



# Doing Business Guide in Uzbekistan

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BLACK SWAN  
CONSULTING

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# Foreword



We welcome you to our comprehensive Doing Business Guide in Uzbekistan, the essential resource for foreign investors and businesspeople seeking to exploit the vast potential of our rapidly developing country.

Strategically located at the heart of Central Asia, Uzbekistan boasts a rich history, abundant natural resources, and a highly-qualified workforce. Its geographical advantage enables easy access to major markets of the world, including Europe, Asia, and the Middle East. This prime location makes Uzbekistan an attractive destination for businesses seeking to expand their reach and explore new opportunities.

In recent years, Uzbekistan has embarked on a journey of significant economic and political reforms. The government has introduced numerous initiatives aimed at fostering a conducive business environment, promoting foreign direct investment, and stimulating economic growth. Key reforms include the liberalization of the foreign exchange market, simplification of business registration processes, and the establishment of free economic zones with favorable tax and customs incentives. The country has also made remarkable strides in improving its global ranking in the World Bank's Ease of Doing Business Index (69th in the world). Uzbekistan's commitment to nurturing a thriving business ecosystem is further evidenced by the establishment of various types of technological parks, which provide a range of benefits and incentives for IT and tech companies, as well as the ongoing investments in infrastructure development, renewable energy, and other sectors.

This Doing Business Guide, meticulously prepared by our team of lawyers, aims to provide foreign investors and businesspeople with a comprehensive overview of the legal and regulatory framework in Uzbekistan. We have thoroughly compiled essential information on various topics of business, such as company registration, taxation, labor regulations, intellectual property, immigration and many more, in other words, all the questions we are often asked about by the clients.

As a law firm with extensive experience in assisting clients with their business endeavors in Uzbekistan, our goal is to provide readers with a clear understanding of the legal challenges they may face when doing business here and provide them with the information and tools they need to successfully implement their investment and business strategies.

This guide is intended to be both a general reference for those who are just starting to explore the opportunities offered by Uzbekistan, and a detailed resource for those who already have business experience in the country and want to deepen their knowledge of the intricacies of Uzbek legislation and practice.

We hope this Doing Business Guide will become your trusted companion on your path to success and prosperity in Uzbekistan. Black Swan Consulting is ready to provide you professional support at every stage of your business project in Uzbekistan.

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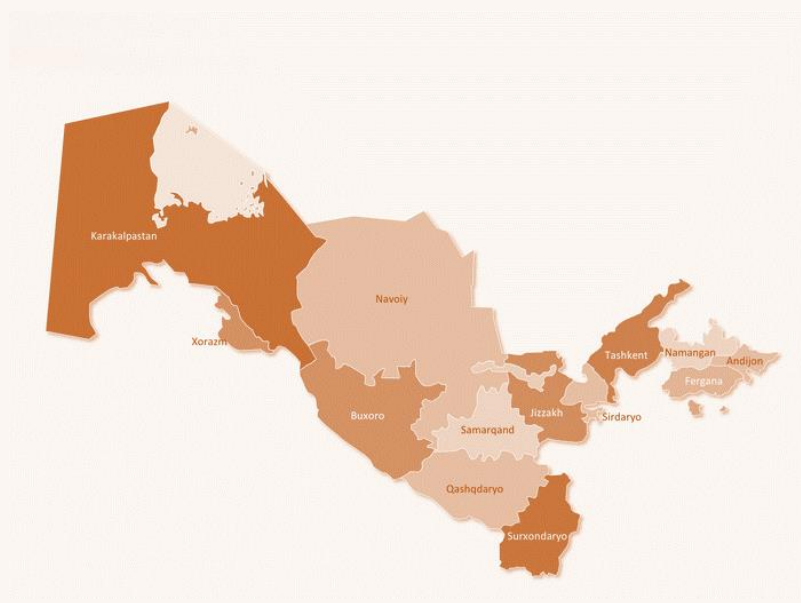
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# General information



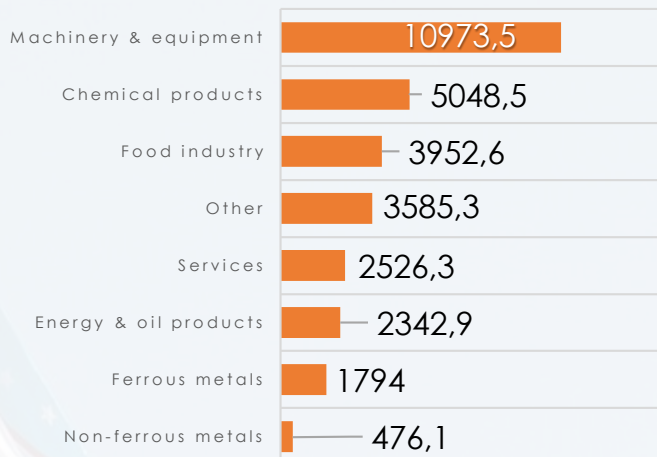
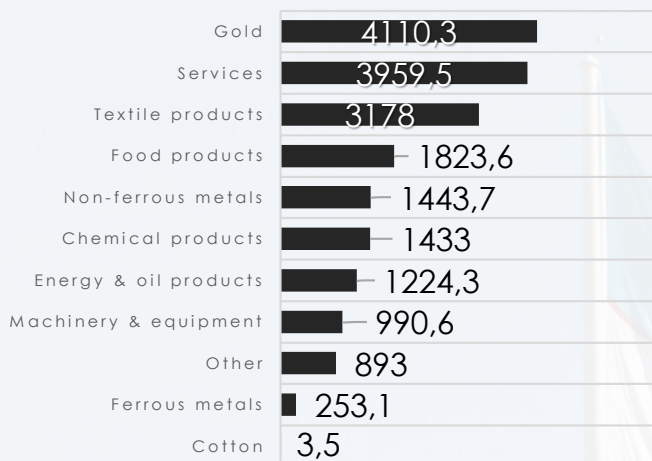
## Statistics

Capital	Tashkent
Population	36,200,000
Area	448,978 км <sup>2</sup>
Government type	Presidential republic
Currency	Sum (UZS)
GDP (nominal)	92 billion USD (2022 г.): <ul style="list-style-type: none"><li>➤ Industry – 26,7%</li><li>➤ Construction – 6,7%</li><li>➤ Services – 41,5%</li><li>➤ Agriculture – 25,1%</li></ul>
GDP (per capita)	2774 USD (2022 г.)
Real GDP growth (annual change in %)	5,3%
Unemployment rate	9%
Inflation rate	11,8%

# Structure of exports and imports of goods and services (2022, USD million)

## EXPORT

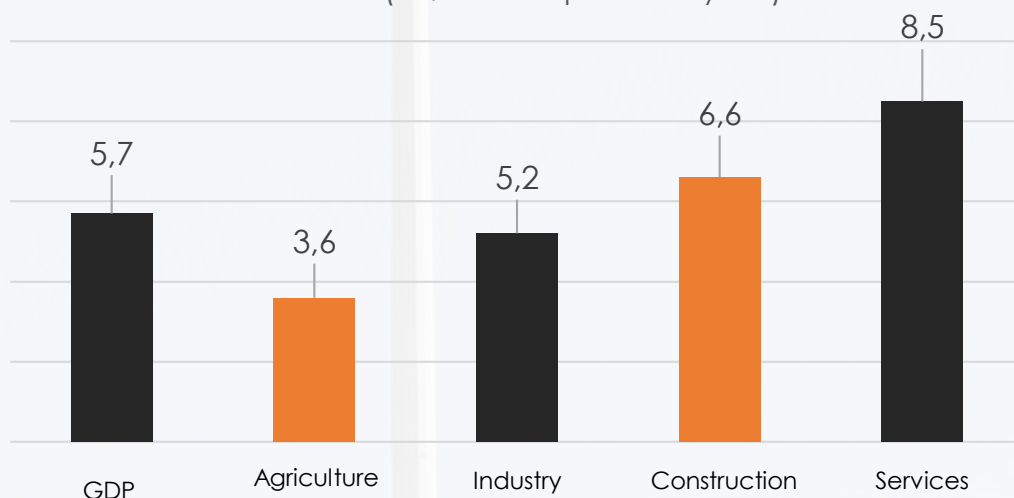
## IMPORT



## Share of largest partner countries

in export		in import	
15,9%	Russian Federation	20,9%	People's Republic of China
13%	People's Republic of China	20,2%	Russian Federation
7,8%	Turkish Republic	10,6%	Republic of Kazakhstan
7,1%	Republic of Kazakhstan	7,5%	Republic of Korea
5,1%	Kyrgyz Republic	5,6%	Turkish Republic

GDP growth rates of the Republic of Uzbekistan (in % to the previous year)







# Starting a business

## 2.1 Choice of Organizational-Legal Form

In Uzbekistan, you can choose one of the several legal forms, such as Limited Liability Company (LLC), Joint Stock Company (JSC), which are the most used forms compared to others. However, there are several differences between these legal forms.

LLCs are generally preferred by foreign investors in addition to national entrepreneurs because of their flexibility and ease of creation, while JSCs are usually used for larger business formats and those who plan to place shares among the population. However, the choice of company type will depend on various factors, including the nature of the business, the number of shareholders and the long-term goals of the company.

## 2.2 Efficient registration process

Setting up a company in Uzbekistan can be done efficiently thanks to the accelerated registration process. All

necessary documents can be uploaded online through a special platform or submitted manually, and the registration can be completed the same day.

