

Annex  
to the order  
of the State-owned Enterprise "Navoiyuran" No. 140  
dated 2024, "05", 04

**TAX ACCOUNTING POLICY OF THE STATE OWNED ENTERPRISE**  
**“NAVOIYURAN”**

Navoi, 2024

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## I. INTRODUCTORY PART

1. Name of the organization: State-owned Enterprise “Navoiyuran”.
2. Taxpayer identification number: 201 204 514.
3. Organizational and legal form: State-owned enterprise.
4. Date and number of state registration: January 1, 2022, re-registered at the State Services Center of the city of Navoi. Certificate of registration No. 57.
5. State registered address: Navoi region, the city of Navoi, Industrial zone, Inspectorov street No. 7.
6. Founders: State-owned Enterprise “Ministry of Economy and Finance of the Republic of Uzbekistan” (STIR: 201 122 919) share in the amount of 1,193,916,681,120.16 soums (100%).
7. Activity: Extraction of uranium and thorium ores (main sector).
8. Applicable tax regime:  
General system. The company is registered as a VAT payer:  
Date of registration as a VAT payer and certificate number  
No. 312010031235 dated "24" January 2022.
9. Is the enterprise a large taxpayer:  
According to the Decision of the State Tax Committee of the Republic of Uzbekistan "On approval of the regulation on establishing criteria for classifying legal entities as large taxpayers", registered with the Ministry of Justice of the Republic of Uzbekistan No. 3172 dated July 12, 2019, an enterprise received from the sale of products (goods, works, services) is a large taxpayer, since it is a legal entity whose net income exceeds 100.0 billion soums at the end of the previous calendar year or exceeds this amount at the end of a consecutive twelve-month period.
10. Tax accounting method: Automated (via 1C and My.soliq.uz programs).

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## II. GENERAL RULES

This tax accounting policy is based on the Tax Code of the Republic of Uzbekistan, the Law of the Republic of Uzbekistan "On Accounting," the "State Budget of the Republic of Uzbekistan for 2024," registered with the Ministry of Justice of the Republic of Uzbekistan under No. 3221 on February 24, 2020, and is developed based on the Resolution of the State Tax Committee of the Republic of Uzbekistan and the Ministry of Finance of the Republic of Uzbekistan "On Approval of Tax Reporting Forms," as well as other regulatory documents related to the tax sphere and the enterprise's charter, developed by the State-owned Enterprise "Navoiyuran" (hereinafter referred to as the "enterprise"), which defines the procedure for presenting tax reports.

This tax accounting policy includes methods for maintaining tax accounting documents in accordance with the requirements of the Tax Code of the Republic of Uzbekistan to summarize and systematize information on taxable objects and/or objects related to taxation, as well as for calculating taxes and preparing tax reports.

The accounting policy for tax purposes is developed based on the requirements of Article 77 – "Accounting Policy for Tax Purposes" of the Tax Code of the Republic of Uzbekistan. This is based on:

- a) This tax accounting policy comes into effect from January 1, 2024, and serves as an internal regulatory document of the enterprise, ensuring the procedure for conducting tax accounting in accordance with the requirements of the Tax Code;
- b) The enterprise will operate based on long-term plans and will continue its activities in the future;
- c) Each financial year begins on January 1 and ends on December 31;
- d) Tax periods for each type of taxes and payments due to the budget during the financial year are determined in accordance with the periods established by the Tax Code.

## ORGANIZATIONAL AND TECHNICAL DEPARTMENT

### 1. Management and Organizational Structure

The responsibility for compliance with the tax accounting policy and the accuracy of the data presented in the tax reports lies with the General Director (Deputy General Director for Economics and Finance) and the Chief Accountant. Documents serving as the basis for

accepting cash, inventory and other valuables, credit and settlement obligations, as well as for preparing financial and tax reports, are signed by the Director (Deputy General Director for Economics and Finance) and the Chief Accountant. In the absence of these officials, responsibility for compliance with the accounting policy and signature authority is transferred to other persons by order.

The enterprise independently maintains tax accounting. The responsibility for tax accounting lies with:

The Accounting Department – Tax Accounting Group.

**Persons responsible for tax accounting:**

1. Act in accordance with the Law "On Accounting" of the Republic of Uzbekistan;
  - National Accounting Standards of the Republic of Uzbekistan;
  - Tax Code of the Republic of Uzbekistan;
  - and other regulatory documents approved in the prescribed manner.
2. Are responsible for adhering to the methodological principles of tax reporting.
3. Ensure the maintenance of accounting documents in accordance with the requirements of the Tax Code to summarize and systematize information on taxable objects and/or objects related to taxation, as well as for calculating taxes and preparing tax reports.

Tax accounting is conducted on an accrual basis in the national currency, except in cases provided for by the Tax Code of the Republic of Uzbekistan.

Tax accounting is maintained in accordance with:

- Primary accounting documents prepared in accordance with the legislation, as well as primary accounting documents approved by the enterprise and used for documenting economic transactions in accounting;
- Registers of accounting;

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**Forms and Procedure for Preparing Tax Registers**

1. Accounting and tax documents are prepared on paper and/or in electronic formats. A tax document is defined as a document that serves as the basis for determining tax obligations and contains calculations for each type of tax or income.
2. Tax reporting is prepared in forms approved by the State Tax Committee of the Republic of

Uzbekistan and is submitted to the tax authorities only for taxes for which the individual is recognized as a taxpayer.

3. The procedures and forms for preparing tax registers, developed independently by the enterprise, must be reflected in additional documents to the accounting policy. If the tax reporting contains errors or incomplete data that lead to a reduction (change) in the amount of accrued tax, the enterprise is obliged to make the necessary corrections to the tax reporting and submit the amended tax report to the tax authority.
4. Data from tax accounting may be taken from accounting registers if the grouping of objects and economic transactions for tax purposes conforms to accounting rules.
5. The technology for processing data in tax accounting and registers is developed by the responsible person and, if necessary, reviewed and updated. These rules are approved by the enterprise's management and documented in additional documents to the accounting policy during the reporting period.
6. The enterprise is required to retain tax reports and accompanying documents for at least 3 (three) years after the year of submission, unless otherwise provided by the Tax Code.

### **Rules for Maintaining Separate Accounting**

When engaging in activities with different tax regimes simultaneously, separate accounting of taxable objects and related objects is conducted based on accounting data using the following methods:

#### **1. Proportional Accounting Method**

Under the proportional accounting method, income, expenses, and other taxable objects or related objects are allocated by type of activity proportionally to the share of revenue from the sale of goods (works, services), excluding VAT and excise tax. When receiving targeted funds, separate accounting of income (expenses) related to the use of these targeted funds is maintained.

#### **2. Direct Accounting Method**

Under the direct accounting method, income, expenses, and other taxable objects or related objects are assigned to specific types of activity to which they are related. Income, expenses, and other taxable objects or related objects not related to any specific type of activity are distributed proportionally among all types of activities using the proportional accounting method.

For the calendar year 2024, the enterprise has chosen the following methods:

- VAT Accounting Method: Proportional Method
- Expense Accounting Method for Profit Tax Calculations: Cost determination method based on direct items.

## **Depreciation Norms (Methods of Calculation) by Asset Groups and Subgroups:**

Depreciation of all fixed assets of the enterprise is calculated using the straight-line depreciation method, i.e., depreciation is accrued in equal parts based on the depreciable cost over the useful life of the fixed assets. Depreciation begins on the first day of the month following the month when the asset is accepted into fixed assets and continues until the depreciable cost is fully recovered or the depreciable cost is fully amortized. Depreciation charges are made in accordance with accounting legislation, taking into account the specifics provided in Article 306 of the Tax Code of the Republic of Uzbekistan.

Depreciation of fixed assets is suspended only in the following cases:

- When the asset is transferred to conservation;
- Liquidation, additional equipment, reconstruction, modernization, and technical re-equipment with complete cessation of its use.

### **Accounting for Depreciation of Intangible Assets:**

Intangible assets of the enterprise are ownership objects without a material form used in economic activities or management and intended for long-term use (more than 1 year). Intangible assets of the enterprise include patents, licenses, intellectual property objects, trademarks, computer programs, copyrights, usage rights, client lists, marketing rights, and organizational expenses (expenses for creating a new business entity).

