KOSTA LEGAL

Uzbekistan Legal Newsletter

AUGUST 2025

UZBEKISTAN LEGAL NEWSLETTER: AUGUST 2025

In August, Uzbekistan advanced a broad reform agenda with various policy and legal developments. Key measures included the implementation of commitments made at the 5th Presidential Open Dialogue with Entrepreneurs, the launch of a pilot platform for alternative investments, and the adoption of a comprehensive socio-economic development program for the Samarkand region through 2030. Other developments covered the regulation of guarantee-issuing entities, transformation of credit institutions, the issuance and placement of international financial institution (IFI) bonds in Uzbek soums, the development of the irrigation sector, updated requirements for medicinal products and medical devices, the introduction of guarantee funds in enforcement proceedings, and further steps toward the digitalisation of the judicial system.

1. 5th OPEN DIALOGUE WITH ENTREPRENEURS

The President has issued a Decree implementing commitments made at the 5th Open Dialogue of the President with Entrepreneurs. Effective immediately, the Decree provides for the following measures:

- in 2026–2027, a total of UZS 270 trillion (approx. USD 21.8 billion) will be allocated to support entrepreneurship, including UZS 4 trillion (approx. USD 323.9 million) in budgetary funds for the development of free economic zones, small industrial zones, and large industrial projects with foreign direct investment, as well as UZS 250 trillion (approx. USD 20.2 billion) for small and medium-sized businesses;
- the threshold amount of income for business entities required to make monthly advance payments of corporate income tax is increased from UZS 10 billion (approx. USD 809,700) to UZS 20 billion (approx. USD 1.6 million). In addition, when businesses construct and hand over social infrastructure facilities free of charge using their own funds, related expenses will be deductible from the corporate income tax base;
- within 2 months from the date of the Decree, the Tax Committee will submit to the Cabinet of Ministers a draft law providing for: (i) reduction of administrative fines for late tax reporting; (ii) consolidation of fines for multiple unsubmitted tax reports into a single penalty; (iii) exemption from administrative fines for delays of up to 5 days in cases where businesses have submitted reports on time during the previous 3 months;
- by the end of 2025, the Supreme Court and the Business Ombudsman will prepare a draft law allowing businesses to bring cases before any economic or administrative court on an extraterritorial basis;
- starting from 1 January 2026, responsibility for preparing property and land tax reports for legal entities, as well as personal income and social tax reports for individuals, will shift from taxpayers to the tax authorities. Taxpayers will have 5 business days to amend reports, if needed;

- starting from 1 January 2026, expenses incurred by businesses for constructing, equipping, expanding, or converting facilities into hotels will be partially reimbursed from the State Budget;
- starting from 1 May 2026, the creditworthiness of businesses will be assessed using data from public and private sector databases, including information on expenditures (taxes, utility bills, transactions, and other positive indicators), turnover, and export operations;
- until 1 January 2027, businesses without state shareholding will be exempt from fines for overdue receivables under foreign trade operations. If cases of overdue accounts receivable are resolved during the moratorium period, any fines previously imposed shall be cancelled;
- the List of Upcoming Legislative Changes (Annex No. 1 to the Decree) includes the adoption of an Investment Code and the introduction of the "*astreinte*" system, which imposes penalty payments on debtors for delays in complying with court orders;
- The Action Plan of Practical Measures (Annex No. 2) includes:
    - allocation of UZS 2 trillion (approx. USD 161.9 million) for the Tashkent city electricity network in 2026;
    - piloting gravitational accumulator technologies in Uzbekistan;
    - allocation of USD 300 million for working capital financing of promising exporters in the electrotechnical, construction materials, and pharmaceutical industries; and
    - establishment of large, year-round resort zones (300–500 ha each) in Qorabog' (Chortoq district), Chimyon (Fergana district), Omonxona mahalla (Boysun district), and Nurbuloq township (Nurobod district), with USD 150 million to be raised from international financial institutions for infrastructure.

