

OVERVIEW OF UZBEKISTAN'S INVESTMENT REGULATIONS

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OVERVIEW OF UZBEKISTAN'S INVESTMENT REGULATIONS

I. ABBREVIATIONS

AMC	Antimonopoly Committee of the Republic Uzbekistan
CPS	Center for Public Services
BCV	Basic Calculated Value
Uzbekistan	Republic of Uzbekistan
SEZ	Special Economic Zones
USD	United States Dollar
UZS	Uzbek Soum

II. QUALIFICATIONS AND LIMITATIONS

The present Overview has been prepared subject to the following qualifications:

- (i) the purpose of the Overview is to provide answers to the questions specified in Section III of this Overview. The Overview may not be used or relied upon for any other purpose;
- (ii) the Overview is made in the form of a legal memorandum and it does not compose or shall not be treated as a legal opinion;
- (iii) the Overview is made from the legal standpoint and may not reflect certain issues that must be examined from business and/or financial viewpoint.

III. ANSWERS

1. General

1.1. What are the country's business regulations and laws?

Main regulatory acts on doing business in Uzbekistan are the following in hierarchal order

- Civil Code of Uzbekistan;
- Law of Uzbekistan on Guarantees of Freedom of Entrepreneurial Activity dated 02.05.2012 No. ZRU-328;
- Law of Uzbekistan on Limited and Additional Liability Companies dated 06.12.2001 No. 310-II;
- Law of Uzbekistan on Joint Stock Companies and Protection of Shareholders' Rights dated 06.05.2014 No. ZRU-370;
- Law of Uzbekistan on Licensing, Permit and Notification Procedures dated 14.07.2021 No. ZRU-701;
- Regulation on the Procedure for State Registration of Business Entities, Appendix No. 1 to the Resolution of the Cabinet of Ministers dated February 9, 2017 No. 66.

1.2. What are the tax implications for foreign businesses?

For the Uzbek tax legislation to be applicable, foreign business need to either be registered as business entity or have a temporarily provide services or deliver goods to Uzbekistan with the registration of a legal entity.

Overall, taxation of a business entity registered in Uzbekistan with foreign investments resembles to taxation of registered business entities of nationals or local companies.

Subject to entrepreneurial activity, 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

1.3. What are the major industries and market trends?

Currently, the industries with the highest profit margins are primarily those involved in the extraction of natural resources such as gas, oil, gold, and metals. These sectors are predominantly state-owned or heavily regulated. Meanwhile, a growing and innovative sector gaining traction with less regulatory obstacles is e-commerce, along with digital banking and financial services.

1.4. What is the economic and political stability of the country?

Currently, 1 USD equals to roughly 12 880 UZS. Average monthly salary in Uzbekistan is 5 151 000 UZS or roughly 400 USD.

From the perspective of legislative stability, laws undergo amendments approximately every 5 to 10 years, while bylaws are subject to more frequent changes and periodic readoption.

1.5. Are there any trade restrictions or embargoes?

Under Uzbek legislation, it is prohibited from import into Uzbekistan Printed materials, manuscripts, clichés, drawings, photographs, film, negatives, cinema, video, and audio products, phonograph records, sound recordings, and other materials that undermine state or public order, territorial integrity, political independence, or state sovereignty; promote war, terrorism, violence, national supremacy, religious hatred, racism (including anti-Semitism and fascism); or contain pornographic content.

Additionally, there is a specific list of goods that require a permit issued by the President of Uzbekistan or the Cabinet of Ministers of Uzbekistan for import or export. This list comprises an exhaustive range of goods that are:

- livestock and poultry;
- meat and edible offal;
- grains: wheat, rye, barley, oats, corn, rice, buckwheat;
- flour and groats;
- waste, scraps, and scrap of polyethylene terephthalate (pet);
- raw leather materials (including substandard), fur raw materials, including karakul (substandard included);
- silkworm cocoons suitable for reeling, raw silk (unspun);
- scrap and waste of non-ferrous metals;
- antiques (paintings, sculptures, and others) that hold significant artistic, historical, scientific, or cultural value (as determined by the ministry of culture).

