

Comparison of enterprises with foreign capital and enterprises with foreign investment

	Enterprise with foreign capital (EFC)	Enterprise with foreign investment (EFI)
Definition	Legal entity where the founder or one of the founders is a citizen of a foreign state or a legal entity.	<ul style="list-style-type: none"> • Enterprises, in which foreign investments make up at least fifteen percent of the stocks (shares, units) or authorized capital (charter capital). • EFI includes foreign, subsidiary and joint ventures whose statutory activities account for more than 60 per cent of the total revenues from economic activities in their own production and (or) service activities. • In addition, there is a statutory requirement for the size of the authorized capital. (See below)
Which laws and regulations are regulated by?	<ul style="list-style-type: none"> • Law of the Republic of Uzbekistan of 25.12.2019 № LRU-598 "On investments and investment activity" • Resolution of the Cabinet of Ministers of the Republic of Uzbekistan of 09.02.2017 № 66 	<ul style="list-style-type: none"> • Law of the Republic of Uzbekistan of 25.12.2019 № LRU-598 "On investments and investment activity" • Resolution of the Cabinet of Ministers of the Republic of Uzbekistan of 09.02.2017 № 66 • Resolution of the Cabinet of Ministers of the Republic of Uzbekistan of 16.05.2011 № 136 • Resolution of the Cabinet of Ministers of the Republic of Uzbekistan of 01.05.2006 № 74 • Decree of the President of the Republic of Uzbekistan of 01.08.2018 № DP-5495 • Decree of the President of the Republic of Uzbekistan of 11.04.2005 № DP-3594
Who can be a founder?	Resident legal entities, foreign legal entities, citizens of the Republic of Uzbekistan, citizens of foreign states, stateless persons.	Resident legal entities and/or foreign legal entities, as well as Uzbek citizens and/or citizens of foreign states and stateless persons
Restrictions by foreign jurisdictions on founders and shareholders	No restrictions	No restrictions
What forms of legal entities are available for foreign investors (founders of a legal entity) in the Republic of Uzbekistan?	Any commercial legal entity provided for by applicable law	Any commercial legal entity provided for by applicable law
What are the most popular forms of legal entities	A limited liability company, a joint stock company, as the liability of the participants	A limited liability company, a joint stock company, as the liability of the participants

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	(shareholders) is limited to the amount of contributions to the authorized capital	(shareholders) is limited to the amount of contributions to the authorized capital
The size of the authorized capital of a company to be established in the Republic of Uzbekistan	No requirements for the size of the authorized capital (except for certain licensed activities)	The minimum size of the authorized capital (authorized capital) is 400 million soums (approximately 34,000 USD). For the newly established EFI in the territory of the Republic of Karakalpakstan and Khorezm region, the minimum amount of the authorized capital is 200 million soums (approximately 17,000 USD).
Share in the authorized capital of a company established in the Republic of Uzbekistan	As the legislation does not provide for the concept of the EFC, there are no specific requirements on the size of the foreign capital in the authorized capital either.	The minimum size of the foreign investment in the authorized capital is 15 per cent.
Time limit for the formation of the authorized capital	Must not exceed one year from the date of state registration of the EFC	Must not exceed one year from the date of state registration of the EFI, unless otherwise provided for by specific governmental decisions
Guarantees		
Guarantees against adverse changes in legislation for an investor	<p>The guarantee on the application for ten years of the legislation in force at the time of investment, in case of worsening investment conditions by the subsequent legislation of the Republic of Uzbekistan, is applied in cases:</p> <ol style="list-style-type: none"> 1. Introduction of additional requirements that complicate procedure of repatriation or reduce the size of income (profit) investor, transferred abroad, except in cases of suspension of government repatriation of funds to the investor on conditions of non-discriminatory application of legislation in cases of insolvency and bankruptcy of an enterprise with foreign investment or violations of the rights of creditors, criminal acts or administrative offences committed by the investor, or any other need for suspension of such repatriation in accordance with court or arbitration decision; 2. the introduction of quantitative restrictions on the volumes of investing and other additional requirements on 	<p>The guarantee on the application for ten years of the legislation in force at the time of investment, in case of worsening investment conditions by the subsequent legislation of the Republic of Uzbekistan, is applied in cases:</p> <ol style="list-style-type: none"> 1. Introduction of additional requirements that complicate procedure of repatriation or reduce the size of income (profit) investor, transferred abroad, except in cases of suspension of government repatriation of funds to the investor on conditions of non-discriminatory application of legislation in cases of insolvency and bankruptcy of an enterprise with foreign investment or violations of the rights of creditors, criminal acts or administrative offences committed by the investor, or any other need for suspension of such repatriation in accordance with court or arbitration decision; 2. the introduction of quantitative restrictions on the volumes of investing and other additional requirements on the size of the investment, including in the form of increasing the minimum size of foreign