Presidential Decree No. UP-138 of 19 August 2025

2. ALTERNATIVE INVESTMENTS

The President has signed a Resolution introducing a regulatory sandbox regime aimed at attracting funds through investment platforms. The Resolution, among other provisions, stipulates the following:

- the regime will be effective from 1 October 2025 to 1 October 2026 and will cover: (i) the placement and circulation of investment securities; (ii) the financing of venture and mutual funds; and (iii) contributions to *kommanditnoe tovarishchestvo* (a specific form of partnership under Uzbek law);
- business entities will be allowed to post projects on investment platforms to attract funding. Investors may select such projects, contribute funds, and receive profits in return. Project management may also be carried out by investment or management companies;
- investments through investment platforms will be confirmed by digital certificates issued in the name of the entity raising funds. These investments cannot be pledged, diverted for other purposes, or recovered by platform operators or third parties, except by court decision. The

responsibility for repayment and profitability lies solely with the investee entity. Smart contracts may be used;

- operators of investment platforms must be resident legal entities, included in a special electronic register, and required to maintain a register of concluded contracts;
- entities seeking investment must, together with their project listing, provide an audit opinion confirming the absence of insolvency indicators and compliance with tax and accounting laws for the previous financial year;
- the National Agency for Project Promotion (NAPP) will serve as the competent regulatory authority. It will: (i) approve permitting procedures for platform operators by 1 October 2025; (ii) maintain the relevant electronic registers; and (iii) supervise the operations of investment platforms;
- investment agreements concluded via platforms must be executed electronically, with information about investors reflected in the Unified State Register of Business Entities in real time;
- by 1 January 2027, NAPP and the Ministry of Justice will submit proposals for the nationwide implementation of investment platforms.

Resolution of the President of the Republic of Uzbekistan No. PP-255 of 21 August 2025

3. DEVELOPMENT OF SAMARKAND UNTIL 2030

The President has signed a Resolution on measures for the socio-economic development of the Samarkand region until 2030. Effective immediately, the following is, among other things, envisaged in the Resolution:

- targets for 2030: (i) increasing gross regional product to UZS 165 trillion (approx. USD 13.3 billion); (ii) implementing industry and services projects worth USD 6.8 billion; (iii) expanding exports of industry, services, and tourism to USD 3.5 billion; (iv) expanding and fully modernizing engineering and communication networks; and (v) establishing an additional 6,200 hectares of green areas;
- the creation of JSC "Samarkand Invest Company" ("**Company**"), which will facilitate cooperation between the municipality and private businesses, manage the municipal property, implement investment and public-private partnership projects using such property, finance infrastructure projects of business entities, prepare plans for the development and renovation of particular parts of the city;
- Main Target Parameters for the Development of the Samarkand Region until 2030 (in Annex 1 to the Resolution);
- Main Directions for the Development of the Samarkand Region until 2030 (Annex 2);
- Priority Activities of the "Samarkand Investment Company" JSC (Annex 3).

In response to this Presidential Resolution, the Cabinet of Ministers has approved a procedure for implementing investment projects of USD 10 million or more on specially allocated land plots in the Samarkand region. The procedure provides two modalities: (i) incorporation of a special purpose company by the Company and an investor under a shareholders' agreement; or (ii) conclusion of a simple partnership agreement between the Company and an investor.

The Cabinet of Ministers has also introduced a simplified procedure for public-private partnership (PPP) projects worth up to USD 1 million in the Samarkand region, with the Company acting as the public partner. This procedure applies to projects involving: (i) parks, squares, and alleys; (ii) coastal areas of rivers, canals, and reservoirs; (iii) land under bridges and overpasses; (iv) areas between roadways; (v) underground pedestrian crossings; (vi) parking lots; (vii) highways; (viii) parking meters; (ix) vacant land plots; (x) underutilized buildings and structures; and (xi) unfinished buildings and structures.