## 2.3 Recommendations

It is important to choose the right legal form from the start, as it affects every aspect: from corporate governance to taxation. Early consultation with a lawyer can help ensure that your business is effectively organized and operates in accordance with national law

## 2.4 Tables

Below is a table with the main differences between the two business structures and a table with the preliminary steps to register a legal entity.

Criteria	JSC	LLC
Establishment of a legal entity	The founders conclude an agreement on the establishment of the JSC, approve the charter, the types of shares to be placed among the founders, the amount and procedure of payment	The founders of the company conclude a constituent agreement and approve the charter of the company. The founders of the company elect (appoint) the executive bodies of the company, and also in the case of making non-monetary contributions to the authorized capital (authorized fund) of the company, approve their monetary value.
Liability	Limited to the company's assets	Limited to the company's assets
Minimum authorized capital requirement	No (for certain activities subject to licensing, the minimum authorized capital requirement remains)	No (for certain activities subject to licensing, the minimum authorized capital requirement remains)

Criteria	JSC	LLC
Founders	1 – to unlimited	1 – 50
Alienation of shares	Shareholders have the right to alienate of their shares without the consent of other shareholders and the company, except if the number of shareholders does not exceed 50, the company's charter may provide for a pre-emptive right	The charter may provide for the consent of founders to the alienation of shares in favor of third parties
Supervisory board	Mandatory to have	Not mandatory to have
Issue and registration of shares	Mandatory	Not mandatory
Subsidiaries and affiliates	Can be created in the form of a JSC or LLC	May be established, but, the company may not have as its sole founder another company consisting of one person, except in cases where its sole founder is a joint stock company consisting of one shareholder.
Audit	Mandatory for all JSCs	Not mandatory for small businesses

## Preliminary steps to register a legal entity in Uzbekistan:

1. Select the legal form of the company
2. Decide on a company name and reserve it
3. Select a person for the position of director of the company and conclude an employment contract with him
4. Select the chief accountant or a person replacing him and conclude an employment contract with him
5. Select the location of the company
6. Conclude a lease agreement for non-residential premises
7. Define the economic activities of the company
8. Prepare the design of the corporate seal and stamp
9. Choose a bank to service the company
10. Issue a power of attorney to an authorized representative of the Founder
11. Prepare a package of constituent and other documents for submission to the registration authority



# Tax regimes

In Uzbekistan as of today, based on the requirements of the Tax Code, subjects of entrepreneurship have the right to choose one of the existing tax regimes – general tax regime and special tax regime.

## 3.1 General tax regime.

The following taxes are established on the territory of the Republic of Uzbekistan:

- value added tax – 12%;
- excise tax (applicable in case of excise activities in accordance with the legislation of the Uzbekistan);
- income tax - from 0% to 20% depending on the taxpayer, so for example:
  - banks;
  - taxpayers:
    - who engaged in the production of polyethylene pellets;
    - whose main activity is the provision of mobile services;
      - profit gained from rendering services by markets and trade complexes, pay 20% tax. Taxpayers engaged in electronic commerce in goods (works, services) pay tax at the rate of 7.5%. Income in the form of dividends 5%.
- personal income tax – 12%;
- subsoil use tax - (applied in case of extraction of minerals from the subsoil and (or) extraction of minerals from man-made mineral formations on the territory

of Uzbekistan) the amount is set depending on the group of minerals and the object of taxation;

- special rent tax on extraction of minerals – (applied in case of extraction of precious, non-ferrous and/or radioactive metals, rare and rare-earth elements and (or) extracting them from man-made mineral formations, as well as extracting hydrocarbon raw materials) from 25%;
- water resources use tax – (applied in case of primary water use or water consumption on the territory of Uzbekistan) size is set per 1 cubic meter depending on the taxpayer and taxation object, as well as on the source of water resources 45 sum – 30 500 sum;
- property tax – (applies in case of immovable property in Uzbekistan) 1.5% for legal entities;
- land tax – (applies in the case of land plots on the rights of ownership, possession, use or lease) the size is set per 1 hectare, depending on the region of the republic for legal entities;
- social tax – from 4.7% to 25%, depending on the taxpayer.

### 3.2 Special tax regimes

The following special tax regimes are established for certain categories of taxpayers in the territory of the Republic of Uzbekistan:

- turnover tax – from 0% to 25%, depending on the taxpayer, for example:
  - taxpayers of all sectors of the economy pay tax at a rate of 4%;
  - procurement organizations and individual entrepreneurs who carry out purchasing, sorting, storage and packaging of agricultural products pay tax at a rate of 4% (of sales turnover) or 25% (of gross revenue);
- fixed amount tax – from 20 million sums to 30 million sums;
- special procedure for taxation of participants in production sharing agreements;
- special procedure for taxation of

participants of special economic zones and certain categories of taxpayers;

- special procedure for taxation of certain territories of the Republic of Uzbekistan.

The special procedure of taxation of participants of special economic zones and certain categories of taxpayers shall be established for a certain period of time depending on the investments made and fulfillment of other conditions stipulated by the legislation or investment agreements.

Special tax regimes may provide for exemption from certain taxes, the application of reduced tax rates and other tax benefits.





# Currency regulation

Since Shavkat Mirziyoyev took office as President of Uzbekistan in 2016, the country has been actively liberalizing its monetary policy. This includes the abolition of the mandatory sale of foreign exchange earnings by state-owned companies at the official exchange rate of the Central Bank, simplification of obtaining loans in foreign currency, reduction of taxes on exports and customs duties on imports, as well as allowing citizens to freely exchange national currency for foreign currency in banks and exchangers.

As a result of these measures, the national currency was devalued, which led to an increase in exports and attracting foreign investment into the country's economy. Although the increase in prices for some goods and services was inevitable, the liberalization of monetary policy has become a key step towards modernizing the economy of Uzbekistan and increasing its competitiveness on the world stage, which creates favorable conditions for business development in the country.

## **4.1 Law "On Currency Regulation"**

The Law "On Currency Regulation" of the Republic of Uzbekistan was adopted on October 22, 2019. This law establishes the legal basis for the regulation of currency relations in the Republic of Uzbekistan and defines the procedure for carrying out transactions with foreign currency, including control over their conduct. The law also defines the procedure for the activities of commercial banks in the foreign exchange sector, including the establishment of requirements for banks

and the prevention of illegal transactions with foreign currency. The law also provides for increased liability for violations of currency legislation and the establishment of mechanisms for bringing to justice for violations of the currency regime in the Republic of Uzbekistan.

## **4.2 Settlements on the territory of the Republic of Uzbekistan**

In Uzbekistan, all settlements and payments for goods, works and services are carried out only in the national currency, with the exception of certain cases provided for by law. Tariffs and prices for goods, works and services, including those sold on national electronic trading platforms, as well as the size of the authorized capital of legal entities on the territory of Uzbekistan are set only in national currency. It is not allowed to link prices for goods, works and services to foreign currencies and conventional units.

However, in exceptional cases, when projects are carried out with foreign investments that were attracted within the framework of public-private partnership agreements and investment agreements with the Government of Uzbekistan, prices for goods, works and services may be linked to foreign currencies and conventional units based on decisions of the President of Uzbekistan. State duties, fees and other mandatory payments are charged only in the national currency, with the exception of consular fees.

## 4.3 Payments

Currency transactions are divided into two types: domestic and international (cross-border). Internal operations are carried out only within the Republic of Uzbekistan. International operations, in turn, are divided into current international operations and capital movement operations.

### 4.3.1 Current international operations

Current international operations include:

- all payments to be paid in connection with the conduct of foreign trade, other current activities, including services (works);
- payments payable in the form of interest and other income, including on bank deposits, loans, leasing, as well as in the form of net income from other investments;
- payment of the amount during the repayment period of the credit (loan) in an amount not exceeding twice the amount of the part of the debt received, calculated as the ratio of debt to the number of repayment periods specified in the contract;
- non-commercial transfers.

Non - commercial transfers include:

- transfers between individuals in the amount of up to the equivalent of one hundred million sums;
- payment for goods (services, works) for personal needs;
- payment of salaries, scholarships, pensions, alimony;
- payment of expenses related to the secondment of employees outside the Republic of Uzbekistan;

- payment for education, treatment and tourism;
- payment for the maintenance of diplomatic and other missions of the Republic of Uzbekistan in foreign countries, as well as permanent missions of the Republic of Uzbekistan to interstate or intergovernmental organizations;
- payments related to notarial and investigative actions, as well as payment of the state fee in connection with the consideration of cases in the courts;
- payments of funds based on court decisions, arbitration, as well as investigative and other law enforcement agencies;
- payments for participation in international congresses, symposiums, conferences, sports and cultural events, as well as in other international meetings, exhibitions and fairs, excluding investment and material costs;
- payments related to the burial of the deceased;
- payment of royalties, payment of patent fees and payment of obligations under license agreements in the field of intellectual property;
- contributions to international non-profit organizations.

Residents and non-residents can conduct ongoing international transactions and purchase/sell foreign currency without any restrictions.



### 4.3.2 Capital movement operations

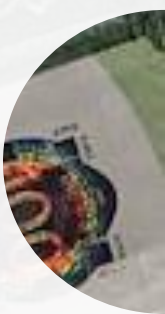
The legislator separately defines a list of capital movement transactions, including all international currency transactions that are not current international transactions. Among these operations are investment activities, obtaining and granting loans, leasing operations, buying and selling real estate, attracting and placing funds abroad, as well as the acquisition of fully exclusive intellectual property rights.