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	<p>the size of the investment, including in the form of increasing the minimum size of foreign investments in the enterprises with foreign investments;</p> <p>3. the imposition of restrictions on equity participation of the foreign investor in statutory funds of enterprises of the Republic of Uzbekistan;</p> <p>4. the introduction of additional procedures of registration and prolongation of visas of foreign investors, as well as other additional requirements on making foreign investments.</p>	<p>investments in the enterprises with foreign investments;</p> <p>3. the imposition of restrictions on equity participation of the foreign investor in statutory funds of enterprises of the Republic of Uzbekistan;</p> <p>4. the introduction of additional procedures of registration and prolongation of visas of foreign investors, as well as other additional requirements on making foreign investments.</p>
Guarantees of funds utilization	<p>The income of the subject of investment activity, obtained as a result of investment activity, may be reinvested after taxes and payments, or used in any other way at its discretion.</p>	<p>The income of the subject of investment activity, obtained as a result of investment activity, may be reinvested after taxes and payments, or used in any other way at its discretion.</p> <p>Restrictions on the use or forced withdrawal of funds from accounts of enterprises with foreign and domestic investments by state bodies can be carried out exclusively in the manner prescribed by the Law.</p>
Guarantees of the free transfer of funds	<p>Investors are guaranteed the free transfer of funds in foreign currency to and from the Republic of Uzbekistan without any restrictions, on condition that they pay taxes and payments, including currency conversion for repatriation.</p>	<p>Investors are guaranteed the free transfer of funds in foreign currency to and from the Republic of Uzbekistan without any restrictions, on condition that they pay taxes and payments, including currency conversion for repatriation.</p>
Guarantees on the return of foreign investments in connection with the termination of investment activity	<p>After the termination of investment activity, a foreign investor has the right to freely repatriate investments in cash or in form that assets invested as a result of the termination of investment activity, without prejudice to the fulfillment of obligations of a foreign investor in relation to the Republic of Uzbekistan or other creditors.</p>	<p>After the termination of investment activity, a foreign investor has the right to freely repatriate investments in cash or in form that assets invested as a result of the termination of investment activity, without prejudice to the fulfillment of obligations of a foreign investor in relation to the Republic of Uzbekistan or other creditors.</p>
Guarantees of ensuring transparency and openness	<p>Normative legal acts that are not officially published for public information do not entail legal consequences as they have not entered into force and cannot serve as a basis for regulating investment relations or applying any sanctions to subjects of investment activity for failure to comply with the requirements contained therein.</p>	<p>Normative legal acts that are not officially published for public information do not entail legal consequences as they have not entered into force and cannot serve as a basis for regulating investment relations or applying any sanctions to subjects of investment activity for failure to comply with the requirements contained therein.</p>

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	Individuals and legal entities is ensured by openness and unimpeded access to information on activities of State bodies and local government bodies and decisions in the sphere of investment activities.	Individuals and legal entities is ensured by openness and unimpeded access to information on activities of State bodies and local government bodies and decisions in the sphere of investment activities.
Investments protection	<p>The state guarantees investments protection in accordance with the legislation of the Republic of Uzbekistan and international treaties.</p> <p>Uzbekistan has concluded around 50 bilateral investment agreements. Many of these contain a broad term for "investor", which includes both EFC and EFI.</p>	<p>The state guarantees investments protection in accordance with the legislation of the Republic of Uzbekistan and international treaties.</p> <p>Uzbekistan has concluded around 50 bilateral investment agreements. Many of these contain a broad term for "investor", which includes both EFC and EFI.</p>
Benefits		
Rights to land plots	<p>There are no restrictions on EFC's rights to land plots.</p> <p>Legal entities can hold land plots on the rights of ownership, permanent use and lease.</p>	<ul style="list-style-type: none"> • Generally, the EFI can only hold land plots on the basis of a leasehold right. • Enterprises with foreign investments are entitled to long-term leases of non-agricultural land plots for up to 25 years, but not less than the period specified in the application, for the implementation of investment projects. (Art. 54 Law of the RUz "On investments and investment activities") • EFI must pay the market price of the right to lease the land plots to the State Budget of the Republic of Uzbekistan in the amount determined by the Cabinet of Ministers of the Republic of Uzbekistan. (Art. 24 of the Land plots Code) • The right of ownership of permanent employees of EFIs arises when they realise the residential premises together with the land plots on which they are located in accordance with the procedure established by law. (Art. 18 p.3 of the Land plots Code)
The privatization of non-agricultural land plots	<ul style="list-style-type: none"> • For the EFC, there are no restrictions on their right to privatize land plot • The subjects of privatization are citizens and legal entities of the Republic of Uzbekistan. 	<ul style="list-style-type: none"> • Foreign citizens, stateless persons, foreign legal entities, enterprises with foreign investments, as well as state bodies, institutions and enterprises are not subject to privatization.

