*Draft*

# **ENTREPRENEURSHIP CODE OF THE REPUBLIC OF UZBEKISTAN**

# **SECTION I. GENERAL RULES**

## Chapter 1. Legal foundations of the relationship between business entities and the state

1. **The purpose and main objectives of this Code**

The purpose of this Code is to regulate relations in the field of business.

The main objectives of this Code are to create safeguards and conditions for individuals and legal entities to freely participate in business activities and benefit from them, to protect private property, as well as the rights and legal interests of business entities.

1. **Legislative documents on entrepreneurship**

The legislation of the Republic of Uzbekistan in the field of entrepreneurship is based on the Constitution of the Republic of Uzbekistan and consists of this Code and other legal documents.

In relation to non-profit organizations, this Code is applied to the part of their activity that has entrepreneurial aspects.

If the international agreement of the Republic of Uzbekistan stipulates different rules than those set forth in the legislation of the Republic of Uzbekistan on entrepreneurship, the rules of the international agreement shall be applied.

Norms related to entrepreneurship in other legal documents must be consistent with this Code.

1. **The concept of entrepreneurship and the limits of its legal regulation**

Entrepreneurship is an enterprising activity carried out by business entities in accordance with the law, aimed at obtaining income (profit) at their own risk and under their own property responsibility.

Limitation of business activity is allowed by a court order or in the cases specified in this Code.

1. **Relationship between business entities and the state**

The interaction between business entities and the state in the Republic of Uzbekistan is aimed at encouraging business initiatives, creating favorable conditions for the development of entrepreneurship, and expanding the opportunities of business entities to independently protect their rights and legal interests.

1. **Basic principles of business activity**

The main principles of business activity are as follows:

legality;

freedom of entrepreneurship;

equality of business entities;

fair competition;

balance between the interests of the state, business entities and consumers;

transparency of the activities of state bodies and open access to information;

effectiveness of state regulation of entrepreneurship;

crime prevention priority;

presumption of good faith of business entities;

freedom from corruption;

encouraging the development of entrepreneurship;

preventing illegal state interference in the activities of business entities;

participation of business entities in lawmaking;

promoting social responsibility of entrepreneurship;

limited participation of the state in business activities;

priority of the rights of business entities.

The main principles of state regulation of the activities of business entities consist of the main principles of business activity defined in the first part of this article, as well as the principles defined in Article 22 of this Code.

1. **Legality**

State bodies and their officials are obliged to comply with the Constitution of the Republic of Uzbekistan, this Code and other legal documents during the state regulation of entrepreneurship, when business entities are conducting business activities.

1. **Freedom of entrepreneurship**

Any person has the right to freely engage in business in the entire territory of the Republic of Uzbekistan and outside of it, as well as to use his property in any legal business activity.

Business entities have the right to perform any activity not prohibited by law.

1. **Equality of business entities**

Business entities are equal before the law and the court, regardless of their form of ownership or any other status.

Business entities are considered to have equal opportunities in doing business.

1. **Fair competition**

Actions that lead to unfair competition, restriction of competition or exclusion of competitors from the relevant market are prohibited.

Antimonopoly regulation is carried out in the Republic of Uzbekistan in order to ensure the free flow of goods (work, services) and freedom of economic activity, the unity of the economic environment, the creation of conditions for the effective functioning of commodity markets, and the protection of competition.

1. **Balance between the interests of the state, business entities and consumers**

The introduction of forms and means of state regulation of entrepreneurship is carried out in order to ensure the maximum protection of the rights of consumers with the least objective burdens on business entities, and to ensure the sufficient level of safety of activities or actions.

It is not allowed for state bodies to request documents and/or additional information from business entities that are not provided for in the legislation during regulation process of business activity.

Mandatory requirements specified in the legislation for doing business must consist of a set of minimum conditions, standards and indicators sufficient to ensure the necessary level of safety of activity for business entities.

1. **Transparency of activities of state bodies and open access to information**

The activities of state bodies must be open and transparent within the framework established by law.

State bodies must ensure the transparency of the decision-making process affecting the interests of business entities.

Information available in state bodies and considered necessary for business entities should be open for use, if they do not have state secrets and their use is not restricted or prohibited by legal documents.

1. **Effectiveness of state regulation of business**

The effectiveness of the means of state regulation of business is achieved through mandatory procedures such as its justification, evaluation, agreement and monitoring.

1. **Crime prevention priority**

In order to ensure the legality of doing business, crime prevention has priority over the application of legal measures to business entities.

1. **Presumption of good faith of business entities**

In the process of state regulation of entrepreneurship, any actions of business entities related to the performance of their duties and the exercise of their legal rights are assumed to have been performed in good faith until the contrary is proven in an official procedure.

A business entity is considered having good faith if it complies with the requirements established by legislation in the exercise of its rights and legal interests and (or) in the performance of its obligations.

Official information provided by business entities to state bodies is considered reliable until the contrary is proven by a court or an authorized state body.

1. **Freedom from corruption**

The process of conducting business and regulating it by the state should be free from any forms of corruption, including conflicts of interest and selective application of the law.

In order to limit the direct contact of business entities with state bodies in the process of state regulation of business, the principle of "single window" should be provided in the legislative documents, except for the cases provided by the law.

1. **Encouraging the development of entrepreneurship**

Encouraging the development of entrepreneurship is carried out by protecting and supporting business entities, including by creating favorable legal, economic, social conditions and guarantees for them.

1. **Avoiding illegal state interference in the activities of business entities**

State power and management bodies, organizations, institutions, citizens' self-management bodies and their officials have no right to interfere in the activities of business entities in accordance with the law.

1. **Participation of business entities in the creation of norms**

Business entities participate in the development and examination of drafts of regulatory legal documents relevant to their interests, drafts of international agreements of the Republic of Uzbekistan, as well as drafts of international agreements to which the Republic of Uzbekistan is expected to be a member, through associations of business entities or independently through public discussion of draft regulatory legal documents in accordance with the procedure established by law.

Regulatory and legal documents affecting business activities and their drafts are subject to regulatory impact assessment.

1. **Promotion of social responsibility of business**

The social responsibility of business entities in their activities is supported and encouraged by the state.

1. **Limited participation of the state in business activities**

The state participates in business activities within the limits set by this Code and legal documents.

In order to develop entrepreneurship and competition, the state takes measures to reduce the state's share in entrepreneurship by restricting the establishment of state unitary enterprises (*a form of state or municipal enterprises*) in the field of entrepreneurship and legal entities with a state share in the charter fund (authorized capital).

1. **Priority of the rights of business entities**

In the interaction of business entities with state bodies, including law enforcement and regulatory bodies, the principle of the priority of the rights of business entities applies, and in accordance with it, all irremediable conflicts and ambiguities arising in connection with the conduct of entrepreneurship are interpreted in favor of business entities.

1. **Basic principles of state regulation of business entities**

It is required that the officials of the regulatory bodies considered as inspectors have professional skills and be qualified.

Officials of regulatory bodies are responsible for failure to perform or improper performance of their duties and abuse of official authority by them.

It is not allowed to inspect the activity of a business entity by several regulatory bodies on the same issues.

Discrimination against business entities is not allowed.

Accountability and transparency of the state regulatory system is ensured.

## Chapter 2. General rules on business entities

1. **Business entities**

Business entities are legal entities and individuals who are conducting business under state registration in the prescribed manner.

Citizens who are considered to be business entities shall undergo state registration as individual entrepreneurs (*sole proprietor*) in accordance with the procedure specified in Chapter 10 of this Code.

A legal entity considered a business entity may be established in accordance with the organizational and legal forms specified in Chapter 5 of this Code.

State bodies (with the exception of cases provided for by law) cannot be business entities.

Establishing a business entity or becoming its founder (participant) (with the exception of cases of ownership of up to 10% of shares of incorporated companies whose shares are in public circulation), performing organizational-management, administrative-economic tasks in the business entity (with the exception of cases when these activities are considered job duties in accordance with legislation) are prohibited to the following persons:

heads and management staff of the supreme state and representative bodies, state authorities and administration bodies;

heads and management staff of law enforcement agencies;

military personnel serving under contract in military formations of the Armed Forces of the Republic of Uzbekistan;

heads of enterprises and organizations with a state share of 50 percent or more;

heads of state unitary enterprises and state institutions.

The prohibition specified in the fifth part of this article may be applied to other officials by law.

1. **Categories of business entities**

Business entities are divided into the following categories depending on the average annual number of employees and the average annual turnover for the sale of goods (work, services):

small business entities, including micro-firms;

medium business entities;

large business entities.

The classification of business entities into the categories indicated in the first part of this article is carried out for the purpose of state support and the formation of official statistical data.

For state support, the average annual number of employees of business entities and the average annual turnover for the sale of goods (work, services) are used as criteria.

The criterion of the average annual number of employees of business entities is used for the formation of official statistical data.

The average annual number of employees of business entities is determined taking into account all employees, including employees of branches, representative offices and other separate units of this entity, as well as the individual entrepreneur himself.

The average annual turnover for the sale of goods (work, services) is determined in accordance with the tax legislation of the Republic of Uzbekistan.

1. **Small business entities**

Categories of small business entities:

1) individual entrepreneurs;

2) **micro-firms** – business entities with an average annual number of employees up to **twenty people and an average annual turnover of goods (work, services) up to eighteen thousand times** theamount of the base calculation[[1]](#footnote-1).

3) **small enterprises** – business entities with an average annual number of up to **one hundred employees** and an average annual turnover for the sale of goods (work, services) up to **ninety thousand times** the amount of the base calculation.

Business entities that implement the following with the state support are not recognized as small business entities:

activities related to the sale of narcotic drugs, psychotropic substances and precursors and their analogues;

activities related to the production and (or) wholesale trade of excise goods;

cotton raw material storage activities at cotton raw material receiving points;

organization of lotteries;

activities related to the circulation of radioactive, explosive, toxic substances and materials;

activities of credit bureaus;

activities related to the circulation of civilian and service weapons and ammunition.

1. **Medium business entities**

The average annual number of employees in the category of medium-sized enterprises is **more than one hundred**, but not more than two hundred and fifty people, and (or) the average annual turnover for the sale of goods (work, services) is more than **ninety thousand times** the amount of the base calculation, but not more than **four hundred and fifty thousand times**.

1. **Large business entities**

The category of large business entities includes business entities whose average annual number of employees is more than **two hundred and fifty** and (or) the average annual turnover of goods (work, services) is more than **four hundred and fifty thousand times** the amount of the base calculation.

1. **Register of categories of business entities**

To use categories of business entities, the State Statistics Committee maintains a register of categories of business entities.

Information on categories of business entities is provided in electronic form to interested parties, including state bodies for use in work.

Maintaining and using the register of business entities is carried out in accordance with the procedure established by the Cabinet of Ministers of the Republic of Uzbekistan.

1. **Transfer of business entities from one category to another**

In the event that small and medium-sized enterprises exceed the specified average annual number of employees and (or) the average annual turnover for the sale of goods (work, services), for the period during which the number of employees and (or) the turnover exceeded, the business entities will be deprived of the benefits, preferences, guarantees and rights provided for by the legislation in relation to this category of businesses. This rule does not apply in the following cases:

if small and medium-sized business entities conclude employment contracts with graduates of schools, vocational colleges, academic lyceums and higher education institutions of the Republic of Uzbekistan, and the average annual number of hired employees will exceed the specified number by no more than 50 percent. An increase in the number of employees is allowed if no more than three years have passed since the date of graduation of graduates of schools, vocational colleges, academic lyceums and higher education institutions of the Republic of Uzbekistan;

if small and medium-sized business entities conclude labor contracts with citizens working at home (home workers), the average annual number of employed employees may increase by no more than 30 percent.

1. **Rights of business entities**

Business entities have the right:

to carry out any activities not prohibited by the legislation of the Republic of Uzbekistan, to freely enter the commodity, financial and digital markets;

to become founders (participant, shareholder) of other business entities and non-profit organizations that are legal entities, to open representative offices and establish branches;

to have a name indicating its organizational and legal form, to use seals, letterheads and stamps with its name and to have a trademark (service mark);

to open bank accounts in the territory of the Republic of Uzbekistan and beyond according to the procedure established by law;

to possess, use and manage the property belonging to them (according to their will) based on the right of ownership;

to independently determine the forms, system and amount of payment of wages, bonuses and compensations to their employees;

to independently choose the directions of their activities, suppliers of goods (works, services) and consumers of their goods (works, services), except for goods sold on the basis of market principles only through stock exchange in accordance with legislation;

to receive an unlimited amount of income (profit) from entrepreneurship, except for business entities that sell goods (work, services) whose prices and tariffs are regulated by the state;

to sell their goods (work, services), production waste at prices and tariffs determined independently based on market conditions, with the exception of cases provided for by legislation;

to freely dispose of the remaining income (profit) after reimbursement of all costs and payment of taxes and fees, except for cases of compulsory collection in court;

to receive loans, to attract funds and other property of other legal entities and individuals based on the contractual terms, including the acquisition and (or) the acquisition free of charge, renting (leasing) of buildings, structures, equipment and other property and to carry out entrepreneurial activities employing them;

to utilize the main directions and types of support provided by the state, to use benefits and preferences;

to carry out foreign economic activities;

to protect their rights and freedoms through the courts, to apply for commercial litigation, to international arbitration courts, to the representative for the protection of the rights and legal interests of business entities under the President of the Republic of Uzbekistan (hereinafter referred to as the representative for the protection of the rights of entrepreneurs) and other bodies;

to join non-commercial organizations – associations (unions) and other alliances, in order to coordinate their activities, as well as to express and protect their rights and interests;

to resolve disputes through mediation;

to submit proposals to state bodies to eliminate the factors and conditions that cause non-fulfillment or improper fulfillment of the requirements of legislative documents on support and protection of entrepreneurship.

Business entities may have other rights in accordance with legislation.

1. **Obligations of business entities**

Business entities must:

ensure the safety and quality of goods (work, services) in accordance with the requirements of the legislation of the Republic of Uzbekistan;

provide complete and reliable information about goods (works, services) to consumers of goods (works, services);

fulfill the obligations arising from the contracts concluded by themselves;

pay taxes and fees;

determine the wages of the persons working under the employment contract in the amount not less than the amount specified in the first level of the unified tariff schedule of labor remuneration in the legislative documents, to settle with them on time, and also to insure their civil liability as an employer;

comply with the requirements of legal and regulatory documents in the field of labor protection, occupational health and safety, environment protection, fire safety, sanitation and hygiene, as well as other legal documents;

compliance with the requirements of the legislation on competition and protection of consumer rights;

have certificates for realizable products and services;

timely inform the relevant state authorities about the change of the place of residence (postal address);

keep accounting, operational and statistical reporting in accordance with legal requirements;

submit reports on its activities to the relevant state bodies in the prescribed manner and within the time limits.

Business entities may have other obligations under the law.

## Chapter 3. Guarantees of the rights of business entities

1. **Constitutional guarantees of freedom of business activity**

The state guarantees freedom of economic activity, entrepreneurship, equal rights and legal protection of all forms of property.

Private property, like other forms of property, is inviolable and protected by the state.

The business entity owns, uses and disposes of the property under its ownership according to its own will.

The right of business entities to protect their rights and freedoms and legal interests through the court, to appeal to the court against illegal decisions of state bodies, citizens' self-government bodies, other organizations, illegal actions (inaction) of their officials is guaranteed.

1. **Guarantees of freedom of activity of business entities**

Only the main types of activity are listed by the founders of business entities that are legal entities in the foundation documents. Business entities that are legal entities may engage in activities that are not specified in the foundation documents.

1. **Guarantees of freedom of business entities to dispose of their goods (work, services) and income (profit)**

Business entities are the owners of the goods they produce (the work they perform, the services they provide) and the income (profit) obtained from their realization.

Business entities dispose of the income (profit) remaining after all production costs have been reimbursed and taxes and fees have been paid at their own discretion, except for cases of compulsory collection in court.

1. **Guarantees of disposal of funds**

Business entities dispose of their funds independently.

A bank or other credit organization may use the funds available in the bank account (account) of business entities, guaranteeing the availability of funds when demands are placed on the account and the right of business entities to dispose of these funds within the limits of the amounts in the account.

Unless otherwise stipulated by law or contract, the bank or other credit organization must deposit the funds received in the account of the business entity into this account no later than the next day when the relevant payment document arrives at the bank, and according to the order of the business entity, give or transfer funds from the account. In case of violation of the specified terms of operations on the account, the bank or other credit organization shall pay interest to the business entity in the manner and within the time limits stipulated by the law.

Unless otherwise stipulated in the contract, the bank or other credit organization pays interest to the business entity for using the funds in the account, and the amount of interest is credited to its account.

State bodies, banks or other credit organizations have no right to determine and control the directions of use of funds of business entities and to set other restrictions on the right to dispose of funds at their own discretion, which are not provided for by law or contract.

Funds of business entities in the accounts of banks serving them can be withdrawn in the form of cash funds in accordance with the procedure established by law.

It is forbidden to demand information about whether business entities have funds in their bank accounts, as well as to provide such information by banks, except for cases provided by law.

1. **Guarantees of freedom of foreign economic activity of business entities**

Business entities independently carry out foreign economic activities in accordance with the law.

State registration of business entities is the basis for opening currency accounts and conducting foreign economic activities. For individual entrepreneurs importing goods, their registration as a participant in foreign economic relations is also a basis for foreign economic activity.

1. **Guarantees of property rights and other material rights of business entities**

The property of business entities is inviolable and protected by law.

A business entity has the right to perform any actions that are not contrary to the law in relation to the property it owns based on the right of ownership. In this case, the implementation of the ownership rights of the business entity should not violate the rights of other persons and should not harm their interests protected by law. A business entity is obliged to allow other persons to use its property in a limited way in the cases, conditions and framework provided by the law.

It is not allowed to seize property from the business entity, to cancel its other material rights, as well as to limit them, except for cases provided by law.

A business entity has the right to claim its property illegally owned by another person, as well as to demand the elimination of any violation of its rights, even if this violation is not related to deprivation of ownership.

In case of adoption of a legislative document that cancels the right to property, the damage caused to the business entity that is the owner of the property as a result of the adoption of this document, including the value of the property, shall be compensated by the state. Disputes related to the compensation of damages shall be resolved by the court. The value of the property to be confiscated upon cancellation of the property right, unless otherwise stipulated in the legislation, is determined by the appraising organization according to the situation at the time of cancellation of the property right.

The material rights of business entities are protected in accordance with the law.

1. **Free access of business entities to commodity, financial and digital markets**

Business entities have equal opportunities for free access to commodity, financial and digital markets, as well as participation in the supply of certain types of goods for state needs, performance of work and provision of services. Access of business entities to commodity, financial and digital markets is not allowed to be restricted in any way by state bodies, as well as their officials.

State bodies take measures to place orders for the production (performance of work, rendering of services) and delivery of goods for state needs among business entities.

The Cabinet of Ministers of the Republic of Uzbekistan may set other special conditions for the entry of business entities into commodity, financial and digital markets.

1. **Guarantees of non-nationalization, confiscation and requisition of the property of business entities**

The property of business entities shall not be nationalized or confiscated, except for cases provided for by law.

Seizure of privately owned property, including a plot of land, in cases of nationalization and requisition, unless otherwise provided by law, is carried out only on the condition that the owner is fully compensated for its market value, as well as the damage caused to the owner in connection with such seizure.

The property of business entities shall not be requisitioned, except for natural disasters, accidents, epidemics, epizootics and other emergency situations, in which case the value of the requisitioned property shall be paid to the owner. The decision on requisitioning is made by state bodies in the manner and under the conditions established by law.

Business entities have the right to appeal the decision on nationalization, confiscation and requisition in court.

1. **Guarantees for the use of the company name, trademark (service mark)**

A business entity, which is a legal entity, has the right to a company name, which it independently determines in accordance with the procedure specified in Chapter 12 of this Code and indicates in its foundation documents.

The right to use a trademark (service mark) is granted based on its registration. A trademark (service mark) can be registered in the name of a business entity that is a legal entity or an individual.

The absolute right to use the company name, trademark (service mark), to make changes and additions to them belongs to the owner of this name (mark).

When the company name, trademark (service mark) is published, performed in public or used in a special way, it is allowed to make any changes to the company name, trademark (service mark) itself, and to their symbols only with the consent of their owner.

The right to inviolability of the company name, trademark (service mark) belongs to the owner of the company name, trademark (service mark).

1. **Guarantees of non-interference in business activities**

State authorities and management bodies, organizations, institutions, citizens' self-management bodies and other organizations and their officials have no right to interfere in the activities of business entities in accordance with the law.

If state bodies and their officials find out that the law has been violated in the activities of business entities, they can take measures within their powers and directly related to the elimination of a specific violation. State authorities and management bodies, organizations, institutions, citizens' self-management bodies and their officials may not use the fact of violation as a basis for interfering with other legal activities of business entities or restricting such activities.

State authorities and administration bodies, organizations, institutions; self-management bodies of citizens and other organizations, as well as their officials are prohibited from:

making decisions on the issues of conclusion of agreements, distribution of profits, election (appointment) of the head of the executive board and its members and other issues related to the authority of the management bodies of business entities, giving instructions and other orders to business entities, except for the cases stipulated by law;

requiring business entities to put a company seal on documents or making a request to confirm documents with a seal;

taking punishment measures against the members of the business entity management bodies for the decisions taken by business entities within their powers in the situations of business risk, which led to damage.

State authorities, organizations, institutions, citizens' self-management bodies and other organizations, as well as their officials, are prohibited from interfering in the activities of banks, including the appointment of managers of bank branches, demanding various payments and contributions from bank funds. It is prohibited for law enforcement and regulatory bodies to interfere in the activities of banks in connection with the management of business risks related to the formation of the bank's loan portfolio and assets.

State authorities and management bodies, organizations, institutions, citizens' self-management bodies and other organizations and their officials do not have rights to interfere in the entrepreneurial activities of farmers and farms, including the selection of agrotechnical methods of these farms, the type of products to be grown, determining the price of these products and the direction of their sales, with the exception of purchases intended for state needs.

# **SECTION II. BUSINESS SUBJECTS AND CONDITIONS OF THEIR ACTIVITY**

## Chapter 4. Doing business without establishing a legal entity

1. **Individual entrepreneurship (sole proprietorship)**

Individual entrepreneurship is the implementation of entrepreneurship by a natural person (individual entrepreneur) without establishing a legal entity.

Business activities are carried out by an individual entrepreneur independently, on the basis of property belonging to him through property rights, as well as on the basis of other material rights that allow ownership and (or) use of property.

An individual entrepreneur engages in business activities on his own behalf, acquires and performs rights and obligations. When concluding transactions related to his business activity, an individual must indicate that he is acting as an individual entrepreneur, if this is not clear from the circumstances of concluding the transactions. The absence of such a notice does not release the individual entrepreneur from his responsibility for his obligations.

An individual entrepreneur has the right to use personal work document forms, seals, and stamps while performing his activities, the text of which should indicate that the person in question is an individual entrepreneur.

It is not required to obtain the consent of the husband (wife) for the implementation of an individual business by a married individual.

In cases where one of the spouses uses the joint property of the spouses for the implementation of an individual business, the consent of the husband (wife) is required, unless otherwise provided by law, marriage contract or separate agreement between the spouses. The husband's (wife's) consent is confirmed in the state registration of an individual entrepreneur.

1. **Joint entrepreneurship**

Joint entrepreneurship is carried out by a group of individuals (individual entrepreneurs) on the basis of the property owned by them, as well as on the basis of the other material rights that allow ownership and (or) use of the property.

Contracts related to the activities of joint entrepreneurship are concluded on behalf of all participants of joint entrepreneurship, rights and obligations arising from these contracts are accepted and implemented on behalf of all participants of joint entrepreneurship.

Joint entrepreneurship is carried out in the following forms:

ordinary firm;

family business;

peasant farm.

Individuals can be parties to a ordinary firm agreement for joint business activities only after they have been registered with the state as individual entrepreneurs.

Relations related to the formation, operation and termination of the ordinary firm are regulated by legislation.

The relations related to the implementation of family business and the management of the peasant farm are regulated by Part 4 and Part 7 of Chapter 5.

1. **Employment of employees by an individual entrepreneur**

An individual entrepreneur has the right to hire no more than five employees. In order to carry out activities with more than five employees, an individual entrepreneur must reorganize his activities in the form of a legal entity.

An individual entrepreneur engaged in several types of activity has the right to hire no more than five employees, regardless of the number of types of activity.