Intangible assets are accounted for in accordance with National Accounting Standards (NAS) of the Republic of Uzbekistan No. 7 at the actual cost of acquisition, including expenses for making them ready for use. The cost of intangible assets is amortized over their useful life. The useful life of intangible assets is determined based on the duration of the patent, certificate, and/or other restrictions on the use of intellectual property objects as provided by the respective agreements, in accordance with the legislation of the Republic of Uzbekistan or the applicable foreign legislation.

Depreciation of intangible assets is calculated monthly by the taxpayer based on their initial cost and useful life. For intangible assets with an indefinite useful life, depreciation rates are set for 5 years. Depreciation of intangible assets is carried out using the straight-line method, based on the initial cost of the intangible assets and their useful life, and is evenly included in the enterprise's expenses.

The useful life of intangible assets is set at 5 years, with a depreciation rate of 20% of the initial cost. If the useful life of some intangible assets is less than 5 years, the depreciation rate is set proportionally to their useful life.

Intangible assets are removed from the enterprise's balance sheet in the following cases:

- Liquidation;

- Sale;
- Gratuitous transfer.

Income or loss from the sale of intangible assets is determined as the difference between the sale revenue and the residual value of the assets. Profit or loss from the disposal of intangible assets is reflected in the enterprise's financial results report. Revaluation of intangible assets is not performed.

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### **Accounting for Goods (Services) Sold for Export:**

According to Article 242 of the Tax Code of the Republic of Uzbekistan, the sale of goods is considered complete if they have been exported from Uzbekistan under the customs export regime. This is confirmed by the actual crossing of the customs border and the completion of a customs declaration in accordance with customs legislation.

However, for natural uranium produced by the enterprise, which is considered a strategic and hazardous product, special export conditions apply on the global market. These conditions are established by the relevant resolutions of the Cabinet of Ministers of the Republic of Uzbekistan (No. 336-27 dated December 16, 2011; No. 713-31 dated September 12, 2017; No. P-5324 dated July 3, 2018).

According to these conditions:

- Uranium products are exported based on a preliminary customs cargo declaration (the invoice on this date reflects a provisional value of the goods);
- At the time of shipment, the product has a provisional value, which is adjusted after conducting a chemical analysis at processing plants (Canada, France) according to the contract terms. After that, the final volume of the product is determined, and an invoice is issued based on current global prices. Ownership of the product then transfers to the buyer, and the goods are considered sold (under DAP terms).

Based on this procedure, the enterprise considers that ownership of the product does not transfer to the buyer until the final volume and value of the product are determined, despite the completion of the preliminary customs cargo declaration. Therefore, such indicators are reflected in the enterprise's balance sheet as "finished goods in transit."

### **MAIN RULES**

This Tax Accounting Policy represents a set of measures aimed at the correct calculation of taxes, provision of reporting, and fulfillment of tax obligations throughout the organization's fiscal year.

The organization organizes tax relations in accordance with the requirements of legislation regulating taxes.

The following concepts are used in this Regulation:

The organization is based on the following principles of tax relations:

- Taxation is based on the principles of compulsory payment, accuracy, cooperation between tax authorities and taxpayers, fairness, uniformity of the tax system, transparency, and presumption of taxpayer rights.
- Principle of Compulsory Payment: Every person is obliged to pay taxes and fees established by the Tax Code.
- Principle of Accuracy in Taxation and Cooperation between Tax Authorities and Taxpayers: The Tax Code and tax legislation should clearly define the types of taxes and fees, as well as the deadlines and procedures for their payment.
- Principle of Fairness: Taxes and fees should not be discriminatory and should not be applied based on social, racial, national, religious, or other similar criteria.
- Principle of Unity of the Tax System: The tax system is unified throughout the Republic of Uzbekistan.
- Principle of Openness: Tax legislation should be officially published.
- Presumption of Taxpayer Good Faith: All unresolved contradictions and uncertainties in tax legislation are interpreted in favor of the taxpayer.
- Economic Substance of Transactions and Their Legal Form: All transactions and economic relationships entered into by the taxpayer should be accounted for based on their actual economic substance, regardless of the legal form or name of the contract. If the legal form does not match the actual economic substance, tax authorities have the right to alter the legal description of the transaction, the taxpayer's status, and/or the nature of their economic activity.
- Fake Transactions: Transactions made to simulate real ones are not considered for tax purposes. If such transactions conceal other transactions, the real transactions and their economic substance are considered for tax calculations.
- Necessary Diligence: Taxpayers must exercise due diligence when choosing counterparties, checking their registration with tax authorities, business reputation, production resources, staff, financial condition, and ability to fulfill transaction obligations.

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### **III. TAXES AND FEES**

**Tax** – An obligatory non-compensatory payment made to the State Budget of the Republic of Uzbekistan or to state targeted funds (hereinafter referred to as the budgetary system) in accordance with the Tax Code.

**Fee** – An obligatory payment to the budgetary system established by the Tax Code or other legislative acts. Payment of this fee is a condition for the exercise of powers by an authorized body or official concerning the payer, including granting certain rights or permits.

Fines and other payments imposed judicially on individuals, as well as property confiscation and other methods of seizure provided by law, are not included in the list of taxes and fees.

#### List of Taxes and Fees Paid by the Organization

The organization pays the following taxes within the territory of the Republic of Uzbekistan:

##### Taxes Paid under the General Taxation System:

1. Value Added Tax (VAT). The organization is also a VAT tax agent for non-residents.
2. Profit Tax. The organization is also a tax agent for profit tax for non-residents.
3. Personal Income Tax.
4. Social Tax.
5. Property Tax.
6. Land Tax.
7. Water Resources Use Tax.
8. Tax on the Use of Agricultural Land.
9. Special Rent Tax for Mineral Extraction.
10. Tax on Income from Dividends and Interest, withheld by tax agents at the source of payment.
11. Mandatory Contributions by Employers to Employees' Accumulation Pension Accounts (NPS).

## **IV. TAX POLICY FOR CALCULATING EACH TAX BENEFIT**

### **1. VALUE ADDED TAX (VAT)**

#### Taxpayers and Tax Objects:

The enterprise is considered a VAT payer in the Republic of Uzbekistan as an entrepreneur and seller of goods (services).

#### Tax Objects:

The turnover of the enterprise from the sale of goods (services) where the place of realization is the Republic of Uzbekistan.

Also, the turnover of foreign legal entities selling goods (services) on the territory of the Republic of Uzbekistan as a VAT tax agent for a non-resident enterprise.

#### General Rules for Determining the Tax Base:

In determining the tax base of the enterprise, income from the sale of goods (services) is accounted for based on all revenues received in payment for these goods (services) in monetary and/or natural form.

Also, when determining the tax base, the taxpayer's income (expenses) expressed in foreign currency is converted into national currency at the exchange rate set by the Central Bank of the Republic of Uzbekistan on the date of turnover from the sale of goods (services), as

specified in Article 242 of the Tax Code.

#### Specifics of Determining the Tax Base by Tax Agents in Cases of Foreign Entities Selling Goods (Services):

In the case of goods (services) being sold in the territory of the Republic of Uzbekistan by foreign entities not registered with tax authorities as taxpayers, the tax base is determined by tax agents as the sum of the income received from the sale of these goods (services) and the tax.

When foreign legal entities provide electronic services to legal entities in the Republic of Uzbekistan, where the place of realization is recognized as the Republic of Uzbekistan, such buyers of services are recognized as tax agents.

Persons recognized as tax agents under the Tax Code are required to calculate the corresponding tax amount, withhold it from the taxpayer regardless of whether they are a taxpayer or not, and transfer it to the budget.

If, according to contract terms, services are provided by foreign entities without considering the tax, the tax base for these services is determined based on the cost of services provided by tax agents, excluding tax. In this case, the tax agent must calculate the corresponding tax amount and transfer it to the budget.

#### **Tax Rates:**

According to the Tax Code, the enterprise pays tax at a rate of 12 percent on the turnover from the sale of goods (services) where the place of realization is the Republic of Uzbekistan.

It also pays tax at a rate of 0 percent on export activities.

#### **Tax Period:**

According to the Tax Code, one month is the tax period.

#### **Zero Turnover:**

According to the Tax Code, the enterprise pays tax at a zero rate for goods exported from the Republic of Uzbekistan under customs procedures.