Foreign direct investment transactions and their repatriation, as well as the exercise of rights acquired in connection with them, are carried out without restrictions.

Capital movement transactions related to the acquisition and construction of real estate outside the Republic of Uzbekistan for the needs of diplomatic and other missions are carried out only with the permission of the Cabinet of Ministers.

Also, the following operations are carried out in the presence of a decree of the President of the Republic of Uzbekistan, the Cabinet of Ministers or an international treaty of the Republic of Uzbekistan:

- implementation of investment activities abroad in an amount exceeding the equivalent of 10,000 US dollars ;
- transfer of funds from residents' accounts in banks of the Republic of Uzbekistan for the formation of the authorized capital of foreign enterprises (or equity participation);
- replenishment of their branches abroad with working capital.





# Work permit

In Uzbekistan, the legal regulation and employment of foreign nationals entering the territory of the country is regulated by a number of normative legal acts and the main ones are the following:

- Labor Code of the Republic of Uzbekistan;
- Resolution of the Cabinet of Ministers of the Republic Uzbekistan №86 of 01.03.2022 "On approval of a unified regulation on procedures for issuing individual documents of permissive nature through a special electronic system";
- Resolution of the President of the Republic of Uzbekistan №4008 of 07.11.2018 "On measures to create favorable conditions for the implementation of labor activity in the territory of the Republic of Uzbekistan by qualified specialists of foreign states";

## 5.1 Main rules

When hiring a foreign employee, the employer must obtain a confirmation of the right to work in the territory of the Republic of Uzbekistan for each of the foreign employees in advance (it is recommended to allocate at least 20 working days for the issuance/extension of a work permit and another 10 working days for the issuance/extension of a visa). An application for a permit can be submitted both through public service centers and through an online platform.

A work permit for the first time is usually issued on the basis of a business/employment/service visa for the duration of the employment contract, but not for more than one year (for highly

qualified specialists, this can be up to three years). Foreign citizens have the opportunity to extend the work permit issued to them on the territory of the Republic of Uzbekistan an unlimited number of times.

## 5.2 Should pay attention

A highly qualified foreign specialist, according to the legislation of the Republic of Uzbekistan, is a foreign citizen:

- graduated from a higher education institution that occupies a place among the top-1000 world higher education institutions;
- having at least five years of work experience in the relevant specialty;
- receiving a salary in the amount of the equivalent of at least 60,000 US dollars per year.

A qualified foreign specialist, according to the legislation of the Republic of Uzbekistan, is a foreign citizen:

- having a higher education;
- having at least five years of work experience in the relevant specialty;
- receiving a salary in the amount of the equivalent of at least 30,000 US dollars per year;

Such foreign citizens or stateless persons who are:

- holders of a residence permit;
- holders of an IT visa or persons eligible for it;
- holders of an investment visa or persons entitled to receive it;
- persons who have invested at least 8,500-fold BCU in the Republic of Uzbekistan through the creation of a foreign enterprise and/or the acquisition of shares of economic entities;

- directors and founders of foreign enterprises or joint ventures (only during the first three months of their work);
- working online (remotely) and based outside the Republic of Uzbekistan

have the right to work in the territory of the Republic of Uzbekistan without having a work permit.

Criteria	Obtaining a document of permissive nature for carrying out labor activities
Name of the document	Confirmation of the right to work in the territory of the Republic of Uzbekistan
Category of applicants	Legal entity (employer), individual (employer, foreign citizen)
Authorized body in the field of licensing procedures	Agency for External Labor Migration under the Ministry of Labor and Social Protection
Application fee	1 base calculation unit (hereinafter referred to as "BCU")
Fee for issuing a document of permissive nature	In the amount of: <ul style="list-style-type: none"> <li>• 2 BCU - for highly qualified specialists;</li> <li>• 5 BCU - for compatriots;</li> <li>• 5 BCU - for physicians from other countries;</li> <li>• 30 BCU - for citizens of foreign countries.</li> </ul>
Application processing time	15 days
The term of the document of permissive nature	Employers of <u>highly qualified and qualified specialists, and higher education institutions</u> - for the duration of employment contracts, but for a period <u>not exceeding three years</u> , with the possibility of an indefinite extension, but in each case for one year, but not more;  For foreign citizens - certificates are issued for the duration of the employment contract, but for <u>not more than one year</u> , with the possibility of indefinite extension, but not more than one year in each case.



# Investment law

The Republic of Uzbekistan is a country with great potential for investment, owing to its natural resources, geographical location and favorable investment climate.

Uzbekistan's economy is steadily growing, which makes it one of the most dynamic in the Central Asian region. Active work continues in the country to modernize the economy and develop infrastructure, which opens up new business opportunities.

Uzbekistan has a wide range of investment projects in various industries, such as oil and gas, chemical, textile, agriculture and others. The Government of the country provides various tax and customs benefits to attract foreign investors and create a favorable investment environment.

In addition, Uzbekistan is a transport and logistics hub of the Central Asian region, thanks to its transport routes and modernized ports. This creates new opportunities for the development of trade and transport logistics services.

In general, the Republic of Uzbekistan is a promising region for investment, which offers wide business opportunities and a favorable investment environment.

It is also worth noting that the securities market in Uzbekistan is developing strongly, which opens up new opportunities for investors. In recent years, the Government of the country has been taking steps to improve the regulation of the securities market and create a favorable investment environment. The introduction of new financial instruments and support measures for market participants allows creating additional opportunities for investing in securities and increasing the attractiveness of the market for foreign investors.

## **Law of the Republic of Uzbekistan “On Investments and investment activities”**

The law was adopted in 2019 in order to attract more foreign investment to Uzbekistan and create a more business-friendly environment. The law covers various aspects of investment activity in Uzbekistan and includes the following key provisions:

- **Investment incentives:** The law provides tax and customs benefits for certain investments, as well as other investment incentives, such as land and real estate rentals. Benefits and preferences are provided depending on: the volume of investments, the conditions of the area in which the investment project is being implemented, the expected socio-economic effect and the creation of new jobs, the scope and industry of the investment project.
- **Investment guarantees:** The law guarantees the protection of investors' rights and fair and equitable treatment of investments. It also provides for compensation in case of nationalization or expropriation of investments.
- **Investment disputes:** The Law provides for the settlement of investment disputes through negotiations, mediation or arbitration.
- **Investment protection:** The Law is aimed at protecting the rights of foreign investors in accordance with international law. It also establishes a "one window" for investors to simplify investment procedures.

In general, the Law of the Republic of Uzbekistan "On Investments and Investment Activities" provides a framework for investment activities in Uzbekistan and seeks to create a more attractive investment climate for both local and foreign investors.

This law does not apply to participants of professional activity in the securities market, venture funds, concession transactions, profit sharing agreements, etc.

## **6.2 Participants of professional activity**

Participants of professional activity in the securities market are:

- Investment consultants;
- Investment intermediaries;
- Investment funds;
- Trust managers.

Only legal entities with at least two employees (other than investment funds) who have a qualification certificate of a securities market specialist can be considered professional participants in the securities market. The qualification certificate of a securities market specialist is issued for five years.

### **6.2.1 Investment consultants**

A legal entity that provides consulting services on the issue, placement and circulation of securities, analysis and forecast of the state of the securities market and its participants, transfer agent services, as well as retraining and advanced training of securities market specialists, is an investment consultant.

It is important to note that a legal entity licensed as an investment intermediary and (or) a trustee of investment assets has the

right to provide consulting services on the issue of securities without obtaining a separate investment consultant license. .

The legislation establishes a certain number of requirements and obligations for the activities of an investment consultant.

### **6.2.2 Investment intermediaries**

An investment intermediary is a professional participant in the securities market who carries out transactions and operations with securities on behalf of the client, on behalf of and at the expense of the client.

Broker — an investment intermediary who is a member of the stock exchange, concluding exchange transactions on behalf of the client and at his expense;

Securities and funds of the investment intermediary's clients must be held in accounts separate from the investment intermediary's own accounts, unless otherwise established by the authorized state body for securities market regulation.

The investment intermediary is obliged to keep records of securities and funds of each client, to carry out transactions and operations with securities in accordance with the contract concluded with the client, to report to him on the transactions and operations performed.

The investment intermediary must fulfill the orders of clients to submit purchase and sale orders, transfer securities in good faith and in the order in which they are received. Transactions carried out on behalf of clients are subject to priority execution in comparison with dealer operations of the investment intermediary itself..

The legislation establishes a certain number of requirements and obligations for the activities of an investment intermediary.

### **6.2.3 Investment funds**

An investment fund is a joint-stock company that issues shares in order to attract investors' funds and their investments in investment assets.

An investment fund is created by establishing a new legal entity as a joint-stock company, which is an essential condition for its creation or reorganization of another investment fund. It is not allowed to create an investment fund by reorganizing another legal entity that is not an investment fund.

An investment fund is a commercial organization that owns separate property, including property transferred to it in the

authorized capital. Founders (shareholders) of an investment fund can be both legal entities and individuals. .

The legislation establishes a certain number of requirements and obligations for the activities of the investment fund.

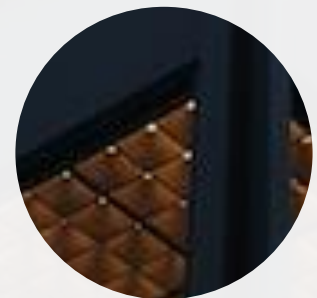
### **6.3 Licensing**

A license to engage in the activities of an investment intermediary and a trustee of investment assets is issued by the Ministry of Finance of the Republic of Uzbekistan.