Individual entrepreneurs have the right to hire employees after opening a bank account in accordance with the law.

Individuals who have established labor relations with an individual entrepreneur are not considered as individual entrepreneurs, and they do not have the right to sign legal documents on behalf of an individual entrepreneur.

Labor relations between an individual entrepreneur and an employee hired by an individual entrepreneur (hereinafter referred to as an employee in this article) are regulated by labor legislation, taking into account the characteristics of the implementation of individual entrepreneurial activities provided for in this article.

The conclusion, modification and cancellation of the labor contract between an individual entrepreneur and an employee is carried out through the interdepartmental "Uniform National Labor System" IT platform.

The notification of the conclusion of an employment contract between an individual entrepreneur and an employee is automatically sent to the tax authorities through the interdepartmental "Uniform National Labor System" IT platform for accounting of the individual entrepreneur no later than the day of conclusion of the employment contract.

The term of validity of the employment contract concluded between an individual entrepreneur and an employee shall not exceed the term of validity of the certificate of state registration of the individual entrepreneur.

An individual entrepreneur must ensure compliance with the labor rights of employees established by law.

Individual entrepreneurs carrying out handicraft activities have the right to engage apprentices for the preparation of goods (execution of work, provision of services) by paying them appropriate fees.

Individual entrepreneurs use social protection, in particular pension provision, in accordance with the law.

Taxation of individual entrepreneurs who hire employees is carried out in accordance with the Tax Code of the Republic of Uzbekistan.

1. **Types of activities carried out by individual entrepreneurs**

Individual entrepreneurs have the right to perform any activity not prohibited by law, except for the cases provided for in the second part of this article.

The following types of activities cannot be carried out by individual entrepreneurs:

sale of gasoline, diesel fuel to final consumers, including sales through gas stations for cars;

the types of activities provided for in the license, permit and notification requirements and conditions for the implementation of which it is required to be a legal entity.

## Chapter 5. Doing business by establishing a legal entity

### **Part 1. General rules**

1. **Types of legal entities**

When establishing a legal entity, entrepreneurship is carried out in the following organizational and legal forms:

incorporated company (joint-stock company);

limited liability company;

additional liability company;

family enterprise;

private enterprise;

farm;

peasant farm;

unitary enterprise;

production cooperative.

Entrepreneurship in organizational and legal forms of peasant farm is considered as entrepreneurship in the field of agriculture, and the specific features of its implementation are determined by Chapter 6 of this Code.

Joint ventures are created by establishing a new legal entity or through buying a share in an enterprise operating in the Republic of Uzbekistan by a foreign investor. Such enterprises can operate in any organizational and legal forms that do not contradict this Code.

1. **Foundation documents of business entities that are legal entities**

Businesses that are legal entities (legal business entities) operate on the basis of the charter or on the basis of the foundation agreement and the charter.

Founders of legal business entities draw up the foundation agreements and approve the charters.

The legal business entity established by the sole founder operates on the basis of the charter approved by this founder.

The charter and other foundation documents of legal business entity must contain information on the following:

the name of the legal entity, its location (postal address), the procedure for managing the activity of the legal entity;

directions and goals of activities to be implemented;

in the foundation agreement, the procedure for joint activity of the parties (founders) in the field of its establishment, conditions for giving it their property and participation in its activities;

distribution of profits and losses among the participants in the foundation agreement, management of the activity of the legal entity, conditions and founder withdrawal procedure.

The requirements for the foundation documents of economic societies[[2]](#footnote-2) are determined by legal documents.

In addition to the information provided for in the fourth part of this article, the following shall be indicated in the foundation agreement of the family enterprise:

surname, first name, patronymic and place of residence (address) of the head of the family enterprise and of other participants of the family enterprise;

the procedure for determining the property to be included in its charter fund (authorized capital) by the participants of the family enterprise;

the procedure for the distribution of property upon liquidation of the family enterprise;

the list of property of the participants of the family enterprise provided for the use of the family enterprise;

the amount of a large transaction involving the assets of the family enterprise.

In accordance with the agreement of the founders, other conditions may be included in the foundation documents.

1. **Charter fund (authorized capital) of a legal business entity**

The minimum amount of the charter fund (authorized capital) of a legal business entity may be determined in the requirements of licensing, permitting and notification procedures and for enterprises with foreign investments.

The charter fund (authorized capital) of a legal business entity must be fully formed within a period of not more than one year from the time of state registration of this business entity.

When the charter fund (authorized capital) of a legal business entity is formed in foreign currency, its amount is reflected as its equivalent in national currency according to the official exchange rate of the Central Bank of the Republic of Uzbekistan on the date of applying for (re)registration of the foundation documents.

Money, securities, other items or property rights or other rights transferable to another person with a monetary value can be contributions to the charter fund (authorized capital) of a legal business entity.

The type of property to be included in the charter fund (authorized capital) of a legal business entity is determined independently by the founder (participant, shareholder) in accordance with the procedure provided for in the foundation documents, except for cases provided for by legislative documents.

The requirements for the charter fund (authorized capital) of economic companies are determined by legal documents.

The only house (apartment) belonging to the participants of a family enterprise cannot be included in the charter fund (authorized capital) of the family enterprise.

The owner independently evaluates the property that he contributes to the charter fund (authorized capital) of the private enterprise. If, during the formation of the charter fund (authorized capital) of a private enterprise, the owner gives the property considered the common (shared or joint) property of his family members to the enterprise, a notarized consent is required from all the owners of this property.

1. **Increasing and decreasing the charter fund (authorized capital) of a legal business entity**

Increasing and decreasing the charter fund (authorized capital) of a legal business entity is carried out by making changes to the charter by the decision of the authorized by this Code and legal documents founder (participant), owner or management body.

If, after the end of the second financial year and every subsequent financial year, according to the annual accounting balance, the value of the net assets of the legal business entity turns out to be less than its charter fund (authorized capital), the legal business entity shall reduce its charter fund (authorized capital) to an amount that does not exceed the value of the net assets.

### **Part 2. Economic societies**

1. **Incorporated company**

A company whose charter fund (authorized capital) is divided into a certain number of shares is an icnorporated (joint-stock) company. The shareholders of the incorporated company are not responsible for its obligations and are liable for damages related to the company's activities within the value of their shares.

Shareholders who have not fully paid the share price shall be jointly and severally liable for the obligations of the incorporated company within the unpaid part of the value of the shares belonging to them.

Establishment, activity, reorganization and liquidation of incorporated companies, as well as relations in the field of protection of shareholders' rights are determined by the Law of the Republic of Uzbekistan "On protection of incorporated companies and shareholders' rights" and other legal documents.

1. **Limited liability company**

Limited liability company is recognized as a company founded by one or more persons, its charter fund (authorized capital) is divided into shares in the amounts determined by the foundation documents. The participants of the limited liability company are not responsible for its obligations and are responsible for the damage related to the company's activities within the value of their contributions.

The participants of the society who have not paid their contribution in full shall be jointly and severally liable for the obligations of the society within the value of the unpaid part of the contribution of each participant.

Relations in the sphere of the establishment, activity, reorganization and liquidation of a limited liability company are determined by the Law of the Republic of Uzbekistan "On Limited Liability and Additional Liability Companies" and other legal documents.

1. **Additional liability company**

A company founded by one or more persons, whose charter fund (authorized capital) is divided into shares of the amount specified in the foundation documents, is an additional liability company. The participants of such a society shall be jointly and severally subsidiarily liable for its obligations in the proportional amount determined by the foundation documents of the society in relation to the value of their contributions with their property. When one of the participants becomes economically insolvent (bankrupt), his responsibility for the company's obligations is distributed among the other participants in proportion to their contributions, unless a different procedure for the distribution of responsibility is provided for in the foundation documents of the company.

The legal position of the additional liability company, the rights and duties of its participants are determined by the Law of the Republic of Uzbekistan "On Limited Liability and Additional Liability Companies" and other legal documents.

### **Part 3. Family entrepreneurship**

1. **General rules of family entrepreneurship**

Family entrepreneurship is an entrepreneurial activity carried out by family members with the purpose of obtaining income (profit) at the risk and under their own property responsibility.

Family entrepreneurship is based on the voluntariness of its participants.

A family entrepreneurship can be established with or without founding a legal entity.

The organizational and legal form of a family entrepreneurship, which is carried out by establishing a legal entity, is a family enterprise.

Family entrepreneurship without establishing a legal entity is carried out according to the procedure established for individual entrepreneurs. In this case, family entrepreneurship entities that have not established a legal entity can hire up to five permanent workers and conclude employment contracts with them, as well as other close relatives of working age, including the husband (wife) of children and grandchildren, brothers and sisters, their wives (husbands) and children as participants in a family business entity that is not a legal entity.

The sale of the product of a family enterprise can be done at the place of its production.

1. **A family enterprise**

A family enterprise is an entrepreneurship that is organized by its participants voluntarily for the production (execution of work, provision of services) and realization of goods, on the basis of shared or commonly owned property by the participants of the family enterprise, as well as on the basis of the property of each of the participants of the family enterprise. The activity of a family enterprise is based on the personal labor of its participants.

A family enterprise can perform its activities only if it is established as a legal entity.

The foundation document of a family enterprise is a foundation agreement drawn up by all participants of this enterprise. The foundation agreement is signed by all participants of the family enterprise.

In the event that the head of the family enterprise has changed, a participant has voluntarily joined (left) the family enterprise, the marriage between husband and wife has been annulled, or a participant in the family enterprise has died, and these cases have caused changes in the list of assets of the family enterprise participants given to the balance sheet of the family enterprise, appropriate amendments and additions to the foundation agreement.

The family enterprise is responsible for its obligations with all its assets that can be levied in accordance with the law. The participants of the family enterprise shall be subsidiarily liable for the obligations of the family enterprise with the property belonging to them in accordance with the law in case of insufficient assets of the enterprise.

A family enterprise can hire employees in accordance with the law. In this case, the minimum number of family enterprise participants should not be less than two people.

A family enterprise must have a full business name and is entitled to an abbreviated business name. The full business name of a family enterprise must include its full name and the words "family enterprise" (*“oilaviy korxona” in Uzbek*). The abbreviated business name of a family enterprise must include its abbreviated name and the words "family enterprise" or the abbreviation "OK".

1. **The procedure for establishing a family enterprise**

A family enterprise is organized by its participants.

A family enterprise is established for an indefinite period, unless otherwise stipulated in its foundation agreement.

1. **Family enterpise participants**

The head of the family, his wife (husband), children and grandchildren, parents, other relatives of working age (husbands (wives) of children and grandchildren, biological and step-brothers and sisters, their husbands (wives) and children, uncles and aunts) can be participants in the family enterprise. Only persons with legal capacity can be participants in a family business.

1. **Head of family enterprise**

The head of the family enterprise acts on behalf of the family enterprise in relations with legal entities and individuals.

One of the participants of the family enterprise can be its head, to whom all the participants of the family enterprise unanimously give the right to participate in business dealings on their behalf.

In case of temporary incapacity of the head of the family enterprise or his absence for a long time, he has the right to give the authority to perform his duties temporarily to one of the participants in agreement with the other participants of the family enterprise.

1. **General meeting of family enterprise participants**

The general meeting of participants of the family enterprise is the top management body of the family enterprise.

The powers of the general meeting of family enterprise participants include:

making changes and additions to the foundation agreement of the family enterprise;

election (appointment) and dismissal of the head of the family enterprise;

determining the types of family business activities;

determining the charter fund (authorized capital) of the family enterprise and making changes to its amount;

consideration and resolution of the issue of changing the composition of family enterprise participants;

reviewing the annual report of the head of the family enterprise on the financial and economic activity of the family enterprise;

making a decision on the distribution of the profit of the family enterprise in accordance with the foundation agreement;

making a decision on the conclusion of large transactions related to the property of the family enterprise.

The powers of the general meeting of participants of the family enterprise may also include the resolution of other issues provided for in the foundation agreement.

1. **The place where the activities of the family enterprise are carried out**

Residences and non-residential premises including production, farm buildings and other facilities belonging to the participants of the family enterprise on the basis of property rights or on another legal basis are the places where the activities of the family enterprise are carried out.

It is not required to convert residential premises belonging to the participants of the family enterprise into non-residential premises for the purpose of using them in the activities of the family enterprise, except for the cases provided for by the legislation for certain types of activities.

1. **Conditions for the implementation of family enterprise activities**

The family enterprise carries out certain types of activities in accordance with the requirements stipulated in the Law of the Republic of Uzbekistan "On Licensing, Permitting and Notification Procedures".

A family enterprise cannot produce goods subject to excise tax and extract minerals subject to land use tax.

The use of toxic, radioactive substances and materials, high-pressure equipment and other equipment that pose a great risk to people and the environment is not allowed in the activities of the family enterprise. The list of substances, materials and equipment that cannot be used by a family enterprise is determined by the Cabinet of Ministers of the Republic of Uzbekistan.

It is not allowed to carry out industrial activity by a family enterprise in the residential areas of a multi-storey apartmental building.

The activity of a family enterprise must be carried out in compliance with the norms and rules established by law.

1. **Ensuring the use of communal infrastructure facilities by the family enterprise**

In the event that a family enterprise uses the residence for the production of goods (execution of work, provision of services) while living in it at the same time, payment for utility infrastructure services (electricity, water supply, sewage, gas supply and heat supply) is done according to the rates and conditions established for the population.

Utilities, electricity and gas supply enterprises provide the delivery and connection of the necessary communication networks to the place where the activities of the family enterprise are carried out, according to the tariffs and on the basis of the conditions set for the general population.

1. **Grounds for termination of family enterprise**

In addition to the grounds for liquidation of legal business entities specified in Chapter 21 of this Code, liquidation of a family enterprise is carried out if there is only one participant left.

### **Part 4. Private enterprise**

1. **General rules of a private enterprise**

A commercial organization formed and managed by a single individual owner is recognized as a private enterprise.

A private enterprise has separate property in its own posessions, can have property and personal non-property rights in its own name and can exercise them, fulfill obligations, be a claimant and be liable in court.

A private enterprise is liable for its obligations with all its assets.

The owner of a private enterprise shall be subsidiarily liable for the obligations of the private enterprise with his own property in accordance with the law in case of insufficient assets of the enterprise.

A private enterprise must have a full business name and is entitled to have an abbreviated business name. The full business name of a private enterprise must include its full name and the words "private enterprise" (*“xususiy korxona” in Uzbek*). The abbreviated company name of a private enterprise must include its abbreviated name and the words "private enterprise" or the abbreviation "XK".

1. **The procedure for establishing a private enterprise**

A private enterprise is created by the owner, the owner gives it property and approves its charter.

1. **Management of a private enterprise**

The owner of a private enterprise manages the enterprise alone as a manager, acts on behalf of the enterprise without a power of attorney, represents its interests, disposes of the funds and other property of the private enterprise, concludes contracts, including labor contracts, issues power of attorney, opens bank accounts, confirms the organisational structure, issues orders and gives instructions that are binding for all employees of the private enterprise.

The owner of the private enterprise shall make a written decision to entrust another natural person with the task of management during the period of his personal absence. The owner of a private enterprise may limit the right of this manager to dispose of the property of the private enterprise.

1. **Rights and obligations of the owner of a private enterprise**

The owner of a private enterprise has the following rights:

making changes and additions to the charter of a private enterprise in accordance with the procedure established by law;

making a decision on reorganization and liquidation of a private enterprise;

discretionary use of the remaining profit of a private enterprise after payment of taxes and fees;

transfer, rent, mortgage the property belonging to a private enterprise to another person, contribute to the charter fund (authorized capital) of other legal entities or dispose of this property in another way.

The owner of a private enterprise may have other rights under the law.

Owner of a private enterprise must manage his own enterprise alone.

The owner of a private enterprise may have other obligations under the law.

1. **The inability of the owner to perform the duties of the head of a private enterprise**

In the event that the owner is unable to perform the duties of the head of a private enterprise due to death, incapacity, limited legal capacity or being declared missing, the management of a private enterprise is carried out in accordance with civil legislation and the charter of a private enterprise.

1. **Transfer of a private enterprise to another person**

The owner of a private enterprise has the right to sell the private enterprise as a property complex, gift it, bequeath it or transfer it to another person in another way.

If a private enterprise is transferred to another person, the rights to use its company name, trademarks, service marks, and other means of individualizing this private enterprise and its products, the work it performs or the services it provides, are transferred to the new owner, unless otherwise provided by law or the contract.

### **Part 5. A unitary enterprise**

1. **A unitary enterprise**

A commercial organization that has not been granted property rights by the owner in relation to the property attached to it is a unitary enterprise.

The property of a unitary enterprise is indivisible and cannot be distributed according to contributions (shares, stocks), including among the employees of the enterprise.

The property of a unitary enterprise belongs to it on the basis of the right of economic management or operational management.

The owner of its property must be indicated in the company name of the unitary enterprise.

The head of the unitary enterprise, as well as the supervisory board, if it is provided for in the charter of the enterprise, is its governing body. The head and the supervisory board of the unitary enterprise are appointed by the owner or by the body represented by the owner and are accountable to them.

A unitary enterprise is liable for its obligations with all its assets.

A unitary enterprise is not responsible for the obligations of the owner of its property.

A unitary enterprise does not have the right to have in its posession a share of the charter fund (authorized capital) of its owner. The participants of the unitary enterprise who have received a share in the charter fund (authorized capital) of their owner before the prohibition specified in this part enters into force, do not have the right to vote at the general meeting of the economic society (company).

The legal status of unitary enterprises is determined by this Code and other legal documents.

The owner of the property of a unitary enterprise is not responsible for the obligations of the enterprise, except for the following cases:

in cases where the owner’s response to the obligations of the unitary enterprise is provided for by legislative documents or the foundation documents of the enterprise;

if the economic insolvency (bankruptcy) of the enterprise was caused by the illegal actions of a founding person (participant) who has the right to issue binding instructions for this enterprise or the owner of the enterprise's property, such a person may be subsidiarily responsible for the obligations of the enterprise.

This rule also applies to the liability of the unitary enterprise, which has established a subsidiary enterprise, for the obligations of the subsidiary enterprise.

1. **A state unitary enterprise**

A state unitary enterprise is a commercial organization established on the basis of property owned by the state and given to it for operational management. It uses and disposes of the property assigned to him within the framework established by law, in accordance with the goals of its activity, the tasks of the owner (or the state body-founder authorized by it) and the purpose of the property under the right of ownership.

The Cabinet of Ministers of the Republic of Uzbekistan or state bodies authorized by it may be the founder of a state unitary enterprise.

The foundation document of the state unitary enterprise is its charter. The company name of a state unitary enterprise must indicate that it is a state unitary enterprise.

The state unitary enterprise shall have separate property, an independent balance sheet, bank accounts, including foreign currency accounts, symbols, stamps and letterheads, a seal with national emblem the Republic of Uzbekistan and with the company name written in the state official language. The name of the state unitary enterprise must contain the words "state enterprise" (*“davlat korxonasi” in Uzbek*).

A state unitary enterprise may receive and exercise property and personal non-property rights on its own behalf, assume obligations, be a claimant and be liable in court in accordance with the procedure established by legislation.

When the assets of the state unitary enterprise are insufficient, the state is subsidiarily responsible for its obligations.

A state unitary enterprise may be reorganized or liquidated according to the decision of the state body that established it.

1. **Disposal of property of the state unitary enterprise**

The state unitary enterprise shall exercise the rights of ownership, use and disposal of the property attached to it within the framework established by law, in accordance with the goals of its activity, the tasks of the owner and the purpose of the property.

The owner of the property attached to the state unitary enterprise has the right to seize surplus, unused or improperly used property and to dispose of it as it wishes.

The state unitary enterprise has the right to give the property attached to it to another person or dispose of it in another way only with the consent of its owner (or the state body-founder authorized by it).

The state unitary enterprise independently disposes of the products it produces, unless otherwise specified in the legislation.

The procedure for distributing the income of a state unitary enterprise is determined by its owner.

1. **Particularities of establishing a state unitary enterprise**

State unitary enterprises can be established only according to the decision of the Cabinet of Ministers of the Republic of Uzbekistan.

Establishment of state unitary enterprises is allowed in the following cases:

when there is no other possibility to protect national security, defense capability of the state or the interests of society;

in the use of state-owned objects that meet the criteria for ownership of state-owned property established by legislation;

when the state unitary enterprise being established carries out its activities in the fields of state monopoly or in cases where less than 5 private business entities are operating in one commodity market;

when the establishment of a state unitary enterprise is directly provided for by law.

When establishing and reorganizing a state unitary enterprise, prior approval of the Antimonopoly Committee of the Republic of Uzbekistan is required, except for the case provided for in the second paragraph of the second part of this article.

The state unitary enterprises established without observing the restrictions provided for in the second part of this article must be liquidated in a mandatory manner within six months from the date of their establishment at the request of the Antimonopoly Committee of the Republic of Uzbekistan.

In case of non-fulfillment of the demand for compulsory liquidation of the state unitary enterprise, the Antimonopoly Committee of the Republic of Uzbekistan has the right to file a lawsuit with the demand for liquidation of the enterprise.

1. **Specifics of implementation of activities of state unitary enterprises**

It is forbidden to give direct tax, customs and other types of benefits and preferences to state unitary enterprises, regardless of their operating spheres and establishment objectives.

In the event that state unitary enterprises are engaged in activity that is required to go through licensing and notification procedures, they must carry out this activity in accordance with the procedure established by the Law of the Republic of Uzbekistan "On Licensing, permitting and notification Procedures".

Orders of state unitary enterprises equal to 3 500 times of the amount of the base calculation and above are not allowed to be procured under direct contracts without passing through state procurement procedures, except for orders to ensure the defense capability and security of the Republic of Uzbekistan.

The legal status of the state unitary enterprise that does not conflict with the provisions of this Code and the Civil Code of the Republic of Uzbekistan, the establishment of the state unitary enterprise, its branches and representative offices and the characteristics of their activities, the rights and obligations of the founder and the executive body, the procedure for implementing proprietary relationship between the state unitary enterprise and its founder are determined by the Cabinet of Ministers of the Republic of Uzbekistan.

### **Part 6. A production cooperative**

1. **A production cooperatives**

A production cooperative is a voluntary association of citizens based on personal participation and pooling of contributions of members (participants) to carry out joint production or other economic activities. The law and foundation documents of the production cooperative may provide for the participation of legal entities in its activities on the basis of membership.

The members of the production cooperative are subsidiarily responsible for the obligations of the cooperative in the amounts and in the manner stipulated by the law and the charter of the cooperative.

The company name of the cooperative must include the name of the cooperative, as well as the words "production cooperative".

The legal status of production cooperatives and the rights and duties of their members are determined by this Code and other legal documents.

### **Part 7. Entrepreneurship in agriculture**

1. **Entrepreneurship in agriculture**

Entrepreneurship in the field of agriculture is carried out as an individual entrepreneurship (sole proprietorship), a farm, a peasant farm, an agricultural cooperative or other organizational and legal forms.

Relations in the field of organization (establishment), reorganization and liquidation of agricultural cooperatives are regulated by the Law of the Republic of Uzbekistan "On Agricultural Cooperatives".

1. **Guarantees of entrepreneurial activity in the field of agriculture**

State authorities and administration bodies, organizations, institutions, citizens' self-governance bodies, other organizations and their officials have no right to interfere in the business activities of business entities, including the selection of agrotechnical methods of these farms, the type of product to be grown, and the determination of the price of the product and the direction of its sale.

It is not allowed to optimize (reduce, change, etc.) the area of land plots owned by business entities without their consent.

The land plot of business entities can be seized for the needs of the state and public only after the value of the lease right to the land plot, the market value of trees, buildings and structures that are being demolished or after they have been moved to another place or after the construction of other buildings and structures and all other damages (uncluding lost profits) are fully covered in the cases and procedure established by law.

Business entities independently determine the directions of their activities, the structure and volumes of production in accordance with the specialization stipulated in the contract for the lease of agricultural land.

State bodies and organizations, citizens' self-governance bodies create conditions for ensuring the needs of farms and peasant farms for seed materials, seedlings, means of protecting agricultural crops from pests and diseases, and for breeding livestock.

Farms and peasant farms consume water on an equal basis with other agricultural business entities based on the annual water intake limits determined by the associations of water consumers serving them. Restriction of the water consumption rights of farms and peasant farms by state bodies is allowed only in the cases established by the legislation.