2. Business Set-up in Uzbekistan

2.1. What type of business structure is recommended (e.g., sole proprietorship, partnership, LLC)?

In Uzbekistan commercial organizations can be established in the form of Partnerships (Full, Limited Partnership) and Companies (Joint-stock and Limited Liability Companies), a Production Cooperative, a Unitary Enterprise, and in any other form prescribed by law (such as a Family Enterprise, Private Enterprise, Farm Holding, etc.).

The most common forms of commercial organizations in economic sectors (except for agriculture) are the joint-stock companies and limited liability companies;

Joint-Stock Companies (JSC)

A Joint-stock Company is a company whose charter capital is divided into a certain number of stocks. The stocks is a security, certifying the right of its owner (1) to receive dividends, (2) to participate in the management of the JSC, and (3) to the part of the property remaining after the liquidation.

The nominal value of shares should be expressed in the national currency of Uzbekistan and cannot be more than 5,000 UZS (roughly \$0.50 USD).

Limited Liability Companies (LLC)

A limited liability company is a commercial company founded by one or more persons and the charter capital of which is divided into shares in the amount determined by its constituent documents.

The size of the participatory interest of a participant in the charter capital of the company is determined as a percentage or fraction. The shares in the charter capital are not a security, and so it is not quoted in capital markets.

The most convenient form of a business entity

According to the Analytical Bulletin on The Demography of Enterprises (January–October 2018), as of November 1, 2018, there were 260,800 operating commercial organizations in Uzbekistan, of which 166,000 were LLCs. This data highlights that LLCs are the most common and convenient form of commercial organization in the country.

The popularity of this business structure can be attributed to several factors, including the absence of a legally mandated minimum charter capital (e.g. banks as a JSC required having roughly 38 million USD in the charter capital). This flexibility allows the owner to independently determine the size of the indivisible charter capital and exercise sole control over the management of the enterprise.

2.2. How do I register my business?

The procedure below is provided with the consideration of registering a LLC with a sole founder by an attorney-at-law. The attorney-at-law can apply to any registration authority, namely, CPS, regardless of the postal address of the LLC.

To register the LLC with a sole founder, the following documents are required:

- decision of the sole founder approving the charter of the LLC;
- charter of the LLC;
- document certifying the identity of the representative (passport, military ID card, driver's license, other document certifying the identity and place of residence in Uzbekistan) and PINI (personal identification number of individual) issued in Uzbekistan;
- document confirming the authority of the attorney-at-law (power of attorney, contract, decision of the founder, etc. in accordance with the law);
- reserved firm name;
- cadastre number of the leased or owned premises;
- PINI of the founder (if it is an individual) and of the director;
- copy of payment order confirming payment of the prescribed fees.

The amount of the state fee for the registration of LLC is 1 BCV (basic calculated value) (375,000 UZS or roughly 29 USD).

2.3. What licenses and permits are required?

Obtaining of a license or permit will depend on the type of activity that the company will be engaged in, e.g. business activities such as mining, construction, and green energy require licenses.

2.4. Can I own 100% of the business, or are there local ownership requirements?

The legislation does not set particular limitations on owning the 100% of the company by foreigners.

2.5. How long does the registration process take?

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

3. Financial and Banking

3.1. What are the local banking and financial regulations?

The local banking and financial operations in Uzbekistan are governed by the following key legislative acts:

- Civil Code of Uzbekistan;
- Law of Uzbekistan "On banks and banking activities" dated 05.11.2019 No.ZRU -580;
- Law of Uzbekistan "On the Central Bank of Uzbekistan" dated 11.11.2019 No.ZRU-582;
- Law of Uzbekistan "On Currency Regulation" dated 22.10.2019 No.ZRU-573;
- Law of Uzbekistan "On Non-Bank Credit Organizations and Microfinance Activities" dated 20.04.2022 No.ZRU-765;
- Law of Uzbekistan "On Investments and Investment Activity" dated 25.12.2019 No.ZRU-598.

3.2. Can I open a local currency account or access foreign exchange?

Yes. Non-residents (both individuals and legal entities) are granted to open and use bank accounts in both foreign currency and the currency of Uzbekistan. To open and use bank accounts in Uzbekistan, non-resident legal entities shall be required to carry out activities in the territory of Uzbekistan. In particular, non-resident legal entities can open bank accounts in Uzbekistan by:

- registering their permanent establishment;
- accrediting their representative office;
- being participants in open electronic trading of commodity exchanges;
- being foreign investors who sell (acquire) shares at organized auctions;
- being participants in the trading of crypto assets on the crypto exchange.

