



# **Investment Environment of the Republic of Uzbekistan**



# INVESTMENT LEGISLATION

The following laws form the basis of investment environment in Uzbekistan:

➡ **On Foreign Investments,**

➡ **On Investment Activities,**

➡ **On Guarantees and Measures of Protection  
of Rights of Foreign Investors.**



# GUARANTEES & RIGHTS OF FOREIGN INVESTORS

- Stable legislation during 10 years,
- Foreign investments and other foreign assets are not subject to nationalization,
- Free transfer of money resources in a foreign currency into Uzbekistan and from it without any restrictions,



# GUARANTEES & RIGHTS OF FOREIGN INVESTORS

- Foreign investors' incomes derived in Uzbekistan can be re-invested into Uzbekistan or used in any other way at the discretion of a foreign investor,
- Return of foreign investments due to the discontinuance of an investment activity,
- Insurance protection and guarantees against political and other risks.



# INCENTIVES FOR FOREIGN INVESTORS

On March 14, 2007 a special Decree was signed by the President in order to stimulate upgrading and re-equipment.

➡ Tax base reduction for the sum equivalent to the expenditures spent for upgrading and re-equipment **for 3 years**,

➡ Tax exemption from the property tax to re-equipments **for 5 years**.





# TAX INCENTIVES

Foreign investors are exempted from the following taxes & payments:

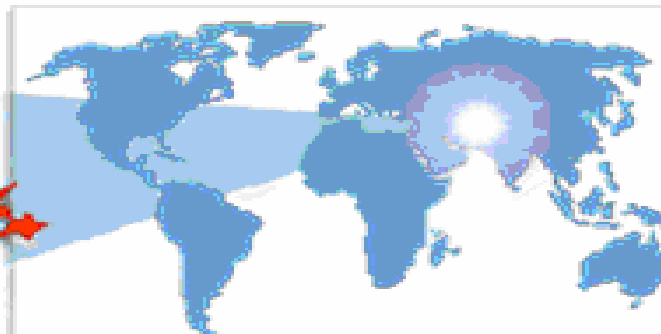
- ➡ Income tax,
- ➡ Property tax,
- ➡ Social infrastructure tax,
- ➡ Unified tax for micro-firms and small enterprises,
- ➡ Mandatory payments to the Road Development Fund.

# TAX INCENTIVES

The specified tax privileges are given at volume of FDI:

- ➡ US\$ 300 thousand – US\$ 3 mln – for the period of 3 years,
- ➡ US\$ 3 mln – US\$ 10 mln – for the period of 5 years,
- ➡ over US\$ 10 mln for the period of 7 years.

# INVESTMENT ENVIRONMENT



## MFN Treatment

With 43 countries, including Japan, Republic of Korea, China, EU countries & US.



# INVESTMENT ENVIRONMENT

## International Agreements



**Bilateral Investment  
Treaties (BIT) with 48 states**



**Treaties for the Avoidance  
of Double Taxation with 51 states**



# **COST FOR MAIN PRODUCTION FACTORS IN UZBEKISTAN**



**Water – US\$ 0,03 / m<sup>3</sup>**



**Natural Gas – US\$ 0,04 / m<sup>3</sup>**



**Electricity – US\$ 0,04 / Kw/h**



**Fuel Oil – US\$ 0,6 / It**

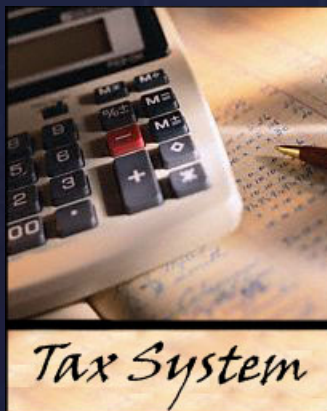


**Diesel Oil – US\$ 0,6/ It**



# NEW TAX CODE

A new revised Tax Code is the Legal Act of the direct action, in which all regulations in the sphere of taxation are systemized.



New Tax Code determines transparent procedures of computation of taxes and their payment in Uzbekistan. This allows to create integrated legal base in the system of tax relations.



