

New rules for foreign trade

26 March 2018

Since the middle of 2017, the Uzbek government has made a number of decisive steps towards relaxation of foreign trade controls and simplification of procedures for concluding export and import contracts. Although nothing can surpass in importance the long-awaited liberalization of foreign exchange policy that was implemented in October 2017, there are a number of other changes that made a significant impact on foreign trade transactions. This legal alert provides a brief overview of all the related changes that have been made up to this date.

EXPORT OPERATIONS

Export without prepayment

Starting from 1 December 2017, it is permitted to export goods and services without prepayment, securing a letter of credit, a bank guarantee or an export-import insurance policy, if there were not past cases of overdue debts concerning the exporter. Only limited exemptions apply, mainly concerning agricultural products.

* Presidential Resolution No. PP-3351 of 03.11.2017

Sanctions for the delay in performance

As of December 1, 2017, sanctions for violation of the foreign trade regime apply where the payment for exported goods or services is overdue for more than 120 days (previously 60, 90 or 180 days depending on terms of a foreign trade transaction). It is to note that similar sanction regime now applies to Uzbek importers who neglect to collect outstanding receivables under respective import contracts.

* Presidential Resolution No. PP-3351 of 03.11.2017

Customs controls over export operations

Exporters do not need to conclude export contracts and may simply issue invoices for exported goods, works and services, provided a prepayment is received and basic information on the transaction is introduced into the Single Electronic Information System of Foreign Trade Operations (SSFTO).

* Presidential Resolution No. PP-3351 of 03.11.2017

Requirements imposed on contracts for export of specific products

The new regulations on registration of contracts for export of specific goods (ferrous and non-ferrous metals, cotton, natural gas, etc.) provides for new minimum requirements to the contents of the relevant contracts. Besides some common provisions on price, terms of delivery, guarantees and reclamations, from now on, provisions on arbitration proceedings, language of the contract and events of force majeure have to be included as well.

* Presidential Decree No. UP-5215 of 03.11.2017

Abandonment of general tax benefits for exporters

Starting from 1 April 2018, specific tax benefits for exporters of goods and services with respect to the corporate income tax (the unified tax payment) and the property tax are going to be cancelled. Previously, the manufacturers selling 15-30% of their production abroad were entitled to 15% tax cut with respect to the above taxes, whereas the manufacturers selling over 30% of their production abroad – to a 50% tax cut.

* Presidential Resolution No. PP-3454 of 29.12.2017

Export contracts via Internet

Starting from June 1, 2018, new rules on e-commerce will come into force, and entrepreneurs will become able to export products and services via Internet. It will not be necessary to conclude export contracts when trading electronically, and bank fees will not be charged for such type of transactions. Some specific goods will be regulated by separate rules adopted by the Government.

* Presidential Decree No. UP-5349 of 19.02.2018

Export for cash

It is now permitted to accept cash foreign currency within Uzbekistan as a payment for exporting goods and services. Such payments, however, have to be made through cash desks of commercial banks.

* Decree of the Central Bank No. 1165-7 of 14.03.2018

IMPORT OPERATIONS

New rates of customs duties and excise tax

Starting from 1 October 2017, new rates of customs duties and excise tax were set by a Presidential Decree with the rates for many products having been significantly reduced.

* Presidential Resolution No. PP-3303 of 29.09.2017

Customs controls over import operations

Importers are no longer required to submit export cargo customs declarations to prove customs value of imported goods subject to customs privileges.

Consent of customs authorities for re-export of temporally imported goods is no longer required.

* Presidential Resolution No. PP-3351 of 03.11.2017

Import operations of state-owned companies and agencies

The recently established Centre for Complex Expertise of Projects and Import Contracts of the National Agency for Project Finance will engage in examination of state procurement contracts both financed from the state budget or by the Fund for Reconstruction and Development and concluded by state-owned and state-controlled enterprises or institutions (with the threshold of USD 50 thousand for strategic enterprises, and 100 USD thousand for all the others). Strategic enterprises and their affiliates, including Uzbekneftegaz, Uzbekenergo, Uzbekchemiyo, Uzbektelecom, Uzavtosanoat, Uzbek Airways and others, are subject to stricter control over procurements.

* Presidential Resolution No. PP-3550 of 20.02.2018

OTHER CHANGES

New Commodity Nomenclature

The new Commodity Nomenclature of Foreign Economic Activity came into force on 1 January 2018 being based on the Harmonized Commodity Description and Coding System of the World Customs Organization

* Presidential Resolution No. PP-3448 of 28.12.2017

Import and export of particular products

There are many new rules targeting import of particular goods. Hence, for example export of cotton has to be made through the state-owned JSC Uzpakhtasanoat; import of so-called socially significant pharmaceuticals is subject to price caps set by the government; export of ferrous and non-ferrous and other specific goods as referred to above requires a special license issued by an authorised department of Cabinet of Minister based on the relevant Presidential Decree or Cabinet of Ministers' Resolution.