

GLOBAL
EMPLOYER
GUIDE

UZBEKISTAN





Basic Country Facts

Full Name

- Republic of Uzbekistan

Capital

- Tashkent

Main Languages

- Uzbek
- Karakalpak

Population

- 32.96 million

Monetary Unit

- Uzbekistani so'm

Internet Domain

- .uz

International Dialing Code

- +998

Currency

- Uzbekistani so'm



STATUTORY LABOR REQUIREMENTS

Probation Period

- The probation period is of 3 months.

Annual Leave

- Every employee is entitled to 15 days of paid annual leave

Public Holidays

- New Year's Day (1st January)
- International Women's Day (8th March)
- Nowruz (21st to 23rd March)
- Remembrance Day (9th May)
- Eid al-Fitr
- Eid al-Adha
- Independence Day of Uzbekistan (1st September)
- Teachers' Day (1st October)
- Constitution Day (8th December)

Maternity Leave

- Female employees are entitled to 126 calendar days (70 days before and 56 days after childbirth).
- Maternity leave shall be calculated cumulatively and shall be granted entirely irrespective of the number of days actually used before childbirth.

Paternity Leave

- There is no paternity leave

Sick Leave

- When an employee becomes ill, suffers an injury, or cares for their sick family members, they should take sick leave.
- That leave is paid at 100% of the employee's average pay if the sickness is work-related or the employee has worked for more than eight years.

Work Hours

- The legal duration of work is 40 hours per week.

Overtime

- Overtime hours should be less than 4 hours for every 2 days or 120 hours per year.
- They are paid double the hourly salary.

Notice Period

- Employer must provide two-month notice if the termination is connected with changes in technology, organization of production and labor, reduction of volume of work involving changes in staff or in the nature of work or liquidation of company.

Severance

- Severance payments are provided in legislation, but in very limited cases.
- When the employer terminates the contract on the grounds of changes in technology, organization of production and labor, reduction of volume of work involving changes in staff or in the nature of work or liquidation of company, the employer and employee may agree that the Two-month notice period may be substituted by an average salary for two months with immediate termination.

13th Month

- 13th month pay is not mandatory





Income Tax

- Individuals are subject to tax in Uzbekistan based on their tax residency status.
- A resident is defined as an individual who is physically present in Uzbekistan for 183 days or more in any period up to 12 months ending in a calendar year.
- Individuals not meeting this test are considered to be nonresidents.
- Residents are taxed on their worldwide income.
- Nonresidents are taxed only on their Uzbek-source income.
- The general Uzbek individual income tax for residents is levied at a flat rate of 12%, while a flat rate of 20% applies to nonresidents.
- There are no local personal income taxes in Uzbekistan.