The activity of an investment consultant is carried out on a notification basis.

For engaging in the activities of an investment intermediary and a trustee of investment assets in violation of the notification procedure, a liability of 200 BCU is established.

For engaging in the activities of an investment consultant in violation of the notification procedure, a liability of 50 BCU is established.







# Free economic zones

In recent years, Uzbekistan has been attracting significant attention from the international business community due to its impressive economic growth and ambitious economic reform agenda. One of the key initiatives that has been implemented to support the country's economic development is the establishment of Free Economic Zones (FEZs). Here, we will provide a comprehensive guide to FEZs in Uzbekistan and explore the benefits they offer for businesses.

## 7.1 Special Economic Zones

FEZs are designated areas within a country's territory where specific incentives and regulations are put in place to attract foreign investment and encourage economic development. The main goal of FEZs is to create a favorable environment for businesses to operate, allowing them to benefit from various tax exemptions, simplified procedures, and infrastructure facilities.

## 7.2 Main regulatory acts

- Law of the Republic of Uzbekistan No. LRU-604 dated 17.02.2020 "On special economic zones";
- Decree of the President of the Republic of Uzbekistan "On measures to further improve the system of coordination and management of the activities of free economic zones" No. DP-5600 dated December 21, 2018
- Resolution of the President of the Republic of Uzbekistan "On additional measures for the accelerated development of the fishing industry" No. RP-3657 dated April 6, 2018.;
- Resolution of the President of the Republic of Uzbekistan "On measures to strengthen coordination and increase the responsibility of ministries, departments, local government bodies for the effective functioning of the activities of free economic zones" No. RP-3175 dated August 7, 2017;

- Resolution of the Cabinet of Ministers of the Republic of Uzbekistan dated January 16, 2018 No. 29 "On measures to implement the resolution of the President of the Republic of Uzbekistan dated October 25, 2017 N RP-3356" On additional measures to improve the efficiency of free economic zones and small industrial zones";
- Resolution of the Cabinet of Ministers of the Republic of Uzbekistan "On measures to further expand the production of import-substituting and export-oriented products in free economic zones of the Republic of Uzbekistan" No. 110 dated February 27, 2017.

## 7.3 Types of special economic zones

According to the Article 9 of the Law of the Republic of Uzbekistan «About special economic zones» special economic zones can be created in the form of:

- free economic zones;
- special scientific and technological zones;
- tourist and recreation zones;
- free trade zones;
- special industrial zones.

### 7.3.1 Free economic zones

Free economic zone is a territory intended for the creation of new production capacities, the development of high-tech production, the active involvement in the development of production of modern competitive, import-substituting, export-oriented finished industrial products, as well as ensuring the development of industrial, engineering and communications, road transport, social infrastructure and services logistics.

### 7.3.2 Special scientific and technological zone

A special scientific and technological zone is a territory on which scientific organizations and other organizations in the field of scientific activity (technology parks, technology distribution centers (technology transfer), innovation clusters, venture funds, business incubators and others) are concentrated in order to develop innovative infrastructure..

### 7.3.3 Tourist and recreational zone

Tourist and recreational zone — a territory that is formed for the implementation of investment projects to create modern tourist infrastructure facilities (hotel complexes, recreational facilities, shopping and entertainment and other tourist facilities), special functional and seasonal recreational areas with the necessary conditions for serving tourists..

### 7.3.4 Free trade zones

Free trade zones include consignment warehouses, territories with special customs and tax regimes, as well as platforms for processing, packaging, sorting, storage of goods.

Free trade zones are formed at border points, airports, at railway junctions or other places of the customs territory of the Republic of Uzbekistan.

### 7.3.5 Special industrial zone

A special industrial zone is a territory in which a special regime of management, economic and financial activity is introduced. Special industrial zones include service and production zones, which are formed by allocating land to create the necessary administrative, scientific, technological, industrial, engineering and communications, road transport and social infrastructure.

## 7.4 SEZs in Uzbekistan

Uzbekistan has established several SEZs across the country to promote economic growth and attract foreign investment. There are currently twenty-two SEZs in Uzbekistan, each with its unique focus and incentives. Below are some of them:

**Navoi FEZ:** Navoi FEZ is located in the Navoi region, which is strategically located at the crossroads of major transport routes connecting Central Asia, China, and Europe. The FEZ is primarily focused on developing industries such as transport and logistics, mining and metallurgy, and chemical production. Navoi FEZ offers investors a range of incentives, including a 10-year tax holiday, simplified customs procedures, and access to a well-developed infrastructure.

**Jizzakh FEZ:** Jizzakh FEZ is located in the Jizzakh region, which is known for its fertile lands and rich natural resources. The FEZ is focused on developing industries such as agriculture, food processing, and light industry. Jizzakh FEZ offers investors a range of incentives, including a 10-year tax holiday, simplified customs procedures, and access to a well-developed infrastructure.

**Angren FEZ:** Angren FEZ is located in the Tashkent region and is focused on developing industries such as electronics, machinery, and construction materials. The FEZ offers investors a range of incentives, including a 10-year tax holiday, simplified customs procedures, and access to a well-developed infrastructure.

**Urgut FEZ:** Urgut FEZ is located in the Samarkand region and is focused on developing industries such as textile production, leather goods, and handicrafts. The FEZ offers investors a range of incentives, including a 10-year tax holiday, simplified customs procedures, and access to a well-developed infrastructure.

## 7.5 Benefits of SEZs for Businesses

FEZs offer businesses several benefits that can significantly enhance their operations and competitiveness. Here are some of the benefits that FEZs in Uzbekistan offer:

**Tax Incentives:** One of the most significant benefits of investing in an FEZ is the tax incentives that are provided. Investors in Uzbekistan's FEZs are exempt from paying taxes such as corporate income tax, property tax, and customs duties for up to ten years.

**Simplified Procedures:** FEZs offer simplified customs procedures, streamlined registration processes, and other administrative procedures that make it easier for businesses to operate in the country.

**Access to Infrastructure:** FEZs in Uzbekistan offer investors access to well-developed infrastructure such as roads, railways, airports, and ports. This infrastructure facilitates transportation and logistics, making it easier for businesses to import and export goods.

**Skilled Workforce:** FEZs are designed to attract foreign investment, which means that there is a skilled and educated workforce available to businesses operating within the zones.

## 7.6 Conclusion

In conclusion, Free Economic Zones in Uzbekistan provide a range of benefits for businesses looking to invest in the country. These zones offer tax incentives, streamlined administrative procedures,

access to infrastructure, and a skilled workforce, making it easier for businesses to operate and expand in Uzbekistan. The establishment of FEZs is part of the Uzbek government's broader economic reform agenda, which aims to diversify the economy and attract foreign investment. As a result, Uzbekistan has seen impressive economic growth in recent years, with GDP growth averaging over 5% annually.

Investing in an FEZ in Uzbekistan can be a lucrative opportunity for businesses, especially those operating in industries such as logistics, mining, agriculture, electronics, and textiles. The Uzbek government has made significant efforts to create a favorable environment for businesses, and the establishment of FEZs is a testament to this. By offering tax incentives, simplified procedures, access to infrastructure, and a skilled workforce, Uzbekistan's FEZs provide an attractive proposition for businesses looking to expand their operations in Central Asia.

Businesses looking to invest in Uzbekistan should consider the opportunities offered by the country's Free Economic Zones. By taking advantage of the incentives and benefits offered by these zones, businesses can establish a strong foothold in the country and tap into its growing economy. With its strategic location, natural resources, and skilled workforce, Uzbekistan is poised to become a major player in the region's economic landscape, and FEZs are a key part of this development.



# IT-Park and benefits

IT Park is a complex of buildings and structures created to support promising startup projects throughout the country, and is an extraterritorial free economic zone for IT companies. It also integrates with scientific and educational organizations and provides active and talented IT professionals with real opportunities to turn their ideas into business projects owing to accounting, legal, marketing and educational support. The Technopark will include an IT academy, an IT University, office buildings, a hotel, a coworking center, a sports complex and an underground parking lot. All buildings will be constructed in accordance with the international environmental construction standard BREEAM.

The purpose of the IT Park is to create favorable conditions and a world-class modern working environment for the development of innovation, innovative culture and entrepreneurial atmosphere for young people in Uzbekistan. Modern complexes that will be created on the designated territory will provide convenient workspaces and IT zones for the development of IT entrepreneurship throughout the country. The creation of an ecosystem for the development and support of innovations will lead to the support of startup projects in this area and assistance in the promotion of software and high-tech products and services in the domestic and foreign markets.

