

INVESTMENT ENVIRONMENT IN UZBEKISTAN

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Annotation: This article discusses about the investment environment of Uzbekistan.

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Forms of foreign investment in Uzbekistan

- Participation in chartered funds and other assets of economic societies and companies, banks, insurance organizations and other enterprises established jointly with legal and (or) natural persons of the Republic of Uzbekistan;
- establishment and development of economic societies and companies, banks, insurance organizations and other enterprises fully owned by foreign investors;
- purchase of property, shares and other securities, including debt obligations issued by residents of the Republic of Uzbekistan;
- including rights to intellectual property, including copyrights, patents, trademarks, utility models, industrial designs, company names and know-how, as well as goodwill;
- obtaining concessions, including concessions for exploration, development, extraction or use of natural resources;
- by purchasing ownership rights to commercial and service facilities, residential buildings together with the land plots on which they are located, as well as land ownership and use (including leased use) and natural resources ownership and use rights.

it can also be implemented in other forms that do not contradict the current legal documents.

Procedure for taxation of income from sources in the territory of the Republic of Uzbekistan

A natural person who permanently resides in the Republic of Uzbekistan or stays in Uzbekistan for 183 days or more during any period up to twelve months beginning or ending in a fiscal year is considered a resident of the Republic of Uzbekistan.

Individuals who are not residents of the Republic of Uzbekistan are taxed on income received from sources within the territory of the Republic of Uzbekistan.

A similar situation occurs in the taxation of foreign legal entities. Thus, a legal entity established or registered in Uzbekistan, as well as a legal entity registered outside the Republic of Uzbekistan, whose main enterprise is located in Uzbekistan, is a resident of the Republic of Uzbekistan.

Legal entities that are not residents of the Republic of Uzbekistan are taxed on their income (profits) from sources within the territory of Uzbekistan.

Collection of taxes and fees from foreign individuals and legal entities may be suspended or limited on the basis of mutual agreement, provided that similar measures have been taken in the relevant foreign country in relation to legal entities of the Republic of Uzbekistan.

Foreign investments and other assets of foreign investors in the Republic of Uzbekistan are protected by the Law of the Republic of Uzbekistan "On guarantees of the rights of foreign investors and measures to protect them" and are not nationalized.

In addition to the customs and tax benefits established for all enterprises in the Republic of Uzbekistan, there are a number of benefits for enterprises of the following economic sectors attracting private foreign direct investment:

1. Production of radio-electronic industrial products and components for computer and computing equipment.
2. Light industry:
3. Silk industry:
4. Building materials industry:
5. Poultry and egg production.
6. Food industry:
7. Dairy and meat industry:
8. Chemical and pharmaceutical industry:

These enterprises pay income tax, property tax, social infrastructure development and regional beautification tax, ecological tax, single tax for micro-firms and small enterprises, as well as compulsory payment to the Republic Road Fund. are exempted from payment of fees.

The mentioned tax benefits are provided when direct private foreign investments are attracted in the following amount:

- ✓ 3 million from 300 thousand US dollars. up to dollars - for a period of 3 years;
- ✓ 3 mln. 10 million from US dollars. up to dollars - for a period of 5 years;
- ✓ 10 mln. More than USD - for 7 years.

Additional guarantees and protective measures provided to foreign investors include the provision of guarantees by the Government of the Republic of Uzbekistan, assistance in the financing of investment projects, the creation of a special tax and payment regime, state monitoring of the implementation of projects and in accordance with the law other measures.

The main changes and news in the new version of the Tax Code

As part of the large-scale work on tax system reform, a new version of the Tax Code was adopted by the Law of the Republic of Uzbekistan dated December 30, 2019 ORQ-599.

The new Tax Code aims to maximally simplify the tax legislation (optimization of the types and amounts of taxes and levies), eliminate contradictions and disputes (restriction of related norms and legal documents), strengthen the protection of the rights and interests of honest taxpayers, as well as envisages improvement of tax control mechanisms.

The main features of the new Tax Code:

1. The rules for granting tax benefits have been revised, according to which full exemption from paying taxes is provided only by the Tax Code. At the same time, tax concessions (except for VAT, excise tax for the production of goods (services) and land use tax) by the President of the Republic of Uzbekistan are only in the form of a reduction of the established rate by no more than 50 percent. , may be issued for a period not exceeding three years.

2. The measure of compulsory collection of the tax debt at the expense of the debtors of the taxpayer was canceled.
3. Responsibility of tax authorities for failure to return overpaid or overcollected taxes on time has been increased. Taxes and financial sanctions collected in excess will be returned, taking into account interest calculated on the basis of the refinancing rate of the Central Bank in force during the period of collection (payment) of these amounts.
4. New forms of ensuring the fulfillment of tax obligations in the form of property pledge, bank guarantee and surety have been established.
5. A new procedure for conducting tax control is envisaged, which gives tax authorities the right to appoint a camera tax inspection, a mobile tax inspection and a tax audit based on the analytical system.
6. The procedure for resolving tax disputes before the court was clarified, and the measures of responsibility were determined based on the type of tax offense.
7. For special categories of taxpayers (large taxpayers, exporters, those who provided a bank guarantee or entered into a collateral agreement with the tax authorities), an accelerated procedure for VAT refund was established for 7 days.
8. Instead of the current zero rate, a VAT refund system was introduced by business entities to foreign diplomatic and equivalent representative offices.
9. VAT refund procedure is being introduced for foreign tourists according to the "Tax free" principle.
10. Taking into account the features of taxation of special economic zones participants and separate categories of taxpayers, the conditions of taxation, as well as the procedure for applying tax benefits, were reflected in detail.
11. Transfer pricing formation and taxation norms for controlled foreign companies, as well as consolidated groups of taxpayers have been introduced (applicable from January 1, 2022).
12. The procedure for taxation of foreign legal entities providing services in electronic form is provided.

Used literature

1. www.soliq.uz
2. www.lex.uz