To open and use bank accounts, non-resident individual shall obtain a PINI (personal identification number of individual) in Uzbekistan.

Purchase and sale of foreign currency by residents and non-residents shall be carried out exclusively through the banks of Uzbekistan.

3.3. What are the typical payment terms and methods?

Currency of settlements and payments on the territory of Uzbekistan

All settlements and payments for goods (works, services) are carried out in the currency of Uzbekistan. State duties, fees and other mandatory payments are collected only in the currency of Uzbekistan, with the exception of consular fees.

Cash and non-cash settlements

Payments are affected only in cash and non-cash forms. Settlements between individuals that are not related to the performance of their entrepreneurial activity are executed in cash without limitation of amount, as well as in non-cash forms. Settlement between legal entities, as well as between individual entrepreneurs is executed exclusively in non-cash form. Non-cash settlements shall be performed through banks and other credit organizations.

Forms of non-cash settlements

Non-cash settlements in Uzbekistan are performed in the following forms:

- payment orders;
- letters of credit;
- encashments;
- cheques.

3.4. Are there any restrictions on transferring funds or repatriating profits?

Restrictions on currency operations

The Central Bank may impose restrictions on currency operations:

- with the purpose to counter the legalization of proceeds from crime, the financing of terrorism and the financing of the proliferation of weapons of mass destruction;
- in cases of threats to the sustainability of the balance of payments with observance of the obligations under the Articles of Agreement of the International Monetary Fund.

The Cabinet of Ministers of Uzbekistan, in coordination with the Central Bank of Uzbekistan, may impose restrictions on currency operations in the event of a threat to economic security. The time limit of the restrictions may not exceed 1 year from the date of introduction. Upon expiry of the specified time limit, the restrictions shall be deemed to be canceled.

Repatriation of assets from foreign trade transactions

Repatriation of assets from foreign trade transactions should be ensured within 180 days from the date of payment or export to a non-resident. Failure to comply with this requirement is considered a violation of currency regulations and may entail a fine to the republican budget.

3.5. What are the local accounting standards and auditing requirements?

Local accounting standards

There are 22 local accounting standards ("LAS") in Uzbekistan:

- 1) LAS No. 1 «Accounting Policies and Financial Statements» No. 474 of 14 August 1998.
- 2) LAS No. 2 «Income from Operating Activities» No. 483 of 26 August 1998.
- 3) LAS No. 3 «Statement of Financial Performance» No. 484 of 26 August 1998.
- 4) LAS No. 4 «Inventories» No. 483 of 26 August 1998.
- 5) LAS No. 5 «Property, Plant and Equipment» No. 1299 of 20 January 2004.

- 6) LAS No. 6 «Lease Accounting» No. 1946 of 24 April 2009.
- 7) LAS No. 7 «Intangible Assets» No. 1485 of 27 June 2005.
- 8) LAS No. 8 «Consolidated Financial Statements and Accounting for Investments in Subsidiaries» No. 850 of 28 December 1998.
- 9) LAS No. 9 «Statement of Cash Flows» No. 519 of 4 November 1998.
- 10) LAS No. 10 «Accounting for Government Grants and Disclosure of State Aid» No. 562 of 3 December 1998.
- 11) LAS No. 11 «Research and Development Costs» No. 581 of 28 December 1998.
- 12) LAS No. 12 «Accounting for Financial Investments» No. 1335 of 7 April 2004.
- 13) LAS No. 14 «Statement of Shareholders' Equity» No. 1226 dated 20 March 2003.
- 14) LAS No. 15 «Balance Sheet» No. 578 of 23 December 1998.
- 15) LAS No. 16 «Contingencies and business events occurring after the balance sheet date» No. 578 of 23 December 1998.
- 16) LAS No. 17 «Capital Construction Contracts» No. 579 of 23 December 1998.
- 17) LAS No. 19 «Organizations and Inventory» No. 833 of 2 November 1999.
- 18) LAS No. 20 «Simplified Accounting Procedure for Small Business Entities» No. 2501 dated 14 August 2003.
- 19) LAS No. 21 «Plan of Accounts for Accounting of Financial and Economic Activities of Business Entities and Instructions on its Application» No. 1181 dated 23 October 2002
- 20) LAS No. 22 «Accounting for Assets and Liabilities Expressed in Foreign Currency» No. 1364 dated 21 May 2004.
- 21) LAS No. 23 «Formation of Financial Statements in the Course of Reorganization» No. 1484 of 27 June 2005.
- 22) LAS No. 24 «Accounting for Borrowing Costs» No. 1996 of 18 August 2009.