## 8.1 The main activities

The main activities of the Technopark are:

- providing residents of the Technopark with the necessary infrastructure, including modern laboratories, to carry out activities, providing them with financial, marketing, legal and other consulting services, as well as services under acceleration programs;
  - providing support, including on the basis of venture financing, in the implementation of startup projects, assistance to start-ups and small enterprises in the field of information technology in the commercialization of the results of innovative activities;
  - assistance to residents in attracting domestic and foreign investors for joint implementation of projects, including through the transfer of modern technologies and software products;
  - assistance in the mutual integration of the activities of scientific, research, educational and industrial organizations to ensure the continuity of the chain of production of high-tech products and services;
  - organization of training of the population and youth in order to form a modern class of highly qualified specialists in the field of information technology;
  - conducting master classes, trainings and advanced training courses, as well as scientific and practical conferences and seminars in the field of information technology with the involvement of leading companies and specialists.
- creating favorable conditions for the development and production of competitive products and services in the field of information technology, promoting them on domestic and foreign markets, stimulating innovative developments;

## 8.2 Requirements for obtaining the status of a Technopark resident

Legal entities to obtain the status of a resident of the Technopark must meet the following criteria:

- must be registered in the territory of the Republic of Uzbekistan;
- carry out the type (types) of activity in accordance with the list specified in the Resolution of the Cabinet of Ministers of the Republic of Uzbekistan dated July 15, 2019 No. 589 (hereinafter referred to as the "List");
- have economically sound business plans according to the types of activities specified in the List.

## 8.3 List of necessary documents for obtaining residency in the IT-Park:

- Certificate of registration of a legal entity;
- Business plan. The business plan specifies specific measures for the implementation of one or more of the listed activities according to the List, the types of services provided and their scope, the justification for the need for their implementation, the monetization model of the proposed project, the results of the planned financial and economic activities. The form of the business plan and its requirements are approved by the Directorate.

## 8.4 Term of consideration of the application and documents:

The total period for reviewing the application and documents and making a decision on granting the status of a resident of the Technopark is from 25 to 35 days.

## 8.5 Advantages of owning a residence in an IT-Park

Benefits and preferences of a Resident

In accordance with the Decree of the President of the Republic of Uzbekistan dated June 30, 2017 No. УП-5099 "On measures to radically improve the conditions for the development of the information technology industry in the Republic of Uzbekistan", Resolution of the Cabinet of Ministers of the Republic of Uzbekistan dated July 15, 2019 No. 589 "On measures to organize the activities of the technological park of software products and information technologies" and other regulatory legal acts provided the following benefits and preferences:

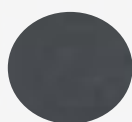
a) Residents of the Technopark:

- exemption from payment of all types of taxes and mandatory contributions to state trust funds, as well as social tax;
- exemption from customs payments (with the exception of customs duties) for imported equipment, components, parts, assemblies, technological documentation, software, not produced in the Republic of Uzbekistan, according to the lists approved in accordance with the established procedure;
- payment of dividends and salaries to its foreign founders (participants) and foreign specialists in foreign currency as part of the proceeds from the export of goods (works, services) by crediting to international payment cards;
- implementation of activities using the virtual office service;

- attracting foreign specialists to work without obtaining confirmation of the right to work in the territory of the Republic of Uzbekistan;
- export via online stores without an export contract;
- application of convenient conditions and forms of payment and settlements for exported services;
- reduction of the amount of monthly deductions to the Directorate by 25 percent when the volume of services exports exceeded by 10 million US dollars for twelve consecutive months and by 50 percent when exceeding by 20 million US dollars.

b) income in the form of remuneration of employees under employment contracts with Technopark residents:

- are taxed on personal income at a fixed rate of 7.5 percent;
- are not included in the total annual income of individuals determined for tax purposes.







國際線 轉口行李 到着 Arrivals  
International Transfer 到着 行李

# Residence permit and IT-visa

## 9.1 Residence permit

**A residence permit** of a foreign citizen and a stateless person is a document confirming the right of a foreign citizen and a stateless person to permanent residence in the Republic of Uzbekistan before the expiration of the validity period specified in it.

The residence permit is valid on the territory of the Republic of Uzbekistan.

**ID card** is a document certifying identity and citizenship, as well as permanent registration of the owner of an identification card in the territory of the Republic of Uzbekistan, containing an electronic carrier (chip) with the personal biographical and biometric data of its owner, issued to a citizen of the Republic of Uzbekistan or a citizen of a foreign state or a stateless person;

## 9.2 Subjects of obtaining a residence permit

A residence permit in the Republic of Uzbekistan is issued to:

- foreign citizens or stateless persons permanently residing in the territory of the Republic of Uzbekistan - upon reaching the age of 16;
- persons who have received a permanent residence permit on the territory of the Republic of Uzbekistan, including persons who have returned to the Republic of Uzbekistan, whose citizenship of the Republic of Uzbekistan has been terminated;

- citizens of the countries specified in Annex No. 6 to the Decree of the President of the Republic of Uzbekistan dated January 5, 2019 No. УП-5611, who have the right to obtain a residence permit in the Republic of Uzbekistan, subject to the acquisition of immovable property in:
  - Tashkent region and Tashkent city - for the equivalent of at least 300,000 US dollars;
  - Samarkand, Bukhara, Namangan, Andijan, Ferghana and Khorezm regions - in the equivalent of at least 200,000 US dollars;
  - In the Republic of Karakalpakstan and other regions of the Republic - in the equivalent of at least 100,000 US dollars;
- persons permanently residing in the territory of the Republic of Uzbekistan, but who have not accepted the citizenship of the Republic of Uzbekistan or whose citizenship of the Republic of Uzbekistan has been terminated.

Citizens of foreign states and stateless persons permanently registered in the Republic of Uzbekistan to obtain an ID card submit to the Department of Migration and Registration of Citizenship (at the location of a foreign citizen and his residence in the Republic of Uzbekistan) a number of documents, including an application form of the prescribed form, a birth certificate, a national passport of a citizen of a foreign state photo and others.

### **9.3 Terms of consideration of the application and the amount of the state fee**

As part of the simplification of registration procedures for foreigners and stateless persons, an automated electronic system "E-Chet el fuqaro" was introduced, which allows foreign citizens and stateless persons to obtain a permanent residence permit in the Republic of Uzbekistan.

The period during which a permit for permanent residence is considered and issued to foreign citizens and stateless persons is 68 working days, including 8 stages of consideration.

For issuing an identification ID card to a citizen of a foreign state and a stateless person permanently residing in the territory of the Republic of Uzbekistan, the applicant pays a state fee of 89% of 1 BCU (1 BCU = 330,000 sums).

### **9.4 Validity period of the residence permit**

The Uzbek residence permit is valid for the period of 5 years. Upon reaching the age of 60, a residence permit for foreigners is issued for the duration of the national passport.

### **9.5 Entry visa**

Foreign citizens of certain countries wishing to stay in the territory of the Republic of Uzbekistan must obtain an entry visa. A bilateral visa-free regime has been established with such countries as Azerbaijan, Armenia, Belarus, Georgia, Kazakhstan, Moldova, Russia, Ukraine (without time limit), Kyrgyzstan (up to 60 days) and Tajikistan (up to 30 days). For more than 70 countries of the world, including Turkey, Germany, France, the UAE, Japan and others, a visa-free regime has been established for foreign citizens to enter the territory of the Republic of Uzbekistan for

up to 30 days. For Chinese citizens (including Hong Kong), a visa-free regime is established for a period of 7 days.

For more than 80 countries, a simplified procedure for issuing tourist visas is available through "e-visa.gov.uz". Foreign citizens can apply to the Ministry of Foreign Affairs of the Republic of Uzbekistan for business visas on the basis of an official invitation from local (Uzbek) business partners.

In addition, foreign citizens and stateless persons who have invested at least 8,500-fold BCU in Uzbekistan by creating a foreign enterprise or acquiring shares of economic entities have the right to obtain a multiple-entry visa for a period of three years.

Foreign citizens and stateless persons are subject to temporary registration at the place of residence upon arrival, except for those who travel around the country and stay in each city / region / village for no more than three days, which must be documented.

Temporary registration must be carried out by the hotel itself when a foreign citizen stays at the hotel. When a foreigner rents an apartment, the owner of the property is obliged to register the foreigner in the territorial subdivision of the internal affairs bodies of the Republic of Uzbekistan. Temporary registration for up to 30 days can be carried out in person or remotely via an online system "emehmon.uz", while temporary registration for a period of more than 30 days must be made in person.

## 9.6 IT visa.

IT-Visa is a category of multiple-entry visa for foreign citizens coming from countries with which Uzbekistan has a visa regime.

**Important!** IT-Visa does not equate and does not guarantee obtaining a residence permit in the Republic of Uzbekistan, and also is not an entry visa.

## 9.7 Subjects of receiving a recommendation for obtaining an IT-Visa

- a foreign investor (or the head of a company acting as an investor) investing in the field of information technology in the territory of the Republic of Uzbekistan;
- a foreign IT specialist whose annual income for the last 12 months in the field of information technology is at least the equivalent of 30 000 US dollars;
- founder (participant) of the Technopark resident legal entity.

## 9.8 IT-Visa Issuing Authority

The IT-Visa is issued by the territorial divisions of the internal affairs bodies of the Republic of Uzbekistan at the place of temporary residence of the applicant on the basis of the recommendation of the IT-Park. At the same time, family members (spouse, parents, children) are issued a guest visa.

IT-Card is a type of recommendation issued by the Directorate of IT-Park to foreign citizens, on the basis of which an IT-Visa is issued for citizens with a visa regime, or only an IT-Card for citizens with a visa-free regime, for the use of benefits and preferences.

## 9.9 IT-Visa Validity period

IT-Visa is issued for a period of up to three years with the possibility of extending its validity without the need to leave the territory of the Republic of Uzbekistan.

## 9.10 Advantages of owning IT-Visa and IT Card

The holder of an IT-Visa and an IT-Card has the right to:

- receive education and medical services on the conditions provided for citizens of the Republic of Uzbekistan;
- without the obligation to re-register at the place of residence to be in any region of Uzbekistan;
- purchase real estate of any value.

