (bonuses) within operations o purchase or sales of foreign currency including those at the expense and on the order of a client, from operations with currency values;
  - 5) awards from operations on provision of bank guarantees, obligations, collateral acceptances and trusts for the third persons envisaging realization in cash form;
  - 6) as a positive difference between the sum of means received when reducing or realizing (further discounting) of the chose in action (including the one obtained earlier) and accounting cost of the present chose in action;
  - 7) from rental of specially equipped premises and saves to keep documents and valuables;
  - 8) as a payment for delivery, transferring of cash means, securities or other valuables and bank documents;

- 9) payment for transferring and keeping of precious metals and precious stones;
- 10) revenues from forfeiting and factoring operations;
- 11) interest and non-interest incomes, requested and subject to receipt (or received) within terms envisaged by an agreement;
- 12) other revenues, receiving by financial-credit organizations from their professional activity.

2. Interests requested on the credit that obtained the status of non-increase, are written off from income accounts in accordance with the order established by the Central Bank of the Republic of Uzbekistan.

#### **Article 150. Distinctions of determining of deductible expenses of financial-credit organization**

Deductible expenses of financial-credit organizations, except those envisaged by the articles 143-147 of the present Code, shall include the following expenses occurred within realization of their activity:

- 1) payments for credit resources, expenses on transportation and storage of cash means and valuables;
- 2) calculated and paid interests on deposit accounts of clients including deposits of physical entities;
- 3) subscriptions to reserves on risk operations within the norms established by the Central Bank of the Republic of Uzbekistan;
- 4) other expenses receivable by financial-credit organization in their professional activity;
- 5) cost of property banks transfer to their branches.

### **CHAPTER 23. DISTINCTIONS OF TAXING INSURANCE ORGANIZATIONS**

#### **Article 151 Distinctions of determining incomes of insurance organizations**

Incomes of insurance organizations, except those envisaged by the article 130 and 132 of the present Code, shall include the following incomes from insurance activity:

- 1) insurance bonuses (contributions) on insurance, co- insurance and reinsurance contracts, co- insurance and reinsurance. In such a case insurance bonuses (contributions) on co-insurance contracts are included into incomes of insurer (co-insurer) only at the rate of his/her share of insurance premium, established in insurance contract.
- 2) amounts of deduction (return) of insurance technical reserves formed in previous reporting periods with the consideration of the share of hedgers in insuring reserves;
- 3) bonuses on insurance, co- insurance and reinsurance contracts and awards on reinsurance contracts;

- 4) amounts of repayment to hedgers of insurance payments on risks forwarded to reinsurance;
- 5) amounts of interests calculated for bonuses on reinsurance contracts;
- 6) incomes from realization of the right of insurer demand transferred to insurer in line with the legislation to persons responsible for losses occurred;
- 7) amounts received in the form of sanctions for inobservance of conditions of insurance contracts;
- 8) awards for services of insurance agent, broker and middleman;
- 9) awards received by insurer for professional services to professional participants of insurance market;
- 10) other incomes received from provision of insurance services and from accompanying insurance activity.

#### **Article 152. Distinctions of determining of deductible expenses of insurance organizations**

Deductible expenses of insurance organizations besides those envisaged by article 143-147 of the present Code shall include the following expenses occurred when carrying out insurance activity:

- 1) payment amounts transferred along with reinsurance contracts;
- 2) amount of increase of insurance technical reserves formed in previous periods considering the change of hedgers share in insurance reserves;
- 3) amounts of carried out and calculated payments on insurance and re-insurance obligations;
- 4) amount of incomplete payments on insurance events of previous years, including obligations within the term of status of limitation;
- 5) insurance amounts on contracts, on which insurance case is applied, but the size of loss is not provided;
- 6) amounts of means addressed by insurance organizations for financing of measures on preventing of insurance events (preventive measures);
- 7) amount of payments to reserve funds of insurance organizations at the rate up to twenty percents of incomes from these organizations to the achievement of sizes of twenty five percents of these funds of capital fund for these insurance organizations;
- 8) payment of services of outer organizations related to insurance activity.

### **CHAPTER 24. DISTINCTIONS OF TAXING OF INCOMES OF PROFESSIONAL PARTICIPANTS OF SECURITIES MARKET**

#### **Article 153. Distinctions of determining of incomes for professional participant of securities market.**

Incomes of professional participant of securities market, except those envisaged in

articles 130 and 132 of the present Code, shall include the following incomes from realization of activity at securities market:

- 1) incomes from realization of securities, determined:
  - a) on securities, except liability securities (bonds, deposit certificates) and share of participation – as a positive difference between the cost of realization and cost of purchase (investment);
  - b) on liability securities – as a positive difference between the cost of realization and cost of purchase with consideration of depreciation of discounts and/or bonus by the date of realization;
- 2) incomes from provision of middleman or other services at securities market;
- 3) part of income from use of clients means;
- 4) incomes from depository services, including services on provision of information on securities, running of depot account;
- 5) incomes from provision of services on running of a register of securities owners;
- 6) incomes from provision of services on organization of exchange and off-exchange trades with securities;
- 7) incomes on payment-clearing activity;
- 8) incomes on management with investment assets established by the legislation on securities market;
- 9) incomes from provision of consultation services at securities market;
- 10) other incomes received by professional participant of securities market from their professional activity.

**Article 154. Distinctions of determining of deductible expenses of professional participants of securities market**

Deductible expenses of professional participants of securities market, except those envisaged by the articles 143-147 of the present Code, shall include the following expenses carried out when realizing activities at securities market:

- 1) expenses in the form of investments to organizers of trades and other organizations having a corresponding license;
- 2) expenses for maintenance and repair of trade stands arising due to performing of professional activity;
- 3) expenses on organization and carrying out of electronic correlation, on turnover and accounting of securities;
- 4) expenses related to information disclosing on the activity of professional participant of securities market;
- 5) expenses for participation in management boards of shareholders on behalf of their clients.

## **CHAPTER 25. DISTICTIONS OF TAXATION OF INCOMES OF NON-RESIDENT ENTERPRISES OF THE REPUBLIC OF UZBEKISTAN**

### **Article 155. Distinctions of non-resident enterprises incomes taxation in the Republic of Uzbekistan carrying out their activity through permanent establishment**

1. Determining of tax base, calculation and payment of income tax from legal entities-non-residents of the Republic of Uzbekistan carrying out their activity in the Republic of Uzbekistan through permanent establishment is realized in line with standings of the present division.

2. Incomes of legal entities-non-residents of the Republic of Uzbekistan carrying out their activity in the Republic of Uzbekistan through permanent establishment shall include all types of incomes related to the activity of a permanent establishment.

3. expenses of legal entities-non-residents of the Republic of Uzbekistan carrying out their activity in the Republic of Uzbekistan through permanent establishment shall include all types of expenses immediately related to receipt of incomes from the activity in the Republic of Uzbekistan through permanent establishment regardless of whether they occurred in the Republic of Uzbekistan or outside of the country, excluding expenses not subject to deduction in line with with the article 148 of the present Code.

In case of carrying out activity specified in paragraph 8 of part three of the article 17 of the present Code, tax base is determined as a difference between the cost of goods realization and cost of their purchase considering expenses on delivery of goods to a warehouse in the Republic of Uzbekistan.

4. Legal entities-non-residents of the Republic of Uzbekistan has no right to address deductions to a permanent establishment amounts requested from permanent establishment as:

1) royalties, honorarium, collections and other payments for use and provision of the right to use the property or intellectual property of these legal entities-non-resident enterprises of the Republic of Uzbekistan;

2) commission incomes for services;

3) bonuses on loans provided by legal entities-non-resident enterprises of the Republic of Uzbekistan;

4) expenses not related to the receipt of incomes from the activity of legal entities non-resident enterprises in the Republic of Uzbekistan;

5) expenses not confirmed with documents;

6) managerial and general administrative expense of legal entities non-resident enterprises of the Republic of Uzbekistan occurred out of the territory of the Republic of Uzbekistan.

5. expenses received by non-resident enterprise of the Republic of Uzbekistan from the activity meeting features of a permanent establishment to the registration in a tax

authority as a permanent establishment, specified by the article 156 of the present Code. In such a case income from legal entities at the source of payment deducted by the tax agent is subject to registration at the expense of tax obligations of non-resident enterprise of the Republic of Uzbekistan upon its registration in a tax authority as a permanent establishment.

6. If a non-resident enterprise of the Republic of Uzbekistan received income not related to the activity through permanent establishment and income tax for legal entities profit at the source of payment in the Republic of Uzbekistan was deducted to the budget from this revenue, then the permanent establishment of this non-resident enterprise in the Republic of Uzbekistan is not subject to register the above amount as a deducted profit tax for legal entities.

7. In addition to the profit tax of legal entities from non-resident enterprise of the Republic of Uzbekistan carrying out its activity through permanent establishments, similarly net profit is subject for taxation at the rate of 10 percents.

8. Net profit is a profit received from activity through a permanent establishment minus amount of calculated tax for legal entities profit.

#### **Article 156. Taxation of incomes of non-resident enterprise of the Republic of Uzbekistan not related to permanent establishments**

1. Incomes of non-resident enterprises of the Republic of Uzbekistan not related to permanent establishments are subject to taxation at the source of payment without deduction of expenses related to receiving of these incomes, if otherwise is not envisaged by the item two of the present article.

2. Incomes on credits attracted for financing of investment projects paid by banks of the Republic of Uzbekistan to foreign financial institutes are not subject to taxation.

3. Incomes of non-resident enterprises of the Republic of Uzbekistan taxed at the source of payment shall include:

1) dividends and interests;

2) incomes from participation in a joint activity based on an agreement of society in participation determined in accordance with the article 157 of the present Code;

3) incomes from realization of the property located in the territory of the Republic of Uzbekistan:

shares from participation in legal entities non-resident enterprises of the Republic of Uzbekistan;

immovable property.

Incomes from realization of property, subject to taxation at the source of payment are determined as exceeding of amount for realization of this property over its cost for purchases confirmed with documents;

4) incomes from realization of goods, owned by non-resident enterprises of the Republic of Uzbekistan or residents of the Republic of Uzbekistan based on commission agreement (trust) in the territory of the Republic of Uzbekistan.

In this case incomes from goods realization are determined as exceeding of the amount paid to non-resident enterprises of the Republic of Uzbekistan over

contractual (invoice) cost of delivered goods;

5) royalties;

6) incomes from renting or sub-renting of property, used in the territory of the Republic of Uzbekistan, determined in accordance with the article 134 of the present Code;

7) insurance bonuses paid on insurance contracts, co-insurance, reinsurance of risks;

8) payment for telecommunication services on international communication, envisaging payment to residents of the Republic of Uzbekistan for transferring, receipt and processing of signs, signals, texts, image, sounds through conducting, radio-, optical and other electro-magnet systems to non-resident enterprises of the Republic of Uzbekistan;

9) incomes from application of sea, river ships and aircrafts, railway or automobile transport means in international transportation shall include income from a directly use, rental or use of transport means in any other form including use, maintenance or rental of containers (including trailers and supplemental equipment to transport containers) (incomes from freight). In some cases freight (depending on contract conditions) includes payment for shipment, unloading, reloading and trimmer. Any International freight but cases, when shipment is carried out exclusively between destinations outside of the territory of the Republic of Uzbekistan, is considered as international freight;

10) incomes from provision of transport-forwarding services.

In this case income subject to taxation shall be the amount of award calculated as a difference between the amount received from consignor of goods (consignee) and the amount subject to payment to cargo carrier, confirmed with corresponding initial documents of cargo carrier. When these initial documents do not exist the whole amount paid to non-resident enterprise of the Republic of Uzbekistan is subject for taxation on the rates established for taxing of incomes of non-resident enterprises indicated in the paragraph 9 of the present part.

11) penalties and fines for violation of contractual obligations by legal and physical entities of the Republic of Uzbekistan;

12) other incomes received by non-resident enterprises of the Republic of Uzbekistan from implementation of works and provision of services in the territory of the Republic of Uzbekistan.

4. The following is not considered as incomes of non-resident enterprises of the Republic of Uzbekistan from the sources in the Republic of Uzbekistan:

1) incomes of non-resident enterprises of the Republic of Uzbekistan on external trade operations (including goods exchange) carried out exclusively on behalf of this non-resident enterprise and related exclusively with purchase of goods (works, services) and import of goods to the territory of the Republic of Uzbekistan;

2) incomes from provision of services related to opening and running of correspondent accounts of banks-residents of the Republic of Uzbekistan and realization of payments on the above, and carrying out of calculations by means of international payment cards;



3) incomes from realization works, provision of services outside of the Republic of Uzbekistan.

5. Transferring of money in cash and/or cashless, securities, share of participation, goods, property, carrying out of works, provision of services, write off or registration of debt demand apply as crediting of non-resident enterprise of the Republic of Uzbekistan – receiver of income, carried out at towards payment of liabilities to non-resident enterprises of the Republic of Uzbekistan and towards payment of expenses from sources in the Republic of Uzbekistan.

6. Taxation of incomes of non-resident enterprises of the Republic of Uzbekistan is carried out regardless from income installations by of this non-resident enterprise of the Republic of Uzbekistan in the interest of the third parties, their branches in other states and for other purposes.

7. Deduction of income at the source of payment from legal entities shall be carried out by residents of the Republic of Uzbekistan and non-resident enterprises of the Republic of Uzbekistan carrying out their activities through permanent establishments and paying income to other non-resident enterprise of the Republic of Uzbekistan.

8. Deduction of income tax for income of legal entities by payment source is carried out on the date of payment of income to non-resident enterprise of the Republic of Uzbekistan.

9. The amount of tax for income of legal entities is calculated on the rate of the Central Bank by the date of payment of income to non-resident enterprise of the Republic of Uzbekistan.

10. Under non-deduction of income tax of legal entities, the resident of the Republic of Uzbekistan or non-resident enterprise of the Republic of Uzbekistan carrying out the activity through a permanent establishment, pay amount of non-deducted tax for income of legal entities and related to it amount of fine in accordance with the legislation to the budget.

11. Paid amounts of taxes on incomes from insurance fees can be reconsidered within insurance cases.

12. Within insurance cases expenses on payment for insurance are apply as credited by reduction of incomes of non-resident enterprises of the Republic of Uzbekistan – insurer income tax for legal entities at the source of payment is deducted and transferred to the budget from. This recalculation can be done by legal entities paid income to non-resident enterprise of the Republic of Uzbekistan and deducted at the source of tax payment.

13. Payment to non-resident enterprise of the Republic of Uzbekistan is carried out without deduction of income tax for legal entities at the source of payment under presence of one of the following documents:

1) application on release from payment of tax in accordance with the international agreements authorized by departments of public tax agency of the Republic of Uzbekistan;

2) certificates witnessing that non-resident enterprise of the Republic of Uzbekistan carries out its activity and is registered in a public tax department as permanent establishment of non-resident enterprise of the Republic of Uzbekistan, authorized by departments of public tax authority.

14. Non-resident of the Republic of Uzbekistan for using of tax privilege in accordance with international agreement (contract) shall provide an official confirmation, issued by a competent agency, on a permanent residency of this person in the country that the Republic of Uzbekistan has international treaty (agreement) on tax issues with.

15. Application on reduction of the amount of income tax from legal entities or exemption from its payment is submitted to a competent department in a set form, before paying the income to non-resident enterprise of the Republic of Uzbekistan. for legal entities resident enterprises of the Republic of Uzbekistan and non-resident enterprises of the Republic of Uzbekistan carrying out their activity through a permanent establishment and paying income to other non-resident enterprise of the Republic of Uzbekistan, the seal of public tax authority on this application is to reduce the amount of income tax from legal entities. The present application is provided for the amount (or its part) of a signed contract. When it is not possible to determine the amount of the contract the application is provided on annual basis.

16. The State Tax Committee of the Republic of Uzbekistan is a competent agency on taking decisions on reduction of the amount of income tax for legal entities or exemption from its payment.

17. Application on reduction of the amount of income tax from legal entities or exemption from its payment is submitted to a competent agency with a cover letter and copy of contract (agreement) on which the non-resident enterprise of the Republic of Uzbekistan receives income from sources in the Republic of Uzbekistan.

18. When submitting this application to the public tax agency not in the person of non-resident enterprise of the Republic of Uzbekistan, rather by its representative enterprise, similarly letter of attorney is provided based on which the above enterprise provides the application.

19. Decision on reduction of the amount of income tax for legal entities or exemption from payment of income tax of legal entities is received by competent agency within thirty days from the moment of application.

20. In case of payment of income tax for legal entities into budget deducted from incomes of non-resident enterprise of the Republic of Uzbekistan such a non-resident enterprise of the Republic of Uzbekistan in accordance with the standings of a corresponding international treaty has the right to return the paid income tax of legal entities from the budget within the term of statute of limitation, established by the article 38 of the present Code.

21. In this case non-resident enterprise of the Republic of Uzbekistan provided the following documents to competent agencies:

application for return of tax along with the form established by the State Tax

Committee of the Republic of Uzbekistan;

official confirmation of the fact that this non-resident enterprise of the Republic of Uzbekistan had permanent location (residency) by the moment of payment of income in the in the country that the Republic of Uzbekistan has international treaty (agreement) regulating tax issues with and issued by a competent agency of the corresponding foreign state;

copies of agreement (or other document) in accordance to which income is paid to a non-resident enterprise of the Republic of Uzbekistan and copies of invoices confirming payment of income and transfer of deducted amount of tax for income of legal entities that is subject to return to budget.

22. In case these documents specified in parts thirteen, sixteen, seventeen and twenty of the present article are written in a foreign language, the agency of public tax authority has the right to require their notarized translation into the State language or Russian. Provision of documents is carried out with realization of their consular legalization in the order established by the legislation.

23. Return of excessively imposed and paid tax is carried out based on a decision taken by a competent department on return in the order established by the article 58 of the present Code within thirty days from the date of application submission.

## **CHAPTER 26. DISTINCTIONS OF TAXATION OF OTHER CATEGORIES OF TAXPAYERS**

### **Article 157. Taxation of participants of agreement of society in participation**

1. Income from participation in a joint activity within the agreement of society in participation determined in the order established by the article 397 of the present Code is included into gross income within other incomes and is subject to taxation with the income tax of legal entities in accordance with the present chapter.

2. When suspending agreement of society in participation on return of property to participant of this agreement:

1) incomes in the form of property and property rights that are received within initial investment to participant of agreement on society in participation (or its assignee) in case of separation of its share from the property owned by joint propriety of participants of the agreement or division of such a property are not subject to inclusion into the content of incomes of participants of society in participation;

2) negative difference between the cost of returned property and cost on which this property was earlier forwarded within the agreement of society in participation is not considered as loss for purposes of taxation and does not reduce tax base when calculating income tax of legal entities.

### **Article 158. Distinctions for taxation of dividends and interests**

1. Dividends and interests paid to legal entities are taxed at the source of payment.

2. Incomes on public bonds and other public securities are exempt from taxation.

3. Residents of the Republic of Uzbekistan and non-resident enterprise of the Republic of Uzbekistan carrying out their activity through permanent establishment and received dividends and interests earlier taxed at the source of payment in the Republic of Uzbekistan have the right for deduction of the above from the gross income.

4. Interests paid to banks and other financial-credit organizations – residents of the Republic of Uzbekistan are not subject to taxation at the source of payment and are subject for taxation at a bank or other financial-credit organization in the order established by the legislation.

The same order is valid for interest incomes, paid to leaser when providing property for leasing.

5. Incomes in the form of dividends addressed to the authorized capital (fund) of legal entities they are received from are not subject to taxation.

6. When leaving from the board of founders or distribution of property of liquidated economic subject between its participants within a year upon application of privilege envisaged by part five of the present article, incomes earlier released from taxation are subject to taxation on general basis.

7. Incomes of investment funds received as dividends are not subject to taxation both of the investment fund and source of payment of these dividends.

## **CHAPTER 27. CONCESSIONS AND RATES**

### **Article 159. Concessions**

1. The following legal entities are exempted from income tax:

1) received from production of prosthetic- orthopedic devices, facilities for disabled people and provision of services to disabled people on orthopedic , repair and maintenance of prosthetic-orthopedic devices and facilities for disabled people.

2) owned by public associations of disabled people, the Fund “Nuroni” and the Association of “Chernobilzi Uzbekistana” total staff of which includes not less than fifty percents of disabled people, veterans of war and labor front in 1941-1945. When determining the right to receive the above privilege total amount of workers is equal to the number of employees in the staff;

3) sanitation-production workshops under sanitation establishments;

4) establishments of corrective training;

5) subdivisions of guard within departments of internal affairs;

6) municipal passenger transportation (but taxis, including jitneys) on services related to transportation of passengers;

7) on the income from realization of works on restoration of monuments of history

and culture;

8) investment funds on incomes spent for purchase of shares of privatized enterprises.

2. For legal entities, where more than three percents of handicapped persons from the total number of workers are employed, amount of tax of legal entities profit is reduced on the basis of: one percent of reduction of tax amount for legal entities profit by each percent of employed disabled people above the norm established by the present part.

#### **Article 160. Reduction of taxed profit**

Taxed profit for legal entities is reduced for the amount of:

1) contributions to environmental, sanitation and charitable funds, establishments of culture, national education, health care, labor and social protection of population, physical culture and sports, institutions of self-governing of citizens but not more than one percent of taxed profit;

2) means addressed to construction of colleges, academic lyceums, schools and preschools on the decision of the Cabinet of Ministers of the Republic of Uzbekistan;

3) means addressed to expanding of major production in the form of a new construction, reconstruction of buildings and erections used for production needs and payment of credits received for these purposes with deduction of depreciations calculated in a corresponding tax period, but not more than thirty percents of taxed profit;

4) means addressed for modernization and technological reequipping of production, obtaining of new technologic equipment, payment of credits issued for the above purposes, compensation of the cost of a leased object with deduction of imposed depreciation in a corresponding tax period. Reduction of taxed base is carried out within five years starting from a taxed period in which the above expenses were carried out and on technologic equipment from the moment of putting it into operation;

5) means addressed for contribution of fees on mortgage loans and/or purchase of housing on gratis basis to transfer into property of employees from the number of young families, but not more than 10 percents of taxed base;

6) deductions from profit of undertakings owned by religious and public associations (but trade unions, political parties and movements), charitable funds addressed to realization of authorized activity of these associations and funds.

#### **Article 161. Tax rate**

1. Tax rates for the profit of legal entities are established by the enactment of the President of the Republic of Uzbekistan if otherwise is not envisaged by part five of the present article.

2. For exporter-undertakings whose share of export of goods (works, services) of their own production for foreign currency makes more than 30 percents in a total volume of realization of goods (works, services), tax rate for legal entities established

by the present Code is reduced by 50 percents. This order is applied both when carrying out export on independent basis and through outer organizations on commission agreements (instructions). When calculating the share of export the following is not considered: the volume of realization for export of cotton fiber, lint, oil, oil products, gas condenser, natural gas, electric power, precious, non-ferrous metals and ferrous metals.

3. Legal entities providing services but commercial banks, apply profit tax from legal entities reduced by 10 percents from the volume of services provided with the use of plastic cards.

4. Dividends and interests paid to resident enterprises of the Republic of Uzbekistan and non-resident enterprises of the Republic of Uzbekistan are imposed with a profit tax from legal entities at the source of payment at the rate of 10 percents.

5. Incomes of non-resident enterprises of the Republic of Uzbekistan not related to permanent establishment and taxed at the source of payment of income are subject for taxation on the following rates:

- 1) insurance bonuses on insurance agreements, co-insurances and reinsurances – 10 percents;
- 2) telecommunications for international communication, international transportation (incomes from freight) – 6 percents;
- 3) incomes determined by the article 156 of the present Code, but incomes specified in the part four of the present article and paragraphs 1 and 2 of the present part – 20 percents.

#### **Article 162. Loss transfer**

1. Loss is exceeding of deducted expenses envisaged in the present Code over gross income.

2. The taxpayer has the right to transfer loss for future within five years following the tax period, in which the loss has occurred.

3. Taxpayers of profit tax from legal entities having loss (losses) calculated in accordance with the part one of the present article in a previous tax period or previous tax periods have the right to reduce tax profit of the current tax period by the whole amount of loss occurred to them or by a part of this amount.

4. The gross amount of a transferable loss considered in each further tax period cannot exceed 50 percents of taxed profit of the current tax period, calculated in accordance with the present Cod.

5. Taxed base can be reduced by the amount of loss subject to transferring only on results of the year.

6. Losses occurred more than in one calendar year are transferred in the order in which they occurred.

7. Losses occurred in a tax period, in which a taxpayer is relieved from payment of tax profit of legal entities, are not subject to transferring in subsequent tax periods.

8. In case of suspension of activity by taxpayer on the reason of reorganization, the taxpayer- has the right to reduce taxed base in the order and within conditions envisaged by the present article by the amount of losses occurred with a reorganized legal entities to the moment of reorganization.

## **CHAPTER 28. REPORTING AND PAYMENT OF TAX.**

### **Article 163. Tax period. Reporting period**

1. Tax period shall be a calendar year.
2. Reporting period shall be quarter.

### **Article 164. Order of estimation and submissions of tax returns**

1. Tax computation for the profit of legal entities is carried out based on taxed base and rates established accordingly by articles 128 and 161 of the present Code.
2. Computation of profit tax of legal entities is provided to public tax authorities by progressive total on quarter basis not later than 25<sup>th</sup> day of the month, following the reporting quarter and on results of the year – within the term of submission of annual financial reporting if otherwise is not envisaged by the present article.
3. Non-resident enterprises of the Republic of Uzbekistan carrying out their activity in the Republic of Uzbekistan through permanent establishments submit to the department of public tax authority under their jurisdiction a report on the nature of their activity in the Republic of Uzbekistan (in arbitrary shape) and a computation of tax for profit of legal entities by terms established for submission of annual financial reporting for enterprises with foreign investments. In this case when estimating profit tax from legal entities amount of net profit tax subject to the payment to the budget is indicated separately.
4. When suspending the activity before end of a calendar year the above documents shall be submitted not later than one month upon suspension of activity

### **Article 165. Order of tax payment**

1. Within a reporting period taxpayers except those indicated in the part four of the present article pay the profit tax for legal entities by means of installment of current payments.
2. To determine the amount of previous payments on profit tax of legal entities taxpayers by 10 day of the first month of current reporting period submit certificate to the department of public tax authority on the amount of profit tax for legal entities for current reporting period, which is estimated based on envisaged taxed profit and established tax rate for profit of legal entities.

3. Current payments on profit tax for legal entities are paid by 15 of each month at the rate of one third of a quarter amount of profit tax for legal entities, estimated in accordance with the part two of the present article.

4. Taxpayers whose envisaged taxed profit for a reporting period is less than 200-fold minimum wage, do not pay current payments.

5. In case of reduction of the profit amount for legal entities, estimated based on envisaged taxed profit against the amount of profit tax for legal entities, payable to the budget for a reporting period more than by 10 percents, the department of public tax authority has the right to recalculate current payments based on the actual amount of profit tax of legal entities with imposing fine.

6. Payment of profit tax for legal entities is carried out not later than terms of submission of reports.

7. Permanent establishment of non-resident enterprise of the Republic of Uzbekistan pays profit tax of legal entities and tax from net profit once a year without payment of current installments within a month upon expiry of the deadline for submission of the estimate.

8. Payment of profit tax for legal entities is carried out in national currency or on the wish of taxpayer in a foreign currency purchased by banks of the Republic of Uzbekistan following the exchange rate of the Central Bank of the Republic of Uzbekistan by the day of payment of profit tax for legal entities.

#### **Article 166. Order of computation and deduction of tax at the source of payment**

1. Profit tax of legal entities at the source of payment is estimated by means of application of rates, established in the article 161 of the present Code to the amount of paid profit without deductions.

2. Profit tax for legal entities at the source of payment should be withheld by legal entities at the moment of payment of:

- 1) dividends and interests;
- 2) incomes of non-resident enterprises of the Republic of Uzbekistan.

3. Source of payment bears responsibility for withholding and transferring of profit tax from legal entities to budget and non-resident enterprises of the Republic of Uzbekistan carrying out their activity through permanent establishment, paying income to other non-resident enterprises of the Republic of Uzbekistan in accordance with the present Code.

4. Persons indicated in parts two and three of the present article are obliged:

- 1) to transfer profit tax of legal entities not later than the date of payment of dividends, interests and payments to non-resident enterprises of the Republic of Uzbekistan;



2) to submit tax estimation for profit of legal entities to departments of public tax authority not later than 25 days upon expiry of the reporting period, in which payment was carried out;

3) to provide certificate on the form established by the State Tax Committee and the Ministry of Finance of the Republic of Uzbekistan to departments of public tax authorities where Taxpayers Identification Number for the above entities, names, total amount of profit and total amount of withheld profit tax for legal entities within a tax period are indicated;

4) to provide with a certificate on the amount of profit and total amount of withheld tax for a tax period according to a form, established by the State Tax Committee and the Ministry of Finance of the Republic of Uzbekistan to persons gaining profit on their request.

### **Article 167. Tax apply as crediting**

Income received by legal entities resident enterprises of the Republic of Uzbekistan out of the Republic of Uzbekistan is included into the gross income of the taxpayer in a full scope to the withdrawal of expenses and profit tax of legal entities, paid outside of the Republic of Uzbekistan. when determining tax base expenses occurred with regards to receipt of profit outside of the Republic of Uzbekistan and those confirmed with documents are deducted in the order and rates established by the present Code.

Amount of profit tax for legal entities paid outside of the Republic of Uzbekistan is apply as credited when paying profit tax for legal entities in the Republic of Uzbekistan in accordance with the international treaties of the Republic of Uzbekistan.

Payment notification, certificate of a foreign tax department or other document confirming payment of profit tax of legal entities abroad is justification for apply as crediting of the amount of profit tax of legal entities paid abroad.

## **DIVISION VII. INCOME TAX FOR PHYSICAL ENTITIES**

### **CHAPTER 29. TAXPAYERS, TAX OBJECT AND TAX BASE**

#### **Article 168. Taxpayers**

Taxpayers for income tax for physical entities are physical entities having taxed income in accordance with the with the present Code.

#### **Article 169. Distinctions of taxation of physical entities non-resident enterprises of the Republic of Uzbekistan**

Incomes of physical entities non-resident enterprises of the Republic of Uzbekistan are subject to taxation in accordance with the articles 170-182, 184-197 of the present Code, excluding incomes of non-resident enterprises of the Republic of

Uzbekistan received from source in the Republic of Uzbekistan and not related to permanent establishments taxed in accordance with the article 183 of the present Code.

#### **Article 170. Tax object**

1. The following shall be considered as tax object of physical entities:

- 1) objects of resident enterprises of the Republic of Uzbekistan received both from sources in the Republic of Uzbekistan and outside of the country;
- 2) non-resident enterprises of the Republic of Uzbekistan received from sources in the Republic of Uzbekistan.

2. Tax objects shall not be considered tax object for income taxes of physical entities incomes of whose individual entrepreneurship activity are imposed with fixed tax in accordance with the article 56 of the present Code.

#### **Article 171. Taxed base**

1. Taxed base is determined based on gross income with deduction of incomes released from taxation in accordance with the articles 180 and 181 of the present Code.

2. When any deductions are carried out from the income of the taxpayer on the order of the taxpayer, these deductions do not reduce tax base.

3. Incomes of physical entities expressed in foreign currency are recalculated into the national currency of the Republic of Uzbekistan established by the date of the actual receipt of incomes.

### **CHAPTER 30. GROSS INCOME OF PHYSICAL ENTITIES**

#### **Article 172. Gross income of physical entities**

1. The gross income of physical entities shall include:

- 1) incomes in the form of wages;
- 2) property incomes;
- 3) incomes in the form of material benefit;
- 4) other incomes.

2. The following shall not be considered as incomes of physical entities carrying out by legal entities:

- 1) securing of employees with milk and other sanitation-prophylactic catering, means of individual protection and hygiene in accordance with the norms established by the legislation;
- 2) payments carried out by trade unions including material assistance to members of trade unions at the expense of memberships excluding awards and other payments

for fulfillment of labor requirements by employees of trade unions;

3) maintenance of work transport related to transportation of employees to work place and back;

4) for carrying out of rituals and ceremonies, holiday parties, representative expense and other expenses of legal nature related to securing of work conditions that are not incomes of specific physical entities;

5) on the issue of uniform, shoes, service dress necessary to carry out production activity;

6) payment of expenses or their compensation on transport fees and transportation of property, rent of premises (traveling expenses) when transferring or moving of employee to other location;

7) compensation payments during business trips:

- payments actually carried out for arrival to the place of business trip and back, including payment of booking based on documents confirming it. In case of absence of travel documents – at the rate of cost of travel with railway transport (or long-distance buses in case there is no railway communication) but not more than 30 percents of cost of air ticket;
- payments actually carried out on housing rent. When proving documents are not available for housing, it should be deducted within norms established by the legislation;
- payment for housing booking based on proving documents;
- per diems paid for the time of business trip within norms established by the legislation;
- other payments established by the legislation and proved with documents;
- 8) compensation payments (compensations) within norms envisaged by the current legislation to employee:
- whose permanent work takes place en route or is of en route and/or traveling nature;
- for the use of a personal vehicle for work travels, but business trips;
- field allowance;
- other compensation payments (compensations) envisaged by the current legislation;
- payments for compensation of harm related to injuries and other harms caused against one's health at the rate of:
- monthly payment in percents against monthly wages received by the victim before work injury, corresponding to the level of loss of professional ability (in case of labor injury of the person under age the harm is compensated based on the size of his/her wage (income) but not less than fivefold size of the minimum wage established by the legislation);
- twofold minimum wage per month for additional expenses to victims in need of special medical care;
- fifty percents of the minimum wage on monthly bases in the form of additional

expenses for everyday care after the victim;

- annual average wage of the victim in the form of one-time payment, paid by employer with regards to causing harm to the health of employee;

10) payments caused by the death of the breadwinner at the rate of:

the share of average monthly wage of the dead related to disabled persons, who depended on the dead breadwinner and have the right for the compensation of the harm caused by the death of the breadwinner;

six average annual wages of the dead as onetime payment to persons having the right for the compensation of the harm caused by the death of the breadwinner;

11) means transferred for education of students on payment-contract basis through immediate contracts with educational establishments;

12) means transferred along with contracts on alternative service to the accounts of the Ministry of Defense of the Republic of Uzbekistan;

13) insurance bonuses on obligatory and voluntary types of insurance of physical entities. In this case on saving types of insurance these bonuses are not considered as incomes of physical entities within the term of insurance less than one year;

14) means received by members of young families from legal entities – employer for obtaining housing. When selling the above property within five years from the date of purchase (public registration of rights for property) incomes, specified in the present sub—paragraph are subject to taxation on regular basis.

### **Article 173. Incomes in the form of labor reimbursement**

1. Incomes in the form of labor reimbursement shall be all payments estimated and paid to physical entities in accordance with the labor contract or on contracts of civil-legal nature the subject of which is carrying out of works and provision of services.

2. Incomes in the form of labor reimbursement similarly shall include:

- 1) payments of motivating nature in accordance with the article 174 of the present Code;
- 2) payments of compensative nature in accordance with the article 175 of the present Code;
- 3) payments for due-time in accordance with the article 176 of the present Code.

### **Article 174. Payments of motivating nature**

Payments of motivating nature shall include:

- 1) awards on results of work for a year, one-time bonuses;
- 2) payments of motivating nature envisaged by system regulations on the award of bonuses;
- 3) additional payments to official wages for professionalism and tutorship;

- 4) annual additional payments for holidays;
- 5) awards and long-service payments;
- 6) payment for rationalization proposal.

#### **Article 175. Payments of compensation nature**

Payments of compensation nature shall include:

- 1) rises in wages in hard caused by natural-climatic conditions;
- 2) rises in wages in hard, hazardous and very hazardous work conditions in line with a list of professions and works approved by the Cabinet of Ministers of the Republic of Uzbekistan;
- 3) rises in tariffs and overtime payments to tariff rates and official wages for work during nighttime, overtime, on weekends and holidays (non-working) days envisaged by the schedule of technological process;
- 4) rises in wages for work in multi-shift system, combination and substitution of professions/positions, expanding of service zones;
- 5) rises in wages for traveling nature of employments for employees immediately involved in construction, reconstruction and capital maintenance as well as when executing works by watch method in cases envisaged by legislation;
- 6) amounts paid (when executing works by watch method) in the size of tariff rate, for days en route from the place of location of the taxpayer (place of collection) to the work place and back, envisaged by work schedule at watch and for days when employees were kept en route due to meteorological conditions and through the fault of transport organizations;
- 7) payment to employees constantly involved in underground works for normative time of their movement in mines (pits) the terrace to the place of work and back;
- 8) field allowances above norms established by the legislation;
- 9) per diems during business trips above norms established by the legislation;
- 10) payment to employees for days of rest (day-offs) provided for overtimes under the watch system of works when summarizing work time and in other cases established by the legislation;
- 11) payments for the use of a personal vehicle for work travels or other property of employee for work purposes above norms established by the legislation;
- 12) amounts received to compensate harm related to injury or other damage against one's health above norms indicated in paragraph 9 of the part two, the article 172 of the present Code.