#### **Tax Calculation Procedure:**

The tax amount is calculated based on the tax base of transactions for the sale of goods (services), the date of turnover relating to the relevant tax period, considering all changes that increase or decrease the tax base for the respective tax period, at the end of each tax period.

#### **Procedure for Filing Tax Reports and Paying Taxes:**

Taxpayers must submit tax reports to the tax authorities at their place of tax registration no later than the twentieth day of the month following the previous tax period.

The calculated tax must be paid no later than the deadline for submitting the tax report for each tax period at the location of tax registration.

## **2. Profit Tax**

#### Taxpayers:

According to the Tax Code, an enterprise is considered a tax resident of the Republic of Uzbekistan and is subject to profit tax.

#### Taxable Object:

The taxable object for profit tax is the profit earned by the taxpayer.

#### Deductions:

For a legal entity, the profit is calculated as the difference between total income and expenses. Additionally, an enterprise acts as a tax agent for profit tax for non-residents:

For non-residents, the taxable income is derived from sources within the Republic of Uzbekistan.

#### Tax Base:

The tax base is the amount of taxable profit determined according to Article 295 of the Tax Code. When calculating the tax base, certain types of income and/or expenses (losses) may be either included or excluded based on special rules.

The taxpayer maintains separate accounts for income (expenses) from transactions that differ from the general profit and loss accounting.

According to the Tax Code, the tax base is determined at the end of the tax period. Losses incurred by the taxpayer during the reporting (tax) period reduce the tax base for tax purposes, in the manner and under conditions established by Chapter 46 of the Tax Code.

Adjustments to the tax base (income and/or expenses (losses)) are made in cases specified in Section VI of the Tax Code.

#### Gross Income:

Gross income consists of income received by the legal entity from sources within and outside the Republic of Uzbekistan during the reporting (tax) period.

Total income is determined excluding value-added tax and excise tax unless otherwise specified in Article 299 of the Tax Code.

Gross income includes:

1. Income from the sale of goods (services);
2. Income from interest on loans (credit, microloans, and other financial operations);
3. Income of insurance and reinsurance organizations from insurance and reinsurance contracts;
4. Income from REP transactions;
5. Income from operations related to financial instruments, securities, and/or derivatives;
6. Income from the disposal of depreciable assets and other property;
7. Income from financial lease (leasing) agreements;
8. Income from renting (leasing) property, excluding financial leasing;
9. Royalties;
10. Free property (services received);
11. Income from the value of surplus inventory and other property identified through inventory;
12. Income from debt write-offs as specified by legislation, excluding income from the write-off of expenses not previously accounted for under Article 317 of the Tax Code;

13. Income from the waiver of claims in favor of another;
14. Income in the form of compensation for previously deducted expenses or losses;
15. Income from supporting businesses;
16. Income from joint ventures;
17. Penalties, fines, and other sanctions, as well as amounts for damage compensation recognized by the debtor or arising from the debtor's breach of contractual obligations based on a final court ruling;
18. Positive exchange rate differences;
19. Dividends and interest;
20. Income from the trust management of property by a trust management body;
21. Costs related to the formation and amounts of restored inventory accepted as expenses;
22. Income related to a reduction in the authorized fund (capital) of the legal entity if a shareholder or participant waives the value of their share in favor of the legal entity;
23. Income from the sale of the enterprise as a collection of assets;
24. Income from price adjustments;
25. Income in the form of profits from controlled foreign companies;
26. Income from adjustments to the tax base based on market value of goods (services);
27. Income from special funds without separate accounts or that are not used as intended (except for budget funds, which are subject to budgetary legislation);
28. Other income.

Income is determined based on primary documents confirming the taxpayer's income and other documents, including electronic documents, and tax accounting documents. Gross income is determined based on all receipts received in cash, kind, and/or other forms. The value of income expressed in foreign currency is accounted for together with income expressed in the national currency.

If income recognition according to accounting standards differs from the tax code's recognition, such income is accounted for based on the procedures established by the Customs Code.

When applying accounting legislation, income reflected in accounting due to changes in asset or liability values is not recognized for tax purposes, except for actual received income.

The date of income recognition is determined according to accounting legislation requirements. Income adjustments are made in accordance with Article 332 of the Tax Code.

If a certain income is included in more than one income category, it is counted only once in determining gross income.

#### Expenses:

When determining the tax base for legal entities, all expenses related to earning income are deducted from the total income, except for non-deductible expenses according to Article 317 of the Tax Code.

Expenses incurred by the taxpayer within and outside the Republic of Uzbekistan during the reporting (tax) period, which are justified and documented (losses in cases specified in Articles 333-336 of the Tax Code), are recognized as expenses.

Reasonable expenses are economically justified, with value expressed in monetary terms. Any

expense is considered economically justified if it meets at least one of the following conditions:

1. If incurred for activities aimed at generating income;
2. If necessary or serves to maintain or develop such entrepreneurial activity with a clear connection between the expenses and the business activity;
3. If required by law.

Documented expenses are those confirmed by the following documents:

1. Documents issued according to the legislation of the Republic of Uzbekistan;
2. Documents issued according to the rules in force in the foreign country where the expenses were incurred;
3. Documents issued in another form, including travel orders, transportation documents, documents issued with service reports according to the contract.

The acquisition of depreciable property and the VAT amount to be accounted for are not recognized as expenses, except in cases specified by Article 314 of the Tax Code.

If the same expenses are included in several expense categories, these expenses are deducted only once when calculating the tax base.

Expenses expressed in foreign currency are accounted for together with expenses expressed in the national currency.

If the recognition of expenses according to accounting standards differs from the Tax Code's procedures, such expenses are accounted for based on the Tax Code's provisions.

For tax purposes, expenses reflected in accounting due to changes in asset or liability values are not recognized as expenses, except for actually paid expenses.

According to accounting legislation, costs included in the initial cost of long-term assets and reserve costs should be included in the amount of depreciation deductions and the cost of such reserves.

According to Article 306 of the Tax Code, the cost of long-term assets for which depreciation has not been accounted for is considered when determining the tax base upon the sale of these assets in accordance with Article 298 of this Code.

Adjustments to the taxpayer's expenses are made in accordance with Article 332 of the Tax Code.

Expenses for Geological Research, Exploration, and Preparatory Work for Mineral Extraction:

These expenses are regulated by Article 311 of the Tax Code:

Expenses incurred by subsoil users for geological studies, exploration, preparatory work for mineral extraction, including assessment, equipment costs, and other deductible expenses in accordance with the Tax Code, form a separate group of depreciable expenses. In cases specified by the Tax Code, such expenses are included in expenses within the established limits.

During the period of mineral extraction at a mine, the costs of stripping the upper layer at the same mine form a separate group of depreciable assets, calculated proportionally to the

volumes of layers or components of ore bodies in accordance with the technical and economic justification of the project and the taxpayer's accounting policy for tax purposes.

Expenses mentioned in the first and second parts of this article are deducted from the total amount of the taxpayer's income as depreciation charges from the start of mineral extraction or completion of stripping the upper layer.

The annual amount of depreciation charges, using a depreciation rate determined at the taxpayer's discretion, is:

Not exceeding 15 percent of the accumulated expenses for the depreciable asset group specified in the first part of this article;

However, it is calculated at no more than 33 percent of the accumulated expenses for the depreciable asset group specified in the second part of this article.

If drilling a non-productive well or if the taxpayer decides to cease work at a mineral deposit site due to economic infeasibility, geological futility, or other reasons, and if the right to use the subsoil is terminated, the taxpayer must cover the expenses incurred in the reporting (tax) period in which this right was terminated, with the right to deduction.

Therefore, expenses for geological research, exploration, and preparatory work conducted before the start of extraction at prospective deposits are included in expenses for the next period, with extraction costs deducted at a rate of 15% per year after the start of extraction (i.e., over 80 months) based on cost.

Since the Code does not provide for accounting for geological exploration, exploratory, and preparatory work conducted on parts of extraction areas, such costs are directly included in the cost of produced products.

If mining operations at a deposit are completed earlier than the specified term (80 months), the remaining (undepreciated) amount related to the given area in the expenses of the next period is written off as expenses of the period based on the conclusions of relevant experts (protocols of meetings), and this amount is considered a deductible or non-deductible expense.

