



**GRATA**  
INTERNATIONAL

Local Knowledge  
for Global Business

[www.gratanet.com](http://www.gratanet.com)

# Concept of tax reform for 2018-2020 published for public discussion in Uzbekistan

## Concept of tax reform

National Project Management Agency under the President of the Republic of Uzbekistan prepared a draft concept on radical reform of the tax system. The document envisages reducing the tax burden, the VAT rate, unification and cancellation of a number of taxes and mandatory payments, as well as measures to improve tax administration.

In particular, the document cancels the corporate profit tax (with the exception of commercial banks and insurance organizations), with the establishment of the procedure according to which the dividend tax at a rate of 25 percent is subject only to dividend-paid profits. The reform implies the reduction of the VAT rate from 20 to 12 percent, with the extension to all categories of taxpayers, including individual entrepreneurs with a turnover of over 1 billion UZS (approx. 123,000 USD). Another innovation is the cancellation of all mandatory payments levied in state trust funds from the turnover of legal entities. The project includes gradual reduction of property tax of legal entities, in 2019 to 2.5% and to 2021 to 1%, from 5% in 2018.

Moreover, the document introduces a system in which small business entities are recognised as legal entities that have an annual turnover of not more than UZS 1 billion UZS (approx. 123,000 USD): those who are not VAT payers and paying turnover tax at a rate of 5%. While legal entities that have an annual turnover of more than UZS 1 billion UZS (approx. 123,000 USD) are transferred to the generally established system of taxation without changing the organizational and legal form. The personal income tax, unified social payment and insurance premium are going to be integrated into a single tax at the rate of 25 percent. In addition, the reform brings a phased unification of the types and rates of excise tax on manufactured in the Republic of Uzbekistan and imported excisable goods, as well as reducing the types of excise tax.

It is expected that formation of a fundamentally new tax system of the Republic of Uzbekistan will lead to the creation of favorable environment for entrepreneurial activity, stable business development, modernization and diversification of the country's economy.



## Байршил

УЗБЕКИСТАН