Presidential Resolution No. PP-244 of 7 August 2025
Resolution of the Cabinet of Ministers No. 526 of 20 August 2025

4. OPERATION OF INSTITUTIONS ISSUING GUARANTEES

The Central Bank of Uzbekistan (**CBU**) has adopted a Resolution on credit guarantee institutions (**CGIs**), which are legal entities that, on a professional basis, provide guarantees (sureties) for the fulfilment of monetary obligations of legal entities and individuals to credit institutions. CGIs issuing more than 10 guarantees per year are classified as professional organizations and fall under this Regulation.

The Resolution sets requirements for organisational structure, risk appetite, and internal policies, including risk management, development strategy, credit risk, and liquidity support. Key risk management obligations include monthly analysis of CGI and the guarantee portfolio; adjustment of mismatches between resources provided and their sources to mitigate interest rate risks; and determination of risk appetite in cases of asset–liability gaps. The risk management framework must involve the supervisory board, executive body, a dedicated risk management unit, and other responsible departments. Guarantees must match the category of the underlying debt obligations to credit institutions, with reserve fund requirements varying by classification.

Resolution of the Central Bank No. 3662 of 11 August 2025

5. TRANSFORMATION OF CREDIT INSTITUTIONS

The Central Bank of Uzbekistan (**CBU**) has adopted a Resolution approving regulations on the transformation of microfinance institutions into microfinance banks, microfinance banks into banks, and vice versa.

Transformation into a microfinance bank or a bank in particular follows a two-step procedure. First, the institution (which must be a joint-stock company) adopts a decision on transformation and submits an application with supporting documents to the CBU within 10 business days. After review, the CBU issues preliminary approval. The applicant must then, within 6 months, apply for official registration, after which the CBU registers the entity and issues (or reissues) the relevant license.

Resolution of the Central Bank No. 3656 of 8 August 2025

6. BONDS OF IFIs IN UZBEK SOUMS

The National Agency for Perspective Projects (**NAPP**) has issued an Order approving the Regulation on the issuance, state registration, placement, and circulation of bonds of international financial institutions (**IFIs**) denominated in the national currency.

IFIs included on the NAPP's official list must record their bond programmes, approved under internal procedures, in the Unified State Register of Securities Issues. Upon submission of the required documents and payment of the state fee, the NAPP will review applications within 15 business days. Placement is permitted from the date of registration and must be completed within one year.

Placement and circulation are conducted on JSC "RSE Tashkent", while REPO transactions with the Central Bank are carried out on the Uzbek Republican Currency Exchange. In addition, issuers are required to disclose information on the issue either on the Unified Corporate Information Portal or their official website, in the scope determined by the regulator.

A detailed overview of the above changes is provided in our dedicated legal alert accessible at this link.

Order of the Director of the National Agency for Perspective Projects of the Republic of Uzbekistan No. 3660 of 11 August 2025

7. DEVELOPMENT OF IRRIGATION SECTOR

The President has signed a Resolution approving the Program for Management of Water Resources and Development of the Irrigation Sector for 2025–2028. The Resolution provides, among other things, for the following measures:

- rehabilitation of 2,551 km of irrigation networks, with at least UZS 1.3 trillion (approx. USD 105.2 million) allocated annually from the State Budget and USD 300 million to be attracted from international financial institutions;
- installation of alternative energy technologies at 15 large pumping stations by the end of 2025, financed from the State Budget, with generated electricity to be sold to the grid (Annex No. 7 to the Resolution);

- implementation of a target list of 162 public-private partnership (PPP) projects, aimed at achieving at least 15% cost savings (Annex No. 15);
- submission by the Ministry of Water Resources, together with other relevant ministries, of proposals to the Cabinet of Ministers for the annual installation of at least 20 solar panels at pumping stations during 2026–2028, and inclusion of solar panels in new PPP agreements where feasible;
- introduction of long-term (up to 10 years) water quotas and seasonal withdrawal limits (set as a percentage of the allocated quota), along with mechanisms for transferring unused quotas between water users;
- leasing of riparian zones of water facilities through electronic auctions;
- development of a handbook for water sector PPP projects by the end of 2025;
- adoption of Target Parameters for the Renewal of Obsolete Pumps at pumping stations under the Ministry of Water Resources for 2025–2028 (Annex No. 4);
- adoption of Target Parameters for the Renewal of Obsolete Electric Motors at pumping stations under the Ministry of Water Resources for 2025–2028 (Annex No. 5);
- adoption of Target Parameters for the Installation of Energy-Efficient Equipment at pumping stations under the Ministry of Water Resources for 2025–2028 (Annex No. 6).