\* These conditions also apply to family members, holders of IT-Visa and IT Card.

## 9.11 Getting an IT Visa

When issuing a visa, a foreign citizen, or his authorized person, will have to apply to the district internal affairs bodies for a sticker.



# Personal data

The main regulatory legal acts in the field of personal data are the Law of the Republic of Uzbekistan "On Personal Data" № LRU-547 of 02.07.2019 and the Decree of the Cabinet of Ministers of the Republic of Uzbekistan "On approval of some regulatory legal acts on the processing of personal data" № 570 of 5.10.2022.

## 10.1 Authorized state body in the field of personal data.

The authorized state body in the field of personal data is the State Personalization Center under the Cabinet of Ministers of the Republic of Uzbekistan.

## 10.2 Cases of personal data processing.

Processing of personal data shall be carried out in accordance with the basic principles of the Law.

Personal data is processed in the following cases:

- the subject's consent to the processing of this data;
- the need to process this data in order to fulfill a contract to which the data subject is a party, or to take measures at the request of the data subject prior to the conclusion of such a contract;
- the need to process this data to fulfill the obligations of the owner and/or operator, as defined by law;
- the need to process this data to protect the legitimate interests of the data subject or another person;

- the need to process these data for exercising the rights and legitimate interests of the owner and (or) the operator or a third party, or to achieve socially important goals, provided that the rights and legitimate interests of personal data subjects are not violated;
- processing of these data for statistical or other research purposes, provided that the depersonalization of personal data is mandatory;
- if these data are obtained from publicly available sources.

## 10.3 The purposes of personal data processing

shall be determined by regulatory acts, regulations, constitutive or other documents governing the activities of the owner and/or operator, and must comply with the Law. The purposes for processing personal data must be consistent with the purposes previously stated for their collection, as well as the rights and obligations of the owner and (or) operator. If the purpose of personal data processing is changed, the owner and/or operator must obtain the subject's consent to process their data in accordance with the changed purpose.

## 10.4 Cross-border transfer of personal data

Cross-border transfer of personal data is the transfer of personal data by the owner and (or) the operator outside the territory of the Republic of Uzbekistan.

Cross-border transfer of personal data is carried out on the territory of foreign countries, providing adequate protection of the rights of personal data subjects. At the same time, it should be noted that Uzbekistan currently does not have a list/register of foreign countries that provide adequate protection of the rights of personal data subjects.

Cross-border transfer of personal data to the territory of foreign countries that do not provide adequate protection of personal data may be carried out in cases of:

- subject's consent to cross-border transfer of his personal data;
- the need to protect the constitutional order of the Republic of Uzbekistan, the protection of public order, the rights and freedoms of citizens, and the health and morals of the population;
- stipulated by international treaties of the Republic of Uzbekistan.

### **10.5 Personal database registration**

Personal data bases are subject to registration in the State register of personal data bases. Personal data base registration shall be performed on the application basis by way of notification. Application for

registration of personal data base in the State Register of personal data bases shall be submitted to the authorized state body.

The owner and (or) operator shall notify the authorized state body of each change in the data required for registration of the respective personal data base, no later than ten calendar days from the date of such change.

### **10.6 Special conditions of personal data processing of citizens of the Republic of Uzbekistan**

The owner and (or) the operator, when processing personal data on citizens of the Republic of Uzbekistan using information technologies, including the World Wide Web, must ensure their collection, systematization and storage in databases of personal data on technical means, physically located in the Republic of Uzbekistan and registered in the prescribed manner in the state register of personal data bases.





# Intellectual property

Intellectual property is an important factor in the development of the modern global economic space, and Uzbekistan is no exception. In the context of active globalization and integration of the country into international economic processes, the protection of intellectual property rights becomes increasingly important for stimulating innovation and attracting investment. Uzbekistan places great importance on intellectual property, which is reflected in its national legislation, including the Constitution of the country, and participation in international agreements. Uzbekistan's priorities in the field of intellectual property include stimulating innovation, attracting foreign investment, and developing national producers. The protection of intellectual property rights is an important tool for achieving these goals and ensuring sustainable economic growth of the country.

## 11.1 Intellectual Property Objects

IP objects that are under protection in the Republic of Uzbekistan include:

- Works of science, literature and art;
- Programs for electronic computers and databases;
- Inventions, utility models, industrial designs;
- Undisclosed information, including production secrets (know-how);
- Trade names;
- Trademarks;
- Appellations of origin and other.

The state body responsible for regulation and control in the field of intellectual property is the Department of Intellectual Property of the Ministry of Justice of the Republic of Uzbekistan. A patent attorney exercises the right to represent legal entities and individuals before the Department.

## 11.2 Copyright

Copyright in the Republic of Uzbekistan covers works of science, literature and art that are the result of creative activity. It applies to the form of expression, and not to ideas, principles, methods, processes, systems, methods or concepts as such. Copyright arises automatically from the moment a work is created, and registration of a work is not necessary to obtain copyright.

Copyright objects are:

- literary works;
- musical compositions with or without text;
- audiovisual works;
- works of painting, sculpture, graphics, design and other works of fine art;
- computer programs of all kinds, including application programs and operating systems, which can be expressed in any programming language and in any form, including source code and object code;
- and other works.

Copyright is valid throughout the life of the author and 70 years after his death. The right of authorship and protection of the author's reputation are protected indefinitely.

## 11.3 Patents

The author of an object of industrial property shall have the right to a patent certifying his succession. In the case of independent creation of an object by several authors, the one who first filed an application to the Department receives the priority right to a patent. The validity period of a patent, from the date of filing an application, is: 20 years for an invention, 10 years for an industrial design and 5 years for a utility model.

Legal protection is granted to objects that meet the following criteria: for inventions - novelty, inventive step and industrial applicability; for industrial designs - novelty and originality; for utility models - novelty and industrial applicability. Patent fees are collected for legally significant actions related to the provision of legal protection for industrial property objects.

#### **11.4 Trademarks**

The trademark owner has exclusive rights to use and dispose of it, receiving legal protection after registration. A trademark can be registered to a legal or natural person. The validity period of a trademark certificate is 10 years from the date of filing the application, with the possibility of renewal for a period of ten years.

Counterfeit products are considered to be products with an illegal use of a trademark or similar designation.

#### **11.5 Computer programs and databases**

Copyright protects computer programs and databases created as a result of the author's creative activity, including source code and object code, regardless of their purpose and value. Protection is granted for all kinds of programs expressed in any programming language, as well as for databases created as a result of creative selection and organization of data.

However, copyright does not extend to ideas, principles, interface organization, algorithms, and programming languages. The period of validity of copyright for computer programs and databases is determined in accordance with the rules of copyright established by law.

#### **11.6 International agreements**

Uzbekistan takes part in World Intellectual Property Organization and a number of

international treaties related to the field of intellectual property.

The main of them are:

- Paris Convention for the Protection of Industrial Property
- Berne Convention for the Protection of Literary and Artistic Works
- Madrid Agreement Concerning the International Registration of Marks

#### **11.7 Useful information**

It is important to ensure that all intellectual property rights transfer and licensing agreements are properly registered with the relevant government authorities. Failure to comply with registration requirements may invalidate such agreements.

The author of a service work retains personal non-property rights to his creation, regardless of whether it was created as part of official duties or assignments. However, the exclusive rights to use such a work belong to the employer, unless the contract between the author (employee) and the employer provides otherwise.

The author has exclusive rights to use his work in any form and manner. Property rights are passed on by inheritance. The right of authorship cannot be alienated or transferred. Personal non-property rights to objects of intellectual property are valid for an indefinite period.



# Cybersecurity

In the light of globalization and the growth of the digital economy, cybersecurity is becoming increasingly important for Uzbekistan. In an effort to develop the economy, improve access to education and public services, and promote international cooperation, Uzbekistan is actively developing its information and communication infrastructure. This makes the country more vulnerable to cyber threats and requires enhanced cybersecurity measures. In this regard, in April 2022, Uzbekistan adopted the Law "On Cybersecurity", which regulates all relations in this area.

## 12.1 Law "On Cybersecurity"

This law defines key concepts that were not previously clearly defined by legislation. The main of those are:

- Critical information infrastructure - a complex of automated control systems, information systems and network resources, and technological processes that have important strategic and socio-economic value;
- Objects of critical information infrastructure - information technology systems used in the sphere of state administration and provision of state services, defense, ensuring national security, law enforcement, fuel and energy complex (nuclear energy), chemical, petrochemical industries, metallurgy, water use and water supply, agriculture, healthcare, housing and utilities, banking and financial system, transportation, information and communication technologies, ecology and environmental protection, extraction and processing of strategic minerals, production industry, as well as in other sectors of the economy and social sphere;

Subjects of critical information infrastructure - state bodies and organizations, as well as legal entities that own objects of critical information infrastructure on the rights of ownership, lease or other legal grounds, including legal entities and (or) individual entrepreneurs that ensure the operation and interaction of objects of critical information infrastructure.

## 12.2 Authorized state body in the field of cybersecurity

The President of the Republic of Uzbekistan determines the unified state policy in the field of cybersecurity. The State Security Service of the Republic of Uzbekistan is the authorized state body in the field of cybersecurity.

