

Uzbekistan: Further liberalization of foreign trade regulations

July 13, 2021

The Government of Uzbekistan has passed a resolution further liberalizing customs procedures and foreign trade transactions (Cabinet of Ministers Resolution No 429 dated July 8, 2021; the official text in the Uzbek language is available [here](#)).

Is this change relevant for my business?

If you (a) sell or buy goods from companies registered in Uzbekistan, or (b) own a subsidiary/company in Uzbekistan that exports goods from Uzbekistan, then the change may affect your business.

What has changed?

Any foreign trade contracts (both for export or import of goods, works and services) are subject to the foreign exchange regime, which includes, amongst other things, mandatory registration in the government's forex database, as well as following regulatory restrictions of permissible transactions and payment deadlines. Failure to comply with the payment deadlines may lead to regulatory fines of up to the full amount of the transaction.

As of August 1, 2021, the following two barriers are being lifted:

1. **Resale abroad.** Uzbek companies can purchase goods from abroad and sell it to third parties without importing them to Uzbekistan.

Why this is important?

- Before August 1, Uzbek companies must have imported the goods into Uzbekistan (i.e. the goods must have physically crossed the border of Uzbekistan);
- Failure to physically import goods may lead to fines of up to 100% of the payment made for such goods;
- Under the new regime, there will still be a deadline within which such goods must be resold to a foreign company and re-exported from Uzbekistan – 180 days;
- The payment received at resale must not be less than the price paid for the purchased goods.

2. **Tolling for a future buyer.** Uzbek companies can purchase raw materials from abroad for tolling inside Uzbekistan even if they have no definite buyer.

Why this is important?

- Purchase of raw materials for tolling assumes that the customs payments/taxes do not apply to such materials;
- Before August 1, Uzbek companies could import goods for tolling without paying customs duties only if they had an existing tolling contract with a foreign company;
- Under the new regime, there will still be a deadline within which the Uzbek company must receive the payment for the tolled goods – 180 days. Failure to get paid may lead to financial penalties of up to 100% of the payment made for purchasing raw materials;
- The price for the ready/tolled goods cannot be less than the price paid for the raw materials;

What should you do next?

The first step is to identify whether this change may affect your business. As we said above, this is relevant to you if you (a) sell or buy goods from companies registered in Uzbekistan, or (b) own a subsidiary/company in Uzbekistan that exports goods from Uzbekistan.

We will be happy to advise you on how this change may affect your business and what measures you should take.

Your Key Contacts



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