# IMPROVEMENT OF INVESTMENT ENVIRONMENT

Work on the new revised Customs Code of the Republic of Uzbekistan, which would become a statutory act of the direct action, is under way.

Several arrangements are made on regulating and strengthening of legislation in banking, audit and insurance.





# IMPROVEMENT OF INVESTMENT ENVIRONMENT

- The further liberalization of a tax policy
- Strengthening of the competitive business environment
- The further development of a market infrastructure
- Increase of share of private sector in economy



# IMPROVEMENT OF INVESTMENT ENVIRONMENT

- The further strengthening of positive investment image of Uzbekistan abroad
- Creation of more favorable conditions for attraction of foreign investments
- Carrying out of an active investment policy

# PRIVILEGES & PREFERENCES



Uzbekistan is a member of FTZ of CIS, that envisages duty free to the 280 mln consumers.

# Enterprises with Participation of Foreign Capital

In Uzbekistan an EPFC can be established in different forms:



partnerships,



limited/additional liability companies,



open/closed joint-stock companies,



subsidiaries,



unitary enterprises





## Legislation of the Republic of Uzbekistan fixes minimal amount of the charter capital for each form of legal entities :

General or limited business partnerships - not less than 50 times the minimum monthly wage (MMW) (approximately USD 1,000);

Open joint-stock companies - not less than the sum equivalent to USD 50,000;

Closed joint-stock companies - not less than 200 MMW (approximately USD 4,000);

Limited or additional liability companies - not less than 50 MMW (approximately USD 1000);

In addition, it should be noted that while establishing of an EFI it is necessary to meet requirements in respect to the minimal size of the charter capital (USD 150,000) and the share of foreign investment must comprise not less than 30% of the charter capital.



# REGISTRATION an EFI & an EPFC

In order to register an EFI with the Ministry of Justice or an EPFC with a local khokimiyat, the following documents must be presented:

- two notarized originals of the foundation documents in state language,

- Bank Warranty on payment of a state due or a registration fee fixed by Legislation of the Republic of Uzbekistan,

- original inquiry on absence of identical ,

- sketches of the company's stamp and seal in triplicate,

- extract from the Trade Register of the foreign founder in a place of registration of a legal entity,

- documents confirming that each founder deposits not less than 30% of the charter capital as an initial payment.



## Governmental decree №180, 02/08/2005.

### Procedure of investment agreements' conclusion and fulfillment.

Investment agreements with the foreign investors are concluded and fulfilled in accordance with the established by the legislation procedure.





Investment agreement stipulates rights, duties and responsibility of subjects of entrepreneurial activity with regard to objects of Investment activity.

The investment agreement is concluded between the Government of the Republic of Uzbekistan *in the person of the Ministry of foreign economic relations, investments and trade of the Republic of Uzbekistan* (MFERIT) and foreign investor.



## **Governmental decree №180, 02/08/2005.**

For preparation of the investment agreement the foreign investor represents to the MFERIT:

-  **draft of the investment agreement;**
-  **basic economic parameters fulfilled on the basis of technical and economic calculation;**
-  **conclusion issued by the Ministry of Justice - regarding legal examination of the draft investment agreement;**
-  **conclusions of the Ministry of finance, the Ministry of economics and the State tax committee.**





## **Governmental decree №180, 02/08/2005.**

Additional guarantees and measures of protection (privileges) are given to foreign investors in each individual case of investment in:



**priority branches providing steady economic growth, progressive structural changes of a national economy;**



**priority projects providing strengthening and expansion of industrial and an export potential of the republic;**



**projects in the sphere of small business which implementation is aimed at raw material processing, manufacture of consumer goods and services, maintenance of employment of the population.**



# WHY TO INVEST IN UZBEKISTAN?

- Political Stability
- Fast Growing Economy and Infrastructure
- Favorable Tax Policy
- Convenient Geographic Location
- Rich Source Of Mineral-raw Materials
- Well Trained Labor Force
- The Best Place To Live



**THANK YOU!**