1. **Rights and obligations of agricultural business entities**

Business entities in the field of agriculture have the following rights, in addition to the rights of business entities provided for in Article 30 of this Code:

organization of agricultural production according to the land plot specialization;

secondary lease of the plot of land to legal entities and individuals;

placement of agricultural crops taking into account specialization;

mortgaging one's own property, as well as the right to rent a plot of land, as well as the future harvest, in order to receive loans.

Business entities in the field of agriculture may have other rights in accordance with the law.

Business entities in the field of agriculture, in addition to the obligations of business entities provided for in Article 31 of this Code have to:

ensure effective and reasonable use of the plot of land for the specified purpose on the basis of the conditions specified in the legislation and the lease agreement;

take measures to improve the reclamation condition of the land plot, to maintain and increase its productivity, to provide for the allocation of funds for this purpose in the business plan;

if no other term is specified in the lease agreement, the plot of land will be used within one year from the date of the lease;

comply with agrotechnical requirements in the cultivation of agricultural products;

ensure the protection of agricultural plants from pests, diseases and weeds.

Business entities in the field of agriculture may be charged with other obligations in accordance with the law.

1. **Farms**

Farm is the main business entity of agricultural production in the Republic of Uzbekistan, engaged in the cultivation of agricultural products using land plots leased in accordance with the law, as well as other types of activities not prohibited by law.

A multi-sectoral farm is a farm engaged in processing, storage and sale of agricultural products, industrial production, performance of works, provision of services and other types of activities not prohibited by law, along with cultivation of agricultural products.

The register of multi-sectoral farms is maintained by the Council of Farmers, Peasants and Homestead Land Owners of Uzbekistan in accordance with the procedure established by the Cabinet of Ministers of the Republic of Uzbekistan.

A farm is considered established after state registration in accordance with the law, and its founder concludes a contract on long-term lease of a plot of land.

The farm operates on the basis of the template charter approved by the Cabinet of Ministers of the Republic of Uzbekistan.

The operation of the farm may be temporarily suspended at the request of the head of the farm when the term of the land lease contract expires or the lease right is canceled.

1. **Head of the farm**

The head of the farm is the founder of this agricultural holding – the farmer. A citizen of the Republic of Uzbekistan who has reached the age of eighteen and has the appropriate qualification or work experience in agriculture can be a farmer.

In relations with other legal entities and individuals, the head of the farm acts on behalf of the farm. It is forbidden to transfer the rights and obligations of the head of the farm to another person, except for cases provided by law.

When the head of the farm reaches the retirement age or loses his ability to work, as well as being called up for military service, admitted to full-time studies in higher education institutions, elected to elective positions, she can transfer the right to lease the land to one of her family members who qualify the requirements of the first part of this article for the duration of the lease agreement and also must notify the relevant district (town) mayor. In this case, the district (town) mayor ensures that the appropriate changes are made to the land lease agreement within one working day after receiving the notice from the head of the farm.

1. **Property rights of farm activities**

The property rights of buildings, structures, agricultural fields and nurseries, trees, livestock, poultry, cultivated products, agricultural machinery, inventory, equipment, vehicles, funds, intellectual property objects, as well as other assets on the balance sheet of the farm belong to the farm.

Cash and material funds of the head of the farm, income (profit) from the sale of goods (performance of work, provision of services), income from securities, other sources not prohibited by law can be the sources of formation of the farm property.

The farm has the right to create, increase, acquire, sell, rent or temporarily use property in accordance with the law.

1. **Guarantees of the right to use land plots by farms**

Agricultural land plots are leased for a period of thirty years based on an open electronic tender for farming.

Persons living in the place where the farm is being established have the priority right to obtain a plot of land for farming.

The dimensions and boundaries of the land plot can be changed only with the consent of the head of the farm.

Expropriation of a plot of land or a part of it is allowed only in cases and according to the procedure provided for by law.

The land plot lease agreement may be changed or canceled by the court in case the parties do not reach an agreement. Grounds for changing or canceling land lease contracts concluded with farms are determined by legislation.

In case of liquidation of the farm, the lease contract of the land plot given for its operation must be canceled in accordance with the procedure established by law.

1. **Inheriting farm property**

Farm property is inherited according to law. The heirs who continue to work in the farm are exempted from paying the state duty for the issuance of the certificate of the right to inheritance.

In case of the death of the head of the farm, the right to lease the plot of land is transferred by inheritance for the period of validity of the lease agreement in accordance with the law.

In case of the death of the head of the farm, his heir has the right to extend the lease agreement for a new period.

1. **Responsibility for the obligations of the farm**

The farm is responsible for its obligations, including ensuring the delivery of agricultural products for state needs in the specified volumes in accordance with the agricultural procurement contracts, as well as timely payment of fees for the delivery of material and technical resources and the provision of services with its own property that can be levied in accordance with legislation.

The head of the farm shall be subsidiarily liable for the obligations of the farm with his own property in accordance with the law in case of insufficient assets of the farm.

In the event that there is no or insufficient funds in the farm that is being reorganized or liquidated and is responsible for the damage caused to the life and health of the employee in connection with the fulfillment of his labor obligations, the sums to be recovered shall be paid by the state in accordance with the law.

1. **Grounds for liquidating a farm**

In addition to the grounds for liquidation of legal business entities specified in Chapter 22 of this Code, the farm is terminated in the following cases:

when the property, equipment and funds specified by the head of the farm in the open competition for the allocation of a plot of land for the operation of the farm are not included in the charter fund;

when the right to rent a plot of land is voluntarily relinquished;

when settlement with suppliers of material and technical resources, contractors and service providers is not carried out regularly;

if the head of the farm dies and there is no heir who wants to continue the farming activity;

for the needs of the state and public or for violation of land legislation, including when the farm does not use the plot of land for the specified purpose, in particular, when it is necessary to take away the plot of land when the farm plants agricultural crops not provided for in the agricultural procurement contract; if the contract for renting the plot of land is canceled in the prescribed manner, as well as in connection with the termination of the membership of the Council of Farmers, Peasants and Homestead Land Owners of Uzbekistan according to the decision of the Presidium of the District Councils of Farmers, Peasants and Homestead Land Owners.

When the right to a plot of land owned by a farm is terminated, the body that carries out the state registration of rights to real estate objects sends an electronic notification to the public services center on the same day when the relevant entry is written in the state register of rights to real estate objects.

1. **A peasant farm**

A peasant farm is a agricultural holding that cultivates and sells agricultural products on a plot of land given to the head of the peasant farm on the basis of the right of lifetime ownership or lease (secondary lease) based on the personal labor of members of the peasant farm.

Peasant farming is carried out on the basis of specialization in horticulture and viticulture or cultivation of vegetables and gourds or other agricultural crops.

According to the wishes of the members of the peasant farm, the activity of the farm can be carried out with or without the establishment of a legal entity.

A peasant farm that is not a legal entity is established after the right to a plot of land is granted to the head of the peasant farm and the peasant farm is registered, and a peasant farm that is a legal entity is established after the right to a plot of land is granted to the head of the peasant farm and the peasant farm is registered by state in the prescribed manner.

The activity of the peasant farm is based on the personal labor of the members of the peasant farm. Depending on the specialization of the peasant farm, other persons may be engaged on a temporary (seasonal) basis, based on the terms of the employment contract, to perform certain work.

1. **The head of the peasant farm**

A citizen of the Republic of Uzbekistan or a stateless person permanently residing in the territory of the Republic of Uzbekistan who has reached the age of eighteen, has legal capacity, and is given the right to inherit a plot of land for peasant farming, or on the basis of a lease (secondary lease) can be the head of a peasant farm.

The head of the peasant farm acts without a power of attorney on behalf of the peasant farm, including representing the interests of the peasant farm in interactions with legal entities and individuals, and concluding contracts on behalf of the peasant farm.

In the event that the head of the peasant farm is temporarily incapacitated or absent for a long time (called up for military service, enrolled in a higher education institution for full-time education, elected to elective positions, etc.), he has the right to delegate the authority to perform his duties to one of the members of this peasant farm.

In case of the death of the head of the peasant farm, a new head of the peasant farm is determined by mutual agreement between the members of the peasant farm. In this case, the right to inherit the land plot for life passes to the new head of the peasant farm by inheritance, and in relation to the land plots leased (secondary lease) for the operation of the peasant farm, appropriate changes are made to the lease (secondary lease) contract.

When the head of the peasant farm reaches the retirement age or completely loses his ability to work, as well as when he is called up for military service, enters a higher education institution for full-time education, is elected to elective positions, at the proposal of the head of the peasant farm and by mutual agreement between the members of the peasant farm, the new head of the peasant farm is determined, to whom the inheritable right to lifetime ownership of the land plot passes.

The head of the peasant farm, having notified the relevant district (town) mayor, gives the right to lease to one of his family members who meets the requirements of the first part of this article for the period of validity of the lease agreement, and the right to the land plot obtained on the basis of a secondary lease for a secondary lease period in agreement with the secondary lessor. In this case, the district (town) mayor ensures that the relevant changes are made to the land lease agreement within one working day from the time of receiving the notice from the head of the peasant farm.

In the cases provided for in the fourth, fifth and sixth parts of this article, the decision on the new head of the peasant farm is formalized with the minutes of the meeting of members of the peasant farm in accordance with the procedure established by law. If the members of the peasant farm cannot reach a mutual agreement about the new head of the peasant farm, the dispute will be resolved in court.

In the cases provided for in the fourth, fifth and sixth parts of this article, the documents necessary for the state registration of the right to inherit a land plot for life, lease (secondary lease) of a land plot shall be drawn up in the name of the new head of the peasant farm in accordance with the procedure established by the law, as well as appropriate changes will be made to the unified state register of the business entities.

The head of the peasant farm has the following rights:

to conduct business on behalf of the peasant farm without a power of attorney;

to conclude contracts with legal entities and individuals;

to temporarily allocate a land plot or a part of this land plot for the production of agricultural products in accordance with the specialization of the peasant economy, while retaining the right of inheritable lifetime ownership to the said land plot, to legal entities and individuals;

to issue power of attorney;

to open bank accounts.

The head of the peasant farm is obliged to ensure that the interests of the peasant farm and its members are protected and their rights are exercised.

The head of the peasant farm may have other rights and obligations in accordance with the law.

1. **Members of the peasant farm**

The head of the family, his wife (husband), parents, children, including adopted children, grandparents and grandchildren, other relatives of working age (husband (wife) of children and grandchildren, biological and step-brothers and sisters, their husbands or wives) may be members of the peasant farm.

Members of the peasant farm have the following rights:

to receive a share of the income from agricultural products produced by the peasant farm and its sale;

to participate in civil-legal relations on behalf of the peasant farm according to the instructions of the head of the farm;

to have state social insurance and receive social security in accordance with the law by paying the social tax in the prescribed manner, as well as adding the working time spent on the production of agricultural products to the length of job tenure (if there is no other permanent job).

The members of the peasant farm are obliged to participate in the activities of the peasant farm with their personal labor.

Members of the peasant farm may have other rights and obligations in accordance with the law.

1. **Land relations in the peasant farm**

Land plots in the size of 0.06 to 1 hectare are given for peasant farming, except for the cases provided for in the second part of this article.

The part of the land intended for agriculture use by farms or other agricultural holdings freed from the main crop can be given for secondary lease (without the right to give it to third parties) to peasant farms for a period of up to one year in the size of 0.06 hectares to 10 hectares for planting intermediate agricultural crops.

Peasant farm can carry out its activities:

on the land plots granted on the basis of the inheritable right of lifetime ownership for peasant farming until April 1, 2021, as well as on plots of land where the inheritable lifetime ownership right to the land plot granted for peasant farming was given to persons through inheritance or on other grounds provided for in this Code;

on land plots leased from the pool of reserve lands, including restored and put into use;

on land plots leased with the condition of ensuring strict compliance with safety and technical requirements from unused forest fund lands and other protected natural areas;

on leased land plots with the condition of ensuring strict compliance with safety and technical requirements from the pool of land plots along the shores of water bodies;

on land plots designated for agriculture, which are freed from the main crop and utilized through secondary lease, for planting intermediate crops for one season.

The lands specified in the third, fourth and fifth paragraphs of the fourth part of this article are leased for a period of thirty years.

The plot of land given for peasant farming should be used only for the cultivation of agricultural products based on the specialization of the peasant farm.

The plot of land given for peasant farming can be used simultaneously for planting other agricultural crops that are not provided for in the specialization of the peasant farm, between the rows of the main agricultural crops, or by alternately planting the main and other agricultural crops in accordance with the specialization of the peasant farm.

The conditions of use of the land plot given for running a peasants farm are indicated in the document on the right to the land plot.

It is prohibited to build buildings and structures, including underground structures, on the plot of land allocated for peasant farming, except for the construction of lightweight construction greenhouses and other buildings, as well as irrigation facilities.

It is allowed to graze up to 10 head of livestock units at the same time as growing agricultural products on the land plot given for peasant farming.

The peasant farm is obliged to protect the plot of land under its control (not to allow the land to be used without registration or to become unusable), to maintain and increase its productivity.

1. **State regulation over the use of land plots dedicated to peasant farming**

Control over purposeful and rational use of land plots given for peasant farming is carried out by authorized state bodies in accordance with the procedure established by law.

Decreasing soil fertility, polluting the soil with chemical and radioactive substances, as well as using methods that lead to the deterioration of the ecological situation by the peasant farm are grounds for prosecution in accordance with the law.

In the event that structures, underground facilities, and buildings other than light construction greenhouses and other buildings, as well as irrigation facilities are identified on a plot of land given for the operation of a peasant farm, the head of the peasant farm, according to the written submission of the authorized state body, voluntarily demolishes these structures and buildings at his own expense within fifteen days from the day of receipt of the written submission of the authorized state body, and restores the land plot to its previous state.

In the event that the head of the peasant farm does not voluntarily comply with the written submission of the authorized state body, the issue of demolishing buildings and structures, including underground structures, and restoring the land plot to its previous state will be resolved in court.

If one of the cases provided for in the second, third and fourth parts of this article is repeated for three consecutive years, the issue of taking away the land plot given on the basis of the inheritable lifelong ownership right or canceling the lease (secondary lease) contract before its term shall be resolved in court.

The responsibility of the peasant farm and its members for failure to use the plot of land effectively for the specified purpose is determined by legislation.

1. **Property rights of peasant farm activities**

The property belonging to the peasant farm, the products obtained as a result of the joint activity of the members of the peasant farm, and the income from their sale, are their common joint property, unless the agreement between them provides for the establishment of joint shared ownership.

The members of the peasant farm are responsible for the obligations arising in the course of running the peasant farm with the common property created as a result of their joint activities.

When the common property of members of the peasant farm is insufficient, they are responsible for obligations with their own property in accordance with the law.

1. **Realization of agricultural products of the peasant farm**

Business entities have the right to freely transport and sell their agricultural products on the territory of the Republic of Uzbekistan based on an extract from the unified state register, without additional documents (permits).

Peasant farms have the right to sell their agricultural products in the field, in farmers' markets and trade centers, as well as in settlements through traveling sales outlets, without additional permits.

Peasant farms have the right to sell their agricultural products in cash or through cashless payments on bank cards without restrictions. As such, the peasant farm is not required to keep accounting required by the rules of cash transactions for economic entities.

The income received by the peasant farm from the sale of its agricultural products is not taxed.

The peasant farm submits a report in the specified form containing information on the types of agricultural crops grown on the plot of land during the year, the volumes of agricultural products produced and sold, as well as the number of greenhouses, to the citizens' self-governance bodies on the land where the farm is located, from the reporting period until the 15th of March of the next year.

1. **Grounds for liquidating a peasant farm**

In addition to the grounds for liquidation of business entities specified in Chapter 22 of this Code, a peasant farm is terminated in the following cases:

upon expiration of the inheritable lifelong ownership right to the land plot granted for peasant farming, or upon the expiration of the lease (secondary lease);

when the right to a plot of land is voluntarily relinquished;

if the head of the peasant farm dies and there is no heir who wants to continue farming activities.

When the right to a plot of land owned by a peasant farm which is a legal entity is terminated, the body that carries out the state registration of rights to real estate objects sends an electronic notification to the public service center on the same day when the relevant entry is entered in the state register of rights to real estate objects.

## Chapter 6. Associations of business entities and their operating conditions

1. **Alliances of business entities**

Business entities may join associations (unions) and other alliances, which are non-profit organizations, in order to coordinate their activities, as well as to express and protect their rights and interests.

Relations related to the establishment, operation, reorganization and liquidation of alliances of business entities are regulated by this Code and other legal documents.

The activities of alliances of business entities are financed from membership fees of business entities and other sources not prohibited by law.

1. **Basics of activity of alliances of business entities**

The activities of alliances of business entities are based on the following:

equality of all members;

independence, openness and transparency of activities of alliances of business entities;

non-limitation of the legal activity of alliances of business entities;

state bodies and their officials should not be allowed to interfere in the activities of business alliances, as well as business alliances should not interfere in the activities of state bodies and their officials;

accountability of activity and responsibility to members.

1. **Chamber of Commerce and Industry of the Republic of Uzbekistan**

The Chamber of Commerce and Industry of the Republic of Uzbekistan is a non-governmental non-profit organization uniting business entities.

The Chamber of Commerce and Industry of the Republic of Uzbekistan guarantees the provision of favorable legal, economic and social conditions for the implementation of entrepreneurial initiatives, the development of mutually beneficial partnerships between the business community and the state authorities and administration bodies, other bodies and organizations, and guarantees the protection of the rights and legitimate interests of business entities. It is established in order to strengthen, comprehensively support the improvement of the business and investment environment, to support the foreign economic activity of business entities with all available means.

The activity of the Chamber of Commerce and Industry of the Republic of Uzbekistan is regulated by the Law of the Republic of Uzbekistan "On the Chamber of Commerce and Industry of the Republic of Uzbekistan".

1. **Introduction of self-management and its types**

In order to create favorable legal and economic conditions in the fields of entrepreneurship and professional activity, self-management can be introduced on the basis of voluntary and mandatory membership (participation) in self-regulatory organizations in accordance with the legislation of the Republic of Uzbekistan on self-regulation of business entities.

# **SECTION III. INTERACTION OF BUSINESS ENTITIES AND THE STATE**

## Chapter 7. Social responsibility of business entities

1. **General rules in the field of social responsibility of business entities**

It is the social responsibility of entrepreneurship to contribute and sponsor the development of social, environmental and other areas on a voluntary basis.

The state creates conditions for increasing the social responsibility of business entities in the Republic of Uzbekistan.

No one has the right to force business entities to act on social responsibility.

Illegal interference of state bodies and their officials in the social responsibility activities of business entities is not allowed.

Business entities can demonstrate their social responsibility in their activities in social, environmental, employment and labor relations and other areas.

Corporate social responsibility can be implemented by business entities in sponsorship and other forms not prohibited by law.

1. **State guarantees of sponsorship by business entities**

Protection of the rights and legal interests of business entities – sponsors is guaranteed by the state.

Officials of state bodies who forcibly involve business entities in sponsorship and other activities related to allocation of funds and other material assets shall be responsible in accordance with the law.

Business entities carrying out sponsorship may be given tax benefits in accordance with the Tax Code of the Republic of Uzbekistan.

Sponsoring business entities and their alliances may cooperate with state bodies and local state authorities, conclude contracts, and perform work not prohibited by law on the basis of contracts.

1. **Social responsibility of business entities in the field of employment and labor relations**

Social responsibility of business entities is formed on the basis of protection of the rights of employees of business entities provided for by law, and should be aimed at developing partnership relations between business entities and their employees on solving social issues and determining working conditions.

The main directions of social responsibility of business entities in the field of employment and labor relations are expressed in maintaining jobs, improving working conditions, ensuring labor safety and observing the norms of social protection of employees.

1. **Social responsibility of business entities in the environmental area**

Environmental social responsibility of business entities is carried out by performing the following tasks:

financing activities related to environmental protection and improvement of streets, parks and other public places;

embracing their internal policy aimed at environmental protection;

solving other issues aimed at improving the environment.

## Chapter 8. Social entrepreneurship

### **Part 1. General rules**

1. **Basic concepts related to social entrepreneurship**

Following key concepts are used in this **chapter:**

**social enterprise** – a business entity that aims to provide employment for socially needy segments of the population, produce social goods and provide social services, as well as solve environmental problems and is included in the register of social enterprises in accordance with this **Code;**

**register** of social enterprises – a single electronic database of information about social enterprises, which is maintained by the Ministry of Economic Development and Poverty Reduction of the Republic of Uzbekistan;

**social project** – a method of implementing social entrepreneurship activities by a social enterprise;

**social entrepreneurship –** activities of legal entities or individual entrepreneurs (hereinafter referred to as business entities) aimed at solving social and environmental problems or mitigating their consequences;

**social goods** – goods and tools necessary to create equal opportunities for socially needy segments of the population, including prosthetic-orthopedic items and equipment for persons with disabilities, as well as technical means of rehabilitation, books and other printed publications in Braille alphabet, textbooks and fiction for children with disabilities, audio books, video materials using sign language;

**social services** – legal, economic, psychological, educational, medical, rehabilitational set of measures to a person in need of services aimed at improving the quality of life, creating equal opportunities with other citizens to participate in the life of society and (or) expanding the opportunities to independently provide for basic life needs.

1. **Objectives of social entrepreneurship**

The objectives of social entrepreneurship include:

provision of jobs, social goods and social services to the socially needy segments of the population;

production of social goods, performance of work and provision of services aimed at combating emergency situations and eliminating their consequences.

1. **Socially needy segments of the population**

Socially needy segments of the population include persons who face difficulties in obtaining goods (jobs, services) in market conditions or find a job in the labor market, or who need the support of others, including:

Persons with disabilities of group I and II, children with disabilities;

orphans and children deprived of parental care and persons between the ages of eighteen and thirty who belong to that category;

persons with socially significant diseases and diseases that pose a danger to others (with tuberculosis, oncological, psychiatric, narcological, endocrinological, infectious, venereal diseases, AIDS, leprosy and occupational diseases);

single persons with dependent children under the age of sixteen or with disabilities;

graduates of general secondary, secondary special and professional educational institutions less than three years after graduation;

Graduates of orphanages ("Mehribanlik" houses) under the age of thirty;

persons released from penal institutions;

single elderly people who need the care of others and elderly people living alone;

incapable persons and persons with limited capacity.

1. **Activities in the social sphere**

Activities in the social sphere include:

medical services provided by medical institutions based on the relevant license (excluding dentistry and cosmetology services);

organization of educational services, including tests and examinations;

scientific activities (including conducting scientific research, use of scientific intellectual property by the author, including its sales);

services in the field of physical education and sports;

waste collection, processing, neutralization, storage, burial and disposal;

activities of libraries, archives, museums and other cultural organizations.

### **Part 2. State regulation of social entrepreneurship**

1. **The main directions of the state policy in the social entrepreneurship area**

The main directions of the state policy in the field of social entrepreneurship are as follows:

support and encouragement of social entrepreneurship;

creation of legal foundations of social entrepreneurship and improvement;

development and implementation of state programs in the field of social entrepreneurship;

creating favorable conditions for attracting investments to social projects.

1. **Powers of the Cabinet of Ministers of the Republic of Uzbekistan in the field of social entrepreneurship**

Cabinet of Ministers of the Republic of Uzbekistan:

ensures the implementation of a unified state policy in the field of social entrepreneurship;

ensures the development, approval and implementation of state programs in the field of social entrepreneurship;

adopts regulatory legal documents in the field of social entrepreneurship within its powers;

coordinates the activities of state bodies and other organizations in the field of social entrepreneurship;

approves the list of socially important food items.

The Cabinet of Ministers of the Republic of Uzbekistan may exercise other powers in accordance with the legislation.

1. **Powers of the Ministry of Economic Development and Poverty Reduction of the Republic of Uzbekistan in the field of social entrepreneurship**

The Ministry of Economic Development and Poverty Reduction of the Republic of Uzbekistan is the authorized state body in the field of social entrepreneurship (hereinafter referred to as the authorized state body).

Authorized state body:

implements a unified state policy in the field of social entrepreneurship;

ensures the implementation of the legislation on social entrepreneurship;

develops and implements state programs and other programs in the field of social entrepreneurship;

participates in the development of normative legal documents in the field of social entrepreneurship within the scope of its powers;

maintains the register of social enterprises;

ensures interdepartmental coordination in the preparation and implementation of social entrepreneurship support projects;

organizes cooperation of social enterprises with local government bodies, international financial and donor organizations, as well as other organizations;

assists in the preparation and implementation of social projects and monitors their implementation;

provides explanations on issues of social entrepreneurship and develops methodological manuals and guidelines;

examines the state of affairs in the field of social entrepreneurship and submits annual reports to the Cabinet of Ministers of the Republic of Uzbekistan based on the results of the study.

