KOSTA LEGAL

# Uzbekistan Legal Newsletter

JULY 2026

July 2026 brought significant legislative and regulatory developments in Uzbekistan, led by the establishment of the Tashkent International Financial Centre and major changes to personal data localisation and cross-border transfer rules. Other key developments include the introduction of a clearer mechanism for compensating damage caused by unlawful actions of public authorities, new risk-based labour and environmental compliance mechanisms, a new licensing framework for nuclear and radiation activities, and measures to promote investment and urban development in Tashkent.

## 1. TASHKENT INTERNATIONAL FINANCIAL CENTRE

On 13 July 2026, the Constitutional Law on the Tashkent International Financial Centre was adopted (the Law). The Law establishes the Tashkent International Financial Centre (the Centre) as a designated territory with a special legal, regulatory, tax, customs and currency regime.

Legal entities established under Uzbek law, foreign law or the Centre's own rules may become participants of the Centre, subject to eligibility, recognition and registration requirements to be established by the Centre. Participants may conduct a broad range of activities within or through the Centre, subject to applicable licensing and regulatory requirements. These include banking and financing, investment and asset management, securities and derivatives trading, payment services, Islamic finance, investment and pension funds, project finance, insurance and reinsurance, financial advisory services and crowdfunding. Participants may also engage in financial market infrastructure and digital asset activities, as well as a range of ancillary and other permitted activities, including the establishment and operation of holding companies, SPVs and headquarters, corporate and professional services, and certain other activities supporting the Centre's ecosystem.

The legal framework of the Centre will comprise the Constitution of Uzbekistan, the Law, relevant Presidential decrees and resolutions, and decisions of the Centre. Where necessary, the common law, principles and rules of equity of England and Wales may also apply, provided they do not conflict with these sources. The Centre's Council may also designate specific statutes of England and Wales as applicable within the Centre. At the same time, national Uzbek legislation will continue to apply in specified areas, including criminal law, national security, AML/CFT, immigration, environmental protection and public health.

The Centre will have its own institutional framework comprising the Council, the Administration, the Financial Services Authority and the Tashkent International Commercial Court. English will be the official language of the Centre.

The Law also provides for significant tax and customs exemptions, generally available until 1 January 2076. These include corporate income and social tax exemptions for qualifying Centre participants, personal income tax exemptions on employment income for non-Uzbek tax resident employees of Centre participants and Centre bodies, exemptions for certain investment income, as well as property, land and VAT exemptions in specified circumstances. Goods imported for use within the Centre may also benefit from customs exemptions. In addition, the Law establishes a special currency regime allowing transactions within the Centre to be denominated and settled in foreign currencies and providing for free repatriation of capital and currency conversion, subject to applicable requirements.

The Centre will not become operational immediately. Its bodies must first adopt the key rules necessary for its governance, regulation, judicial system and day-to-day operation. Once the Council determines that the Centre is ready to operate, its decision will be submitted to the President for approval, following which the Centre will commence operations on the date specified in that decision.

*Law No. ZRU-1158 of 13 July 2026*

## 2. PERSONAL DATA LOCALISATION AND CROSS-BORDER TRANSFERS

On 29 July 2026, the Cabinet of Ministers adopted Resolution No. 415, implementing amendments to Uzbekistan's personal data localisation and cross-border transfer rules introduced by Law in March 2026.

The March Law relaxed the previous data localisation regime. Only certain personal data of Uzbek citizens - namely, biometric and genetic data and data of individuals using the services of telecommunications operators operating in Uzbekistan – are now subject to mandatory storage and processing in Uzbekistan. Other personal data may be stored and processed abroad if the destination country provides adequate protection, the operator adopts and complies with standard contractual clauses or binding corporate rules meeting the requirements approved by the competent state authority, or the operator complies with recognised international standards for personal data management and storage.

Resolution No. 415 identifies 49 jurisdictions as providing adequate personal data protection, including Canada, EU Member States, Hong Kong, Japan, Russia, Singapore, South Korea and the UK. The United States is included only for companies participating in the EU–US Data Privacy Framework, while mainland China is not included.

The Resolution also regulates cross-border transfers. For countries on the approved list, personal data may be transferred automatically through information systems based on international agreements, without additional permits or notification, subject to measures preventing data leaks. Transfers to countries outside the list are also permitted if the operator and database owner comply with legal, organisational and technical requirements established by the competent authority. Requirements for standard contractual clauses and binding corporate rules for such transfers are to be adopted within 3 months. Any data leak during a cross-border transfer must be reported to the competent authority within 24 hours, with further details provided within 72 hours.

The Resolution also instructs the relevant authorities to take steps towards Uzbekistan's accession to the Convention for the Protection of Individuals with regard to Automatic Processing of Personal Data.

*Resolution of the Cabinet of Ministers No. 415 of 29 July 2026*

## 3. COMPENSATION FOR DAMAGE CAUSED BY PUBLIC AUTHORITIES

On 27 July 2026, a Law establishing a mechanism for compensating individuals and legal entities for damage caused by unlawful decisions, actions or omissions of state authorities and their officials was adopted. The Law will enter into force on 28 January 2027.