### **Non-Deductible Expenses**

Expenses that cannot be deducted from the tax base include:

Losses of goods beyond the natural loss norms of material values established by the authorized body according to the legislation, or, in their absence, beyond the norms set by the taxpayer;

Expenses for providing free premises to catering enterprises or other organizations, payment for utilities of these enterprises and organizations;

Expenses of the taxpayer specified in Article 376 of the Tax Code, recognized as income of an individual in the form of material benefits, with no more than 0.5 percent of the income from the sale of goods (services) to its employees and their close relatives for socio-cultural and concert-viewing events, excluding expenses related to the purchase of tickets for attending

events;

Business trip expenses and payments exceeding the legislatively established norms for using an employee's personal vehicle for official purposes;

Pension increases and additional payments;

Financial aid specified in paragraphs four and five of part one of Article 377 of the Tax Code, point 10;

Expenses for charitable aid, excluding patronage support, funds directed to educational institutions, or financial aid to orphaned children and children deprived of parental care, as well as funds donated to the Public Fund for Child Support;

Compensation payments for environmental pollution and waste disposal beyond the norms specified by law;

Expenses for rectifying defects in projects and construction and installation works, damages, and deformations occurring before transportation to a warehouse near the site, expenses for checking defects in anti-corrosion protection (disassembly of tools and equipment), and replacement of these costs with defects, violations, or damage, other similar expenses in amounts not covered by suppliers or other responsible economic entities;

Losses caused by unproven thefts and inadequacies or when compensation amounts cannot be recovered from the guilty party;

Taxes paid for other persons;

Additional taxes and fees following tax audits;

Taxpayer expenses for activities not related to entrepreneurial activities (healthcare, sports and cultural events, organization of rest, and other similar activities), except when the obligation to conduct such activities is imposed on the taxpayer by law;

Assistance to trade union committees;

Expenses incurred for services not related to product production (services for city improvement, assistance to agriculture, and other types of services);

Expenses related to obtaining tax-exempt income, except in cases provided by this article;

Expenses for transactions performed without actual provision of services or shipment of goods, if such fact is established by a legally binding court decision specifying the name of the taxpayer who incurred these expenses;

Expenses not related to activities aimed at earning income, if the obligation to incur such expenses is not imposed on the taxpayer by law;

Fines, penalties, and other sanctions that must be (included) in the budget system;

Other expenses related to acquiring, producing, constructing, assembling, and adding to the value of depreciable assets, including additional construction, additional equipment, reconstruction, modernization, technical re-equipment, as well as expenses covered by depreciation charges;

Taxpayer expenses included in the initial cost of non-depreciable assets according to Article 306 of the Tax Code;

The amount of expenses specified in the Tax Code as deductions exceeds the maximum allowable deduction calculated using these norms;

Allocations to reserves, reserve funds, and other funds not provided for, except expenses within the norms specified in Articles 315, 316, and 326 of the Tax Code;

Dividends calculated by the taxpayer;

Voluntary insurance premiums paid by the taxpayer for other persons;  
Interest and specific expenses accrued by the taxpayer in excess of the amount of expenses recognized as deductible for tax purposes according to Article 310 of the Tax Code;  
The value of property (services) provided gratuitously, and expenses related to such provision (including value-added tax), including transfer of property by decision of the President of the Republic of Uzbekistan or the Cabinet of Ministers of the Republic of Uzbekistan, as well as operational search in telecommunications networks, except for providing services related to the transfer and use of technical means of the system;  
Expenses of a trust management institution related to the execution of a trust management agreement, if the founder is not a beneficiary under the trust management agreement;  
Contributions, fees, and other payments made to non-commercial and international organizations if such payments are provided by legislation (including the legislation of foreign states) and/or the activities of taxpayers making such payments, except when it is a condition for providing or rendering necessary services for taxpayers to carry out their activities;  
Expenses incurred from reserve funds established by the taxpayer if expenses related to the creation of such reserves are included in deductions according to the procedure established by this Code or other legislation;  
The amount of price reduction of property (depreciation);  
Losses caused by write-offs of goods due to unfitness (expiry date, physical and/or moral wear, other similar reasons), extraordinary circumstances (natural disasters, fire, accidents, road accidents, etc.), except for the damage caused;  
Interest exceeding the rates provided in loan agreements for overdue and overdue loans (debts);  
Fines, penalties, and other types of sanctions paid or recognized for breach of business contract terms.

#### Tax Rates:

Payments are made at a rate of 15 percent of the taxable profit of the company.

As a tax agent, payments are made at a tax rate of 5 percent on income paid in the form of dividends, withheld at the source of payment.

#### Tax Period. Reporting Period:

The calendar year is the tax period.

A quarter of the year is the reporting period.

#### Procedure for Tax Calculation and Filing Tax Reports:

At the end of the reporting (tax) period, the tax amount is determined by the taxpayer independently.

The tax amount at the end of the reporting period is calculated as a percentage of the tax base according to the tax rate, with the end exceeding the beginning of the tax period.

The taxpayer has the right to reduce the tax amount considering income tax or the same type of tax received from income paid in a foreign state, in cases and procedures established by Article 342 of the Tax Code.

The tax report is submitted to the tax authority at the place of tax registration after the end of the tax period.

The tax report must be submitted within the following deadlines:

By the end of the reporting period - the month following the reporting period, no later than the twentieth day;

By the end of the tax period - no later than March 1 of the year following the end of the tax period.

### **Order of Tax Payment:**

The tax must be paid at the end of the reporting (tax) period no later than the deadlines for submitting tax reports for the corresponding reporting (tax) period.

Taxpayers with a total income exceeding ten billion sums, taking into account adjustments made for the tax period preceding the current tax period, must pay the calculated monthly tax payments no later than the 23rd day of each month of the reporting period.

The amount of the one-time monthly payment due in the first quarter of the current tax period is equal to the amount of the one-time monthly payment due in the last quarter of the previous tax period.

The amount of the one-time monthly payment due in the second quarter of the current tax period is considered equal to one-third of the profit tax calculated based on the tax report for the first reporting period of the current year.

The amount of the one-time monthly payment due in the third quarter of the current tax period is equal to one-third of the difference between the profit tax calculated based on the data from the semi-annual tax report and the profit tax calculated at the end of the first quarter.

The amount of the one-time monthly payment due in the fourth quarter of the current tax period is equal to one-third of the difference between the profit tax calculated based on the data from the nine-month tax report and the profit tax calculated at the end of the half-year.

If the calculated one-time monthly payment is negative or zero, such payments will not be made for the corresponding quarter.

At the end of the reporting (tax) period, the total amount of monthly tax payments made during the reporting (tax) period is accounted for in the payment of the tax calculated based on the tax report for the reporting (tax) period.

### **INCOME TAX ON INDIVIDUALS:**

Taxpayers:

Taxpayers of income tax are:

1. Individuals who are residents of the Republic of Uzbekistan;
2. Individuals who are non-residents of the Republic of Uzbekistan but receive income from sources within the Republic of Uzbekistan.

Tax Object:

The object of taxation for personal income tax is the total income of the taxpayer.

Tax Base:

The tax base is:

1. For individuals who are residents of the Republic of Uzbekistan – their total income with tax benefits taken into account;
2. For individuals who are non-residents of the Republic of Uzbekistan – their total income without applying tax benefits.

When determining the tax base, the taxpayer's income is considered both in monetary and in-kind form, or rights arising from the disposal of income, as well as income in the form of material goods.

Income expressed in foreign currency is converted into the national currency at the exchange rate of the Central Bank of the Republic of Uzbekistan on the date of actual receipt.

The tax base for different tax rates is determined separately.

The tax base is determined from the beginning of the tax period to its end.

If deductions are made from the taxpayer's income at their own disposal, by court decision, or other authorities and organizations, such deductions do not reduce the tax base.

Total Income:

Total income consists of the following income received by the taxpayer during the reporting (tax) period:

1. For residents of the Republic of Uzbekistan – from income received from sources within and outside the Republic of Uzbekistan;
2. For non-residents of the Republic of Uzbekistan – from income received from sources within the Republic of Uzbekistan.

Income Excluded from Gross Income:

The following amounts are not included in gross income:

1. The value of one-time state monetary awards or equivalent souvenirs received by a taxpayer awarded with state honors and monetary awards of the Republic of Uzbekistan, as well as one-time monetary awards and gifts based on decisions of the President of the Republic of Uzbekistan or the Cabinet of Ministers;
2. Monthly compensation payments for housing and communal services in accordance with the legislation;
3. State pensions, allowances established by law, except for temporary disability benefits (sick leave);
4. Mandatory accumulative pension contributions, interest income from them, and accumulative pension payments.