The authorized state body may exercise other powers in accordance with the law.

1. **Powers of local state authorities** **in the field of social entrepreneurship**

Local state authorities:

ensure the implementation of the legislation on social entrepreneurship;

develop, approve and implement regional programs in the field of social entrepreneurship;

support within their powers social enterprises taking into account socio-economic, demographic and other characteristics of the respective administrative regions;

take measures to create favorable conditions for attracting investments in the field of social entrepreneurship;

develop proposals for improving the legislation on social entrepreneurship and submit them to the authorized state body.

Local state authorities may exercise other powers in accordance with the law.

### **Part 3. Social enterprise**

1. **Social enterprise criteria**

Business entities as social enterprises are included in the register of social enterprises when they meet one or more of the following criteria:

business entities in which at least 70 percent of the total number of employees belong to the socially needy strata of the population, and in which at least 70 percent of the total employee labor compensation fund is made up of the labor remuneration fund for employees from socially needy strata of the population;

business entities with at least 50 percent of the total income from the sale of social goods or the provision of social services;

business entities whose income from the implementation of activities in the social sphere makes up at least 90 percent of the total income;

business entities that have changed their type of activity to production of goods, performance of work and provision of services aimed at combating emergency situations and eliminating their consequences.

Compliance of business entities with social enterprise criteria is determined by tax authorities through inspection of tax reports.

1. **Procedure for maintaining the register of social enterprises**

The authorized state body enters the business entity into the register of social enterprises for public review based on the information received from the tax authorities within the framework of interdepartmental electronic cooperation. The register of social enterprises is placed in the electronic database of social enterprises and on the official website of the authorized state body.

The register of social enterprises must contain the following basic information about the social enterprise:

name, legal form, location (postal address), telephone number, email address, taxpayer identification number;

surname, first name, patronymic of the head of the social enterprise;

date of inclusion (exclusion) in the register of social enterprises and number.

The authorized state body notifies business entities in writing or electronically no later than one day after the date of their entry into the register of social enterprises.

After being entered into the register of social enterprises, the social enterprise shall be removed from the register of social enterprises if it fails to comply with the criteria stipulated in the first part of Article 109 of this Code or is terminated.

The authorized state body notifies the social enterprise in written or electronic form no later than one day after the date of its removal from the register of social enterprises.

If a social enterprise is included in the register of social enterprises in violation of the criteria stipulated in the first part of Article 109 of this Code, it will be removed from the register of social enterprises and will be prohibited from listing in this register for two years.

A business entity that changed its activity to production of goods, performance of works and provision of services aimed at combating emergency situations is considered to be removed from the register of social enterprises from the first day of the month following the month in which the consequences of emergency situations were eliminated or the state of emergency was canceled.

1. **Rights of social enterprises**

In addition to the rights provided for in Article 30 of this Code, a social enterprise has the following rights:

to demand justification of exclusion or non-entry from the register of social enterprises;

to appeal in accordance with the procedure established by law against the decision to include in the register of social enterprises or to refuse to include, as well as to exclude from this register.

1. **Obligations of social enterprises**

Social enterprises must:

efficiently use state real estate provided in the prescribed manner for the implementation of social entrepreneurship and social projects;

submit tax reports to tax authorities within the terms specified by law;

reinvest at least two-thirds of the profit received in the previous financial year in the activities of the social enterprise or in social projects during the next financial year (except for business entities whose main activities have been changed to the production of goods, performance of works and provision of services aimed at combating emergency situations and eliminating their consequences).

A social enterprise may have other obligations in accordance with the law.

# **SECTION IV. FORM AND MEANS OF STATE REGULATION OF ENTREPRENEURSHIP**

## Chapter 9. State regulation of entrepreneurship

### **Part 1. Limits of state regulation of entrepreneurship**

1. **Objectives of state regulation of entrepreneurship**

State regulation of entrepreneurship is done to ensure the safety of goods, works, and services produced and sold by business entities for human life and health, to protect legal interests of individuals, protection of the environment and property interests of individuals and legal entities, and to create favorable conditions for the development of entrepreneurship.

1. **Tasks of state regulation of entrepreneurship**

The following are the main tasks of state regulation of entrepreneurship:

protection of the life and health of the population and the environment;

protection of consumer rights;

formation of a regulatory environment that encourages investment in the national economy;

creation of conditions for the development of healthy competition in the economy;

encouragement of fair business practices based on the value of reputation of the entrepreneur;

assistance in developing of self-regulation.

1. **Legal basis of introduction of regulatory instruments**

State regulation of entrepreneurship is carried out by establishing mandatory regulatory instruments for business entities.

Regulatory instruments are introduced on the basis of normative legal documents.

It is not allowed to introduce means of regulating entrepreneurship in documents that are not considered regulatory legal documents (except for normative documents in the field of technical regulation).

Regulatory instruments defined in documents that are not considered normative legal documents (excluding normative documents in the field of technical regulation) cannot serve as a basis for legal regulation of relevant social relations and do not lead to legal consequences.

1. **Forms and means of state regulation of entrepreneurship**

State regulation of entrepreneurship is carried out through the following forms and means of regulation:

1) state registration of business entities;

2) introduction of licensing, permitting and notification procedures for the implementation of certain types of activities by business entities;

3) technical regulation;

4) regulation of prices and tariffs;

5) compulsory civil liability insurance of business entities in accordance with the procedure established by the laws of the Republic of Uzbekistan;

6) state control;

7) protection of competition and restriction of monopolistic activities;

8) institution the responsibility of business entities and their officials in accordance with the laws of the Republic of Uzbekistan;

9) introduction of information media;

10) introduction of self-management based on mandatory membership (participation) in a self-regulatory organization.

Other forms and means of regulation may be determined by the legislation of the Republic of Uzbekistan.

1. **Conditions for introduction of regulatory forms and means**

Regulatory forms and means are introduced taking into account the following conditions:

1) forms and means of regulation must be introduced by the state only within the framework of the objectives of regulation;

2) ensuring the equality of business entities by not allowing the introduction of different legal regimes and requirements for individual market entities, including quasi-state sector entities;

3) provide forecasting opportunities to business entities by giving them enough time to adapt their activities to new requirements;

4) the rationality of the introduced regulation forms and means and the possibility of their implementation by business entities;

5) norms defining the form and means of regulation should not be interpreted differently or should be clearly stated in such a way as not to allow ambiguity.

The introduction of regulatory forms and tools or the change of existing ones is carried out within the framework of regulatory impact assessment of draft and adopted regulatory legal documents in accordance with the conditions specified in the first part of this article.

### **Part 2. Specifics of adoption of legal documents affecting the interests of business entities**

1. **Specifics of adoption of regulatory legal documents aimed at introducing or strengthening regulatory instruments**

State bodies and organizations should carry out regulatory impact assessment of the drafts of regulatory legal documents that provide for the introduction of a new regulatory instrument or its strengthening in relation to the activities of business entities in accordance with the law.

The introduction of a new regulatory instrument or the strengthening of regulation is carried out only when the conclusions of the regulatory impact assessment of the competent authorities are available.

1. **Participation of business entities in the field of norm creation**

Business entities participate in the development of drafts of regulatory legal documents relevant to their interests, in conducting expertise and regulatory impact assessment through associations of business entities or independently through public discussion of draft regulatory legal documents.

The drafts of normative legal documents on issues that directly or indirectly affect the implementation of business activities must be agreed with the representative of the President of the Republic of Uzbekistan for the protection of the rights and legal interests of business entities and the Chamber of Commerce and Industry of the Republic of Uzbekistan.

It is mandatory for authorized state bodies and organizations within the terms specified by law to consider recommendations and written requests of the Chamber of Commerce and Industry regarding the need to make changes and additions to the current regulatory legal documents that hinder or limit the development of entrepreneurial activity, as well as to find them invalid; and to send subsequently conclusions based on the results of their considerations to the Chamber of Commerce and Industry.

Expert councils are established under the Chamber of Commerce and Industry for the purpose of conducting public examination of regulatory and legal documents, as well as their drafts.

The expert councils make decisions on the discussed issues, the decisions are sent to the authorized state bodies and organizations for mandatory consideration and notification of the results.

The conclusions prepared on the results of the alternative assessment of the impact of regulation carried out by business entities must be considered by the relevant state bodies in a mandatory manner.

1. **Regulatory Impact Assessment**

Regulatory impact assessment consists of a set of measures aimed at determining and evaluating the possible consequences that may arise as a result of the adoption of a regulatory legal document and the achievement of its regulatory goals and also evaluating the effectiveness and efficiency of the effect of the current regulatory legal document on regulatory relations with this regulatory legal document.

Regulatory impact assessment is carried out before and after the introduction of regulatory legal acts, including regulatory impact assessment in relation to existing regulatory instruments in force which did not previously receive any assessment.

Regulatory impact assessment of the newly introduced and current regulatory instruments is carried out in accordance with the plan approved by the Cabinet of Ministers annually in accordance with the procedure established by law.

According to the results of the regulatory impact assessment, the regulatory instrument may be canceled or revised depending on the effectiveness of its application.

If the objectives of the regulatory instrument are not achieved at the time of their introduction, such regulatory instruments must be abolished.

Business entities or their associations may complain and (or) make proposals to the Chamber of Commerce and Industry of the Republic of Uzbekistan about the cancellation or revision of regulatory instruments that have not produced the expected results.

The Chamber of Commerce and Industry of the Republic of Uzbekistan considers the complaints and (or) proposals of business entities about the cancellation or revision of the regulatory instrument, evaluates the regulatory instrument and submits the issue of its cancellation or revision to the Government after receiving the conclusion of the authorized bodies.

1. **Guarantees against changes in legislation that are unfavorable for business entities**

Normative legal documents, which add complexity to doing business and impose new obligations on business entities, as well as determine new measures regarding their responsibility, will enter into force at least three months after the date of their official announcement.

The time period of entry into force must be indicated in the regulatory legal documents (or their parts) referred to in the first part of this article.

If the regulatory legal documents (or their parts) provided for in the first part of this article do not specify their period of entry into force, or if the period of entry into force is less than three months, such regulatory legal documents (or their parts) shall enter into force for business entities after three months from the day of their official announcement.

Amendments and additions to the regulatory legal document referred to in the first part of this article are prohibited for one year after its adoption, except for the amendments and additions that provide relief in this area.

1. **Register of mandatory requirements in the field of entrepreneurship**

The Register of Mandatory Requirements is an open database in the field of entrepreneurship (hereinafter referred to as the register of mandatory requirements) and includes requirements for business entities, their validity periods, requirements for implementation of state regulation, documents necessary to confirm compliance with mandatory requirements, as well as measures of responsibility for non-compliance with these requirements.

All mandatory requirements established by the state with normative legal documents and technical regulatory documents for the implementation of business activities will be included in the register of mandatory requirements with indication of the period of their revision.

Business entities are not considered responsible for non-fulfillment of requirements not included in the register of mandatory requirements.

The register of mandatory requirements shall be established and maintained in accordance with the regulations determined by the Cabinet of Ministers.

## Chapter 10. State registration of business entities

### **Part 1. General rules**

1. **Specifics of state registration of business entities**

The requirements of this chapter do not apply to the state registration of banks and credit bureaus, their representative offices and branches, whose state registration is carried out in accordance with the procedure established by legislation.

State registration of a legal business entity consists of actions on formalizing establishment, reorganization or the introduction of amendments and additions to its foundation documents by reviewing the foundation and other documents submitted for state registration within the framework of this Code to the district (city) public services center (hereinafter referred to as the registration body), as well as issuing a certificate of state registration of a legal entity, entering information on the establishment, reorganization of a legal entity and other information based on this Code into the Unified State Register of Business Entities (hereinafter referred to as the Register).

State registration of a business entity without establishment of a legal entity (individual entrepreneur/sole proprietor, peasant farms and family enterprises without legal entity) – the registration body confirms that the individual has the status of an individual entrepreneur by checking the documents submitted for state registration within the framework of this Code; formalizes the establishment of peasant farms and family enterprises without legal entity; as well as issues a certificate of state registration of the relevant business entities and registration document of individuals that have the status of an individual entrepreneur; enters information on the establishment of peasant farms and family enterprises without legal entity, and other information based on this into the Unified State Register of Business Entities (hereinafter referred to as the Register).

State registration represents an accelerated process of state registration of business entities, taking them into account at the same time in the state tax service and state statistics bodies based on the "single window" principle, as a result of examining the documents submitted and the absence of grounds for refusal specified in this Code.

Mutual cooperation of registration bodies with the state tax service and state statistics bodies is carried out in accordance with the procedure established by the Cabinet of Ministers of the Republic of Uzbekistan.

1. **State registration of legal business entities established by reorganization**

When a legal entity is reorganized in the form of a split-up (*filiation)*, the changes and additions made to the foundation documents of the reorganized legal entity shall be state registered, and the separated legal entity shall be state registered as a newly established legal entity.

When a legal entity is reorganized in the form of acquisition, the changes and additions made to the foundation documents of the acquiring legal entity shall be registered with the state register.

When a legal entity is reorganized in the form of addition, division and reorganization, the newly established legal entities are registered with the state.

When the reorganization causes the termination of the activity of one or more legal entities, the registration body, after the state registration of the newly established legal entities, makes an entry in the Register about the termination of the activity of these legal entities.

Legal entities established by reorganization shall be state registered by the registration body in any place where the applicant applied.

1. **Automated system of state registration of business entities**

State registration of business entities is carried out by the registration body through the automated system of state registration of business entities (hereinafter referred to as the System).

The system is a complex of information and communication technologies that provides state registration of business entities, as well as electronic cooperation of registration bodies and authorized organizations in this process.

1. **Methods of state registration of business entities**

State registration of business entities is carried out by one of the following methods:

in person at the registration bodies premises;

Through the Unified Interactive Public Services Portal of the Republic of Uzbekistan (hereinafter referred to as the Unified Portal) through the System in the Internet.

1. **Fees for state registration of business entities**

For state registration and re-registration of business entities, state duties are paid at the rates stipulated in the Law of the Republic of Uzbekistan "On State Duties".

Fee rates for providing information from the unified state register of business entities are determined by the Cabinet of Ministers of the Republic of Uzbekistan.

When state duties and fees are paid through electronic payment systems, an intermediary fee is deducted from the applicant in the amount of one percent of the payment amount, which is proportionally distributed according to the procedure established in the regulation document of cooperation between the registration bodies and authorized organizations in the state registration of business entities.

1. **Actions performed through the system**

The following is done through the system:

state registration of business entities;

state registration of legal business entities established through reorganization;

re-registration of business entities;

payment of state duties for state registration and state re-registration of business entities;

unhindered receipt of a certificate of state registration of business entity;

submition of an application for temporary suspension or restoration of the activity of an individual entrepreneur;

cooperation of registration bodies and authorized bodies in the prescribed manner;

notification of the registration bodies and authorized organizations, as well as state and economic authorities about the change in the address (location, place of residence) of business entities;

creation of the personal cabinet of the applicant for voluntary usage;

request and receipt of specific information about business entities in the form of an extract from the register, a document or a list of business entities; a report on absence of a requested information or document.

1. **The procedure for issuing a state registration certificate**

After the completion of the state registration, the registration body issues a certificate of state registration of the business entity to the business entity within the time periods specified in Article 130 of this Code.

State registration and re-registration of business entities through the system automatically issue a certificate of state registration in the form established by the Ministry of Justice of the Republic of Uzbekistan to the business entities.

The certificate of registration must contain a QR-code and identification numbers.

A certificate of state registration of a legal entity and a certificate of state registration of a peasant farm without legal entity and family enterprise without legal entity are issued for an unlimited period.

A certificate of state registration of an individual entrepreneur (sole proprietor) is issued for an unlimited or specific period at his request.

If the type of activity specified in the state registration certificate of a business entity that is not a legal entity changes, this business entity must apply for re-registration of the business entity within ten days.

In the event of a change of a personal ID-card, passport or residence permit in the Republic of Uzbekistan specified in the certificate of state registration of a business entity which is not a legal entity, the authorized body that recorded this change shall notify the relevant registration body within five working days by "Electronic government" system through the interdepartmental integration platform.

The registration body shall make relevant changes to the Register within three working days from the moment of receiving the information.

1. **Terms of state registration of business entities**

State registration of business entities is carried out through the System in real time, within 30 minutes limit.

When changes and additions related to the amount of the charter fund (authorized capital), transfer of the share (contribution) to another person are made to the foundation documents of the legal business entities, the period of an update in the state register must not exceed 16 working hours in the general path, and 4 working hours in the accelerated path.

1. **Procedure for submitting documents for state registration of a business entity**

Documents are submitted by one of the founders or their representative when applying in person to the registration body in any place for the state registration of the business entity.

If the documents are presented by the applicant's representative, this representative will present a document confirming his identity (passport, ID-card, military ID, other document confirming his identity and place of residence in the Republic of Uzbekistan).

The document confirming the authority of the representative of the applicant is a power of attorney, a contract, a decision of the founders of a legal business entity formalized in accordance with the procedure established by legislation.

When applying for the state registration of a legal business entity through the System, the questionnaire and all submitted documents are confirmed by the electronic digital signature of the applicant.

Seals and stamps, as well as their sketches, are not required when business entities are state registered, as well as when they carry out business activities.

### **Part 2. State registration of a legal business entity**

1. **The procedure for state registration of a legal business entity**

State registration of the business entity is carried out through the System.

The applicant for state registration shall step by step fill out the questionnaire in the form approved by the Ministry of Justice of the Republic of Uzbekistan.

The applicant fills the questionnaire by entering the requested information and selecting the choices offered by the System from the general directory. The applicant has the right to stop or continue the formation of the questionnaire at any stage.

The information contained in the state information resources is automatically pulled by the System, taking into account the applicant's real personal data obtained from the Unified Identification System. The system saves the data generated in the questionnaire at each stage.

The verification of the uniformity of the choice of the company name by the applicant is carried out automatically by the system when a questionnaire is formed from unused company names in the Latin alphabet. If different symbols are used in the current business name of existing business entities, it is possible to continue using these symbols during their state re-registration.

When choosing a company name, the applicant must comply with the requirements of Chapter 12 of this Code and other legal documents.

The name of the company selected when the questionnaire is created is reserved by the System for the applicant for 60 calendar days.

If the applicant does not send the completed questionnaire to the registration body within the period specified in this article, the reserved company name chosen by the applicant will be freed by the System. In this case, the other data pertaining to the applicant are stored by the System in the user's personal cabinet, with the possibility to access or update them and continue filling the questionnaire.

The following shall be attached to the appropriate questionnaire for state registration through the system:

foundation documents in the official language;

the decision of the antimonopoly body on the granting of preliminary consent – for economic entities with state participation, as well as their affiliates;

decisions of the supervisory board of state-owned enterprises or the Government – in the establishment of economic societies (companies) by enterprises with the state share;

transfer deed – for mergers;

distribution balance – for split-up (*filiation)*.

The transfer deed and the distribution balance sheet must contain provisions on legal succession of all obligations of the legal entities being reorganized to all creditors and debtors, including obligations disputed by the parties.

The applicant has the right to formalize the foundation documents based on the sample forms posted on the official website of the registration body or in other forms, at his discretion, taking into account the requirements of the legislative documents.

The documents attached to the questionnaire must be in the form of a scanned electronic document.

Questionnaires sent for state registration:

legal business entities with two or more founders must have the consent of each founder to be included in the founders group by means of a notification sent by the System to the e-mail address of the founder specified in the questionnaire and confirmation of her founding role through the identification in the Unified Identification System, except for persons who are not citizens of the Republic of Uzbekistan;

enterprises and other business entities with foreign investments whose founders are non-citizens of the Republic of Uzbekistan – [questionnaires] must be signed with the electronic digital signature of the persons specified in the mandatory procedure in legal entities.

After completely filling the questionnaire, the applicant pays the state duty automatically determined by the System in the amount approved by the Law of the Republic of Uzbekistan "On State Duties" through the following payment methods:

in real time through the Internet – in the form of cashless payment using a banking card and connected "SMS notification" service;

Through cash registers of banks of the Republic of Uzbekistan – in the form of cash or non-cash payment, indicating the unique number of the questionnaire formed by the system;

in the form of a cashless settlement using a bank transfer from the account.

In this case, the state duty is paid to the account belonging to the Public Services Development Fund of the Ministry of Justice of the Republic of Uzbekistan.

From the moment of payment of the state duty, the completed questionnaire filled according to the requirements of this article is stored by the System and a notification is automatically sent to the personal cabinet of the System user who is the responsible officer of the registration body.

The System checks the information provided by the applicant during the state registration periods provided for in Article 130 of this Code, and when they are in accordance with the relevant databases of the System:

carries out state registration by automatically entering relevant records into the register;

forms a certificate of registration according to the prescribed forms;

saves the certificate of registration, foundation documents in the repository of electronic documents;

forms and stores the refusal to perform state registration, refusal to perform state re-registration in the repository of electronic documents.

A notification in the form of a link (hyperlink) to the certificate of registration of the legal business entities, to the foundation documents is automatically sent to the personal cabinet of the applicant, as well as to the e-mail address specified in the questionnaire.

The moment when the relevant electronic documents are received by the applicant through his personal cabinet is considered the time of issuance of the electronic documents provided for in this article.

The certificate of registration of an individual entrepreneur, family business entity must contain a photo of an individual.

The applicants who are legal entities have the right to freely receive the certificates of registration, foundation documents stored in the repository of electronic documents on the unified portal, as well as to print their copies on paper.

1. **The procedure for re-registration of a legal business entity**

State re-registration of a legal business entity is carried out through the System.

State re-registration must be carried out in the following cases:

changes (additions) in the information of the foundation documents, including company names, organizational and legal forms, the amount of the charter fund (authorized capital), the composition of the founders, as well as other changes (additions) – within 30 days from the moment the relevant changes are approved by the authorized person;

changes in the shares (contributions) of the founders (participants) in the charter fund (authorized capital), except for incorporated companies – within 30 days from the time of execution of the relevant transaction;

reorganization of a legal business entity (acquisition, merger, reorganization, division, split-up) - within 30 days from the moment of reorganization.

During the period provided for in this article, the applicant forms a questionnaire according to the state re-registration questionnaire forms set by the Ministry of Justice of the Republic of Uzbekistan, taking into account the requirements provided for in Article 132 of this Code, and the following documents are attached to the questionnaire using the System tool:

the decision of the authorized governing body of the legal business entity on changes and (or) additions related to the change (increase or decrease) of the amount of the charter fund (authorized capital), the transfer of the share (contribution) to another person. In this case, a certificate confirming the fact that the decision was taken by the governing body of the legal entity issued by a notary in the prescribed manner is attached to the decision, or the founders (participants) of the legal business entity confirm their consent by coming directly to the registration body or through their representatives;

foundation documents in the official language;

transfer deed – when merged and restructured;

distribution balance – for split-up (*filiation)*;

a document on the formation of the amount of the charter fund (authorized capital) announced in the foundation documents of the authorized body of the legal business entity – when the amount of the charter fund (authorized capital) is increased;

documents confirming that additional contributions have been made by the participants of the legal business entity and the full amount of contributions by third parties (a bank statement on the transfer of funds, a customs document confirming the importation of property into the territory of the Republic of Uzbekistan, a deed of transfer of property, document confirming ownership of added property, etc.) – when the amount of the charter fund is increased;

a document confirming the transfer of a share (contribution) to another person (contract, letter, legal succession, inheritance, court decision, etc.) – when the share (contribution) is transferred to another person.

The transfer deed and the distribution balance sheet must contain provisions on legal succession to all the obligations of the reorganizing legal business entities to all creditors and debtors, including the obligations disputed by the parties.

If it is impossible to determine the legal successor of the reorganized legal business entity from the distribution balance, then the newly created legal entities shall be jointly and severally liable for the obligations of the reorganized legal entity to its creditors.

Amendments and (or) additions to the foundation documents are carried out by adopting a new version of the foundation documents, taking into account the right provided for in the fifth part of this article.

In the case of re-registration of the incorporated (joint-stock) company, the documents provided for in [the second paragraph of the third part of this article, in the part of the transfer of the](javascript:scrollText(3112395)) share (contribution) to another person, in the seventh and eighth [paragraphs](javascript:scrollText(3112401)) are not required.

From the moment the state duty is paid, the System performs the actions provided for in Article 132 of this Code.