Income Tax Rate	
Residents	Flat Rate of 12%
Non-residents	Flat Rate of 20%



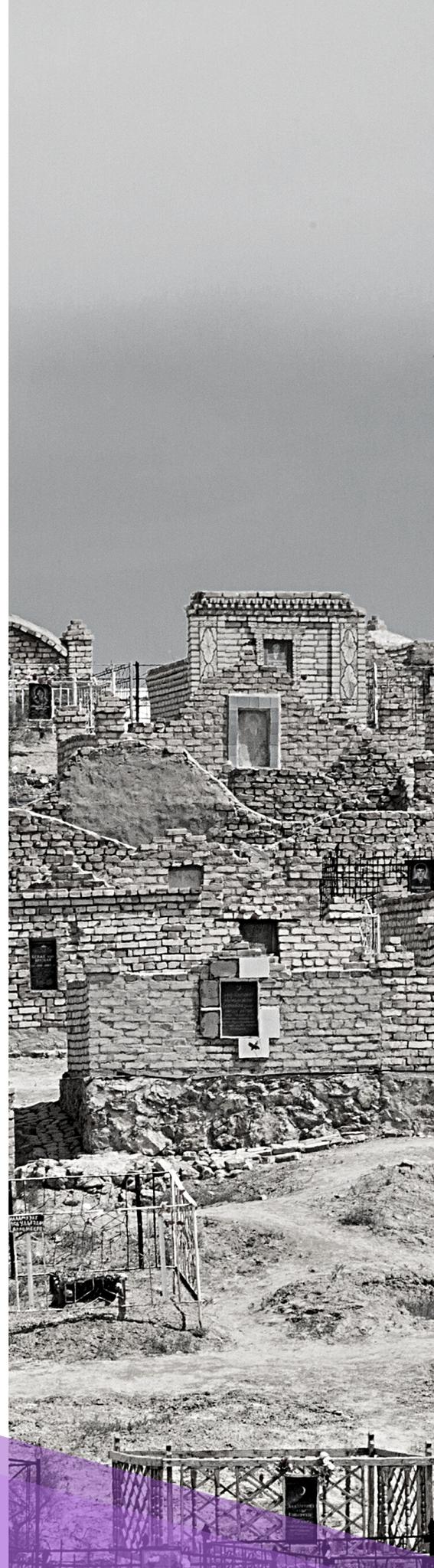
Social Security

- Employers make mandatory monthly contributions to individual accumulative pension accounts of citizens at a rate of 0.1% of salaries of employees, and the amounts of such contributions are subtracted from accrued individual income tax.
- Employers are subject to a unified social fund contribution on the payroll of employees at a rate of 12% (while a 25% rate is applicable for state entities and entities with a state share in their capital of 50% or more).

Contribution	Employer	Employee
Individual Pension Accounts	0.1%	-
Unified Social Fund	12%	-

- Social Tax (ST) is charged on gross payroll of local and foreign employees and payable by the employers.
- The rates of ST are provided below:

Taxpayers	Tax rate (%)
Budget organizations	25%
Association of 'SOS Children's Villages of Uzbekistan'	7%
Taxpayers using the labor of persons with disabilities working in specialized workshops, sections, and enterprises	4.7%
Other taxpayers	12%



Deductible Expenses

- There are no personal deductions under Uzbek law.
- However, income directed for some purposes may be viewed as exempt for PIT purposes and is effectively a deduction
- Income that is specifically exempt from tax includes alimony, severance pay (up to a maximum amount) and state pension income.
- There are no standard deductions under Uzbek law.
- Certain categories of individuals are either fully exempt from PIT (e.g. diplomats) or granted a monthly deduction of four times the statutory BCU (e.g. veterans, disabled people, widows/widowers with children, women with many children).

Deductible Expenses

Personal Deductions

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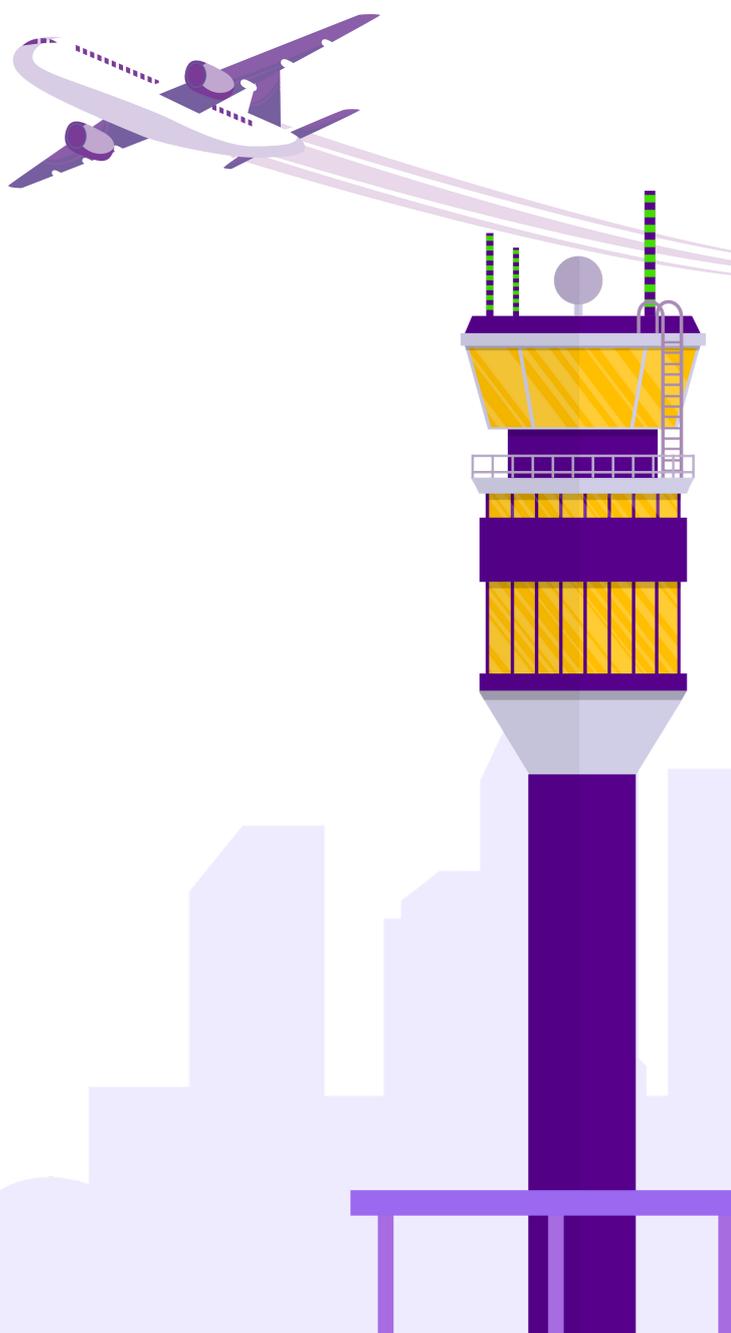
Personal Allowances