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		<ul style="list-style-type: none"> • EFI does not have the right to acquire privatized land plots, unless otherwise provided by law.. • In the event that EFI has the right to own land plots, these land plots are subject to alienation within six months from the date of such an event.
Licensing and quotas for export and import of certain types of goods	<ul style="list-style-type: none"> • Export and import of certain types of goods can be carried out only after obtaining the appropriate permission (license) for their import or export. . • With regard to export and import of certain types of goods, the Cabinet of Ministers of the Republic of Uzbekistan may establish quantitative restrictions (quotas) • The list of certain types of goods, the export and import of which is subject to licensing and quotas, as well as the procedure for issuing licenses and allocating quotas are determined by the Cabinet of Ministers of the Republic of Uzbekistan. <p><i>(Resolution of the Cabinet of Ministers of the Republic of Uzbekistan of 13.07.2024 № 418 and Decree of the President of the Republic of Uzbekistan of 03.11.2017 № 5215)</i></p>	<p>Export of products of own production is not subject to licensing and quotas.</p> <p>Enterprises with foreign investments have the right to import products without a license for their own production needs in accordance with the legislation of the Republic of Uzbekistan.</p>
Tariff concessions in the form of exemption from customs duties	Standard customs duty tariffs	<p>Property imported into the customs territory for personal needs of foreign investors, citizens of foreign countries and stateless individuals who permanently reside outside the Republic of Uzbekistan and are located in the Republic of Uzbekistan based on labor contracts signed with foreign investors are not subject to customs duty. (Art. 297 of Customs Code, Art. 54 of the Law “On Investments”)</p> <p>The procedure for determining the property imported by EFI for their own production needs is established by the Resolution of the Cabinet of Ministers of the Republic of Uzbekistan of 16.05.2011 № 136.</p>
Guarantee of non-application of deteriorating legislation to the foreign investor if more liberal	Law on Investment does not limit the application of the guarantee to EFI only, as the definition of investor also includes EFC.	The guarantee on the application for ten years of the legislation in force at the time of investment, in case of worsening investment

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legislation was applicable at the time of investment	However, EFI is subject to some special guarantees.	<p>conditions by the subsequent legislation of the Republic of Uzbekistan, is applied in cases:</p> <ul style="list-style-type: none"> • Introduction of additional requirements that complicate procedure of repatriation or reduce the size of income (profit) investor, transferred abroad, except in cases of suspension of government repatriation of funds to the investor on conditions of non-discriminatory application of legislation in cases of insolvency and bankruptcy of an enterprise with foreign investment or violations of the rights of creditors, criminal acts or administrative offences committed by the investor, or any other need for suspension of such repatriation in accordance with court or arbitration decision; • the introduction of quantitative restrictions on the volumes of investing and other additional requirements on the size of the investment, including in the form of increasing the minimum size of foreign investments in the enterprises with foreign investments; • the imposition of restrictions on equity participation of the foreign investor in statutory funds of enterprises of the Republic of Uzbekistan; • the introduction of additional procedures of registration and prolongation of visas of foreign investors, as well as other additional requirements on making foreign investments.
The right to use the words "The Republic of Uzbekistan" and "Uzbekistan", as well as words derived from them, in their names and logos.	There is no such right for EFC	EFI is entitled to use their names and symbols on the basis of appeals to the state and economic administration, and local public authorities submitted to the Ministry of Justice of the Republic of Uzbekistan.
Amount of state duty for state registration of legal entities	35 USD	35 USD
accounting for tax purposes	As a general rule, a taxpayer or tax agent shall maintain records for tax purposes in national currency on an accrual basis.	<ul style="list-style-type: none"> • Enterprises with foreign investment that are taxpayers of special mining rent tax are entitled to maintain tax accounting for tax purposes in US dollars on an accrual basis. (Art. 78 of Tax Code)