In case of the state re-registration related to the change of the amount of the charter fund (authorized capital), the transfer of the share (contribution) to another person, the System user – the responsible officer of the registration body, after receiving the notice from the documents submitted within the terms provided for in the second part of Article 130 of this Code, must review the submittal for the lack of grounds for refusal.

In this case, review and processing of documents is carried out according to the request of the applicant through general or accelerated paths. In order to process the documents in an accelerated manner, the applicant will be charged an extra fee equal to the amount of the base calculation in addition to the state duty. This additional payment is paid to the personal account of the Public Services Development Fund of the Ministry of Justice of the Republic of Uzbekistan.

In the event that documents sent for expedited review and processing are not sped up, the additional payment amount must be returned to the applicant.

The responsible officer of the registration body, within the framework of review and processing of the questionnaire for the state re-registration related to the change of the amount of the charter fund (authorized capital), the transfer of the share (contribution) to another person, within the time limits established by the legislation:

if the data and documents are in accordance with the legal requirements, forms and confirms the record to be entered into the Register by means of the System, in which the System performs the actions provided for in the nineteenth part of Article 132 of this Code;

in case the information and documents do not comply with the legal requirements, the System shall perform the actions provided for in the sixth part of Article 139 of this Code.

1. **Procedure for state registration of a reorganized legal business entity**

State registration and re-registration of the legal business entity created through reorganization is carried out by means of the System.

Legal business entity:

in the case of reorganization through split-up – re-registration related to its foundation documents is carried out in relation to the reorganizing legal business entity, and in relation to the legal business entity being detached – state registration of the newly formed legal business entity is carried out;

in the case of reorganization by acquisition – re-registration related to the foundation documents of the legal business entity, which is being acquired, is carried out by making an entry in the Register about the termination of the activity of the acquired legal entity;

in the case of reorganization by merger, division and change – state registration of the newly formed legal business entity is carried out.

The state registration of the legal business entities created by reorganization shall be carried out in accordance with the procedure provided for in this paragraph of the Code.

State registration of newly created legal entities is carried out by the registration body after the cancellation of the issued securities of the incorporated company that is being liquidated as a result of reorganization, as well as after it is removed from the Register.

Before sending a questionnaire for state registration, re-registration, a legal business entity that is being reorganized must issue a notice to introduce creditors in the form approved by the Ministry of Justice of the Republic of Uzbekistan and publish it on the Unified Portal. It is not required to publish this notification in print media.

If the reorganizing legal business entity is an incorporated company, relevant information will be published on the official website of the state body authorized to regulate the securities market – the Corporate Information Unified Portal, as well as on the corporate website of the incorporated company.

A reorganizing legal business entity can apply to the registration body in any place for state registration and re-registration in person.

1. **Change of location (postal address) of a legal business entity**

Changing the location (postal address) of a legal business entity is carried out by notifying the registration body within 10 days from the time of the change of location, if this business entity does not have a tax debt of more than three hundred times the amount of the base calculation.

The registration body shall make appropriate changes to the System within two working days from the date of receipt of the notification of the legal business entity.

The change of location (postal address) of the legal business entity as a result of the change of administrative-territorial structures is carried out by the registration body without a request application for re-registration and without charging a state duty.

1. **Procedure for state registration and re-registration of legal business entities upon their appearance at the registration body in person**

Applicants can apply in person for state registration and re-registration to the registration body in any place of the Republic, regardless of the location (postal address) of the legal entity.

Original copies of paper documents are shown when applying to the registration body in person.

If the documents are submitted to the registration body by the representative of the applicant in person, the documents confirming the identity of this representative (passport, identification ID card, military ID, other document confirming the identity and place of residence in the Republic of Uzbekistan) and powers (power of attorney, contract, decision of the founders of a legal entity formalized in the manner prescribed by legislation, other documents in accordance with legislation) are submitted.

The applicant for state registration and re-registration of the legal business entities submits to the registration body the documents provided for in the ninth part of Article 132 and the third part of Article 133 of this Code.

In addition to the documents provided for in Article 132 of this Code, the relevant decisions of the founders (participants) of the legal business entities that are being merged, acquired, changed, divided, split-up, or of the bodies authorized to do so by the foundation documents are sent to the registration body for the state registration of the legal business entity being reorganized.

The responsible officer of the registration body fills out the relevant questionnaire after receiving the documents and information submitted in person for state registration, state re-registration.

The responsible officer of the registration body shall carry out the actions provided for in this article only after the required amount of the state duty has been paid by the applicant through the System.

In case of self-presentation of the documents, when entering the registration information by the responsible officer of the registration body, the responsible officer of the registration body must review the content of the submitted documents in relation to the absence of grounds for rejection provided for in Article 139 of this Code – with the exception of studying grounds for refusal of re-registration when the amount of the authorized fund (authorized capital) is changed, when the share (contribution) is transferred to another person.

After entering the registration data into the system, the responsible officer of the registration body prints the filled questionnaire form on paper so that the applicant can check it and personally sign the form.

When there are no grounds for refusing state registration, state re-registration (except for changes in the amount of the charter fund (authorized capital), transfer of a share (contribution) to another person), after the application is signed by the applicant, the responsible officer of the registration body scans the submitted paper documents (except for the applicant's identity document), enters them into the System and returns them to the applicant, except for the completed questionnaire.

After the application is signed by the applicant, the registration body is responsible if the registration information entered into the System by the responsible officer of the registration body is distorted, altered and (or) inconsistent with the legal requirements.

The system, the responsible officer of registration body perform the actions provided for in the seventeenth part of Article 132 and the ninth and twelfth part of Article 133 of this Code, respectively, within the time limits provided for in Article 130 of this Code.

1. **Responsibility for the authenticity of the provided information and documents**

The registration bodies do not verify the authenticity of the information and documents submitted for state registration, re-registration, and are not responsible for their correctness and non-compliance with legal documents.

Applicants are responsible for the correctness, accuracy, distortion of the information provided to the registration body, as well as compliance of the foundation documents with the legal documents.

Employees of the registration body, authorized organization, who used the system for their own interests or the interests of third parties, are responsible in accordance with the law.

1. **Grounds for invalidating the state registration and re-registration of a legal business entity**

Declaring state registration and re-state registration of a business entity-legal entity as invalid is carried out on the basis of an effective court decision.

The effective court decision must be certified with the seal of the relevant court, indicating the date of entry into force.

1. **Refusal of state registration of a legal business entity**

The following are the grounds for refusing state registration, re-registration:

the state duty has not been paid or an incomplete amount has been paid;

the documents and (or) information provided for in this Code are provided in an incomplete volume;

a decision to approve (come to a conclusion), amend and (or) make additions to the foundation documents was made by a body not authorized by the law and the foundation documents – in cases when the amount of the charter fund (authorized capital) is changed, the share (contribution) is transferred to another person, the enterprise is reorganized;

documents are submitted by reorganized entities in cases where their shares have not been canceled;

in addition, the reason for refusing the state registration and re-registration of an enterprise with foreign investment is the non-compliance of the amount of the share of foreign investment specified in the foundation documents with the minimum amount of share established for enterprises with foreign investment.

In addition to the grounds specified in the first part of this article, the basis for refusing the state registration and re-registration of business entities with state participation, as well as their affiliates, is the existence of a decision of the anti-monopoly body on the refusal to give preliminary consent.

Non-compliance of the documents and (or) information provided with the requirements of the legislative documents will be the basis for refusing the state registration, the state re-registration related to the change of the amount of the charter fund (authorized capital), the transfer of the share (contribution) to another person in addition to the grounds specified in the first part of this article.

State registration, state re-registration of changes and (or) additions to the registration data of a legal entity may not be refused on other grounds, including inexpediency.

Refusal of state registration, state re-registration cannot be an obstacle to resubmission of documents for state registration, state re-registration, provided the grounds for refusal are eliminated.

The registration body, from the moment of receiving the questionnaire and the application, during the period provided for in Article 130 of this Code, formalizes the refusal of state registration and state re-registration in the form specified by the Ministry of Justice of the Republic of Uzbekistan, and by the methods specified in the questionnaire and application informs the applicant through the System.

Applicants do not have the right to demand a refund of the paid state duty, with the exception of overpaid amounts in accordance with the procedure established by legislation.

Applicants have the right to re-apply for re-registration without paying the state fee within five working days from the date of rejection of re-registration.

In case of refusal of state registration, state re-registration, as well as in the absence of re-application within the period specified in the eighth part of this article, the paid state duty shall not be returned.

### **Part 3. State registration of individual entrepreneurs**

1. **Place and terms of state registration of individual entrepreneurs**

State registration of an individual entrepreneur is carried out in any region of the Republic, regardless of her place of permanent registration.

State registration and re-registration of an individual entrepreneur is carried out through the System in real time, within 30 minutes.

1. **Documents to be submitted for state registration of an individual entrepreneur**

An applicant for state registration of an individual entrepreneur submits his passport (identification ID card) to the registration body – for citizens of the Republic of Uzbekistan; a passport (identification ID card) or other document confirming his identity and place of residence in the Republic of Uzbekistan – for foreign citizens and stateless persons.

1. **The procedure for state registration of an individual entrepreneur**

State registration of an individual entrepreneur is carried out through the System in the following stages by creating a questionnaire:

information about the applicant is formed and it shows the type of individual entrepreneurship, applicant's passport (identification ID card) information, home address, place of business activity, direction of business activity, type of business activity;

The information entered into the system is confirmed by the applicant;

a state duty is charged in the amount approved by the Law of the Republic of Uzbekistan "On State Duties" for state registration of a business entity in the form of an individual entrepreneur,;

a document confirming that an individual entrepreneur is included in the Register, – a certificate of state registration, – is generated by the System.

1. **The procedure for submitting documents for state registration of an individual entrepreneur**

Applicants apply for state registration to the registration body anywhere in the Republic.

Original copies of paper documents will be shown when applying to the registration body.

When applying for state registration through the Unified portal, the questionnaire is confirmed by the electronic digital signature of the applicant.

1. **Refusal of state registration of an individual entrepreneur**

The following are grounds for refusing state registration of an individual entrepreneur:

the state duty has not been paid or an incomplete amount has been paid;

failure to present the original copy of the passport (identification ID card) or other identity document specified in Article 141 of this Code.

It is not allowed to refuse the state registration of changes and (or) additions to the registration information of an individual entrepreneur, re-registration of the state registration on other grounds, including reasons of inexpediency.

### **Part 4. Maintaining a unified state register of business entities**

1. **Contents of the unified state register of business entities**

Register is a public electronic information resource on creation, reorganization, suspension and liquidation of legal business entities, acquisition of the status of individual entrepreneurs, including non-legal entity peasant farm and non-legal entity family enterprise by individuals, suspension and termination of activities of individuals as individual entrepreneurs, as well as other information.

The register is formed and maintained by the registration bodies.

The register is maintained electronically in a centralized manner by means of the System according to the form established by the Ministry of Justice of the Republic of Uzbekistan.

1. **Data stored in the registry**

The register contains the following information about business entities:

1) in relation to legal business entities:

state registration number;

date, month, year of state registration;

identification number of the electronic document – certificate of state registration;

full, abbreviated (if available) name of the company in the official language. If the name is indicated in a foreign language in the foundation documents, the name in the indicated language is also entered in the Register;

organizational-legal form and form of ownership;

e-mail, website address of the business entity (if available);

method of establishment (organization or reorganization);

for business entities formed as a result of the reorganization of other legal entities and (or) amendments to their foundation documents due to the reorganization, as well as due to the termination of their activities as a result of the reorganization – information on the legal successor;

taxpayer identification number;

the composition of the founders and information about them (for natural persons – name, surname, passport, ID card information, place of residence; personal identification number of an individual (*ЖШШИР/ПНФЛ*) for citizens of the Republic of Uzbekistan, for foreign citizens and stateless persons permanently residing in the Republic of Uzbekistan; for legal entities – name, state registration information, taxpayer identification number, location address, etc.);

the amount of the charter fund (authorized capital), shares (contributions) of the founders in the charter fund (authorized capital);

information on the number, nominal value and type of shares (for incorporated companies);

duration of activity (when the business entity is established for a specified period);

information on the liquidation process (when it is carried out);

information on termination of activity (by reorganization, liquidation) indicating the method of its implementation;

foundation documents;

the date of approval (drafting) of the foundation documents;

date of state registration of amendments and additions to the foundation documents;

transfer deed;

distribution balance;

a report on the assessment of intellectual property included in the charter fund (authorized capital) of an enterprise with foreign investment;

information on the registration of leasing obligations, bans or other restrictions, obligations on movable properties;

2) in relation to business entities – natural persons:

state registration number;

date, month, year of state registration;

identification number of the electronic document – certificate of state registration;

first name, last name, patronymic (for foreign citizens and stateless persons – additionally in Latin alphabet according to the identity document);

gender;

date of birth;

citizenship (in its absence: "stateless person");

passport (ID card) information (series, number, by whom and when issued);

personal identification number of an individual (*ЖШШИР*);

home address (for foreign citizens – the address of the place of residence in the Republic of Uzbekistan);

email address (if available);

place of activity (if different from home address);

duration of activity (when registered for a specified period);

information about the termination of the activity, specifying the method of its implementation (according to the application, due to death, cancellation of the document confirming the right to live in the Republic of Uzbekistan, expiration of the validity period, etc.);

The register may contain other information and documents provided for by legislation.

In the event that the information differs from each other in the following cases:

If the information in the foundation documents available in the form of an electronic file in the registry database differs from the foundation documents available in the business entity, the foundation documents available in the form of an electronic file in the registry database will have relatively high validity;

If the information in the form of the relevant registration records in the Register database differs from the information in the foundation documents available in the form of an electronic file in the Register database, the information in the form of the relevant registration records will have a relatively higher validity.

If the Register differs from the information on business entities in the relevant state registers that were maintained until April 1, 2017, the entries in the Register will have relatively higher validity.

The relatively higher validity of the specified documents and information will be preserved until the imbalance is eliminated in the procedure of state registration and re-registration of the business entity.

1. **Grounds and procedure for record entry into the register**

The following are the basis for entry in the Register:

state registration, re-registration, removal of a legal business entity from the Register, changing existing information in the Register in accordance with the established procedure;

the presence of an effective court decision declaring the state registration, re-registration invalid, as well as when the legal business entity is recognized as insolvent;

other cases defined by legislation.

Entries in the Register are entered on the basis of documents submitted during state registration, state re-registration, as well as when information and (or) documents provided for in the Register are supplied by state bodies and other organizations.

Each record is assigned a number by the System and the date of its entry into the Register is indicated.

1. **Providing information in the register**

The document requested from the Register in the form of extracts of information on specific legal entities and non-legal entities based on written requests or online applications of individuals and legal entities or other organizations, a statement that the requested information and (or) documents are not available in the Register, as well as documents relevant to business entities are provided in full electronic form free of charge.

The reply statement is provided by the registration body within three working days from the moment of receipt of the relevant request.

The Accounts Chamber, law enforcement agencies, the Anti-Monopoly Committee and the State Asset Management Agency receive data from the Register independently only through the System. Obtaining information from the Register by other state or economic authorities is carried out in accordance with the procedure established in the first part of this article.

### **Part 5.** **State registration of alliances of legal business entitiy, including state re-registration**

1. **Applying for state registration of alliances of legal business entities**

For state registration of alliances of two or more legal business entities, including the state re-registration, the applicant (representative of the alliance of legal entities) applies to the registration body in person or through the System.

If the applicant applies in person, the employee of the registration body applies on behalf of the applicant, and if the applicant applies through the System, the applicant fills out the questionnaire for registration independently.

The name of the alliance of legal business entities is chosen by the applicant in the Latin alphabet, and checking whether it is the same or similar to the names of other legal entities to the degree of confusion is carried out automatically by the System.

The following documents are attached to the questionnaire in electronic form:

Minutes of the founding meeting (conference) on the adoption of the foundation agreement and charter in the official language;

foundation agreement and charter approved in the official language according to the established procedure;

when alliances of legal business entities are reorganized in the form of split-up or merger – a distribution balance sheet or transfer deed containing legal succession to all obligations of the reorganized alliances of legal business entities to all creditors and debtors, including the obligations claimed between the parties.

In this case, the minutes of the founding meeting (conference) on the adoption of the foundation agreement and the charter can also be confirmed by members of alliances in the System electronically.

1. **Collection of state duty for state registration of alliances of legal business entities**

For state registration (re-registration) of alliances of legal business entities, state duty is charged in the amount specified in the Law of the Republic of Uzbekistan "On State Duty".

Confirmation of the payment of state duty is carried out through information and communication systems.

In case of rejection of state registration (re-registration), the paid state duty is not refunded.

The amount of state duty is distributed in the following order:

1) When applying directly through the Public Services Center:

20 percent is transferred to the personal account of the Public Services Development Fund of the Ministry of Justice of the Republic of Uzbekistan;

the remaining funds are transferred to the Republican budget of the Republic of Karakalpakstan, to the regional budgets of the regions and to the city budget of the city of Tashkent;

2) When applying through the System:

10 percent is transferred to the personal account of the Public Services Development Fund of the Ministry of Justice of the Republic of Uzbekistan;

the remaining funds are transferred to the Republican budget of the Republic of Karakalpakstan, to the regional budgets of the regions and to the city budget of the city of Tashkent.

1. **Review of applications for state registration and re-registration of alliances of legal business entities**

The employee of the registration body reviews the submitted documents within 2 working days from the date of receipt, and based on the results of the review, makes a decision on state registration (re-registration) of alliances of legal business entities or on refusal to state registration (re-registration) in cases specified in Article 152 of this Code.

If the submitted documents are in accordance with the requirements of this Code, the employee of the registration body:

carries out state registration and re-registration by automatically entering relevant entries into the unified state register of alliances of legal business entities;

automatically registers state-registered alliances of legal business entities with the state tax service and statistical authorities using the System;

generates a certificate of state registration of alliances of legal business entities with a QR-code in the form approved by the Ministry of Justice of the Republic of Uzbekistan;

presents to the applicant a certificate of state registration, re-registration of alliances of legal business entities, its duly approved foundation documents (in case of in-person application) or sends it to the personal cabinet of the applicant in the System.

1. **Grounds and procedure for refusal of state registration, state re-registration of alliances of legal business entities**

The following are the grounds for refusal of state registration, state re-registration of alliances of legal business entities:

the state duty has not been paid or an incomplete amount has been paid;

the documents specified in Article 149 of this Code have not been submitted in full;

a decision on approval (conclusion), amendment and (or) addition to the foundation documents was made by a body not authorized by the law and foundation documents;

acceptance of other entities that are not legal entities or non-commercial legal entities as members of alliances of legal business entities;

establishment of alliances of legal business entities contradicts the conditions specified in Article 77 of the Civil Code of the Republic of Uzbekistan;

non-fulfillment of the minimum requirement for the number of members of alliances of legal business entities set in the first part of Article 149 of this Code;

during state registration, re-registration, the amount of the charter fund (authorized capital) specified by legal documents is less than the minimum amount of the charter fund stipulated in the legislation for legal business entities;

during the re-registration related to the change of the address: the existence of a tax debt of the legal entity of more than three hundred times the amount of the base calculation, or the fact that the volume of realized turnover or sales of imported goods is not fully reflected in the tax reports, as well as the failure to submit tax reports within the specified periods;

in case of re-registration of changes and additions related to the transfer of the share (contribution) to another person, the absence of the founder's consent to change the list of founders.

In addition to the grounds specified in the first part of this article, the inconsistency of the amount of the share of foreign investment specified in the foundation documents with the amount of the share specified in the legislation for enterprises with foreign investment shall be the basis for refusing the state registration or re-registration of the enterprise with foreign investment.

In case of violation of the minimum requirement for the number of members in the first part of Article 149 of this Code when applying for state re-registration, the legal business entityalliances must be reorganized in another organizational and legal form or voluntarily liquidated.

It is not allowed to refuse the state registration (re-registration) of alliances of legal business entities on other grounds, including reasons of inexpediency.

When there are circumstances that prevent state registration, state re-registration, the employee of the registration body, in accordance with the form approved by the Ministry of Justice of the Republic of Uzbekistan, formalizes the notification of the decision to refuse state registration (re-registration) alliance of legal business entities and presents it to the applicant (in case of in-person application) or sends it to the personal cabinet of the applicant in the System.

In case of rejection of the state registration (re-registration) of alliance of legal business entities, the applicant has the right to re-apply without paying the state duty, eliminating the relevant deficiencies within 5 working days from the time of receiving the notification.

In this case, the state registration (re-registration) of the alliance of legal business entities is carried out in accordance with the procedure specified in this chapter.

Questionnaires submitted by the applicant after the deadline specified in the fifth part of this article are considered newly submitted.

1. **Specifics of state re-registration of alliances of legal business entities**

When alliances of legal business entities operating in the territory of the Republic of Uzbekistan are reorganized, or when changes in their main areas of activity occur, or changes and additions are made to the foundation documents, as well as their member composition changes – they must apply to the registration body for re-registration within 30 days.

Review of applications for re-registration of alliances of legal business entities, as well as for their reorganization, is carried out in the manner and within the time limits provided for in this chapter.

Associations of legal business entities, in case of change of their postal address and their chairperson, notify the registration body within 10 days through their personal cabinet in the System. The registration body saves the relevant entry in the Register within 1 working day from the time of receiving the notification about the change of postal address and chairperson of the alliance of legal business entities and informs the state tax service and statistics authorities about that.

## Chapter 11. Company names

1. **Company name**

Company name of a legal business entity (hereinafter referred to as a legal entity in this chapter) is a discrete name, the exclusive right to which arises at the time of state registration of the legal entity.

A legal entity may have an abbreviated company name as well as a full company name.

In the name of the legal entity, its organizational and legal form should be indicated.

In the cases stipulated by the law, the nature of the activity of the legal entity must be indicated in the company name.

1. **Signs that should not be displayed in the company name**

The company name must not include:

1) the official name of the state, state bodies and organizations, abbreviated or full name of an international, intergovernmental or non-governmental non-profit organization;

2) the full or abbreviated name of a person who is historical figure or famous in the Republic of Uzbekistan, without permission issued in the prescribed manner;

3) fake information or signs that may mislead the consumer regarding the owner of the company name, its type of activity or the country of origin;

4) signs that contradict the interests of society, humanism and moral principles.

The company name must not include neither:

1) names of firms previously registered in the Republic of Uzbekistan or an earlier submittal for registration of another company and its name, which will have higher priority;

2) trademarks (service marks) that were previously registered in the name of another entity in the Republic of Uzbekistan or an application for registration of which was submitted, as well as trademarks or service marks protected without registration in accordance with the international agreements of the Republic of Uzbekistan;

3) trademarks (service marks) recognized as well known by the established procedure;

4) the names of the places of origin of the goods protected by law in the prescribed manner, signs that are identical or similar to them to the degree of confusion, except in the case of registration in the name of an entity who has the right to use such a name.

The symbols specified in first paragraph of the first part of this article may be included in the name of the company if there is a permission of the relevant state body or organization.

1. **Legal protection of the company name and the right to it**

The name of a legal entity is legally protected from the date of state registration of a legal entity, and the name of a foreign legal entity is legally protected from the date when the foreign legal entity begins to operate as a participant in civil transactions on the territory of the Republic of Uzbekistan.

A legal entity has the exclusive right to use its company name and to grant other legal entities the right to use this company name.

The exclusive right of a foreign legal entity to a company name is confirmed by a document specified by the legislation of the country where this legal entity was established.

1. **Using the company name and transferring the right to it to another entity**

Doing any of the following is considered a use of a company name:

1) printing the company name on official forms, seals, stamps and other documents related to the activity of a legal entity;

2) use of the company name on goods, their labels, containers and packaging, advertising, brochures, printed information, invoices, printed publications, during the presentation of goods at exhibitions and fairs held in the Republic of Uzbekistan.

A company name can be used as an element of a trademark (service mark).

A legal entity (licensor) may allow another legal entity (licensee) to use its company name based on a license agreement or a complex business license agreement concluded between them in accordance with the law.

The license agreement must provide for measures that exclude misleading the consumer.

1. **Transfer of the right to the company name to another entity**

The transfer of the right to the company name to another entity is allowed only in cases where the legal entity is reorganized by merger, acquisition, split-up and separation or the entire enterprise is sold as a property complex.

When legal entities are merged and a legal entity is acquired by another legal entity, the right to the company name is transferred to another entity in accordance with the transfer document.

When a legal entity is divided or split-up from the legal entity, the right to the company name is transferred to another entity in accordance with the distribution balance.