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Immigration

- In general, all foreign nationals and stateless persons are required to obtain a visa to enter Uzbekistan.
- A foreign citizen may work in Uzbekistan only if he or she obtains through his or her Uzbek employer a confirmation for the employment (work permit) and if his or her Uzbek employer obtains a license for employment of foreign specialists (license).
- The Consular Department of the Ministry of Foreign Affairs of Uzbekistan issues a work visa to a foreign citizen only if the foreign citizen and his or her Uzbek employer obtained the work permit and license.
- Uzbek law does not contain any measures allowing a foreign citizen to be self-employed in Uzbekistan.
- In general, to obtain a business visa to Uzbekistan, a visa applicant should submit the following documents to the relevant consular office of Uzbekistan:
 - Invitation letter from the hosting organization (for example, a business partner or an Uzbek company) that is duly processed through the Ministry of Foreign Affairs of Uzbekistan in Tashkent (this requirement does not apply to the nationals of those countries for which Uzbekistan has a simplified procedure for issuing visas)
 - Two copies of the completed and signed visa application form
 - Valid passport or document of a stateless person
 - Two passport-size pictures
 - Proof of visa fee payment unless a visa fee exemption has been established by an intergovernmental agreement between Uzbekistan and the respective foreign country, and/or Uzbekistan legislation
- Starting from 1 March 2019, for founders (participants) of enterprises with foreign investments and for members of their families, the investment visa is introduced.
- It is valid for a period of three years, with the possibility of extension without leaving Uzbekistan.



Type of Visa	Documentation	Validity	Eligibility
Business Visa	<ul style="list-style-type: none"> • Invitation letter from the hosting organization (for example, a business partner or an Uzbek company) that is duly processed through the Ministry of Foreign Affairs of Uzbekistan in Tashkent (this requirement does not apply to the nationals of those countries for which Uzbekistan has a simplified procedure for issuing visas) • Two copies of the completed and signed visa application form • Valid passport or document of a stateless person • Two passport-size pictures • Proof of visa fee payment unless a visa fee exemption has been established by an intergovernmental agreement between Uzbekistan and the respective foreign country, and/or Uzbekistan legislation 	1 year	<ul style="list-style-type: none"> • Foreign individuals travelling to Uzbekistan for business related purposes are eligible
Work Permit	<ul style="list-style-type: none"> • Copy of Passport • 2x Passport Photographs • Profile of Applicant • Proof of Work History • Valid Passport • Visa Application Form • Lease contract for residence in host country • Proof of Temporary Accommodation • HIV Test Results 	1 year (can be extended)	<ul style="list-style-type: none"> • A foreign citizen may work in Uzbekistan only if he or she obtains through his or her Uzbek employer a confirmation for the employment (work permit) and if his or her Uzbek employer obtains a license for employment of foreign specialists (license).
Investor Visa	<ul style="list-style-type: none"> • Invitation letter from the hosting organization (for example, a business partner or an Uzbek company) that is duly processed through the Ministry of Foreign Affairs of Uzbekistan in Tashkent (this requirement does not apply to the nationals of those countries for which Uzbekistan has a simplified procedure for issuing visas) • Two copies of the completed and signed visa application form • Valid passport or document of a stateless person • Two passport-size pictures • Proof of visa fee payment unless a visa fee exemption has been established by an intergovernmental agreement between Uzbekistan and the respective foreign country, and/or Uzbekistan legislation 	3 years	<ul style="list-style-type: none"> • Starting from 1 March 2019, for founders (participants) of enterprises with foreign investments and for members of their families, the investment visa is introduced.

