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The procedure for regulating contractual relations in Uzbekistan is being changed

In accordance with the Decree of the President of the Republic of Uzbekistan “On measures to radically improve contractual relations” No.УП-6313 dated September 14, 2021, the following are canceled from December 1, 2021:

a ban on the acceptance by commercial banks of payments for products supplied (work performed, services provided) at the expense of third parties;

requirements for the mandatory establishment of prepayment in contracts for the supply of goods (performance of work, provision of services) concluded by economic entities with a state share of 50 percent or more;

requirements for the mandatory establishment of an advance payment in contracts concluded between producers of agricultural and livestock products and procurement organizations.

In this case, prepayment and an advance payment are determined by agreement of the parties to the contract.

In addition, individuals can provide and repay loans among themselves in foreign currency by notarization of loan agreements. In this regard, a draft law will be developed, providing for a two-fold reduction in the amount of state fees for notarization of loan agreements and execution of executive notices on the collection of monetary amounts arising from loan agreements.

From January 1, 2022, a procedure is established in accordance with which:

property put up for sale at an electronic online auction during the execution of judicial acts and acts of other bodies is transferred to the winner of the auction at the expense of funds received from its sale without debts and with the bans lifted. In case of insufficiency of such funds, the former owner of the property – the debtor is obligated to pay the debt;

a party to the contract who has accepted from the other party the fulfillment of obligations under the contract in whole or in part or otherwise confirmed the validity of the contract does not have the right to further demand the recognition of this contract as invalid if this contradicts the principle of good faith;

contracts with business entities related to public procurement must contain anti-corruption clauses;

non-payment by legal entities or individual entrepreneurs of tax and customs debts serves as the basis for freezing funds on the accounts of the payer in an amount equal to the amount of the debt, and their subsequent collection after thirty calendar days with the notification of the payer;

contracts developed by natural monopoly entities in the field of utilities, energy supply, communication services, passenger and freight transportation and in other similar areas of great social importance must be concluded with consumers after agreement with the antimonopoly authority.

Also, the document abolishes the practice of approving model contracts by regulatory legal acts, unless the law directly provides for the approval of model contracts binding on the parties.

Moreover, there will be introduced an “escrow” system in the sale and purchase of products through electronic trading platforms.

Practice areas

COMMERCIAL CONTRACTS

Locations

UZBEKISTAN