Expenses not recognized as taxpayer income, made by tax agents for the benefit of individuals, as specified in Article 386 of the Tax Code:

1. Expenses for providing milk, therapeutic and preventive nutrition, carbonated mineral water, personal protective and hygiene products for employees working under adverse conditions;
2. Payments made by trade unions, including material assistance provided to union members from membership fees, except for monetary awards and other payments provided to trade union employees for fulfilling labor duties;
3. Amounts of material assistance provided within the limits of damage caused by emergencies;
4. Expenses for transporting employees to and from work;
5. Expenses for religious rites and ceremonies, festive events, representation expenses, obtaining travel tickets used for business trips on urban public transport, and other expenses of a legal entity related to providing working and rest conditions for employees, and other expenses not considered as individual income;
6. Expenses for providing employees with special clothing, special footwear, uniforms, or their sale at reduced prices, as well as providing certain categories of employees with meals during the performance of their duties, as specified in the law on expenses for provision;
7. Costs associated with relocating an employee to another place, moving property, paying rent (money provided for business trip expenses), or compensating for these expenses, including those in remote and hard-to-reach areas, determined by budget organizations of the Cabinet of Ministers for employees hired within three years after graduating from higher education institutions or highly qualified doctors and specialists residing in other regions, working in family medicine centers and family clinics located in these remote and hard-to-reach areas, and educational institutions receiving a starting allowance;
8. The following compensation payments for business trips:
  - Actual payments for travel to and from the business trip based on supporting documents, including reservation fees. In the absence of travel tickets – up to the cost of travel by railway transport (in the absence of railway transport – by intercity bus), but not exceeding 30% of the cost of an air ticket;
  - Actual payments for renting accommodation. In the absence of documents confirming accommodation, within the norms established by law;

- Daily allowance (per diem) paid for the duration of the business trip within the norms established by legislation;
  - Other payments established by law and confirmed by documents;
9. Compensation payments (compensations) to employees within the norms established by law:
- Compensation payments (compensations) to employees whose permanent work involves travel, movement, and/or business trips, as well as part-time work;
  - Compensation payments (compensations) for using a personal vehicle for official purposes, excluding business trips;
  - Field supplies;
  - Monthly monetary compensation for renting housing for highly qualified doctors and specialists hired in remote and hard-to-reach areas, as well as for employees of educational institutions located in these areas;
  - Other compensation payments (compensations) in accordance with the norms and procedures established by law, except as specified in Articles 373 and 377 of the Tax Code;
10. Payments for harm related to loss of working capacity or health damage in other ways:
- Monthly payments calculated as a percentage of the average monthly salary received by the victim before becoming disabled at work, determined based on the degree of loss of working capacity (in the case of a minor who became disabled at work, the place of harm is determined based on their salary (income), but compensated in an amount not less than 1.76 times the minimum wage established by law);
  - Payments of 70.3% of the minimum monthly wage for additional expenses of victims needing special medical care;
  - Payments of 17.6% of the minimum wage per month for additional expenses for home care of the victim;
  - Payments in the amount of the average annual salary of the victim as a one-time benefit paid by the employer due to harm to the employee's health;
11. Payments for harm caused by the death of a breadwinner:
- Payments in the amount of a share of the average salary of the deceased to the dependents of the deceased breadwinner entitled to compensation for the death;
  - Payments in the amount of six times the average annual salary of the deceased as a one-time benefit to individuals entitled to claim compensation for the death of the breadwinner;
12. Funds transferred based on a paid contract with professional and higher educational institutions of the Republic of Uzbekistan for the education of students;
- 12.1. Expenses of non-state preschool educational institutions and schools, including non-state preschool educational institutions and schools established on the basis of public-private partnerships, related to free education of gifted and talented children from families in need of social assistance, as well as a certain number of children from special contingents within the norms established by law;
13. Costs for employee training and retraining;
14. Monetary and in-kind income received from participating in programs aimed at increasing client activity when purchasing goods and services, which include bonuses (points, other units determining the activity of purchasing goods (services)) from these organizations. The income is added to the taxpayer's total income in the following cases:
- When the taxpayer participates in such programs without conditions of open offer;

- When the taxpayer joins programs of our country and foreign organizations with an acceptance period of less than thirty days and/or with the possibility of early withdrawal of the public offer in an open offer;
- When the taxpayer receives income in the form of rewards (bonuses) or material provision for supplying goods (performing work, providing services) to the organizer specified in the first paragraph of this item;

15. Assistance provided by local self-government bodies, trade unions, charitable, environmental funds, and other funds established by the decisions of the President of the Republic of Uzbekistan:

- Work performed and services provided within the framework of activities specified in the Charter;
- The cost of treatment and medical services, the acquisition of technical means for the prevention and rehabilitation of persons with disabilities;
- Receipt of goods and services from suppliers for the benefit of individuals;
- Other forms

### **Composition of Aggregate Income:**

According to the Tax Code, the aggregate income includes:

- 1) income in the form of labor remuneration;
- 2) income from property;
- 3) income in the form of material goods;
- 4) other income.

Tax Benefits:

### Article 378. Income Not Subject to Taxation

According to Article 378 of the Tax Code, the following types of income are exempt from taxation:

- 1) Amounts of material assistance:
  - To the family members of a deceased employee or to an employee in connection with the death of a family member — up to 4.22 times the minimum wage;
  - In other cases specified in Article 377 of this Code — up to 4.22 times the minimum wage for the tax period;
- 2) Amounts of full or partial compensation by legal entities for the cost of vouchers, excluding tourist vouchers:
  - To persons with disabilities, including those not working for the given employer, for sanatorium-resort and health-improvement institutions located in the Republic of Uzbekistan;
  - For children of their employees up to sixteen years old (students — up to eighteen years old) for children's and other health-improvement camps, as well as for sanatorium-resort and health-improvement institutions located in the Republic of Uzbekistan;
- 3) Amounts paid by the employer for outpatient and/or inpatient medical treatment of their

employees and their children, as well as employer expenses for the treatment and medical services, purchase of technical means for disability prevention, and rehabilitation of persons with disabilities. These incomes are exempt from taxation if paid electronically by employers to healthcare organizations for the treatment and medical services of employees, or if paid directly to the employee based on documents issued by healthcare organizations, or if funds intended for these purposes are credited to the employee's bank account;

- 4) Salaries and other amounts in foreign currency received by citizens of the Republic of Uzbekistan from budgetary organizations in connection with their assignment to work outside the Republic of Uzbekistan, within the amounts established by law;
  - 5) Income received from performing temporary one-time work, if the hiring for such work is facilitated by centers for temporary one-time employment;
  - 6) One-time monetary rewards received by athletes for prize places in international sports competitions;
  - 7) The value of material prizes received in international and national contests and competitions;
  - 8) Received from the employer up to 2.11 times the minimum wage during the tax period:
    - Gifts in kind to employees;
    - Gifts and other types of assistance to retired and incapacitated former employees of the given employer, family members of the deceased employee;
  - 9) Income in cash and kind received from individuals by inheritance, donation, or gratuitously, except for:
    - Remuneration paid to heirs (successors) of authors of scientific, literary, and artistic works, performers of literary and artistic works, as well as discoveries, inventions, and industrial designs;
  - 10) Salaries and other taxable income of the taxpayer directed towards:
    - Payment for education (own, children's, as well as spouse's up to twenty-six years old) in professional and higher educational institutions of the Republic of Uzbekistan. This benefit also applies to taxpayer income directed towards covering educational loans (including interest) provided by commercial banks for education in professional and higher educational institutions;
    - Payment by parents (adoptive parents) for educational services for children in private preschool educational institutions and/or schools up to 3 million sums per month per child;
    - Providing patronage support, but no more than 50 percent of the tax base.
- Analytical registers and registers of tax base calculations.