1. **Termination of legal protection of the company name**

Legal protection of the company name is terminated in case of liquidation of the legal entity or change of its company name.

1. **Violation of the right to a company name**

Illegal use of the company name is recognized as a violation of the exclusive right to the company name.

If the right to a trademark (service mark), domain name was obtained earlier than the right to a company name, the use of the name of this company in the trademark (service mark), domain name is not recognized as a violation of the exclusive right to the company name.

1. **Ways to protect the right to a company name**

Protection of the exclusive right to the company name from its illegal use is performed through the following actions:

1) announcement of a court decision in mass media in order to protect the business reputation of a legal entity;

2) removing the illegally used company name from counterfeit goods, labels, containers and packaging at the expense of the offender;

3) if it is not possible to remove the illegally used company name from counterfeit goods, labels, containers and packages, they are destroyed at the expense of the offender;

4) Counterfeit goods, labels, containers and packages are given to the legal entity that owns the right to the company name.

Protection of the exclusive right to the company name from its illegal use can be carried out in other ways according to the law.

1. **Rights of foreign legal entities**

Foreign legal entities use the rights to company names provided for in this Code in accordance with the international agreements of the Republic of Uzbekistan or on the basis of the principle of mutual agreement, equally with legal entities of the Republic of Uzbekistan.

## Chapter 12. Licensing, Permits and Notices

1. **State regulation of licensing, permitting and notification procedures**

State regulation of procedures in the field of licensing, permitting and notification for the certain types (sub-types) of activities (actions) by business entities consists of implementation of this Code and the law of the Republic of Uzbekistan “On Licensing, permitting and notification procedures”.

1. **Framework for implementing licensing, permitting and notification procedures**

If the implementation of certain types (sub-types) of activities (actions) by business entities may cause damage to the life and health of citizens, damage to the rights and legal interests of individuals and legal entities, damage to public safety and (or) damage to the environment, licensing, permitting and notification procedures will be implemented.

1. **Requirements for the implementation of activities (actions) in the field of licensing, permitting and notification**

In order to start and implement certain types (sub-types) of activities (actions), business entities must have a valid license (permitting document) or notify relevant authorities in accordance with the procedure established by the Law of the Republic of Uzbekistan "On Licensing, Permitting and Notification Procedures".

Types (sub-types) of activities (actions) for which licensing, permitting and notification procedures are established by the Law of the Republic of Uzbekistan "On Licensing, Permitting and Notification Procedures" are not allowed to be carried out by business entities without a license (permitting document) or without notifying the relevant authorities.

1. **Introduction of types (sub-types) of activities (actions) that are to be licensed, undergo permission procedures or require notification**

Introduction of new types (sub-types) of licensable activities (actions) that are required to undergo licensing procedures, obtain permission or send notification and that are not provided for in Annexes 1, 2 and 3 of the Law of the Republic of Uzbekistan "On Licensing, Permitting and Notification Procedures" is prohibited.

## Chapter 13. Technical regulation

1. **Technical regulation**

Technical regulation consists of defining, applying and fulfilling mandatory requirements for the safety of goods (work, services).

The following are the main tasks of technical regulation:

ensuring the safety of human life and health, safety of property of individuals and legal entities and state property;

ensuring environmental protection, as well as rational use of natural resources;

elimination of technical barriers to trade;

prevention of actions that mislead consumers regarding the safety of goods (work, services).

1. **Subject and object of technical regulation**

Individuals and legal entities, state bodies are subjects of technical regulation.

The goods (work, service), its design, production, use (utilization), assembly, adjustment, storage, transportation, realization and disposal, the state of performed works and rendered services are the object of technical regulation.

1. **Regulatory documents in the field of technical regulation**

Technical regulations, normative documents on standardization, sanitary, veterinary, veterinary-sanitary, phytosanitary rules and regulations, city planning norms and rules, environmental norms and rules, and other documents in the field of technical regulation are normative documents in the field of technical regulation.

National legislation allows the use of international and foreign regulatory documents in the field of technical regulation for some sectors of the economy.

## Chapter 14. Regulation of prices and tariffs

1. **Terms of state regulation of prices and tariffs**

Regulation of prices and tariffs by the state is carried out in order to provide the necessary level of socially important goods (work, service).

Free prices and tariffs are used for goods (works, services) in the territory of the Republic of Uzbekistan, except for the goods (works, services) provided for in the third part of this article.

for the following goods (works, services) are directly regulated by the state:

1) goods (work, services) produced under natural monopoly conditions;

2) goods (work, services) produced and sold by business entities entered into the state register of business entities occupying a dominant position in the commodity or financial market;

3) Socially important goods (work, service) whose list is approved by the Cabinet of Ministers of the Republic of Uzbekistan.

Prices and tariffs of goods (work, services), including the goods (work, services) provided for in the third part of this article, may be indirectly regulated by the state.

Exporting business entities (including monopolistic enterprises and natural monopoly entities) define pricing for the exported goods (work, services) according to contractual (free) prices and tariffs, except for the cases stipulated by legislation.

1. **Forms and methods of price and tariff regulation**

Price formation is carried out by direct and indirect price and tariff regulation, taking into account the socio-economic conditions formed (existing) in the country and (or) some of its regions.

Direct regulation of prices and tariffs is carried out in the following forms:

1) setting fixed prices and tariffs;

2) setting a limited level of prices and tariffs;

3) determining the limited level of premiums (discounts);

4) setting a limited profitability level;

5) regulatory coefficient;

6) procedure for establishing and applying prices and tariffs.

Based on the interests of the state and the socio-economic situation in the country, state bodies regulating prices and tariffs may regulate prices and tariffs for goods (work, services) by choosing one of the forms of direct regulation of prices and tariffs in accordance with the procedure established by the Cabinet of Ministers of the Republic of Uzbekistan.

Prices and tariffs can be regulated indirectly through fiscal and monetary, commodity or procurement intervention.

Indirect price and tariff regulation is carried out by providing preferential loans, allocating subsidies and grants from the budget, giving tax breaks, financing the development and release of new types of products, and other financial support.

The procedure for direct and indirect price and tariff regulation is determined by the Cabinet of Ministers of the Republic of Uzbekistan.

Regulation of prices and tariffs should be carried out without disturbing the competitive environment.

1. **Conditions for regulation of prices and tariffs for socially important goods (work, services)**

Socially important goods (work, service) are included in the list of regulated goods (work, service) meeting the following criteria:

consumer demand is present for goods (work, services);

production of goods (implementation of work, provision of services) is assigned to specific organizations;

the establishment of a state monopoly on the production of certain goods (implementation of works, provision of services).

1. **Terms of application of forms and methods of regulation of prices and tariffs for socially important goods (work, services).**

Regulation of prices and tariffs for goods (work, services) provided for in the third paragraph of the second part of Article 171 of this Code using forms of direct regulation is carried out after the use of forms of indirect regulation. In this case, direct regulation of prices and tariffs is allowed if the intended result is not achieved from the use of indirect regulation forms.

1. **Setting other prices and tariffs by business entities for goods (work, services) whose prices and tariffs are regulated by the state**

Business entities have the right to independently reduce prices and tariffs for goods (works, services) whose prices and tariffs are regulated by the state, except for wholesale and retail prices for alcohol products. In this case, the independent reduction of prices and tariffs by business entities for these goods (works, services) should not lead to the establishment of monopolistic low prices, and the reduction of prices and tariffs should be carried out for all consumers at the same time.

1. **Temporary regulation of prices and tariffs by the state**

Depending on the socio-economic situation in the country, prices and tariffs can be temporarily regulated at the national level or in the Republic of Karakalpakstan, regions or Tashkent city. In this case, the temporary regulation of prices and tariffs is carried out by the Cabinet of Ministers of the Republic of Uzbekistan.

Prices and tariffs for goods (works, services) whose prices and tariffs are temporarily regulated by the state can be regulated for a period not exceeding ninety calendar days during one calendar year.

The list of goods (works, services) whose prices and tariffs are temporarily regulated by the state is approved by the Cabinet of Ministers of the Republic of Uzbekistan.

1. **State control over compliance with legislation in the field regulation of prices and tariffs**

State regulation over compliance with legislation in the field of price and tariff regulation is carried out with the aim of preventing, identifying and eliminating violations related to the illegal and unjustified establishment, change and application of prices and tariffs.

The state controls the correct formulation and application of prices and tariffs regulated by the state, as well as the correct formulation of prices and tariffs by business entities that have a dominant position in the commodity or financial market, and the non-use of monopolistically high and monopolistically low prices.

State control over the correct formation and application of prices and tariffs for goods (work, services) whose prices and tariffs are regulated is carried out by the anti-monopoly authority.

1. **Powers of state bodies in the field of price and tariff regulation**

Cabinet of Ministers of the Republic of Uzbekistan:

ensures the implementation of a unified state policy in the field of price and tariff regulation;

approves lists of goods (works, services) whose prices and tariffs are regulated by the state, including temporarily regulated;

approves the procedure for direct and indirect regulation of prices and tariffs;

determines the rules for choosing the most optimal form for direct regulation of prices and tariffs.

Ministry of Finance of the Republic of Uzbekistan:

implements a unified state policy in the field of price and tariff regulation;

develops proposals in the field of price and tariff regulation, including introduction, change or cancellation of price and tariff regulation, and submits them to the Cabinet of Ministers of the Republic of Uzbekistan;

carries out methodological leadership in the field of price and tariff regulation and coordinates the activities of other competent state bodies in this field;

implements other powers imposed by legislation in the field of price and tariff regulation.

Other state bodies within their powers:

make binding decisions on elimination of violations in the field of price and tariff regulation, as well as cancel prices and tariffs established in violation of the law;

implement other powers imposed by legislation in the field of price and tariff regulation.

## Chapter 15. Compulsory insurance of civil liability of business entities

1. **The purpose of compulsory civil liability insurance**

Purpose of compulsory insurance is compensating for damage caused to human life, health, and property of individuals and legal entities by business entities through insurance payments.

1. **The object of compulsory civil liability insurance of business entities**

In the event of civil liability of business entities for compensation of damage caused to a person's life, health and (or) property, his property interests are object to compulsory civil liability insurance.

1. **Compulsory insurance of civil liability of business entities**

Compulsory civil liability insurance of business entities is determined by the laws of the Republic of Uzbekistan.

1. **Implementation of mandatory civil liability insurance of business entities**

Civil liability insurance of business entities is drawn up in order to compensate for the damage caused by business entities in case of damage to life, health and (or) property of a person in the course of doing business.

If the contract on voluntary civil liability insurance for the compensation of the damage caused to the life, health and (or) property of the business entity in the course of doing business is concluded covering the requirements for the compulsory insurance contract, the business entity shall insure the life, health and (or) property of the person. it is not required to carry out compulsory civil liability insurance for compensation of damage caused to property.

## Chapter 16. State regulation of business entities

### **Part 1. General rules**

1. **Relations in the field of state regulation**

State regulation of business activities consists of a set of measures aimed at prevention, warning and detection of violations of legal requirements by business entities in business activities.

This chapter defines:

1) the procedure for the implementation of regulatory measures conducted by regulatory bodies in the activities of business entities;

2) measures to protect the rights and obligations of business entities under state supervision, their rights and legal interests;

3) rights and obligations of regulatory bodies and their officials during state regulatory activities.

Applicability of this chapter:

1) within the framework of the laws of the Republic of Uzbekistan "On execution of court documents and documents of other bodies", "On the Central Bank of the Republic of Uzbekistan" and "On quick search activity";

2) within the scope of control of the completeness and accuracy of energy and water resources consumption accounting, timely implementation of their calculations and the legality of connections to electricity, gas transportation, gas distribution networks, water supply and sewage systems;

3) within the framework of initiated criminal cases;

4) within the framework of pre-investigation check of a fire;

5) within the scope of control of the effectiveness of the execution of investment projects and state and regional programs implemented at the expense of budget system budgets and the targeted use of funds in them;

6) targeted use of budget loans and credit lines of the Ministry of Finance of the Republic of Uzbekistan;

7) effective and rational use of foreign loans and grants received under the state guarantee of the Republic of Uzbekistan;

8) in the activity of permanent establishments and representative offices of non-residents in the Republic of Uzbekistan;

9) founders and (or) management bodies of business entities on their own initiative and resulting from their contractual relations;

10) within the scope of implementation of border, customs, sanitary-quarantine, phytosanitary and veterinary control at the crossing points of the State border of the Republic of Uzbekistan;

11) regarding the use of vehicles, traffic safety, compliance with the rules of passenger and cargo transportation by railway, water, air and road traffic participants;

12 ) Regarding the state strategic and mobilization reserve;

13) within the framework of the study of accidents that occurred in connection with labor activity;

14) on issues of prevention of forced labor and use of labor of minors;

15) does not apply to inspections conducted in connection with the use of atomic energy, hazardous production, industrial, radiation, nuclear safety, natural and man-made emergency situations and civil protection issues at extremely important and classified facilities.

State unitary enterprises, legal entities with a 100 percent state share in the charter fund (authorized capital) and natural monopoly entities shall not be subject to the requirements set forth in Article 194 regarding coordination of inspections with the authorized body specified in Article 192 of this Code and notification of inspections.

1. **Control of state regulation by other legal documents**

The legislation on state regulation of the activities of business entities consists of this Code and other legal documents.

The part of the procedure for conducting tax audits carried out by tax authorities in relation to the activities of business entities, which is not regulated by this Code, is defined in the Tax Code of the Republic of Uzbekistan.

The occurrence and elimination of natural disasters, accidents, epidemics, epizootics and other situations of an emergency nature, as well as the implementation of state regulation during the period of the introduction of a state of emergency, may be regulated in accordance with the decisions of the body (commission) responsible for the elimination of these situations.

1. **Basic concepts**

The following key concepts are used in this chapter:

**regulatory bodies** - ministries, agencies, their structural divisions and other organizations authorized by the law to control the activities of business entities by the state;

**inspection** - a one-time control by the regulatory bodies of compliance with the laws and other legislation related to the activity of business entities;

**checking financial and economic activities** - studying and comparing accounting, financial, statistical, bank and other documents of business entities in order to control compliance with tax, customs and currency legislation;

**inspection program** - a control questionnaire of inspections carried out in the activities of business entities.

1. **The purpose of state regulation**

State regulation of the goods produced and/or sold by the business entity, the services rendered, the technological processes used by them is done to ensure the safety of citizens' lives and health, as well as the environment, including saving natural and energy resources, increasing the competitiveness of national products, and is carried out in order to protect the rights, freedoms and legal interests of legal entities and individuals.

1. **Safeguards in the implementation of state regulation**

State regulation over the activities of business entities is carried out by regulatory bodies authorized to do so by this Code and the laws of the Republic of Uzbekistan.

It is not allowed for regulatory bodies to adopt regulatory legal documents defining the mechanisms of state regulation over the activities of business entities specified in this Code, except for the cases provided for in the third part of Article 183 of this Code.

The state guarantees accountability and transparency of the state regulation system over the activities of business entities.

Inspection of the activities of agricultural business entities (with the exception of inspections of financial and economic activities), in cases where there is evidence of non-fulfillment of contractual obligations to sell products for state needs or violations of land legislation, on the issues of using the leased land plot only for the specified purpose and rationally according to the lease agreement, is carried out in accordance with this Code.

Lists of state regulation functions and types of inspections are revised every three years by the Representative for the Protection of Entrepreneurs' Rights, taking into account the level of security in the relevant areas, the current state of socio-economic and technological development.

1. **Non-application and reduction of financial sanctions**

Financial sanctions shall not be applied to business entities that have committed violations for the first time, if they have complied with the instructions of the supervisory authorities regarding the results of the inspections, and voluntarily compensated for the damage caused within the specified periods and in full, including paying a fine. This norm does not apply to cases of financial sanctions due to tax violations.

The amount of the fine shall be reduced by half of the specified amount in the event of a guilty plea to the identified tax violations and voluntary payment of the amount of financial sanctions within ten days from the date of receipt of the tax authority's decision to prosecute for tax violations.

Financial sanctions are not applied for the violations detected by the results of the in-office tax audit and for the failure of business entities to submit tax reports within the specified periods.

1. **Forms of state regulation over the activities of business entities**

State regulation of the activities of business entities is carried out in the following forms:

analysis of statistics and other information;

monitoring;

preventive measures;

inspection.

It is not allowed to implement other forms of state regulation that are not provided for in this Code.

In state regulation, the implementation of preventive measures among business entities has priority over other forms of state regulation.

State regulation should focus on conscientious compliance with legal requirements and minimizing the incentive to violate mandatory requirements.

Regulation by the state should be limited to control measures necessary to ensure compliance with the mandatory requirements of the law.

1. **Analysis of statistics and other information**

The analysis of statistics and other information is carried out on the basis of statistical and other open information available in the regulatory body, as well as information obtained from information resources.

The analysis can be carried out in relation to the period of activity of business entities, which has not passed the statutory claim period.

During the analysis, the regulatory body may request information necessary for the analysis from state bodies and organizations, local authorities and non-governmental non-profit organizations.

During the analysis, it is not allowed to directly interfere with the activities of business entities and to demand information, documents and their copies from them.

1. **Monitoring of business entities’ activities**

Monitoring of the activities of business entities is the actions of regulatory bodies that include monitoring, review, preliminary assessment and forecasting of the risk of law violations in order to warn and prevent violations of the law by business entities.

During monitoring, supervisory authorities may collect data through observation, inspection, surveys and interviews, as well as control purchases and sampling.

If during the monitoring it is necessary to inspect the area of business activity and to select samples and copies, the supervisory and other bodies shall carry out these actions only with the consent of the business entity.

Based on the information obtained during monitoring, it is not allowed to apply any direct or indirect legal measures against business entities.

1. **Preventive measures among business entities**

Regulatory bodies between business entities:

increase legal awareness and legal culture;

strengthening the legitimacy of their activities;

to study the causes of crimes and the conditions that enable them;

taking measures to warn in advance of the commission of offenses;

carry out preventive measures aimed at reducing the risk of prosecution in business entities.

On the basis of quarterly targeted programs approved by the supervisory authorities, preventive measures include legal promotion, seminars, explanatory works, distribution of handouts and manuals, organization of practical training, public discussion of problems arising in the implementation of business activities, websites on the global information network of the Internet, including organizing blogs and chats on social networks and other similar methods.

Preventive measures to ensure fire safety are carried out by conducting fire-prevention inspections in facilities belonging to business entities.

In case of changes in the legislation in the relevant field of state regulation, it is necessary for the regulatory bodies to explain the content and essence of the newly adopted regulatory legal documents to business entities within the framework of implementation of preventive measures.

The program of conducting preventive measures among business entities should be developed based on the analysis of the cases where the causes of violations of the law, which were not committed intentionally, were determined, in order to take measures to warn and prevent the commission of violations by business entities.

It is not allowed to interfere with the activities of business entities, limit their rights and freedoms and legal interests, conduct inspections and apply any legal measures during preventive measures.

Based on the results of preventive measures, appropriate proposals, including proposals for improving the legislation, will be developed by the regulatory bodies in accordance with the established procedure.

1. **Procedure for organization of inspections**

Inspections:

in the order of agreement with the authorized body (hereinafter referred to as the authorized body in the text of the chapter) on coordination of inspections conducted on the activities of business entities and control over the legality of inspections by regulatory bodies;

organized in the order of informing the authorized body.

The types of inspections included in the List of inspections conducted on the activities of business entities specified in Annex 1 of this Code (hereinafter referred to as the List in the text of the chapter) are conducted in the order of notifying the authorized body.

The list includes inspections related to the implementation of control measures that cannot be delayed in order to prevent the risk of damage to the life and health of citizens, public safety, and the environment.

All inspections not provided for in the list are carried out in accordance with the procedure agreed with the authorized body. Orders for conducting inspections in the activities of business entities will be considered by the authorized body no later than three working days.

Coordination of inspections with the authorized body and notification of inspections are carried out through the information system "Uniform State Regulation".

Arrangements for inspections related to the preservation of state secrets or notification of the authorized body about the conduct of such inspections shall be carried out in accordance with the legislation on preservation of state secrets.

Inspections of the financial and economic activities of business entities are carried out in the prescribed manner only by the state tax and customs authorities, and when signs of tax and currency-related crimes are detected during the inspections, by the Department for Combating Economic Crimes under the General Prosecutor's Office of the Republic of Uzbekistan.

1. **Grounds for initiating an investigation**

Initiation of inspections carried out in the order of notification on the cases provided for in the list, based on the specific characteristics of the scope of control, is carried out systematically in the order specified in the list.

The following are the grounds for initiation of inspections conducted in accordance with the procedure of agreement and notification of the authorized body:

appeals of individuals and legal entities about violations of legal documents;

Results of the "Risk Analysis" system;

information provided by other state bodies on violations of legislation;

information about violations of legal documents received from mass media and other information sources, including the Internet global information network.

The initiative of the licensing body to conduct checks on the compliance of the licensees with the requirements and conditions of the license shall be carried out according to the grounds specified in the second - fifth paragraphs of the second part of this article.

Based on the results of the "Risk Analysis" system and the information provided by other state bodies about violations of legal documents, the initiative to conduct inspections in the activities of business entities is carried out after preventive measures have been taken by them to warn and prevent violations of the law by these business entities.

1. **Prior notification of the business entity about the inspection**

The regulatory body must notify the business entity at least 10 working days in advance of the inspection conducted based on the results of the "Risk Analysis" system.

In the notification about the inspection of business entities by the regulatory bodies, the rights and obligations of the parties, the responsibility of the parties for corruption offenses, the procedure for reporting when there are signs of corruption, the procedure for filing a complaint against the actions of officials, and issues related to conflicts of interest are indicated in a mandatory manner.

1. **Risk Analysis system**

The "Risk Analysis" system includes a mechanism for determining the level of risk of violation of legal documents by business entities in their activities, based on specific criteria in the relevant control area.

The "risk analysis" system is used without direct interaction with business entities.

The criteria and evaluation procedure of the "Risk Analysis" system of the regulatory bodies should be open, transparent and placed in the information systems for business entities in an open form.

The criteria and procedure for introducing the "Risk Analysis" system in the activities of the regulatory bodies are determined by the regulatory bodies in agreement with the authorized body and the Chamber of Commerce and Industry of the Republic of Uzbekistan, based on the characteristics of their control.

The minimum requirements of the "Risk Analysis" system, which are mandatory for all regulatory bodies when determining the level of risk of legal violations by business entities, are determined by the authorized body.

1. **Inspection questionnaire**

The activities of business entities are checked by the regulatory bodies based on the inspection questionnaires (a list of control questions indicating whether they meet the requirements or not) based on the register of mandatory requirements.

Inspection questionnaires are approved by the state body regulating the relevant field for similar groups of types of activity of business entities (business entities subject to the same conditions and requirements for their activity) in agreement with the competent body. Approved inspection questionnaires are posted on the official websites of regulatory state bodies and on the "Uniform State Regulation" information system.

Requirements for the activities of business entities whose non-fulfillment may threaten human life and health, the environment, the rights and legal interests of individuals and legal entities are included in the inspection questionnaires based on legal documents and normative documents in the field of technical regulation.

Examination questionnaires are drawn up taking into account the following conditions:

1) requirements must be determined in accordance with the regulatory legal documents regulating the activity of a specific business entity and regulatory documents in the field of technical regulation;

2) requirements should not be of a general nature and should not refer to other regulatory legal documents;

3) the definition of requirements should be stated in a clear, simple and fluent language, it should not lead to different interpretations and interpretations.

During the inspection, the regulatory bodies check the activities of business entities only from the point of view of fulfillment of the requirements specified in the relevant inspection questionnaire.

1. **Regulatory bodies**

The list of regulatory bodies and their supervisory functions is given in Annex 2 of this Code.

It is prohibited to carry out regulatory measures in the activities of business entities by bodies and organizations not listed in the list of regulatory bodies and their control functions.

It is illegal to carry out inspections by regulatory bodies that are not provided for in the list of their supervisory functions and by other bodies and organizations in the activities of business entities.

1. **Requirements for inspection officials of regulatory bodies**

The inspection is carried out by the officials of the regulatory bodies who have passed the attestation in the order established by the Cabinet of Ministers of the Republic of Uzbekistan and have received a special certificate of permission to conduct inspections.

Inspection of the activities of business entities by the officials of the regulatory bodies is allowed in the presence of a organizational identity document, a special certificate of permission to conduct inspections and the grounds provided for in this Code.

