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Road map for reducing the share of shadow economy is adopted

On 20 June 2020, there was adopted a Resolution of the Cabinet of Ministers of the Republic of Uzbekistan "On measures for reducing the share of the" shadow economy "in the Republic of Uzbekistan" No.394, according to which the "Road map" was approved.

The Road map envisages the following directions:

1. Conducting structural changes in the management aimed at reducing shadow turnover. The State Tax Committee (the "STC") and its regional divisions have planned to create the following departments:

- ▶ taxation of individuals based on a declaration;
- ▶ taxation of electronic commerce;
- ▶ reduction of the shadow economy;
- ▶ international integration.

Furthermore, the STC has been set a task to improve the system of VAT records and refunds. Also, the State Statistics Committee has planned to create departments for assessment and record of the shadow economy and hidden unemployment.

2. Extended introduction of digital technology and labeling in the industries and sectors of the economy. In this direction, it is planned to expand the coverage of business entities with online check-out machines and the list of labeled goods. Furthermore, it is planned to develop mechanisms for reducing illegal activities of individual entrepreneurs, as well as identifying and taxing the activities of entities engaged in electronic commerce.

Moreover, this direction envisions the introduction of a unified system of electronic tickets and the digitization of all cadastral documents. Also, it is envisaged to improve the efficiency and quality of tax audits by implementing the Case management system.

3. The expansion of non-cash payments in the economy. The Central Bank has been set a task to integrate the payment systems such as Humo and Uzcard. It is planned to increase the number of payments via QR code and implement the payments among B2B business entities in a system of continuous settlements. In real estate and vehicle transactions, it is envisaged to expand the use of modern banking services.

4. Increasing the coverage of the population with Banking service. Apart from comprehensive measures for expanding the accessibility and coverage of the population with banking services, this direction also aims to introduce a simplified lending system and the development of alternative organizations providing financial services.

5. A significant reduction of the shadow economy's share in the external trade. Until 1 August of 2020, the Ministry of Investment and Foreign Trade and the State Customs Committee has planned to analyze the situation with the shadow economy in the external trade and then develop and submit proposals on its reduction to the Cabinet of Ministers.

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