#### **Article 176. Payment for the time dueОплата за неотработанное время**

The payment for the time due shall include:

- 1) in accordance with the legislation severance pay for major (prolonged) vacations and compensations for major (prolonged) vacations when not using them, payment

for privileged hours of teenagers, maternal leaves and the time of medical examinations;

2) payments to employees taking forced vacations with a partial maintaining of wages;

3) payments for donor-employees for days of examination and donation of blood and day off provided upon each blood donation;

4) payment of work for carrying out of public duties (military training, trainings on extraordinary situations, etc.);

5) payment of difference in wages to employees engaged in agricultural works and other activities with maintaining of official salaries;

6) payment of difference in wages to employees engaged from other legal entities with maintaining of official salaries for a certain period of time at the previous workplace and within a temporary substitution;

7) expenses for payment of work on major workplace to employees of legal entities during their training with isolation from work in the system of manpower development;

8) payment of downtime not through the fault of employees;

9) payment to employees for a temporary loss of ability to work;

10) payment for the time of a forced day off or execution of less paid work in accordance with the legislation or upon decision of legal entities;

11) payment of additional maternal leave to women having two and more children at the age under twelve or handicapped child at the age under sixteen in accordance with the legislation;

12) payment of work for the qualified employees of legal entities relieved and not relieved from major workplace and attracted for training and retraining, manpower development of employees and for supervising practical training provided to students and pupils;

13) payment for production of goods (works, services) acknowledged as spoilage not through the fault of employees;

14) payments to members of administration of legal entities (board of directors, monitoring board or other similar unit) carried out by legal entities on their own;

15) payment of material assistance;

16) additional payments to pensions and allowances, stipends paid from the source of legal entities;

17) payments from the sources of legal entities to young specialists for a vacation period upon graduation of higher or secondary special educational institution.

## **Article 177. Property incomes**

Property incomes of physical entities shall include:

1) interests;

2) dividends;

3) incomes from rental of property;

- 4) incomes from realization of property owned by physical entities exercising the rights of private ownership;
- 5) income gained by physical entities, owners of patent (license) for objects of industrial property when selling the patent (license);
- 6) royalties;
- 7) incomes from realization of securities and incomes from the realization of the share in the authorized capital of legal entities;
- 8) remaining amount of profit upon payment of taxes and mandatory payments within the ownership of the owner of private enterprise, head of farm, notaries engaged in private practice.

#### **Article 178. Incomes in the form of material profit**

1. Incomes in the form of material profit received by the taxpayer shall be:

- 1) payment of legal entities in the interests of physical entities for goods (works, services), property rights including:
  - training, maintaining of children of physical entities in preschools;
  - communal services for housing provided to employees, rent fees, room in dormitories or compensation of the cost of the above;
  - cost of catering, travel tickets or their compensation;
  - cost of tickets for sanitation-recreational treatment, payment of recreation, inpatient and in-hospital medical treatment or their compensation;
  - other expenses of legal entities that are benefits of physical entities.
- 2) cost of gifts, goods provided on gratis basis including those on the agreement of award, carried out in the interests of taxpayers for works and services provided;
- 3) negative difference between the price on which goods (works, services) are realized to employees and the cost of the same goods (works, services) estimated in accordance with the parts two and three of the present article;
- 4) amount of concessions for travels in railway, air craft, river boats, vehicles and municipal electric transportation;
- 5) amounts of debt of physical entities written off on the decision of legal entities;
- 6) amounts paid by employer toward payments subject to deductions, but not deducted from employee.

2. When receiving goods (works, services) by taxpayers from legal entities the cost of the above is determined based on the cost of purchase or prime cost of these goods (works, services).

3. In case of receiving of sub-excite goods (works, services) by physical entities or

from legal entities – taxpayers of the value added tax a corresponding amount of excise tax, value added tax is considered in the cost of these goods (works, services).

#### **Article 179. Other incomes**

Other incomes of physical entities shall include:

- 1) payments on public social insurance, allowances on unemployment, social allowances and pensions;
- 2) scholarships;
- 3) material assistance provided to physical entities from charity and environmental funds;
- 4) awards to donors and award for donated breast milk;
- 5) alimonies;
- 6) incomes from sales of cattle, poultry, the fish (both live and products from their slaughtering in raw and processed form), silkworm, products of livestock, beekeeping and plant growing both in natural and processed form;
- 7) cost of gratis received property, property rights from physical entities (including those on the deeds of gift);
- 8) prizes, cash prizes awarded for best results at competitions, exhibitions, contests;
- 9) winnings;
- 10) amounts received on grants including those from foreign states;
- 11) obligatory collective pension duties, interests and other incomes on them, collectible pension payments;
- 12) incomes received by physical entities for created parts of culture and arts, science and literature;
- 13) one-time public cash awards or cost of equal memento received by physical entities, who were presented with public awards and public prizes of the Republic of Uzbekistan;
- 14) one-time cash awards received by sportsmen for the best results at international sports competitions;
- 15) severance payment and other payments carried out in line with labor legislation as material assistance when suspending labor contract with employees on separate grounds.

### **CHAPTER 31. CONCESSIONS**

#### **Article 180. Incomes of physical entities not subject to taxation**

The following incomes of physical entities shall not be subject to taxation:

- 1) amounts of material assistance:



- caused by natural calamities, other extraordinary conditions – to the full amount;
- members of the family of dead employee or to employee due to the death of a member of his/her family – up to twenty-fold rate of the minimum wage;
- in other cases – up to fifteen-fold rate of the minimum wage;

2) amounts of full or partial compensation by legal entities of the cost of recreation tickets, but tourist ones:

disabled, including those not working at a specific enterprise, to sanitation-recreational and medical treatment establishments in the territory of the Republic of Uzbekistan;

for under the age of 16-children (if students – under the age of 18) to children's and other recreational camps, as well as sanitation-recreational and medical treatment establishments specially designed for the stay of parents and children in the territory of the Republic of Uzbekistan;

3) amounts paid by employer for in-hospital and/or inpatient treatment of their employees and children and expenses of legal entities for treatment and medical care, purchase of technical facilities for prophylaxis and rehabilitation of disabled persons;

The above mentioned incomes are exempted from tax in case of cashless payment by legal entities to organizations of health care for treatment, medical treatment of employees and in case of issue of cash means based on documents addressed to the organizations of health care for these purposes immediately to employee and in his/her absence to members of his/her family, parents or transferring of these means to a bank account of the employee;

4) amounts of wage and other amounts in foreign currency received by citizens from establishments and organizations financed from the public budget due to assigning them to work abroad within amounts established by the legislation;

5) incomes received from temporary one-time works in case work hire for these employments was carried out with assistance of centers for securing with temporary employment;

6) amount of revenue upon payment of taxes and mandatory payments remaining in the tenure of the owner of the private property, head of farm, notaries engaged in private practice;

7) one-time public cash award or cost of equal mementos received by physical entities, or those presented with public awards and State prizes of the Republic of Uzbekistan;

8) one-time cash awards received by sportsmen for the best results at international sports competitions;

9) income gained by physical entities, owners of patent (license) for objects of industrial property when selling the patent (license) within the term of their validity but not less than the below mentioned period from the day of commencement of their use:

- Innovations and achievements in selection – within five years;

- Industrial sample – within three years;
- Profitable model – within two years;

10) awards to donors and awards for donated breast milk;

11) incomes from property sales owned by physical entities exercising the rights of private ownership except income for rise in income when realizing property within a year from the day of purchase and incomes from property sale received within carried out entrepreneurship activity;

12) incomes from sales of livestock, cattle, poultry fish (both live and products from their slaughtering in raw and processed form, except industrial processing), , products of livestock, beekeeping and plant growing, except decorative horticulture (floriculture) both in natural and processed form that were produced within household, including dekhkan (farm) economy;

The above incomes are exempted from taxation under condition of provision of documents in a set from, issued by a corresponding agency of public authority in sites, institute of self-governing of citizens, management of horticulture, horticulture-trucking societies, confirming that realized product is obtained by the taxpayer at a land provided to him/her and his/her family;

13) cost of material prizes received at international and Republican competitions and contests;

14) cost of gifts received from legal entities in the amount of a six-fold minimum wage within one year, estimated based on the size of a minimum wage established by the end of tax period;

15) incomes in cash and natural form received from physical entities in the order of inheriting or presenting, as well as on gratis basis, excluding awards paid to inheritants (assignees) of authors of scientific, literature, arts pieces and discoveries, innovations and industrial models;

16) winnings on bonds of public loans and interests on public securities of the Republic of Uzbekistan, winnings on lotteries and other pastimes based on risk;

17) incomes on deposit certificates, interests and winnings on deposits to commercial banks and on public treasury obligations;

18) amount of grant received immediately by physical entities from a grant provider or legal entities – grant receiver on the bases of the conclusion made by the Centre on Science-Technical Development under the Cabinet of Ministers from international and foreign organizations and funds and within international agreements in the field of scientific-technical cooperation;

19) amounts of wages and other expenses of citizens subject to taxation for purchase of property of public enterprises, obtaining of shares of privatized undertakings and incomes received in the form of dividends and transferred to the authorized capital (fund) of legal entities, who these dividends were received from.

When leaving from the board of founders or distribution of property of liquidated economic subject between its participants within a year upon application of privilege envisaged by the present paragraph, incomes earlier released from taxation are subject to taxation on general basis.

20) severance allowance paid when suspending work contract within twelve-fold size

of the minimum wage, allowance on public social insurance and public social security, allowance on unemployment and childbirth, except allowances on temporary disablement (including those on care of a sick member of family) and allowances and other types of assistance provided to physical entities from the sources of charitable and environmental funds;

21) received alimonies;

22) amounts received by citizens on insurance;

23) scholarships paid to students in educational establishments assigned to them by these organizations at the rate established by the legislation of the Republic of Uzbekistan for public scholarships;

24) monthly compensation cash payments on housing-communal services in accordance with the legislation;

25) public pensions;

26) rises in public pensions for:

a) disabled veterans of I group — 150 percents of the minimum wage;

b) disabled veterans of II group — 125 percents of the minimum wage;

c) disabled veterans of III group — 75 percents of the minimum wage;

d) disabled persons of I group on eyesight — 100 percents of the minimum wage;

e) disabled persons of I group on other diseases — 75 percents of the minimum wage;

f) single disabled persons of II group — 50 percents of the minimum wage;

g) participants of war and persons equal to them — 50 percents of the minimum wage;

h) persons who worked and carried out military duties on the home front during the years of the War in 1941-1945 — 30 percents of the minimum wage;

i) parents and wives (who did not marry again) of military men, whose death was related to carrying out of military service — 30 percents of the minimum wage;

j) persons having special merits to the Republic of Uzbekistan — from 100 to 150 percents of the minimum wage depending on merits;

k) actors having the right of privileged pension regardless their age — 75 percents of the minimum wage;

l) actors and arts personnel of theatre-concert organizations, professor-teaching staff and accompanists in educational institutions engaged in training of arts personnel of theatre and music arts on the list specified by the Cabinet of Ministers of the Republic of Uzbekistan, — 50 percents of the minimum wage;

27) allowance equal to two scholarships paid at the expense of legal entities to young specialists during their vacation upon graduation from a higher or secondary specialized educational establishment;

28) obligatory collectible pension installments, interest rates on them and collective pension payments;

29) amounts of wages and other incomes of citizens subject to taxation and transferred to payment of insurance premiums on property insurance and long-term life insurance;

30) amounts of incomes transferred by establishers (founder) of a voluntary liquidated legal entities for carrying out of their obligations, in case of completion of a voluntary liquidation within terms established by the legislation or suspension the procedure of liquidation, the above means are subject to taxation;

31) amounts of wages and other incomes of citizens – members of young families subject to taxation and transferred for reimbursement of mortgage credits and interests estimated on them received for construction, reconstruction and purchase of an apartment in a housing block. When selling the above property within five years from the date of purchase (public registration of rights for property) incomes, specified in the present sub—paragraph are subject to taxation on regular basis.

### **Article 181. Exemption of physical entities from taxation**

1. The following physical entities shall be exempted from taxation to the full:

1) heads and member of personnel of diplomatic missions, officials of consular establishments of foreign states, members of their families, residing together with them if they are not citizens of the Republic of Uzbekistan on all incomes except those gained in the Republic of Uzbekistan not related to diplomatic and consular services;

2) members of administrative-technical personnel of diplomatic missions and consular establishments of foreign states, members of their families, residing together with them if they are not citizens of the Republic of Uzbekistan or do not reside in the Republic of Uzbekistan on all incomes except those gained in the Republic of Uzbekistan not related to diplomatic and consular services;

3) persons within the maintenance personnel of diplomatic missions and consular establishments of foreign states, if they are not citizens of the Republic of Uzbekistan or do not reside in the Republic of Uzbekistan on all incomes gained on their services;

4) in-house personel of employees of diplomatic missions and consular establishments of foreign states, if they are not citizens of the Republic of Uzbekistan or do not reside in the Republic of Uzbekistan on all incomes gained on their services;

5) officials of international non-governmental organizations on incomes received by them from these organizations if they are not citizens of the Republic of Uzbekistan;

6) military men of ministries of defense, on external affairs, Service of National Security, persons of rank and supervision stuff of customs departments and internal affairs and persons subject to the draft called to training or verifying gatherings — on amounts of allowances, cash awards and other payments received by them due to the fulfillment of their service (carrying out their service obligations);

7) employees of prosecution departments having class ranks on incomes received by them due to fulfillment of service obligations;

8) persons having license for the right to carrying out concert-tour activity on incomes from these activities.

2. The following physical entities are partially exempted from taxation (on incomes at the rate of fourfold minimum wage per each month these incomes were gained):

1) persons awarded with the title “Uzbekiston Qahramoni”, (Hero of Uzbekistan), the Hero of the Soviet Union, the Hero of Labor, persons awarded with the Order of Glory of all the three levels, disabled veterans of war or other disabled persons from former military men, gained their disablement as a result of injury, contusion or wound in the period of the war of 1941-1945 or when carrying out military services or other obligations of military service, or caused by disease related to the presence at the front, disabled people out of former partisans and other disabled persons equaled to the pension security of the above categories of military men.

The justification for provision of the above listed concessions shall be the record of “Uzbekiston Qahramoni”, (Hero of Uzbekistan), the Hero of the Soviet Union, the Hero of Labor, persons awarded with the Order of Glory of all the three levels — the order book, for disabled persons of the Great Patriotic War – “Certificate of disabled participant of the Great Patriotic War” or certificate of the military commissariat or other authorized agency, to other disabled persons – “Certificate of disabled persons on the right for concessions”;

2) participant of the War of 1941-1945, other military operations on protection of the former USSR from military men, who served their duty at military dislocations, staffs and establishments within acting armies, former partisans, veterans of labor front of the period of the War of 1941-1945 and former young prisoners of concentration camps.

The privilege is provided on the basis of “Certificate of participant of the War” and to the veterans of the labor front of the period of the Great Patriotic War and former young prisoners of concentration camps – based on “Certificate on the right for concessions” or certificate of agencies on labor and social security;

3) citizens, who worked in the city of Leningrad during the period of Blockade from 8 September 1941 to 27 January 1944.

The privilege is granted on the basis of documents confirming the activity of the above persons at enterprises, establishments and organizations of the city of Leningrad during the Blockade;

4) disabled persons out of the number of supervising and rank stuff of departments of internal affairs, who obtained their disablement as a result of injury, contusion or wounding, during fulfillment of their military services.

“Certificate of disabled person on the right for concessions” is a justification for provision of concessions.

5) disabled persons since their childhood and disabled persons of I and II groups.

The privilege is provided based on a pension certificate or certificate of medical-labor expert commission;

6) women, having ten and more children.

Certificate of institution for self-governing, confirming availability of children shall be justification for the concessions;

7) parents and wives of military men, who died as a result of injury, contusion or wound when protecting former USSR or when carrying out other obligations of military service or as a result of presence at the front.

The privilege is provided on the basis of a pension certificate, where the seal "Widow (mother, father) of the death military man" is available or where there is a corresponding sign authorized by the seal and signature of a supervisor of the establishment that issued the pension certificate.

If the above persons are not pensioners, the privilege is provided to them based on the basis of a certificate on the death of a military man, issued by corresponding agencies of the Ministry of Defense, KGB or MIA of the former USSR and the Ministry of Defense, SNS and MIA of the Republic of Uzbekistan.

Wives of military men died while protecting the former USSR or carrying out other military services or as a result of disease related to the presence at the front, the privilege shall be granted only in case they are not in the following marriage.

8) military men and those called for military training and verification, who served within border contingent of forces, who were temporarily present in the Republic of Afghanistan and other countries, where military actions took place.

"Certificate on the right for concessions" shall be a justification for provision of concessions or the certificate of rayon (municipal) departments on defense, military units, military-educational establishments, undertakings, enterprises or organizations of the Ministry of Defense, KGB or MIA of the former USSR and the Ministry of Defense, SNS and MIA of the Republic of Uzbekistan.

9) persons suffered from the Chernobyl catastrophe.

The privilege shall be granted based on the certificate from medical-labor expert commission, special certificate of disabled person, certificate of participant of liquidation of aftermaths of the accident at the Chernobyl AES and other documents issued by authorized departments, that are justifications for provision of the privilege;

10) single mothers having two and more children under age of sixteen.

The privilege is provided on the basis of the certificate issued by the Civilian Registry Office;

11) widows and widowers having two and more children under the age of 16 and not receiving pension on the loss of the breadwinner.

The privilege is provided when submitting a certificate on the death of a husband (wife), birth certificate for children, absence of recurring marriage and availability of certificates from departments on labor and social security on the absence of pensions due to the loss of the breadwinner;

12) one of parents taking care of a disabled child residing with him/her since his/her childhood due to requirements on permanent care.

The privilege is granted based on the pension certificate or medical certificate from a health care establishment confirming the necessity of a constant care and when they reside together – certificate from the institution of self governing of citizens.

3. Concessions are applied when submitting corresponding documents.

4. When the right for concessions emerges within a calendar year, concessions are

applied from the moment of occurrence of the right for concessions.

5. If a physical entity has the right for concessions on several instances envisaged by the present article, then he/she is granted only by one privilege upon his/her choice.

6. Application of the privilege envisaged by the part two of the present article is carried out at the location of major workplace of physical entities and in case of absence of the major workplace – by departments of public tax service on the place of residence when estimating the tax on the basis of the tax declaration on gross annual income.

7. When losing the right for privilege, the physical person shall inform legal entities, withdrawing tax, within 15 days from the moment of loss of privilege.

8. Concessions listed in the part two of the present article are similarly valid for incomes of physical entities received in the form of interests or dividends and incomes received from renting their property.

9. In this case if interests and dividends are estimated within the major workplace then application of the privilege is carried out within the major workplace, however, interests and dividends are estimated not within the major workplace then application of the privilege when estimating income tax for physical entities on the basis of the declaration on gross annual income by departments of public tax authority under the jurisdiction of physical entities residence. Similar order is applied towards incomes received from renting ones property.

## **CHAPTER 32. TAX RATES AND TAX PERIOD**

### **Article 182. Tax rates**

1. Tax rates for the profit of legal entities are established by the enactment of the President of the Republic of Uzbekistan if otherwise is not envisaged by part one of the article 183 of the present Code.

2. With the purpose to apply the rate to estimate the amount of tax for incomes of physical entities the minimum wage rate is considered with an accrual result from the beginning of the year (amount of minimum wages for each moth of a corresponding period from the beginning of the year).

3. Incomes of employees working at productions with especially hazardous, extremely hard, hazardous and hard work conditions are taxed on established rates. In this case the level of withdrawal of incomes of the above mentioned categories of citizens should not exceed 25 percents and the level of withdrawal of incomes from women employed at productions, establishments, works, professions, positions and indices of especially hazardous, especially hard, hazardous and hard working conditions and especially hazardous, especially hard work conditions for women is determined by the Cabinet of Ministers of the Republic of Uzbekistan.

4. Additional payments on coefficients established by the Cabinet of Ministers for works in high mountainous, desert and waterless rayons are taxed on a minimum tax rate. In this case maximum amount for estimation of coefficients to the wages of employees of legal entities for the work in desert and waterless locations, high mountainous areas and areas with hard natural-climatic work conditions is established at the rate of the fourfold minimum wage specified by the moment of estimation.

5. Physical entities, appointed by undertakings, enterprises and organizations and educational establishments for agricultural works pay taxes for incomes received for the above works on the minimum tax rate.

6. Dividends and interests paid to physical entities are taxed at the rate of 10 percents.

**Article 183. Taxation of incomes for physical entities non-resident enterprises of the Republic of Uzbekistan not related to permanent establishments**

1. Incomes for physical entities non-resident enterprises of the Republic of Uzbekistan received at the source of incomes in the Republic of Uzbekistan, not related to permanent establishments shall be subject to taxation at the source of payment without deductions on the following rates:

dividends and interests – 10 percents;

incomes from provision of transport services for international transportations (incomes from freight), determined in accordance with the paragraph 9 of the part two of the article 155 of the present Code – 6 percents;

awards for provision of property rights for objects of intellectual property, incomes from rent and other incomes received on agreements of civil – legal nature, related to fulfillment of works and provision of services – 20 percents;

2. Taxation at the source of payment is carried out regardless, whether this payment was carried out inside or outside of the Republic of Uzbekistan.

**Article 184. Tax period. Reporting period.**

1. Tax period shall be a calendar year.

2. Reporting period shall be quarter for tax agents deducting income tax from physical entities a the source of payment.

**CHAPTER 33. TAXATION AT THE SOURCE OF PAYMENT**

**Article 185. Taxed incomes of physical entities at the source of payment**



1. Responsibility on estimation, withhold and payment of income tax from physical entities at the source of payment shall be imposed on legal entities, non-resident enterprises of the Republic of Uzbekistan carrying out their activity through permanent establishment and representations of foreign legal entities.

2. Taxed incomes of physical entities by tax agents at the source of payment shall include:

- 1) incomes in the form of labor reimbursement in accordance with the article 173 of the present Code;
- 2) incomes of physical entities from fulfillment of one-time works;
- 3) incomes of physical entities in the form of dividends, interests, awards and winnings;
- 4) incomes in the form of gratis issued shares or share of property of legal entities;
- 5) incomes paid to non-resident enterprise of the Republic of Uzbekistan;
- 6) incomes of physical entities from renting of property to legal entities;
- 7) royalties;
- 8) incomes in the form of prizes awarded on the results of competitions and contests, winnings;
- 9) amounts on grants issued to physical entities by legal entities – grant receivers;
- 10) incomes granted to physical entities for produced parts of culture and arts, science and literature by legal entities;
- 11) incomes forwarded to physical entities in the form of material benefit.

#### **Article 186. Withholding of income tax of physical entities at the source of payment by tax agents**

1. Taxation at the source of payment shall be carried out by tax agents in the order established by the present chapter.

2. Tax agents are obliged to withhold the estimated amount of tax for incomes of physical entities immediately from incomes of taxpayers specified in the article 185 of the present Code under their actual payment.

3. Withholding of estimated amount from the taxpayer is carried out at the expense of any cash means paid by tax agent to taxpayer under actual payment of the above cash means to taxpayer or on his/her order to the third persons.

4. Tax agent, paying income, bears the responsibility for the right withholding and timely transferring of the income tax of physical entities to the budget. When not withholding the amount of income tax of physical entities, the tax agent shall transfer to the budget the amount of non-withheld income tax of physical entities and fines related to it.

#### **Article 187. Order of estimation and withholding of tax**

1. Estimation and withholding of income tax for physical entities is carried out by a tax

agent on major workplace on monthly basis with accrued result from the beginning of the year on estimation of income based on tax base and rates established by the present chapter.

2. The estimated amount of income tax of physical entities is reduced by the amount of mandatory monthly installments for individual collectible pension accounts of physical entities.

3. Amounts of installments for individual collectible pension accounts of physical entities are estimated based on taxed base and rate established by the enactment of the President of the Republic of Uzbekistan.

4. Tax agents provided material assistance and issued valuable gifts shall carry out re-estimation of income tax of physical entities based on the minimum wage rate established by the end of the tax period.

5. Re-estimation of income tax amount for physical entities received material assistance and valuable gift at non-major workplace or other legal entities is carried out by departments of tax authority when submitting tax return by physical entities based on the minimum wage rate established by the end of tax period.

6. In case of change of the major work(service, study) place within a year physical entities shall provide certificate to the accounting department at a new work (service, study) place on incomes and withheld tax amounts in a current year before estimation of the first salary.

7. Estimation of income tax of physical entities at a new work (service, study) place is carried out based on gross income received since the beginning of a calendar year on old and new work (service, study) places.

8. In case of non-provision of certificate from the former work (service, study) place or Taxpayers Identification Number, income tax of physical entities shall be withheld on maximum rate, envisaged by part one of the article 182 of the present Code. When providing the certificate or Taxpayers Identification Number in future, re-estimation of the income tax amount for physical entities will be carried out with consideration of incomes, received at former work (service, study) place.

9. When carrying out payments to employee from former work pale upon his/her dismissal these payments are subject to taxation of incomes for physical entities without application of concessions envisaged by articles 180 and 181 of the present Code. Within a month legal entities shall inform in a written form on total mount of income paid to these citizens, income taxes of physical entities withheld.

10. Estimation of income tax of physical entities at the source of payment at non-major workplace or other legal entities is carried out from the amount of gross income without application of concessions envisaged by articles 180 and 181 of the present Code, with accrued result from the beginning of the year on its estimation along with established rates in accordance with the article 182 of the present Code.

11. If physical entities receiving incomes at non-major workplace or from other legal entities apply to the accounting department on withhold of income tax of physical

entities from their income on maximum rate, indicated in the article 182 of the present Code then legal entities paying incomes withhold income tax of physical entities on maximum rate without application of concessions envisaged by the present chapter.

12. Tax agents when paying wages on the requirement of the taxpayer shall issue certificate on the amount and types of income and the amount of withhold income tax of physical entities established by the State Tax Committee and the Ministry of Finance of the Republic of Uzbekistan.

13. The final amount of income tax of physical entities is estimated from incomes of physical entities received at major workplace, the final amount of income tax of physical entities is estimated by the department of public tax authority on data of submitted declarations on gained incomes, expenses and withheld amounts of tax.

#### **Article 188. Order of submission of estimations**

Tax agents shall:

1) within thirty days upon completion of tax period submit certificate to departments of the public tax authority on physical entities received incomes but the physical entities gained income at major workplace on the form established by the State Tax Committee and the Ministry of Finance of the Republic of Uzbekistan where the following is reflected:

- Taxpayers Identification Number;
- full name, permanent address of the taxpayer;
- total amount of incomes and total amount of withheld income tax of physical entities on results of the last tax period;
- Tax agent's Identification Number;
- name of tax agent;

2) quarterly by 25 of every month following the reporting period submit departments of public tax authority information on amounts estimated and actually paid incomes and amounts of withheld income taxes of physical entities along with the form established by the State Tax Committee and the Ministry of Finance of the Republic of Uzbekistan.

#### **Article 189. Order of tax payment**

1. Estimated amount of income tax of physical entities at the source of payment is paid to the budget by the following tax agent within the following terms:

- 1) simultaneously with submission of documents to the bank to receive cash means;
- 2) within five days upon completion of the month, in which natural payment was carried out.

2. In case there are not sufficient means at the account of legal entities necessary to provide wages and simultaneous transferring of withheld income tax of physical entities to the budget, then the income tax of physical entities is transferred to the budget in the amount proportional to the remaining means at the account.

## **CHAPTER 34. TAXATION ON THE BASIS OF DECLARATION**

### **Article 190. Incomes taxed on the basis of declaration**

1. Incomes taxed on the basis of declaration shall include the following incomes of resident enterprises of the Republic of Uzbekistan:

- 1) property income, incomes received in the form of copyright award for creation, publication, execution or other application of pieces of science, arts, literature if they are not taxed at the source of payment;
- 2) incomes received more than from one source if any of them is not a major workplace or otherwise is not envisaged by the present article;
- 3) incomes received from the source outside of the Republic of Uzbekistan.

2. The declaration is not provided in case income tax of physical entities received at non-major workplace was withhold on their application under the maximum rate envisaged by article 182 of the present Code.

### **Article 191. Taxation of incomes received in the form of copyright awards**

1. Physical entities receiving incomes in the form of copyright awards for creation, publication, execution or other application of pieces of science, literature and arts have the right to carry out the activity without public registration as individual entrepreneur.

2. Physical entities, whose incomes are taxed with income tax of physical entities article of the present article pay income tax of physical entities based on notification, issued by departments of public tax service.

3. Physical entities receiving copyright award for creation, publication, execution or other application of pieces of science, literature and arts shall keep a record of incomes and expenses related to receipt of incomes and has the right to deduct expense from the income actually carried out and confirmed with documents related to fulfillment of creative activity but not more than 30 percents from the amount of the gross income received.

4. Expenses related to carrying out of creative activity will include:

- 1) expenses for purchase of materials necessary for creation, publication, realization or other application of pieces of science, literature and art;
- 2) expense for rental of premises and property used exclusively with the purpose of creation, publication, realization or other application of pieces of science, literature

and art.

### **Article 192. Declaration on annual income of physical entities**

1. Declaration on the annual income of physical entities is a written application of the taxpayer on a received annual income.

2. The blank of the declaration is approved by the State Tax Committee and the Ministry of Finance of the Republic of Uzbekistan and shall contain the following information:

- full name, year of birth, sex, citizenship, permanent residence address of the taxpayer;
- Taxpayers Identification Number of the taxpayer;
- received annual gross income with division on types of income subject to taxation (to declare incomes from one-time operations and from transferring of property for rent envisaged income is reflected only for the above operations);
- sources of incomes;
- amounts of expenses, mandatory payments, expenses and deductions related to gaining of profit;
- tax concessions;
- estimated tax amount;
- actually paid tax amount.

3. The declaration may contain other information related to declaration of accrual annual income of physical entities.

4. The declaration can be delivered through post mail by registered letter and through electronic bearer of information.

5. Banks of the declaration are submitted by departments of the tax authority to the taxpayer on free basis.

6. When physical entities find mistakes in the provided declaration that will lead to reduction of the amount of income taxes of physical entities subject to payment, the physical entities shall amend the declaration.

7. If application on declaration amendment is submitted by the deadline of payment of income tax for physical entities, the taxpayer is exempted from the responsibility established by the present Code.

8. If application on declaration amendment is submitted upon expiry of the deadline of payment of income tax for physical entities, but before the mistake was revealed by the department of the tax authority, the taxpayer is exempted from the responsibility in case of payment of missing amount of tax and a corresponding fine.

9. The day of revealing of the mistake by the department of tax authority shall be the

day of receipt by physical entities of a written notification of the department of tax authority on finding the mistake in the provided tax declaration.

### **Article 193. Order of submission of declaration**

1. Taxpayers on incomes specified in the article 190 of the present Code provide the declaration on gross annual income to the department of tax authority under their jurisdiction not later than 1<sup>st</sup> April of the year following the reporting one if otherwise is not envisaged by the present article.

2. Foreign physical entities becoming resident enterprises of the Republic of Uzbekistan before 1<sup>st</sup> April of the current year file declaration on incomes for previous tax period.

3. when physical entities resident enterprises of the Republic of Uzbekistan suspend their activity within a calendar year, the following shall be submitted one month prior to their departure: incomes subject for taxation in accordance with the order established by the present chapter on departure outside of the Republic of Uzbekistan, declaration on incomes, actually received for the period of their stay in a current tax period in the Republic of Uzbekistan. If foreign physical entities resident enterprises of the Republic of Uzbekistan leaver abroad for a permanent residency before 1<sup>st</sup> February of the current year, then declaration on incomes for current year shall not be submitted.

4. Payment of income tax of physical entities estimated in the declaration, order of provision of which is determined by part three of the present article is carried out within 15 days from the moment of submission of the declaration.

5. Physical entities receiving grant when filing declaration on incomes indicate the amount of the grant received, tax rate for income tax of physical entities and a corresponding conclusion of the Centre on Science and Technologies under Coordination Councils on science-technical development under the Cabinet of Ministers of the Republic of Uzbekistan.

6. Physical entities receiving incomes from provision of property for rent in the established order shall submit the following declarations:

1) preliminary declaration – within five days upon completion of the first month from the day of occurrence of these incomes in case these incomes were not taxed with income tax of physical entities at the source of payment;

2) final declaration – before 15<sup>th</sup> January of the year following the expired tax period.

7. When suspending receiving incomes from property rent, physical entities notify the department of tax authority under their jurisdiction in a written form.

8. Physical entities carrying out one-time operations on gaining income, related to fulfillment of works without public registration as individual entrepreneur provide a preliminary declaration on incomes from the beginning of their activity to department of tax authority.

#### **Article 194. Order of payment of tax before declaration**

1. Physical entities resident enterprises of the Republic of Uzbekistan pay income tax for physical entities on data of declarations on incomes not later than 1<sup>st</sup> of June of the year following the expired tax period.
2. Physical entities resident enterprises of the Republic of Uzbekistan can pay the estimated tax for incomes of physical entities in foreign currency from the bank account located in a foreign State. In this case the income tax of physical entities expressed in the national currency is re-estimated to a foreign currency on the exchange rate of the Central Bank established on the date of payment of income tax of physical entities.
3. Physical persons receiving incomes from property rent pay income tax of physical entities on monthly basis before fifth day of each month, following the month of gaining profit based on a preliminary declaration. Upon expiry of the year the annual amount of income tax of physical entities is calculated on actually received income. The difference between this amount and amounts paid further within a year is subject to reprimand from the taxpayer or return not later than 15<sup>th</sup> March of the following year.
4. The date of payment of income tax of legal entities and physical entities having accounts in a bank shall be the day of writing off of means from the account of the taxpayer and for others, including physical entities – the date of transferring of means to the cash desk of the credit establishment.
5. Payment of income tax for physical entities is estimated by departments of tax authority shall be carried out within terms specified in the invoice.

#### **Article 195. Distinctions of taxing of foreign physical entities**

1. Foreign physical entities are subject to taxation in the territory of the Republic of Uzbekistan in accordance with the present Code considering international treaties of the Republic of Uzbekistan.
2. Collection of taxes and fees from foreign physical entities can be suspended or limited on the mutual principle.
3. When concluding contracts with foreign physical entities it is not allowed to include tax proviso to conditions of these contracts in accordance with which taxpayers and other persons carrying out their activity in the Republic of Uzbekistan are obliged to carry expenses of foreign physical entities on payment of taxes and fees.
4. Incomes of a foreign physical entities resident enterprises of the Republic of Uzbekistan are taxed with income tax of physical entities in the order established by the present chapter.

#### **Article 196. Order of exemption from taxation of income tax for non-resident enterprises of the Republic of Uzbekistan gained at the source of payment in the Republic of Uzbekistan**

1. In case of payment of income tax of physical entities to budget for incomes gained by non-resident enterprises of the Republic of Uzbekistan at the sources in the Republic of Uzbekistan, having the right to apply a corresponding international treaty, these non-resident enterprises of the Republic of Uzbekistan have the right to return paid income tax of physical entities from the budget within the statute of limitation in accordance with the article 38 of the present Code.

2. In this case the non-resident enterprises of the Republic of Uzbekistan provide departments of tax authority with the application containing request on exemption or reduction of tax amount of income tax for physical entities and the document:

1) officially confirming that they are residents of the states the Republic of Uzbekistan has treaty (agreement) on avoiding of double taxation;

2) confirming incomes gained;

3) payment of income tax for physical entities by these non-resident enterprises of the Republic of Uzbekistan outside of the Republic of Uzbekistan from incomes received at the sources in the Republic of Uzbekistan, confirmed by the department of tax authority of a corresponding foreign state;

3. Department of tax authority within three-month term considers the application and in case of authenticity of documents indicated in the part two of the present article, carries out return of the amount of income tax of physical entities from the budget to non-resident enterprises of the Republic of Uzbekistan in the order envisaged by the article 58 of the present Code.

4. In case of illegitimacy of application of the international treaty, the department of tax authority forwards a justified denial to non-resident enterprises of the Republic of Uzbekistan.

#### **Article 197. Application of tax paid by resident enterprises paid outside of the Republic of Uzbekistan as crediting**

Amounts of income tax of physical entities resident enterprises of the Republic of Uzbekistan paid outside of the Republic of Uzbekistan are applied as credit when applying tax in the Republic of Uzbekistan in accordance with the international treaties of the Republic of Uzbekistan.