In the event that audit organizations and (or) experts are involved in the investigation, an official of the regulatory body must provide a copy of the contract between the regulatory body and the audit organization and (or) expert. The last name, first name, patronymic, place of work and position of the auditor and (or) expert should be specified in the contract. The responsibility of the audit organization and (or) the expert for the correctness of the auditor's and (or) expert's conclusion and its compliance with the law is a necessary condition of the concluded contract. The costs of conducting audits and examinations are covered by the organizations that appointed these inspections.

### **Part 2. Coordination of inspections**

1. **Authorized body**

The authorized body within its powers:

examines the orders of regulatory bodies to conduct inspections in the activities of business entities and examines their validity;

makes decisions on granting or refusing to conduct inspections in the activities of business entities, as well as on extending or relocating their terms;

supervises compliance with legislative requirements in the field of conducting inspections in the activities of business entities by regulatory bodies;

takes measures to prosecute responsible officials of regulatory bodies for violations of legislation in the field of conducting inspections in the activities of business entities;

ensures uniform accounting and reporting in the field of state regulation over the activities of business entities;

assesses the activities of the regulatory bodies in the field of state regulation and crime prevention;

ensures the implementation of a uniform law enforcement practice of regulatory bodies in the field of state regulation over the activities of business entities;

provides advisory support to regulatory bodies and business entities regarding the application of the norms set forth in this Code;

participates in the development and improvement of the normative legal framework in the field of state regulation.

Decisions of the authorized body regarding inspections conducted in the activities of business entities are binding for regulatory bodies.

It is necessary to agree with the competent authority on the drafts of normative legal documents that directly or indirectly affect the inspection of the activities of business entities.

1. **Unified system of electronic registration of inspections**

Inspections must be registered by the supervisory authorities in the electronic electronic registration system of inspections before their implementation.

The official conducting the inspection of the directly regulatory body is responsible for registering the inspections in the activities of business entities in the unified system of electronic registration of inspections.

Inspections of the activities of business entities that are not registered in the unified system of electronic registration of inspections are illegal.

Special cases of registration of inspections conducted in the order of notification of the authorized body in the unified system of electronic registration of inspections within 24 hours after the start of inspections, in the case of one-day inspections - during the next working day after their completion.

The results of the conducted inspections must be entered into the unified system of electronic registration of inspections by the regulatory bodies within three days after the completion of the inspection, and the results of the applied impact measures - within one working day from the time of their application.

In the event that the decision of the regulatory body based on the results of investigations is annulled or declared invalid, within three working days from the date of annulment of the decision or the date of entry into force of the court decision declaring the results of its investigation invalid, the relevant information shall be submitted by the regulatory bodies to the unified system of electronic registration of investigations should be included.

Information constituting state secrets or other secrets protected by law shall not be included in the unified system of electronic registration of inspections.

The procedure for maintaining the unified system of electronic registration of inspections is determined by the authorized body.

### **Part 3. Period and procedure of inspections**

1. **Grounds for inspections**

The grounds for carrying out inspections in agreement with the authorized body are as follows:

permission of the authorized body or its relevant territorial units;

the decision (order) of the regulatory body adopted on the basis of the permission of the competent body or its relevant territorial units, which includes the registration number and date of the inspection in the unified electronic registration system of inspections, the name and postal address of the inspected business entity, its taxpayer identification number, the supervisory authority's the composition of responsible employees participating in the inspection, the purpose, subject and duration of the inspection, the legal basis of the inspection, the period of the inspection, and the dates of the start and end of the inspection are indicated.

inspection program approved by the head of the regulatory body.

[[3]](#footnote-3)The grounds for conducting inspections in order to inform the authorized body are as follows:

the decision (order) of the supervisory authority, which includes the registration number and date of the inspection in the unified electronic registration system of inspections, the name and postal address of the audited business entity, its taxpayer identification number, the composition of the responsible employees of the supervisory authority participating in the inspection, the purpose and subject of the inspection and the period, legal basis of the investigation, period of the investigation, and the dates of initiation and completion of the investigation are indicated.

inspection program approved by the head of the regulatory body.

1. **Deadlines for inspections**

The duration of inspections conducted in the order agreed with the authorized body should not exceed ten calendar days, except for the inspection of financial and economic activities.

The term of checking the financial and economic activity of business entities should not exceed thirty calendar days.

The term of the appropriate inspection conducted in the order agreed with the authorized body can be extended only once with the permission of the authorized body based on the reasoned application of the regulatory bodies. In this case, the extended period of due diligence should not exceed its main period.

In cases where it is not possible to conduct the inspection within the specified period or to continue it, the inspection period may be suspended and (or) postponed to the next month by the decision of the supervisory authority with the permission of the competent authority based on a reasoned application of the supervisory authority. The deadline for the inspection of the postponed period should be provided no later than the last day of the month of the postponed period, or the inspection should be postponed to another period in accordance with the established procedure.

The term of inspections in the order of notification of the authorized body is determined in Appendix 1 of this Code. Extending, suspending and relocating the periods of these inspections shall be carried out by notifying the authorized body in the manner provided for in the third and fourth parts of this article.

1. **Dismissal and self-dismissal of a regulatory body official**

In order to avoid conflicts of interest, an auditor who is considered an official of the regulatory body, must recuse himself or be dismissed and not participate in the investigation:

when the founder, shareholder, participant, member or official of the management body of the inspected business entity is a close relative;

when he was an official of this business entity for a period of less than three years before the date of the investigation;

if there are other circumstances that have a direct or indirect interest in the results of the investigation.

Self-dismissal or dismissal must be stated and justified in writing before the start of the investigation or at any time during the investigation.

In cases of self-refusal or refusal, the issue of changing the official of the regulatory body conducting the inspection or refusal based on this is decided by the head of the regulatory body or its structural unit.

If it is not possible to form a new team of inspectors as a result of self-dismissal or satisfaction of dismissal requests, officials of other regional or higher bodies of the regulatory body are involved in the inspection.

A business entity may appeal against the decision not to satisfy the request of dismissal of the official of the regulatory body in accordance with the procedure established by this Code.

1. **Inspection procedure**

The date of the start of the investigation is the date specified in the decision (order) of the supervisory authority.

The inspection must be carried out during the working hours of the business entity.

The inspection is carried out at the place where the business entity is located or registered or where it carries out business activities.

An official of the regulatory body, signing the receipt before the start of the inspection:

shows the head of the business entity or his/her substitute his/her organization identification document and a special certificate giving the right to conduct an inspection;

introduces the content of the decision (order) on the appointment of an inspection to the head of the business entity or his substitute;

introduces the business entity with the purpose of the inspection, explains to him in writing the rights and obligations provided for in Article 209 of this Code;

submits to the audited business entity copies of the documents that are the basis for conducting the audit provided for in Article 201 of this Code;

fills out the Inspection Register in the prescribed manner.

Refusal of the business entity to receive copies of documents provided for in Article 201 of this Code or obstructing the right of an official of the regulatory body shall not be grounds for canceling the inspection. In such cases, an official of the regulatory body will issue a document. In this case, the head of the business entity or his/her substitute has the right to refuse to sign the document, providing the reasons in writing.

In case of non-performance of the actions specified in the fifth part of this article by the official of the regulatory body, the business entity has the right to prevent this official from entering its territory, building and object of inspection.

If the business entity refuses to receive copies of the documents provided for in Article 201 of this Code, the investigation is considered to have begun at the time of formalization of the document.

Unreasonable obstruction of an official of a regulatory body by a business entity to the right to enter the territory of business activity and failure to fulfill its legal requirements, failure to fulfill the legal requirements of a representative of the authority or obstruction of the performance of official duties shall be grounds for holding the official of the business entity to administrative responsibility in accordance with the procedure established by the laws of the Republic of Uzbekistan..

Inspections of business entities are conducted only within the inspection period specified in the inspection decision (order) of the regulatory body and within the scope of issues specified in the inspection program.

When the activity of business entities is audited, the activity of no more than three calendar years preceding the year of direct audit may be covered.

Inspections of business entities should cover only the period after the last inspection, but should not exceed the period specified in the tenth part of this article.

Inspections related to the information included in the information constituting state secrets in the prescribed manner are carried out taking into account the specific nature of the legislative documents on the preservation of state secrets.

If there is a need to replace or add to the inspection officials during the inspection period, the head of the regulatory body shall make a new decision (order) specifying the officials to be replaced and added. Officials newly involved in the investigation shall submit a copy of the newly adopted decision (order) to the head of the business entity or his deputy before starting the investigation.

1. **Inspections register**

The inspection registration book is an official document, which is kept by the business entity throughout the entire period of business activity and confirms the fact of inspections, deadlines and other information.

Each branch, representative office or separate structural unit of the business entity can have a separate book.

Before the start of the inspection, the audited business entity shall submit the inspection register to the inspection official for entry of relevant entries.

If the inspecting official refuses to fill out the inspection register, or if it is determined by the business entity that the documents that are the basis for the inspection do not correspond to the information entered in the inspection register, the inspection official will not be subject to inspection.

When there is a technical possibility, the electronic form of the inspection register is filled out in a mandatory manner. There is no need to fill out a paper form of the inspection register.

The official of the regulatory body shall make an appropriate entry in the inspection record about the form of filling in the book of registration of inspections, the reasons for not filling out its electronic form, and in the case of filling out the paper form of the book, about the fact that the book has not been submitted or is not available.

Failure to provide the inspection log or its non-existence shall not be considered a violation and shall not be grounds for refusal to conduct an inspection.

It is forbidden to take away the book from the business entity. If necessary, the business entity can provide a certified extract from the book.

Information constituting state secrets or other secrets protected by law shall not be included in the inspection register.

The form of the check register and the procedure for filling it in, as well as keeping its electronic form, are approved by the authorized body.

1. **Expert evaluation during the investigation**

When a business entity is checked for compliance with the requirements of regulatory documents in the field of technical regulation, an official of the regulatory body may make a decision to appoint an expert on the compatibility of the used technologies, means of production and manufactured products.

The official of the regulatory body is obliged to introduce the business entity with the decision on the appointment of expertise.

During the inspection, expertise is carried out at the place where the business entity is located or operates, or by conducting laboratory analysis of selected samples and copies.

Based on the results of the examination, an expert opinion is drawn up, a copy of which is attached to the inspection report.

The form and content of the expert opinion on the compliance of the selected samples, copies, production factors with the regulatory documents in the field of technical regulation shall be approved by the head of the regulatory body.

The expert's opinion is drawn up in triplicate. One copy remains in the organization that conducted the examination. The second copy is submitted to the business entity. The third copy remains with the official of the supervisory authority and is attached to the inspection report.

A business entity that is dissatisfied with the results of an expert examination has the right to contact an independent expert organization or an expert of its choice at its own expense to obtain an expert opinion on the issues raised. The received expert opinion can be attached to the complaint or objection to the inspection document of the business entity.

In order to control compliance with the mandatory requirements of regulatory documents in the field of technical regulation, the selection of samples and copies of products is carried out in accordance with the current regulatory documents, in which the cost of used copies and the costs of conducting tests (analyses, measurements) are included in the production output of the inspected business entities.

1. **Procedure for selecting samples of products for expert evaluation**

Sampling is carried out on the basis of the decision of the regulatory body.

The decision on the necessity of sampling shall indicate the number of samples for each type and type of product and the place of conducting the examination.

Before taking samples of the product, the official of the regulatory body is obliged to explain to the business entity the procedure for taking samples of the product and to present the decision on the selection of samples.

Selection of samples is carried out in at least two copies, one of which (control copy) remains with the business entity.

The number of samples taken from the product must correspond to the amount specified in the decision of the regulatory body on sampling the product.

Sampling is carried out by an official of the regulatory body in the presence of the head of the business entity or his substitute and is confirmed by a sample selection certificate.

The following shall be indicated in the sample selection certificate:

place and date of formation;

the number and date of the decision to appoint an inspection of the supervisory authority, which is the basis for sampling;

the surname, first name and patronymic of the officials carrying out the sample selection;

name and location (postal address) of the business entity;

surname, first name, patronymic and position of the business entity or its representative;

the list and number of selected samples indicating the manufacturer, production date, batch series (number), total value of the samples;

packaging type and stamp (seal) number.

Selected samples of the product must be assembled, packed and sealed.

The certificate of sampling must be drawn up in triplicate. All copies of the document are signed by the official who selected the samples and the head of the business entity or his substitute.

A copy of the selection certificate is sent to the authorized organization for examination (analysis, testing) along with the referral and samples.

The second copy of the certificate of sampling remains with the business entity.

The third copy of the certificate of sampling is kept by the official of the regulatory body that selected the samples.

The business entity has the right to participate in all the actions of the official of the regulatory body during the selection of samples and to respond to these actions.

The storage and transportation conditions of the selected samples should not change the parameters of examination of these samples.

The official of the regulatory body, who selected the samples for examination, ensures their integrity and timely delivery to the place of examination.

After the examination, selected samples and copies of the product must be returned at the request of the business entity.

1. **Rights and obligations of officials of regulatory bodies during inspection**

Officials of regulatory bodies have the following rights within the scope of their powers during the investigation:

request documents (information), their copies, written explanations, references and other materials related to the subject and program of the audit from business entities;

use of an automated database (information systems) in accordance with the tasks and subject of the investigation;

extracting and making copies of documents at the expense of the supervisory authority in case of necessity;

inspection of buildings, equipment and other property, excluding camera tax inspections, if these actions are related to the inspection;

monitoring of technological processes, if the inspection is related to compliance with technological requirements;

to record individual actions of representatives of business entities within the scope of the inspection process and inspection using photo-, audio- and video equipment without creating obstacles to the activity of the business entity;

issuing mandatory instructions to the audited business entities to eliminate identified violations;

to take measures in accordance with the procedure established by legislation in case of violations during the investigation;

in necessary cases, appointment of expertise and involvement of experts on the basis of a contract;

selection of samples (copies) in the amount necessary for inspection;

in cases where there are objective grounds, to issue requests and notices to the authorized body regarding the extension, suspension and/or transfer of inspection periods.

In accordance with the rights of the officials of the regulatory bodies specified in this article, it is mandatory for the business entities under investigation to fulfill their legal requirements.

Officials of the regulatory bodies are obliged to perform the following during the inspection:

to conduct inspections in strict compliance with this Code, other legal documents, the inspection decision and inspection program, and introducing the head of the business entity or the person replacing him with the inspection decision (order), inspection program;

to carry out inspections of business entities during working hours, with the participation of their officials, at the place where they are located, registered or where they carry out business activities;

to provide verbal explanations to business entities regarding questions related to the subject of the audit and the audit program and providing them with information on the audit process of their activities;

at the request of the head of the business entity or his representative, submission of normative legal documents related to the inspection;

substantiation of the facts of violations found in the investigation with the specific norms of the legislation of the Republic of Uzbekistan;

to ensure that information constituting state secrets or other secrets protected by law, information about legal entities and individuals who applied for investigations initiated on the basis of applications are not disclosed in accordance with the established procedure;

to take measures to prevent damage and to notify consumers in any available way of information about dangerous products (work, services) that may harm life, health, property, and the environment;

to present a copy of the document drawn up on the result of the inspection to the inspected business entity on the day the inspection is completed;

to take measures provided for by law in case of detection of crime symptoms during the investigation.

Officials of regulatory bodies may have other rights and perform obligations in accordance with the law during the inspection.

1. **Rights and obligations of the business entities under investigation**

The inspected business entities have the following rights during the inspection:

to request the documents that are the basis for the inspection from the officials of the regulatory bodies, to get acquainted with the documents confirming the identity of the inspectors and giving them the right to conduct the inspection;

to receive information about the inspection, including information in the unified system of electronic registration of inspections;

to invite associations of business entities, including representatives of the Chamber of Commerce and Industry of the Republic of Uzbekistan, of which they are members, to participate in the inspection;

to compare the information recorded in the inspection register with the information in the documents provided by the inspection official;

to refuse persons to conduct inspection who did not submit the documents that are the basis for the inspection, who were not specified in the decision on the appointment of the inspection, who did not present a organization identification document and a special certificate of permission to conduct inspections, who refused to fill in the inspection registration book, as well as person coming outside of working hours of the business entities and who did not arrive or miss the inspection periods specified in the decision;

to deny compliance with the requirements of supervisory authorities on issues not within the competence of inspection officials and to refuse information that is not relevant to the subject and period of inspection;

to participate in the investigation;

to record the actions of the officials of the regulatory bodies within the framework of the inspection processes and inspection using photo, audio and video equipment;

to use the services of a translator, lawyer and tax consultant;

to receive a copy of the document drawn up on the result of the inspection from the inspecting officials of the regulatory bodies on the day the inspection was completed;

to give explanations on the issues related to the subject and program of the inspection and to express opinions and objections on the results of the inspection in the report drawn up on the result of the inspection;

to report to the relevant higher regulatory body or law enforcement agencies about the illegal actions or intentions of the officials involved in the investigation;

to appeal against the decisions of regulatory bodies as well as the actions (inaction) of their officials.

The inspected business entities are obliged to perform the following during the inspection:

to ensure the unhindered access of officials of regulatory bodies to their territory, building and object of inspection in case of compliance with the requirements of the fourth part of Article 204 of this Code;

to submit documents (information), their copies or other materials in paper and electronic media related to the subject and program of the inspection in accordance with the legal requirements of the officials of the regulatory bodies;

to ensure the access and usage of an automated database (information systems) in accordance with the tasks and subject of the inspection;

to ensure the safety of persons who come to the facility for inspection from the effects of harmful and dangerous production factors installed in accordance with the regulatory requirements of these facilities;

to assist the inspection officials of the regulatory bodies to perform their duties.

Business entities under inspection may have other rights and fulfill other obligations in accordance with legislation.

1. **Limitations on inspection**

Regulatory bodies and their officials are prohibited from:

conducting an inspection in a place not provided for in the third part of Article 206 of this Code;

conducting it in the absence of the head of the business entity or his substitute, an individual entrepreneur or his authorized representative;

interfering with the legal activity of business entities, limiting and suspending it, preventing their operation;

preventing business entities from engaging associations of business entities, including representatives of the Chamber of Commerce and Industry of the Republic of Uzbekistan, to carry out public control over their representatives and inspections, and preventing these persons from participating in inspections;

collecting of fines and other payments directly from business entities in the form of cash during the inspection. All calculations should be made only through relevant accounts and credit-cash institutions;

requesting to provide documents, information, product copies and samples that are not related to the subject of inspection, to inspect environmental facilities and production facilities;

confiscating of original documents and goods, with the exception of confiscation of goods for confiscation of the direct object of an administrative offense in accordance with the procedure established by the Code of Administrative Responsibility of the Republic of Uzbekistan;

collecting, storing, using and distributing information about business entities in violation of the legislation of the Republic of Uzbekistan;

disseminating information that constitutes commercial and other secrets protected by law obtained as a result of investigations without the consent of the business entity or its head, except for the cases stipulated by the legislation of the Republic of Uzbekistan;

checking the fulfillment of the requirements established by regulatory legal documents, if such requirements do not fall under the authority of the officials working on behalf of the regulatory bodies;

carrying out studies, tests and measurements exceeding the standards set by the normative documents in the field of technical regulation, to select samples and copies without issuing a certificate of sample and copy selection in the prescribed form, to inspect the environment and production facilities;

using the fact of violation of the business entity as a basis for interference in its activities;

giving instructions or proposals to business entities to conduct control activities at their expense, except for the cases specified in Article 209 of this Code;

demanding or receiving any fee or service for the inspection from the business entity or its representative;

conducting an inspection beyond the deadline without observing the procedure for extending the inspection period specified in this Code;

re-examiniing of the business entity on the issue and period of the previous examination.

### **Part 4. Formalization of inspection results and review of inspection materials by the regulatory body**

1. **Issuance of the inspection report**

According to the results of the inspection, the officials of the regulatory bodies issue two copies of the inspection report, except for the electronic records, with the following information:

the date, time and place of the inspection report;

the name of the regulatory body, the surname, first name, patronymic and position of the persons who conducted the inspection;

the date and number of the decision of the regulatory body, which registered the inspection in the unified system of electronic registration of inspections;

the full name and location (postal address) of the legal business entity, the surname, first name, patronymic of the head of the business entity or his substitute, or the surname, first name, patronymic of the individual entrepreneur under investigation, and the tax payer's identification number;

the state of explaining its rights and obligations to the business entity;

information about the participation of a translator, lawyer, tax consultant, associations of business entities, including representatives of the Chamber of Commerce and Industry of the Republic of Uzbekistan;

information on writing a record in the inspection register (a book at business entity premises, listing inspections);

date, time and place of inspection;

audited period of the business entity;

general information about the object and documents of the business entity submitted or not submitted for inspection;

a detailed description of the nature and status of the violation identified during the inspection, indicating the specific status and documents of the laws and regulations violated by the business entity, as well as the basis for the conclusion that the violation was committed;

reasonable opinion of the official of the regulatory body regarding the committed violations: technical error, incorrect application or interpretation of legal norms, lack of awareness of some regulatory legal documents of the business entity, intentional violation or other reasons;

opinions and conclusions on the results of the investigation.

If at the end of the inspection no cases of violation of legal documents were found, this will be noted in the inspection report.

The inspection report is signed by the official of the regulatory body and the head of the business entity or his substitute and the individual entrepreneur. The signatures of the head of the business entity or his/her substitute, the individual entrepreneur, do not mean that they are satisfied with the results of their investigation.

If there are comments and (or) objections to the results of the inspection, the head of the business entity or his substitute shall state them in writing. Comments and (or) objections are attached to the inspection report and an appropriate record is made about it.

Copies of the documents specified in Article 206 of this Code, reports on the actions taken within the scope of the investigation, inventory reports, experts' conclusions, materials obtained during the investigation, as well as other documents confirming that the actions were performed within the scope of the investigation should be attached to the inspection report.

Information constituting state, commercial secrets and other secrets protected by law is formalized in accordance with the results of existing investigations and the requirements stipulated by the relevant legal documents.

The day the inspection report is handed over to the business entity before the deadline for completion of the inspection specified in the decision on the appointment of the inspection shall be considered the day of completion of the inspection. Also, when the inspection document is issued in electronic form, the date of drawing up this document is the day when the inspection was completed. A printed copy of the inspection document issued in electronic form is sent to the business entity no later than five working days after the end of the inspection. In the event that the business entity refuses to receive the inspection report, the official of the regulatory body makes a corresponding entry in the inspection report, and the inspection is considered completed from that moment. In this case, a copy of the inspection report will be sent to the business entity by registered mail within one working day.

1. **Instruction of the regulatory body**

According to the results of the inspection, if the business entity has no objection to the inspection report, the head of the regulatory body will issue an instruction to the business entity to eliminate the identified violations within three working days, except for the cases specified in the competition legislation.

The business entity is obliged to eliminate identified deficiencies and violations within the specified time, to take measures to prevent their recurrence, to report on the performed works and their results, and to fulfill other requirements specified in the instruction.

It is forbidden to carry out control inspections aimed at studying the status of the instruction execution.

1. **Review of inspection materials by the supervisory authority**

If the business entity is not satisfied with the results of the inspection, the inspection materials will be reviewed by the head or deputy head of the regulatory body.

Investigation materials are reviewed in accordance with the legislation on keeping state secrets ten working days after the end of the investigation, but not later than fifteen working days.

The business entity has the right to submit additional written explanations or objections to the report of the inspection results within ten days from the date of completion of the inspection. The investigation materials are reviewed in the presence of the head of the business entity or his substitute and the individual entrepreneur. The regulatory body notifies the business entity of the date, time and place of review of the inspection materials at least two working days before the review.

If the business entity has informed the regulatory body that it cannot come to review the inspection materials due to valid reasons, the head or deputy head of the regulatory body shall make a decision to postpone the review of the inspection materials for a period of no more than three working days, and the business entity is notified of this. If the business entity does not come to review the inspection materials despite the repeated notification, these materials, including the explanations and objections submitted by the business entity, will be reviewed without its participation.

During the examination of the investigation materials, the presence of signs of violation of legal documents, the amount and nature of the applied legal measures, mitigating or aggravating circumstances of the responsibility for the committed offense, the presence of signs of an administrative offense or crime, as well as other circumstances important for the examination of the investigation materials are determined.

During the review of the investigation materials, a report is kept, which indicates the following:

date and place of review of inspection materials;

surname, first name, patronymic, as well as position of the person reviewing the inspection materials;

information on the presence of persons participating in the review of investigation materials;

examination materials under review;

explanations, petitions and reviews results of persons participating in the review of investigation materials;

documents studied during the review of inspection materials;

other information about the process of review of inspection materials.