Loans received for mortgage and the interest on them can be covered during the tax period up to eighty times the minimum wage, provided that the acquisition, construction, or

reconstruction of residential real estate was carried out with subsidies allocated from the budget for repaying the down payment and/or part of the interest on mortgage loans. This tax benefit applies to the borrower and/or joint borrowers, provided that their non-taxable income does not exceed the established limit. The tax benefit aimed at repaying the mortgage and its interest applies to the salaries and other income of spouses or one of the spouses until reaching the established age, with the conditions of the subsidies provided from the budget not being considered. If residential real estate acquired, constructed, or reconstructed with a mortgage loan after January 1, 2023, is transferred to another person within thirty-six months from the date of state registration of property rights, the tax benefit is canceled with the restoration of the obligation to pay the tax for the entire period of the benefit's application.

Pension savings that citizens accumulate in their personal pension accounts at the People's Bank of the Republic of Uzbekistan on a voluntary basis;

Income in the form of shares, stakes, and stocks received from individuals free of charge (including through donation agreements), provided that the transfer of these shares, stakes, and stocks occurs between close relatives;

Salaries and other income of the taxpayer allocated for payment during the tax period up to eight basic calculation sizes, for:

Payments to private educational institutions for retraining and professional development, with a certificate of course completion issued by such institutions.

Reduction of total income for certain categories of taxpayers:

Some categories of taxpayers are partially exempt from taxation (income received in the month in which it was accrued is exempt from tax up to an amount equivalent to 1.41 basic calculation sizes for each month, and for persons mentioned in item 3 of this section, up to an amount equivalent to 3 basic calculation sizes for each month).

Persons honored with the title of "Hero of Uzbekistan," Hero of the Soviet Union, Hero of Labor, as well as those awarded the Shukhrat Order of all three classes. This benefit is provided based on the certificate of the title "Hero of Uzbekistan," entries in the award books of the Hero of the Soviet Union, Hero of Labor, or orders, or a certificate from the Defense Affairs Department.

War veterans, disabled at service and participants, as well as persons equated with them according to legislation. This benefit is provided based on the relevant certificate of war invalidity (war participant) or a certificate from the Defense Affairs Department or another authorized body, or a disability certificate for other persons (war participants), confirming the right to war invalidity benefits (war participants).

Persons with childhood disabilities, as well as persons with first and second group disabilities. This benefit is provided based on a pension certificate or a certificate from the medical-social

expert commission.

Single mothers with two or more children under sixteen years old. This benefit is provided based on certificates issued by civil registry authorities for each child.

Widows and widowers with two or more children under sixteen years old, who do not receive a survivor's pension. This benefit is provided with the death certificate of the spouse, birth certificates of the children, proof of the absence of a new marriage, and a certificate from the territorial Pension Fund office confirming the non-recognition of a survivor's pension.

Parents residing with and raising a child with a childhood disability requiring constant care. This benefit is provided based on a pension certificate or a medical certificate from a healthcare institution confirming the need for constant care.

These tax benefits are applied upon submission of the relevant documents.

If the right to a tax benefit arises during the calendar year, the benefit applies from the moment the right is established.

If a taxpayer is entitled to multiple tax benefits, only one benefit of their choice is granted.

The application of the tax benefit is carried out when calculating the tax based on the annual income declaration submitted to the tax authorities at the place of primary work (service, study), or, if absent, at the place of residence. In case of loss of the right to the benefit, the taxpayer must notify the legal entity withholding the tax within fifteen days from the moment of losing the right.

### **Tax Rates:**

For the income of individuals — residents of the Republic of Uzbekistan, the tax rate is 12%.

For income in the form of dividends and interest, the tax rate is 5%.

For income of individuals — non-residents of the Republic of Uzbekistan, received from sources in Uzbekistan, the following tax rates apply:

For income from dividends and interest — 10%;

For income from international transportation services (freight) — 6%;

For income from employment contracts and civil law contracts — 12%.

### **Tax Period: Reporting Period:**

The calendar year is the tax period. For tax agents, the reporting period is one month.

## **Procedure for Tax Calculation, Reporting, and Payment:**

The tax is calculated and paid by:

Tax agents who pay income to the taxpayer;

The taxpayer independently. In cases provided by the Tax Code, tax calculation may also be performed by tax authorities.

The tax calculation is reduced by the amounts of mandatory monthly contributions to personal pension accounts of individuals, transferred according to the procedure established by law.

### **Procedure and Deadlines for Submitting Tax Reports:**

Tax agents must provide the following documents to the tax authorities at their place of registration:

Within thirty days after the end of the tax period - a certificate of income for individuals receiving material income from which tax has not been withheld, in the form approved by the Tax Committee together with the Ministry of Finance;

Every month, no later than the fifteenth day of the month following the reporting month, and for the year-end, no later than February 15 of the following year.

Tax agents who are legal entities and have more than 25 employees in separate departments and/or branches must submit tax reports for these departments and/or branches to the tax authorities at their place of registration.

### **Procedure for Tax Payment:**

The tax amount calculated at the source of income is paid by the tax agent simultaneously with the payment of income to the taxpayer, but no later than the deadlines for submitting tax reports. If income is paid in kind, the tax must be paid within five days after the end of the month in which the in-kind payment was made.

## **4 SOCIAL TAX**

### **Taxpayers:**

Legal entities in Uzbekistan.

### **Object of Taxation:**

The object of taxation for social tax is the employer's expenses on employee wages. It also includes the income of foreign employees paid by a legal entity not resident in Uzbekistan under service contracts within Uzbekistan.

### **Not Considered as Object of Taxation:**

Expenses related to compensation for harm caused to an employee due to workplace injuries or

other reasons exceeding the amounts specified in paragraph 10 of part 3 of Article 369 of the Tax Code.

### **Tax Base:**

For tax calculation, the tax base is determined as the sum of expenses paid according to Article 371 of the Tax Code.

### **Tax Rates:**

Corporations pay social tax at a rate of 12%.

Taxpayers employing disabled individuals in specialized areas and workshops pay tax at a rate of 4.7%.

For certain categories of taxpayers, reduced tax rates may be established by the President of the Republic of Uzbekistan.

### **Tax Period: Reporting Period:**

Tax period — calendar year.

Reporting period — month.

### **Procedure for Tax Calculation, Reporting, and Payment:**

The tax is calculated monthly based on the tax base and established tax rates. The tax is paid from the employer's funds and some categories of individuals.

Tax reporting is submitted by the taxpayer to the tax authorities at their place of registration no later than the 15th of the month following the reporting month, and for the year-end — by the deadline for submitting the annual financial report. Tax payment is made monthly and no later than the deadlines for submitting tax reports.

## **5 PROPERTY TAX**

### **Taxpayers:**

Organizations located within the territory of the Republic of Uzbekistan that pay property tax on assets that are subject to taxation under Article 411 of the Tax Code. If a legal entity leases property on a financial basis (leasing), it is also considered a taxpayer.

### **Object of Taxation:**

Property tax is paid on the real estate of legal entities. Real estate includes:

- Buildings and structures that must be registered with state authorities.
- Incomplete construction projects. These are projects where construction has not been completed within 24 months from the date of obtaining a construction permit or within the normative timeframes established by project and estimate documentation.

- Railways, main pipelines, communication lines, and power transmission lines, as well as their integral technological parts.

Exempt from Taxation:

- Public roads.
- Irrigation systems and collector-drainage networks.
- Assets on the taxpayer's balance sheet that are not used in business activities, as well as civil defense and mobilization significance assets.
- Land plots.

### **Tax Base:**

For objects listed in Part 2 of Article 411 of the Tax Code, the tax base is determined as the average annual residual value. Residual value is calculated as the difference between the initial (replacement) value of the asset and depreciation calculated according to the taxpayer's accounting policy.

Minimum Value for Tax Calculation:

- Tashkent: 3 million sums;
- Nukus and regional centers: 2 million sums;
- Other cities and rural settlements: 1.2 million sums.

A reducing coefficient of up to 0.5 may be applied depending on the economic development of the districts. If the value of 1 m<sup>2</sup> is below the minimum, the taxpayer has the right to conduct an independent property valuation, the results of which may be used as the tax base. For incomplete construction projects, the tax base is determined as the average annual value of the incomplete construction.

For objects listed in point 4 of Part 2 of Article 411 of the Tax Code, the tax base is the average annual value (for the unrealized part).

### **Procedure for Determining the Tax Base:**

The average annual residual value of objects is determined as the sum of the residual values at the end of each month of the tax period, divided by 12. The tax base is determined separately for each taxable object.

