

AGRICULTURE SECTOR IN UZBEKISTAN

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Main regulatory acts

Law of the Republic of Uzbekistan on Agricultural Cooperative (Shirkat) dated 30.04.1998 No. 600-I;

Law of the Republic of Uzbekistan on the Dehkan Economy dated 01.04.2021 No.ZRU-680;

Law of the Republic of Uzbekistan on the Tomorka Economy dated 01.04.2021 No.ZRU-681;

Law of the Republic of Uzbekistan on Farming Economy dated 26.08.2004 No.ZRU-662-II;

Law of the Republic of Uzbekistan on Organic Products dated 25.04.2022 No.ZRU-766;

Law of the Republic of Uzbekistan on Breeding Achievements dated 28.9.2002 No. 395-II;

Decree of the President of the Republic of Uzbekistan on Additional Measures to Improve the Procedure for Leasing Agricultural Land dated 18.01.2024 r. No.UP-15;

1. Market entry

The industry does not have natural monopolies or companies with a dominant market position.

The regulator of the field is Ministry of Agriculture of the Republic of Uzbekistan.

Apart from limited liability companies, there are several legal entities designed to carry out agriculture production such as agricultural cooperative, dehkan, tomorka and farming economies.

Agricultural cooperative and farming economy are business entities and established through state registration at registration authority, namely, the Center for Public Services (hereinafter – the “CPS”), as opposed to dehkan and tomorka economies that can function without the state registration.

1.1. Agricultural cooperative

Agricultural cooperative is a limited liability company ownership of which divided into shares.

Agricultural cooperatives are provided with agricultural land for lease for up to fifty years, but not less than thirty years with the intended purpose for conducting commercial agricultural production.

In addition, the agricultural cooperative implements measures to develop the social infrastructure of rural settlements, improve the cultural and living conditions of members of the cooperative and persons working in it.

1.2. Farming economy

A farming enterprise is a business entity with an unlimited liability engaged in agricultural production operating on a leased land. Farming enterprises can be diversified and processes, stores, and sells agricultural goods, engages in industrial production, provides services, and performs other activities.

1.3. Dekhkan economies

A dehkan economy cultivates and sells agricultural products through the personal labor of its members on land granted to the head of the farm under inheritable possession or lease. It specializes in horticulture, viticulture, or cultivating vegetables, melons, or other crops. Dehkan farming qualifies as entrepreneurial activity and may operate with or without forming a legal entity with an unlimited liability.

1.4. Tomorka economy

A tomorka economy involves cultivating or processing agricultural products for family needs or free trade on private land. It is not entrepreneurial activity and does not require state registration. Individuals engaged in such work may obtain self-employed status at CPS.

1.5. Registration of business entities

Prior to the registration of the business entities mentioned above, the founder shall undertake following preliminary actions:

- 1) Identify a director. Draw up an employment contract with a director. A sample of the employment contract with a director of the business entity in Uzbek can be found [here](#).
- 2) Identify an accountant. Draw up an employment contract with an accountant. A sample of an employment contract with an accountant of a business entity in Uzbek can be found [here](#).
- 3) Determine the location of the business entity. Draw up a lease agreement for non-residential premises. You can find a sample lease agreement for non-residential premises [here](#).
- 4) Decide on the name of the business entity.
- 5) Prepare sketches of corporate stamps.
- 6) Select the business entity's servicing bank.
- 7) Issue a power of attorney to the authorized representative of the founder. You can find a sample power of attorney [here](#).
- 8) Prepare articles of association and other documents for submission to the registration authority.

After the procedure above has been completed, the representative shall refer to CPS for the registration of the business entity:

The representative for the registration of the business entity in an appearance order can apply to any, regardless of the postal address of the business entity.

To register the business entity with a sole founder in an appearance order, the following documents are required:

- Decision of the sole founder approving the charter of the business entity. You can download a sample of such a Decision [here](#).
- Charter of the business entity. You can find a sample of the charter [here](#).

