

Comparison of the status of a representative office of a foreign company and a permanent establishment of a foreign company in the Republic of Uzbekistan

	Representative Office (RO)	Representative Office (RO)
Organizational form	Does not possess the status of the legal entity in Uzbekistan	<ul style="list-style-type: none"> • Does not possess the status of the legal entity in Uzbekistan • Only confirms the registration of the foreign legal entity as the tax resident of Uzbekistan
Difficulty of opening	<ul style="list-style-type: none"> • The presence of a contract with the Uzbek side is NOT required. • KYC verification is present, therefore, in rare cases, accreditation may be denied (for r 	<ul style="list-style-type: none"> • Requires a contract with an Uzbek side (cannot be registered before conclusion of the agreement between the foreign legal entity and the Uzbek side) • Technical procedure (if there are grounds) • KYC category verification
Legal framework and opening procedur	Regulation on the procedure for accreditation and activities of representative offices of foreign commercial organizations on the territory of the Republic of Uzbekistan (Decree of the Cabinet of Ministers of the Republic of Uzbekistan No. 76 dated 7 February 2024.)	Articles 36 and 130 of the Tax Code of the Republic of Uzbekistan
PINI (personal identification number of individuals) documents	<p>If the representative is a foreign citizen:</p> <ul style="list-style-type: none"> • Power of attorney, legalized or apostilled (for countries-participants of Minsk or Chisinau conventions, for example Russian Federation, notarized PoA is enough); • Passport copy; • Electronic photo with a resolution of 297x382 pixels. 	<p>If the representative is a foreign citizen:</p> <ul style="list-style-type: none"> • Power of attorney, legalized or apostilled (for countries-participants of Minsk or Chisinau conventions, for example Russian Federation, notarized PoA is enough); • Passport copy; • Electronic photo with a resolution of 297x382 pixels.
Main documents	<ul style="list-style-type: none"> • written application; • constituent documents of the founder's commercial organization; • the document confirming official registration in the country of origin; • power of attorney of the commercial organization-founder addressed to the head of the representative office; • regulation of the RO; 	<ul style="list-style-type: none"> • application; • document confirming the state registration in the country where the foreign legal entity is established; • special permissive documentation or licenses (if available); • power of attorney or a different document (if available), certifying the right to act on the behalf of the foreign legal entity;

	<ul style="list-style-type: none"> • a letter of guarantee from owner (a legal entity or an individual) of a non-residential premises. 	<ul style="list-style-type: none"> • the agreement, the execution of which
Period of opening	5 working days from the moment of submission of documents to the state body	3 working days from the date of submission of documents to the state body
Price	<ul style="list-style-type: none"> • State fee -1400 USD for 1 year (possible to pay for 3 years in advance); • Translations of documents of the parent company from the country of registration and their notarization - from 50 to 300 USD (depending on the number of pages); • Seal and stamp production - 20 USD 	<ul style="list-style-type: none"> • No state duty; • Translations of documents of the parent company from the country of registration and their notarization - from 50 to 300 USD (depending on the number of pages); • Seal and stamp production - 20 USD.
Ability to open bank accounts	<ul style="list-style-type: none"> • Yes. Available. • RO account at the local bank (deposit accounts in national and foreign currencies) can be used on administrative and organizational expenses of the RO (office, equipment, equipment, services, personnel, advertising, marketing, etc.) • All funds stored in the RO bank account, should be granted and deposited by the parent company. Such fund, if they are not exchanged or spent, can be easily transferred back to the parent company. • Can make money transfers from a bank account in a bank of Uzbekistan when purchasing goods, works and services for the administrative expenses of the representative office 	<ul style="list-style-type: none"> • Yes. Available. • PE account in local bank (deposit accounts in national and foreign currencies) can be used for business activities. • Can make money transfers from a bank account in a bank of Uzbekistan when purchasing goods, works and services for economic activities carried out through a permanent establishment
Permitted types of activities	<ul style="list-style-type: none"> • Cannot carry out economic activities except for marketing (collection, processing and distribution of marketing information relating to the goods, works and services of the parent company). • Economic activities carried out through representative offices (except for sales), can entail the formation of the PE for goals of taxation of foreign legal entities and can lead to the deprivation of accreditation. • Cannot generate income . • There may be certain restrictions on import of equipment, though there are no formal restrictions, but historically wider range of 	<ul style="list-style-type: none"> • May carry out economic activities. • May carry out licensed activities and receive licenses like the local company. • There may be certain restrictions on import of equipment, though there are no formal restrictions, but historically wider range of import rights are provided to residents of Uzbekistan.