Compensation may cover actual losses and lost profits, as well as moral damage suffered by individuals. The existence and amount of damage must be established by a final and binding court judgment. The Law does not apply to certain categories of damage governed by separate legislation, including damage caused by specified law enforcement authorities and damage arising from the acquisition of land for public needs.

Compensation will generally be paid from territorial compensation funds on the basis of an enforcement document issued pursuant to the relevant court judgment. Where a particular official is found liable, the amount paid may subsequently be recovered from that person by way of recourse. The liable person may also voluntarily compensate the claimant before payment is made from the fund.

*Law No. ZRU-1161 of 27 July 2026*

## 4. LABOUR AND ENVIRONMENTAL COMPLIANCE RISK ASSESSMENT

On 1 July 2026, regulations introducing electronic risk analysis systems for labour and environmental compliance were registered. The regulations will enter into force on 3 October 2026.

The systems will enable the State Labour Inspectorate and the National Committee for Ecology and Climate Change to automatically assess the risk of violations by business entities based on prescribed indicators. The assessment may draw on information held by government authorities, statistical data and previous violations, complaints from individuals and legal entities, media, social networks and websites, as well as other lawful sources. Businesses may not be required to provide documents or information specifically for the purposes of the risk assessment.

For labour compliance, the risk indicators include, among other things, underpayment of wages, violations of working time, leave and occupational safety requirements, failure to register employment contracts, absence of mandatory employer liability insurance and unlawful employment of foreign nationals. Environmental risks are assessed separately across five areas: air protection; water and wastewater; land and subsoil protection; waste management; and compliance with state environmental assessment and industrial environmental control requirements.

Based on the applicable indicators, businesses will be automatically classified as high risk (81–100 points), medium risk (61–81 points) or low risk (up to 61 points). Medium- and high-risk businesses may be subject to preventive measures and inspections in accordance with the applicable inspection procedures, while low-risk businesses will not be inspected on this basis. The risk assessment itself does not constitute a basis for imposing enforcement measures on a business.

*Order of the Minister of Employment and Poverty Reduction No. 3881 of 1 July 2026*

*Order of the Chairperson of the National Committee of the Republic of Uzbekistan on Ecology and Climate Change No. 3880 of 1 July 2026*

## 5. NUCLEAR AND RADIATION ACTIVITIES LICENSING

On 30 July 2026, the Cabinet of Ministers adopted Resolution No. 420 introducing new licensing rules for activities involving nuclear energy and sources of ionising radiation. The Resolution will enter into force on 1 January 2027.

The new Regulation covers a broad range of activities, including the design, construction and operation of nuclear installations and storage facilities; handling of nuclear materials, radioactive substances and radioactive waste; manufacture and import or export of relevant equipment and materials; and activities involving sources of ionising radiation.

Licences may only be issued to legal entities and for a term of up to 10 years. Applicants must demonstrate compliance with applicable nuclear and radiation, industrial, fire, environmental, sanitary and occupational safety requirements and have appropriately qualified personnel and technical resources. Depending on the activity, additional safety documentation, expert opinions, financial security and insurance, emergency response and radioactive waste management arrangements, and radiation monitoring systems may be required. The licensing authority may also conduct safety reviews and on-site assessments.

Entities operating under existing licences for activities involving sources of ionising radiation must obtain a new licence under the new requirements by 1 December 2027. Existing licences that are not reissued by this deadline will cease to be valid.

*Resolution of the Cabinet of Ministers No. 420 of 30 July 2026*

## 6. TASHKENT INVESTMENT AND DEVELOPMENT MEASURES

On 27 July 2026, the President adopted Resolution No. PP-279 introducing a package of measures for the socio-economic development of Tashkent during 2026–2027. Key measures include:

- until 1 January 2031, a business registered in one district of Tashkent may obtain the status, incentives and preferences of a participant of a special economic or industrial zone located in another district, provided that all of the business's production, service and other commercial activities are carried out within that zone;
- until 1 January 2031, land plots and state-owned real estate may be auctioned with construction permits and project documentation prepared in advance. Documentation costs will be included in the starting price, and the permits will transfer to the auction winner without additional fees;
- state and SOE-owned real estate may be transferred to Tashkent Invest Company for renovation projects involving private investors and contractors, with completed or reconstructed properties subsequently sold through electronic auctions;
- inspections of companies established jointly by investors and Tashkent Invest Company generally require prior coordination with the Tashkent City Hokimiyat, except where there is an immediate threat to human life or health.
- markets and shopping complexes listed in the Resolution are to be offered for public sale, generally subject to their redevelopment into modern markets, retail and service facilities, entertainment centres and multi-storey parking.
- a PPP project is to be implemented on a 50-hectare site in Zangiata District, Tashkent Region, for the establishment of a modern plant nursery with drip irrigation, with investment of up to USD 10 million.

*Presidential Resolution No. PP-279 of 27 July 2026*

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