

Uzbekistan introduces additional tax measures to mitigate impact of COVID-19

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Uzbekistan President's Decree #5986 "On additional measures to support the population and business entities during the coronavirus pandemic" was adopted on 27 April 2020 (the Decree).

According to the Decree, the following key tax measures are provided to support the economy and business:

- ▶ The interest-free tax payment deferral (for revenue tax, property tax, land tax, among others) has been extended to 31 December 2020 from the initial deferral deadline of 1 October 2020 (with mandatory submission of notification to the tax authorities). The deferral is granted for small businesses and individual entrepreneurs, who have suspended their activities and/or whose revenue has been reduced by more than 50%. Local authorities can set the period for deferred tax payments to be made thereafter, but it cannot exceed two years.
- ▶ From 1 April to 1 October 2020:
 - Accrued and deferred interest income of financial leasing companies is excluded from taxable income for corporate income tax (CIT) purposes.
 - The transfer of funds and/or goods (services) on a gratuitous basis to Charity Public Fund "Mahalla", "Dobrota i podderjka" Fund, Public Fund "Uzbekistan mekhr-shavkat va salomatlik", as well as to individuals (per established list) who need social support, is considered:

- ▶ A deductible expense for CIT purposes
- ▶ Exempt from VAT and should not be included in the taxable base of the Revenue tax
- ▶ Not to be taxable income for individuals
- Individuals are granted interest-free tax payment deferral on income received from renting residential premises to individuals and non-residential premises to entities, which had to suspend their activities during the coronavirus pandemic, with its payment to be made in equal installments by 1 April 2021.

In 2020, the amount of financial aid paid to an employee, which is not subject to personal income tax, increases from 4.22-fold to 7.5-fold of the minimum wage (i.e., from UZS2,866,773 (approx. US\$283) to UZS5,094,975 (approx. US\$503).

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