Tax Agenda Uzbekistan

February 2025

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No.	Fact	Action
1	**In December 2024, legislative acts updating and amending the tax rules, including the Tax Code of the Republic of Uzbekistan (hereinafter referred to as the "Tax Code of the RUz") were passed. Changes are effective from 1 January 2025 unless stated otherwise.** Some of the novelties provided for by these legislative acts were already announced earlier in 2024 by the relevant Budget Message for 2025-2027 and such changes have now been duly incorporated in the Uzbek legislation. Additionally, some changes not provided for in the Budget Message for 2025-2027 were publicly announced for the first time, while some initiatives from the Budget Message were not reflected in the legislative changes. In this review, we have summarized the changes that we believe to be the most significant ones. However, to review the full list of changes, we recommend reviewing the full text of legislative acts as well as the effective Tax of the RUz. For the value-added tax (VAT): ▪ The turnover from the sale of state property, including vacant non-agricultural land plots based on ownership rights, is exempt from VAT (paragraph 26-1, part 1, article 243 of the Tax Code of the RUz). Additionally, according to amendments to article 256 of the Tax Code of the RUz, buyers of state property are exempt from the functions of a tax agent when purchasing such property. ▪ The procedure for documentary confirmation of the zero VAT rate on exports is simplified (article 261 of the Tax Code of the RUz). Now, to confirm export operations, it is not necessary to submit the customs declaration with the mark of the customs authority releasing the goods for export from the customs territory to the tax authorities. ▪ Information about the crossing of the customs border of the RUz by a vehicle exporting goods will be received by tax authorities through electronic information exchange with customs authorities.	If enacted, such new legislative amendments would have wide-ranging consequences which taxpayers will need to take into account and prepare for. As the changes are enacted into law, it is important for companies to consider the potential impact of the proposed new rules on their business and internal procedures.

Feb Mar Apr May

Use text boxes above the timeline to plan your actions for coming months

Compliance Risk management Cash-flow and ETR impact

No.	Fact	Action
1	▪ Until 1 January 2026, the provision of wagons and containers for rent by operators-residents of the RUz during railway transportation is exempt from VAT. This benefit also applies to rental services provided by operators from 1 November 2024 (article 483 of the Tax Code of the RUz). ▪ It has been clarified that the VAT exemption valid until 1 January 2028 on the turnover from the sale of goods (services) and the import of goods purchased within the framework of projects fully or partially funded by state external debt. Specifically, it has been detailed that the financing must be attracted for infrastructure projects (projects related to electricity, gas, and heat supply, water supply and sewage, water management, road and transport infrastructure, communications, and telecommunications, etc.). Additionally, it has been clarified that this benefit also applies to project participants (article 483 of the Tax Code of the RUz). ▪ Until 1 January 2028, the turnover from the sale of goods (services) and the import of goods purchased within the framework of projects fully or partially financed by state external debt, attracted from international financial institutions and foreign government financial organizations by budgetary organizations, as well as state enterprises and legal entities with a state share of 50% or more in the authorized capital, are exempt from VAT. This exemption applies to infrastructure projects (projects for electricity, gas, and heat supply, water supply and sewerage, water management, road and transport infrastructure, communications and telecommunications, agro-logistics, sanitation, and solid waste management) financed fully or partially by state external debt from international financial institutions and foreign government financial organizations (excluding funds from international financial institutions and foreign government financial organizations refinanced or re-lent through commercial banks of the RUz). This benefit also applies to project participants. ▪ The initiative outlined in the Budget Message to abolish the accelerated VAT refund procedure for large taxpayers was not reflected in the law.	