Auditing standards

Auditing activities in Uzbekistan are carried out in accordance with international auditing standards and other standards published by the International Auditing and Assurance Standards Board of the International Federation of Accountants.

3.6. How do I access local funding or investment opportunities?

See 6.4

3.7. Are there any tax incentives or breaks for foreign investors?

Investment tax credit

To support investors, they may be granted an investment tax credit, which allows for the deferral of tax obligations. This credit enables the investor to reduce their tax payments for a specified period, with the option for phased repayment of the deferred amount along with any accrued interest.

Exemption from payment of certain taxes

For legal entities, which are established with the participation of direct private foreign investment, and specialize in the production of goods (provision of service) in the sectors of the economy which are indicated in the list approved by legislation, the special considerations of the application of benefits with respect to certain taxes shall be provided. Such legal entities shall be granted tax benefits in the form of exemption from land tax, property tax and tax for the use of water resources, depending on the volume of direct private foreign investment made for a period determined by the decision of the President of Uzbekistan.

In order to apply above mentioned tax benefits, the following requirements must be met simultaneously:

- when legal entities are located in territories determined by law;
- when foreign investors make direct private foreign investments without providing a guarantee from Uzbekistan;
- when the share of foreign participants in the authorized capital (authorized fund) of legal entities is not less than 33 %, and for joint-stock companies - not less than 15 %;
- when investing foreign investments in the form of freely convertible currency or new modern technological equipment;
- when directing at least 50 percent of the income received as a result of providing tax benefits during the period of their application to reinvestment for the purpose of further development of production.

4. Market Research and Analysis

4.1. What is the size and growth potential of my target market?

The largest markets with relatively few competitors include the mining and automotive sectors. However, these industries are predominantly dominated by state-controlled entities with significant market influence, and entry into these sectors typically requires numerous regulatory permits.

In contrast, the green energy market, agriculture, textile, and the trade of tile and marble face fewer regulatory hurdles, as these industries are still emerging in Uzbekistan, except the agriculture and textile industries.

4.2. Who are the key competitors, and what are their market shares?

In the mining and automotive sectors, key market players are state-owned enterprises, which hold a market share of approximately 50% or more. Uzbekneftegaz JSC dominates the mining industry, while UzAutoMotors JSC is the leading competitor in the automotive market.

Further, the largest market player in the green energy sector in Uzbekistan is Masdar, which owns the majority of the country's solar and wind power plants.

4.3. What are the local consumer preferences, habits, and purchasing power?

Mainly consumers prefer to buy at local markets in to order to find affordable products by asking for the most reasonable price. They tend to make a decision to purchase goods after a detailed research on prices.

As of April 2024, consumer confidence index in Uzbekistan is at 70.3 out of 100.

4.4. Are there any market trends or opportunities I should capitalize on?

It is recommended to consider retail, fintech, and e-commerce since they are still emerging and in high demand.

4.5. How do I conduct market research and gather data in this country?

You can engage with local companies for market research, including IT-Park of Uzbekistan. Also, on its web-site, Agency on Statistic of Uzbekistan publishes research on market trends per industries in Uzbekistan.

4.6. What are the barriers to entry, and how can I overcome them?

Currently, the biggest barriers to entry in Uzbekistan's market are state permits. These obstacles can be overcome by entering into investment agreements or similar contracts with regulatory authorities.

4.7. Are there any government initiatives or programs supporting entrepreneurship?

Government support in Uzbekistan is primarily directed towards participants in SEZs and investors committing more than \$300,000 USD in investments. SEZs are designated areas with a special legal regime aimed at attracting investment and fostering economic development. These zones provide tax and customs incentives, as well as legal protections for participants. The support typically includes low tax rates, reduced customs duties, and various exemptions to encourage investment and business activity.