	import rights are provided to residents of Uzbekistan.	
Opportunity to conduct business	<ul style="list-style-type: none"> • Cannot buy/sell foreign assets on behalf of the parent company. • Cannot receive funds from such transactions. • Can spend the received funds only for office expenses (including staff salaries). • Cannot act as a paying agent. • Can purchase and register a vehicle. 	<p>We assume that PE:</p> <ul style="list-style-type: none"> • Cannot buy/sell foreign assets on behalf of the parent company. • May receive funds from such transactions. • May spend the received funds. • May act as a paying agent. • Cannot issue a motor vehicle (but can temporarily import equipment, including vehicles).
The possibility of hiring employees	<ul style="list-style-type: none"> • The staff may be local or foreign. • Establishes a limitation on the hiring of foreign labor of no more than 40 percent and, at the same time, no more than 5 individuals. • Foreign employees must get individual accreditation equated to permission on work (simplified procedure - up to 15 working days). • Non-resident employees, if accredited, can enjoy the same rights as local residents: buy and sell assets, enjoy and dispose banking accounts in foreign and local currency. • State duty for accreditation of an employee of the RO - 150 USD per year (if reapplied - 75 USD per year) 	<ul style="list-style-type: none"> • The staff may be local or foreign. • No restrictions on the number of employees (if there is a justification). • Import of foreign employees requires to obtain permits (procedure for management personnel - simplified - up to 15 working days). • The state fee for the import of one foreign worker is 900 USD per year (annually).
Taxes	<p>If there is no income-generating activity, then only</p> <ul style="list-style-type: none"> • staff payroll taxes; • VAT on the purchase of goods, works and services. • other taxes subject to payment by resident legal entities are NOT payable if there is no taxable activity. 	<ul style="list-style-type: none"> • income tax; • VAT (Article 237 of the Tax Code); • excise tax (Article 283 of the Tax Code); • personal income tax (Article 386 of the Tax Code); • social tax (Article 402 of the Tax Code); • property tax (Article 410 of the Tax Code); • land tax (Article 425 of the Tax Code); • tax for the use of water resources (Article 441 of the Tax Code).
Regime of taxation and financial reporting	<ul style="list-style-type: none"> • Keep accounting records in Uzbekistan. Accounting can be conducted abroad or outsourced to a third party. • Does NOT pay taxes (so far it does NOT lead economic activity). 	<ul style="list-style-type: none"> • The PE does not fall under the list of direct accounting subjects, but carries out accounting and reporting in accordance with the legislation (that is, financial and tax reporting) in Uzbekistan .

	<ul style="list-style-type: none"> • Tax residency in Uzbekistan, in general, applies only to payroll taxes of employees of the representative office. 	<ul style="list-style-type: none"> • Obligations under the transaction concluded via the PE occur at the headquarter. The headquarter will not be subjected to tax checking. The activities of the PE may be subject to tax verification (audit) . • It has simplified tax reporting. Due to the lack of nationality to the Republic of Uzbekistan, a non-resident company (the parent company of the PE) pays taxes only on income received from sources in Uzbekistan (including withholding tax) and some other taxes.
<p>Termination</p>	<p>The liquidation procedure applicable to legal entities does not apply (a representative office is not a legal entity).</p> <p>Its activities are terminated in accordance with Chapter 4 of the Decree approved by Resolution of the Cabinet of Ministers of the Republic of Uzbekistan No. 76 dated 7 February 2024.</p> <p>Grounds for termination:</p> <ul style="list-style-type: none"> • expiration of the accreditation period in the absence of an application for extension; • decision of the foreign commercial organization; • court decision; • decision of the accrediting authority in case of violation of legislation or accreditation conditions; • liquidation of the foreign commercial organization. <p>Upon termination, the accrediting authority enters the relevant information into the respective state databases and notifies the authorized bodies.</p> <p>The state duty paid for accreditation is non-refundable in the event of early termination.</p>	<ul style="list-style-type: none"> • The liquidation procedure is not applicable. • There is no formal procedure for termination (except for procedures provided for in relation to tax, customs and labour authorities) • Maybe be terminated in compliance with mandatory requirements in terms of assets, contractual obligations, financial statements, administrative requirements and labour obligations