### **DIVISION VIII. VALUE ADDED TAX**

#### **CHAPTER 35. TAXPAYERS. TAX OBJECT**

##### **Article 198. Taxpayers**

1. Taxpayers of value added tax shall be:

1) legal entities having taxed turnovers if another is not envisaged by the present article;



- 2) legal entities on which, in accordance with the present code, obligation is imposed on payment of value added tax for taxed turnovers, carried out by non-resident enterprises of the Republic of Uzbekistan;
- 3) legal and physical entities importing goods to the territory of the Republic of Uzbekistan, excluding physical entities importing goods for their own needs within the norms of duty free import;
- 4) participant of a contract of society in participation who is responsible for running of activities of the society in participation (trustee) when carrying out taxed turnovers;

2. The following taxpayers shall not pay value added tax:

non-commercial organizations excluding turnover on realization of goods (works, services) within entrepreneurship activity;

legal entities in whose regard a simplified order for taxation is envisaged in line with the present Code, if otherwise is not envisaged by the division XXIII of the present Code.

3. Legal entities – payers of a single tax can pay value added tax on voluntary basis on the basis of notification provided to departments of tax authority under their jurisdiction not later than one month before the beginning of the following quarter and newly established before commencing their activity.

#### **Article 199. Tax object**

Tax object of value added tax shall be:

- 1) taxed turnover;
- 2) taxed import;

#### **Article 200. Turnover on realization of goods (works, services)**

1. Turnover on realization of goods (works, services) shall be acknowledged:

1) transferring of property rights, carrying out of works, provision of services including:

shipment (sale) of goods and other property;

contribution into authorized capital;

gratis transfer of property (carrying out of works, provision of services) including those to employees of legal entities for their personal needs not related to the activity at specific legal entities;

transferring of property (carrying out of works, provision of services) towards exchange of other goods (works, services) in cases envisaged by the legislation;

transferring of property (carrying out of works, provision of services) to employee at the expense of salary or to founder (participant) towards payment of dividends in cases envisaged by the legislation;

transferring of the subject of deposit by the issuer of deposit when non-complying of

the obligation secured by the above deposit;

transfer of goods-material stock on the agreements of loan;

2) transfer of property, carrying out of works, provision of services by one structural subdivision to another structural subdivision of one legal entity in case these structural subdivisions are independent taxpayers in accordance with the present Code;

3) transfer of property to financial lease (including leasing);

4) shipment of goods on the terms of payment with installments;

5) provision of property for operative rent;

6) transfer of an exclusive right for objects of intellectual property or provision of the right for their use.

2. The following shall not be the turnover for realization of goods (works, services):

1) transfer of goods, carrying out of works for the needs of the taxpayer that are considered as his expenses excluding those expenses deductible when estimating profit tax of legal entities in accordance with the article 148 of the present Code.;

2) transfer of property, carrying out of works, provision of services by one structural subdivision to another structural subdivision of one legal entity for production purposes (internal turnover) in case these structural subdivisions are not independent taxpayers in accordance with the present Code;

3) carrying out of construction, mounting, construction-mounting works by one's own efforts for one's own needs;

4) shipment of return containers including glass containers having deposit cost. Returning container shall be the container whose cost is not included into the cost of shipped products and that is subject to return to supplier under conditions and terms established by agreement (contract) for delivery of this product. When containers are not returned within the term specified, transferring of these containers is included into taxed turnover;

5) transferring of property within initial contribution to participant (founder) of legal entities when they leave (withdrawn) from the board of founders (participants) including due to liquidation (bankruptcy) or reorganization and transferring of property to participant of a contract of society in participation when returning their share within general ownership of participants of this agreement or on division of this property;

6) transfer of fixed assets, non-material assets and objects of incompleting construction on gratis basis;

7) transferring of property of banks to their branches;

8) transfer of goods (works, services), other property and property rights as contribution of participant on the contract of society in participation;

9) transfer of goods and other property on the basis of temporary import/export from the country;

10) transfer of property from owner to asset manager on the basis of the agreement on asset management;

- 11) transfer of property to owner when suspending the contract of asset management;
- 12) compensation of cost of the object in the form of rent (leasing) payment receivable by the tenant in life (leaser).

#### **Article 201. Definition of taxed turnover**

1. Taxed turnover shall be the turnover from realization of goods (works, services) except the turnover:

- 1) exempted from value added tax in accordance with the articles 209, 219, 211 of the present Code;
- 2) place of realization of which is not the Republic of Uzbekistan.

2. Place of realization of goods (works, services) is determined in accordance with the article 203 of the present Code.

3. Works and services carried out by non-resident enterprises of the Republic of Uzbekistan to resident enterprises of the Republic of Uzbekistan are inclusive into taxed turnover of receiver of the above works, services in the order established by the article 208 of the present Code.

#### **Article 202. Taxed import**

Taxed import shall include goods imported to the customs territory of the Republic of Uzbekistan, excluding goods exempted from value added tax in accordance with the article 212 of the present Code.

#### **Article 203. Place of realization of goods (works, services)**

1. Turnovers on realization of goods (works, services) shall be taxed with value added tax in case the place of their realization is the Republic of Uzbekistan.

2. The territory of the Republic of Uzbekistan is the place for realization of goods under the following conditions or one of them:

goods are located in the territory of the Republic of Uzbekistan and as a result of the deal do not leave the territory of the Republic of Uzbekistan (not shipped and not transported);

goods by the moment of shipment or transportation were in the territory of the Republic of Uzbekistan.

3. The place of realization of works, services is acknowledged as the Republic of Uzbekistan if:

- 1) works, services are immediately related to immovable property located in the territory of the Republic of Uzbekistan. these works, services in particular include construction, mounting, construction-mounting, start-adjusting, maintenance, restoration works, works on plantation and provision of immovable property for rent;
- 2) works, services related to movable property (excluding transport means) in the

territory of the Republic of Uzbekistan;

3) services are actually in the territory of the Republic of Uzbekistan in the field of culture, art, education, physical culture and sports;

4) purchasers of works, services carries out the activity in the territory of the Republic of Uzbekistan. The place for carrying out of the activity of purchaser shall be the territory of the Republic of Uzbekistan based on public registration of legal entities and if it is not available, on the basis of the location specified in authorizing documents of legal entities, the place of location of permanently acting executive body of legal entities, location of permanently acting executive body if works (services) are provided through this permanent establishment.

The standing of this paragraph is applied when:

Transferring exclusive rights to objects of intellectual ownership or when providing the rights for its exercising;

Provision of consultation, auditor, legal, accounting, lawyer, advertising, engineering services and services on information processing. Engineering services shall include engineering-consulting services on preparation of the process for production and realization of goods (works, services), preparation of construction and exploitation of industrial, agricultural and other objects, pre-design and design services (preparation of technical-economic assessments, design-construction elaborations and other similar services). The services on information processing shall include collection, generalization, systematization of information massifs and provision of results of processing of this information to users;

Provision of personnel in case if the staff works at the place of activity of purchaser;

Renting of movable property but transport means;

Provision of services of commissioner (trustee) to purchase goods (works, services) and similarly on behalf of the major participant of agreement (contract) to call person for carrying out services envisaged by the present part;

Provision of communication services by foreign operators of communication;

Organization of tourism;

5) entrepreneurial or any other activity of person carrying out works not envisaged by paragraphs 1-4 of the present part is carried out in the territory of the Republic of Uzbekistan. The place for carrying out of this activity shall be the territory of the Republic of Uzbekistan in case of actual presence of legal entities carrying out works and providing services in the territory of the Republic of Uzbekistan based on public registration and when it is not available, based on the place specified in documents of founder of legal entities, place of location of a permanently acting executive body of legal entities, place of location of a permanent enterprise in case these works are carried out and services are provided through this permanent establishment.

4. If realization of works, services is of subsidiary nature towards realization of other major works, services, the place for such a subsidiary realization shall be considered the place of realization of major works, services.

#### **Article 204. Date of completion of turnovers on realization**

1. The date for completion of turnovers on realization of goods shall be the day of shipment (transfer) of goods, is otherwise is not envisaged by parts three-five of the present article.
2. When shipment of goods is not carried out, the date for completion of turnovers on realization of goods shall be the day of transfer of property right for goods to receiver.
3. when transferring deposited property (goods) by depositor, the date for completion of turnovers on realization of goods for the depositor shall be day of transfer of property right for deposit.
4. When transferring goods, carrying out works and providing services to employees towards wages and similarly on gratis basis for their personal needs not related to the activity at specific legal entities, the date for completion of turnovers on realization of goods for the depositor shall be day of transfer of goods, carrying out works and providing services and registration of invoice and/or act on completion of works.
5. When including return container into taxed turnover the date for completion of turnovers on realization shall be the date established prior to return of these containers.
6. The date of completion of turnover on realization of goods (works, services) takes place in the case when one of the below mentioned conditions come into force:
  - 1) invoice is issued for works, services;
  - 2) for carrying out works and providing services act on completed works and other documents confirming actual completion of works and provision of services act is issued.
7. Standings of the part six of the present article are similarly applied to works (services) whose beginning coincides with one reporting period and completion – with another reporting period.
8. When realizing works, services on permanent (continuous) basis the date of completion on realization of works, services shall be the date of issue of invoice.  
  
 Realization on permanent (continuous) basis means carrying out works, provision of services in the case the receiver of works (services) can use their results in his/her production activity on permanent basis (manifold) in the period of validity of a contract.
9. When receiving works, services of non-resident enterprises of the Republic of Uzbekistan the date of completion of turnover shall be the date of registration of document on receipt of the above works and services.

## **CHAPTER 36. TAX BASE**

### **Article 205. Definition of tax base**

1. Tax base shall be defined on the bases of realized goods (works, services) without inclusion of value added tax if otherwise is not stipulate by the present article.
2. Under realization of goods (works, services) on prices lower of the prime cost or price of initial purchase of goods (with expenses related to purchase of goods) and gratis transferring goods (works, services) for purposes of taxation, the tax base is determined based on the prime cost of goods (works, services) or price of initial purchase of goods (with expenses related to purchase of goods)
3. When producing goods of the material of clients tax base shall be determined on the basis of the cost of services for processing of the materials without adding value added tax and for excise goods – on the cost of services on their processing adding excise tax estimated along with the article 226 of the present Code.
4. On construction, construction-mounting and maintenance-construction, start-adjusting, project-research and scientific works (services) and similarly when constructing “turnkey” objects the tax base shall be the cost of completed and confirmed by customer works (services) without adding value added cost on which estimation documents are provided based on agreed price.
5. When concluding agreements by contractual or sub-contractual organizations for construction of objects, the tax base shall be the cost of carried out and confirmed works with adding the cost of materials of contractor (sub-contractor) and materials of customer that for the purpose of taxation are considered as those realized, with estimation of value added tax in the order established by the present chapter.
6. When concluding contracts for carrying out of construction-mounting, maintenance and maintenance-construction works if, in line with a contract the responsibility on provision materials for these works is on customer, then when maintaining the property right for these materials after customer of taxed base shall be the cost of carried out and confirmed works without adding the cost of materials of customer.
7. When realizing goods, imported by trade undertakings that are taxpayers for value added tax, the tax base is determined based on the cost of realized goods without adding value added tax. In this case tax base cannot be less than the cost accepted when estimating value added tax within the import of these goods.
8. The amount of excise tax is added to tax base on excise goods.
9. When realizing fixed assets and non-material assets, the tax base shall be determined as a positive difference including the amount of value added tax between the price of realization and their depreciated cost
10. When transferring property for financial lease, including leasing, tax base is determined as a positive difference, including the amount of value added tax between the cost of deducted asset and its balance (remaining) cost.
11. When realizing the object of uncompleted construction, the tax base shall be determined as a positive difference including the amount of value added tax between the price of realization and balance cost of the object of uncompleted construction.

12. When providing services on a contract for transport expedition the tax base for expeditor is determined based on the amount subject to receipt in the form of award for provided services, that include value added tax.

13. When providing services on the basis of contracts of errand, commission or agent agreements in the interest of the third person, the tax base on value added tax is determined based on the amount subject to receipt in the form of award (interest) for provided services, including the amount of value added tax.

14. In case when on the contract of errand (commission) missioner (commitent) is non-resident enterprise of the Republic of Uzbekistan, the tax base is determined based on the cost of realized goods without adding value added cost. In such a case tax base cannot be less than a cost accepted for estimation of value added cost within importing of these goods.

15. When transferring deposited property by depositor towards reimbursing obligations secured by the deposit, the size of taxed turnover of the deposit the amount of loan means received under deposit of this property without adding value added tax. On deposited fixed assets, non-material assets and objects of uncompleted construction, the tax base of depositor is determined based on a positive difference between the cost of realization and its balance (remaining) cost, that includes value added tax.

16. When including returnable containers to taxed turnover and in case when the container is not returned within specified term, the tax base shall be determined on the basis of deposit cost of these containers, including value added tax.

#### **Article 206. Adjustment of tax base.**

1. Adjustment of tax base for the taxpayer is carried out in cases of:

- 1) full or partial return of goods;
- 2) change of conditions of deal;
- 3) change of price, use of discount by purchaser;
- 4) in case of refusal from completed works and provided services.

2. Adjustment of tax base envisaged in the part one of the present article is carried out within one year, and on goods (works, services) having warranty term – within the term of their warranty.

3. Adjustment of tax base in accordance with the present article is carried out on the basis of additional invoice or other documents confirming cases indicated in the part one of the present article.

#### **Article 207. Tax base when importing goods**

Taxed base when importing goods shall include customs cost of goods determined in accordance with the legislation and amount of excise tax, customs duties subject to payment when importing goods to the Republic of Uzbekistan. m

#### **Article 208. Distinctions of taxation of works (services) received from**

## **non-resident enterprises of the Republic of Uzbekistan**

1. Works (services) provided by non-resident enterprises of the Republic of Uzbekistan are taxed turnovers of taxpayers of the Republic of Uzbekistan receiving works (services) in case the place of their realization is the Republic of Uzbekistan and are subject to taxation on value added tax in accordance with the present Code.
2. Tax base of receiver of works (services) is determined based on the amount subject to payment to non-resident enterprise of the Republic of Uzbekistan, indicated in the part one of the present article without deduction of tax amount subject to withholding at the source of payment on the income received at the source of payment in the Republic of Uzbekistan.
3. The amount of value added tax subject to payment to the budget in accordance with the with the present article is determined based on the rate envisaged in the part one of the article 224 of the present Code and taxed base. In case when payment for received works, services is carried out in foreign currency, the taxed turnover is re-estimated to the national currency of the Republic of Uzbekistan on the exchange rate of the Central Bank by the date of completion of turnover.
4. Invoice confirming payment of value added tax in accordance with the article gives the right to apply as credit the tax amount for value added tax in accordance with the article 219 of the present Code.
5. Standings of the present article are not applied in case provided works (services) are works (services) listed in articles 209, 210 and 211 of the present Code.

## **CHAPTER 37. CONCESSIONS**

### **Article 209. Turnovers on realization of goods (works, services) exempted from tax**

The following turnovers on realization shall be exempted from value added tax for turnovers on realization:

- 1) services (activities) provided to public departments, institutions of self-governing of citizens and other authorized departments involved in public duties collections, all types of license, registration and patent duties and collections;
- 2) services on maintaining children in preschools;
- 3) services on care after sick people and old people;
- 4) ritual services of undertaker's bureau and cemeteries, realization of religious parts, services on carrying out customs and ceremonies by religious organizations and associations;
- 5) prosthetic- orthopedic devices, facilities for disabled people and provision of services to disabled people on orthopedic , including those produced by producers of these parts and facilities and services provided to disabled people on orthopedic prosthesis, repair and maintenance of prosthetic-orthopedic devices and facilities for



disabled people;

6) products of medical – production workshops within hospitals, realized by these establishments;

7) post marks (except collection ones), marked cards and envelopes;

8) services on organization of communication on payment of pensions and allowances;

9) scientific-research and experimental-construction and innovation elaborations carried out on public contracts within scientific-research programs of the Centre on science and technology under the Coordination Council on science-technical development within the Cabinet of Ministers of the Republic of Uzbekistan;

This privilege shall be applied on the basis of the contract for carrying out of scientific-research and experimental-construction and innovation elaborations carried out on public contracts within scientific-research programs of the Centre on science and technology under the Coordination Council on science-technical development within the Cabinet of Ministers of the Republic of Uzbekistan (further Centre), the contracts signed by the Centre and:

ministries and department for programs of fundamental research, public science-technical programs, programs of innovation works, international (interstate) science-technical programs;

with concrete executors of projects carried out within programs for fundamental, applied research, innovation elaborations, international (interstate) science-technical programs.

Co-executors of the above scientific-research and experimental-construction and innovation elaborations are exempted from value added tax upon receiving conclusion from the Center;

10) services of municipal passenger transportation (but taxis, including jitneys) and on services related to transportation of passengers within suburban traffic by railway or general vehicle transport (but taxis, including jitneys).

With the purpose to apply the present paragraph services on transportation of passengers, provided by vehicle and electric transportation within a city on specific routes, and in line with the schedule of transportation shall be regarded as services of municipal passenger transportation.

The standings of the present paragraph are similarly applied to services on transportation of employees and workers from works and/or to work, on transportation services for events, provided by municipal passenger transportation or railway and vehicle general transportation within suburban traffic upon requests from legal entities and physical entities;

11) services on education with regard education at higher, secondary, secondary-special, vocational schools and organizations carrying out manpower development;

12) precious metals to the authorized department for storage;

13) medical (veterinary) services except cosmetology and medicines and parts of medical (veterinary) purpose, including those realized by producers of these parts and means;

With the purpose to apply the present paragraph, medical services shall include

services of the first aid and sanitary services, assistances with diagnostics, prophylaxis and medical treatment, homeopathic, dentist services, and those provided by prosthodontic departments and offices, narcological dispensary, medical commissions for drivers, disinfection stations, laboratories and sub-divisions of sanitary-antiepideologic profile and other establishments of medical and medical-sanitary profile.

Veterinary services shall include measures on protection of animals (livestock, poultry, fur-bearing animals and other animals, the fish, bees, animals at zoos, vivaria, etc.) from diseases on their treatment, securing of needs of production and population in a goods-quality stock-raising, preventing of diseases of people typical for animals and human beings and on the settlement of veterinary-sanitation problems of environmental protection;

14) services provided immediately at airports of the Republic of Uzbekistan and airspace of the Republic of Uzbekistan on providing services to foreign air crafts including air navigation;

15) sanitary-recreational, recreational, tourist-excursion services and services for children camps for recreation and services to establishments of physical culture and sports, registered in accordance with the corresponding documents;

With the purpose of the present paragraph:

sanitary-recreational and recreational services as well as services of children camps shall include sanitary-recreational and recreational services, children camps registered with authorizations and board and treatment authorizations;

tourist-excursion services shall include the complex of tourist-excursion services included into the cost of a ticket (voucher) for provision of tourist services within a tour. The complex of tourist services shall include transport service, accommodation, catering, excursions, organization of cultural, sports programs and other services determined with a contract for their rendering;

services of physical culture and sports establishments shall include services on carrying out sports competitions, holidays, sports-entertaining activities, regular and match games carried out in sports buildings, exercises of physical cultures and sports in training groups and teams on types of sports, schools, clubs of sanitary type, general physical training, health, conditioning, swimming, sanitary jogging and foot-race , athletic, rhythmic and sanitary gymnastics, on provision of sports-technical facilities, training equipments, equipments and other services provided to visitors of sports establishments envisaged in the cost of tickets (subscriptions);

16) property realized in the order of privatization of public property;

17) hydro-meteorological and aerologic works;

18) geological and topography works;

19) print products and editing, polygraph and publishing works (services) related to production and realization of publishing products (periodical publications and printed editions).

With the purpose to apply the present paragraph publishing products shall include books, newspapers, magazines, reference-books, brochures, albums, posters, booklets, cards, notebooks, drawing and sketching albums, blanks and other publishing products.

Editing, polygraph and publishing works (services) shall including bread boarding, computer graphics, typing, preparation of original-breadboards, binding, preparation of drawings and editions, acceptance, preparation and location of calls, color separation, securing of legal entities and physical entities with information, its collection and processing, works on translation of texts, realization of magnet and hard-copy bearers through the mail system and the system of the Internet, and other types of editorial, polygraph and publishing activity envisaged by the legislation.

Polygraph activity shall include both all the above listed processes (types) in complex and separately;

20) for services related to creation, forming and broadcasting in the air, re-broadcasting of TV, radio, video, cinema products and TV and radio programs;

21) works (services) on transpiration, shipment, re-shipment and expediting of goods from the territory of the Republic of Uzbekistan;

22) goods (works, services) excluding turnovers from realization of carrying out of middleman, trade, preparation, supply-sales activity by legal entities owned by public associations of disabled people, the fund "Nuroniy" and the association of "Chernobilzi Uzbekistana" who in overall employ not less than fifty percents of disabled people;

23) goods (works, services) obtained by legal entities at the cost of loans (credits) provided by international and foreign representation financial organizations on contracts (agreements) signed with the Republic of Uzbekistan and received at the expense of grants.

24) exploitation services provide to population on maintenance and repair of housing;

Exploitation services on maintenance of housing funds shall include services on sanitary clean-up, lifting economies, agencies on mounting and exploitation of antennas of general purpose, agency and departments on land resources and State cadastre, exploitation and maintenance of housing fund, paid immediately by population, including payments for theses services through Societies of housing owners;

25) services on environmental expertise carried out by authorized public organizations;

26) services on training of State language, record keeping in State language;

27) agricultural products produced by subjects;

28) services of security subdivisions under departments of internal affairs;

29) services provided by lawyers' agencies related to realization of their professional activity;

30) goods realized in retail network and in the field of public catering;

31) fixed assets, non-material assets and objects of incomplete construction transferred as investment or share contribution into authorized capital;

32) land-cadastre, land-cultivation, soil and geo-botanic works carried out at the expense of public budget;

33) goods-material stocks of public reserve within their accumulation;

34) technical facilities of the system for operation-quest measures in the networks of telecommunications and services on their exploitation and maintenance;

35) property transferred as investment obligations in accordance with the contract between investor and authorized public agency on management of public property.

### **Article 210. Financial services exempted from tax**

Financial services exempted from tax shall include:

1) estimation and withdrawal of interests on credits, loans, provision of credits, loans, issue of authorizations (guarantees), including issue of banks guarantees, envisaging execution in cash form, management with loans, credits and credit guarantees from the side of creditors;

2) acceptance of deposits, opening and running of bank accounts for legal entities and physical entities, including accounts of bank-correspondents;

3) operations with payments, transfer, liability obligations, checks and payment means, operations on cash collection;

4) opening and running of bank accounts of legal entities and physical entities;

5) operations with the national and foreign currency, except those used in numismatic purposes;

6) opening and running of depot-accounts for securities of legal entities and physical entities including depositaries correspondents;

7) operations with securities (shares, bonds and other securities). The operations with securities shall include operations on storage of securities, accounting of rights for securities, transfer on securities and running of registers on organization of trades with securities except services on their preparation;

8) realization of securities, shares of participation in authorized capital of legal entities;

9) operations with payment cards, checks, promissory notes and depository certificates;

10) management with investment funds;

11) clearing operations, including collection, check-up, sorting and confirmation of payments as well as carrying out of their mutual apply as crediting and determining of net positions of participants of clearing-banks and legal entities, carrying out separate types of bank operations;

12) opening and servicing of letters of credit;

13) operations on conversion of cash assets;

14) organization of exchange operations with foreign currency;

15) cash operations (receipt, issue, re-estimation, exchange, change, sorting and storage of bills and coins);

16) provision of services on contract for financial lease (leasing), with regards to interest income of the tenant in life (leaser);

17) factoring and forfeiting operations;

- 18) Lombard operations (provision of short-term credits under property deposit);
- 19) turnover of means of collectible pension system.

### **Article 211. Services on insurance exempted from taxation**

Services on insurance carried out by professional participants of insurance market on insurance, co-insurance and re-insurance are exempted from value added tax, as a result of which:

1) professional participant of insurance services market receives:

- a) insurance bonuses on insurance, co-insurance and re-insurance contracts;
- b) commission bonuses and awards on agreements, transferred for re-insurance;
- c) commission awards for provision of services of insurance agent, insurance and re-insurance broker, surveyor, accidental commissar and other professional participants of insurance market;
- d) compensation of the share of insurance payments by re-insurers on contracts transferred for re-insurance;
- e) revenues on demands on the order of subrogation (regress) from the third persons on contracts of insurance, co-insurance and re-insurance;
- f) incomes on provision of services of professional the Presidents of insurance market (actuaries, adjusters, surveyors, assistance service, etc);
- g) interests estimated on depot premiums within contracts of co- re-insurance and transferred by reinsuring agency to the subject of reinsurance;
- h) revenues on loans provided to insurers on contracts of life insurance;
- i) revenues from financial (investment) activity of insurer (re-insurer) including incomes from investment of means of insurance reserves and insurance funds;
- j) incomes from franchise compensation on contracts of insurance, co-insurance and re-insurance;
- k) incomes from realization of the right to demand of insurer (beneficiary) transferred to insurer in accordance with the with the legislation to persons responsible for the damage occurred;
- l) amounts of return of a part of insurance premiums on agreements of re-insurance in case of their pre-term suspension;
- m) other incomes received immediately from realization of insurance activity;

2) insurer (beneficiary) receives:

- a) insurance payment (insurance compensation);
- b) means for carrying out of preventive measures;
- c) means paid by insurer for operated-without-loss of insurance

contract;

d) other means in accordance with the with insurance contract.

### **Article 212. Import exempted from tax**

Import is exempted from value added tax in the following instances:

- 1) for goods imported by physical entities within norms of duty-free import, established by customs legislation;
- 2) for goods for official use by foreign diplomatic and representations equal to them as well as for personal use of diplomatic and administrative-technical personnel of these representations, including members of their families, residing with them;
- 3) for goods, imported as humanitarian assistance, in the order determined by the Cabinet of Ministers of the Republic of Uzbekistan;
- 4) for goods imported with the purpose of charitable assistance including provision of technical assistance within public, Governmental and international organizations;
- 5) for goods, imported at the expense of grants, provided within public, Governmental and international organizations;
- 6) medications and parts of medical (veterinary) purpose, as well as the raw-stock imported for production of parts of medical (veterinary) purpose;
- 7) technological equipment, imported to the territory of the Republic of Uzbekistan along with the list approved in accordance with the with the legislation and spare parts under conditions if their delivery is envisaged by conditions of contracts for delivery of technological equipment. In case of realization and gratis transfer of imported technological equipment for export within five years from the moment of its import, this privilege is annulled with the rehabilitation of duties on payment of value added tax for the whole period of application of the privilege;
- 8) technical means of systems for operative-quest measures, obtained by operators of telecommunications and special department on certification of technical means for the systems of operative-quest measures under the availability of a written confirmation of the authorized department.

## **CHAPTER 38. TURNOVERS TAXED AT ZERO RATE**

### **Article 213. Export of goods**

1. Exports of goods for a foreign currency (except cotton fiber and lint) shall be subject to the value-added tax at the zero rate.
2. Export of goods shall be determined as export of goods from the customs territory of the Republic of Uzbekistan realized in accordance with the customs legislation of the Republic of Uzbekistan.

3. In the event of a failure to provide confirmation of the export of goods in accordance with Article 214 of this Code the above goods shall be subject to the value-added tax at a positive rate indicated in part 1 of the Article 224 of this Code.

#### **Article 214. Confirmation of export of goods**

Documents confirming the export of goods shall include:

- an agreement ( or a copy of contract notarized in the established order) for the delivery of exported goods;
- certificate of a bank confirming payment of exported goods by a foreign entity;
- copies of shipping documents bearing the notation of a customs authority located at a point of entry on the customs frontier of the Republic of Uzbekistan.
- documents specified in the present article are provided to controlling agencies on their request during execution of control within established order.

#### **Article 215. Taxation of goods (works, services) realized to foreign diplomatic missions and foreign representations equal to them for official use**

1. Goods (works, services) realized by foreign diplomatic missions and representations equal to them for official use and similarly for personnel diplomatic and administrative-technical personnel of these representations including member so their families residing with them if they are not citizens of the Republic of Uzbekistan and do not reside on permanent basis in the Republic of Uzbekistan under the condition of application by a foreign party of the principle of reciprocity are taxed with value added tax on the zero rate.

2. Goods (works, services) obtained by the Department of Diplomatic Service of the Ministry of Foreign Affairs of the Republic of Uzbekistan for further realization to diplomatic missions and representations equal to them are taxed with value added tax on the zero rate.

3. The list of diplomatic missions accredited in the Republic of Uzbekistan and representations equal to them towards which application of the zero rate of value added tax for realization of goods (works, services) is valid is approved by the Ministry of Foreign Affairs of the Republic of Uzbekistan.

#### **Article 216. Taxation of works (services) on processing of goods within the tax system “processing at customs territory”**

1. Works (services) on processing of goods, placed under the customs system “processing at customs territory” in accordance with the customs legislation of the Republic of Uzbekistan are taxed with the value added tax at zero rate under the condition of importing of products of processing outside the territory of the Republic

of Uzbekistan.

2. Works (services) on processing of goods placed under the customs system “processing at customs territory” with their further placement under the customs system “release for free turnover” in accordance with the customs legislation of the Republic of Uzbekistan are subject to taxation for value added tax at zero rate indicated in the part one of the article 224 of the present Code.

#### **Article 217. Taxation of international transportations**

Turnover on realization of the following services on international transportation shall be taxed with value added tax at zero rate:

1) transportation of transit freights in the territory of the Republic of Uzbekistan.

Transportation of transit freights shall include services on transportation and maintenance of foreign transit freights through the territory of the Republic of Uzbekistan under availability of immediate contracts with foreign entities or international freight agreements for realization of freight transits and notes of customs agencies on actual export and import of the above transit freights;

2) international transportation of passengers, cargo and mail.

With the purpose the application of the present paragraph transportation shall be considered as international under the condition that the beginning and the final destination are situated outside of the Republic of Uzbekistan, when registering freights on the basis of common international freight documents.

#### **Article 218. Taxation of communal services, provided to population**

Services provided to population on water supply, sewerage, heating, gas supply, including those obtained by Societies of Housing Owners on behalf of population are taxed with value added tax at zero rate.

### **CHAPTER 39. APPLICATION OF TAX AS CREDITING**

#### **Article 219. Amount of tax subject to application as crediting**

1. When determining tax amount subject to pay to the budget, the receiver of goods (works, services) has the right to apply as credit the tax amount for value added tax subject to payment on actually received goods (works, services) when they are not used for the purposes of taxation including turnover at the zero rate and for personal needs of the taxpayer in accordance with the paragraph one of the part two of the article 200 of the present Code even when the following conditions are carried out:

1) receiver of goods (works, services) is a taxpayer for value added tax in accordance with the article 198 of the present Code;

2) there is invoice other documents available and provided in accordance with the article 223 of the present Code for received goods (works, services) in which value added tax is separated;



- 3) in case of import of goods value added tax is paid to budget;
  - 4) in cases envisaged by the article 228 of the present Code value added tax is paid to the budget.
2. When receiving property as a deposit to the authorized fund the receiver has the right to apply as credit the tax amount for value added tax paid by supplier under following conditions specified in the part one of the present article.
3. Value added tax is considered as applied as credit in the reporting period, in which goods (works, services) are received, except cases envisaged by parts four and five of the present article.
4. In case of payment of value added tax in accordance with the article 208 of the present Code the paid tax is applied as credit only in the reporting period in which the tax is actually paid to the budget.
5. When obtaining goods on the agreement of errand (commission) in the case, when trustee (commitment) is a non-resident enterprise of the Republic of Uzbekistan the value added tax paid at customs is applied as credit within goods realized in the reporting period.
6. When transferring to the payment of generally established taxes and/or voluntary payment of value added tax legal entities have the rights to apply as credit tax amount for value added tax on remains of goods (works, services) from the moment of transferring, excluding cases indicated in parts four and five of the present article. The same order is valid for taxpayers having obligations on payment of tax for value added tax under cancellation of concessions.
7. When the taxpayer has value added tax for taxed and untaxed turnovers, including those exempted from value added tax, the value added tax is applied as credit in the order envisaged by the article 222 of the present Code.
8. With the purpose the application of the present chapter provision of property for rent, granting of the right to use objects of intellectual ownership are considered as services.

#### **Article 220. Tax amount not subject for apply as crediting**

The following tax amount shall not be subject for apply as crediting:

- 1) on obtained fixed assets, non-material assets;
- 2) on obtained goods (works, services) used by legal entities that are not taxpayer of value added tax and legal entities producing goods (works, services) exempted from value added tax in accordance with the present Code;
- 3) on returnable containers, including glass containers, having deposit cost that is not included into taxed turnover when shipping goods in these containers;
- 4) on goods (works, services) the location of realization of which is not considered as the Republic of Uzbekistan;
- 5) on gratis received goods (works, services) except cases, when receiver paid value

added tax on them subject to apply as crediting in accordance with the order envisaged by paragraphs 3 and 4 of the part one, article 219 of the present Code;

6) on material resources, obtained with the purpose of organization of recreation, entertainment, except material resources obtained by the taxpayer for realization of entrepreneurial activity in the field of entertainment and recreation.

#### **Article 221. Adjustment of applied as credit tax amounts**

1. Value-added tax that was previously applied as a credit shall be excluded from the subsequent amount of value-added tax to be taken as a credit in the following cases::

1) on goods (works, services) used by legal entities for production of goods (works, services) exempted from value added tax in accordance with the present Code;

2) in case of inobservance of standings established by part one of the article 219 of the present Code;

2. When value added tax of the taxpayer is transferred to a simplified procedure of taxation (category of non-payers of value added tax) an adjustment in the amount of value-added tax applied as a credit on remainders of goods-material stock shall be made, similarly on remainders of ready made products. Similar order is valid for the taxpayers having non-taxable turnovers related to provision of concessions on payment of value added tax.

3. In the event of a change in the value of goods (work, services) received in those cases referred to under part one and two of the Article 206 of this Code, purchaser accordingly adjusts the amount of value-added tax that was previously applied as a credit.

4. An adjustment in the amount of value-added tax applied as a credit shall be made in the same tax period in which the circumstances referred to in parts 1 to 3 of this article occurred.

#### **Article 222. Procedure for Crediting Value-Added Tax Given Turnovers That Are Exempt from the Value-Added Tax (Exempt Turnovers)**

1. The value-added tax that is payable to suppliers and on imports with respect to goods (work, services) subject to payment (or paid) to suppliers on import shall not be taken as a credit, rather considered in the cost of these goods (works, services).

2. If there are both taxable and exempt turnovers within value-added tax applied as a credit shall consider tax amount for value added tax related to taxed turnovers, including the turnovers taxed at zero rate and those for personal needs of legal entities (considered as expenses).

3. The value-added tax amount shall be determined using the proportional or separate method at the taxpayer's discretion, shall be applied as a credit.

4. The chosen method for determining the amount of value-added tax to be applied as a credit may not be changed during a tax year.

5. Under the proportional method, the amount of value-added tax to be applied as a credit shall be determined on the basis of the proportion of taxable turnover in total turnover.

6. When determining the amount of value-added tax to be applied as a credit under the separate method, a payer of the value-added tax shall maintain separate accounting records of expenditures and value-added tax paid on goods (work, services) used for purposes of taxable and exempt turnover.

7. In the case of expenditures for which it is not possible to break down the value-added tax on the basis of separate accounting, the amount of value-added tax to be applied as a credit shall be determined on the basis of the proportional method.

### **Article 223. Value-Added Tax Invoices**

1. A VAT invoice shall be a document which has been filled out according to the form established by the authorized government body and which contains the following information:

- 1) the ordinal number of the VAT invoice;
- 2) the number and date of issue of freight documents or contracts to which VAT invoice is attached;
- 3) the name (last name, first name), address, Taxpayers Identification Number of the taxpayer and purchaser (customer) of goods (works, services);
- 4) the name of the goods shipped, the work performed, or the services provided and units of measurement (when possible to indicate);
- 5) the amount (volume) of realized goods, the work performed, or the services provided along with the invoice based on units of measurement (when possible to indicate);
- 6) price (tariff) per unit of measurement on the agreement (contract) without value added tax and in case of application of publicly regulated prices (tariffs), including value added tax with consideration of tax amount for value added tax;
- 7) cost of the whole number (volume) of realized goods, the work performed, or the services provided without value added tax;
- 8) rate and amount of excise tax on excise goods;
- 9) rate and amount of value added tax requested from purchaser of goods (works, services);
- 10) cost of the whole quantity of realized goods, the work performed, or the services provided with excise tax on excise goods and value added tax.

