

UZBEKISTAN'S BIGGEST OPPORTUNITIES IN 2024: TAX UPDATE

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19th March, 2024



Mazars: what we do in Uzbekistan

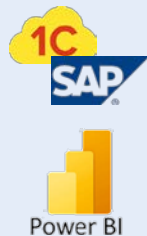
Services tailored to the needs of our clients

Audit & Assurance



- IFRS and local GAAP audit
- IFRS statements preparation
- Trainings

Consulting



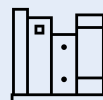
- Accounting & Reporting Processes Set up
- Management Reporting Automation in Power BI
- IFRS 9, IFRS 16 Automation

Financial advisory



- Business valuation
- Transaction support
- Financial due diligence
- Financial modeling
- Model review

Outsourcing



- Accounting
- Tax compliance
- Payroll
- HR compliance

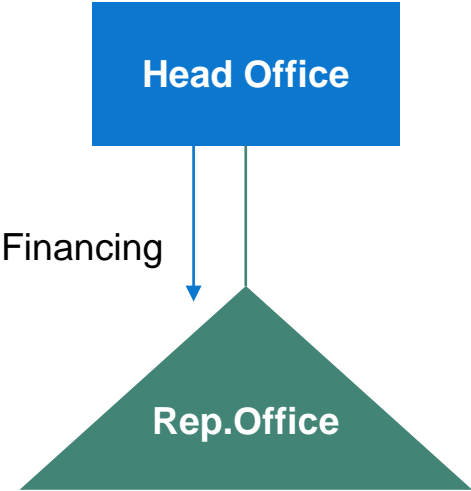
Tax



- Set-up assistance
- Tax consulting
- Tax due diligence
- Transfer pricing
- Liquidation support

Structuring Set-Up: Simplified Scheme

Structure 1



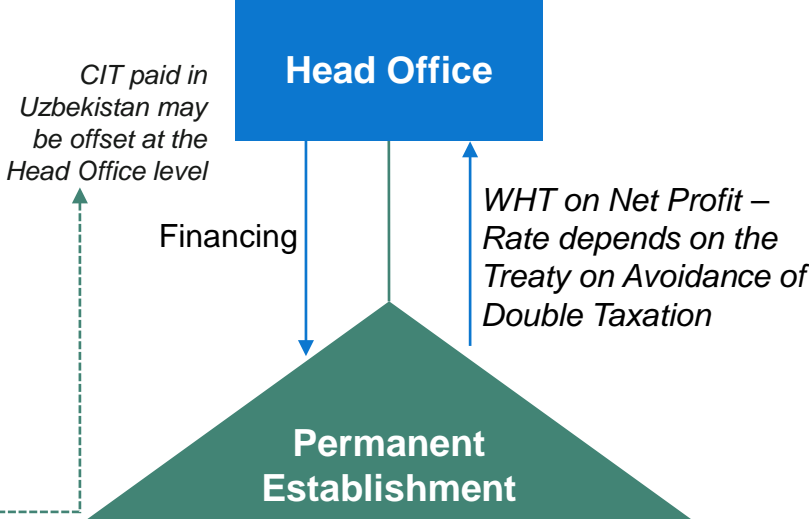
Business model:

- No commercial activity in Uzbekistan
- Market research period

Tax regime:

- Payroll taxes only

Structure 2



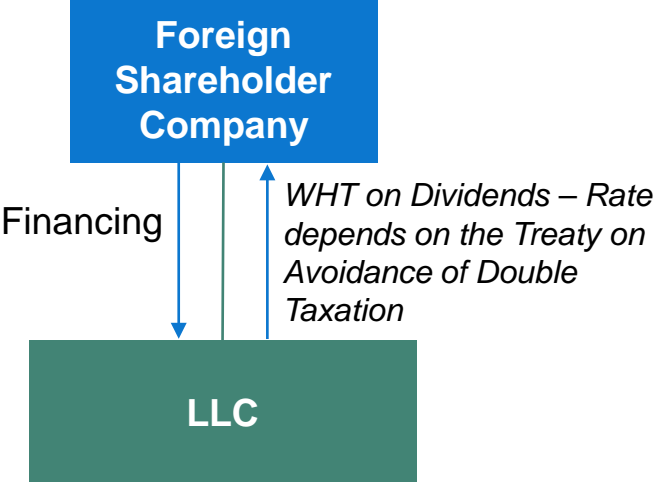
Business model:

- Services/Works by staff based in Uzbekistan
- Popular in Construction/Infrastructure projects, for EPC contractors

Tax regime:

- 15% CIT: Onshore Income – Onshore costs
- 12% VAT: Onshore activity, Import of goods
- Markup on Onshore Activity – subject to Transfer pricing control

Structure 3



Business model:

- Shareholder is safe from legal risks in UZ
- Any activity

Tax regime:

- 15% CIT: Income – Costs
- **Watch out!** PE risk for the Shareholder
- 12% VAT: Local sales, Import of goods
- Transactions with related parties - subject to Transfer pricing control

Recent positive news in Taxes

- Since 2024 years open for tax audit were decreased from 5 years to 3 years
- Accelerated VAT refund for projects financed by international donors: From 3-6 months to up to 10 days

Ref. Decree of the Cabinet of Ministers of the Republic of Uzbekistan “On the Approval of the Regulation on the Procedure for the Application of VAT exemptions and taxation of goods (services) purchased and imported into the Republic of Uzbekistan within the framework of projects implemented at the expense of International Financial Institutions and Foreign Governmental Financial Organisations” № 167 dated 28th April 2023

- Important infrastructure projects (e.g. Green Economy project) are usually granted import duties exemption based on an individual Decrees issued by the Cabinet of Ministers
- 0% CIT rate available for export
- Achievement: High level of Digitalization in Tax Reporting and Documents flows, higher than in Kazakhstan
- From April 2024 automatic Tax ranking is introduced. Tax incentives in case of having high tax ranking.

Contacts

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*if permitted by the current legislation of the country.