- Document certifying the identity of the representative (passport, military ID card, driver's license, other document certifying the identity and place of residence in the Republic of Uzbekistan) and PINI (personal identification number of individual) issued in Uzbekistan;
- Document confirming the authority of the representative, (power of attorney, contract, decision of the founder, etc. in accordance with the law). You can download a sample power of attorney [here](#).
- Reserved company name;
- Cadastre number of the leased or owned premises;
- PINI of the founder (if it is an individual) and of the director;
- Information on the payment of the state fee or a copy of payment order confirming payment of the prescribed fees;

The representative may pay a state fee in the register of the CPS, where he/she will be given a document with information about payment of state fee. The amount of the state fee for the registration of business entity is 1 BCV (basic calculated value) which is roughly 29 USD.

Upon submission of the necessary documents listed above, the CPS employee will register the business entity within 30 minutes.

2. Licenses and permits

To undertake business in agriculture, no licenses or permits are required. Despite that, to evidence that agriculture products are organic, the producing company may undergo a conformity assessment of organic products and eventually receive a certificate of organic conformity.

3. Regulatory requirement

3.1. Reporting on production volumes

Every year by March 15, a dehqan economy must submit a report in the prescribed format to the local citizens' self-governance body at its location. The report should include information on the types of agricultural crops grown during the year, the volumes of produced and sold agricultural products, and the amount of greenhouses.

3.2. Requirement to organic products

The production of organic products prohibits the following:

- use of synthetic substances, pesticides, hormones, antibiotics, and chemical food additives;
- methods of cultivating crops without soil;
- use of ionizing radiation sources;
- chemical treatment of naturally growing plants;
- fertilizers made from sewage sludge, septic waste, or other human waste products;
- utilization of land or water bodies contaminated by waste, chemicals, or radioactive substances;
- practices involving embryo transplantation, cloning, genetic engineering, genetically modified organisms (GMOs), transgenic organisms, or products derived from them.

3.3. Taxation

The following are taxes and rates applicable to business entities in Uzbekistan:

No	Tax	Rate
1.	Income tax	15 %
2.	VAT	12 %
3.	Excise tax	vary from 5% to 30 % on certain categories of goods
4.	Personal income tax	12 % as part of payroll 10 % on dividends of residents and non-residents
5.	Social tax	12 % as part of payroll
6.	Property tax	1.5 %
7.	Land tax	depends on rating per location
8.	Tax for the use of water resources	per cubic meter

4. Unusual practices

Agricultural land is leased for 30 years through online auctions, starting at its normative value (not market value).

From March 1, 2024, lessees may sublease their land rights without changing its intended use, provided:

- the lessee has used the land for at least three years (or five years in specific cases) from the date of lease registration.
- land leased directly to legal entities without auctions or tenders can only be subleased after five years.
- lessors must make proportional additional payments based on auction or tender results.

5. Liquidation

In Uzbekistan, voluntary liquidation is carried out in 13 steps provided as follows:

Step 1: Decision of shareholder (-s) on voluntary liquidation.

Step 2: Appointment of a liquidator.

Step 3: Transfer of documentation, seals, stamps, and other property to the liquidator.

Step 4: Submission of a copy of the liquidation decision to the CPS.

Step 5: Provision of required documents to banks.

Step 6: Termination of employment relationships with the company's employees.

Step 7: Inventory taking and settlement of all tax obligations.

Step 8: Approval of the interim liquidation balance sheet.

Step 9: Notification of creditors and settlement of debts.

Step 10: Preparation of the final liquidation balance sheet.

Step 11: Closure of the main bank account.

Step 12: Submission of documents to the state archive.

Step 13: Submission of documents (bank certificates confirming account closures, stamps, archive submission certificates) to the CPS.

Aside from voluntary liquidation of a business entity, a dehkan and farming economies cease operations when the right to the land granted under inheritable lifetime possession¹ is terminated, or upon the expiration of the lease (sublease) term.

¹ Proprietary right in Uzbekistan that refers to possession and use of the property.