No.	Fact	Action

2	**For the excise tax:**
	▪ The excise tax on mobile communication services will be abolished (point 8 of article 284 of the Tax Code of the RUz has been deleted).
	▪ Abolish the excise tax exemption on the sale of imported natural gas to consumers and, at the same time, reduce the excise tax rate on natural gas from 20% to 12%. Excise tax is not applied to the import of natural gas (Article 289-3 of the Tax Code of the RUz).
	▪ From 1 April 2025 the excise tax rates on petroleum products will be increased, specifically gasoline, aviation kerosene, diesel fuel, ECO diesel fuel, motor oil for diesel or carburetor (injection) engines, as well as on gasoline, diesel fuel, liquefied and compressed gas sold to the end consumer, by 10%.
	▪ Regarding the excise tax on tobacco products:
	  ▪ The ad valorem part of the excise tax at a rate of 10% on filtered cigarettes is abolished, setting the excise tax rate at 300,000 soums for the domestic market and 330,000 soums for imports, and, starting from 1 July 2025, the excise tax rates on imported and local cigarettes are unified, setting them at 340,000 soums per thousand pieces.
	  ▪ The excise tax on other tobacco products are set for:
	    ▪ cigars at 20,000 soums per piece;
	    ▪ rolling and hookah tobacco products at 600,000 soums per kg;
	    ▪ chewing, snuff, and sucking tobacco at a rate of 382,000 soums per 1 kg;
	    ▪ heated tobacco sticks, heated tobacco capsules, and other products containing tobacco with a similar usage principle at a rate of 450,000 soums per 1 kg;
	    ▪ Nicotine non-tobacco snus at a rate of 154,000 soums per 1 kg;
	    ▪ Nicotine-containing liquid at a rate of 2,000 soums per 1 ml.	

No.	Fact	Action
2	▪ Regarding the excise tax on alcoholic products: ▪ The excise tax rate on local vodka, cognac, and other alcohol products will be indexed by 10% and set at 44,000 soums per liter of alcohol contained in the product. For imported products, the excise tax rate will be reduced by approximately 25 % and set at 76,000 soums. ▪ The excise tax on natural wines is set at 5,000 soums per liter of local wine and 14,000 soums per 1 liter of imported wine, and on other types of wines at 6,000 soums per liter of local wine and 20,000 soums per liter of imported wine. ▪ The excise tax on local beer is set at 2,000 soums per liter and on imported beer at 6,000 soums per liter. ▪ Equalize the excise tax on imported and local ethyl alcohol at 15,000 soums per liter. Additionally, the calculation of the excise tax on grain distillate and the initial fraction of ethyl alcohol used for producing technical alcohol has been clarified. ▪ From 1 April 2025 an excise tax of 500 soums per liter will be introduced on non-carbonated cool teas, fruit juices, stewed fruit produced at an industrial scale, and other non-carbonated sweet drinks containing sugar.	

No.	Fact	Action

3	**For the corporate income tax (CIT):**
	▪ CIT benefits (0%) and turnover tax benefits (0%) on the sale of goods (services) for export are abolished.
	▪ For entities engaged in electronic commerce of goods (work, services), the following rates are established:
	  ▪ 10% (instead of the current 7.5%) for CIT;
	  ▪ 3% (instead of the current 2%) for turnover tax.	

4	**For the subsoil use tax:** ▪ Separate tax rates are established for marble, granite, gypsum stone, gypsum and anhydrite, ganch, etc. ▪ The fixed tax amounts for the volume of raw material extraction for the mining and chemical industry and other non-metallic construction materials are indexed by approximately 10%.	
5	**For the water use tax:** ▪ Index the tax rates applied to the volume of water used by power plants, utility companies, producers of non-alcoholic beverages and alcoholic products (excluding beer and wine), as well as industrial enterprises, by an average of 10%; ▪ For enterprises in other sectors of the economy, the rates will be increased by approximately 2 times.	
6	**For the property tax and land tax:** ▪ The base land tax rates for legal entities and individuals will be indexed by an average of 10%. ▪ Taxpayers for newly constructed multi-storey industrial buildings (except for buildings located in cities, as well as in Zangiata, Kibrai, and Tashkent districts of Tashkent region) pay the amount of the accrued tax using a reduction coefficient of 0.9 to the accrued amount of this tax for a three-story building, 0.8 for a four-story building, 0.7 for a five-story building, 0.6 for a six-story building, and 0.5 for a seven-story or more building from the month of their commissioning for a period of no more than three years.	

