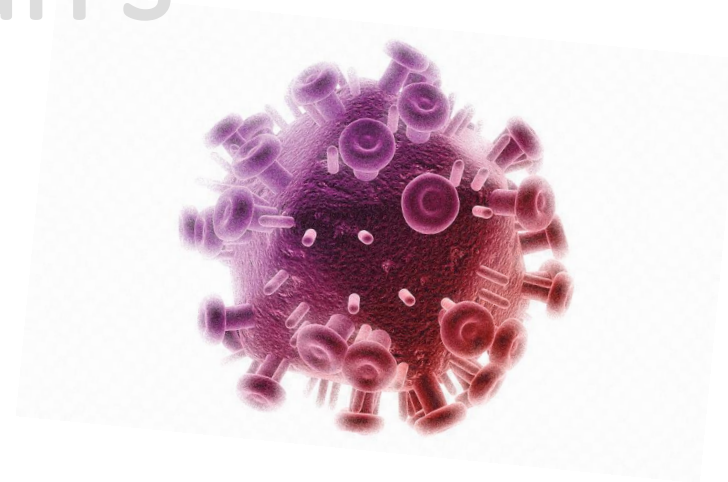


CORONAVIRUS COVID-19: Uzbekistan's response

MARCH 23, 2020



DOCUMENT INTENDED TO PROVIDE AN OVERVIEW OF THE CURRENT SITUATION
IN UZBEKISTAN RATHER THAN SPECIFIC CLIENT ADVICE

Executive summary

Starting from 16 March 2020, Uzbekistan has been put under emergency quarantine.

In January 2020, the Special Republican Commission to prevent the outbreak or spread of the coronavirus in Uzbekistan (the “**Commission**”) has been established, chaired by the Prime Minister of Uzbekistan.

On 15 March 2020, the Commission has resolved to enforce the quarantine and introduce measures concerning the following:

- ▶ Enforcement of force majeure clause
- ▶ Export-import
- ▶ Business support
- ▶ Labor relations
- ▶ Other national level measures

Enforcement of force majeure clause

- ▶ Pursuant to a [Presidential Decree](#) adopted to mitigate the negative pandemic effects (the “**Decree**”), the Ministry of Investments and Foreign Trade (international authority) and the Chamber of Commerce and Trade (local authority) are mandated to publish an official note regarding force majeure circumstances enforceable during quarantine period. The named authorities are responsible for the issuance of force majeure certificates within 1 (one) business day upon receiving application from businesses.
- ▶ Under Uzbek Laws, force majeure events exempt an affected party from liabilities for non-performance (undue performance) of its contractual obligations during the period of force majeure event. The presence of force majeure event does not lead to the termination or amendment of the contract, unless otherwise is agreed by the parties.

Export – import

- ▶ With the announcement of the quarantine, international air and rail services to all countries were suspended. This restriction does not apply to the carriage of goods. The goods will pass through customs clearance in the usual manner. In addition, according to the Decree, starting from 1 April 2020, customs clearance of imported food products will be carried out in an accelerated mode, including by issuing permits before the arrival of goods on the territory of Uzbekistan. The State Customs Committee and other authorized agencies responsible for permits issuance will implement these measures.
- ▶ Starting from March 24, entrance and exit from and to Tashkent city is closed for any type of transportation, except for carriage of goods and for individuals permanently residing in Tashkent city.
- ▶ The Decree also provides that the following shall be allowed:
 - ❖ one-time operations for the import of technological equipment and raw materials in exchange for the repayment of overdue receivables on foreign trade operations throughout 2020; and
 - ❖ export of goods without providing a guarantee payment given that that the sum of outstanding receivables does not exceed 10% of the total export cost for the reporting year.

The Decree also provides that the penalties shall not be applied to business entities for outstanding receivables on foreign trade operations.

Business support

- ▶ As the Decree provides, tax audits shall be suspended up to 1 January 2021 (not applicable to criminal cases).
- ▶ Business entities are eligible to receive 6-months tax holidays (with no percentages being applied) for property tax, land tax and water use tax given that they submit an application to local municipalities (*khokimiyats*) and opinions of the territorial departments of the Ministry of Economy and Industry and the Ministry of Finance.
- ▶ Up to 1 October 2020, the tax authorities suspend the accrual of penalties for property tax, land tax and water use tax payable by business entities experiencing temporary difficulties, and will not take measures to forcibly recover tax arrears.
- ▶ On 18 March 2020, the Central Bank of the Republic of Uzbekistan issued an official statement. The bank recommended commercial banks to reconsider the ability of customers to repay loans and provide customers who have been affected by the spread of coronavirus with a grace period (without fines being applied) for the repayment of the main debt until 1 October 2020. Later, the Decree has specified that the sum of such loans is capped to UZS 5 trillion and under “the customers” it is meant business entities engaged into international trade and tourism industry.

Labor relations

- ▶ Starting from March 23, all entities (public and private) are commended to transfer their employees to remote (home-based) work or send to annual leave. Such work is not regulated in the labor legislation. Therefore, according to the Decree, a corresponding procedure shall be introduced within a week that will specify how employers are able to transfer employees to a remote method of work, flexible working hours or to work at home for the quarantine period. According to general requirements of Uzbek Laws, the employer can only introduce such a change upon the consent of an employee.
- ▶ If an employee is sent to quarantine, the employer must pay temporary disability benefits. The Decree stipulates that the benefit amounts to 100% of the average employee's salary if an employee has children under 14 years. In all other cases the benefit amount varies from 60% to 100% of the average employee's salary.
- ▶ The cases of infection with the coronavirus or placement to a quarantine shall not serve as a ground for labor contracts termination.
- ▶ The validity of entry visas for foreign citizens staying in Uzbekistan will be automatically extended until 10 April 2020.

Compliance with sanitary epidemiological norms set forth in Uzbek Laws

- ▶ According to the [Labor Code](#) and the [Law on Labor Protection](#), all employers shall adhere to the following requirements during the quarantine:
 - ❖ purchase, store, disinfect and decontaminate personal protective equipment of employees at their own expense;
 - ❖ comply with the regulations and instructions of officials who carry out state sanitary supervision;
 - ❖ pay temporary disability benefits when an employee is quarantined;
 - ❖ apply a disciplinary measures towards employees responsible for violations of requirements of labor protection;
 - ❖ provide local public authorities and bodies that carry out state sanitary supervision with reliable information about emergencies and violations of technological processes that pose a threat to the sanitary and epidemiological well-being of the population

Additional measures introduced during the quarantine

As of the Resolution No. 176 of 23 March 2020 that provides for a strengthened quarantine regime, employers must comply with the following requirements:

- ▶ starting from 24 March 2020, all shops engaged in the sale of non-food items shall be temporarily closed (the close period has not been specified);
- ▶ mandatory introduction of the procedure for admitting visitors only using medical masks or medical devices;
- ▶ measure the body temperature of employees in the workplace, prevent employees from working with high temperatures, and immediately inform the health authorities about such employees;
- ▶ in accordance with the requirements of the state sanitary control authorities, immediately provide information about those who have come into contact with an employee infected with a coronavirus infection, and apply measures to disinfect the infected person;
- ▶ help employees meet the requirements of being in isolation.

The Government will proceed with the improvement of the remote payment methods. The Resolution additionally specifies that it is prohibited to disconnect from the Internet and telephone services for non-payment during the next 2 (two) months.