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Uzbekistan introduces new mechanisms to support the capital market

The Resolution of the President “On additional measures to implement effective capital market support mechanisms” No.ПП-90 dated January 17, 2022 (the “Resolution No.ПП-90”) establishes that from April 1, 2022 to December 31, 2024:

- ▶ income accrued in the form of dividends on shares of individuals – residents and non-residents of the Republic of Uzbekistan are exempt from income tax;
- ▶ on income accrued in the form of dividends on shares of legal entities – non-residents of the Republic of Uzbekistan, a 5 percent income tax rate is applied by analogy with legal entities – residents of the Republic of Uzbekistan;
- ▶ income in the form of accrued interest on bonds of business entities of individuals and legal entities – residents and non-residents of the Republic of Uzbekistan are exempt from income tax of physical entities and corporate income tax.

In accordance with the Resolution No.ПП-90, from July 1, 2022, when making securities transactions at organized over-the-counter trading in securities, the seller (excluding the issuer) pays a fee in the amount of 0.3 percent of the transaction amount instead of profit tax and income tax.

Moreover, when the general meeting of shareholders makes a decision to exclude the company's shares from the exchange quotation list of the stock exchange, the shareholders – owners of the voting shares of this company are given the right to demand the repurchase by the company of their shares.

Starting from April 1, 2022, local issuers may, on the recommendation of the underwriter, place their shares on foreign stock markets after preliminary placement on the RSE “Toshkent” or place them simultaneously on local and foreign stock exchanges.

The Resolution No.ПП-90 amended the Resolution of the Cabinet of Ministers “On organizing a public offering of shares on the stock exchange” No.268 dated May 10, 2017. According to the amendments, the offer price of shares through the initial (IPO) and secondary (SPO) public offerings of shares is now determined only by the organizer (previously, the price was determined by the organizer in agreement with the initiator based on the methods provided for by the rules of the stock exchange).

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