5. Operational and Logistics**5.1. What are the local business etiquette and cultural norms?**

In Uzbekistan, business etiquette and cultural norms are influenced by traditional customs, respect for hierarchy, and a strong emphasis on hospitality. Understanding these aspects can help build effective relationships in the local business environment.

Handshakes and business cards are common practice in Uzbekistan. However, when addressing someone, "aka" (for men) and "opa" (for women) are used to show respect or a name of a person and his or her patronymic (a name derived from the father's name).

5.2. How do I find and hire local staff or partners?

The recruitment of personnel is typically managed by the company's human resource specialist. However, there are situations where companies collaborate with consulting firms that assist in identifying and selecting suitable candidates.

Finding a business partner in Uzbekistan can be difficult but feasible. There is public networking conferences held monthly, as well as business clubs that require membership.

5.3. What are the logistics and transportation options for importing/exporting goods?

The country has a developed road network, facilitating both domestic and regional cross-border transportation. Uzbekistan's extensive rail network, connecting to Central Asia, is widely used for bulk goods. While rail is cost-effective for heavy cargo, it is slower than other transport options. Air transportation, handled through airports, e.g. UZAiports JCS and local airlines that offer cargo services, is used primarily for high-value although it can be more expensive. As a landlocked country, Uzbekistan relies on ports in neighboring Kazakhstan and Turkmenistan for maritime trade via the Caspian Sea, with goods being transshipped to international destinations.

5.4. Are there any specific health and safety regulations or standards?

Subject to products, Uzbek legislation establishes health and safety requirements for imported goods and their sale, ensuring that products meet necessary standards for consumer protection and public safety.

5.5. How do I navigate local bureaucracy and administrative processes?

It is recommended to file a complaint with a higher state authority, take the matter to court, or contact the police if there is an abuse of the administrative process.

5.6. What are the utility costs and infrastructure availability?

Electricity: The cost of electricity in Uzbekistan is up to 1,800 UZS for consumption exceeding 10,000 kWh.

Water: In 2024, the water tariff per cubic meter has increased from 280 to 295 UZS. The tariff for hot water supply is 6,028 UZS per cubic meter. While water supply is generally reliable in urban areas, access to clean water can be more limited in rural or remote regions.

Gas: Natural gas is widely available across the country, with a tariff of up to 2,600 UZS for consumption exceeding 10,000 cubic meters.

5.7. Are there any environmental or sustainability regulations?

Yes, there are. Environmental and sustainability are regulated by Law on the "On Nature Protection" dated 09.12.1992 No.754-XII and Law on the "On Atmospheric Air Protection" dated 27.12.1996 No. 353-I. The regulation is not limited by this list.

6. Support and Resources

6.1. Are there any business incubators or accelerators?

Yes, there are mainly private companies that provide business incubator services.

6.2. What government support is available for foreign businesses?

Primarily, there are tax and customs incentives for enterprises with foreign investment and investor visas for certain category of investors.

Further, the State provides a number of guarantees to investment activities in Uzbekistan. In particular, the State guarantees the non-interference to business activity of companies, non-discrimination of foreign investor, and protection of unpleasant regulatory changes for 10 years.

Rights of foreign investor

According to Law "On Investments and Investment Activity," foreign investors are granted various rights to support and safeguard their investment activities in Uzbekistan. These rights include:

- freedom to conduct investment activities, provided they comply with the legislation of Uzbekistan;
- ability to enter into agreements with legal entities and individuals;
- ownership, use, and disposal of income generated from investment activities, including the right to sell or export such income;
- independent and unrestricted management of income derived from investment activities, after fulfilling all legally required payments;
- use of property and property rights belonging to the investor;
- access to funds through loans and borrowings;
- compensation for losses resulting from unlawful actions, omissions, or decisions by state or local government bodies;
- fair compensation in cases of requisition (expropriation) of investments or other assets.

6.3. Are there any industry-specific associations or networks?

Yes, the largest business association that brings together all business in Uzbekistan is the Chamber of Commerce and Industry.

Depending on the industry, there are associations of business entities as well. For example, for the textile industry, there is the “UzTekstilprom” association.

