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# Uzbekistan takes measures to support the capital market

Resolution of the President “On additional measures to introduce effective mechanisms to support the capital market” 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 personal income tax and corporate income tax.

Moreover, according to the Resolution No.ПП-90, from July 1, 2022, a procedure is established in accordance with which:

- ▶ when making transactions with securities in organized over-the-counter trading in securities, the seller (except for the issuer) pays a fee of 0.3 percent of the transaction amount instead of profit tax and income tax;
- ▶ 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 owning the voting shares of this company are granted the right to demand that the company repurchase their shares.

From April 1, 2022, local issuers are granted the right, on the recommendation of the underwriter, to place their shares on foreign stock markets after a preliminary placement on the RSE “Toshkent” or place them simultaneously on local and foreign stock exchanges.

The Resolution No.ПП-90 also introduced amendments to the Resolution of the Cabinet of Ministers of the Republic of Uzbekistan “On organizing a public offering of shares on the stock exchange” No. 268 dated May 10, 2017 which are as follows:

- ▶ 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);
- ▶ the collection of applications for the purchase of shares sold through primary (IPO) and secondary (SPO) public offerings of shares is carried out by the organizer or a group of organizers with whom an agreement has been concluded on holding the specified IPO or SPO. Previously, this paragraph contained a provision that for the purchase of shares by an investor, payment is made at the time of filing an application for the purchase of shares to a separate account of an investment intermediary engaged by the organizer to keep records of investors' pre-deposited funds.

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