### **Tax Exemptions:**

Exempt from tax:

- Installed devices for generating energy from renewable sources with a nominal capacity of 0.1 MW or more — for 10 years from the date of commissioning.
- Metal antennas and mast structures in rural areas (excluding cities and district centers).

**Tax Rates:**

- Basic tax rate: 1.5%.
- For incomplete construction projects: 4%.
- For:
  - Railways, main pipelines, communication lines, and power transmission lines: 0.6%.
  - Property subject to conservation by decision of the Cabinet of Ministers: 0.6%.

**Tax Period:**

Calendar year.

**Procedure for Tax Calculation, Reporting, and Payment:**

Taxpayers independently calculate the tax based on the established tax base and corresponding rate.

Tax reporting is submitted to the tax authority at the place of registration no later than March 1 of the year following the reporting period.

If the property is located outside the place of registration, the report is submitted to the tax authorities at the location of the property.

During the tax period, taxpayers make advance payments. To calculate advance payments, information about the tax base and tax rate must be submitted by January 20 of the current year.

If the tax base changes during the tax period, the taxpayer has the right to provide corrected tax information and adjust advance payments.

Tax obligations for the period must be paid no later than the deadline for submitting reports. If during the tax period, the amount of tax overpayments is reduced by more than 10% compared to the amount of tax payable to the budget specified in the tax report, the tax authority will recalculate the overpayments based on the actual amount of tax and calculate the penalty.

**6 LAND TAX****Taxpayers:**

Legal entities that have land plots based on property rights, ownership, use or lease rights are recognized.

If real estate is leased, the lessor is recognized as a taxpayer.

**Taxable Objects:**

Land plots owned, possessed, used or leased by legal entities are subject to land tax levied on

legal entities. The following land plots are not considered objects of taxation:

Land plots in common use of populated areas, gardening, viticulture or vegetable gardening associations (squares, streets, lanes, roads, road branches, irrigation networks, collectors, coastal lands and other similar lands of common use);

Land plots occupied by public roads;

Land plots for municipal and domestic purposes (burial sites, collection, processing and sorting of household, construction and other waste, as well as places for waste disposal and recycling);

Land plots allocated for geological exploration and (or) research.

### **Tax Base:**

The following are the tax bases:

for non-agricultural land - the total area of non-agricultural land, deducting the area of non-taxable land plots in accordance with the second part of Article 428 of the Tax Code;

for agricultural lands - normative value of land plots determined in accordance with legislation, deducting land plots that are not taxed in accordance with the second part of Article 428 of the Tax Code.

If the ownership, ownership, use or lease rights to land plots are transferred to the taxpayer during the year, the tax base is calculated from the month following the creation of the right to the land plots. In case of reduction of the area of the land plot, the tax base is reduced from the month in which the area of the land plot is reduced.

In the event that legal entities are entitled to a tax credit, the tax base is reduced from the month when this right is granted. In case of termination of the right to tax relief, the tax base is calculated (increased) from the month following the termination of this right.

### **Tax Benefits:**

Exempt from tax:

- Installed renewable energy generation devices with a nominal capacity of 0.1 MW or more — for 10 years from the date of commissioning.
- Metal antennas and mast structures in rural areas (excluding cities and district centers).

### **Tax Rates:**

Tax rates on non-agricultural land are set in absolute amounts per hectare. The exact amount of tax rates is determined by the Law of the Republic of Uzbekistan on the State Budget.

For plots of land occupied by unfinished objects, tax is paid at double tax rates, unless otherwise provided by law.

When land is used without documents or in a larger volume than indicated in the documents confirming the right to the land plot, the tax rate is set at four times the established tax rates.

### **Tax Period:**

Calendar year.

## **Calculation of Tax, Reporting, and Payment:**

The tax is calculated based on the situation as of January 1 of each tax period and the tax report must be submitted to the tax authority at the location of the land plot within the following deadlines:

For non-agricultural land: no later than January 20 of the current tax period;

For agricultural land: no later than May 1 of the current tax period.

Taxpayers independently calculate the tax based on the tax base determined according to Article 427 of the Tax Code and the applicable tax rate.

If there are changes in the tax base (calculated tax amount) during the tax period, legal entities must submit a revised tax report to the tax authority within one month.

Legal entities that own land plots with objects as specified in the second part of Article 426 of the Tax Code must submit an information report to the tax authority for the location of these objects by January 20 of the current tax period. This report, certified by the Tax Committee, must be in the form approved by the Committee and must detail the land plots owned by the legal entity, which are not considered as taxable objects.

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### **Tax payment procedure:**

Payment of tax for non-agricultural land is carried out as follows:

for taxpayers who do not pay turnover tax - in the amount of one-twelfth of the annual tax amount, no later than the 10th of each month. This will be done no later than January 20 for the month of January.

During the tax period, when obligations arise after the specified period of tax payment, the payment of this amount is made no later than thirty days after the date of the obligations.

## **7 Tax on Water Resource Usage**

### **Taxpayers:**

Taxpayers for the tax on water resource usage are legal entities in the Republic of Uzbekistan that either initially use or consume water within the territory of the Republic of Uzbekistan.

### **Taxable Object:**

The taxable object is the use of water resources obtained from surface and groundwater sources.

### **Tax Base:**

The tax base is the volume of water used.

### **Determination of Tax Base:**

The volume of water extracted from surface and groundwater sources is determined based on the readings from water meters recorded in accounting (primary) documents. If water is used without meters, its volume is estimated based on water consumption limits from water sources, technological and sanitary consumption norms, irrigation norms for crops and green areas, or other methods ensuring data accuracy.

For rented parts of buildings or separate facilities, the tax base is determined by the lessor who has a contract with the legal entity supplying water. Legal entities renting parts of buildings or separate facilities and having contracts with water suppliers determine the tax base independently.

Taxpayers must reconcile the volume of water used with the legal entities supplying water, reflecting the difference in water volumes in their calculations for the relevant period.

Taxpayers involved in different types of activities, which are subject to different tax rates, must keep separate records for each type of activity and pay taxes according to the applicable rates.

#### **Tax Rates:**

Tax rates for water resources extracted from surface and groundwater sources are set as a fixed amount per cubic meter of water within the established limits. The specific tax rates are established by the Law of the Republic of Uzbekistan on the State Budget.

#### **Tax Period:**

The tax period is the calendar year.

#### **Calculation and Reporting of Taxes:**

The tax amount is calculated based on the tax base and the established tax rates. Tax reports must be submitted to the tax authorities at the location of water use or consumption once a year:

- By legal entities in the Republic of Uzbekistan, excluding agricultural enterprises, no later than March 1 of the year following the reporting period.

#### **Payment of Taxes:**

During the tax period, taxpayers make advance tax payments. To calculate advance payments, taxpayers must submit information about the tax amount for the current tax period to the tax authorities by January 20 of the current tax period, based on the projected tax base (volume of water used) and established tax rates. Taxpayers who incur tax obligations during the tax period must submit information about the tax amount no later than 30 days from the date the

tax obligation arose.

### **Calculation of Advance Payments:**

- Legal entities with a tax amount exceeding 200 times the base calculation amount for the tax period (excluding turnover-based taxpayers) must pay one-twelfth of the annual tax amount by the 20th of each month.
- Legal entities with a tax amount less than 200 times the base calculation amount for the tax period, as well as turnover-based taxpayers and individual entrepreneurs, must pay one-fourth of the annual tax amount by the 20th of each quarter.

If the projected tax base changes during the tax period, the taxpayer can submit updated information about the tax amount. In this case, adjustments to advance payments are made proportionally to the changed tax amount for the remaining part of the tax period.

Taxpayers, excluding agricultural enterprises, must pay the tax considering the amount of advance payments, no later than the deadline for submitting tax reports at the location of water use or consumption.

If the amount of advance payments is less than 10% of the tax amount due according to the tax report, the tax authority will recalculate the advance payments based on the actual tax amount, including penalties.

## **8 Tax on the Use of Subsurface Resources**

### **Taxpayers:**

Taxpayers for the tax on the use of subsurface resources are legal entities engaged in the extraction of mineral resources within the territory of the Republic of Uzbekistan and/or the extraction of minerals from technogenic deposits.

### **Taxable Object:**

The taxable objects for the tax on subsurface resource use are:

- The volume of mineral extraction (or extraction) of useful minerals;
- The volume of realized black, non-ferrous, precious, and radioactive metals, as well as rare and rare-earth elements.