6.4. Can I access local funding or investment opportunities?

Business in Uzbekistan mainly refer for funding to local banks or venture investment companies. As a rules, they internally establish criteria for the recipients of funding.

6.5. Are there any resources for language and cultural adaptation?

It is recommended to look for assistance in local learning centers or online platforms. As per the cultural adaption, visiting local museums and taking city tours can be one of the options to become familiar with Uzbekistan's history and traditions.

7. Regulatory and Legal

7.1. What are the key regulations and laws governing my industry?

- Mining industry: Law of Uzbekistan “On Subsoil” dated 13.12.2002 No.ZRU-444-II;
- Renewable/solar energy: Law of Uzbekistan “On the use of renewable energy sources” dated 21.05.2019 No.ZRU-539;
- Textile industry: Decree of the President of Uzbekistan No. 5285 “On measures to accelerate the development of the textile and sewing and knitwear industry” dated 14.12.2017.
- Construction materials industry: Urban Development Code of Uzbekistan; Resolution of the President of Uzbekistan No. 4335 “On additional measures for the accelerated development of the building materials industry” dated from 23.05.2019.
- Agriculture: Law of Uzbekistan No. 662-II “On Farming” dated 26.08.2004 No. 662-II.

Note: the regulation is not limited to the above listed laws and bylaws.

7.2. Are there any restrictions on foreign ownership or control?

There are specific restrictions on land ownership by foreigners in Uzbekistan. However, foreign citizens are allowed to own real estate if its value exceeds 150,000 USD.

7.3. How do I comply with local labor laws and employment standards?

The main regulations of labor Uzbekistan is set out in the Labor Code. As a general requirement, it is necessary to note the mandatory conclusion of an employment contract with the employee. Also, in the case of employing foreign workers, it is necessary that foreign citizens obtain a work permit.

7.4. What are the tax implications of transferring funds or repatriating profits?

The legislation guarantees the right of investors to independently and freely dispose of income received as a result of investment activities, after paying taxes, fees and other payments provided for by law. The tax implications mainly governed by the Treaty between Government of Uzbekistan and the Government of the Republic of India “On the avoidance of double taxation and the prevention of tax evasion on income and capital” and the Tax Code.

7.5. Are there any industry-specific licensing or certification requirements?

Depending on the industry, the law may require a license or other type of permit.

Mining industry

A license is required for the following activities:

- for the use subsoil resources.
- for registration of geological exploration works related to mineral extraction.
- for approval of a special project for the closure and conservation of a mining enterprise or any part of it.
- for coordination of a plan for the development of mining operations.
- Authorization to conduct mining operations.

Renewable/solar energy

Energy produced from renewable energy sources and renewable energy installations (except for those used for household) are subject to certification.

Construction materials industry

Production of construction materials is subject to certification and agriculture products are also subject to certification.

7.6. How do I protect intellectual property (IP) and trademarks?

The State ensures the protection of intellectual property objects provided that they are registered in Agency of Intellectual Property.

7.7. What are the procedures for resolving commercial disputes or litigation?

In case of a dispute related to investment or commercial activities, the following mechanisms may be used for resolution:

- negotiation;
- mediation;
- arbitration;
- litigation (investment disputes are primarily handled by economic and administrative courts, depending on the nature of the dispute.).

8. Exit Strategy**8.1. What are the procedures for closing or selling a business?**Closing of a business:

- 1) Decision on voluntary liquidation.

The decision is rendered by the participants of the business entity, representatives or management body. The decision must reflect the following:

- information on the business entity being liquidated (full and abbreviated name, taxpayer identification number, postal address);
 - information on the liquidator (passport details, telephone number and email address).
- 2) Appointment of a liquidator.

A legal entity shall appoint a liquidator, to who all powers to manage the business entity being liquidated are transferred.

- 3) Transfer of documentation, seals, stamps and other property to the liquidator.

Within 3 days from the moment of appointment of the liquidator, the management bodies are obliged to transfer to the liquidator all documentation related to the commercial activities of the business entity, seals, stamps and other property of the business entity.

- 4) Submitting a copy of the liquidation decision to the CPS.

After the decision on liquidation has been made, the liquidator shall submit a copy of this decision to the relevant CPS within one business day.