2. Legal entities carrying out both taxed turnovers with value added tax and turnovers exempted from this tax, similarly legal entities that are not taxpayers for value added tax shall provide invoice to the person receiving goods (works, services) except the following cases:

- 1) registration of transportation of passengers with transportation tickets;
- 2) proviso of a check of the cash-registry machines, terminal voucher, certificates in case of realization of goods (works, services) for cash means to purchaser;
- 3) registration of export-import deliveries of goods;
- 4) transferring property along with the contract on financial lease (including leasing), on which invoice of receipt-transfer is register except cases of emerging of obligations on payment of value added tax in accordance with the part ten of the article 205 of the present Code. In this case invoice shall not be issued for each lease (leasing) payment registered with corresponding documents (schedule of lease (leasing) payments that is an integral part of the contract on financial lease; bill, notification forwarded to lease receiver for payment of lease (leasing) payments, etc);
- 5) registration of bank operations with the extract from the bank account of the client;
- 6) registration of services on insurance with the contract on authorization (agent agreement) and/or insurance policy;
- 7) registration of works (services) with an act, certificate, invoice, within availability of all requisites specified in the part one of the present article.

3. Documents specified in the part two of the present article shall be documents substituting invoice.

4. Invoice of advanced payment for future delivery of goods, performance of works and provision of services shall not be invoice for value added tax.

5. Legal entities that are not taxpayers for value added tax and those carrying out turnovers exempted from value added tax shall not indicate the amount of value added tax in the invoice and put a seal (or make a sign) saying "without value added tax".

6. Invoice for the taxpayer of value added tax is a justification for application of the value added tax as credit in accordance with the article 219 of the present Code.

7. If otherwise is not envisaged by the present article, the invoice shall be issued by the date of carrying out the turnover on realization of goods (works, services).

8. Taxpayers carrying out realization of electric power, water, gas, communication services, communal services, railway transportation, transportation-expeditor services, bank operations and continuous delivery of goods (works, and other services) taxed with value added tax issue invoices once by the 1<sup>st</sup> day of a reporting period.

9. Cost of goods (works, services) and amount of value added tax in the invoice are indicated in the national currency of the Republic of Uzbekistan.

10. Legal entities who, in accordance with the with contracts for prices (tariffs) on

goods (works, services) establish the above in foreign currency, invoices are issued in a foreign currency with a simultaneous reflection in the national currency of the Republic of Uzbekistan in line with the exchange rate of the Central Bank of the Republic of Uzbekistan valid for the date of issue of the invoice.

11. In the event of an adjustment of tax base by supplier of goods (works, services) toward increasing the size of taxable turnover, a supplemental invoice shall be prepared and confirmed by the receiver of goods (works, services).

Supplemental invoices shall indicate:

- 1) the ordinal number and date of preparation of the supplemental invoice;
- 2) the ordinal number and date of preparation of the invoice for which the supplemental invoice is being prepared (to which it applies);
- 3) the name, address, and TIN of the supplier and recipient of the goods (work, services);
- 4) the name of the adjusted goods, the work performed, or the services provided along with invoices and based on units of measurement (when possible to indicate);
- 5) the amount (volume) of adjusted realized goods, the work performed, or the services provided along with the invoice based on units of measurement (when possible to indicate);
- 6) price (tariff) per unit of measurement on the agreement (contract) without value added tax and in case of application of publicly regulated prices (tariffs), including value added tax with consideration of tax amount for value added tax;
- 7) cost of the whole number (volume) of goods (works, services) against the number (volume) of adjusted goods, the work performed, or the services provided without value added tax;
- 8) rate and amount of excise tax on excise goods;
- 9) rate and amount of value added tax requested from purchaser of goods (works, services);
- 10) cost of the whole quantity of realized goods, the work performed, or the services provided with excise tax on excise goods and value added tax.

In the event of an adjustment of tax base by supplier of goods (works, services) towards decreasing the size of taxable turnover, when necessary the earlier issued invoice is annulled, and a new invoice shall be prepared and confirmed by the receiver of goods (works, services).

The new invoice is issued with the note "instead of earlier issued invoice".

12. Taxpayers shall keep registers of incoming and outgoing invoices.

13. The form for invoice and order of its filling out is confirmed by the State Tax Committee and the Ministry of Finance of the Republic of Uzbekistan.

## **CHAPTER 40. RATES, ORDER OF ESTIMATION, SUBMISSION OF RETURNS AND PAYMENT OF THE TAX**

### **Article 224. Rates of the tax**

1. Tax rates for value added tax shall be established by the enactment of the President of the Republic of Uzbekistan if otherwise is not envisaged by part five of the present article.
2. Turnovers on realization of goods (works, services) indicated in articles 213, 215-218 of the present Code are subject to value added tax at zero rate.

### **Article 225. Tax period. Reporting period.**

1. Tax period shall be a calendar year.
2. Reporting period shall be:
  - 1) for micro firms and small undertakings paying value added tax – quarter;
  - 2) for taxpayers not related to micro firms and small undertakings – month.

### **Article 226. Order of estimation of the tax**

1. Value added tax on turnovers is estimated based on the tax base and rates established by the present Code.
2. Value added tax subject to payment to the budget is determined as a difference between the amount of estimated tax on taxed turnovers and tax amounts applied as credit in accordance with the article 219 of the present Code.
3. Value added tax on import of goods is estimated based on the tax base and rates established by the article 202 and the part one of the article 224 of the present Code.

### **Article 227. Order of submission of tax returns**

1. Submission of tax returns for value added tax is carried out to departments of public tax agency under their jurisdiction by means of progressive total:
  - 1) by micro firms and small undertakings paying value added tax – quarter on quarter bases not later than 25 of month following the reporting period and on annual results – on the day of submission of annual financial statement;

2) by taxpayers not related to micro firms and small undertakings – on monthly bases not later than 25 of month following the reporting period and on annual results – on the day of submission of annual financial statement;

2. Simultaneously with tax returns register of invoices on goods (works, services) obtained within the tax period is provided. The form of the register of invoices is established by the State Tax Committee of the Republic of Uzbekistan.

#### **Article 228. Order of tax payment**

1. Payment of value added tax to the budget is carried out not later than the day established for submission of value added tax return in accordance with the article 227 of the present Code.

2. Payment of value added tax on imported goods is carried out before or during customs registration.

### **CHAPTER 41. DISTINCITONS OF TRANSACTIONS WITH THE BUDGET**

#### **Article 229. Transactions with the budget in the event that the amount of tax to be credited exceeds the amount of tax assessed for a reporting (tax) period**

1. The amount of tax to be applied as a credit in excess of the amount of tax assessed for the reporting period shall be refunded in accordance with the chapter 10 of the present Code in the case when the taxpayer does not have any liabilities on taxes.

2. The amount of tax to be applied as a credit in excess of the amount of tax assessed for the reporting period shall be considered toward future payments on value added tax if otherwise is not envisaged by the present article.

3. The excess amount generated from turnovers taxed at zero rate, shall be refunded within 30 days of the end of this six-month period of the moment the tax authority receives a request from the taxpayer for a refund of the above excess.

4. Value-added tax shall be refunded by carrying out the following sequence of actions:

1) crediting the value-added tax against outstanding debt owed by a payer of the value-added on the value-added tax for previous tax periods in accordance with the article 208 of the present Code;

2) crediting the value-added tax against outstanding debt owed by a payer of the value-added tax on other taxes;

3) transferring the money remaining to the bank account of the payer of the value-added tax in accordance with the article 230 of the present Code, with regards to the tax amount applied as credit on goods (works, services), used for turnovers taxed at zero rate.

### **Article 230. Order of refund of tax amount**

1. Refund of the tax amount for value added tax to the taxpayer by mean sof transferring of cash assets to the bank account is carried out by the Ministry of Finance of the Republic of Uzbekistan.

2. For the refund of the tax amount for value added tax the taxpayer provides a request to departments of tax authority under their jurisdiction attaching the following documents in four copies:

1) revision acts on debts of legal entities on taxes and mandatory payments.

Revision act on debts for taxes and mandatory payments is compiled before 15 of every month following the reporting month and is valid within one calendar month;

2) estimation of value added tax;

3) data on amounts and dates of return in case legal entities was earlier returned value added tax.

3. In addition to documents specified in the part two of the present article the taxpayers compile the following documents:

1) legal entities carrying out export of goods – copies of documents in accordance with the article 214 of the present Code;

2) legal entities realizing goods (works, services) to foreign diplomatic missions and representations equal to them for official use – copies of invoices registered accordingly;

3) legal entities carrying out works (services) on processing of goods within the customs system “processing at cue providing services on transportation of freight through the territory of the Republic of Uzbekistan (transit freight):

copy of a contract (contracts) for execution (provision) of works (services);

copy of certificates from a bank confirming payment by foreign entity of realization (provision) of works (services);

copy of act, certificate or other document confirming realization (provision) of works (services) signed with seller and purchase of works (services);

4) legal entities providing services to population on sewerage, heating, gas supply – copies of documents confirming application of taxes at zero rate.

4. Order of consideration on of the request on tax refund and transferring means to the account of the taxpayer in accordance with the article is established by the Ministry of Finance and the State Tax Committee of the Republic of Uzbekistan.



## **DIVISION IX. EXCISE TAX**

### **Article 231. Taxpayers**

1. Payers of excise taxes shall be all physical entities and legal entities:

1) engaged in the production of excisable goods (under excise tax goods) in the territory of the Republic of Uzbekistan;

2) importing excisable goods (under excise tax goods) to the territory of the Republic of Uzbekistan;

3) participant of society in participation who is in charge of administering affairs of the society in participation when producing excisable goods by the society in participation.

2. On separate types of excisable goods following enactment of the Cabinet of Ministers of the Republic of Uzbekistan the taxpayer for excise tax can be determined the entity, not producing excisable goods.

### **Article 232. Object of taxation**

1. The following operations shall be object of excisable taxation:

1) representation of excisable goods including:

sales (shipment) of goods;

transfer of excisable goods deposited by depositor when not fulfilling the obligation secured by the deposit;

gratis transfer of excisable goods;

the use of excisable goods when making payments in kind by employer to employee in cases stipulated by the legislation or to founder (participant) towards estimated dividends;

the use of excisable goods at the exchange of other goods (works, services) in cases envisaged by the legislation;

2) transfer of excisable goods in the form of contribution or share to the authorized capital of legal entities or contribution of participant of the society in participation along with the contract of the society in participation;

3) transfer of excisable goods to participant (founder) upon his/her leaving (dismissal)

from legal entities or based on liquidation (bankruptcy), reorganization and transfer of excisable goods produced within the society in participation to the participant of the above contract when allocating his/her share from the property within general ownership of participants of the society in participation or division of such a property;

- 4) the delivery of excisable goods for processing of customer-supplied raw materials and supplies, transfer of excisable goods that are the product of processing of customer-supplied raw materials and supplies including excisable customer-supplied raw materials and supplies;
- 5) transfer of produced and/or obtained excisable goods for personal needs;
- 6) import of excisable goods to the customs territory of the Republic of Uzbekistan.

2. The following is not subject to excise tax:

- 1) representation of excisable goods for export by their producers except separate types of excisable goods determined by the Cabinet of Ministers of the Republic of Uzbekistan;
- 2) transfer of excisable goods – products of processing within the customs system “processing at the customs territory” under condition of its further exporting from the customs territory of the Republic of Uzbekistan;
- 3) import of excisable goods to the customs territory to provide assistance as a result of natural calamities, armed conflicts, accidents, as humanitarian assistance and gratis technical assistance and charity purposes within States, Governments and international organizations;
- 4) import of excisable goods to the territory of the Republic of Uzbekistan physical entities within norms of import not subject to excise tax. Maximum norms of import of goods not subject to excise tax to the territory of the Republic of Uzbekistan by physical entities is established by the Cabinet of Ministers of the Republic of Uzbekistan.
- 5) import of technical means of the system for operation-quest measures, obtained by operators of telecommunications and special department on certification of technical means of the system for operation-quest measures when a written confirmation of the authorized department is available.

### **Article 233. Date of carrying out of operations with excisable goods**

- 1. The date for carrying out of taxed operations with excisable goods shall be the day of shipment (transfer) of excisable goods to receiver, if otherwise is not envisaged by the present article.
- 2. When transferring deposited excisable goods by depositor the date of completion of turnover for realization for the depositor shall be transfer of property right towards deposit.
- 3. The date of carrying out operations on imported excisable goods shall be the date of their customs registration.

### **Article 234. Tax base**

1. On excisable goods to which fixed rates of excise tax are established, the tax base is determined based on the volume of excisable goods in natural expression.
2. The tax base on produced excisable goods to which ad valorem rates of excise tax are applied if otherwise is not envisaged by parts three and four of the present article, tax base shall be the cost of realized excisable goods not including excise tax and value added tax.
3. On excisable goods transferred when making payments in kind, estimated dividends on gratis basis or for the exchange to other goods (works, services) and when realizing goods on prices less than the prime cost of tax base, shall be the cost estimated based on price established by the taxpayer by the moment of transfer of goods, but not less than actual prime cost.
4. On excisable goods produced of customer-supplied raw materials the tax base shall include the cost of works on production of excisable goods and cost of customer-supplied raw materials.
5. On importable excisable goods in relation of which ad valorem rates for excise tax are established, the tax base is determined on the basis of customs price determined in accordance with the customs legislation of the Republic of Uzbekistan.

#### **Article 235. Adjustment of tax base**

1. Adjustment of the tax base of the taxpayer is carried out in the cases:
  - 1) of full or partial return of goods;
  - 2) change of conditions of deal;
  - 3) change of price, through discounts applied by purchaser.
2. Adjustment of tax base envisaged by the part one of the present article is carried out within one-year term and on goods within warranty – within the term of the warranty.
3. Adjustment of the tax base in accordance with the present article shall be carried out based on additional invoice or other documents confirming cases indicated in the part one of the present article.

#### **Article 236. Confirmation of the Export of Excisable Goods**

The following are documents confirming the export of excisable goods

- 1) the agreement (contract) for delivery of the excisable goods being exported;
- 2) the freight customs declaration with notations by the customs authority that released the excisable goods under the export regime;
- 3) shipping documents with the notation of the customs authority located at the point of entry on the customs frontier of the Republic of Uzbekistan, confirming dispatch of goods to the country of destination;

### **Article 237. List of excisable goods and rates of excise tax**

1. The list of excisable goods and rates of excise tax are established by the enactment of the President of the Republic of Uzbekistan.
2. Rates of excise tax are established in percents against the cost of goods (ad valor duties) and/or in absolute amount per unit of measurement in natural expression (fixed).

### **Article 238. Order of estimation of tax**

Estimation of tax is carried out based on established rates of excise tax and tax base determined in accordance with the article 234 of the present Code.

### **Article 239. Deduction from the tax**

The amount of excise tax estimated in accordance with the article 238 of the present Code shall be deducted by the amount of deduction established in the present article.

The amount of excise tax paid in the territory of the Republic of Uzbekistan is subject to deduction when obtaining or importing excise goods to the customs territory of the Republic of Uzbekistan when the above goods are further used as raw-stock for production of excise goods.

Suppliers of excise goods (raw-stock) shall separate in invoices the amount of excise tax on these goods (raw stock). In case the amount of excise tax on goods (raw stock) being obtained is not separated in the invoice, this excise tax amount is not subject to deduction.

The deduction is carried out for the amount specified in the invoice or freight customs declaration, excise tax amount determined based on the volume of excisable goods (raw stock) for the volume of realized excise goods in tax period.

Standings of the present article are applied similarly when transferring excisable goods produced of customer-supplied raw material under condition of confirmation of payment of excise tax by owners of customer-supplied excisable raw stock and materials.

### **Article 240. Tax period**

Tax period shall be:

For micro firms and small undertakings – quarter;

For taxpayers not related to micro firms and small undertakings – month.

### **Article 241. Order of submissions of tax returns**

1. Submission of excise tax returns is carried out to departments of public tax agency under their jurisdiction:

- 1) by micro firms and small undertakings paying excise tax –on quarter bases not

later than 25 of month following the reporting period and on annual results – on the day of submission of annual financial statement;

2) by taxpayers not related to micro firms and small undertakings – on monthly bases not later than 25 of month following the reporting period and on annual results – on the day of submission of annual financial statement;

#### **Article 242. Order of tax return**

1. If otherwise is not envisaged by the present article, excise tax amount estimated in accordance with the articles 238 and 239 of the present Code are returned to the budget within the following terms:

not later than 13<sup>th</sup> of current month – for the first decade of the current month;

not later than 23<sup>rd</sup> of current month – for the second decade of the current month;

not later than 3<sup>rd</sup> of the next month – for the third decade of the current month;

2. Excise tax on imported goods is paid by importer before or during customs registration.

3. Excise tax is paid before obtaining excise labels for imported excisable goods subject to labeling.

#### **Article 243. Labeling of excisable goods with excise labels**

Tobacco and alcohol beverages produced in the territory of the Republic of Uzbekistan and imported to its customs territory shall be labeled on mandatory based with excise labels, in the order established by the Cabinet of Ministers of the Republic of Uzbekistan.

### **DIVISION X. TAXES AND SPECIAL PAYMENTS FOR USERS OF MINERAL RESOURCES**

#### **CHAPTER 42. GENERAL STANDINGS**

#### **Article 244. Taxes and special payments for users of mineral resources**

1. With the purpose to taxation users of mineral resources shall be legal entities and physical entities carrying out their activity in the territory of the Republic of Uzbekistan on quest and exploring of sources, extraction of mineral resources, including extraction of mineral resources from man-caused mineral formations and/or those carrying out their activity on processing mineral resources with extraction of mineral components from them.

2. Users of mineral resources pay the following taxes and special payments:

1) tax for using mineral resources;

- 2) excessive profit tax;
- 3) bonus (subscription and of commercial exploration).

## **CHAPTER 43. TAX FOR USING MINERAL RESOURCES**

### **Article 245. Taxpayers**

The payers of tax for users of mineral resources shall be:

- 1) users of mineral resources extracting mineral resources including obtaining mineral resources from man-caused mineral formations;
- 2) users of mineral resources carrying out processing of mineral resources with extraction of mineral components.

### **Article 246. Object of taxation**

- 1. Object of taxation for users of mineral resources shall be the volume of excavation (obtaining) of a final product.
- 2. The final product shall be acknowledged as all mineral resources (mineral component) that is under a specific tax rate for users of mineral resources and that is subject to realization or transfer including gratis transfer and those for personal consumption with the purpose of production of goods or for other purposes.
- 3. The object of taxation shall be determined separately on each type of final product.
- 4. For carbohydrates the volume of taxation shall be:
  - 1) extracted carbohydrates that went through primary trade processing including supplementary mineral resources and mineral components;
  - 2) mineral components extracted in the process of processing of carbohydrates but not went through taxation as final product under previous extraction and processing within processed mineral resources.
- 5. The volume of the natural gas returned back to the product layer to support the layer pressure and extract gas condenser within locked technological cycle shall not be an object of taxation.
- 6. The object of taxation for precious metals and precious stones shall be extracted precious metals and precious stones including those received from man-caused mineral formations.
- 7. The object for taxation on solid mineral resources apart from those indicated in the parts six of the present article shall be:
  - 1) those extracted and/or received solid mineral resources including those received from man-caused mineral formations;
  - 2) mineral resources extracted in the process of processing by processing undertakings.
- 8. Generally used mineral resources shall not be the object of taxation excavated

within lands provided to the taxpayer and used for personal economic and everyday needs.

9. Generally used mineral resources shall include:

sand (apart from formational, glass, for materials made of porcelain and delftware, fireproof and cement industry);

pebble;

gravel;

clay (apart from fireproof, refractory, formation, for materials made of porcelain and delftware and cement industry, whitening, acid proof, paint, bentonite and kaolin);

loamy soil (apart from loamy soil for cement industry);

quarry stone;

sandstone (apart from bituminous, facing, silica and for glass industry);

quartzite (apart from silica, face, fluxing, ferrous for production of carbide silicon, crystal silicon and ferroalloys);

dolomite (apart from saw web, face, for metallurgic, chemical and glass industry);

marl (apart from bituminous and for cement industry);

limestone (apart from bituminous, saw web, face, for cement industry for metallurgic, chemical and glass industry, cellulose-paper industry, sugar industry and for production of alumina);

cockle shell;

slate (apart from burning and roofing);

argillites and siltstones (apart those applicable for cement industry);

magma, volcano and metamorphic minerals (apart from face, decorative, for production of fireproof and acid-proof materials, stone molding, silicate cotton and those applicable in cement industry).

#### **Article 247. Tax base**

1. The tax base for estimation of the tax for users of mineral resources shall be the cost of the volume of extracted (obtained) annual product estimated on average weighted price of realization for a reporting period.

2. The average weighted price of realization for a reporting period is determined separately on each final product by means of division of volumes of realization in cash expression (with deduction of value added tax and excise tax) for the volume of realization in natural expression.

3. In case of absence of realization of the final product in the reporting period the tax base shall be determined based on average weighted price of the final product for a final reporting period in which realization took place.

4. Under full absence of realization of final product the tax base is determined based on production prime cost (extraction) of these mineral resources for a reporting period.

5. In this case the taxpayer shall carry out the following adjustment of the amount of the estimated tax for using of mineral resources in a reporting period, when the realization took place based on average weighted price formed within a reporting period.

6. When realizing or transferring a final product on the price lower than the prime cost, to estimate average weighted price the prime cost is applied but not higher than declared prices.

7. On mineral resources used for personal production needs, the tax base is determined separately based on the prime cost of this volume of mineral resources but not higher of declared prices.

#### **Article 248. Rates of the tax for users of mineral resources**

List of final products and rate for the tax of users of mineral resources is established by the enactment of the President of the Republic of Uzbekistan.

#### **Article 249. Tax period. Reporting period**

1. The tax period shall be a calendar year.

2. The reporting period shall be:

for micro firms and small undertakings – quarter;

for taxpayers not related to micro firms and small undertakings – month;

for physical entities – calendar year.

#### **Article 250. Order of estimation, submission of tax return and payment of the tax for users of mineral resources**

1. The tax for users of mineral resources is estimated based on tax base and established rates.

2. Estimation of the tax for users of mineral resources is submitted to department of public tax authority under their jurisdiction within the following terms:

by micro firms and small undertakings – on quarterly bases not later than 25<sup>th</sup> of every month following the reporting period;

by taxpayers not related to micro firms and small undertakings – not later than 25<sup>th</sup> of every month following the reporting period;

by physical entities – once a year not later than 1<sup>st</sup> February of the following calendar year.

### **CHAPTER 44. EXCESSIVE PROFIT TAX**

#### **Article 251. Taxpayers**



1. Taxpayers shall be users of mineral resources except those carrying out their activity on agreement on division of products, those carrying out their activity on excavation of separate mineral resources (extraction of mineral components) following the list established by the Cabinet of Ministers of the Republic of Uzbekistan.

2. Similarly the taxpayers shall be legal entities carrying out their activity on production of liquidity products processed from natural resources the list of which is established by the Cabinet of Ministers of the Republic of Uzbekistan.

#### **Article 252. Tax object**

The tax object for excessive profit shall be the part of income of users of mineral resources within a reporting period.

#### **Article 253. Tax base**

The tax base shall be determined as a difference between estimated cost established by the Cabinet of Ministers of the Republic of Uzbekistan and the cost of realization.

#### **Article 254. Tax rates. Order of estimation, tax return submission and payment of tax**

1. Tax rates for excessive profit are established by the enactment of the President of the Republic of Uzbekistan.

2. Order of estimation, tax return submission and payment of excessive profit tax is established by the Cabinet of Ministers of the Republic of Uzbekistan.

### **CHAPTER 45. BONUSES**

#### **Article 255. General standings**

1. Bonus shall be a one-time payment carried out by users of mineral resources.

2. Users of mineral resources shall pay the following types of bonuses:

subscription;

of commercial discovery.

3. Public departments or companies carrying out their activity on quest and exploring of place do not pay bonuses on the decision of the Cabinet of Ministers of the Republic of Uzbekistan.

#### **Article 256. Subscription bonus**

1. Subscription bonus is one-time fixed payment of users of mineral resources for the right to carry out his/her activity on search, exploration and excavation of mineral resources at licensed territory.

2. The rate of subscription bonus is established by the President of the Republic of Uzbekistan.

3. The taxpayer of the bonus submits information to the department on tax authority on a fixed rate of a subscription bonus and pays a fixed amount not later than thirty day from the day of receiving his/her license.

#### **Article 257. Bonus of commercial discovery**

1. The bonus of commercial discovery shall be payment installed for each commercial discovery of mineral resources deposit at the licensed territory including those for finding mineral resources during initial of deposits prospecting resulting in increasing of initially established extracted resources.

Commercial discovery includes stocks of a certain type of mineral resources open (disclosed) within the licensed territory that are economically effective for extraction.

2. The bonus for commercial discovery is not paid on the license for carrying out activity on prospecting mineral resources deposits not envisaging their further extraction.

3. The tax object shall be the volume of extracted stocks of mineral resources at deposits approved by the authorizing department.

4. The tax base shall be the cost of the volume of extracting stocks of mineral resources. The cost of them is estimated on exchange rate established at the international stock exchange on the data provided by those information sources determined by an authorized department. In case of absence of price at the world market, the cost of extracted mineral resources is determined based on the amount of design estimates for excavation, processing (extraction) and realization, prices adjusted by the size of plan profitability, indicated in the work program, established by competent agency.

5. The rate of the bonus of commercial discovery is established by the decision of the President of the Republic of Uzbekistan.

6. The size of the bonus of commercial discovery shall be determined based on tax base and the rate of bonus.

7. The estimation of bonus of commercial discovery is submitted by taxpayers to the departments of public tax authority under their jurisdiction not later than 25 days from the day of approval by the authorized department for stocks of mineral resources.

8. Payment of the bonus of commercial discovery is carried out not later than 90 days from the day of approval by authorized public department from the volume of extractable stocks of mineral resources from deposits.

#### **CHAPTER 46. DISTINCTIONS OF TAXATION OF THE ACTIVITY CARRIED OUT WITHIN AGREEMENT ON PRODUCT DIVISION**

## **Article 258. General standings**

1. Agreement on product division shall be a contract in accordance to which the Republic of Uzbekistan provides foreign investors on gratis basis and for a specific term exclusive rights for quest, exploration and excavation of mineral resources at the deposit specified in the contract.

2. The agreement on product division envisages:

order of registration and reporting;

conditions for taxation and payment of other payments;

order of export of investor's share.

## **Article 259. Distinctions of taxation of the activity carried out within the agreement on product division**

1. Within the term of the validity of the contract the investor shall pay the following taxes and mandatory payments:

1) profit tax;

2) land tax;

3) water resources tax;

4) taxes and special payments for users of mineral resources, excluding the tax on excessive profit;

5) deductions from the fund of labor payment.

2. Taxes, deductions and payments envisaged by the part one of the present article are exempt on the rates established for resident enterprises of the Republic of Uzbekistan if otherwise is not envisaged by the agreement on products division.

3. Taxation of investor shall be carried out with consideration of the following distinctions:

1) profit tax is paid separately on incomes gained when carrying out their activity on the agreement and on incomes gained on other types of activity.

The tax object for the profit tax on incomes gained when carrying out their activity within the contract/agreement shall be the cost of profitable products, owned by the investors along with conditions of the contract without execution of deductions;

2) investor shall pay the following taxes and special payments for users of mineral resources:

bonuses when concluding agreements and/or achieving of a certain result, specified in accordance with the conditions of the agreement;

tax for users of mineral resources established in accordance with the conditions of the agreement in interest ratio from the volume of extraction of mineral raw stock or from the cost of produced goods and paid by cash means or by mineral resources extracted;

3) compensation payments for environmental pollution are paid in accordance with the legislation;

4) goods (works, services) provided by legal entities resident enterprises of the Republic of Uzbekistan to investors and/or operators participating in execution of works on the contract are taxed with value added tax at zero rate;

5) goods (works, services) addressed for works within the contract on products division and imported in accordance with the with project documentation by investors or other entities participating in execution of works within the contract on products execution, as well as products imported by the investor owned by him in accordance with the contract are exempted from customs duties excluding fees for customs registration.

When using otherwise the imported material-technical resources, including the case of their alienation all customs duties subject to payment to the budget are deducted in the order established by the customs legislation.

4. When the investor is an association of legal entities not having the status of the legal entity then one participant of this association or an operator on carrying out works within the contract on products division shall be the executor of tax obligation. In this case within a month investor, who received the license shall notify departments of tax authorities on the participant bearing the function of the taxpayer form this association.

## **DIVISION XI. WATER RESOURCES TAX**

### **Article 260. Taxpayers**

1. The taxpayers for water resources tax shall be:

1) legal entities carrying out their activity on water use in the territory of the Republic of Uzbekistan;

2) physical entities engaged in entrepreneurial activity and using water for entrepreneurial activity;

3) dekhkan (farmers) economies, both with and without establishment of legal entities (further dekhkan economies).

2. Legal entities delivering water for water supply of populated settlements are taxpayers for use of water resources only for the water used for their personal needs.

3. The following shall not be the taxpayers for water resources tax:

1) non-commercial organizations. When carrying out their activity non-commercial organizations are taxpayers for water resources tax on the volume of water used for entrepreneurial activity in the order envisaged by the present division;

2) legal entities to which a simplified order of taxation is applied in accordance with the present Code, if otherwise is not envisaged by the division XXIII of the present Code.

### **Article 261 Tax object**

The tax object shall be water resources tax used from surface and underground sources.

Surface sources shall include: rivers, lakes, water reservoirs, various types of channels and ponds and other surface waters and water sources.

Underground sources shall include waters extracted through wells and springs, vertical and horizontal drainage network and other constructions.

#### **Article 262. Tax base**

The tax base shall be the volume of used water.

#### **Article 263. Order of determining tax base**

1. Volume of water collected from surface and underground water resources is determined based on indications of water measuring devices reflected in the register for initial record of water use.

2. When using water without measuring devices its volume is determined based on limits of water use, technological and sanitary norms for water consumption, norms for irrigation of plants and green plantations or other methods securing authenticity of data.

3. Taxpayers keep a separate accounting for volumes of used water resources tax from surface and underground sources. When consuming water from water pipeline network where water comes to from underground and surface sources, the tax base is determined separately on each type of the sources. Legal entities carrying out their activity on delivery of water shall provide information to departments of public tax authority on correlation of the volume of water coming to water pipelines from surface and underground sources before 1<sup>st</sup> February of a reporting year. Departments of public tax authority are to notify these data to the taxpayers.

4. The tax base for production of hot water and steam is determined by the taxpayer based on the volume of water resources consumed for production and technical needs.

5. When renting part of building, separate premises tax base is determined by the leaser, who concluded agreement with legal entities on water supply.

6. Legal entities receiving for rent part of buildings, premises and concluded agreement on water supply determine the tax base on individual bases.

7. The taxpayers when clarifying the volume of in-taken water, in the process of verification with legal entities on delivery of water, reflect the difference on water delivery in the period, when the verification was carried out.

8. The taxpayers carrying out their activity on maintenance-construction and other works in the territory of acting legal entities do not pay for the water used in the process of carrying out of these works. Undertakings, organizations pay for the

volume of water used when carrying out maintenance-construction and other works related to the above undertakings and organizations. When carrying out their activity at a new construction site, construction company pays for the volume of water, used for construction.

9. Agricultural undertakings that do not pay the single land tax, determine the tax base based on the average, overall within the economy, volume of water consumption for irrigation of 1 ha of irrigated lands for reporting tax period.

10. For dekhkan economies the tax base is determined by department of public tax authority in accordance with the order envisaged by the part nine of the present article .

#### **Article 264. Concessions**

1. The following entities are exempted from water resources tax:

1) undertakings owned by the public associations of disabled people, the Fund "Nuroni", the Association of "Chernobylzi Uzbekistana" the total amount of disabled employees, veterans of war and the labor front of 1941-1945 among the total amount of employees is not less than fifty percents. When determining the right to receive the above privilege, under the total number of employees all workers within the staff shall be considered.

2) consumers of water obtaining water from legal entities that already paid the water tax to the budget;

3) consumers of recycled water, for which the water tax has been paid already;;

4) legal entities liquidating voluntarily from the day of taking the decision on voluntary liquidation of the department, carried out the public registration. In case the voluntary liquidation is not completed within the terms established by the legislation or suspension of the procedure of liquidation and reinitiating of the activity, the present privilege shall not be applied and the amount of tax is collected in a full rate for the whole period of application of the privilege.

2. When estimating the water resources tax the tax base is reduced by the volume of:

1) mineral underground water used by establishments of health care in sanitation purposes, excluding the volume of water used for realization in trade network;

2) water, used for preparation of medical parts;

3) underground water extracted with the purpose to prevent their harm against environment, except volume of water used for production and technical needs;

4) underground waters extracted for mine water discharge along with extraction of mineral resources that are returned back into entrails for the sake of preserving the layer pressure, except volumes of water used for production and technical needs;

5) the water used for the activity of hydraulic turbines and hydroelectric stations;

6) the water used for washing of salted lands of agricultural purpose.

#### **Article 265. Tax rates**

Tax rates for use of water resources are established by the decision of the President of the Republic of Uzbekistan.

#### **Article 266. Tax period. Reporting period**

1. The tax period shall be a calendar year.
2. The reporting period shall be:
  - 1) for legal entities (besides micro firms and small undertakings) whose total amount of water resource tax in a quarter exceeds the fivefold minimum wage rate, - on monthly bases;
  - 2) for legal entities whose total amount of water resource tax in a quarter is less than the fivefold minimum wage rate, and for micro firms and individual entrepreneurs – on quarter basis;
  - 3) for agricultural undertakings and dekhkan economies – a calendar year.

#### **Article 267. Order of tax estimation**

1. Tax amount for water resources is estimated based on taxed base and established tariffs.
2. Tax amount for water resources for dekhkan economies is determined by departments of public tax authority based on tax base and established rates.
3. Estimation of the tax for water resources is submitted to departments of public tax authority under the jurisdiction of water use along with progressive total.
  - 1) legal entities (except agricultural undertakings, micro firms and small undertakings) whose total amount of water resource tax in a quarter exceeds the fivefold minimum wage rate,, — on monthly basis before 25<sup>th</sup> of the month following the reporting month;
  - 2) legal entities whose total amount of water resource tax in a quarter is less than the fivefold minimum wage rate, and for micro firms and individual entrepreneurs – on quarter bases before 25<sup>th</sup> of the month, following the reporting quarter and on results of the year – on the day of submitting an annual financial statement;
  - 3) agricultural undertakings not paying the single land tax – once a year before 15<sup>th</sup> of a reporting period.
  - 4) physical entities engaged in entrepreneurial activity (besides dekhkan economies), - on quarterly bases before 25<sup>th</sup> of the month, following the reporting quarter.
4. Payment notifications on the payment of the water resources tax shall be submitted to dekhkan economies by department of public tax authority not later than 1<sup>st</sup> February of the year following the reporting year.

#### **Article 268. Order of tax return**

1. Tax return for water resources is carried out by the taxpayer except dekhkan economies at the jurisdiction of water use not later than the term of submission of the estimation.

2. Tax return for water resources use is carried out once a year before 1<sup>st</sup> May of the year following the tax period.

3. Legal entities, except agricultural undertakings, before 15<sup>th</sup> January of the current year shall submit notification on tax return for water resources in arbitrary shape to department of public tax authority under the jurisdiction of water use on monthly or quarterly basis, depending on the established limit and in accordance with the contract on water delivery.

## **DIVISION XII. TAX PROPERTY OF LEGAL ENTITIES**

### **Article 269. Taxpayers**

1. The taxpayers for property tax of legal entities shall be:

1) resident enterprises of the Republic of Uzbekistan having property subject to taxation in the Republic of Uzbekistan;

2) non-resident enterprises of the Republic of Uzbekistan, carrying out their activity through permanent establishments and/or owning immovable property in the territory of the Republic of Uzbekistan if otherwise is not envisaged by international treaties of the Republic of Uzbekistan. When it is not possible to identify the location of the owner of immovable property, the taxpayer shall be the organization or physical entities, who/that owns and/or uses the above property. The activity of non-resident enterprises of the Republic of Uzbekistan is acknowledged is the one realized through permanent establishments in the Republic of Uzbekistan in accordance with the article 17 of the present Code.

2. The following shall not be taxpayers:

1) non-commercial organizations. When carrying out entrepreneurship activity non-commercial organizations are taxpayers of the property tax for legal entities in in accordance with the order envisaged by the present division;

2) legal entities for which in line with the present Code a simplified order for taxation is envisaged if other is not specified by division XXIII of the present Code.

### **Article 270. Object of Taxation**

1. The object of taxation shall be the following property:

1) fixed assets, including those received on the agreement of financial lease (leasing);

2) non-material assets;



3) objects of uncompleted construction.

Objects of uncompleted construction shall include objects the construction of which is not completed within a normative term. The normative term is determined on by a project organization within a design-estimation documentation for construction of this object;

4) equipment that was not put into practice in established term.