No.	Fact	Action

7	**Changes in separate sectors of the economy:**
	
	Technology companies
	
	▪ For the period from 1 February 2025 to 1 January 2030, legal entities that are non-residents of the RUz (except for tax residents of countries that have concluded double tax treaties ("DTT") with the RUz), whose volume of export services exceeds 10 million US dollars during the calendar year, are exempt from paying CIT on the income received from providing services in the field of information technology to residents of the Technological park of software products and information technologies (including those for which royalties are paid).
	    ▪ Note: In the Presidential Decree #157 dated 14 October 2024, which previously announced these changes, the wording of the benefit implied a condition of export revenue amounting to 10 million US dollars for residents of the Technology Park paying income to non-residents. However, the wording introduced into the Tax Code of the Ruz can be interpreted in such a way that the export revenue requirement applies to the non-resident itself, rather than to the resident of the Technology Park. This ambiguity may require further clarification within the framework of law enforcement.
	    ▪ Note: It is also noteworthy that foreign legal entities that are tax residents of countries that have concluded DTTs with RUz may find themselves in a worse position compared to other foreign legal entities to which DTTs cannot be applied. For example, most DTTs with the RUz provide for a withholding tax rate on royalty payments at the level of 5-10%. Such situations are rare in the practice of international taxation.
	
	▪ For the period from 1 February 2025 to 1 January 2040, in relation to revenue in the form of dividends of founders (participants) of residents of the Technological park of software products and information technologies – individuals and legal entities that are non-residents of the RUz, whose export volume constitutes more than 50% of their total income, personal income tax and CIT are calculated at the rates established for residents of the RUz.
	    ▪ Note: The wording introduced into the Tax Code of the RUz can also be interpreted in such a way that the requirement for the share of export revenue applies to the founder (participant), rather than to the resident of the Technology Park. This ambiguity may require further clarification within the framework of law enforcement.
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No.	Fact	Action

7	▪ For the period from 1 January 2028 to 1 January 2040, residents of the Technological park of software products and information technologies are exempt from paying all taxes (except for value-added tax). The tax benefit applies to:
	  ▪ Legal entities whose export volume in activities permitted for residents of the Technological park of software products and information technologies constitutes more than 50% of their total revenue during the calendar year;
	  ▪ Legal entities providing IT educational services, where 50% of graduates over the age of eighteen are employed by exporting enterprises that are residents of the Technological park of software products and information technologies within the calendar year.
	Renewable energy sources
	▪ Profit received from the sale of electricity to the general grid using renewable energy installations with a total capacity of up to 100 kW is taxed at a rate of 0%.
	▪ Land plots not subject to land tax include lands occupied by renewable energy installations with a total capacity of:
	  ▪ Up to 100 kW – for a period of three years from the month of commissioning the renewable energy installations, and when installing solar panels with an energy storage system with a capacity of at least 25 % of the solar panels' capacity – for a period of ten years from the month of commissioning these panels;
	  ▪ 100 kW and more – for a period of ten years from the month of their commissioning.
	Education
	▪ Until 1 January 2030, non-state preschool and general secondary educational organizations are exempt from paying all types of taxes (except for social tax).
	▪ Until 1 January 2030, modern educational and laboratory equipment, computer equipment, software products, educational and scientific-methodological literature, inventory, and material and technical resources not produced in the RUz, imported into the territory of the RUz according to lists formed in the prescribed manner for equipping and supporting the activities of non-state preschool and general secondary educational organizations, are exempt from VAT.
	▪ Until 1 January 2030, foreign teachers and specialists working in non-state preschool and general secondary educational organizations are exempt from paying personal income tax.
	▪ Until 1 January 2030, business entities that employ foreign teachers and specialists are exempt from paying social tax on the labor costs of employees who are foreign teachers and specialists.	

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