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NEW LEGISLATION IN PHARMACEUTICS: SEPTEMBER 2019

Dear Clients and Partners,

This legal alert highlights the most important legal developments of September 2019 that affect the Uzbek pharmaceutical industry as a whole and activities of foreign pharmaceutical producers and their representative offices in Uzbekistan in particular.

1. POTENT PHARMACEUTICAL DRUGS

- The government has taken steps to tighten regulations on the sale of potent drugs and prescription medicines. The following changes are expected to be made in the upcoming years:
- The *List of Potent Drugs* will be approved by the government. The listed drugs will be subject to special state regulation. The right to sale such drugs will only be given to “community pharmacies” and entities having licenses to sale narcotic and psychotropic drugs. Moreover, it is envisaged that the obligation to keep prescriptions for the drugs included in the List for a 1-year period will be introduced.
- Starting from January 2020, a new licensing requirement for the retail sale in medicines will be introduced – the compulsory uninterrupted video recording of the process of selling medicaments and the storage of relevant records within 1 month after the sale.
- Starting from March 2021, all medical institutions and pharmacies in Tashkent will have to be connected to the *System of Electronic Issuance of Prescriptions*. From March 2021, the requirement will extend to all regional pharmacies and medical institutions. The System will be developed by 2021 and will be linked to the information system for monitoring and recording the movement of pharmaceutical products.

Presidential Decree No. PP – 4438 of September 6, 2019

2. CHANGES IN THE TAX POLICY

- Following the adoption of [the Concept on Improvement of the Taxation Policy of the Republic of Uzbekistan](#), the President has signed a Decree

- The VAT rate has been reduced from 20 % to 15%. This change will come into effect on October 1, 2019, and businesses will have to amend their contracts, including export-import ones, accordingly.
- Further, tax authorities are no longer allowed to suspend operations on taxpayers' accounts. It is expected that relevant powers will be restored in a new Tax Code, but it will only be permitted to restrict the use of bank account for 30 days after conducting relevant risk analysis and warning the taxpayer whose rights are affected.
- The new Tax Code is expected to be adopted in 2020. Besides for the above changes, it is expected to include the reduction of the income tax basic rate down to 15%.

[Presidential Decree No. UP – 5837 of September 26, 2019](#)

3. INCENTIVES FOR EXPORTERS

- As the government is committed to supporting export activities, exporters may now apply for new types of state support.
- Some of such mechanisms are devised by the *Resolution of Cabinet of Ministers No. 756* that designates the Export Promotion Agency under the Ministry of Investment and Foreign Trade as the central body responsible for financial assistance to exporters and equips it with new support instruments.
- The Agency may now assist exporters by financing the following activities: (i) the establishment or application of international systems of standardization and certification locally or abroad (capped at USD 20,000), (ii) the registration of national products with foreign authorized bodies (capped at USD 10,000), (iii) the creation of exhibition stands and participation in international exhibitions and fairs, (iv) the organization of presentations and advertising campaigns, including the promotion of traditional national products and brands within potential markets (capped at USD 5,000), and (v) the participation in international tenders and competitions (capped at 50% of respective costs).
- To get this funding, all eligible may submit a completed standard form application and a set of supporting documents that must be reviewed by the Agency within 7 business days.
- Another Resolution of the Cabinet of Ministers – *the Resolution No. 758* provides for an action plan, envisaging, among other things, accelerated export financing – export loans will be granted within 2 two weeks – and comprehensive assistance in simplified obtainment of international quality certificates (Global G. A. P., Organic, Halal, etc.) both locally and abroad. The implementation of the action a plan is supervised by a specialized Republican Commission headed by the Minister of Investments and Foreign Trade.

[Resolution of the Cabinet of Ministers No. 758 of September 11, 2019](#)

[Resolution of the Cabinet of Ministers No. 756 of September 11, 2019](#)



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