Equipment that was not put into practice in established term shall include the equipment demanding mounting and applied in reconstructed and/or modernized objects at the expense of capital investments in accordance with the with terms established within design-estimate documentation. When there are no terms of start-up in the design-estimate documentation for the equipment, terms are considered to determine the tax object that are established by the head of organization, customer, but not more than one year from the moment of forwarding of equipment for mounting.

2. The tax object for non-resident enterprises of the Republic of Uzbekistan carrying out their activity through permanent establishment shall be:

1) fixed assets related to the activity of permanent establishment, on which non-resident enterprises of the Republic of Uzbekistan maintain their accounting in accordance with the legislation on accounting;

2) immovable property owned by them through the right of property, but not related to the activity of this permanent establishment.

3. The tax object for non-resident enterprises of the Republic of Uzbekistan not carrying out their activity in the Republic of Uzbekistan through permanent establishment, shall be immovable property located in the territory of the Republic of Uzbekistan and owned by them through the right of ownership.

4. The public authorized department on registration of the property right for real estate shall notify the department of public tax authority on the location of the above objects, on information related to the object of real estate obtained (realized by non-resident enterprises of the Republic of Uzbekistan within 10 days from the day of registration.

5. Land obtained in accordance with the legislation and/or the right of use of them considered within non-material assets shall not be considered as objects of taxation.

## **Article 271. Taxed base**

1. The tax base shall be:

1) average annual depreciated cost of fixed assets and non-material assets if otherwise is not envisaged by the part two of the present part – for fixed assets and non-material assets.

Depreciated cost of fixed assets and non-material assets is determined as difference between initial (rehabilitative) cost of this property and the value of depreciation, estimated using methods established by the accounting policy of the taxpayer;

2) average annual cost of uncompleted construction and uninstalled equipment for objects of uncompleted construction and uninstalled equipment.

2. Average annual cost of the property shall be the tax base towards objects of immovable property of non-resident enterprises of the Republic of Uzbekistan specified in the paragraph 2 of parts two and three of the article 270 of the present Code.

#### **Article 272. Order of definition of tax base**

1. Average annual depreciated cost (average annual cost) of tax objects is determined by progressive total as one twelfth of the amount received when adding depreciated costs (average annual costs) of tax objects by the last day of each month of reporting periods.

2. The tax base on immovable property objects for non-resident enterprises of the Republic of Uzbekistan specified in the paragraph 2 of parts two and three of the article 270 of the present Code is determined based on the cost identified in documents confirming the right of property for these objects.

3. Legal entities, taxpayers of the single tax on the property leased for less than one month, determine the tax base as personal from division of depreciation cost of this property estimated by the last day of a current month to twelve and number of calendar days in this month multiplied by number of days within which this property was rented (leased). In case of leasing a part of building, the tax base shall be determined by means of multiplication of depreciation cost of one square meter to the total area leased.

4. When carrying the types of activity by the taxpayers of property tax of legal entities, on which no property tax for legal entities is envisaged, the tax base shall be determined based on introduction of a separated accounting for taxed and non-taxed property. When it is not possible to introduce a separate accounting, the tax base shall be defined based on the weight of net profit within the total volume of net profit, from the activity on which payment of property tax for legal entities is envisaged.

#### **Article 273. Concessions**

1. When estimating the property tax for legal entities, the tax base shall be reduced by the cost of:

1) objects of housing-communal economy.

With the purpose of taxation the following are considered as objects of housing-communal economy: housing fund, water pipe-lines (with water reservoir), sewerage (with sewerage disposal plant), gas and heating distribution networks with plants on them, boiler-houses (including equipment) for communal-everyday needs;

2) objects of social-cultural sphere related to the field of culture and art, national education, health care, physical training and sports, social security;

3) property in the balance of agricultural undertakings, used for production and storage of agricultural products (plant growing, livestock, fish breeding);

4) objects of irrigation and collector-drainage network;

- 5) satellite communication;
- 6) equipment obtained for 5-year credit from the moment of putting it into practice, but not more than the term established for the reimbursement of the credit;
- 7) objects used for nature preservation and sanitation-disposal purposes, fire security. Consideration of objects used for nature preservation and sanitary-disposal purposes is realized based on the certificate of department on nature preservation;
- 8) railways and roads of general use, main pipelines, lines of communication and electricity transfer and erections that are integral parts of the above objects;
- 9) production principal funds preserved on decisions of the Cabinet of Ministers of the Republic of Uzbekistan;
- 10) leased property for five years since the moment of putting it into practice, but not more than the term of the leasing;
- 11) objects of civic protection and mobilized importance in the balance of the taxpayer and not used in entrepreneurial activity;
- 12) transport means of organizations of municipal passenger transportation carrying out passenger transportation in municipal and suburban communication (buses, tramways, trolleybuses, trains of subways);
- 13) equipment, transferred for gratis use to home-workers for carrying out work on the order of legal entities in accordance with the with contracts (for the term of use);
- 14) technical means of the system for operative-quest measures in the telecommunication networks;
- 15) new technological equipment reinstalled for implementation;

2. The following entities shall be exempted from property tax for legal entities:

- 1) organizations of health care, physical culture and social security, national education, culture and art;
- 2) legal entities owned by public associations of disabled people, the Fund "Nuroni" and the Association of "Chernobylzi Uzbekistana" the total amount of disabled employees, veterans of war and the labor front of 1941-1945 among the total amount of employees is not less than fifty percents. When determining the right to receive the above privilege, under the total number of employees all workers within the staff shall be considered.
- 3) organizations of housing and communal economies;
- 4) newly established undertakings within two years from the moment of registration;
- 5) legal entities liquidating voluntarily from the day of taking the decision on voluntary liquidation of the department, carried out the public registration. In case the voluntary liquidation is not completed within the terms established by the legislation or suspension of the procedure of liquidation and reinitiating of the activity, the present privilege shall not be applied and the amount of tax is collected in a full rate for the whole period of application of the privilege.

#### **Article 274. Tax rate**

1. The tax rate for property tax of legal entities shall be established by the enactment of the President of the Republic of Uzbekistan.
2. For exporter-undertakings whose share of export of goods (works, services) of own production for hard currency is over 30 percents in a total volume of realization of goods (works, services), the property tax rate is reduced by 50 percents. In this case:
  - 1) this order is applied both when carrying out export on independent bases and through the third organizations on contracts of the commission;
  - 2) when estimating the share of export the volume of realization is not considered for cotton fiber, lint, oil, oil products, gas condensate, natural gas, electric power, precious, ferrous, non-ferrous metals.
3. On objects of uncompleted construction and equipment not installed within specified terms, the order of rate reduction envisaged by the part two of the present article is not applied.

#### **Article 275. Tax period. Reporting period**

1. The tax period shall be a calendar year.
2. The reporting period shall be a quarter.

#### **Article 276. Order estimation, submission расчетов и return taxa**

1. Tax estimation for property tax of legal entities is carried out by the taxpayers resident enterprises of the Republic of Uzbekistan based on tax base established accordingly by parts one of the article 271 of the present Code and tax rates.
2. Within tax period the taxpayers pay current installments on monthly bases, except micro firms and small undertakings. The amount of current installments is determined at the rate of one twelfth of annual amount for property tax of legal entities, estimated based on average annual depreciation cost (average annual cost) of the property for a current year and the established rate. To estimate the size of installments the taxpayers provide certificate of a set form to departments of public tax authority under their jurisdiction before 20<sup>th</sup> January of the current year.
3. Payment of current installments to the budget is carried out not later than 25<sup>th</sup> of each month.
4. Tax estimation for property tax of legal entities is carried out by progressive total on quarterly basis not later than 25<sup>th</sup> of the month following the reporting period and on the results of the year – in the term of submission of the annual financial reporting.
5. The amount of property tax for legal entities subject to payment is transferred to the budget not later than the day established for transferring of settlements.
6. Estimation of property tax for legal entities on non-resident enterprises of the Republic of Uzbekistan is carried out by departments of public tax authority based on

the tax base computed in accordance with the part one of the article 271 of the present Code and the established rate in the following order:

1) non-resident enterprise of the Republic of Uzbekistan carrying out its activity through permanent establishment shall register at departments of physical entities as the taxpayer of property tax of legal entities in the order envisaged by the article 81 of the present Code. For estimation of property tax of legal entities non-resident enterprise of the Republic of Uzbekistan before 25<sup>th</sup> January of the year following the reporting year, submits a certificate on taxed property to the department of public tax authority under its jurisdiction. Based on the above certificate the department of public tax authority within 10 days carries out estimation of amount of the property tax for legal entities and issues payment notification.

2) non-resident enterprises of the Republic of Uzbekistan within 30days upon registration at public representative body on registration of the property right are obliged independently or through their authorized representative register in the departments of public tax authority as the taxpayer of property tax for legal entities.

3) when evading registration in department of public tax authority corresponding penalty sanctions established by the present Code, are applied against non-resident enterprises of the Republic of Uzbekistan through their authorized representative.

4) the department of public tax authority under the jurisdiction of location of immovable property issues payment notification to non-resident enterprises in the Republic of Uzbekistan or their authorized representative based on data of the taxpayer or the public authority on registration of property rights.

7. Property tax of legal entities shall be paid by non-resident enterprises of the Republic of Uzbekistan once a year not later than 15<sup>th</sup> February of the year following the reporting tax period.

## **DIVISION XIII. PROPERTY TAX OF PHYSICAL ENTITIES**

### **Article 277. Taxpayers**

The taxpayers of property tax for physical entities shall be physical entities including foreign citizens (when otherwise is not envisaged by international treaties of the Republic of Uzbekistan) and dekhkan economies both with establishment and without establishment of legal entities owning taxed property within their property.

When it is not possible to identify the location of the owner of immovable property, the taxpayer shall be the organization or physical entities, who/that owns and/or uses the above property.

### **Article 278. Object of taxation**

Object of taxation shall be residential housings, apartments, comer residential constructions, garages and other constructions, buildings, premises located in the territory of the Republic of Uzbekistan.

### **Article 279. Tax base**

1. The tax base for the taxpayers shall be inventory cost of objects of taxation determined by authorized department on evaluation of the property of physical

entities.

2. When there are no assessment for the object of taxation by the authorized department on evaluation of the property of physical entities, conditional cost of property established by the enactment of the President of the Republic of Uzbekistan shall be applied to estimate tax base.

3. When on several objects of taxation the taxpayer is one physical entity, the tax base is estimated separately on each object.

## **Article 280. Concessions**

1. The following physical entities are exempted from property tax of physical entities:

1) persons awarded with the title “Uzbekiston Qahramoni”, (Hero of Uzbekistan), the Hero of the Soviet Union, the Hero of Labor, persons awarded with the Order of Glory of all the three levels

The justification for provision of the above listed concessions shall be the record of “Uzbekiston Qahramoni”, (Hero of Uzbekistan), the Hero of the Soviet Union, the Hero of Labor, persons awarded with the Order of Glory of all the three levels — the order book, or certificate of the department of defense or other authorized agency.

2) disabled veterans or participants of the Great Patriotic War and other persons equal to them, whose circle is identified by the legislation.

The justification for provision of the above listed concessions shall be “Certificate of disabled participant of the Great Patriotic War”, “Certificate of participant of the Great Patriotic War”, “Certificate of disabled persons on the right for concessions”, “Certificate of persons on the right for concessions”; ;

3) women, having ten and more children.

Certificate of institution for self-governing, confirming availability of children shall be justification for the concessions;

4) persons suffered from the Chernobyl catastrophe.

The privilege shall be granted based on the certificate from medical-labor expert commission, special certificate of disabled person, certificate of participant of liquidation of aftermaths of the accident at the Chernobyl AES and other documents issued by authorized departments, that are justifications for provision of the privilege;

5) pensioners within the size of untaxed area established by the Cabinet of Ministers of the Republic of Uzbekistan;

This privilege is provided on the basis of pension certificate;

6) disabled persons of I and II groups.

The privilege is provided based on a pension certificate or certificate of medical-labor expert commission;

7) parents and wives/husbands (who did not remarry) of military men, who died as a result of injury, contusion or wound when protecting former USSR or when carrying out other obligations of military service or as a result of presence at the front.

8) military men of fixed-period service and their families (for the period of service);

2. Concessions established by the present article are valid only for one object of

property on the choice of the owner and are provided only in the case, when the property is owned by a person, who is provided with the above concessions.

#### **Article 281. Tax rate**

1. The tax rate for property tax of physical entities is established by the enactment of the President of the Republic of Uzbekistan.
2. When using tax objects by physical entities for entrepreneurial activity, or when leasing them to legal entities or individual entrepreneur, the property tax of physical entities is paid based on the rate established for legal entities, and concessions envisaged by the article 280 of the present Code are not valid for them.

#### **Article 282. Order of estimation and tax return**

1. Estimation of property tax of physical entities is carried out by departments of public tax authority under the jurisdiction of location of tax object, regardless the place of residence of the taxpayer based on data provided by authorized agency on evaluation of property of physical entities.
2. The authorized agency on evaluation of the property of physical entities annually before 1<sup>st</sup> February submits information identifying inventory cost and owner by 1<sup>st</sup> January to departments of public tax authority under the jurisdiction of location of tax object.
3. Persons having the right for concessions indicated in the article 280 of the present Code submit documents, confirming the right to receive concessions on independent bases.
4. The amount of property tax of physical entities is estimated based on inventory cost of property by 1<sup>st</sup> January and established tax rate.
5. Property tax of physical entities in general shared property of several owners is paid by each of the owners according to their share in these constructions, premises and buildings.
6. When transferring the right of ownership for the property of one owner to the other, within a calendar year, property tax of physical entities is paid by initial owners since 1<sup>st</sup> January of this year to the month, in which he/she lost the right of ownership and by a new owner starting from the month, in which the right of ownership has emerged.
7. On new constructions, premises and erections, property tax of physical entities is paid from the beginning of the year following the year of construction.
8. For inherited property, property tax of physical entities is paid starting from the month, in which heirs obtained the right of property.
9. When liquidating, destructing, demolishing the object of taxation, the taxation on property tax of physical entities is suspended starting from the month, in which the property was demolished or destructed. Re-estimation of the tax amount is carried

out in the presence of documents issued by departments of public authority at places or department of self-governing of citizens, confirming the fact of liquidation, demolition, destruction.

10. When the right for concessions emerge within a calendar year re-estimation of property tax for physical entities shall be carried out starting from the month, in which this right emerged.

11. Payment notifications on property tax for physical entities are handed over to taxpayers by department of public tax authority on annual basis, not later than 1<sup>st</sup> May.

12. Payment of property tax for physical entities is carried out by equal shares in two terms – before 15 June and before 15 December.

## **DIVISION XIV. LAND TAX FOR LEGAL ENTITIES**

### **Article 283. General standings**

1. Payments are carried out in the form of land tax or rent payment for land for use of lands.

2. The land tax for legal entities is paid for the land used on the rights of ownership, use or property.

3. Tax return, paid for land plots, provided for rent by the Cabinet of Ministers of the Republic of Uzbekistan, Council of Ministers of the Republic of Karakalpakstan, departments of local public authority shall be equal to land tax. Rates of land tax for legal entities, concessions, order of estimation, tax returns and transfers established for the taxpayers of land tax for legal entities is valid for legal entities rented land plots.

### **Article 284. Taxpayers**

1. The taxpayers of the land ax for legal entities shall be legal entities, including non-resident enterprises of the Republic of Uzbekistan, having land plots within the right of ownership, propriety, use or rental.

2. When renting immovable property the taxpayer of the land tax for legal entities shall be the tenant for life.

3. When using a land plot on common bases by several legal entities, each legal entity shall be the taxpayer of the land tax for legal entities for his/her share of used area of land plot.

4. When legal entities specified in the item four of the present article do not have documents confirming the right for land plot, the land tax from legal entities is paid by legal entities in the established order.



5. The following shall not be taxpayers of land tax for legal entities:

1) non-commercial organizations. When carrying out entrepreneurship activity non-commercial organizations are taxpayers of the property tax for legal entities in accordance with the order envisaged by the present division;

2) legal entities for which in line with the present Code a simplified order for taxation is envisaged if other is not specified by division XXIII of the present Code.

### **Article 285. Object taxation**

1. Object of taxation shall be land plots owned by legal entities on the right of ownership, property, use or rent.

2. The following shall not be considered as objects of taxation:

1) lands of general use of residence areas. Lands of general use of residence areas shall include:

squares, streets, alleys, roads, irrigation network, river banks, etc.;

lands used for satisfaction of cultural-everyday needs and recreation of population (wood parks, parks, boulevards, squares and lands of arik (channel) network);

lands of communal-everyday purpose (cemeteries, places of demolition and utilization of wastes, etc).

2) reserve lands.

### **Article 286. Tax base**

The tax base shall be the general area of land with deduction of areas of land plots not subject to taxation in accordance with the item two of the article 288 of the present Code.

### **Article 287. Order of definition of tax base**

1. To define the tax base are of a land plot shall be considered.

2. The tax base shall similarly include area of lands used without documents confirming the right to use this land.

3. For land plots for which the right of ownership, use and rent was transferred within a year, the tax base is estimated starting from the next month upon emerging of the right for land plots. In case of reduction of the area of a land plot, the tax base is reduced from the month, in which the reduction of the area of the land plot took place.

4. When privilege rights emerge with legal entities on land tax for legal entities, the tax base is reduced from the month, in which this right occurred. In case of suspension of the right for privilege on land tax for legal entities, the tax base is estimated (increased) from the month, following the month, in which this right was suspended.

5. Taxpayers using part of many store housing complexes estimate as private from division of occupied area to the number of floors.

## **Article 288. Concessions**

1. The following entities are exempted from the return of land tax:

1) organizations of culture, education, health care, labor and social protection of population for lands used to carry out the tasks imposed on them;

2) undertakings owned by the public associations of disabled people, the Fund "Nuroniy", the Association of "Chernobylzi Uzbekistana" the total amount of disabled employees, veterans of war and the labor front of 1941-1945 among the total amount of employees is not less than fifty percents. When determining the right to receive the above privilege, under the total number of employees all workers within the staff shall be considered.

3) newly established dekhkan economies for two years from the month, in public registration was carried out;

4) legal entities liquidating voluntarily from the day of taking the decision on voluntary liquidation of the department, carried out the public registration. In case the voluntary liquidation is not completed within the terms established by the legislation or suspension of the procedure of liquidation and reinitiating of the activity, the present privilege shall not be applied and the amount of tax is collected in a full rate for the whole period of application of the privilege.

2. Land plots not subject to taxation shall include the lands of:

1) general use for collective horticulture, viticulture and truck farming (spur tracks, irrigators, collectors and other lands of general use), collective garages;

2) specially guarded territories, excluding lands, on which economic activity is carried out. The following lands are considered as lands especially guarded:

of natural preservation purpose – lands of public resorts, national and dendrology parks, botanical gardens, reserves (but game reserves), monuments of nature, provided to legal entities for special purposes in accordance with the established order);

sanitation purpose – lands containing natural curing factors, beneficial for organization, prophylaxis and treatment, provided in accordance with the order adequate to establishments and organizations for permanent use;

recreational purpose – lands provided to corresponding establishments and organizations for general recreation and tourism of people;

historical-cultural purpose – lands of historical-cultural reserves, memorial parks, interment, archeological monuments, monuments of culture and history, provided to corresponding establishments and organizations for permanent use;

3) water fund.

Lands of water fund shall include lands, under water reservoirs (rivers, lakes, water reservoirs, etc), hydro technical and other hydro-economic facilities provided to corresponding establishments and organizations for the needs of water economy;

4) lands under lines of electricity transmission, sub-stations and facilities constructed on them;

communication, rack-mountable lines and installation of wireless radio, underground cable lines, determining their signal and measuring signs, lines of radio relays communication, cable telephone sewerages, surface and underground unattended intensification stations, distribution units, grounding circuit box and other facilities of communication);

6) lands under objects of culture, national education and health care;

7) lands under vehicle roads of general use, included in established order by the Cabinet of Ministers of the Republic of Uzbekistan to corresponding lists, including diversion paths and facilities built on them, provided to undertakings and organizations of road economy for permanent or temporary use, in the order established by the legislation;

8) lands under railways of general use, including station and sorting railways consisting of land plot, artificial constructions, line-road buildings, facilities of railway communication and electricity supply, buildings and road facilities, as well as protective afforestation, provided for permanent or temporary use to undertakings, organizations of railway transport in accordance with the specified order;

9) lands occupied by ways of municipal electricity transportation and lines of subway (including lands under bus stations and subway stations) and buildings on them;

10) lands under sports and physical culture – recreation complexes, places of recreation and treatment of mothers and/or children, recreation houses and training – education bases;

11) lands under water supply facilities and sewerage facilities for residence areas: water mains, water supply network, sewerage collectors and erections on them, pump stations, water collectors and disposal facilities, inspection chambers and aqueducts on water supply and sewerage networks, water towers and other similar erections;

12) lands under oil mains and gas mains, including compressor, pump, anti-fire and anti-accident stations, stations for cathodic protection of pipelines with the spots of their connection, facilities for pipelines rectification and other similar erections;

13) lands under heat route mains, including pump stations (increasing, reducing, mixing, drainage), devices for record and control of heat, heaters, turnover pumps of hot water supply and other similar erections;

14) lands under take-off and landing strips, taxi tracks, fleets for aircraft, radio navigation and electric lighting facility of airports of civic aviation;

15) lands under construction of objects, included into the Investment Program of the Republic of Uzbekistan for the period of normative term of construction determined by design organizations in the order established by the legislation;

16) lands under objects conserved by enactments of the Cabinet of Ministers of the Republic of Uzbekistan for the term of conservation;

17) lands under hydro meteorological and hydro geological stations and posts;

18) lands under separately located objects of civic protection and mobilization purpose, accounted in the balance of legal entities and not used in economic activity;

19) lands under protective afforestations.

Protective afforestations shall include: prohibited areas of forests on the banks of rivers, lakes, water reservoirs and other water objects protecting of valuable breeding grounds of the fish sold commercially, along railways and roads; anti-erosion forests, forests of desert and semi-desert areas; town forests and forest-parks; forests of green zones around residence areas and industrial centers; forests of areas of sanitary protection of resorts; especially valuable forest areas; forests having scientific or historical significance;

20) lands newly cultivated for agricultural purposes for the period of execution of works on their cultivation and within five years from the time of their cultivation;

21) lands with existing irrigation on which land-improvement works are carried out within five years from the moment of initiating of land-improvement works;

22) lands with new plantations of gardens, vineyards, mulberries for three years regardless the use of raw-spacing for planting of agricultural crops. Estimation of the term for which the privilege is applied for new plants potted in autumn starts from 1<sup>st</sup> January of the next year and for those plants potted in spring time, the above term shall start from the 1st January of the current tax period;

23) lands of agricultural destination and forest fund of scientific organizations, experimental, practicing and educational – practicing economies of scientific-research organizations and educational institutions of agricultural and forestry profile used immediately for scientific and educational purposes. In accordance with the present paragraph, the lands plots under plants and greenery used for scientific experiments, experimental activities, selection of new types of plants and other scientific and educational purposes, the topics of which is approved shall be subject to exemption from the land tax.

3. For lands used not on immediate purpose and without documents confirming the right to use the land, concessions established by the present article are not valid.

### **Article 289. Tax rates**

1. Rates for the land tax from legal entities shall be established by the decision of the President of the Republic of Uzbekistan.

2. In case of worsening of the quality of agricultural lands (reduction of rate, yield class) caused on the fault of the owner of the land plot, land proprietor or land user, the land tax for legal entities is paid on rates established prior to worsening of land quality.

3. For lands of agricultural purpose located within administrative borders of cities and villages, the land tax for legal entities is paid in twofold size of rates established for agricultural lands.

4. For those lands used without documents confirming the right for the land plot, the land tax is paid on twofold rate.

### **Article 290. Tax period. Reporting period.**

The tax and reporting period shall be a calendar year.

#### **Article 291. Order of estimation and submission of land tax**

1. The land tax of legal entities shall be estimated by 1st January of each tax period and estimation of land tax of legal entities is submitted to departments of public tax authority under the jurisdiction of location of land before 15<sup>th</sup> February of a current tax period.
2. Estimation land tax from legal entities is carried out based on tax base estimated in accordance with the article of 286 of the present Code and established tax rate.
3. When within a year rights to own, use, rent - emerge (suspend) for legal entities for land plots and in case of reduction (increasing) of rights for concessions on land tax for legal entities, the latter are obliged to submit an updated estimation for land tax to departments of public tax authority not later than within a month from the day of deviation (withdrawal) of land plot or suspension (emerging) of the right for concessions.
4. Agricultural undertakings not paying the single land tax having certain changes within a tax period in deviation of a total cultivation area within agricultural lands, submit an update estimation for the land tax of legal entities to department of public tax authority before 1<sup>st</sup> December of the current year.

#### **Article 292. Order of tax return**

1. Tax return of the land tax of legal entities is carried out on quarter basis with even shares before 15<sup>th</sup> of the second month of a quarter if otherwise is not envisaged by the present article.
2. Tax return of land tax for legal entities on agricultural undertakings not paying the single land tax is realized within the following terms:  
Before 1<sup>st</sup> July of the reporting year – 20 percents from an annual tax return;  
Before 1<sup>st</sup> September of the reporting year – 30 percents of the annual tax return;  
Before 1<sup>st</sup> December of the reporting year – the remaining amount of the tax.

### **DIVISION XV. LAND TAX FROM PHYSICAL ENTITIES**

#### **Article 293. Taxpayers**

1. The taxpayers of land tax for physical entities shall be physical entities and dekhkan economies both with establishment and without establishment of legal entities possessing land plots on the right of ownership, property, use and rent.
2. The rate of rent payment for land plots submitted for the rent by the Cabinet of Ministers of the Republic of Uzbekistan, the Council of Ministers of the Republic of Karakalpakstan, departments of local public authorities is equal to the land tax.

Concessions are valid for ph, received land plots for rent, as well as order estimation, submission of estimates and tax return, establishments for taxpayers if land taxa for physical entities.

3. The physical entities residing in multi-apartment block houses shall not be taxpayers for land tax of physical entities. When using apartments in multi-apartment housing blocks with the purpose not related to residence of people, the land tax shall be collected in the order established by the present division.

4. For the land plots the right to use and own was inherited with the inheritance of a housing, non-residence constructions and erections, the land tax of physical entities is collected from heirs with the consideration of tax obligations of the testator.

#### **Article 294. Object of taxation**

Object of taxation for physical entities shall be land plots:

- 1) provided for lifetime inheritance to run dekhkan economies both within a residing house and at common lands;
- 2) provided for lifetime inheritable property for individual housing construction;
- 3) provided for collective horticulture, viticulture and truck farming;
- 4) provided for land plot for working purposes;
- 5) the right of ownership and use that was inherited with a housing and constructions from the testator as a result of granting or obtaining;
- 6) purchased for ownership in the order established by the legislation;
- 7) provided for use or rent to run business activity.

Tax object similarly shall include land plots used without documents confirming the right to use the land.

#### **Article 295. Tax base**

1. The tax base shall be the are of land plots on data provided by public authority.
2. The tax base shall similarly include the area of lands used without documents, confirming the right for the land.
3. Areas of subsidiary land plots provided to physical entities to run dekhkan economies in rural area are accepted along with data of public authority with annual clarification of changes occurred. Ares of additionally provided land plots at public lands are considered along with data on agricultural undertakings and forest economies.
4. The list of citizens and areas of land plots provided for running of collective truck farming and viticulture and similarly areas under individual garages are accepted on the data of departments of administration of these organizations.
5. Areas of office land plots are accepted on the data of undertakings, establishments and organizations provided land plots to their employees.

## Article 296. Concessions

1. The following persons are exempted from land tax:

1) herders, shepherds, machine-operators, veterinarians and veterinarian technicians, other specialists and workers of cattle breeding;

2) persons awarded with the title “Uzbekiston Qahramoni”, (Hero of Uzbekistan), the Hero of the Soviet Union, the Hero of Labor, persons awarded with the Order of Glory of all the three levels

The justification for provision of the above listed concessions shall be the record of “Uzbekiston Qahramoni”, (Hero of Uzbekistan), the Hero of the Soviet Union, the Hero of Labor, persons awarded with the Order of Glory of all the three levels — the order book, or certificate of the department of defense or other authorized agency.

3) disabled veterans or participants of the Great Patriotic War and other persons equal to them, whose circle is identified by the legislation.

The justification for provision of the above listed concessions shall be “Certificate of disabled participant of the Great Patriotic War”, “Certificate of participant of the Great Patriotic War”, “Certificate of disabled persons on the right for concessions”, “Certificate of persons on the right for concessions”;

4) disabled persons of I and II groups.

The privilege is provided based on a pension certificate or certificate of medical-labor expert commission;

5) single pensioners. Under single pensioners with the purpose of taxation shall be considered the pensioners living alone or together with underage children or with a disabled child in separate house, apartment or dormitory. This privilege is provided based on the pension certificate or the certificate from the rayon (municipal) department of social security;

6) families with many children that lost the breadwinner. Families with many children that lost the breadwinner with the purpose of taxation shall be the families where one of parents or both parents died and where there are five and more children under the age of 16.

This privilege is provided based on the certificate from the rayon (municipal) department of labor and social security;

7) persons suffered from the Chernobyl catastrophe.

The privilege shall be granted based on the certificate from medical-labor expert commission, special certificate of disabled person, certificate of participant of liquidation of aftermaths of the accident at the Chernobyl AES and other documents issued by authorized departments, that are justifications for provision of the privilege;

8) persons, awarded with personal pension;

9) re-settlers-citizens on land spots at places of residence of over five years from the moment of submission of land plots to them;

10) persons on lands, provided within norms established by the legislation for individual housing construction and maintaining dekhkan economies – for two years

from the month following the month of provision of the land plot;

11) military men of fixed-period service and their families (for the period of service);

2. Concessions established by the item one of the present article but those listed in the paragraph 6 of the item one of the present article shall be provided to physical persons registered rights for land plots provided for individual housing construction (maintaining dekhkan economies) in public authorities. In such a case these concessions can be provided only for one land plot on the choice of the taxpayer.

3. Concessions envisaged by the item two of the article 288 of the present Code on lands not subject to taxation, are valid only for physical entities.

### **Article 297. Tax rates**

1. Rates for land tax for physical entities are established by the enactment of the President of the Republic of Uzbekistan.

2. For land plots used without documents confirming the right for the land plots, physical entities, including those indicated in article 296 of the present Code, pay the land tax at 1.5 rate from the accepted rate.

3. When using tax objects by physical entities for entrepreneurial activity, or when leasing houses, apartments, summer residences, garages and other buildings, erections, premises and when using apartments in multi-block houses not for residence of people to legal entities or individual entrepreneur, the land tax of physical entities is paid based on the rate established for legal entities, and concessions envisaged by the article 296 of the present Code are not valid for them.

### **Article 298. Tax period**

Tax period shall be a calendar year.

### **Article 299. Order of tax estimation**

1. Estimation of land tax from physical entities is carried out by departments of public tax authority.

2. Departments of public tax authority carry out a regular accounting of physical entities who are taxpayers of land tax for physical entities.

3. Payment notifications with indication of the tax amount and terms of its return are forward to physical entities by department of public tax authority on annual basis not later than 1<sup>st</sup> May of a reporting year.

4. When changing areas of land plots and emerging (suspension) of rights for concessions within a year departments of public tax authority shall carry out re-estimation of the land tax for physical entities upon the above changes and submit to the taxpayer a new or additional tax notification specifying the amount and terms of its return.



5. When using apartments or a part of multi-block houses in the purposes not related to residence, the land tax for physical entities shall be estimated based on the tax base, estimated as private from division of the area of apartment occupied by the taxpayer to the number of floors in the building and rates established for the return of the land tax for legal entities.

### **Article 300. Order of tax return**

1. Land tax for physical entities is paid to local budget of the rayon or town in the territory of which the land plot is located regardless the place of residence of the owner of the land or user of the land.

2. The land tax for physical entities is paid starting from the next month upon deviation of the land plot deviated within a year.

3. In case of reduction of the are of the land plot, the tax return for the land tax for physical entities is suspended (reduced) from the month in which the reduction took place.

4. When establishing concessions on the land tax for physical entities this tax is not paid from the month in which the right for the privilege emerged. In case of suspension of the right for privilege on the land tax for physical entities this tax shall be paid from the month following which this right was suspended.

5. The land tax for physical entities is paid regardless the fact of use of the land plot for the land plots provided in the established order.

6. Tax return for the land tax of physical entities shall be carried out by even shares two times a year:

Before 15 June of the reporting year;

Before 15 December of the reporting year.

## **DIVISION XVI. TAX FOR ACCOMPLISHMENT AND DEVELOPMENT OF SOCIAL INFRASTRUCTURE**

### **Article 301. Taxpayers**

1. Taxpayers of the tax for accomplishment and development of social infrastructure shall be legal entities resident enterprises of the Republic of Uzbekistan carrying out their entrepreneurial activity.

2. The following entities shall not be taxpayers of the tax for accomplishment and development of social infrastructure:

1) non-commercial organizations, except revenue they received from carrying out their entrepreneurial activity.

2) legal entities to which a simplified order of taxation is applied in accordance with the present Code, if otherwise is not envisaged by the division XXIII of the present Code.

3) dekhkan economies;

4) markets.

#### **Article 302. Object of taxation. Tax base**

Object of taxation and tax base shall be the revenue remaining with legal entities upon deduction of profit tax for legal entities excluding cases envisaged by the article 302 of the present Code. In this case the received dividends are deducted from the tax base.

#### **Article 303. Distinctions of definition of the tax base for taxpayers having objects of social infrastructure within their balance**

1. Taxpayers having objects of social infrastructure within their balance determine the tax base by means of adding revenues remaining with legal entities upon payment of the profit tax and the amount of actually carried out expenses for maintaining of objects of social infrastructure reduced by the amount of the profit tax calculated from the amount of these expenses.

2. With the purpose to apply the present article objects of social infrastructure shall include objects of health care, national education and recreational camps for children.

#### **Article 304. Concessions**

1. From return of the tax for tax for accomplishment and development of social infrastructure shall be exempted the undertakings owned by the public associations of disabled people, the Fund "Nuroni", the Association of "Chernobylzi Uzbekistana" the total amount of disabled employees, veterans of war and the labor front of 1941-1945 among the total amount of employees is not less than fifty percents.

2. When determining the right to receive the above privilege, under the total number of employees all workers within the staff shall be considered.

#### **Article 305. Tax rate**

The tax rate of the tax for accomplishment and development of social infrastructure shall be established by the enactment of the President of the Republic of Uzbekistan.

#### **Article 306. Tax period. Reporting period**

1. The tax period shall be calendar year.

2. The reporting period shall be a quarter.

#### **Article 307. Order of estimation, submission of**

## **calculations and tax return**

1. Tax for accomplishment and development of social infrastructure is estimated based on the tax based and established rate.
2. Taxpayers having objects of social infrastructure within their balance determine the tax amount in the following order:
  - 1) when the amount of expense for objects of social infrastructure is equal or exceeds the tax amount, estimated in accordance with the item one of the present article, the tax is not returned;
  - 2) when the amount of expenses for maintaining objects of social infrastructure less than the amount of the tax estimated in accordance with the item one of the present article then the tax subject to payment to the budget is determined as difference between the amount of estimated tax and the amount of actually carried out expenses.
3. The estimation of the tax for accomplishment and development of social infrastructure is submitted by taxpayers to the departments of public tax authority at the place of registration on progressive total on quarter bases not later than 25<sup>th</sup> of the month following the reporting quarter and on the results of the year – within the term of submission of annual financial statements.
4. Tax return of the tax for accomplishment and development of social infrastructure is carried out not later than submission of its estimate.

## **DIVISION XVII. TAX FOR PHYSICAL ENTITIES FOR CONSUMPTION OF GASOLINE, DIESEL FUEL AND GAS FOR TRANSPORT MEANS**

### **Article 308. Taxpayers**

Taxpayers of the tax for physical entities for consumption of gasoline, diesel fuel and gas for transport means are physical entities carrying out retail sales of gasoline, diesel fuel and gas for transport means to physical entities.

### **Article 309. Object of taxation. Tax base**

1. Object of taxation shall be realization of retail sales of gasoline, diesel fuel and gas for transport means to physical entities.
2. The tax base shall be the volume of realized retail sales of gasoline, diesel fuel and gas for transport means to physical entities.

### **Article 310. Tax rate**

The tax rate for physical entities for consumption of gasoline, diesel fuel and gas for transport means shall be established by the enactment of the the President of the Republic of Uzbekistan.

### **Article 311. Tax period**

Tax period shall be:

For micro firms and small undertakings – quarter;

For taxpayers not related to micro firms and small undertakings – month.

### **Article 312. Order estimation, submission estimates and tax return**

1. Tax for consumption of gasoline, diesel fuel and gas for transport means by physical entities shall be estimated based on tax base and established rates.