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		<ul style="list-style-type: none"> Enterprises with foreign investments engaged in the extraction (extraction) of metals and hydrocarbons have the right to determine the tax base in US dollars. (Art. 454⁴ of Tax Code)
Exemption from the payment of tax	There is no such provision for the EFC	<p>For legal entities, which are established with the participation of direct private foreign investment, and specialize in the production of goods (provision of services) in the sectors of the economy which are indicated in the list approved by legislation, the special considerations of the application of benefits with respect to certain taxes shall be provided.</p> <p>Enterprises, including joint-stock companies, attracting foreign direct private investments, specializing in the production of products (provision of services) in sectors of the economy are exempt from paying :</p> <ul style="list-style-type: none"> - a tax on the profit of legal entities; - property tax; - a single tax payment. <p>According to the Appendix № 1 to "Regulations on the application of tax incentives for enterprises, attracting direct foreign direct investments", enterprises specializing in the manufacture of goods (rendering of services) in sectors of the economy are enterprises which share revenues from the production of these products (services) in the total sales volume is at least 60 per cent at the end of the reporting year.</p> <p>Tax exemptions:</p> <p>a) are granted in case of foreign direct investment equal to (equivalent to):</p> <p>USD300,000 to USD3 million inclusive - for a period of 3 years</p> <p>above USD 3 million up to and including USD 10 million - for 5 years</p> <p>over 10 million USD - for the period of 7 years;</p> <p>b) apply under the following conditions:</p> <ul style="list-style-type: none"> Location of enterprises in all cities and rural settlements of the republic, except for Tashkent city and Tashkent region. This territorial restriction does not apply to

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		<p>enterprises operating in the field of tourism and waste management;</p> <ul style="list-style-type: none"> • Private direct foreign investment by foreign investors without a guarantee of the Republic of Uzbekistan; • Foreign participation in the authorized capital of an enterprise should be no less than 33 per cent (the threshold for foreign participation is higher than the general threshold for EFI status), and for joint-stock companies no less than 15 per cent • Foreign investment in the form of freely convertible currency or new modern technological equipment; • Allocating at least 50 per cent of the income generated by these incentives during their period of application to reinvestment for the further development of the enterprise. <p>If the investment conditions are worsened by subsequent legislation, the tax incentives are valid for the duration of the period for which they were granted.</p>
<p>Procedure for the entry into Uzbekistan of representatives of founders (participants, shareholders)</p>	<p><u>Citizens of countries with a visa-free regime</u> in the Republic of Uzbekistan may enter Uzbekistan without a visa during the period established by the Resolution of the Cabinet of Ministers of 21.11.1996 № 408.</p> <p>There is no special visa category for EFC representatives.</p>	<p>Foreign investors — founders (participants) of enterprises with foreign investments having the right to receive an “investment visa”, and their family members (spouse, parents and children) receive a guest visa for the duration of the “investment visa” on the conditions provided for by decisions of the President of the Republic Uzbekistan, with the possibility of extending its term without leaving the Republic of Uzbekistan.</p> <p><i>Multiple-entry investment visa.</i></p> <p>Issued for a period of up to 3 years to foreign citizens and stateless persons who have invested in the economy of the Republic of Uzbekistan in the amount not less than 8,500 times the basic calculation value (approximately 292,000 USD - the threshold for investment is higher than the general threshold for EFI status), established in the Republic of Uzbekistan at the moment of foreign investment, in the form of acquisition of shares and interests in business companies, as well as the establishment of enterprises with foreign investment, issued upon application of these enterprises, with the possibility of extension</p>

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		<p>Multiple-entry visas valid for up to three years are issued to the following categories of foreign individuals and their family members</p> <ul style="list-style-type: none"> – EFI employees, – for the founders (participants) of EFIs and their family members
Temporary registration for a shareholder, participant, employee	The period of temporary registration of foreign citizens and stateless persons should not exceed the period of validity of the national passport or travel document and visa.	Persons holding a multiple-entry investment visa (also employees and founders (participants) of EFIs and their family members) are entitled to temporary registration for the duration of the visa.
Residence permit (ID card of a citizen of a foreign country or a stateless person) for a shareholder, participant, employee	<p>An identification card shall be issued to:</p> <ul style="list-style-type: none"> • foreign citizens or stateless persons permanently residing in the territory of the Republic of Uzbekistan — upon reaching the age of sixteen or at the discretion of their parents, guardians (trustees) — from the moment of the birth of the child until the child reaches the age of sixteen; • persons who have received a permanent residence permit in the territory of the Republic of Uzbekistan, including persons who have entered the territory of the Republic of Uzbekistan, whose citizenship of the Republic of Uzbekistan has been terminated in accordance with the Law of the Republic of Uzbekistan "On Citizenship of the Republic of Uzbekistan"; • persons permanently residing in the territory of the Republic of Uzbekistan, but who have not acquired the citizenship of the Republic of Uzbekistan or whose citizenship of the Republic of Uzbekistan has been terminated in accordance with the Law of the Republic of Uzbekistan "On Citizenship of the Republic of Uzbekistan"; • foreign citizens who have acquired real estate in the Republic of Uzbekistan in accordance with the procedure established by the legislation; • foreign citizens or stateless persons who have been granted political asylum in the Republic of Uzbekistan — on the basis of a certificate of 	<p>Additionally to the general rule of identification card issuance, an identification card shall be also issued to foreign citizens or stateless persons, including founders (participants) of enterprises with foreign investments, who have made investments in the organization in the territory of the Republic of Uzbekistan of enterprises for the production of goods and the provision of services, as well as members of their families under the terms and conditions provided for by the decisions of the President of the Republic of Uzbekistan.</p>