Value Added Tax (VAT)

- The standard value-added tax (VAT) rate is 15%.
- This tax is applicable to the sales value of products, works, and services. Exports of goods are taxed at 0%.
- There is a list of goods, works, and services exempt from VAT (e.g. certain education, transportation, medical, financial, insurance services, import by individuals within norms).

VAT Rates	
Standard Rate	15%
Zero Rate	0%

Withholding Tax

Dividends

- Dividends paid to residents are subject to a 5% withholding tax
- Dividends paid to nonresidents are subject to a 10% withholding tax
- The rate may be reduced under a tax treaty

Interest

- Interest paid to residents is subject to a 5% withholding tax and that on payments to nonresidents is 10%
- The rate for a nonresident may be reduced under an applicable tax treaty

Royalties

- Royalties and similar payments made to nonresidents are subject to a 20% withholding tax which may be reduced under an applicable tax treaty



WHT	
Dividends	5%/10%
Interest	5%/10%
Royalties	20%



Termination

- Employers can unilaterally terminate employment contract on the following grounds:
 - Change in technological, production or work process, decrease in volume of work, which have led to changes in the number of staff (redundancy), character of work or liquidation of company;
 - Incompatibility of an employee due to low qualification (with sufficient evidence) or illness (that prohibits employee to perform duties);
 - Systematic breach of duties by an employee;
 - A significant breach of professional duties that are stipulated in employer's policies;
 - Termination of part-time employees if the employer hires a full-time employee for this position;
 - Termination of a head of company, his deputy and chief accountant due to change of owner;
 - Reaching pension age provided that an employee has acquired the right to receive state pension (pensioner's certificate).

Statutory Benefits

- These are mandatory benefits as postulated by law
- These include probationary period, annual leave, public holidays, sick leave, maternity leave, overtime pay, notice period, and severance pay
- Statutory benefits also include social security benefits

Statutory Benefits

Probationary Period

Annual Leave

Public Holidays

Maternity Leave

Sick Leave

Overtime Pay

Notice Period

Severance Pay

Social Security Benefits



Payments and Invoicing

- The tax period for PIT purposes is the calendar year.
- A tax return is to be filed by Uzbek residents if/once they earn:
 - property income, including income from intellectual property rights
 - income from two or more sources
 - income received from sources outside of Uzbekistan, or
 - income received from sources who are not tax agents.
- The declaration should be submitted by the individual to the tax authorities at the location of the individual's registration in Uzbekistan not later than 1 April of the year following the reporting year.
- A tax return is not due in cases where the taxpayer's income from non-principal (second) place of work was taxed at the maximum rate based on one's written application.
- If a foreign national becomes a tax resident in Uzbekistan prior to 1 April of the current reporting year, one should submit a declaration on the income earned during the previous reporting year.
- For instance, if an expatriate has not become tax resident in Uzbekistan as of 31 December 2019 but will become so by 1 April 2020, one would be required to file the annual PIT return for the calendar year 2019 (as a non-resident).
- Expatriate individuals leaving Uzbekistan should file a 'departure' PIT return for the period from 1 January to the departure date one month in advance of the departure.
- However, if the expatriate leaves Uzbekistan before 1 February, one is not required to file a tax return.
- PIT liability as per the tax return should be settled by 1 June of the year following the reporting year.





Ease of Doing Business

- The ease of doing business index is an index created by Simeon Djankov, an economist at the Central and Eastern Europe sector of the World Bank Group.
- Higher rankings (a low numerical value) indicate better, usually simpler, regulations for businesses and stronger protections of property rights.
- According to the World Bank Uzbekistan ranked 69th in the World in 2019 in terms of ease of doing business.



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