2. The amount of tax from physical entities for consumption of gasoline, diesel fuel and gas for transport means by physical entities shall be established in addition to retail price and is indicated separately in the check issued to purchaser and is collected simultaneously with receiving means from physical entities for realized gasoline, diesel fuel and gas for transport means.

3. Submission of excise tax returns is carried out to departments of public tax agency under their jurisdiction:

1) by micro firms and small undertakings paying excise tax –on quarter bases not later than 25 of month following the reporting period and on annual results – on the day of submission of annual financial statement;

2) by taxpayers not related to micro firms and small undertakings – on monthly bases not later than 25 of month following the reporting period and on annual results – on the day of submission of annual financial statement;

4. Tax return of the tax for physical entities for consumption of gasoline, diesel fuel and gas for transport means is carried out at the location of fuel filling stations on decade bases not later than the third day upon completion of the decade of the month, in which retail realization of gasoline, diesel fuel and gas for transport means by physical entities was carried out.

## **DIVISION XVIII. MANDATORY PAYMENTS TO SOCIAL FUNDS**

### **CHAPTER 47. GENERAL STANDINGS**

#### **Article 313. General standings**

1. The present division envisages the order of return of the following mandatory payments to social funds by legal entities and physical entities:

1) single social payment;

2) insurance payments of citizens to extra-budget Pension Fund (further insurance payments);

3) mandatory payments to the extra-budget Pension Fund.

2. The present division is not valid for other payments carried out by legal entities to the extra-budget Pension Fund in accordance with the with the Law of the Republic of Uzbekistan “On Public Pension Security of Citizens”.

## **CHAPTER 48. SINGLE SOCIAL PAYEMNTS AND INSURANCE PAYMENTS**

### **Article 314. Taxpayers**

1. Taxpayers for the social payment shall be:

- 1) legal entities resident enterprises of the Republic of Uzbekistan;
- 2) non-resident enterprises of the Republic of Uzbekistan carrying out their activity through permanent establishments, branches and representations.

2. Taxpayers for social insurances shall be physical entities – citizens of the Republic of Uzbekistan and persons without citizenship permanently residing and working in the territory of the Republic of Uzbekistan.

3. Employers are responsible for estimation and deduction of social insurance payments and for authenticity of their estimation, except individual entrepreneurs and members of dekhkan economies paying social payments in accordance with the order envisaged by the article 321 of the present Code.

### **Article 315. Object of taxation**

Object of taxation for the single social payment and social installments shall be incomes in the form remuneration of work specified in the article 173 of the present Code.

### **Article 316. Tax base.**

The tax base for estimation of the single social payment and insurance payments shall be as the amount of incomes paid in accordance with the article 173 of the present Code except payments specified in the article 317 of the present Code.

### **Article 317. Concessions**

The single social payment and insurance payments are not imposed on the following payments:

- 1) compensation for unused vacation;
- 2) material assistance;
- 3) compensation payments indicated in the paragraphs 7-9 of the item two of the article 172 of the present Code;

- 4) additional payments and rises in wages instead of per diems in case, when permanent work takes place en route or of traveling nature or due to business trips;
- 5) wages for work days without reimbursement (subbotniks and voskresniks (Saturday works, Sunday works, etc) transferred to a corresponding budget or charity funds;
- 6) one-time prizes that are motivations for employees due to his/her special occasion, long-term service, achievement of labor and public activity;
- 7) scholarships paid by legal entities to students studying in isolation from production;
- 8) allowance paid at the expense of legal entities to young experts for the duration of their vacation upon completion of higher and secondary specialized education.

#### **Article 318. Rates of the single social and insurance payments**

1. The rates of single social and insurance payments shall be established by the enactment of the President of the Republic of Uzbekistan.
2. For separate categories of legal entities the President of the Republic of Uzbekistan can establish reduced rates of the single social and insurance payments.

#### **Article 319. Tax period. Reporting period**

1. Tax period shall be a calendar year.
2. Reporting period shall be:  
For micro firms and small undertakings – quarter;  
For taxpayers not related to micro firms and small undertakings – month.

#### **Article 320. Order of estimation, submission of estimates and return of the single social and insurance payments**

1. The single social and insurance payments are estimated on monthly basis along with tax base and established rates.
2. The single social payments are carried out at the expense of legal entities and insurance payments are deducted from wages of employees and transferred by tax agents.
3. Estimation of the single social payments is submitted to departments of public tax authority under their jurisdiction by progressive total:
  - 1) by micro firms and small undertakings – on quarterly bases not later than 25<sup>th</sup> of every month following the reporting period and on results of the year – on the day of submitting an annual financial statement;
  - 2) by taxpayers not related to micro firms and small undertakings – not later than 10<sup>th</sup> of every month following the reporting period and on results of the year – on the day of submitting an annual financial statement;

4. The tax payer shall submit insurance payments to departments of public tax authority under their jurisdiction by progressive total on quarterly bases not later than 25<sup>th</sup> of every month following the reporting period

5. Tax return shall be carried out:

1) for single social payments – on monthly basis not later than 10<sup>th</sup> of the following month;

2) for insurance payments – simultaneously with submission of documents to the bank for receipt of cash assets for wages.

#### **Article 321. Distinctions of estimation and return of insurance payments for separate categories of physical entities**

1. Individual entrepreneurs and members of dekhkan economies establish the rate of insurance payments independently, but not less than the minimum wage rate per month and members of dekhkan economies involved in breeding of cattle – not less than fifty percents of the minimum wage rate per month. Members of dekhkan economies pay insurance payments on voluntary bases.

2. For taxpayers indicated in the item one of the present article and having the right for retirement pension and in addition to this when they are disabled persons of I and II groups, the rate of insurance payments shall be not less than fifty percents of the minimum wage rate.

3. Tax return of insurance payments is carried out on monthly bases not later than 10<sup>th</sup> of the next month.

4. In payment notification (cash order) in mandatory order shall be specified Taxpayers Identification Number and period for which the payment is made. In case the period is not indicated it is considered that payment is carried out for the month in which it was executed.

#### **Article 322. Order of distribution of the single social payments**

Single social payments is distributed among the extra-budget Pension Fund, Public Fund for Furthering Employment and Councils of Trade Unions Federation of the Republic of Uzbekistan on norms established by the enactment of the President of the Republic of Uzbekistan.

### **CHAPTER 49. MANDATORY PAYMENTS TO EXTRA-BUDGET PENSION FUND**

#### **Article 323. Taxpayers**

1. Taxpayers for mandatory payments to the extra-budget Pension Fund (further “payments”) shall be legal entities resident enterprises of the Republic of Uzbekistan.

2. The following entities shall not be taxpayers for the payments:

1) non-commercial organizations (except revenues they received from carrying out their entrepreneurial activity);

2) departments of public management ((except revenues they received from carrying out their entrepreneurial activity);

3) legal entities to which a simplified order of taxation is applied.

#### **Article 324. Object of taxation. Tax base**

1. Object of taxation and tax base for the payments shall be net profit if otherwise is not envisaged by the present article.

2. Object of taxation and tax base for the payments shall be for:

1) legal entities providing services to population on sewerage, heating, gas supply and the system of communal economy – the volume of realization of goods (works, services) with deduction of value added tax and purchase cost, and correspondingly legal entities of heating – for heating, of water supply – for water and for gas supply – for gas;

2) legal entities providing services of construction, construction-mounting and maintenance-construction, start-adjusting, project-research and scientific-research works (services)— the cost of adequately construction, construction-mounting and maintenance-construction, start-adjusting, project-research and scientific works (services) carried out by own means with deduction of value added tax;

3) for legal entities providing middleman services, including sales of goods on contracts of commissions (excluding contracts of commissions in retail trade network), instructions, agent contracts and other agreements on provision of middleman services – amount of award for services provided with deduction of value added tax;

4) legal entities carrying out their activity on trade – goods turnover;

5) banks, credit unions and insurance organizations – income determined in accordance with the articles 149 and 151 of the present Code;

6) legal entities whose major activity represents provision of property for leasing – amount of interest revenue on financial lease (leasing).

3. The following shall not be considered as the object of taxation:

1) other incomes in accordance with the article 132 of the present Code;

2) means transferred to the Fund of Price Regulation as a positive difference in the cost .

4. In cases with taxpayers have various objects of taxation they are obliged to carry out separate accounting for objects of taxation and pay deductions based on rates established for corresponding objects.



### **Article 325. Deductions rate**

Deductions rate shall be established by the enactment of the President of the Republic of Uzbekistan.

### **Article 326. Tax period. Reporting period**

1. Tax period shall be a calendar year.
2. Reporting period shall be:
  - 1) for micro firms and small undertakings paying value added tax – quarter;
  - 2) for taxpayers not related to micro firms and small undertakings – month.

### **Article 327. Order of estimation, submission of estimations and return of the payments**

1. Payments are estimated on monthly bases, along with tax base and established rate.
2. The estimation of payments shall be provided to the department of public tax authority under their jurisdiction by progressive total:
  - 1) by micro firms and small undertakings – on quarterly bases not later than 25<sup>th</sup> of every month following the reporting period and on results of the year – on the day of submitting an annual financial statement;
  - 2) by taxpayers not related to micro firms and small undertakings – not later than 25<sup>th</sup> of every month following the reporting period and on results of the year – on the day of submitting an annual financial statement;
3. Tax return of payments is carried out not later than 25<sup>th</sup> of the month following the reporting period.

## **DIVISION XIX. MANDATORY PAYMENTS TO THE REPUBLICAN ROAD FUND**

### **CHAPTER 50. GENERAL STANDINGS**

#### **Article 328. GENERAL STANDINGS**

The present chapter envisages the order of return of the following payments to the Republican road fund:

- 1) mandatory payments (further “payments”)
- 2) fees.

## **CHAPTER 51. MANDATORY PAYMENTS TO THE REPUBLICAN ROAD FUND**

### **Article 329. Taxpayers**

1. The taxpayers for payments shall be legal entities resident enterprises of the Republic of Uzbekistan.
2. The following shall not be payers:
  - 1) non-commercial organizations, except revenue they received from carrying out their entrepreneurial activity.
  - 2) departments of public management ((except revenues they received from carrying out their entrepreneurial activity);
  - 3) legal entities paying the single tax; .
  - 4) organizations of road economy, when it concerns revenues received from works on maintenance, repair, reconstruction and construction of road of general purpose.

### **Article 330. Object of payment. Tax base.**

Object of payment and the order of definition of the tax base are established by the article 324 of the present Code.

### **Article 331. Rates of payments**

The rates of payments shall be established by the President of the Republic of Uzbekistan.

### **Article 332. Tax period. Reporting period**

1. Tax period shall be a calendar year.
2. Reporting period shall be:
  - 1) for micro firms and small undertakings – quarter;
  - 2) for the taxpayers not related to micro firms and small undertakings – month.

### **Article 333. Order estimation, submission of estimation and return of payments**

1. The tax payer shall submit the payment along with the tax base and the established rate.
2. Submission of the payments returns is carried out to departments of public tax agency under their jurisdiction by progressive total:
  - 1) by micro firms and small undertakings paying excise tax –on quarter bases not

later than 25 of month following the reporting period and on annual results – on the day of submission of annual financial statement;

2) by taxpayers not related to micro firms and small undertakings – on monthly bases not later than 25 of month following the reporting period and on annual results – on the day of submission of annual financial statement;

3. Tax return of the payments is carried out not later than 25<sup>th</sup> of the month following the reporting period.

## **CHAPTER 52. FEES TO THE REPUBLICAN ROAD FUND**

### **Article 334. General standings**

The present chapter envisages the of estimation and return of the following fees to the Republican road fund:

1) fees for purchase and/or temporary import of vehicles to the territory of the Republic of Uzbekistan;

2) fees for entry to the territory and transit through the territory of the Republic of Uzbekistan of vehicles owned by foreign states.

### **Article 335. Taxpayers**

1. Taxpayers of fees for purchase and/or temporary import of vehicles to the territory of the Republic of Uzbekistan shall be resident enterprises and non-resident enterprises of the Republic of Uzbekistan purchasing and/or carrying out temporary import of vehicles to the territory of the Republic of Uzbekistan.

2. Taxpayers of fees for entry to the territory and transit through the territory of the Republic of Uzbekistan of vehicles owned by foreign states shall be drivers of the vehicles, carrying out freight and passengers transportations.

3. Collection for entering the territory and transit of the territory of the Republic of Uzbekistan of vehicles owned by foreign states shall be executed only from the vehicles following on the transit.

### **Article 336. Object of taxation**

The object of taxation shall be:

1) purchased and/or temporary imported of vehicles to the territory of the Republic of Uzbekistan;

2) entry to the territory and transit through the territory of the Republic of Uzbekistan of vehicles owned by foreign states.

### **Article 337. Tax base**

Tax base shall be:

- 1) the cost of purchased and/or temporary imported of vehicles to the territory of the Republic of Uzbekistan;;
- 2) vehicles owned when entering the territory of the Republic of Uzbekistan and transiting the territory of the Republic of Uzbekistan.

### **Article 338. Concessions**

From the return of the fee for purchase and/or temporary import of vehicles to the territory of the Republic of Uzbekistan shall be exempted:

- 1) disabled persons of all groups purchasing cycle-cars and vehicles;
- 2) citizens purchasing cars in a specialized network of new cars produced in the Republic of Uzbekistan and citizens receiving cars and cycle-cars from their relatives on the basis of the contract for gift;
- 3) contractual maintenance-exploitation undertakings of road economy, carrying out maintenance, repair, reconstruction and construction of vehicle roads of general use – on vehicles immediately used when carrying out the above works;
- 4) undertakings of auto-transportation whose major activity is transportation of passengers, having license of the established order for transportation of passengers in accordance with the legislation, - on transport means, carrying out transportation of passengers (apart from vehicles and jitneys);
- 5) undertakings on obtained pit dump-body trucks with the lifting power over 40 tons;
- 6) orphanages, specialized board schools, boarding houses for elderly and young disabled people and medical establishments financed at the expense of the State budget, who received vehicles in the form of sponsor (gratis) assistance;
- 7) legal entities when transferring vehicles on gratis basis from the balance to the balance within one system (ministries, departments, economic associations);
- 8) assignee received vehicle following reorganization;
- 9) lease providers obtaining vehicles for transferring them for leasing to legal entities specified in items 3-5 of the present article.

### **Article 339. Rates of fees**

Rates of fees are established by the decision of the President of the Republic of Uzbekistan.

### **Article 340. Order of return of fees**

1. For purchase and/or temporary import of vehicles to the territory of the Republic of Uzbekistan is collected when registering them (re-registering) at departments of the Ministry of Internal Affairs of the Republic of Uzbekistan in cases:

- 1) receipt of vehicles for the ownership by means of purchase, exchange, presenting,

gratis transfer, receiving to authorized capital or as dividends and other deals not prohibited by the legislation;

2) purchase of vehicles for transfer for leasing excluding cases envisaged in the item 9 of the article 338 of the present Code. The fee is collected from the leaser in life or the leaser in time on a written consent of the parties. In case when the leaser in life is non-resident enterprise of the Republic of Uzbekistan, the fee is collected from the leaser in time. On completion of the term for the leasing contract when re-registering vehicle, which is the subject of the above contract on leasing (sub-leasing), the fee is not collected on recurrent basis;

3) temporary import of vehicles to the territory of the Republic of Uzbekistan;

2. Registration, re-registration or technical examination of vehicles without submission of documents on payment of the fee for purchase and/or temporary import of vehicles to the territory of the Republic of Uzbekistan shall not be carried out.

3. Fees for entry to the territory and transit through the territory of the Republic of Uzbekistan of vehicles owned by foreign states is collected when entering the territory of the Republic of Uzbekistan by vehicles owned by foreign states

## **DIVISION XX. STATE DUTY**

### **Article 341. General Standings**

1. State duty is a mandatory payment collected for carrying out of legally significant actions and/or issue of documents by authorized agencies and officials.

2. The state duty is collected in the form of consular duty for carrying out of consular actions by consular establishments of the Republic of Uzbekistan.

### **Article 342. Payers of the state duty**

Payers of the state duty shall be legal entities and physical entities requesting on carrying out of legally significant actions and/or issue of documents to authorized establishments and/or officials.

### **Article 343. Objects of imposing**

The state duty shall be collected:

1) from writs, declarations (complaints) on the issues of special process, from writs on cases caused by administrative-legal relations, submitted to courts of general jurisdictions, from appeals, cassation and supervision complaints on decisions of these courts and for issuance of copies of these documents by the courts of general jurisdiction;

2) from writs, applications on acknowledgment of the bankrupts of organization and citizens, on entering the case as the third person, applying on his/her independent requirements on the argument, on issuing courts decision, on revelation of facts

having legal significance, on the issue of receiving order for forced execution of decisions of arbitrary court, from appeal and cassation complaints for definitions of economic court on the issue of the receiving order for forced fulfillment of decisions taken by the arbitrary court and on refusal in the issue of receiving order, from appeal and cassation complaints on decisions of economic courts and definitions on suspension of production on the case, on leaving the suit without consideration and on imposing of courts penalties;

3) for carrying out of the notary activities by public notary agencies, consuls and chairmen (aksakals) of gatherings of citizens at villages, settlements, auls;

4) for registration of civil status and issue of recurring certificates on registration of acts of civil status and certificates on the change, amendment, correction and reissue of records of acts on civil status;

5) for issue of documents on the right to entry from the board of the Republic of Uzbekistan, on invitation to the Republic of Uzbekistan; for the issue and prolongation of the permanent residence ID; for the issue of visa to the international passport or a document substituting it justifying the right to enter and exit, and similarly of requests on acceptance of the citizenship of the Republic of Uzbekistan, and exit from the citizenship of the Republic of Uzbekistan;

6) for the issue of the passport of the citizen of the Republic of Uzbekistan and documents substituting it, documents for the right of citizens to exit the territory of the Republic of Uzbekistan;

7) for residence registration in and out of citizens of the Republic of Uzbekistan, foreign citizens and persons without citizenship;

8) for public registration of legal entities and individual entrepreneurs;

9) for the issue of licenses on carrying out of separate types of activity;

10) for the issue of permission on hunting.

#### **Article 344. Rates of the state duty**

1. The rates of the state duty shall be established by the President of the Republic of Uzbekistan.

2. Consular duties are collected in accordance with the consular tariffs, established by the enactment of the President of the Republic of Uzbekistan.

#### **Article 345. Exemption from the return of state duty in the courts of general jurisdiction**

The following entities shall be exempted from the state duty in the courts of general jurisdiction:

1) plaintiffs – on imposing of wages and other demands based on labor contracts;

2) plaintiffs— on suits based on copyright and from the right to invent profitable model, industrial sample, trade mark, the sign of service and the name of origin of goods, selection achievement;

3) plaintiffs— on alimony suits;

- 4) plaintiffs— on suits to compensate damage caused by injury or full damage against one's health and the death of the breadwinner;
- 5) plaintiffs— on disputes related to compensation of damage, caused to citizen by illegal sentencing, call to criminal responsibility, illegal imposing of administrative penalty;
- 6) plaintiffs— on suits to compensate material damage caused by crime;
- 7) persons applied with appellation, cassation appeals on criminal cases, in which authenticity of imposing material damage, caused by the crime is under doubt;
- 8) persons applied with appellation, cassation appeals on divorce of marriages;
- 9) legal entities and physical entities for issue of documents on criminal cases and cases on imposing of alimonies;
- 10) legal entities and physical entities applied in cases envisaged by the law with application to protect rights and interests of other persons stipulated by the legislation;
- 11) legal entities and physical entities on applications:
  - to cancel the decision of the court to suspend a case or cease it without examination;
  - to delay or postpone execution of decision, change of its manner and order of execution;
  - to secure case or change of one type of justification with another;
  - to reconsider decision, definition or order on recurrently revealed testimonies;
  - to cancel or reduce penalty imposed by the court, change of decision of the court, order of missing term;
- 12) legal entities and physical entities – on appeals against actions of courts officer, private complaints against decision of the court to refuse in cancellation or reduction of penalty and other personal complaints against decision of the court;
- 13) subjects of entrepreneurship when appealing to the court regarding decisions of public and other authorities, actions (failure to act) of officials with regards to violation of their rights and legal interests related to carrying out of entrepreneurial activity;
- 14) consumers on cases related to violation of their rights; public departments, carrying out control over security and quality of goods (works, services); public agencies of consumers on cases protecting interests of consumers (of indefinite circle of entrepreneurs);
- 15) plaintiffs— on cases to compensate damage, caused to forest fund with voluntary felling of forest and other violations of the order and conditions to use forests, protection of forestry;
- 16) public departments – on cases of voluntary demolition and other cases of confiscation of property having historical, arts or other value for public owned by physical entities towards public fund, in cases careless treatment of this property by physical entities;
- 17) Trade – Commercial chamber of the Republic of Uzbekistan – on duties of in the interests of its members and on complaints towards decision of departments of public and economic management, action (failure to act) of their officials;

18) public organizations of disabled people and their establishments, education – production enterprises and agencies – on all suits;

19) societies of private owners of housing, communal-exploitation organizations – on suits to impose debts on exploitation expenses and communal services;

20) societies of private owners of housing, communal-exploitation organizations and citizens – on suits to compensate damage, caused by the failure to fulfill or poor quality by undertakings providing housing-communal services, condition of contracts concluded;

21) khokimiyats of rayon, towns (rayons within towns) – on suits to impose debt on communal services, expenses on exploitation and maintenance of housing, paid on provision by suppliers of communal services or societies of private owners of housing;

22) departments of social security – on regressive suits to impose amount from the doer of damage:

Pensions and allowance paid to the victim and members of his/her family;

Compensation of expenses for gasoline, repair, technical maintenance of vehicles and spare parts to them, education of disabled people to drive vehicles and on suits for improper paid amounts of pensions and allowances;

23) The Ministry of Labor and Social protection of the Republic of Uzbekistan and its local departments – on suits imposed to migrates who did not leave to the place of migration or voluntary left from the above location, on compensation of expenses related to migration;

24) Public committee of the Republic of Uzbekistan on protection of nature and its departments on sites – on suits to compensate damage caused to natural objects and complexes by pollution of environment, voluntary nature use and other violations of the order and conditions to use and protect natural resources;

25) The Ministry of agriculture and water economy of the Republic of Uzbekistan, its departments at places – on suits to compensate violation of the law on water use towards the revenue of the State;

26) departments on regulation and control of insurance activity – on suits related to operations of mandatory insurance;

27) representative public department on regulation of securities market – on suits towards interests of investors and the State;

28) departments of public tax service, financial and customs departments and departments on de-monopolization, support of competition and entrepreneurship – on all cases and documents and for appealing to the court on the cases of special processing;

29) departments of internal affairs of the Republic of Uzbekistan – on suits to compensate quest of persons, deviating from payment of alimonies and other payments;

30) departments of prosecution – on suits submitted in the interests of physical entities and legal entities;

31) departments of justice – on suits and appeals in the interests of the State, legal entities and physical entities;



32) plaintiff or court officer – on cases to compensate of expenses on quest of debtor or the quest of his/her property;

33) the Central Bank and its departments – on all suits.

#### **Article 346. Exemption from the return of the state duty at economic courts**

The following entities shall be exempted from the return of the state duty at economic courts:

1) legal entities and physical entities involved in entrepreneurial activity –against decision of the court under absence of cash assets in a confirmed single social and insurance payments of bank;

2) agricultural producers - on suits, related to the failure to fulfill contract obligations against purchasing and storing organizations;

3) subjects of entrepreneurship when applying to the court against decisions of public and other departments, action (failure to act) of officials, violating their legal rights and interests related to carrying out of entrepreneurial activity;

4) plaintiff and respondent – on cases on liquidation of undertakings carrying out of financial-economic activity and/or not formed their authorizing fund within terms established by the legislation;

5) plaintiffs— on cases to compensate damage, caused to forest fund with voluntary felling of forest and other violations of the order and conditions to use forests, protection of forestry;

On compensation of amount of forestry income (including damages and fees for violation of rules of sales of trees with the root and penalties for voluntary felling of forestry, grass collection and cattle feeding);

6) Trade – Commercial chamber of the Republic of Uzbekistan – on duties of in the interests of its members and on complaints towards decision of departments of public and economic management, action (failure to act) of their officials;

7) societies of private owners of housing, communal-exploitation organizations – on suits to impose debts on exploitation expenses and communal services;

8) societies of private owners of housing, communal-exploitation organizations and citizens – on suits to compensate damage, caused by the failure to fulfill or poor quality by undertakings providing housing-communal services, condition of contracts concluded;

9) public associations of disabled persons, their establishments and enterprises, education – production undertakings and associations – on all cases;

10) departments of social security – on regressive suits to impose amount from the doer of damage:

- Pensions and allowance paid to the victim and members of his/her family;

- Compensation of expenses for gasoline, repair, technical maintenance of vehicles and spare parts to them, education of disabled people to drive vehicles and

on suits for improper paid amounts of pensions and allowances;

11) plaintiffs and defendants— departments on regulation and control of insurance activity – on suits related to operations of mandatory insurance;

12) Public joint stock company “Usagrosugurta” its direction and departments at sites - on suits to claim debts from agricultural undertakings for paid insurance compensation on contracts of insurance for risks of failure to pay credits of banks and refunding means by agricultural undertakings, that were issued in advance to carry out works on production of agricultural products and futures contracts;

13) The Ministry of agriculture and water economy of the Republic of Uzbekistan, its departments at places – on suits to compensate violation of the law on water use towards the revenue of the State;

14) rayon districts of agriculture and water – on suits submitted in the interests of agricultural producers of goods;

15) Public committee of the Republic of Uzbekistan on protection of nature and its departments on sites – on suits to compensate damage caused to natural objects and complexes by pollution of environment, voluntary nature use and other violations of the order and conditions to use and protect natural resources;

16) Agency “Uzstandart” and its departments at places – on suits to claim penalties from undertakings and organizations towards budget revenue for supply of products, the shipment of which was prohibited by departments carrying out public control over introduction and observance of standards, technical conditions, control of quality of products and other authorized agencies;

17) Goscomimushchestvo of the Republic of Uzbekistan and its departments on sites – on claiming of means to compensate damage caused against public property towards the public revenue;

18) representative public department on regulation of securities market – on suits towards interests of investors and the State;

19) departments of public tax authority, financial and customs departments and departments on de-monopolization, support of competition and entrepreneurship – on all cases and documents and for appealing to the court on cases of special processing;

20) departments of prosecution – on suits submitted in the interests of physical entities and legal entities;

21) departments of justice – on suits and appeals in the interests of the State, legal entities and physical entities;

22) plaintiff or court officer – on cases to compensate of expenses on quest of debtor or the quest of his/her property;

23) the Central Bank and its departments – on all suits.

The following persons shall be exempted from the state duty at the courts of general jurisdiction:

1) plaintiffs — on suits to require wages and on other requirements related to labor relations/contracts;

- 2) plaintiffs — on suits, related to the copyright and for rights on innovation, profitable model, industrial model, trade mark, service mark and the name of origin of goods, selection achievements;
- 3) plaintiffs — on suits on requirement of alimonies;
- 4) plaintiffs — on suits on compensation of damage caused by injury or other harm against ones health and the death of the breadwinner;
- 5) plaintiffs — on disputes related to property compensation for damage that was made against a citizen related to sentencing, illegal call to criminal responsibility and illegal imposing of administrative punishment;
- 6) plaintiffs — on suits to compensate material damage caused by crime;
- 7) persons, requested with appellation and cassation complaints on criminal cases, in which the rightness of reprimand of material damage caused by the crime is called in question;
- 8) persons requested with appellation and cassation appeals on marriage divorce;
- 9) legal entities and physical entities for the issue of documents on criminal cases and cases on alimony penalty;
- 10) legal entities and physical entities requested the court in cases envisaged by the legislation, on protection of rights and interests of other persons stipulated by the law;
- 11) legal entities and physical entities on the requests:  
to cancel the decision of the court to suspend the case or to discontinue without examination;  
on extension or fulfillment on time of the execution of the decision of the court, change of the way and order of execution;  
on securing the suit or changing of one type of security by the other;  
on re-examining of the decision, definition and enactment on newly revealed testimonies;  
on suspension or reduction of the penalty imposed by the court, on the turn of execution of the court's decision, on rehabilitation of missed term;
- 12) legal entities and physical entities – on appeals against actions of officers of the court, on private appeals against decisions of the court to deny to suspend or reduce penalties and other personal appeals against decision of the court;
- 13) subjects of entrepreneurship when appealing to the court against decisions of public and other authorities, actions (absence of action) of officials on violation of their rights and legal interests, related to carrying out their entrepreneurship activity;
- 14) consumers on suits, related to violation of their rights; public agencies carrying out control on security and quality of goods (works, services); public agencies of consumers on suits, towards interests of consumers (indefinite circle of consumers);
- 15) plaintiffs — on cases on imposing penalty for damage, caused against forest fund by unauthorized felling of trees and other violations of the order and conditions of forest use, protection and care of forests;
- 16) public agencies — on suits on demolition of unauthorized constructions and on cases on confiscation of property of historical, arts and other value for people,

owned by physical entities to public fund in cases of irresponsible, careless treating of these properties by the above physical entities;

17) Trade-Industrial chamber of the Republic of Uzbekistan — on suits towards interests of members of the Chamber and on appeals towards their interests against decisions of departments of public and economic authority, action (absence of action) of their officials;

18) public organizations of disabled people and their establishments, education-production enterprises and associations on all suits;

19) societies of private owners of housing, communal-exploitation organizations - on suits to reprimand debts, payments for exploitation expenses and communal services;

20) societies of private owners of housing, communal-exploitation organizations and citizens— on suits to compensate damage caused by failure to fulfill low-quality execution by enterprises providing housing-communal services to population, on conditions of contracts;

21) khokimiyats of rayons, towns (rayons within towns) — on suits to reprimand debts on payment of communal services, expenses on exploitation and maintenance of housing, made on request of suppliers of communal services or societies of private owners of housing;

22) departments of social security – on regressive suits to reprimand the entity for the damage caused on the following amounts of:

pensions and allowances paid to the plaintiff or members of his/her family;

compensations of expenses for gasoline, repair, technical maintenance of vehicles, spare parts for teaching disabled people to drive vehicles and on suits to reprimand improperly paid amounts of pensions and allowances;

23) Ministry of labor and social protection of the Republic of Uzbekistan and its local departments — on suits, imposed by migrants, who did not move to the place of migration or who voluntarily moved from the above location on compensation of expenses related to the migration;

24) The State Committee on protection of nature of the Republic of Uzbekistan and its local departments — on suits to compensate the damage caused to natural objects and complexes by pollution of environment, voluntary nature use and other violations and conditions of use and protection of natural resources;

25) The Ministry of agriculture and water economy of the Republic of Uzbekistan, its local departments — on suits to reprimand the income of the State for causing damage to the State by violation of the legislation on water use;

26) departments on regulation and supervision of the insurance activity – on cases related to operations of mandatory insurance;

27) authorized public department on regulation of securities market — on suits towards protection of interests of investors and the State;

28) departments of public tax service, financial and customs departments and departments on de-monopolization, support of competition and entrepreneurship— on all cases and documents and on submission of request to the court on the cases of special production;

- 29) departments of internal affairs of the Republic of Uzbekistan — on cases related to reprimand of expenses on quest of persons deviating to return alimonies and other payments;
- 30) departments of prosecution — on suits, submitted in the interests of legal entities and physical entities;
- 31) departments of justice — on suits and requests towards interests of legal entities and physical entities;
- 32) reprimanding person or courts officer — on cases to compensate expenses on quest of the debtor or his property;
- 33) the Central Bank and its departments – on all cases.

#### **Article 347. Exemption from the return of the state duty when carrying out notary activities**

The following entities are exempted from the state duty when carrying out notary activities:

- 1) persons — for certification of authenticity of copies of documents necessary to receive public pensions and payments and on cases for guardianship and child adoption;
- 2) persons — for certification of wills and contracts on giving property towards the benefit of the State and towards the profit of legal entities;
- 3) tax and financial departments — for the issue of certificates (duplicates of certificates) on the right of the State for inheritance, similarly all documents necessary to receive these certificates (duplicates of certificates);
- 4) public organizations of disabled persons, their establishments, educational-production undertakings and associations – on all notary actions;
- 5) legal entities and physical entities – for the issue of certificates on inheriting right imposed on:
  - the property of persons died when protecting their motherland, related to execution of other public or state duties, or related to execution of civic duties on saving human's life, protection of public property and order;
  - house (apartment) or share in housing-construction cooperative, if they lived together, issued by the day of death of testator and continue to live in this house (apartment) after the death of the owner;
  - deposits in banks, insurance amounts on contracts for personal and property insurance, bonds of public loans, amounts of wages, copyright, amounts of author's earnings and awards for innovation, useful model and industrial model;
- 6) persons – for certification of letters of trust to receive pensions and allowances;
- 7) mothers – for certification of copies of documents on awards with orders and medals for having many children;
- 8) boarding schools – for fulfillment of special executions on reprimand of debts from parents for the amounts paid to these schools;
- 9) financial departments – for carrying out of special execution on reprimand of debts from parents for the amounts paid to specialized schools of the Ministry of Public

Education of the Republic of Uzbekistan;

10) heirs of citizens, who were insured at the expense of undertakings and organizations in the case of death or mortality caused by accident at work – for issue of certificates confirming the right to inherit the insurance bonus;

11) persons, suffering from mental illnesses, who are maintained under guardianship in accordance with the legislation – for receiving of certificates in inheriting of their property;

12) the Ministry of labor and social protection of population of the Republic of Uzbekistan and its departments – for certifying of labor contracts concluded in the order of organized employment of their staff;

13) disabled veterans of the War of 1941-1945, or other disabled persons from former military men, gained their disablement as a result of injury, contusion or wound in the period of the war of 1941-1945 or when carrying out military services or other obligations of military service in the Soviet Army, those carried out their international duty in the Republic of Afghanistan, and persons suffered from the Chernobyl catastrophe in 1986-1987 within the zone of alienation and persons evacuated (including those who went on voluntary basis) in 1986 from the zone of alienation due to the accident at the Chernobyl AES and in case of their death, members of their families – for certifying authenticity of copies of documents necessary for concessions.

14) Agency on copyrights and its departments – for carrying out of special execution on reprimanding of awards due to payment on copyrights;

15) persons – for issue of the certificate on the right to inherit of insurance amounts on mandatory insurance of passengers and insurance compensation on mandatory insurance for the property, owned by citizens;

16) heirs continuing their activity in farms – for issue of the certificate on the right to inherit property of the farm;

17) heirs continuing their activity in dekhkan economies – for the issue of the certificate on ownership of dekhkan economy;

18) societies of private owners of housing, communal – exploitation organizations – for carrying out of special execution on reprimand of debts on exploitation expenses and communal services.

#### **Article 348. Exemption of return of state duty when registering acts of civil status**

The following entities shall be exempt of state duty return when registering acts of civil status:

1) departments of national education, commissions on the cases of under age persons – for the recurring issue of certificates on birth when locating orphans, children without guardianship of parents to orphanages and similar establishments;

2) physical entities — for registration of death, birth, the issue of certificates on the change, addenda and amendments of records of acts on birth in case of adoption of children, affiliation, change of sex and those related to mistakes made when registering acts of civil status;

- 3) physical entities – for the issue of the certificate on marriage divorce with persons acknowledged along with the established procedure as missing, disabled due to mental disease (imbecility or emotionally diseased) or with persons sentenced for crimes for the term of not less than three years;
- 4) physical entities – for the recurring issue or change of earlier issued certificates on death of rehabilitated relatives;
- 5) physical entities suffered due to natural calamities – for the recurring issue of certificates.

**Article 349. Exemption of state duty return when registering documents to exit the border of the Republic of Uzbekistan and issuing passport of the citizen of the Republic of Uzbekistan**

1. The following citizens of the Republic of Uzbekistan are exempt from the return of state duty:

- 1) those receiving diplomatic passports;
- 2) those receiving permission to leave the borders of the country:  
in case of the death of close relatives or visiting places of their burial;  
when they are called to foreign courts in accordance with the agreements on provision of assistance on civic, martial and criminal cases as a party, witnesses and experts on civic and criminal cases;
- 3) for the issue of the certificate of the citizen of the Republic of Uzbekistan under age of 16;
- 4) for those in a full public security – for the issue of the passport of the citizen of the Republic of Uzbekistan.

2. Exemption from return of the state duty is applied in case of amendments into documents specified in paragraphs 1-3 of the time of the present article.