The volume of mineral extraction (or extraction) is determined considering technological losses throughout the entire technological cycle—from extraction to primary processing, further processing, and transportation, according to norms approved by the authorized body. In the absence of such

norms, the norms approved by the taxpayer apply.

Technological losses during the extraction (or extraction) of minerals and primary processing are recognized as technological losses, including:

- Losses during the extraction of minerals (excluding losses exceeding the norm), including residues (inaccessible reserves).

The taxable object is determined separately for each type of mineral.

#### **Tax Base:**

The tax base is determined by the taxpayer independently for each extracted (or extracted) mineral.

The tax base includes:

- The realized value of extracted (or extracted) black, non-ferrous, precious, and radioactive metals, as well as rare and rare-earth elements.

For the extraction of precious, non-ferrous, and radioactive metals, as well as rare and rare-earth elements, the tax base is determined based on the average realized price of the minerals, considering costs for subsequent processing (smelting, refining) and/or transportation.

When determining the tax base for minerals, transportation and/or processing costs, including costs for returning processed materials, are determined by the taxpayer in collaboration with the tax authorities. These costs can be adjusted based on the results of the calendar year.

Special rules for determining the tax base for specific types of minerals are established by Article 451-1 of the Tax Code.

#### **Tax Rates:**

For uranium and rhenium, which are radioactive metals, rare elements, and rare-earth elements, the tax rate is set at 16%.

#### **Tax Period and Reporting Period:**

- The tax period for legal entities is a quarter.
- The reporting period for legal entities is one month.

#### **Calculation, Reporting, and Payment of Tax:**

Taxpayers calculate the tax independently based on the tax base and the applicable tax rate.

The tax amount for specific types of minerals is determined based on the tax base and the established tax rate but cannot be less than the minimum tax amount set.

Tax reports must be submitted by taxpayers to the tax authorities at the place of registration:

- By legal entities—monthly, no later than the 20th day of the month following the end of the tax period.

Tax payment must be made by legal entities:

- Monthly, no later than the 20th day of the following month.

## **9 SPECIAL RENT TAX ON MINERAL EXTRACTION**

### **Taxpayers:**

Legal entities involved in the extraction of precious, non-ferrous, and/or radioactive metals, rare elements, rare-earth elements, and hydrocarbon raw materials are recognized as taxpayers for the special rent tax on mineral extraction.

According to the first part of Article 452 of the Tax Code, the list of minerals in the relevant groups includes precious, non-ferrous, and radioactive metals, rare elements, and rare-earth elements.

### **Taxable Object:**

The taxable object for the special rent tax on mineral extraction is the rent income from the sale of extracted (or obtained) metals.

### **Rent Income:**

Rent income is defined as the difference between the revenues obtained from the sale of extracted (or obtained) metals and the expenses directly related to their extraction (or obtaining), considering the requirements of Article 176 of the Tax Code. VAT and excise taxes are not considered. Revenues are calculated based on the prices applied in the transaction, while expenses are those directly associated with the extraction (or obtaining) of metals.

Expenses include capital and operational costs necessary and sufficient for the extraction (or obtaining) of metals, which can be deducted in the reporting tax period. Capital expenses include costs for creating or acquiring fixed assets, intangible assets, creating infrastructure, and other similar purposes if such costs are provided for by the technological conditions of the development of mineral deposits. Operational expenses include costs for purchasing raw

materials, materials, energy, licenses, labor costs, taxes and duties, and costs for work and services performed by third-party legal or physical entities.

Expenses that are not included in operational costs are depreciation, marketing and advertising, research and development, administrative personnel salaries, emergency measures, employee training, mobile and internet costs, reserve creation, voluntary insurance, as well as financial expenses and interest.

If a taxpayer extracts metals from several licensed areas, rent income must be determined separately for each area. The taxpayer must maintain records of income and expenses according to the requirements of Article 80 of the Tax Code.

If the determination of rent income results in a negative value, the difference between expenses and income is recognized as a rent loss.

#### Tax Base:

The amount of rent income is the tax base, and in the presence of a rent loss, the tax base is considered to be zero. The tax base is determined separately for each licensed area (group of areas) and is calculated from the beginning of the tax period, considering the accumulated result.

#### Tax Rates:

The minimum tax rate is 25% of the tax base. When conducting auctions for the right to extract minerals in licensed areas, organizers or participants may offer an increased tax rate.

#### Tax Period and Reporting Period:

- The tax period is the calendar year.
- The reporting period is a quarter.

#### **Calculation, Reporting, and Payment of Tax:**

Taxpayers calculate the tax independently based on the determined tax base and applicable tax rate. Reporting must be submitted to the tax authority at the place of registration no later than the following deadlines:

- In the case of a rent loss - once a year, no later than March 1 of the year following the reporting year;
- In the case of a tax base - quarterly, no later than the 20th day of the month following the reporting quarter, and for the year-end, no later than March 1 of the year following the reporting year.

Tax payments must be made quarterly, no later than the 20th day of the month following the

reporting period, and for the year-end, no later than March 1 of the year following the reporting year.

## **10 MANDATORY CONTRIBUTIONS TO INDIVIDUAL ACCUMULATIVE PENSION ACCOUNTS (IAPA) FROM EMPLOYERS**

### **Taxpayers:**

Citizens engaged in labor activities under employment contracts (including working pensioners and those on leave) as well as citizens performing work under civil law contracts, if income tax is withheld from these workers according to the law, are considered mandatory participants in the accumulative pension system.

Citizens who are fully exempt from income tax according to the law participate in the accumulative pension system on a voluntary basis.

Mandatory contributions to IAPA are treated as taxes and compulsory budget payments.

Mandatory contributions to IAPA are calculated based on the employee's gross salary (income) subject to taxation, at a rate established by legislation, and from this amount, 0.1% of the income tax levied on personal income according to the law is deducted.

Legal entities are required to pay mandatory contributions to IAPA for their employees, regardless of whether the legal entity is the employee's main place of work or if the employee works part-time or under a civil law contract.

Foreign citizens and stateless persons who reside permanently in the Republic of Uzbekistan are entitled to accumulative pension benefits on par with citizens of the Republic of Uzbekistan, unless otherwise stipulated by the current legislation of the Republic of Uzbekistan and international agreements.

Employers must allocate mandatory contributions to IAPA to the budget within the established deadlines and format simultaneously with the payment of personal income tax. Mandatory contributions to IAPA are made via a payment order, which specifies the depositor's details, purpose of the transfer, amount of mandatory contributions to IAPA, and the number and date of the register sent to the branch of the People's Bank where the employer is located.

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## **V DEFINITION OF TAX LEGISLATION VIOLATION:**

A violation of tax legislation by a taxpayer, tax agent, or other responsible party as established by the Tax Code is considered a breach of tax legislation.

### **General Conditions of Liability:**

The liability of a legal entity for violating tax legislation is based on facts established by a legally effective decision of the tax authority.

The liability of a legal entity for violating tax legislation does not exempt its officials from administrative, criminal, or other legal liabilities.

Liability for violating tax legislation does not exempt the individual from the obligation to pay taxes (fees) and penalties.

An individual is not considered guilty of violating tax legislation until their guilt is established in accordance with the law. The person held responsible is not required to prove their innocence regarding the tax violation.

The burden of proving the fact of a tax violation and the guilt of the individual is placed on the tax authorities.

### **Financial Sanctions:**

Financial sanctions are measures of liability for violating tax legislation.

Financial sanctions are set at amounts specified in Chapters 28 and 29 of the Tax Code and are applied in the form of fines.

If there are any mitigating circumstances, the fine amount is reduced by half compared to the amount specified by the relevant article of the Tax Code.

If guilt in identified tax violations is acknowledged and the amount of financial sanctions is voluntarily paid within ten days from the date of the tax authority's decision to impose liability, the fine amount is reduced by half compared to the amount specified by the relevant articles of the Tax Code.

If one person commits two or more tax violations, financial sanctions are imposed separately for each violation.

### **VI Oversight of Tax Policy Compliance and Provision of Relevant Powers:**

Compliance with the requirements of this Policy is mandatory for all structural units and responsible employees of the enterprise.

Powers to oversee the implementation of this Policy are granted to the enterprise's management.