When carrying out its powers in the field of cybersecurity, the authorized state body has the following rights:

- to use technical installations and services free of charge to take urgent measures to eliminate cyber-attacks;
- to visit state bodies and other organizations, familiarize itself with necessary documents and materials, as well as request and receive information and other necessary documents and materials from state bodies, other organizations, and citizens, conduct their identification and use in investigative actions related to cybersecurity incidents;
- to issue mandatory instructions to cybersecurity subjects for the elimination of causes and conditions that contributed to the commission of offenses that threaten cybersecurity;

- to enter residential premises and other properties of individuals and legal entities, if necessary, by damaging locking devices and other objects, inspect them when pursuing individuals suspected of committing crimes in the field of information technology or if there are sufficient grounds to believe that such a crime is being or has been committed, or if a person is hiding from law enforcement agencies, or if delay may endanger the life and health of citizens, with subsequent notification of the prosecutor within twenty-four hours, as well as with compensation for damage in accordance with the legislation

### **12.3 Cybersecurity subject's responsibilities**

Cybersecurity subjects, in turn, are required to:

- Notify the authorized government agency of cybersecurity incidents and cybercrime, take measures to prevent the loss of relevant digital traces for the complete disclosure of these incidents, and ensure the constant storage of information necessary for the analysis of cybersecurity incidents and investigation of cybercrime;
- Conduct mutual exchange of data with the authorized government agency in the field of protecting and monitoring the safe operation of cybersecurity objects;
- Comply with the cybersecurity requirements determined by the authorized government agency in providing cybersecurity for information systems and resources;

- Provide the authorized government agency with the right to access monitoring systems and/or cybersecurity objects to carry out organizational and technical monitoring measures for ensuring cybersecurity

### **12.4 Support and development in the field of cybersecurity**

State support for cybersecurity entities includes:

- Improvement of the legal framework in the field of cybersecurity;
- Provision of tax and customs benefits and preferences to cybersecurity entities;
- Creation of conditions for attracting funds from economic entities for financing the field of cybersecurity;
- Organization of state procurement in the field of cybersecurity aimed at ensuring guaranteed implementation of products and advanced technologies based on scientific and technical achievements;
- Assistance in the training and retraining of personnel in the field of cybersecurity, as well as in their professional development.



# Cryptocurrencies

Uzbekistan is actively developing a digital economy using distributed data registry technologies, artificial intelligence and crypto-assets. From January 1, 2023, citizens and legal entities can use crypto-assets only through national service providers in accordance with the law. The crypto asset market in Uzbekistan has its own regulatory framework and business opportunities.

## 13.1 Authority regulating the sphere of crypto-assets turnover

In accordance with the Decree of the President of the Republic of Uzbekistan №5120 of 31.07.2017, the National Agency for Project Management (NAPM) was transformed into the National Agency for Prospective Projects (hereinafter - NAPP), and according to the above mentioned Decree, as well as the Decree of the President of the Republic of Uzbekistan №3150 of 27.07.2017 "On the organization of the activities of the national agency of perspective project of the Republic of Uzbekistan " was established that, NAPP is an authorized body for development of the sphere of crypto-assets turnover, licensing of activities and permission procedures.

## 13.2 Main tasks of NAPP

According to the Appendix № 2 to RP-3150 dated 27.07.2017 "On the organization of the activities of the national agency of perspective projects of the Republic of Uzbekistan" the main tasks of the Agency are:

- development and implementation of a unified state policy in the sphere of crypto-assets turnover;
- ensuring the observance of the rights and legitimate interests of in the sphere of crypto-assets turnover;

- participation in the development and implementation of measures to combat the legalization of proceeds from criminal activity, the financing of terrorism and the financing of proliferation of weapons of mass destruction in the sphere of crypto-assets turnover;
- initiating and facilitating the promotion of projects for the implementation of distributed data registry technology and other latest technologies in public administration and various areas of socio-economic development.

## 13.3 Crypto-assets

A crypto-asset is a property right, which is a set of digital records in a distributed data registry, which has a value and an owner.

The use of crypto-assets as a means of payment or receipt of payment is prohibited on the territory of the Republic of Uzbekistan.

Currency transactions related to crypto-assets turnover conducted by persons who have received in the prescribed manner a license to conduct activities in the field of circulation of crypto-assets are not subject to the norms of currency regulation legislation.

## 13.4 Types of crypto-asset trading activities

The types of activities in the field of circulation of crypto-assets are:

- mining;
- activities of service providers in the sphere of crypto-assets turnover.

In turn, the service provider is divided into several types:

- crypto-exchange
- crypto-shop
- mining-pool
- crypto-depository

### 13.5 The subjects in the sphere of crypto-assets turnover

Mining is carried out exclusively by a legal entity using electricity produced by a solar photovoltaic station.

It is also possible to use electricity with connection to the unified electronic energy system. But in this case, the payment for the consumed electricity is carried out using a coefficient of 2 to the established tariff.

Service providers can only be legal entities - residents of the Republic of Uzbekistan.

### 13.6 Licensing

Mining on the territory of the Republic of Uzbekistan does not require a license, this type of activity is subject to mandatory registration by the Agency.

The activities of a service provider in the sphere of crypto-assets turnover are subject to mandatory licensing.

Licensing of the activities of service providers is carried out by the NAPP.

The license is issued separately for each type of service provider, for an indefinite period. The transfer of a license to another legal entity is prohibited. The applicant pays a state fee for issuing a license.

The amount of state fee for issuing a license to carry out the activities of service providers in crypto-assets turnover sphere was determined in the following amounts of multiples of the basic calculation units (hereinafter – BCU), valid on the date of payment, for:

- crypto-exchange – 73 400 BCU;
- mining-pool – 1 900 BCU;
- crypto-depository – 18 400 BCU;
- crypto-shop – 2 600 BCU.

### 13.7 Charges

In accordance with the Decree of the NAPP, the Ministry of Finance of the Republic of Uzbekistan, the State Tax Committee of the Republic of Uzbekistan dated September 28, 2022 “On approval of the regulation on establishing the amount of fees for carrying out activities in the field of circulation of crypto-assets, the procedure for their payment and distribution” legal entities engaged in mining and activities of service providers in the sphere of crypto-assets turnover pays charges for this type of activity.

The charges are set at a multiple of the BEU in effect on the date of payment for service providers for activities as follows:

a) for miners' activities - 10 times the BCU;

b) by service providers:

- crypto-exchange – 400 BCU;
- mining-pool – 100 BCU;
- crypto-depository – 5 BCU;
- crypto-store – 20 BCU

Fees are payable on a monthly basis. Monthly fees for crypto-assets turnover start from the moment the license or authorization documents are obtained in accordance with the law.

If the license or permit is obtained before the 20th of the current month, the fee is paid in full for the current month. If the license or permit is received after the 20th of the current month, the fee begins on the first day of the next month.



### 13.8 The main legal acts regulating the sphere of circulation of crypto-assets on the territory of the Republic of Uzbekistan:

- RP-3926 dated 02.09.2018 "On measures to organize the activity of crypto exchanges in the Republic of Uzbekistan";
- RP-3832 dated 03.07.2018 "On measures to develop the digital economy and the sphere of crypto-assets turnover in the Republic of Uzbekistan";
- RP-3150 27.07.2017 "On the organization of the activities of the national agency of perspective projects of the Republic of Uzbekistan";
- Resolution of the National agency for project management №3309 dated 09.06.2021 "On approval of internal control rules to combat against legalization of crime proceeds, terrorist financing and the financing of weapons of mass destruction for persons engaged in crypto-assets turnover";
- Order of director of the NAPP №3380 dated 15.08.2022 "On the approval of regulations on the procedure of licensing the activities of service providers in the sphere of crypto-assets turnover";
- Order of director of the NAPP № 3379 dated 15.08.2022 "On approval of the rules of trading in crypto-assets on the crypto-exchange";
- Order of director of the NAPP №3395 dated 31.10.2022 "On approval of the rules of crypto-shop activities";
- Order of director of the NAPP №3397 dated 28.11.2022 "On approval of the regulations on the order of issue, registration of issue and crypto-assets

turnover by residents of the Republic of Uzbekistan";

- Order of director of the NAPP № 3409 dated 30.12.2022 "On approval of the regulations on the registration of participants in the special regulatory regime in the sphere of crypto-assets" (Regulatory sandbox).

### 13.9 Taxation

Transactions of legal entities and individuals related to crypto-assets turnover, including those carried out by non-residents, are not subject to taxation, and income received on these transactions are not included in the taxable base for taxes and other obligatory payments.

### 13.10 Regulatory Sandbox

In Uzbekistan for pilot projects the special regime is carried out according to which special organizational and legal conditions for legal entities introducing technologies in the sphere of crypto-assets turnover are created, privileges in legal relations arising in the process of approbation and introduction in practice of pilot projects are provided. A participant of this regime may carry out experiments on implementation of pilot projects in a limited environment without risk of violation of the current legislation.



# Judicial system & ADR

As the country continues to open up to foreign investment, it is important for investors to be aware of the legal system in Uzbekistan and the options available for resolving disputes. Further we will explore judicial system and alternative dispute resolution (ADR) options available in Uzbekistan.

## 14.1 Overview of Uzbekistan's Judicial System

The judicial system in the Republic of Uzbekistan shall consist of:

- Constitutional Court of the Republic of Uzbekistan;
- Supreme Court of the Republic of Uzbekistan;
- military courts;
- Courts of the Republic of Karakalpakstan, regional and Tashkent city courts;
- Administrative court of the Republic of Karakalpakstan, administrative courts of regions and the city of Tashkent;
- inter-district, district, city courts for civil cases;
- district, city courts for criminal cases;
- inter-district, district, city economic courts;
- inter-district administrative courts.