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	granting political asylum in the Republic of Uzbekistan.	
obtaining a work permit in RUz (founders and CEO)	Foreign citizens may perform labor activities on the territory of the Republic of Uzbekistan only on the basis of a work permit.	<ul style="list-style-type: none"> • Founders and first managers of EFIs have the right to perform labor activities in Uzbekistan without obtaining work permit in Uzbekistan for up to three months from the date of employment contracts for the respective positions • In addition, foreign citizens who made investments in the Republic of Uzbekistan in the form of acquisition of shares and participatory interest in economic companies in the amount not less than 8 500 x the established basic calculation value (approximately 292 000 USD - investment threshold higher than the general threshold for EFI status) at the moment of investment, as well as the creation of foreign enterprise, have the right to work in any position in this organization without going through any permit procedures.
Making pension payments	<ul style="list-style-type: none"> • As a general rule, participation in the cumulative pension system is compulsory for employers as well as for citizens who perform work activities under an employment contract. • The employer makes monthly mandatory cumulative pension contributions by appropriately reducing the amount of personal income tax accrued in accordance with the legislation. 	An investor, a company with foreign investments can transfer pension payments for a foreign employee to the appropriate funds in the country of his permanent residence.
The possibility of obtaining "honorary citizen" status	<p>The grounds for awarding the status are:</p> <p>A significant personal contribution to the development of the economy, science, culture and the arts, education, health care and the social sphere, to the improvement and promotion of the positive image of Uzbekistan in the world, and to the preservation and enhancement of the invaluable spiritual and cultural heritage of the people of Uzbekistan, including charitable (patronage) activities in the Republic of Uzbekistan and in its interests.</p>	<p>In addition to the general eligibility grounds, the basis for granting the status is:</p> <p>an investment by a foreign citizen or stateless person in the amount of at least 40,000 times the basic calculation value (1,374,000 USD - the threshold for the amount of investment is higher than the general threshold for EFI status) established in the Republic of Uzbekistan at the moment of making the investment, in the form of acquisition of shares and interests in business companies, as well as the creation of EFI.</p>

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Implementation of professional activities in the securities market	<p>State duty for the issuance of a license - not charged</p> <p>Application fee - 4 basic calculation value (1 648 000 soums = 137 USD)</p>	<p>EFI is exempted from paying the state duty for issuing a license and a fee for consideration of a license applicant's application for a license to carry out professional activities in the securities market. (Art. 24 "Law on the securities market")</p>
Participation in the Presidential Council of Foreign Investors	<p>To participate in the Council, a legal entity must meet at least one of the basic (technical) criteria:</p> <p>an enterprise with at least 15 employees, providing consulting services mainly to foreign investors in the territory of the Republic of Uzbekistan;</p>	<p>A legal entity must meet at least one of the basic (technical) criteria in order to participate in the Council:</p> <ul style="list-style-type: none"> • a foreign enterprise; • A joint venture with more than 30 per cent foreign equity (the threshold for foreign equity is higher than the general threshold for EFI status) • An enterprise with at least 15 employees, providing consulting services primarily to foreign investors on the territory of the Republic of Uzbekistan
Performing aviation operations	<p>In accordance with the general requirements stipulated for aviation operations</p>	<p>Aviation operations in the territory of the Republic of Uzbekistan can be carried out by EFI on the basis of an operator's certificate.</p> <p>EFI may use their own aircraft, including those registered in the relevant foreign country, or leased aircraft of the Republic of Uzbekistan.</p>
Payment of State duty in civil, economic and administrative cases (claims or petitions (complaints) concerning violations of their rights and legal interests)	<p>The amount of the state duty is determined depending on the nature of the claim, in accordance with the rates of duty under the Law on State Duty</p>	<p>Joint-stock companies with foreign investment are exempt from paying state duty in courts</p>