

## REGISTERING A COMPANY IN UZBEKISTAN

Uzbekistan is now at the stage of prosperity and active development. Each day, a large number of local and foreign organisations are getting registered in the country. Recent amendments to legal acts have provided a number of tax breaks and other preferences.

This review shows in what form of legal entity your company can be registered in Uzbekistan.

The legislation of Uzbekistan does not establish any restrictions on conducting business on its territory by foreign legal entities in the form of:

- LLC – Limited Liability Company;
- Representative office;
- Branch.

However, in practice it is recommended to open a representative office or register an LLC with 100% foreign participation since in accordance with the legislation of Uzbekistan in order to be accepted and have the rights to act as the subject of entrepreneurial activity it is necessary to undergo state registration in the prescribed manner provided for by the Uzbekistan legislation.

### **The procedure for opening a limited liability company:**

The registration body of LLC is the state authorised centres “Bir darcha”.

Conditions for the registration:

- the company is created for an indefinite period;
- members of the company are legal entities and/or individuals;
- the number of participants shall not be more than fifty (from 1 to 50);
- the size of the authorised capital of the LLC is not limited;
- registration of an LLC in Uzbekistan takes from 3 up to 5 business days after the submission of documents for state registration.

The procedure on establishment and registration of the LLC includes the following steps:

- adoption of the Resolution/Minutes on registration of LLC;
- preparation of foundation documents of LLC (article of association / the charter / regulations);
- documents confirming the address / location (the rent agreement or a letter of guarantee issued by the tenant and confirming his willingness to rent an office (indicating the terms of the lease);
- reservation of the company name of the LLC in the central database of company names of the State Committee of the Republic of Uzbekistan for Statistics (stat.uz)
- preparation of primary documents (orders, labour contracts etc.), receipt of electronic digital signature (EDS) - if necessary;

- provide for payment of charter capital in the bank (receipt of a certificate of payment);
- obtaining a sketch of the seal (the sketch is made by the appropriate stamping company);
- filing of documents for registration (possible via EDS online through (fo.birdarcha.uz or my.gov.uz);
- registration of the company in tax authorities;
- order and receipt of the stamp according to the sketch;
- opening a bank account;
- completion of registration procedure.

Application for state registration can be submitted by the following ways:

- through an automated registration system (my.gov.uz / fo.birdarcha.uz);
- at the a “Bir Dacha” centres operating in all regions and cities of the Republic.

The following documents must be submitted from the foreign nationals or companies:

*foreign national:*

1. copy of legalized passport;
2. temporary registration of INN (taxpayer number);
3. power of attorney to the foreign director (PoA to any representative);
4. power of attorney to the foreign director (PoA to any representative);

*foreign legal entity/company:*

1. extract from the commercial register;
2. copy of certificate of registration (as a taxpayer);
3. copy of the foundation documents of the foreign head office.

All the above documents provided for by the foreign company/national should be notarized and legalised at the Embassy of Uzbekistan or apostilled in accordance with The Hague Convention (1961) by the relevant state authorities.

State fee: approx.25 USD.

#### **The procedure for accreditation of a Representative office (RO):**

Representative offices are a separate subdivision of a legal entity, which is located outside the place of its location, carries out the protection and representation of the interest of the foreign legal entity, is not recognised as legal entities, and must undergo appropriate compulsory accreditation. RO shall be vested with property by the legal entity that created them and shall operate on the basis of laws approved by it. RO can only engage in activities of its parent company/fonder company and have no rights to carry out commercial activities.

The procedure for registering a representative office of a foreign legal entity is defined in ПКМ-410 dated 23.10.2000.

The accreditation body of a representative office of a foreign legal entity is the Ministry of Investment and Foreign Trade of the Republic of Uzbekistan (hereinafter MIFT).

*For accreditation in the MIFT, a foreign firm must submit a written application:*

- information about the activities of a foreign legal entity;
- detailed information on business and other relations with enterprises and organisations of the Republic of Uzbekistan, concluded contracts and agreements, the implementation of which will be facilitated by the representative office;
- prospects for the development of cooperation;
- the period for which permission to open a representative office is requested (1 to 3 years).

*And also the following documents should be attached:*

- constituent documents of a foreign legal entity in accordance with the legislation of the state of registration of a foreign legal entity (most often the Charter and the Constituent Agreement);
- a document confirming the official registration in the country of the foreign legal entity's location, issued by the relevant state authority (certificate of state registration or extract from the commercial register);
- a power of attorney issued to the head of the representative office of a foreign legal entity, indicating the full passport data and the powers granted to him; a
- a letter of guarantee from a legal entity or individual of the Republic of Uzbekistan, which is the owner of non-residential premises, confirming the readiness to lease or sell this premises to the representative office (indicating the terms and conditions of the lease or sale). If these persons are the tenants of the provided premises, the letter of guarantee must be agreed with the owner of this premises;
- regulation on the representative office approved by the management of the foreign legal entity and sealed by it.

The above documents must be legalised in accordance with the established procedure. Legalisation is not required if an apostille is affixed to the documents.

The deadline for reviewing the application for accreditation is 10 working days.

State fee: approx.1100 USD.

#### **The procedure for registration of Permanent Establishment:**

Uzbek Law provides for the concept of “Permanent Establishment” for the purpose of taxation of foreign companies. In accordance with Art.20 of the Tax Code of Uzbekistan, a permanent establishment of a non-resident is a presence of a non-resident carrying out business activities in Uzbekistan, including activities made via authorised person.

Permanent Establishment is also recognised as the implementation of business activities, which lasts for more than 183 calendar days during any consecutive 12-month period.

The term “permanent establishment” is used only to determine the tax status and has no organisational and legal significance.

Permanent Establishment includes:

- 1) any place of activity related to the production, processing, assembly, packaging, sale of goods;
- 2) any place of management, representative office, branch, agency, factory, workshop, laboratory, shop, warehouse;
- 3) any place of activity related to the extraction of natural resources: mine, oil and (or) gas well, quarry;
- 4) any place of activity (including control or observation) related to the pipeline, gas pipeline, exploration and (or) development of natural resources, installation, assembly, commissioning and (or) maintenance of equipment;
- 5) any place of activity related to the operation of slot machines (including consoles), computer networks and communication channels, attractions, transport or other infrastructure;
- 6) a construction site (construction, installation or assembly facility), as well as services related to the supervision of the performance of work on these facilities. Each construction site is considered as forming a separate permanent establishment from the day of the beginning of work. If the subcontractors are other non-residents of Uzbekistan, their activities from the date of the start of work on this construction site are also considered as a separate permanent establishment of subcontractors;
- 7) carrying out activities through the face, which is based on contractual relationships with non-resident of the Republic of Uzbekistan represents its interests in Uzbekistan, including valid in Uzbekistan on behalf of that non-resident of the Republic of Uzbekistan, has regularly uses authority to conclude contracts on behalf of that non-resident of Uzbekistan;
- 8) sale of goods from warehouses located on the territory of Uzbekistan and owned by a non-resident, leased by him or otherwise used (including customs warehouses);
- 9) performing other works, rendering other services, conducting other activities, with the exception of those provided for in part five of this article.

In certain cases, such as road construction or mineral exploration, that is, where there is a regular movement of the place of activity, other criteria for determining a permanent place are used. In such cases, the entire project is treated as a permanent establishment, regardless of its mobile nature.

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