**Article 350. Exemption from returns of consular duties**

Consular duties are not exempt in the following cases:

- 1) under availability of international agreement on refusal from consular fees, whose participants are the Republic of Uzbekistan and the state of stay;
- 2) on repatriation of citizens of the Republic of Uzbekistan;
- 3) for authorizing foreign diplomatic passports on the basis of mutual consent;
- 4) for requirement and legalization of documents on work record and social protection of citizens on cases of reprimanding alimonies;
- 5) from employees (members of their families) of permanent representations of foreign states, representations of international, inter-Governmental organizations and Governmental organizations of foreign states, representations and affiliates of international and foreign non-Government non-commercial organizations accredited and registered in the established order;

- 6) from representatives of press (and members of their families), accredited in the established order;
- 7) from foreigners accompanying humanitarian assistance;
- 8) from children under the age of 16;
- 9) from foreign citizens, coming to the Republic of Uzbekistan on the invitation of the President of the Republic of Uzbekistan, chambers of the Oliy Majlis (Parliament) of the Republic of Uzbekistan and the Cabinet of Ministers of the Republic of Uzbekistan and public budget organizations (if the conditions of the contract expenses on visas are imposed on the receiving party);
- 10) in cases envisaged by Articles 347, 348 and 349 of the present Code.

**Article 351. Exemption from return of state duty when carrying out other activities**

- 1. The following persons are exempted from the return of the state duty for in/out residence registration:
  - 1) old people and disabled persons residing in retirement homes and boarding houses for disabled persons;
  - 2) students of boarding schools, residing in dormitories of academic lyceums and vocational colleges, under full public security;
- 2. the state duty shall not be collected for public registration of dekhkan economies including those without establishment of legal entities and joint-stock companies established on the basis of public undertakings.

**Article 352. Order of return and registration of the state duty**

- 1. The state duty is paid before completion of actions, for which it is collected if otherwise is not envisaged by the present chapter in cash and cashless form of payment.

The fact of the return of public duty by payer in cashless form is confirmed with invoice with a note of the bank on its execution.

The fact of the return of public duty by payer in cash is confirmed either with a voucher of established form, issued to the payer by the bank or with a voucher issued to the payer by the official or cash desk of the body, in which the payment was carried out along with the procedure established by the Ministry of Finance and the State Tax Committee of the Republic of Uzbekistan.

Distinctions of the return of the state duty depending on types of carried out legally important actions, categories of payers or other circumstances is established by articles 353, 354, 355 and 356 of the present Code.

- 2. The state duty is transferred to the public budget, except when provided for authorized department for services of which the state duty is imposed, based on invoices.

In case of remaining part of the state duty is kept with the public authority, the state duty is paid in the following order:



with separate invoices from the part of the amount remaining with the public authority for services of which the state duty is collected;

with a separate invoice in the part of the amount, subject to transferring to the public budget, transferred in accordance with the with the classification of incomes of budget revenues of the Republic of Uzbekistan.

the part of the amount of the state duty remaining with the public authority shall be determined by the enactment of the President of the Republic of Uzbekistan.

3. When applying to the court with the request on property dispute and when certifying the contract on purchase-sales, giving the property, changing, registering rights for ownership by the office of notary, in cases the price of the suit, agreement or inheritance is determined, the weight is determined in the foreign currency, the state duty can be collected in foreign currency in the order established by the Cabinet of Ministers of the Republic of Uzbekistan.

### **Article 353. Distinctions of collection of the state duty at courts**

1. The state duty is collected in the following order from appeals, suit requests on cases of special processing, from appeals on cases caused by administrative-legal relations, from appellation, cassation and supervision appeals against courts decision and on the issue of copies of documents by courts:

1) plaintiffs appeals on acknowledgement of contracts as invalid, on suspension of agreements and or amendments, addenda of their conditions shall be paid on rates established for appeals on pre-contractual disputes regardless whether the contract is disputed as a whole or partially;

2) from reverse appeals of plaintiffs and from appeals on the third parties involved in the case with an independent plaintiffs requirements, the state duty is collected on general basis.;

3) from requests on the change of the size of payments, imposed upon coming into force of the decision on which respondent is imposed with regular payments.

2. When changing of the initial plaintiff by other person on the consent of the initial plaintiff, he/she shall pay the state duty on general basis.

In case of leave of the initial plaintiff and change by the trustee, the state duty shall be collected from the trustee in case it was not paid by the plaintiff.

3. In case the judge separates one or several joined plaintiff requirements into one separate process, the state duty paid when submitting request is not re-estimated and is not refunded. On the separated process the state duty shall not be paid.

4. On recurring appeals that earlier were left without examination, the state duty is paid on general basis.

In this case, when in the connection with leaving the appeal without examination the state duty was subject for refunding but was not refunded, the initial document on payment of the state duty can be attached to a recurrently submitted appeal, in case the statute of limitation from the day of its transfer to the budget did not expire.

5. The price of the complain on which the duty is collected shall be determined by the plaintiff and in established cases – by the court in accordance with the civic procedural and economic-procedural legislation.

6. If at the moment of preparation of the case for examination, the plaintiff appealed on suspension of the case on alimony, in this case the state duty is not collected from the plaintiff.

7. When reducing suit requirements by the plaintiff, the paid state duty is not re-estimated.

When increasing the amount of suit, the missing amount of state duty is collected in accordance with the increased amount.

8. When relieving the plaintiff from returning of the state duty and in case of satisfaction of the case, the state duty is collected from the respondent towards the revenue of the State (if he/she is not exempted from the return of the state duty) in accordance with the with the amount sentenced on the suit.

9. When imposing a suit together with several plaintiffs to one or several defendants, the state duty is estimated based on the total amount of the suit and shall be paid by plaintiffs proportionally to the share of their demands.

10. Based on total amount of the suit, the state duty is collected similarly in cases:

1) imposing a suit by one plaintiff against several defendants;

2) uniting of judges, receiving plaintiff requests to one process of several demands.

Under full or partial satisfaction of the suit, imposed against several defendants by one or several plaintiffs, exempted from the return of the state duty, the collection of the state duty shall be carried out from each plaintiff based on the amount that shall be paid to him/her on the decision of the court.

When such a suit is imposed by several plaintiffs to one defendant, then the state duty is collected from defendant to the public budget based on general amount of debt awarded to him.

11. In case, when the court calls other person as the second defendant and imposes a part of the amount of the suit for one defendant and the second part – from the second defendant and in case if this plaintiff is not exempted from the return of state duty, it shall be estimated from the total satisfaction amount of the suit and is collected to the state budget from each defendant proportionally to the amounts she shall be paying on the suit.

12. In cases when plaintiff exempted from the return of the state duty and does not support his/her demands due to voluntary full or partial satisfaction of the defendant upon imposing the suit, the amount of the state duty is subject for collection from the defendant on the definition of the court.

13. In cases when the plaintiff does not mention in his/her appeal the amount of suit, the judge, taking the suit appeal, preliminarily establishes the size of the state duty subject to payment based on a preliminary cost of the suit. When under taking the

decision by the court the amount of suit is increased, the state duty is estimated based on the increased amount of the suit. In this case the difference is subject to collection towards the public budget revenue from the plaintiff or when fully satisfying the suit – from the defendant.

The state duty shall be estimated in similar order, when the court within cases established on legislative grounds and depending on circumstances of the case acts beyond requirements requested by the plaintiff.

In these cases, when partially satisfying the suit, the state duty shall be collected from the defendant proportionally to the satisfied part and the remaining part of the state duty shall be collected from the plaintiff.

14. Order, specified in items eight – ten of the present article shall be applied when receiving appeal, cassation and supervision appeals for examination.

15. When the court takes decision on the right of inheriting property, the state duty shall be estimated by the court based on a total cost of the property and shall be collected from each heir proportionally to his/her share. In this case for estimation of the state duty the following shall be taken into consideration:

- 1) insurance amounts on contracts of personal and property insurance;
- 2) securities: shares, bonds and investments to banks and credit organizations of the Republic of Uzbekistan;
- 3) copyright;
- 4) amounts of incomes (reimbursement of labor) and amounts of author's honorariums, including amounts of awards to authors of innovations, inventions, rationalization suggestions and industrial models;
- 5) cost of property transferred on wills and on agreements of donation to the State and legal entities.

16. Plaintiffs appeals on the right for property, on acknowledgement of agreements of alienation as invalid, on acknowledgement of the right for the share in the property, on separation of the share from general property and on demand of shares by heirs shall be paid in the form of the state duty based on the cost of the property or its share.

17. Plaintiff appeals of simultaneously property and non-property nature, are paid separately on each demand of the state duty, on rates established for plaintiff appeals of property nature and on rates established for plaintiffs appeals of non-property nature.

18. To plaintiff appeals of non-property nature shall be listed demands not subject to price evaluation (on leaving unauthorized occupied premises, on provision of areas in kind, disputes related to receipt of transmission balance with compulsion, etc);

19. From plaintiff appeals on marriage divorce with a simultaneous division of property the state duty shall be collected both for marriage divorce and for division of property.

20. With a recurring appeal upon elimination of conditions served as basis in refusal of receipt of appeal (solicitation) or suspension of the process on the case, to avoid recurring return of the state duty the initial document on payment of the state duty can be attached;

21. In cases, when plaintiff is exempted from the return of the state duty and when satisfying the suit, the state duty shall be collected from defendant proportionally to the rate of satisfied demands if he/she are not exempted from the return.

In cases when the state duty on one invoice is transferred to several cases, subject to examination at a specific economic court, the order shall be attached to one of cases. In other cases, a note shall be made on the amount of the state duty paid on the case and the case is specified in which the invoice is located.

22. From plaintiff appeals on acknowledgement of contracts invalid, on suspension of contracts, on amendment, addenda and changing conditions of the contracts, for the appeals on re-examination of the courts decisions on the above suits, the state duty shall be collected at rates established for appeals on pre-contractual disputes regardless, whether the contracts is disputed fully or partially.

23. When canceling courts order, the state duty paid by the plaintiff shall not be returned. When imposing of the suit by plaintiff against defendant in the order of suit processing, it is considered towards upcoming state duty subject to payment.

#### **Article 354. Distinctions of collection of the state duty for carrying out of notary actions**

1. For carrying out of the notary activities by public notary agencies, consuls and chairmen (aksakals) of gatherings of citizens at villages, settlements, auls the state duty shall be collected when execution notary activities, issue of duplicates of documents for cases available at notary offices and copies of the documents upon their issue.

2. The state duty on deals, where one party is exempted from the return of the state duty shall be paid to a full rate by the other party.

3. In cases when cash amounts for taking to the deposit of the notary office are delivered through the mail or from the bank (credit organization), the amounts subject to payment for the state duty shall be collected from the amount and their remaining part is transferred to deposit. The remaining amounts of the state duty are transferred by the office of notary to the state budget during a regular transferring of deposit amounts under the voucher of the bank, that is kept in the office of notary.

4. The state duty collected outside of the office of the notary shall be collected in double rate except those issued to persons imprisoned or detained.

5. For the issue of certificates on the right of property, the state duty shall be collected from the cost of the whole property, transferred in the order of inheriting by the day of opening of inheritance (day of the death of testator).

In cases when there are several heirs (including heirs on the law, on the will and

having the right for compulsory share in the inheritance) the state duty shall be collected from the share of inheritance, for each heir.

6. If there are under-age heirs available (including those heirs, who are not children) the state duty shall be estimated from the cost of the whole property, but shall be collected only from the persons of the full legal age in the amount durable for their share in the inheritance.

If on the request of heirs, the certificate on the right for ownership is issued for the part of the inherited property, then the state duty shall be estimated on the rate, established for the cost of that part of the property that is indicated in the issued certificate. When in future issuing the certificate for the remaining part of the property, the state duty shall be estimated from total amount of property and the difference between estimated and paid earlier amount for the first certificate shall be paid.

In those cases, when the part of inherited property transfers to heirs on the will under availability of other heirs on the law, the state duty from the cost of the property shall be estimated separately and from the cost of the remaining property – on general basis.

In those cases when mandatory share of inheritance is separated from the property inherited within the law and will, the state duty is estimated from the cost of the whole property transferred on the right of inheritance within the law, including mandatory share.

The state duty shall be collected on general bases for recurring certificates on the right of ownership issued on the basis of decisions of the courts departments on invalidity of former certificates. In this case the amount of the state duty paid for the first certificate is subject to return or, on the request of the taxpayer – to register the amount, durable for the issue of the new certificate in case the statute of limitation from the day of transferring of the amounts to the budget did not expire.

The issue on recurring satisfaction of any agreement acknowledged by the courts as invalid shall be settled in the same order.

7. When registering recurring certificates and contracts in the register of the notary office, it shall be indicated in a corresponding field, when and which amount was collected as the state duty and where is a record on its collection.

In this case decisions of the court on the acknowledgement of corresponding certificates and contracts as invalid shall be attached to major documents.

8. When determining the rate of the state duty for the issue of certificates for the right on ownership in accordance with the legislation, the following is not considered and not included into the cost of the transferring property within inheritance:

- 1) insurance amounts on contracts of personal and property insurance;
- 2) shares and bonds of public loans and deposits to banks (credit organizations) of the Republic of Uzbekistan;
- 3) amounts of labor reimbursement;
- 4) copyright, amounts of author's earnings and awards for innovation, useful model and industrial models;

5) cost of property inherited on the will and the contract of donation to the State and legal entities.

For the issue of certificates on the right of ownership and letters of credits issued by credit establishments the state duty shall be collected on general basis.

9. For the issue of certificates on the right of ownership of the property obtained within the duration of the marriage of spouses that was left upon the death of one of spouses, the state duty shall be collected from the part of the property that is actually inherited.

10. When carrying out notary activities for which the state duty is collected proportionally, the estimation shall be carried out from the amount shown by parties, following procedures established by the present article.

11. For certification of contracts on alienation of residential houses, apartments, summer residences, garages, other premises, buildings and constructions owned by physical entities and legal entities, the amount of the state duty is estimated based on housing and total area of the room.

12. For certification of contracts, payments on which are carried out on regular basis, the state duty shall be estimated and collected based on general rate of payments on the contract for the whole period of its duration. When the contract is concluded without specifying its term, the state duty shall be estimated and collected from the amount of payments on the contract for three years.

13. For certification of contracts, in which minimum and maximum amounts are indicated, the state duty is estimated and collected based on maximum amount.

14. For certification of contracts on assignment and cessation, on prolongation of the its term the earlier signed contract or on increasing its initial amount of the contract the state duty shall be estimated and collected based on the evaluation of unrealized rights and unfulfilled duties or from the amount for which the amount of earlier concluded contract is increased.

15. For contracts on the change of property, the state duty shall be estimated for the property, the cost of which is higher.

16. For certification of contracts of property lease on the condition of which cost of newly constructed buildings, erections and other construction, equipment of premises, and the cost of capital repair, etc. in final invoice, the amount of the state duty shall be estimated with consideration of the expenses on the above.

17. On special execution the amount of state duty for carrying out of special execution, shall be paid from debtor when collecting the debt on the execution, in case the plaintiff is exempted from the return of the state duty.

### **Article 355. Order of return of consular fee**

1. The state duty is collected in before fulfillment of consular actions. Consular fees are paid to the pubic budget. The paid consular fees shall not be refunded.

2. Tax return of the consular fee shall be carried out in the currency of the country on the territory of which consular actions shall take place or in any other foreign currency in equivalence to the exchange rate of the US Dollar.

3. Tax return of the consular fee in the territory of the Republic of Uzbekistan, the rate of which shall be established in US Dollars shall be carried out in the national currency "Sum" on the exchange rate established by the Central Bank of the Republic of Uzbekistan or in other hard currency for the moment of the return of the consular fee.

4. Order of intake of the consular fee to the budget and to special bank accounts of diplomatic representation and consular establishment of the Republic of Uzbekistan paid abroad shall be established by the Ministry of Finance, of the present Code, and the Ministry of Foreign Affairs of the Republic of Uzbekistan.

#### **Article 356. Distinction of collection of the state duty by other departments**

1. For registration of acts of civil status the state duty shall be paid when registering acts and for recurring issue of certificates, when issuing them.

2. The state duty for registration of civil status by chairmen (aksakals) of gatherings of citizens at villages, settlements, auls and for notary actions carried out by them shall be paid in cash during the issue of vouchers along with the form, established by them in the order specified by the legislation.

3. for actions carried out by chairmen (aksakals) of gatherings of citizens at villages, settlements, auls the state duty shall be collected during the above actions for which the state duty is collected and during the issue of documents.

4. The state duty for registering documents for the right to exit the border (leave the country), invitation to the Republic of Uzbekistan, amendments to these documents and for issue and prolongation of the ID for permanent residence, ID for persons without citizenship or the issue of visas in the passports of foreigners or other document allowing them entering, leaving the country, the state duty shall be paid upon the receipt of all documents and for applications on receiving the citizenship of the Republic of Uzbekistan and on abandoning the citizenship – before submitting these applications.

5. For issue of documents on the right to enter from abroad or leave abroad, for issue and prolongation of the ID for permanent residence, ID for persons without citizenship, for applications on receiving the citizenship of the Republic of Uzbekistan and on abandoning the citizenship of the Republic of Uzbekistan and for the right to exit the country issued to the citizens addressed by undertakings, establishments and organizations for business trips, the state duty shall be paid by these undertakings, establishments and organizations in the established order.

When wives and children join to the above persons for the whole duration of their business trip, the state duty shall be collected in the same order and rate as for the above persons. In case of ordinary visits of the above persons by members of their

families, the state duty shall be collected on general basis.

6. For the issue of exit visas from the Republic of Uzbekistan to foreign citizens above the age of 16 the state duty shall be collected from each person regardless whether a separate visa was issued for each persons or one visa for several persons.

7. In case of written refusal of a citizen from receipt of the registered document for the right to exit abroad, the paid state duty on the request of the citizen is subject to be refunded.

8. For residence registration of citizens of the Republic of Uzbekistan, the issue of permission for the right to hunt, the state duty shall be paid when issuing documents.

### **Article 357. Registration of the return and payments of the state duty**

1. Invoices for cashless transferring of the state duty, vouchers from banks on receipt of the money paid for state duty are attached to plaintiff appeals, cassation appeals, requests on registration of acts of civil stats and other corresponding materials on the issue of documents remaining in cases of establishments collecting the state duty and are attached to documents on certification of deals.

The amount of paid state duty, date and number of bank document are noted in the register of notary actions.

Departments of self governing of citizens of villages, settlements, auls issue to the payer vouchers on payment of the state duty and a corresponding note, on the amount of duty paid and on the number of the voucher, is made in the documents certified an disused to payers, copies of these documents and registries of meetings of citizens residing in villages, settlements, auls.

When registering by departments of self governing of citizens of villages, settlements, auls of the acts of civil status, the note on the amount of paid state duty is carried out in the act registry in a specially provided field or at the end of the act registry.

In this case the note on payment of the state duty shall be authorized by a person paid the state duty.

2. Amounts received for the state duty are registered within receipts and at the end of the day they are deposited to the cash registry of the meeting of citizens of self governing of citizens of villages, settlements, auls. In those cases, when the registration of amounts received is carried out through centralized accounting, the received amounts are transferred to the cash desk of this accounting department.

In cases of exemption of payers from the return of the state duty, a note is made in corresponding documents (registers, books, etc) with attachment of copies of confirming documents.

3. Registration of receipts of the state duties is carried out by establishments collecting the state duty in the order established by the Ministry of Finance and the State Tax Committee of the Republic of Uzbekistan on agreement with the following public bodies.

4. Report on receipts of the state duty is provided by establishments collecting the



state duty to departments of public tax service at the jurisdiction of location not later than 10<sup>th</sup> of the month following a reporting quarter.

### **Article 358. Order of return of the state duty *возврата state duty***

1. State duty shall be return fully or partially in cases:

- 1) of return of the state duty in a larger amount than requested along with the legislation;
- 2) of refusal by courts to receive appeal (complaints) and refusal of notary offices or chairmen (aksakals) of self governing of citizens of villages, settlements, auls in carrying out of notary actions;
- 3) of return of appeal to the plaintiff;
- 4) of suspension of process on case if it was not within the charge of the court;
- 5) of leaving the appeal without examination;
- 6) of cancellation of the decision of the court in the established order in case the state duty was already paid by the defendant toward the revenue of state;
- 7) of the courts decision came into legal force on disputes among the same entities, on the same subject and on the same justifications of the courts decision on general jurisdiction of economic court;
- 8) death of person participated in the case when disputable jural relations do not allow assignees;
- 9) of non-observance by the plaintiff of pre-court (pretentious) order to settle dispute, when it is envisaged by the law for this category of disputes and agreement of parties and the possibility for such a regulation is lost;
- 10) if there is agreement of persons, participating in the case on transferring of this dispute to the arbitrary courts decision and the possibility to apply to the arbitrary court is not lose and in case defendant protesting against consideration of the case in the economic court first appeal on the subject of dispute shall appeal on transferring solicitation of the dispute for settlement of the arbitrary court;
- 11) if plaintiff appeal is not signed or signed by a person not having rights to sign it or by person whose official status is not mentioned;
- 12) payment of state duty for registration of marriage divorce, carried out on mutual agreement of spouses not having underage children, when the divorce did not take place due to the reconciliation of spouses or non-presence of one of them;
- 13) if organization – person, participating in the case are liquidated;
- 14) of refusal on receiving of appeal on courts order;
- 15) of written refusal of a citizen to receive registered document for the right to leave abroad;
- 16) other cases determined by the Cabinet of Ministers of the Republic of Uzbekistan.

2. Return of amounts of the state duty is carried out on a written request of the payer or based on the decision of courts. To return the amounts of the state duty the plaintiff

shall apply to corresponding establishment, collected the state duty. When confirming the justification for return by the head of the establishment collected the state duty, the establishment and other receivers, in accordance with the legislation return parts of amounts of the state duty, earlier registered to its accounts. In its return, the establishment forwards a written notification to a corresponding tax inspection on the return of a part of amount of the state duty, subject to return, earlier registered within revenues of public budget.

Return of part of the amount of the state duty from the public budget and means of establishments shall be carried out in accordance with the order established by the legislation.

3. Return of the state duty shall be carried out under condition that the request on return was submitted to a corresponding financial department or establishment collecting the state duty before expiry of the term of the statute of limitation from the day of registration of the amount to the budget.

## **SECTION XXI. CUSTOMS PAYMENTS**

### **Article 359. General standings**

1. When carrying out their activity, customs departments of the Republic of Uzbekistan collect customs payments established by the customs legislation of the Republic of Uzbekistan.

2. Payers, order of estimation, return, refund and collection of fees if customs payments and concessions on customs payments shall be defined by the customs legislation of the Republic of Uzbekistan if otherwise is not envisaged by the present article .

3. Order of estimation and return of excise tax and value added tax when importing goods to the customs territory of the Republic of Uzbekistan and concessions on these taxes shall be determined by the present Code.

4. Rates of customs payments, except those indicated in the item 5 of the present article shall be established by the decision of the President of the Republic of Uzbekistan.

5. Rates of duties specified in the article 360 of the present Code shall be established by the Cabinet of Ministers of the Republic of Uzbekistan.

### **Article 360. Types of customs payments**

When transporting goods and transportation means through customs border of the Republic of Uzbekistan and other cases established by the customs legislation of the Republic of Uzbekistan, the following types of customs fees shall be paid:

customs fee;

value added tax;

excise tax;

duties for the issue of permissions related to the use of the mode of processing at the customs territory and the mode of processing out of the customs territory;

duties for the issue, re-registration and prolongation of the validity term of qualification certificate of the specialist on customs registration;

customs duty for customs registration;

customs duty for goods storage;

customs duty for customs escort;

payment for acceptance of pre-term decision.

The legislation can establish other customs payments .

## **SECTION XXII. DUTY FOR THE RIGHT OF RETAIL TRADE ON SEPARATE TYPES OF GOODS AND PROVISION OF SEPARATE TYPES OF SERVICES**

### **Article 361. Taxpayers**

Taxpayers for the duty on the right of retail trade on separate types of goods and provision of separate types of services (further – duty) shall be legal entities and individual entrepreneurs carrying out in the established order sales of goods and provision of services on which duty is applied, if otherwise is not envisaged by the legislation.

### **Article 362. Rates of duty**

1. List of goods and services on which duty is applied, maximum rates for the duty shall be established by the enactment of the President of the Republic of Uzbekistan.
2. Specified rates of duty are determined by representative departments of public authorities on sites.

### **Article 363. Order of estimation and return of duty**

1. Order of estimation and return of duty shall be determined by representative departments of public authority on sites.
2. Duty shall be paid on monthly basis, not later than 25<sup>th</sup> of the month following the reporting month.

## **DIVISION XXIII. SIMPLIFIED ORDER OF TAXATION**

### **CHAPTER 53. GENERAL STANDINGS**

#### **Article 364. General rules of application of simplified order for taxation**

1. Simplified order taxation envisages payment of:
  - 1) the single tax payment;

- 2) the single land tax;
- 3) fixed tax for separate types of entrepreneurial activity.

2. Taxpayers of the single tax payment and the single land tax, carrying out activities on which tax return is established for fixed tax, shall maintain separate accounting on these activities and pay fixed tax in the order envisaged by the article 56 of the present Code.

3. Taxes specified in the item one of the present article shall be paid instead of a group of taxes and mandatory payments envisaged by the present Code, except those listed in the item four of the present article.

4. For payers toward whom simplified order of taxation is envisaged if otherwise is not stipulated by the article 390 of the present Code the following shall be maintained:

1) obligations to pay to the budget and public extra-budget funds:

- profit tax collected at the source of payment in the order, envisaged by the article 166 of the present Code;
- value added tax on works (services), provided (carried out) by non-resident enterprises of the Republic of Uzbekistan in the order specified by the article 208 of the present Code;
- excise tax and production of excise products, if otherwise is not envisaged by the article 365 of the present Code;
- excessive profit tax;
- taxes and mandatory payments for users of mineral resources, if otherwise is not envisaged by the article 365 of the present Code;
- customs payments;
- single social payment;
- state duties;
- duty on the right of retail trade on separate types of goods and provision of separate types of services;
- mandatory payments to public extra-budget funds (except payers of the single tax);
- duty to the Republican Road fund for purchase and/or temporary import of vehicles;

2) obligations on deduction of taxes and mandatory payments at the source of payment.

5. When changing the order of taxation within a tax period, in cases envisaged by the present division, taxpayers shall notify in a written form the department of public tax service under their jurisdiction on the form established by the State Tax Committee of the Republic of Uzbekistan. In this case obligations on payment of taxes and mandatory payments for previous period based on current one for that period of

taxation shall be preserved after taxpayers.

## **CHAPTER 54. SINGLE TAX PAYMENT**

### **Article 365. Taxpayers**

1. Taxpayers of the single tax payment shall be:

1) micro firms and small undertakings, except those specified in the item two of the present article;

2) regardless on the number of employees:

undertakings of trade and public catering;

notaries, having private practice;

legal entities within realization of their activity on organization of lotteries.

2. Single tax payment shall not be related to micro firms and small undertakings that:

1) carries out production of excise goods and extraction of mineral resources taxed for the use of entrails;

2) within the activity on which the tax return of the single land tax is envisaged in accordance with the chapter 55 of the present Code and fixed taxa in accordance with the chapter 56 of the present Code.

3) participant of agreements on the division of products.

3. legal entities shall be considered as micro firms and small undertakings that meets requirements of criteria on the number of employees set by the legislation. At the same time:

1) number of employees is determined based on average annual number of employees for a reporting year;

2) when determining average annual number of employees similarly number of part-time workers is considered and those working on contracts and other agreements of civil-legal nature, as well as number of those working in branches and representations;

3) when considering legal entities as micro firms and small undertakings criteria for number shall be regarded corresponding the major type of activity of legal entities.

4. Trade and catering undertakings with the purpose of taxation, shall include legal entities, whose major types of activity and results of previous reporting year base on trade activity, and activity in the field of catering.

Trade activity is an activity on trade of goods obtained with the purpose of their resale.

The following shall not be considered as activity on realization of goods that are:

products of own production, including realization through firm shops that are not independent legal entities;

commissioners (trustees) on contracts of commissions (letters of trust) including realization of property, subject to registering within the revenue of the State;

undertakings, carrying out preparation and delivery-realization activity.

Under the activity in the field of catering one shall understand cooking, realization and organization of catering and other foods.

### **Article 366. Distinctions of application of the single tax towards micro firms and small undertakings**

1. Micro firms and small undertakings, except those indicated in the item two of the article 365 of the present Code, have the right to chose either the simplified order of taxation, envisaging payment of the single tax or payment of generally established taxes.

2. To transfer to the payment of the single tax, acting micro firms and small undertakings shall notify in a written form on transferring to the single tax not later than one month from the beginning of the next reporting period and those newly established not later than 15 days from the day of registration, the department of public tax authority under the jurisdiction along the form established by the State Tax Committee of the Republic of Uzbekistan.

3. When refusing to return the single tax on voluntary bases micro firms and small undertakings transfer to the payment of generally established taxes, starting from the next period following the reporting period based on notification submitted to the departments of public tax authority within 10 days upon completion of the reporting period.

4. Taxpayers of the single tax that upon a reporting year do not meet the requirements and criteria on the number of employees specified by the article 365 of the present Code transfer to the payment of generally established taxes, starting from the next reporting year based on notification submitted to the departments of public tax authority not later than the term of submission of the annual financial statement.

5. Taxpayers of the single tax payment, specified in the item four of the present article, carry out re-estimation on the single tax payment based on rates for generally established taxes for the previous reporting year, in which they lost the right to pay the single tax payment.

To carry out re-estimation on the single tax payment taxpayers of the single tax submit the following documents to the departments of public tax authority under their jurisdiction not later than the term of submission of estimation for the single tax payment:

- a) estimates on each type of generally established taxes along with form and order envisaged by the present Code;
- b) certificate on computed amounts of generally established taxes along with the form established by the State Tax Committee of the Republic of Uzbekistan.

when exceeding the amount of generally established taxes calculated in general on undertakings over the amount of the single tax payment, the amount of excess is subject to payment to the budget.

When exceeding the estimated amount for the single tax payment over the amount of the generally established taxes estimated in general on undertakings, re-estimations shall not be carried out with the budget.

Carrying out of re-estimation on the single tax payment is implemented without corresponding re-estimations with purchasers of goods (works, services).

In such a case, when estimates and certificate specified in the sub-paragraphs “a” and “b” of this item are provided:

not later than the term of submission of the estimate of the single tax payment on the results of the year financial sanctions shall not be applied;

later than the term of submission of the estimate for the single tax payment on results of the year, financial sanctions shall be applied in the order envisaged by the legislation.

#### **Article 367. Distinctions of application of the single tax payment by undertakings of trade and catering**

1. Legal entities whose major (profile) type activity on results of the previous year is trade activity (activity in the sphere of public catering) shall pay the single tax payment from the beginning of the reporting year in the order, established by the present Code.

Newly established legal entities registered as trade undertakings (of public catering) shall pay the single tax payment from the date of their public registration to the end of the current year and legal entities registered after 1<sup>st</sup> October – to the end of the next year.

2. When legal entities on results of the reporting year do not correspond to conditions, established in the item four of the article 365 of the present Code, then from the beginning of the next year they shall transfer to the payment of generally established taxes, except micro firms and small undertakings, for which the right to choose the order of taxation is preserved.

In this case micro firms and small undertakings, not later than 1<sup>st</sup> February upon completion of a reporting year, in which they stopped meeting conditions established by the item four of the article 365 of the present Code, shall submit notifications on

the choice of the order of taxation along the form established by the State Tax Committee of the Republic of Uzbekistan. The failure to submit of the above notification by the taxpayer by the above term shall be considered as his consent to pay generally established taxes.

### **Article 368. Keeping separated accounting**

1. Taxpayers of the single tax payment involved in several types of activity on which various objects of taxation and/or rates of the single tax payment are established shall keep a separated recording for these types of activity and pay the single tax payment on rates established for corresponding categories of taxpayers, if otherwise is not envisaged in the item two of the present article. In this case, incomes, specified in the paragraph 2 of the second item of the article 370 of the present Code, shall be imposed with the single tax payment on rates established for the major (profile) type of activity.

2. Legal entities carrying out, along with organizations of lotteries, other types of activity on these types of activity shall pay:

single tax payment, or generally established taxes – when they are not related to micro firms or small undertakings;

generally established taxes – when they are not related to micro firms or small undertakings;

### **Article 369. Special standings**

1. Taxpayers of the single tax payment, transferred to the payment of generally established taxes have the right to transfer on recurrent bases to the payment of the single tax payment not earlier than in 12 months, if otherwise is not envisaged by the article 367 of the present Code;

2. Taxpayers transferred from the return of the single tax payment to the payment of generally established taxes are exempted from the return of current payment on the profit tax, the tax on accomplishment and development of social infrastructure, property tax for legal entities for the first quarter in which they transferred to the payment of generally established taxes.

3. Taxpayers of the single tax payment, excluding those indicated in the paragraph 2 of the item of the article 365 of the present Code, have the right to receive deferrals, on payment of the single tax payment up to one year from the moment of their public registration with the payment of deferred amounts within 12 months with even shares upon completion of privilege period in the order envisaged by the legislation.

4. Taxpayers of the single tax payment can pay value added tax on voluntary basis in the case when they carry out collection of duties, taxed for value added tax in accordance with the article 200 of the present Code. To transfer to the payment of value added tax, legal entities shall submit notification to departments of public tax authority under their jurisdiction not later than one month prior to the commencement of the reporting period and those newly established legal entities – before the



beginning of their activity.

5. Refusal from the return of the value added tax to the taxpayers of the single tax payment can be carried out only from the beginning of the regular tax period on the basis of a written notification along the form, established by the State Tax Committee of the Republic of Uzbekistan, submitted to the departments of the public tax authority under their jurisdiction not later than one month prior to the beginning of the next tax period.

6. Estimation and tax return of the value added tax is carried out in accordance with the order established in the division VIII of the present Code.

7. Taxpayers of the single tax payment to the budget are exempted from the return of rental payment for the land plots received on decisions of the Cabinet of Ministers of the Republic of Uzbekistan, the Council of Ministers of the Republic of Karakalpakstan and departments of public authority on sites, excluding for the land plots used in the types of activity, on which established taxes are paid.

### **Article 370. Object of taxation**

1. Objectom of taxation shall be gross proceeds.

2. With the purpose of taxation the gross proceeds shall include:

1) proceeds from realization of goods (works, services) with the deduction of the value added tax (for the taxpayers transferred to the payment of value added tax).

Under the proceeds from realization of goods (works, services) it shall be understood for:

On construction, construction-mounting and maintenance-construction, start-adjusting, project-research and scientific – research organizations – proceeds from correspondingly of works (services) of construction, construction-mounting and maintenance-construction, start-adjusting, project-research and scientific – research organizations works (services) carried out by own efforts;

undertakings of trade and public catering – goods turnover;

legal entities providing property for financial rent (leasing) – amount of interest income from financial lease (leasing);

legal entities providing middleman services on contracts of commission, errand and agent agreements and other contracts on middleman services – amount of award for services provided;

purchase, supply – storage, sale organizations – gross income, estimated as the difference between purchase and sales cost of realized goods;

legal entities within carrying out their activity on organization of lotteries, totalizators and other games based on the risk – gains from distribution of tickets for the game (cards, coupons, vouchers, tickets and other bearers of information) on the price

indicated on them;

2) other incomes envisaged by the article 132 of the present Code, if otherwise is not envisaged by the items four, five of the present article.

3. Gains from realization of goods (works, services) when carrying out long-term contracts is considered within a reporting period on actual gradual fulfillment along with the order, envisaged by items four – seven of the article 130 of the present Code.

4. The following shall not be considered as the object of taxation:

1) deposits received to the authorized capital, amount of exceeding of the price of allocation of own shares above their nominal cost (initial size) and means united for realization of joint activity on the contract of the society in participation;

2) property transferred for inheritance as deposit or share installment to the authorized capital and to the joint activity on the contract of the society in participation;

3) means (property or property rights), received within the deposit to the authorized capital, when leaving (exiting) from the board of authorizers or when distributing the property of an economic subject among its participants;

4) means (property and property rights), received at the rate of a deposit by the participant of the contract on society in participation in case of the return of the share within general ownership of participant of the agreement or division of this property;

5) transfer of the property from the owner to the asset manager on the bases of the contract on asset management;

6) transfer of property to the owner when suspending the contract on asset management;

7) the cost of additionally received the shares by organization – shareholder, that are distributed among shareholders on the decision of a general meeting proportionally to the number of shares owned by them or the difference between the cost of new shares, received instead of initial ones and nominal cost of initial shares of the shareholders as a result of distribution of shares among shareholders when increasing authorized capital of the joint stock company;

8) subsidies from the public budget;

9) received grants;

10) gratis received property, property rights, works and services in case the transfer takes place:

a) based on the enactment of the President of the Republic of Uzbekistan or the Cabinet of Ministers of the Republic of Uzbekistan;

b) from legal entities and physical entities when the authorized capital of the receiving party consists of the deposit of the transferring party for not less than 50 percents;

Property apart from cash assets, indicated in the present paragraph shall not be considered as the object of taxation, if within one year from the day of its receipt this property is not alienated;

11) means received in the form of compensation of earlier deducted expenses and losses;

12) means received as insurance compensation (insurance amount) on contracts of insurance.