If a dispute arises, the party intending to file a lawsuit has questions about which court to apply to for consideration of the case, as well as alternative dispute resolution mechanisms. According to Article 25 of the Economic Procedure Code (EPC) of the Republic of Uzbekistan, the Economic Court has jurisdiction over:

- cases on disputes, arising in the economic sphere from civil, administrative and other legal relations between legal persons and citizens engaged in entrepreneurial activities without forming a legal person and having the status of an individual entrepreneur, acquired in the manner

prescribed by law, as well as citizens who are parties in the consideration of cases on corporate disputes;

- cases on establishment of the facts having legal meaning for arising, changing or termination of the rights of legal persons and individual entrepreneurs in economic sphere;
- bankruptcy cases;
- cases related to arbitration proceedings;
- cases on corporate disputes;
- cases on investment disputes;
- competition-related cases;
- cases on recognition and enforcement of foreign court judgments and arbitral awards.

The court also has jurisdiction over cases on disputes with participation of citizens, who have lost the status of an individual entrepreneur, in cases where the relevant claims arise from their previous business activities.

Court considers cases under its jurisdiction with participation of legal entities and citizens of the Republic of Uzbekistan, as well as foreign legal entities, international organizations, foreign citizens, and stateless persons, who carry out entrepreneurial activities, unless otherwise provided by an international treaty of the Republic of Uzbekistan.

Disputes arising from economic agreements between State administration bodies and local State authorities are considered by the Supreme Court of the Republic of Uzbekistan.

## 14.2 Summary proceedings

Claims to economic courts can be considered in the order of general rules and summary proceedings. Cases on claims, where the value of the claim against legal entities does not exceed twenty times the base calculated value (BCV), and against individual entrepreneurs does not exceed five times the BCV, shall be considered under summary proceedings procedure. Decisions on such cases will have to be executed immediately on a voluntary basis, otherwise a writ of execution will be issued with subsequent enforcement. These were amendments of the Supreme Court to the Economic Procedural Code in connection with the adoption of additional measures to improve the country's rating in the annual report of the World Bank and the International Finance Corporation "Doing business".

## 14.3 Alternative Dispute Resolution in Uzbekistan

Alternative dispute resolution (ADR) refers to any method of resolving disputes outside of the traditional court system. ADR methods include mediation, arbitration, and negotiation.

### 14.4 Mediation

Mediation is a voluntary process where a neutral third party (the mediator) facilitates communication between the parties in a dispute to help them reach a mutually acceptable solution. In Uzbekistan, mediation is used as an available form of ADR. According to the article 18 of the Law on mediation of the Republic of Uzbekistan in the event of a dispute involving a state body, the state body should take measures to apply mediation.

## 14.5 Arbitration

Arbitration is a process where a neutral third party (the arbitrator) makes a binding decision on a dispute after hearing evidence and arguments from both sides. In Uzbekistan, arbitration is also considered as a method of ADR. There are two arbitration centers in Uzbekistan, including the Tashkent International Arbitration Center and International commercial arbitration court under the Chamber of Commerce and Industry of the Republic of Uzbekistan.

Uzbekistan is also a party to the New York Convention of 1958 on the Recognition and Enforcement of Foreign Arbitral Awards, which means that foreign arbitral awards can be recognized and enforced in Uzbekistan. This is an important consideration for investors who may be doing business with foreign companies.

## 14.6 Statistics of cases related to arbitration and foreign arbitration courts in the first instance of the Tashkent City Court for the first 6 months of 2022

On the cancellation of the decision of the arbitration court were seen 13 cases, from which 4 is satisfied, 7 rejected and 2 cases in which the proceedings are completed. On the issue of a writ of execution for the mandatory execution of the decision of the arbitration court were seen 250 cases, from which 243 is satisfied, 3 rejected, 2 left without seeing and 2 cases in which the proceedings are completed. In recognition of the decision of the foreign state court or arbitration and on the consideration of enforcement were seen 9 cases, all of which are satisfied. On the execution of the assignment of the foreign state court were seen 47 cases, from which 34 is satisfied, 12 rejected and 1 left without seeing.

## 14.7 Negotiation

Negotiation is a process where the parties in a dispute try to reach a mutually acceptable solution through direct communication. This is the least formal method of ADR and can be done without the involvement of a neutral third party. Negotiation is a common method of resolving disputes in Uzbekistan, particularly in the business community.

## 14.8 Choosing an ADR Method

When deciding which ADR method to use, there are a number of factors to consider. The first is the nature of the dispute. Some disputes may be more suited to mediation or negotiation, while others may require the binding decision of an arbitrator.

The second factor to consider is the cost and time involved in each method. Mediation and negotiation are typically less expensive and quicker than arbitration, which can involve significant legal fees and take several months or even years to resolve.

The third factor to consider is the enforceability of the decision. Arbitration

awards are generally easier to enforce than mediated agreements or negotiated settlements, particularly in countries where the legal system may be less reliable.

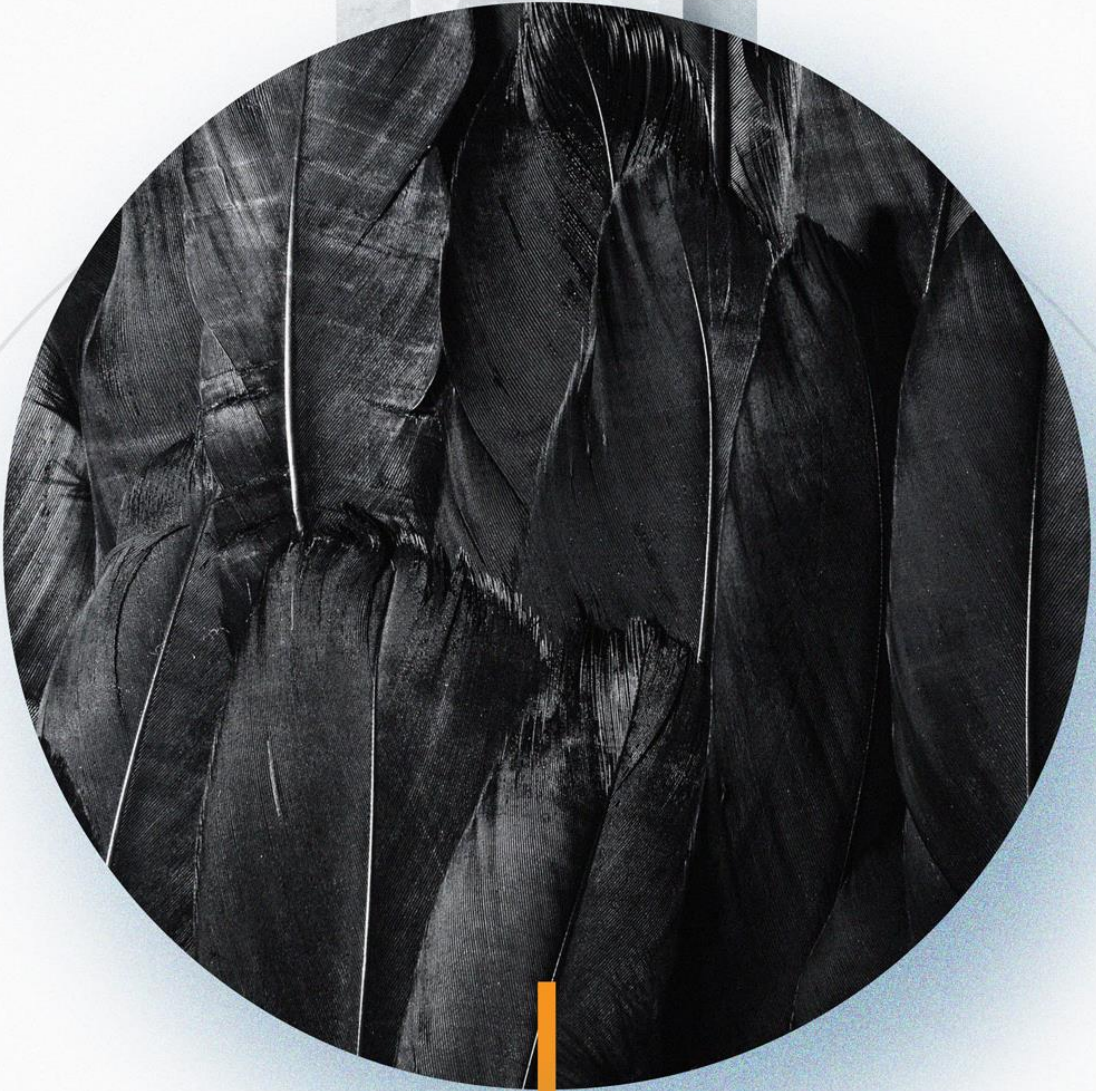
## 14.9 Conclusion

Alternative dispute resolution is an important consideration for investors doing business in Uzbekistan. While the court system in Uzbekistan can be slow in resolving some cases, ADR methods such as mediation, arbitration and negotiation can offer faster and more effective resolution of disputes. When choosing an ADR method, it is important to consider the nature of the dispute, the cost and time involved, and the enforceability of the decision. By being aware of these options and considering them when disputes arise, investors can protect their interests and ensure that their business dealings in Uzbekistan are successful.





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