In turn, the CPS, after receiving the liquidation decision, enters information into the state register that the business entity is in the process of liquidation.

- 5) Submitting the necessary documents to the banks.

The liquidator shall also, within 1 business day after the decision has been made, send a copy of the decision on voluntary liquidation and 2 copies with samples of signatures and the liquidator's seal to the bank servicing the business entity's main deposit account, as well as to the bank that holds the business entity's foreign currency funds. In addition, the liquidator must send an application-instruction to all other banks servicing the business entity's secondary accounts to close them and transfer the remaining funds to the main accounts.

- 6) Termination of employment relations with the business entity's employees.

- 7) Conducting an inventory and settling all taxes.

After making a decision on voluntary liquidation, the liquidator must conduct an inventory of the business entity's assets and liabilities, and draw up a register of writs of execution. Moreover, the liquidator makes settlements on all types of taxes for the period from the beginning of the year to the date of notification of the CPS.

- 8) Approval of the interim liquidation balance.

After the end of the period for creditors to submit claims, the liquidator draws up a draft liquidation balance. It must be approved by the founders (participants) of the business entity.

- 9) Notifying creditors and settling with them.

After approving the interim liquidation balance, within 5 working days the liquidator notifies all creditors of the recognition or non-recognition of their claims and settles

- 10) Re-drawing up the liquidation balance.

After completing settlements with creditors, paying taxes, and distributing property among the founders (participants), the liquidator draws up a draft liquidation balance.

11) Closing the main account in the bank.

After receiving the conclusion from the tax service and the notification from the Bureau, the liquidator applies to the bank to close the main account.

12) Submitting documents to the state archive.

After closing the main account, within three working days, the liquidator submits all accounting and other documents of the business entity to the state archive.

13) Submitting documents to the CPS.

Within two working days after receiving these documents, the CPS checks that all requirements are met and enters a record of liquidation in the state register.

Selling of a business:

Procedure for the purchase and sale of 100% of the share by a single participant in an LLC

1) Obtaining of a preliminary consent of the AMC.

Obtaining the consent of the AMC to transfer the Share is applicable if:

— an individual or legal entity acquires the right to dispose of shares in the amount of more than 50% in the authorized capital of an LLC in Uzbekistan.

— the total book value of the assets of the persons participating in the transaction, or their total revenue from the sale of goods for the last calendar year exceeds 100,000 BRV (roughly 2.4 million USD).

2) The participant's decision to sell the share.

3) Conclusion of the agreement of sale of the share by the parties.

4) Making payment for the share.

5) Acceptance and transfer of the share.

6) Notification by the buyer to the business entity of the acquisition of 100% of the share in the authorized capital of the LLC.

7) Adoption of the decision of the sole participant to amend the charter in connection with the purchase and sale of the Share.

8) State registration of amendments to the charter of the LLC.

9) Issuance by the business entity to the buyer (new participant) of a certificate for the buyer's share.

10) Publication of information on the acquisition of the share.

8.2. 2. How can I repatriate profits?

When repatriating profits, dividends and other income of foreign investors, a commercial bank shall additionally submit:

— a document on the distribution of profits (decision of the general meeting of shareholders) and payment of dividends;

— a copy of the report of an audit firm or tax authority;

— a calculation of funds for conversion;

— a calculation of the tax on income from dividends, certified by the tax authority, and confirmation of payment of this tax.

8.3. Are there any restrictions on transferring funds?

Generally, there are not. However, all transfers are made after paying the taxes established by legislation.

8.4. What are the tax implications of exiting the market?

There are no specific additional taxes for exiting the market. However, during the ending the business entity, there are several requirements established by law:

After making a decision on voluntary liquidation, the liquidator must conduct an inventory of the business entity's assets and liabilities, and draw up a register of writs of execution. Moreover, the liquidator makes settlements on all types of taxes for the period from the beginning of the year to the date of notification of the CPS.

Additionally, a business entity has a right to refund the overpaid taxes, if there are some.

8.5. Are there any requirements for notifying authorities?

In case of exiting the market by ending the business entity, the CPS and tax authorities will be notified automatically during the closing procedure.

In case of selling a legal entity, the information about the deal must be published in mass media.