5. The gain from the exchange rate difference when reassessing currency assets of the balance shall be the balance between positive and negative exchange rate difference. In case of increasing the amount of the negative exchange rate over positive one, the amount of increase shall not reduce the tax base when estimating the single tax payment.

### **Article 371. Tax base**

1. Tax base shall be gross gains, estimated in accordance with the article 370 of the present Code with the deduction of:

- 1) incomes on public securities;
- 2) incomes received in the form of dividends and interests, subject to taxation at the source of payment;
- 3) incomes received in the form of dividends and addressed to the authorized fund (capital) of the legal entities from which they were received.

When exiting (leaving) from the board of founders or when distributing the property of liquidated legal entities among its participants within a year upon application of the privilege, envisaged by the paragraph 3 of the present item, incomes earlier deducted from tax base are subject to taxation at the source of payment on general basis;

4) incomes of shareholders received in the form of the cost of additional shares or increasing of nominal cost of shares when addressing undistributed profit of previous years towards increase of the authorized capital;

5) incomes of previous years, revealed in the reporting year. These incomes are subject to taxation with carrying out of re-estimations on taxes and other mandatory payments in accordance with the legislation of the period, in which they were established;

6) received grants;

7) cost of returnable recycling containers if its cost was earlier included to the gains from realization of goods (works, services);

8) other operation incomes received:

In the form of discounts from suppliers;

when liquidating fixed assets at the expense of the amount of their complete evaluation, exceeding the amount of previous discounts;

in the form of compensation for earlier deducted expenses and losses;

9) means received in the form of insurance compensation (insurance amount) on contracts of insurance.

2. Besides discounts envisaged in the item one of the present article, tax base shall be reduced for:

a) fuel refilling stations for the amount:

of the tax for consumption of gasoline, diesel fuel and gas for vehicles imposed for

physical entities;

difference between retail price and the price of consumption, exceeding established maximum rate of fuel refilling stations that is subject to transfer to the local budget;

b) legal entities within carrying out their activity on organization of lotteries – amount of winning (prize) fund, but not more than total amount of winnings (prizes) located in distributed tickets;

c) brokers organizations – for the amount of commission duty transferred to the exchange from the amount of the deal;

d) undertakings providing middleman services on the agreements of commissions (errands) – for the amount of customs payments when importing of goods in the share, to realized goods.

3. Tax base, estimated in accordance with the items one and two of the present article shall be reduced by the amount of means transferred:

for the purchase of a new technological equipment, but not more than 25 percents of tax base. Reduction of tax base shall be carried out within five years starting from the tax period, in which introduction of the technological equipment took place;

gratis for installments on mortgage loans and (or) purchase of housing for the ownership of employees from the number of young families but not more than 10 percents of tax base.

### **Article 372. Adjustment of gross gains**

1. Adjustment of gross gains of taxpayers shall be carried out in the cases of:

- 1) full or partial return of goods;
- 2) change of conditions of deal;
- 3) change of price of use of discount by purchaser;
- 4) in case of refusal from executed works, provided services.

2. Adjustment of gross gains, envisaged by the item one of the present article, shall be carried out within annual term and on goods (works, services) under warranty, within the term of the warranty.

3. Adjustment of gross gains in accordance with the present article shall be carried out based on documents confirming cases, indicated in the item one of the present article. In this case the supplier of goods (works, services) carries out the adjustment of gross gains in the order envisaged by items eleven – fourteen of the article 223 of the present Code.

### **Article 373. Concessions**

Legal entities owned by public associations of disabled people, the fund “Nuroni” and the association of “Chernobilzi Uzbekistana” who in overall employ not less than fifty percents of disabled people, veterans of the War and labor front of 1941-1945, except undertakings of trade and public catering, shall be exempted from the return

of the single tax payment. When determining the right to receive the above privilege, under the total number of employees all workers within the staff shall be considered.

#### **Article 374. Tax rate**

1. The rates of the single tax payment shall be established by the enactment of the President of the Republic of Uzbekistan.

2. For exporter-undertakings, whose share of goods (works, services) of own production for foreign currency shall make over 30 percents in total volume of realization of goods (works, services), the rate of the single tax shall reduce by 50 percents. Under the total volume of realization, one should understand the amount of gains received from all types of activity. In this case the share of export is determined by progressive total. This order shall be used both when carrying out export on independent bases, and through the third organizations on the contracts of commission (errand). When calculating the share of export the volume of realization is for the export of cotton fiber, lint, oil, oil products, gas condensate, natural gas, electricity, precious, ferrous and non-ferrous metals.

3. Legal entities, providing services except commercial banks, apply the rate for the single tax payment at the level of 10 percents for the volume of services provided with plastic cards.

#### **Article 375. Tax period. Reporting period**

1. Tax period shall be a calendar year.

2. Reporting period shall be a quarter.

#### **Article 376. Order of estimation, submission of estimations and return of the single tax payment**

1. Single tax payment is estimated based on taxed base and established rates.

2. For taxpayers of the value added tax, the amount of the single tax payment shall be reduced by the amount of the value added tax subject to payment to the budget, but not over than 50 percents from the amount of the single tax payment.

Taxpayers transferred to a voluntary payment of the value added tax not from the beginning of a calendar year, shall be the amount of the single tax payment, in the Reporting period, in which value added tax is estimated.

3. Estimation of the single tax payment shall be submitted to the department of public tax authority under the jurisdiction of registration by progressive total.

1) by micro firms and small undertaking – on quarter bases before 25<sup>th</sup> of the month following the reporting period and on results of the year – on the day of submission of the annual financial statement;

2) undertakings that are not considered as micro firms and small undertakings – on monthly basis, before 25<sup>th</sup> of the month following the reporting period and on results

of the year – on the day of submission of the annual financial statement;

4. Tax return of the single tax payment shall be carried out not later than the term of the submission of the report.

### **Article 377. Registration of tax**

1. Gains received by legal entities resident enterprises of the Republic of Uzbekistan beyond the borders of the Republic of Uzbekistan shall be included into gross gains of taxpayers to the full.

2. The amount of value added tax paid outside of the borders of the Republic of Uzbekistan shall be registered when paying single tax payment of legal entities of the Republic of Uzbekistan in accordance with the international treaties of the Republic of Uzbekistan.

3. The justification of the amount of the profit tax paid abroad shall be a payment notification, certificate of tax department of the foreign state or other document confirming the fact of tax return abroad.

## **CHAPTER 55. SINGLE LAND TAX**

### **Article 378. Taxpayers**

1. Taxpayers of the single land tax shall be:

- 1) agricultural producers;
- 2) experimental – practicing economies of scientific-research organizations of agricultural profile and education – experimental entities of educational establishments.

2. The following legal entities meeting the following requirements, in the purpose of taxation, shall be considered as producers of agricultural goods:

- 1) whose major activity is production of agricultural goods with the use of land plots and processing of the above goods of own production or only production of agricultural goods with the use of land plots;
- 2) have land plots for running agricultural economy provided to them in the established order by departments of public authorities at sites;
- 3) the share of production of agricultural goods and processing of these products shall cover over 50 percents of the total volume of production and processing of agricultural goods including those agricultural goods obtained for realization or processing.

3. Recurrently established producers of agricultural goods meeting conditions, envisaged in the items 1 and 2 of the present article shall be taxpayers of the single land tax from the moment of public registration.

4. The following shall not be considered as taxpayers of the single land tax:

- 1) forestry and hunting economies;

2) dekhkan economies.

**Article 379. Distinctions of application of the return for the single land tax**

1. To apply the order of the return of the single land tax, taxpayers, annually, before 1<sup>st</sup> February of the current tax periods, shall submit a certificate to departments of public tax authority under the jurisdiction of their registration, in which the share of production and processing of agricultural goods of own production in the total volume of production and processing of agricultural goods in previous tax period shall be indicated.

2. When determining the share of production and processing of agricultural goods of own production in the total volume of production and processing of agricultural goods other incomes envisaged by the article 132 of the present Code shall not be considered.

3. When on results of the previous tax period taxpayers of the single land tax do not meet conditions established in the item two of the article 378 of the present Code, then from the beginning of the tax period the taxpayers shall transfer to the payment of generally established taxes or single tax payment.

4. Taxpayers, related to the category of micro firms and small undertakings provide a notification on selection of the order of taxation not later than 1<sup>st</sup> February of the year, following the tax period, in which it stopped corresponding to conditions established in the item two of the article 378 of the present Code. The failure to submit the notification by taxpayers by the appointed term shall be considered as their consent to carry out payments to the budget in the generally established order.

5. Taxpayers, transferred from the return of the single land tax for the payment of generally established taxes shall be exempt from the return of current payments envisaged by the present Code on the profit tax for legal entities and property tax for the first quarter of the tax period, in which they transferred to the payment of generally established taxes.

6. Taxpayers of the single land tax, transferred to the payment of generally established taxes or the single tax payment, have the right recurrently transfer to the payment of the single land tax only starting from the next tax period, in accordance with the order envisaged by the item one of the present article.

7. Agricultural producers of goods, meeting requirements established in the item two of the article 378 of the present Code and experimental-practicing economies of scientific-research organizations of agricultural profile and educational – experimental economies of educational establishments do not have the right to choose other systems of taxation in the activity for which the tax return for the single land tax is valid.

8. When carrying out types of activity not related to the production and processing of agricultural products taxpayers of the single land tax on these types of activity shall maintain separate account.

Micro firms and small undertakings, that preserve the right to choose the system of taxation in accordance with the item one of the article 365 of the present Code, on other types of activities can pay the single tax payment on the rates established for the following categories of undertakings of micro firms and small undertakings, shall transfer to the payment of generally established taxes.

9. For the taxpayers of the single land tax other incomes envisaged by the article 132 of the present Code, except revenues received from joint activity, shall be considered as incomes related to production and processing of agricultural products and shall not be taxed.

10. Revenues from joint activity shall be taxed for the payer of the single land tax on the rates established for taxation of dividends.

### **Article 380. Special standings**

When transferring land plots for rent (including intra-economical contract) the obligation to pay the single land tax shall be preserved after the tenant in life.

### **Article 381. Object of taxation**

Object of taxation shall be the land plot, provided for ownership or rent to maintain agriculture in accordance with the legislation.

### **Article 382. Tax base**

1. Tax base shall be normative cost of land plots subject to taxation, determined in accordance with the legislation.

2. For agricultural goods producers for which normative cost of lands, the tax base shall be the are of land plots subject to taxation.

3. For land plots for which the right of ownership, property, use and rent transferred within a year, the tax base shall be estimated starting from the next month upon emerging of the right for land plots. In the case of reduction of the are of the land plot the tax base shall reduce from the month, in which the reduction of the land plot occurred.

4. When emerging of the rights for privilege of legal entities on the single land tax, the tax base shall be reduced from the month, in which this right emerged. In the case of suspension of the right for the privilege on the single land tax the tax base shall be estimated (increased) from the month, following the one in which this right was suspended.

### **Article 383. Concessions**

1. The following entities shall be exempted from the return of the single land tax:

1) newly established agricultural producers of goods for two years from the beginning of the month, in which the public registration was carried out, in accordance with the



conditions envisaged in the item two of the article 378 of the present Code. This privilege is not valid for farms established on the basis of liquidated farms.

2) voluntary liquidated legal entity – from the day of notification on taking the decision on voluntary liquidation of the department, carrying out public registration. In the case of incompleteness of voluntary liquidation within terms established by the legislation or suspension of the procedure of liquidation and rehabilitation of the activity, the present privilege shall not be applied and the amount of the tax shall be exempted to the full for the whole period of application of the privilege.

2. For agricultural producers of goods – payers of the single land tax similarly concessions on the land tax are valid, envisaged in the item two of the article 288 of the present Code.

#### **Article 384. Rate of the tax**

Rates of the single land tax shall be established by the enactment of the President of the Republic of Uzbekistan.

#### **Article 385. Tax period**

Tax period shall be a calendar year.

#### **Article 386. Order of estimation, submission of estimates and return of the tax**

1. The amount of the single land tax depended on the tax base shall be estimated based on:

- 1) normative cost of land plots and the established rate of the single land tax;
- 2) areas of land plots, of established rate with consideration of location a land plot and adjustment coefficient, considering characteristics of the land plot (rate of soil quality).

2. The estimate of the single land tax shall be submitted to departments of public tax authority at the location of the land plot before 1<sup>st</sup> May of the current tax period.

3. For land plots, provided within a year, the single land tax shall be paid starting from the next month upon provision of the land plot. In case of withdrawal (reduction) of the land plot the return of the single land tax shall be suspended (reduced) starting from the month the withdrawal (reduction) of the land plot took place.

4. When changing the content and areas of land plots within a year and upon emerging (suspension) of the right for concessions on the single tax, taxpayers shall provide specified estimate of the single land tax not later than 1<sup>st</sup> December of the reporting year to the departments of public tax authority.

5. Tax return for the single land tax shall be carried out within the following terms:

- 1) before 1<sup>st</sup> July of the reporting year – 20 percents from the annual amount of the tax;

2) before 1<sup>st</sup> September of the reporting year – 30 percents of the annual amount of the tax;

3) before 1<sup>st</sup> December of the reporting year – remaining part of the tax.

## **CHAPTER 56. FIXED TAX**

### **Article 387. Taxpayers**

Taxpayers of the fixed tax shall be:

1) legal entities and individual entrepreneurs carrying out separate types of activity, taxation of which is carried out based on physical indices, characterizing these types of activity;

2) individual entrepreneurs, excluding those indicated in the item 1 of the present article, carrying out entrepreneurial activity without establishment of legal entities.

### **Article 388. Distinctions of application of the fixed tax by legal entities and individual entrepreneurs, carrying out types of activity**

1. List of types of activity taxed with the fixed tax and physical indices, characterizing these types of activity, shall be established by the enactment of the President of the Republic of Uzbekistan.

2. Taxpayers, carrying out separate types of activity, the taxation of which shall be carried out based on physical indices, characterizing these types of activity do not have the right of choice for other system of taxation in the activity for which the tax return of fixed tax is valid.

3. Legal entities carrying out the activity for which the tax return fixed tax is valid, shall maintain separate account on these types of activity and pay generally established taxes or taxes established by the present division.

4. For legal entities – taxpayers of fixed tax, other incomes envisaged by the article 132 of the present Code, shall not be taxed, except dividends and interest, incomes, received from joint activity and incomes of rent.

Incomes from renting property shall be taxed with generally established taxes or on the single tax payment.

5. Individual entrepreneurs listed in the item 1 of the article 387 of the present Code, carrying out their activity, shall pay fixed tax in the order envisaged by the articles 389 and 390 of the present Code.

### **Article 389. Order of estimation and return of fixed tax by legal entities and international entrepreneurs, carrying out separate types of activity**

1. Object of taxation shall be physical index, characterizing type of activity, for which fixed tax is established.

2. Tax base is determined based on the number of physical indices.

3. Amount of fixed tax is determined based on tax base and established rate.
4. Tax period shall be a month.
5. Estimation of the fixed tax shall be submitted to departments of public tax authority under the jurisdiction of registration:
  - 1) by newly established (starting) entities – not later than 10 days from the day of public registration;
  - 2) by current entities – before 15<sup>th</sup> January of the reporting year.
6. In case of change of the tax object and minimum wage, taxpayers are obliged to provide specified estimation not later than the term of return for a regular payment.
7. Tax return for the fixed tax shall be carried out:
  - 1) by legal entities – on monthly basis, not later than 25<sup>th</sup> of the month following the next reporting month;
  - 2) by individual entrepreneurs – within the terms envisaged in the item six of the article 392 of the present Code.

**Article 390. Distinctions of application of the fixed tax by individual entrepreneurs**

1. Individual entrepreneurs listed in the article 387 of the present Code within carrying out individual activity along with the payment of the fixed tax shall pay:
  - 1) customs payments ;
  - 2) taxes and special payments for users of mineral resources;
  - 3) tax for use of water resources – when using water resources for entrepreneurial activity;
  - 4) excise tax when using excise production;
  - 5) insurance payments to the extra-budget Pension Fund;
  - 6) public fees;
  - 7) duty for purchase and/or temporary import of vehicle spare parts to the territory of the Republic of Uzbekistan.
2. When individual entrepreneurs have taxed property and/or land plot then obligations are preserved after them on payment of property tax for physical entities and/or of land tax for physical entities in the order envisaged by divisions XIII, XV of the present Code.
3. If individual entrepreneurs suspend their activity for a certain period, than before the suspension of the activity, they shall forward a written notification on the temporary suspension of the activity with a simultaneous register of the certificate on the public registration.
4. The registering agency, receiving the notification on the temporary suspension of

the activity of individual entrepreneur and the certificate on the public registration provides information to departments of public tax service at the place of registration on the temporary suspension of the activity of individual entrepreneur along with the form established by the State Tax Committee of the Republic of Uzbekistan.

5. The information on the temporary suspension of the activity of individual entrepreneur received by department of public tax authority and provided by the registering department is a justification for the suspension of estimation of the fixed asset for the period, in which individual entrepreneur shall not carry out his/her activity.

**Article 391. Distinctions of application of fixed tax by individual entrepreneurs carrying out trade**

1. Individual entrepreneurs carrying out sales activity shall keep the record of incomes and operations carried out in the registers of accounting of incomes and sales operations.

2. The register for accounting of incomes and sales operations shall be:

- 1) the Accounting Book of incomes and sales operations of individual entrepreneurs, involved in retail trade activity;
- 2) the Accounting Book of sales checks.

3. Forms of registers for accounting of incomes and sales operations shall be established by the State Tax Committee of the Republic of Uzbekistan.

4. Registers of accounting of incomes and sales on the basis of application shall be registered by department of public tax authority under the jurisdiction of registration of individual entrepreneurs.

5. Registers of accounting of incomes and sales shall be kept with individual entrepreneurs within five years from the moment of making the last record and shall be numbered, stringed together and sealed with the stamp of a corresponding department of public tax authority.

6. Reports on the activity of individual entrepreneurs shall be submitted to departments of public tax authority under the place of jurisdiction:

- 1) by individual entrepreneurs carrying out sales activity, except individual entrepreneurs importing goods for commercial realization – on results of each quarter not later than 10<sup>th</sup> of the month, following the reporting quarter.

**Article 392. Order of estimation and return of fixed tax by individual entrepreneurs listed in the item 2 of the article 387**

1. Fixed tax shall be paid on the rates established by the enactment of the President of the Republic of Uzbekistan depending on the type of entrepreneurial activity and location of the taxpayer.

2. Taxpayers, involved in several types of activity shall pay fixed tax for each type of activity separately on rates established for these types of activity.

3. Estimation of fixed tax shall be carried out by departments of public tax authority under the jurisdiction of the place of registration of taxpayers.

4. Tax return for the fixed tax shall be carried out monthly before 25<sup>th</sup> of the month, in which the activity was carried out on the rates, established at the place of public registration of the taxpayers. When rates of the fixed tax at the place of realization of the activity differ from rates established at the place of public registration, the fixed tax shall be paid on the maximum rate.

## **DIVISION XXIV. DISTINCITONS OF TAXATION OF SEPARATE CATEGOREIS OF TAXPAYERS**

### **CHAPTER 57. DISTINCTIONS OF TAXATIO OF TAXPAYERS WITH PARTICIPATION OF DIRECT PRIVATE FOREIGN INVESTMENTS**

#### **Article 393. General standings**

1. For legal entities applying direct private foreign investments and specialized in production of goods on the list established by the legislation, distinctions of application of concessions on separate taxes shall be envisaged.

2. With the purpose of application of the item one of the present article, under direct private foreign investments shall be understood investments carried out by physical entities, citizens of the foreign state, persons without citizenship and citizens of the Republic of Uzbekistan, permanently residing abroad and by foreign non-Governmental legal entities.

3. Legal entities specified in the item one of the present article shall be exempted from the return of the profit tax for legal entities, property tax of legal entities and the tax for accomplishment and development of social infrastructure, the single tax payment, mandatory payments to the Republican road fund under the volume of direct foreign investments:

- From 300 thousand US Dollars to 3 mln US Dollars inclusive – for the term of 3 years;
- Above 3 mln US Dollars to 10 mln US Dollars - for the term of 5 years.

#### **Article 394. Order of application of concessions**

1. Tax concessions, envisaged by the item three of the article 393 of the present Code, shall be applied under the following conditions:

1) location of legal entities in labor-excessive areas – the Republic of Karakalpakstan, Jizzak, Kashkadarya, Syrdarya, Surkhandarya, Khorezm oblasts

and in the rural areas of Navoi, Andijan, Namangan and Ferghana oblasts;

2) carrying out direct investments by private foreign entities without guarantees of the Republic of Uzbekistan;

3) the share of foreign participation in the authorized capital of legal entities shall be not more than 50 percents;

4) investment of direct private foreign investments upon public registration of legal entities;

5) investment of foreign investments in the form of hard currency or a new technological equipment;

6) transferring of incomes gained as a result of provision of the above concessions within the term of their application for re-investment with the purpose of further development of legal entities.

2. In case of suspensions of the activity by legal entities with participation of direct private foreign investments, having tax concessions one year prior to the expiry of the term for which they were provided, repatriation of profit and export of the capital of foreign investor abroad shall be carried out only upon compensation to the budget of amounts of concessions provided.

3. When revealing inconsistency to conditions envisaged in the present chapter for the period in which legal entities with the direct private foreign investments, that received tax concessions and that did not consist with the established procedures, taxes and mandatory payments shall be paid in the established order with application of penalty sanctions, envisaged in the division IV of the present Code.

#### **Article 395. Notification on the application of concessions**

1. Legal entities consisted to criteria on application of concessions, envisaged by the present chapter, are obliged to notify in a written form a department of public tax authority under the jurisdiction of registration on the date of commencement of application of concessions along with the form established by the State Tax Committee of the Republic of Uzbekistan.

2. When losing the rights for tax concessions within the tax period, taxpayers shall notify in a written form a department of public tax authority under the jurisdiction of registration on the date of losing the rights for tax concessions along with the form established by the State Tax Committee of the Republic of Uzbekistan.

### **CHAPTER 58. DISTINCTIONS OF TAXATION OF JOINT ACTIVITY ON THE CONTRACT OF THE ASSOCIATION IN PARTICIPATION**

#### **Article 396. General standings**

1. Property of participants of the contract of the association in participation used in the joint activity on the contract of the association in participation shall be considered in the balance of each participant as investment into joint activity.

2. Obligations on estimation and payment of taxes emerging with regards to representation of jointly produced product, shall be carried out by the person, carrying out realization of jointly produced goods (trustee). In this case, one of participants of the contract of the association in participation can be only legal entity.

3. Taxation of results of joint activity with participation of legal entities shall be carried out in the order established by articles 397 and 398 of the present chapter. When participants of the contract of the association in participation are individual entrepreneurs, taxation of the joint activity shall be carried out in the order established by article 399 of the present Code.

4. Legal entities carrying out the function of trustee shall conduct separate accounting for objects of taxation and objects related to taxation within joint activity.

#### **Article 397. Order of taxation of joint activity of fiduciary**

1. Fiduciary shall maintain separate accounting for production and realization of jointly produced goods, considering distinctions of taxation of joint activity, envisaged by the present article.

2. Fiduciary shall pay value added tax, excise tax (when realizing excise goods) and mandatory payments on turnovers on realization of jointly produced goods to the public extra-budgetary funds in the order established by the present Code.

3. Fiduciary, who is not payer of the value added tax, is obliged to get registered in a department of public tax authority as a payer of value added tax for joint activity.

4. Fiduciary shall carry out realization of jointly produced goods with registration of invoice along with the order envisaged by the article 223 of the present Code.

5. Income received as a result of joint activity shall be determined as difference between net gains from realization of jointly produced goods with the deduction of mandatory payments to public extra-budgetary funds and the amount of means invested to joint activity by all participants of the agreement of the society in participation.

6. Income received as a result of joint activity shall be distributed among participants of joint activity based on the share of investment for each participant or in accordance with the conditions of the agreement on the society in participation and is included into the content of other incomes from each participant.

7. When suspending the validity of the society in participation and returning the property to participant of this contract, gains received within the size of deposit by each participant shall not be included into the incomes of participant of the agreement on society in participation.

#### **Article 398. Order of taxation of joint activity of a participant of the society in participation**

1. Transfer of the property as investment into joint activity shall be carried out from

the cost agreed among participants (associates) or on balance cost, considered in documents on accounting and shall not be considered as realization of goods (works, services).

2. Value added tax for the property purchased with the value added tax and transferred as investment into joint activity, received from the fiduciary, carrying out the realization of jointly produced goods. In this case the participant on the property transferred for joint activity, does not consider the amount of value added tax. When registration of value added tax on deposited property was carried out earlier, then in the period in which transfer of property for joint activity was implemented, amount of value added tax that earlier was considered, when purchasing this property, shall be reduced.

3. When transferring investment for joint activity on production goods of own production, value added tax shall not be estimated. The amount of value added tax, earlier registered when producing ready made goods shall be subject to adjustment in the order envisaged by the article 221 of the present Code.

4. Participant transferring property for joint activity, when purchasing it with value added tax, regardless from whether this participant is a payer of value added tax or not, shall register invoice on the transferred property indicating value added tax, paid by suppliers when purchasing this property.

5. Invoice, registered on property, transferred for joint activity, shall be a justification for consideration of this amount of tax by fiduciary when estimating value added tax subject to payment to the budget on jointly produce goods.

6. The note "investment into joint activity" shall be made in the line "number and date of trade-freight documents and contracts" in the invoice.

7. Taxation of incomes received from participation in joint activity shall be carried out for each participation within other incomes in accordance with the with the existing order of taxation of participants of the society in participation.

8. In this case, incomes received from the joint activity of participants, payers of the fixed tax (both for legal entities and individual entrepreneurs) and the single land tax, shall be taxed on the rates established for taxing dividends if otherwise is not envisaged by the item nine of the present article.

9. Incomes of individual entrepreneurs including those carrying out joint activity in accordance with the article 399 of the present activity, shall not be taxed in accordance with the item eight of the present article in the case when within their joint activity individual entrepreneurs carry out the type activity, on which the fixed tax was paid in the order envisaged by the article 392 of the present Code.

#### **Article 399. Taxation of joint activity carried out only by individual entrepreneurs**

In case of carrying out of the joint activity on the contract of the society in participation only by individual entrepreneurs, the fiduciary, carrying out realization of



jointly produced goods shall pay the single tax from the gains obtained from realization of this product on rates established for micro firms and small undertakings and excise tax, when jointly produced good is an excise good.

## **CHAPTER 59. DISTINCITONS OF TAXATION OF DEKHKAN ECONOMIES**

### **Article 400. General standings**

1. Dekhkan economies is a family small-scale commodity carrying out their activity on production and realization of agricultural products based on personal labor of members of a family at the subsidiary land plot provided to the head of the family for a life-time inheriting property.

2. The subsidiary land plot shall be provided in the order and sizes established by the legislation to the head of the family for a life-time inheriting property for production and realization of agricultural products both for free sales and the needs of the family as well as for individual housing construction and maintenance of residence house.

### **Article 401. Special standings**

1. The activity shall be considered as entrepreneurial in dekhkan economies and can be carried out on the will of member of dekhkan economies both with and without establishment of legal entities.

2. Dekhkan economies cannot use in its activity employed labor force on permanent basis.

3. Dekhkan economies have the right to be involved in any type of agricultural production not prohibited by the legislation and in processing and realization of agricultural products.

4. Dekhkan economies can carry out external economic activity in the order envisaged by the legislation.

### **Article 402. Order of taxation of dekhkan economies**

1. Dekhkan economies established both with and without establishment of legal entities shall pay taxes in the order envisaged by the present Code for taxpayers – physical entities.

2. Dekhkan economies shall pay the following taxes and mandatory payments:

- 1) land tax from physical entities;
- 2) tax for water resources;
- 3) property tax of physical entities;
- 4) customs payments ;
- 5) the state duty, if otherwise is not envisaged by the division XX of the present Code;
- 6) duty to the Republican road fund for purchase and/or temporary import of vehicles.

3. Along with payment of taxes and mandatory payments envisaged in the item two of the present article, members of dekhkan economies pay insurance fees to the extra-budgetary Pension Fund in the order envisaged by the article 321 of the present Code.

4. In case of carrying out of the activity by members of dekhkan economies not related to production, processing and realization of own agricultural product, they shall be registered as individual entrepreneurs and pay taxes in the order envisaged by the chapter 56 of the present Code.

## **CHAPTER 60. DISTINCTIONS OF TAXATION OF MARKETS**

### **Article 403. General standings**

1. Organization of activity of the market shall be carried out in the order set by legislation by subjects of entrepreneurship established as legal entities.

2. Incomes of markets shall include:

- 1) gains from one-time fee collection;
- 2) other gains.

### **Article 404. One-time fee**

1. One-time fee shall be paid by physical entities carrying out sales of goods, items and products of agriculture at markets, bazaars and other special places for realization of these goods.

2. One-time fee is a fixed payment, collected for everyday of sales from each place of sales or for each unit of goods, items and cattle.

3. In cases, when rental payment shall be paid for a sales spot in the frames of agreement on lease with physical entities, the amount of one-time fee shall be included into rent fee.

4. One-time fee shall be collected from each payer in cash with simultaneous issue of a voucher.

5. Rates of one-time fee are determined by representative departments of public authorities at sites.

### **Article 405. Other gains**

1. Other gains of markets shall include:

- 1) gains from rental of land plots, buildings and erections situated in the territory and in charge of markets;

2) gains from services provided to sellers and purchasers;

3) gains from preparation, purchase and realization of agricultural products (for dekhkan markets) carried out by the administration of the market )or its trade-purchase undertakings);

4) other gains not contradicting legislation;

2. Payment for services to sellers and purchasers for provision of land plots, buildings, erections and other property for the lease to legal entities and physical entities and other services of markets is collected on contractual basis.

3. In this case the amount of lease payment for land plots cannot be less than the rate of land tax from legal entities and cannot exceed three-fold rate of land tax from legal entities in this location.

#### **Article 406. Order of taxation of markets**

1. Incomes of markets specified in the articles 404 and 405 shall not be the subject for taxes and mandatory payments envisaged by the present Code.

2. Markets shall preserve:

1) obligations on payment of the following to the budget and public funds:

- customs payments;
- single social payment;
- state duty;
- duty for the right of retail sales on separate types of goods and provision of separate types of services;
- obligatory deductions to public extra-budget funds;
- duty to the Republican road fund for purchase and/or temporary import of vehicles;

2) obligations on deduction of taxes and mandatory payments at the source of payment.

3. 50 percents of means are transferred to corresponding local budgets at the location of markets in established order from the total amount of incomes of markets. The remaining 50 percents shall be within the authority of the administration and shall be used for current expenses, reconstruction, expanding of the list of goods and improvement of services provided.

4. Information on gained incomes shall be provided by markets to departments of public tax authority at the place of registration on monthly basis not later than 10<sup>th</sup> of the month following the reporting month along with the form established by the State Tax Committee of the Republic of Uzbekistan.

5. Transfer of means to the budget shall be carried out once a month not later than the term of submission of data on gained incomes.

## **CHAPTER 61. DISTINCITONS OF TAXATIO OF LEGAL ENTITIES AND PHYSICAL ENTITIES, CARRYING OUT TOUR-CONCERT ACTIVITY**

### **Article 407. General standings**

1. Legal entities and physical entities carry out their activity on concert – tour activity based on the license issued in the order established by the legislation.
2. Legal entities and physical entities receiving the license for concert – tour activity shall pay the state duty on the rates established by the Cabinet of Ministers of the Republic of Uzbekistan.
3. State duty amount of duties for the review of applications on the license for concert – tour activity shall be transferred to the Fund on development of pop arts within the Council on development and coordination of the national pop arts.

### **Article 408. Order of taxation of legal entities carrying out of tour-concert activity**

1. Legal entities paying the state duty for the right carrying out of concert – tour activity shall be exempted from taxes and mandatory payments envisaged in the article 19 of the present Code on this type of activity, except those indicated in the item two of the present article.
- 2 Legal entities specified in the item one of the present article, including micro firms and small undertakings, shall preserve obligations on the payment of:
  - customs duties;
  - single social tax;
  - mandatory payments to public extra-budgetary funds;
  - duties to the Republican road fund for purchase and/or import of vehicles;
  - taxes and mandatory payments and obligatory payments deducted at the source of payment.
3. When carrying out of their activity by legal entities not related to realization of concert – tour activity, the taxpayer on this type of activity is obliged to maintain separate accounting and pay taxes and mandatory payments envisaged by the present Code. Micro firms and small undertakings, after which on other types of activity the right of choice of the taxation system is maintained in accordance with the item one of the article 365 of the present Code, can pay either the single tax on rates established for corresponding categories of undertakings or generally established taxes.
4. When carrying out of types of activities by legal entities not related to concert – tour activity the state duty shall be paid in the order envisaged by the division XX of the present Code.

### **Article 409. Order of taxation of physical entities carrying out of tour-concert activity**

1. Physical entities paying the state duty for the right to carry out concert – tour activity shall be exempted from the return of the fixed tax on this type of activity.
2. Obligations on payment of the following, indicated in the item one of the present article, shall be preserved after physical entities:
  - 1) customs paymentей;
  - 2) duties to the Republican road fund for purchase and/or import of vehicles.
3. When physical entities paying the state duty for the right of carrying out of concert – tour activity have taxed property and/or land plot, obligations shall be preserved after physical entities on payment of property tax for physical entities and/or land tax for physical entities in the order envisaged by divisions XIII, XV of the present Code.
4. Along with the payment of mandatory payments envisaged in the item two of the present article, physical entities, carrying out card in the order envisaged by the article 321 of the present Code for individual entrepreneurs.

## **CHAPTER 62. DISTINCTIONS OF TAXATION OF LAWYER'S BUREAU, THE BAR, LAWYER'S FIRMS AND LAWYERS**

### **Article 410. General standings**

1. In accordance with the legislation the bar is a non-commercial organization and carries out its activity at the expense of its own means. It is a self-governing organization established on a voluntary will by lawyers, having the license for the right to be involved in the bar's activity to protect rights and legal interests of physical entities and legal entities.

2. Organization formations of lawyers shall be the bar, bar firm and lawyer's advocacy bureau (further "advocatory establishments").

Physical entities, who received the license for the right to be involved in the bar's activity has the right to establish it on voluntary basis with other lawyers (partners) of the bar and firm as well as to be a member (founder) in advocacy firms and the bar.

3. Advocatory establishments obtain the status of legal entities from the day of registration and are maintained at the expense of means (incomes) gained from citizens and legal entities for provided legal assistance.

4. Sources of formation of property of advocacy establishments and expenses for their maintenance shall be determined by the legislation.

### **Article 411. Order of taxation of advocacy establishments**

1. Advocatory establishments as non-Governmental organizations in the activity related to provision of legal assistance by lawyers (advocatory activity) shall be exempted from the return of taxes and mandatory payments envisaged by the article

19 of the present Code, excluding those indicated in the item two of the present article.

2. Advocatory establishments maintain obligations on payment of:

- 1) customs payments;
- 2) single social payment;
- 3) duties to the Republican road fund for purchase and/or import of vehicles;
- 4) taxes and mandatory payments deducted at the source of payment.

3. When carrying out of entrepreneurial activity by lawyers (not related to provision of legal assistance entities) taxes and mandatory payments shall be paid on general basis, envisaged by the present Code for legal entities carrying out entrepreneurial activity.

#### **Article 412. Order of taxation of incomes of lawyers**

1. Amount of honorariums received by lawyers for provision of legal entities shall be taxed with profit tax of physical entities established by the present article.

2. Object of taxation shall be incomes of lawyers.

3. Income of lawyers shall be determined as difference between the amount received for provision of legal assistance by lawyer (honorarium of lawyer) and amount of means transferred for maintaining of advocatory establishment.

4. Tax base shall be determined based on the income of a lawyer, with the deduction of the single social payment, considered in the honorarium of a lawyer.

5. Taxation of incomes of lawyers shall be carried out by advocatory establishments – tax agents, in accordance with the articles 185-189 of the present Code.

### **CHAPTER 63. DISTINCTIONS OF TAXATION OF THE CENTRAL BANK OF THE REPUBLIC OF UZBEKISTAN**

#### **Article 413. Taxation of the Central Bank**

1. The Central Bank of the Republic of Uzbekistan and its enterprises shall be payers of taxes and mandatory payments envisaged in the article 19 of the present Code, except those specified in the item two of the present article.

2. The Central Bank and its enterprises preserve obligations on payment of:

- 1) customs duties;
- 2) single social tax;
- 3) duties to the Republican road fund for purchase and/or import of vehicles;
- 4) taxes and mandatory payments deducted at the source of payment.

President  
Of the Republic of Uzbekistan