Presidential Resolution No. PP-250 of 15 August 2025

8. REGULATION OF MEDICINAL PRODUCTS AND DEVICES

The President has adopted a Decree on improving the regulation of medicinal products and medical devices. The Decree, among other things, provides for the following:

- starting from 1 October 2025, medicinal products registered with (i) WHO Listed Authorities (prior to the entry into force of this Decree) or (ii) regulatory authorities holding Maturity Level 4 under the WHO Global Benchmarking Tool will undergo state registration in Uzbekistan through a simplified recognition procedure;
- starting from 1 January 2026:
  - domestic and foreign manufacturers must obtain a national GMP certificate for state registration of medicinal products and for extending the validity of registration certificates (excluding WHO-prequalified products subject to recognition);
  - registration certificates will be issued for 5 years. Certificates previously issued without a time limit will also be restricted to 5 years from the effective date of the Decree.
  - medicinal products and medical devices may be manufactured under contract (including through technology transfer) with licensed manufacturers on behalf of the right holder, with registration certificates issued either in the name of the right holder or the manufacturer;

  - licensing requirements for the retail sale of medical devices will be abolished and replaced with a notification procedure to the Pharmaceutical Products Safety Centre;
  - registration of medical devices will require positive clinical studies, except for devices classified as low-risk to human health, which will either be subject to recognition procedures or specifically exempted by the Ministry of Health;

- starting from 1 January 2027, certificates of conformity for medicinal products will be issued only if the manufacturer holds a national GMP certificate (subject to exemptions under the Decree);
- starting 1 July 2027, certificates of conformity for medical devices will be issued only if the manufacturer holds a certificate of conformity with the national standard ISO 13485.

Presidential Decree No. UP-137 of 19 August 2025

9. GUARANTEE FUNDS IN ENFORCEMENT PROCEEDINGS

A new Law introducing a guarantee mechanism in enforcement proceedings has been adopted. A debtor may now deposit funds equal to the obligation (or its outstanding part) into the enforcement authority's account. Once deposited, all restrictions on the debtor and its property are temporarily lifted, and enforcement is suspended. This applies where an appeal or protest has been filed against the underlying court decision or where the actions of the state enforcement officer are challenged. The funds remain with the enforcement authority and are returned within 3 business days if the decision is overturned or the debt is settled. If the appeal or protest is dismissed, the funds are applied to satisfy the creditor's claim.

Law of the Republic of Uzbekistan No. ZRU-1082 of 19 August 2025

10. DIGITALIZATION OF JUDICIAL SYSTEM

The President has issued a Decree launching the "Digital Court" concept to modernise the judicial system. The initiative introduces e-filing of claims, remote hearings, and online access to case files and enforcement decisions. By the end of 2025, the concept will be piloted in Tashkent's economic, civil, and administrative courts, with nationwide rollout planned for 2026–2027. The Supreme Court will determine the categories of cases eligible under this system. The Decree also approves the Program for Digitalisation of the Judicial System and the Introduction of Modern Information Technologies into Judicial Proceedings for 2025–2027 (Annex No. 1 to the Decree).

Presidential Decree No. UP-140 of 21 August 2025

Subscribe to our legal newsletters:

KOSTA LEGAL

18 Anhor Buyi Street, Tashkent, 100011, Uzbekistan
Tel.: (+998 71) 209 0240
Web site: www.kostalegal.com
Email: info@kostalegal.com