The report on the review of investigation materials is signed by the official who reviewed the investigation materials, as well as other persons who participated in their review.

A copy of the report is submitted to the head of the business entity or his substitute and to the individual entrepreneur.

1. **Decision of the regulatory body on the results of review of inspection materials**

Based on the results of review of the investigation materials, the head or deputy head of the regulatory body makes a decision within the powers of the regulatory body.

The decision of the regulatory body, the actions of its official should be objective and confirmed by real information and documents with reliable information.

The decision of the regulatory body on review of inspection materials may provide for the following:

confirmation of the act and the results of the investigation, including recording or denying the fact that violations were committed by the business entity during the investigation;

holding the business entity and (or) its officials responsible for committing an offense or denying it;

to limit and suspend the activity for a period of no more than ten working days until the violations are eliminated by the business entity, as well as during the period of the state of emergency;

imposing an obligation on the business entity to eliminate identified violations, compensate for the damage and (or) caused, and take measures to prevent repeated violations;

sending investigation materials to law enforcement agencies if signs of crime are detected.

The terms specified in the decision must be proportionate to the execution of the decision.

Depending on the results of the investigation and the authority of the regulatory body, other information may be specified in the decision.

A copy of the decision of the regulatory body based on the results of the review of the investigation materials shall be delivered to the head of the business entity or his substitute and to the individual entrepreneur by receiving a receipt within two working days from the date of the decision or by another method confirming the date of receipt. If it is not possible to deliver a copy of the decision to the head of the business entity or his substitute, as well as to the individual entrepreneur, it is sent by registered mail and is considered delivered three days after it is sent.

1. **Implementation of the decision of the regulatory body by the business entity**

The business entity is obliged to eliminate the detected deficiencies and violations of the law within the specified time limits, to take measures to prevent their recurrence, to compensate for the damages, to inform about the work performed and its results, and to fulfill other requirements stipulated by the decision of the regulatory body.

In the event that the information confirming the execution of the decision was not submitted by the business entity or was not submitted in time, as well as the part of the decision to eliminate the identified violations was not properly implemented, the regulatory body will take measures to hold the business entity accountable in the manner prescribed by law.

1. **Complaining about decisions of regulatory bodies, actions (inaction) of their officials**

Business entities have the right to appeal against the decisions of regulatory bodies and the actions (inaction) and decisions of their officials to a higher authority or an official, or directly to the court, as well as to other competent bodies, according to the procedure established by law.

Submitting a complaint to a higher authority or an official does not deprive the business entity of the right to send the same complaint to the court and (or) other competent bodies.

Filing a complaint to a higher authority or a court suspends the execution of the decision or action appealed against until the decision of the higher authority on the appeal is made or until the court's decision enters into legal force, excluding actions and decisions related to prevention of emergency situations, epidemics, or other real danger to the life and health of the population. The business entity must notify the regulatory body against which the action or decision of the official is being appealed, along with the relevant documents, that the complaint has been submitted to a higher body or court.

1. **Review of a complaint of a business entity**

The review of the complaint of the business entity by the higher authority is carried out in accordance with the procedure established by law.

An official of a higher authority must ensure the personal participation of the applicant during the review of the complaint.

Based on the results of the complaint review, the higher body makes one of the following decisions:

1) considers the appealed decision, action or inaction to be legal;

2) considers the appealed decision, action or inaction to be illegal in whole or in part.

When the appealed decision, act or omission is found to be illegal, the higher authority:

1) annuls the adopted decision in whole or in part and makes a new decision independently;

2) determines the range of actions that need to be performed in order to eliminate the committed violations, or performs such actions independently, if their implementation is within his authority.

Non-compliance with the requirements of this Code by the officials of the regulatory bodies may be the basis for the annulment of the decision of the regulatory body based on the results of the inspection by the higher authority and the invalidation of this decision.

The invalidity of the decision of the supervisory authority by the court is the basis for annulment of the decision of the supervisory authority by the higher authority.

If the decision of the supervisory authority is annulled or declared invalid based on the results of the investigation, all the circumstances and evidence specified by this decision are considered invalid.

Based on the results of the review of the complaint, a copy of the decision taken on the results of the review of the complaint will be sent to the business entity, as well as the procedure for complaining about it will be explained.

Competent state bodies must inform the business entity whose rights and legal interests have been violated within three days from the date of taking appropriate measures about the measures taken against the guilty officials who violated the legal requirements.

1. **Illegal inspections and their consequences**

Inspections are illegal in the following cases:

If inspections were conducted without registration in the unified system of electronic registration of inspections;

in the absence of grounds provided for in Article 201 of this Code;

if it was conducted without the participation of the head of the business entity or his substitute.

Illegal inspections are considered not to have been conducted, and violations detected at the time of their conduct must not be grounds for holding business entities accountable.

1. **Post-inspection analysis**

Based on the results of the inspections, a post-inspection analysis aimed at determining the reasons for the systematic violation of legal documents by the business entities will be conducted by the regulatory bodies.

Post-inspection analysis is carried out only on the basis of the data obtained from the results of the conducted examination.

During the post-inspection analysis, the reasons for the systematic violation of legal documents by the regulatory bodies will be summarized, based on its results, proposals will be developed to warn of violations in the activities of business entities in order to implement preventive measures in the future.

Interference with the activities of business entities, demanding any additional information and documents, limiting their rights, freedoms and legal interests, conducting inspections and applying legal measures are not allowed during the post-inspection analysis.

1. **Ensuring non-interference in the activities of officials of business entities and of regulatory bodies**

Officials of regulatory bodies have no right to interfere in the activities of business entities, which are carried out in accordance with legal documents.

The selected form of state regulation, the measures taken to prevent and/or eliminate the violation of mandatory requirements must be proportionate to the nature of the violation of mandatory requirements, the damage (damage) caused or may be caused to tangible and intangible assets protected by law.

If the officials of the regulatory bodies find out that the legal documents are violated in the activities of the business entities, they can take measures directly related to the elimination of the specific violation within the scope of their authority. Officials of regulatory bodies have no right to use the existence of a violation as a basis for interfering with or restricting other legal activities of business entities.

It is not allowed to interfere with the legal activities of the officials of the regulatory bodies during the investigation, to interfere with the performance of their duties by business entities, translators, lawyers, tax consultants and associations of business entities invited to participate in the investigation, including representatives of the Chamber of Commerce and Industry of the Republic of Uzbekistan.

1. **Avoiding damage by illegal decisions and illegal actions**

It is not allowed to damage the business entity or the property owned, used or managed by the illegal decision of the regulatory bodies or illegal actions of their officials.

Damages caused by the illegal decision of the regulatory bodies or illegal actions of their officials should be compensated to the business entity in full, including the lost profit, based on the court decision. Compensation of damages may be imposed on officials of the guilty regulatory body by a court decision.

Regulatory bodies and their officials are held accountable for damage caused to the business entity as a result of illegal decisions and illegal actions.

Damages caused to the business entity by the legal decision of the regulatory bodies or the legal actions of their officials are not compensated, except for the cases specified in the legislation.

1. **Evaluation of the effectiveness of the regulatory bodies in conducting the inspection**

Evaluation of the effectiveness of the regulatory bodies in conducting the inspection is carried out by the authorized body. The effectiveness of the regulatory bodies for conducting inspections in the activities of business entities is determined according to the following criteria:

reasonableness and legality of the investigation initiative;

compliance with the requirements of the legislative documents on the state regulation of the activities of business entities by the regulatory bodies and their officials;

reasonableness and legality of the decisions of the regulatory bodies based on the results of the investigation.

It is not allowed to evaluate the effectiveness of the regulatory bodies in conducting inspections of the activities of business entities based on the number of detected violations, applied legal measures, and the number of assets of business entities charged to the state income.

The results of the evaluation of the effectiveness of the regulatory bodies may be published by the authorized body in the mass media.

## Chapter 17. Protection of competition and restriction of monopoly

1. **State policy on competition**

The main goal of the state policy on competition is to develop entrepreneurship by protecting competition in goods, financial or digital markets, to create equal conditions in the market regardless of the form of ownership, to ensure the free movement of goods (work, services) and freedom of economic activity in the territory of the Republic of Uzbekistan.

State policies to ensure a healthy competitive environment in commodity, financial and digital markets include:

reduce the participation of the state in the economy;

to prevent the establishment of state-owned enterprises with sufficient presence of private business entities in the market;

to prevent the actions of state administration bodies, local state authorities and associations of legal entities that hinder the normal functioning of the market, the development of competition and discriminate against the rights and legitimate interests of consumers;

to prevent the granting of state benefits, preferences, concessions and exclusive rights that may adversely affect the environment of healthy competition in the market.

1. **Prohibited anti-competitive actions in business activities**

Business entities are prohibited from engaging in conduct that restricts or may restrict competition in commodity, financial or digital markets, including:

anti-competitive cartel agreements;

anti-competitive concerted actions;

abuse of dominant (monopoly) position;

abuse of superior bargaining power;

unfair competition;

anti-competitive actions in tenders, auctions, exchanges and other trades.

The definition and the procedure for determining the actions provided for in the first part of this article are determined by the Law of the Republic of Uzbekistan "On Competition".

1. **Prohibited actions of state bodies against competition**

State bodies and organizations are prohibited from making decisions and (or) taking actions (inaction) that lead to or lead to restriction of competition in commodity, financial and digital markets, including:

introducing restrictions on the establishment of new business entities in any field of activity, as well as introduction of bans or restrictions on the implementation of certain types of activity or the production of certain goods;

restricting or excluding business entities from entering the market;

unreasonably hindering the activities of business entities, including imposing requirements on goods or business entities that are not provided for by legislation;

collecting fees that are not provided for by legislation in the provision of public services, as well as necessary and mandatory services in the provision of public services;

establishing prohibitions or introducing restrictions on the free movement of goods in the territory of the Republic of Uzbekistan, introducing other restrictions on the sale, purchase, acquisition, exchange of goods by business entities;

establishing discriminatory or preferential conditions (conditions) that restrict or lead to restriction of competition in the market, including:

giving priority access to information to certain business entities;

granting state benefits, preferences, reliefs and exclusive rights that put certain business entities in a better position than other business entities in the market;

giving preference to certain business entities when concluding contracts, to sell goods (work, services) to a certain circle of buyers first;

creating other discriminatory or preferential conditions (conditions) for the activities of certain economic entities;

unjustified interference in the economic activity of business entities, including:

setting restrictions on the choice of business entities that will deliver goods (work, services) to buyers;

giving instructions to the economic entity about the choice of sources of financial resources and the priority of their use;

acquisition of shares (shares) in the charter fund (authorized capital) of business entities, with the exception of cases provided for by law;

perform their duties in combination with the duties of business entities;

increase, decrease, and maintain prices and tariffs of goods (work, services), except for the cases provided for in Chapter 15 of this Code.

1. **State monopoly**

The state can limit competition in the market by taking over the exclusive right to produce, sell, purchase or use in certain areas of business activity only in cases where it may have a negative impact on national security, public order, human rights and freedoms, and public health. The absolute right of the state in these areas is exercised through a state monopoly enterprise established by the President of the Republic of Uzbekistan or the Cabinet of Ministers of the Republic of Uzbekistan.

State monopoly is prohibited from the following:

producing goods (work, services) that do not belong to the sphere of state monopoly, excluding activities related to technological production of goods. In this case, the list of technological activities related to the realization of goods (work, services) is approved by the competent state bodies in agreement with the anti-monopoly body;

owning shares (shares in authorized capital) of legal entities or otherwise participating in the activities of legal entities;

transfering of state monopoly rights to third parties;

setting prices for realized goods (work, services) that differ from the prices established in accordance with the legislation of the Republic of Uzbekistan.

State monopoly is introduced subject to the following conditions:

business entities are notified at least six months before the decision on the introduction of state monopoly comes into force;

business entities engaged in the sale of goods (work, services) subject to state monopoly will have the right to sell these goods (work, services) within six months after the state monopoly comes into force;

damage caused to business entities as a result of the introduction of state monopoly shall be compensated in accordance with the civil legislation of the Republic of Uzbekistan.

## Chapter 18. Means of information

1. **Introduction of means of information**

Means of information stands for information provided by business entities to state bodies and organizations or to other entities specified in regulatory legal documents.

Means of information is introduced only in the cases directly specified in the legal documents. Business entities provide state bodies and organizations only with means of information included in the list of the means of information. It is not allowed to request means of information from business entities that are not included in the list of media.

1. **Types of means of information**

Means of information is divided into the following types:

1) periodic reports regularly submitted to state bodies;

2) information provided at the initiative of a state body, excluding information provided to state bodies during state inspection;

3) one-time information provided to state bodies in the cases stipulated by legislation;

4) Information specified by the legislation of the Republic of Uzbekistan to be provided directly to third parties.

1. **Procedure for providing information**

Means of information is automatically provided in electronic form only through information systems. It is prohibited to request the provision of information by state bodies and organizations in cases where the possibility of providing it in an automated manner is not implemented and not provided.

After the legislative documents providing for the introduction of means of information come into force, the state body or organization regulating the relevant field must submit proposals to the Ministry of Economic Development and Poverty Reduction of the Republic of Uzbekistan regarding making appropriate changes to the list of means of information.

The list of means of information provided by business entities to state bodies and organizations is approved by the Ministry of Economic Development and Poverty Reduction of the Republic of Uzbekistan.

## Chapter 19. Self-management based on mandatory membership (participation) in a self-regulatory organization

1. **Introduction of self-management and its types**

In the implementation of entrepreneurship, self-management can be introduced on the basis of mandatory membership (participation) of business entities in self-managing organizations.

Before introducing self-management on the basis of mandatory membership (participation) in a self-managing organization, the impact of regulation should be assessed by state bodies and organizations that regulate the relevant field.

Relations related to the organization and operation of self-governing organizations are regulated by the legislation of the Republic of Uzbekistan on self-regulation.

1. **Purpose of introducing self-management**

The following are the main goals of introducing self-management:

reducing state intervention in the activities of business entities and state regulation of their activities;

to increase the quality of manufactured goods (services provided, performed works) and responsibility of business entities to consumers;

ensuring the formation and maintenance of high standards in the activities of business entities;

to represent business entities and ensure their protection in relations between business entities and state bodies;

increase the quality and competitiveness of goods (work, services);

increase the competitiveness of local economic sectors.

1. **Restrictions on the introduction of self-management**

It is forbidden to introduce self-management and to create self-governing organizations in the field of national and state security, defense and public order.

# **SECTION V. VOLUNTARY SUSPENSION AND TERMINATION OF BUSINESS ENTITIES**

## Chapter 20. General rules

1. **Regulated relationships**

This section regulates relations related to voluntary suspension of business entities-individual entrepreneurs, termination of business entities (activity).

Requirements for this section:

business entities with signs of inability to pay as provided for by law;

do not apply to liquidation of banks and credit bureaus, their branches and representative offices.

The procedure for liquidation of banks and credit bureaus is determined by the Central Bank of the Republic of Uzbekistan.

1. **Basic concepts**

The following key concepts are used in this section:

**financial and economic activities** - activities of a legal business entity related to product production, performance of work, trade and service, as well as accounting, finance, statistics, bank documents and other documents;

**liquidation** - registration of records of liquidation of a business entity in the Unified State Register of Business Entities by the registration body;

**liquidator** - founder(s) (participants) of a commercial organization or person(s) appointed by him/her (liquidation committee). A natural person appointed by the individual entrepreneur to terminate his activity also uses the powers of the liquidator;

**transfer to inactive status** - a measure applied until the removal from the state register of a legal business entity that does not carry out financial and economic activities, when voluntary liquidation measures are not taken.

1. **Suspension of individual entrepreneur**

Business entity – individual entrepreneur (also non-legal entity peansant farm and non-legal entity family business) may suspend its activity for a certain period.

An individual entrepreneur (non-legal entity peansant farm and non-legal entity family business) submits an application to the registration body or through the System to suspend its activity. In this case, information about each hired employee of an individual entrepreneur (non-legal entity peansant farm and non-legal entity family business) is automatically sent to the tax authority through the interdepartmental software-hardware complex "Uniform National Labor System".

Before the end of the next working day, the registration body, which received the application about the suspension or resumption of the activity of the business entity-individual entrepreneur (non-legal entity peansant farm and non-legal entity family business) to the tax authorities, business entity-individual entrepreneur (family business entity without legal entity and provides information through the System that the activity of the farm) has been suspended or resumed.

Suspension of the activity of an individual entrepreneur (non-legal entity peansant farm and non-legal entity family business) is the basis for suspending the submission of tax reports and tax calculation for itself and each of its employees.

The requirements of the first-fourth part of this article are also applied to cases where an individual entrepreneur - individual is imprisoned (arrested) and deprived of freedom based on the decision of the court and investigative bodies. In this case, this information is obtained by the registration body from the judicial and investigative bodies through the mutual information exchange system.

## Chapter 21. Voluntary termination of business entities

1. **Voluntary termination of the activity of an individual entrepreneur**

Voluntary termination of the activity of a business entity – an individual entrepreneur is carried out according to his decision (application).

Upon the death of a natural person – business entity, the registration body makes an entry in the state register on the termination of the activity of the entity based on the information of the civil status registration bodies.

Voluntary liquidation of individual entrepreneurs, who pay taxes and fees according to the procedure provided for legal entities, shall be carried out according to the procedure of voluntary liquidation of legal business entities specified in this chapter.

1. **Application for voluntary termination of the activity of an individual entrepreneur**

Voluntary termination of the activity of an individual entrepreneur is carried out on the basis of his application submitted to the registration body.

The following documents are attached to the application:

seals and stamps (if any);

original copies of all licenses (permits) (if any);

a certificate from a commercial bank stating that the main account (if any) has been closed.

1. **Review of appeals for voluntary termination of individual entrepreneur**

Within one working day after receiving an application for voluntary termination of activity, the registration body sends a request to the state tax service body at the place of state registration of the individual entrepreneur through the System to confirm that he has no tax debt and has not opened an account in a commercial bank (if the account is indicated as not opened). In this case, the state tax service sends a notification to the registration body through the System within two working days from the date of receipt of the request.

The registration body enters the record of voluntary termination of the individual entrepreneur within one working day after receipt of all the documents specified in the second part of Article 237 of this Code and the notification of the state tax service body provided for in the first part of this article.

Within one working day after the decision of the registration body to enter the record on the voluntary termination of the individual entrepreneur into the Register, it is given to the (representative) of the voluntary termination of the individual entrepreneur or sent by mail.

Within three working days after the entry of the voluntary termination of the individual entrepreneur into the Register, the registration body :

informs the state tax service body through the System about the decision on the voluntary termination of the individual entrepreneur;

destroys seals and stamps (if any) of an individual entrepreneur that has ended its activity;

informs through the interdepartmental integration platform "Electronic Government" the bodies that issued certificates about the notification of the license, documents on the nature of authorization and the notification of the competent authorities.

Termination of activity as a business entity does not release an individual from his obligations to creditors related to the implementation of his business activities.

1. **Grounds for liquidation of legal business entities**

Termination of a legal business entity leads to the cancellation of its rights and obligations without passing to another person in the order of legal succession.

Legal business entities may be terminated in the following cases:

in accordance with the decision of its founders (participants) or the body of a legal entity authorized to liquidate by the foundation documents, including due to the expiration of the legal entity's validity, in connection with the achievement of the purpose of its creation, or due to violations of the law during the creation of the legal entity, if this if the violations cannot be eliminated, when the court finds the registration of a legal entity invalid;

in the event that the activity is carried out without a license, without a permit document and without notifying the authorized body, or in the event that the activity prohibited by law is carried out, unless otherwise provided for in the legislation, as well as in other cases provided for in this Code, according to the decision of the court;

according to the decision of the registration body, in case of non-performance of financial and economic activities within three years from the time of transfer to inactive mode.

In the decision of the court on the liquidation of a legal business entity, its founders (participants) or the body authorized to liquidate it by the foundation documents of the legal entity may be charged with the task of liquidation of the legal entity.

1. **Types of liquidation of a legal business entity**

Liquidation of a legal business entity is carried out by declaring it bankrupt by the court, voluntary liquidation or removing from the Register business entities that do not carry out financial and economic activities.

1. **Liquidation of an insolvent business entity**

Liquidation of business entities found to be insolvent is carried out in accordance with the requirements of the Law of the Republic of Uzbekistan "On Insolvency".

1. **Making a decision on the voluntary liquidation of a legal business entity and the appointment of a liquidator**

The decision on the voluntary liquidation of a legal business entity shall be made by its founders (participants), representatives, court or other authorized body in accordance with the procedure established by this Code and other legal documents.

The decision states the following:

information about the liquidated legal business entity (full and abbreviated name (if any), taxpayer identification number, postal address);

information about the liquidator(s) (passport, identification ID card information, phone number and email address (if available);

the place and period of receiving applications for the legal business entity that is being liquidated;

the reason for liquidation of the legal business entity and the intended term of liquidation.

1. **Powers of the liquidator of the legal business entity**

From the time the liquidator is appointed, all powers to manage the affairs of the legal business entity are transferred to him.

Within three working days after the appointment of the liquidator, the management bodies of the legal business entity or a natural person shall provide him with a list of all documents related to the activities of the legal business entity, as well as the seal, stamps (if any) and other property of the legal business entity. must be submitted according to

Liquidator:

1) carries out voluntary liquidation and ensures compliance with the interests of creditors, founders (participants) and other relevant persons of the legal business entity;

2) ensures the execution of executive documents in which the legal business entity participated as a debtor in the prescribed manner;

3) represents a legal business entity without a power of attorney, signs financial, accounting and other documents of the legal business entity;

4) issues orders, decrees and other documents that must be fulfilled by all officials and employees of the legal business entity;

5) Solves the issues included in its competence in this chapter of the Code, and also exercises other powers if given according to the decision of the founder (participants).

In the event that the liquidation commission is entrusted with the liquidation commission, all issues related to the management of the activity of the legal business entity shall be resolved by voting and accepted by the majority of the liquidation commission members. In case of an equal number of votes, the vote of the chairman of the liquidation commission is decisive.

Meetings of the liquidation commission are organized by its chairman, the chairman ensures that the functions specified in this chapter are performed in accordance with the decisions of the liquidation commission.

Powers of the liquidator:

1) upon completion of voluntary liquidation - on the day when records of the liquidation of the legal business entity are entered into the relevant state register by the registration body;

2) when the activity of the legal business entity is restored - on the day when a decision was made that the liquidation works were stopped and the activity of the legal business entity was resumed;

3) when the business entity is recognized as insolvent - on the day when a court decision was made that the business entity was recognized as insolvent and liquidation proceedings were initiated;

4) when a new liquidator is appointed - it is suspended on the day when the relevant decision is taken by the founder (participants). In this case, all documents, seals, stamps (if any) and other property of the legal business entity shall be handed over to the newly appointed liquidator within two days according to the list.

1. **Documents submitted by the liquidator for the voluntary liquidation of a legal business entity**

The liquidator sends, no later than the business day following the adoption of the decision on voluntary liquidation:

1) to the registration body - a copy of the decision on voluntary liquidation;

2) to the main on-demand deposit account of the legal business entity (hereinafter referred to as the main account), to the service bank and to the bank where funds in foreign currency are deposited:

a copy of the decision on voluntary termination;

two copies of cards with samples of signatures and an imprint of the liquidator's seal (if any);

3) application instructions to the banks servicing secondary deposit accounts, savings deposit accounts and time deposit accounts of the legal business entity - to close them and transfer the available balance of funds to its main account in national currency;

4 ) an application to the banks where the legal business entity has foreign currency on-demand deposit accounts, savings and time deposit accounts - to close them and transfer the available balances of the funds to its deposit accounts, to the foreign currency on-demand deposit account opened at the place where the main account in national currency is opened.

1. **Activities carried out by the registration body for the voluntary liquidation of a legal business entity**

The registration body shall carry out the following within one working day after the decision on termination:

1) enters the information about the fact that the legal business entity is in the process of voluntary liquidation into the Register and informs the following bodies about it through the System:

the state tax service and statistics authorities at the place of registration;

district (city) department of the Compulsory Enforcement Bureau under the General Prosecutor's Office of the Republic of Uzbekistan (hereinafter referred to as the Bureau);

the body that carries out the state registration of rights to real estate;

bodies that register motor vehicles, agricultural machinery and other equipment to be registered;

Central Depository of Securities;

Ministry of Finance of the Republic of Uzbekistan;

2) places an announcement on the official website of the registration body about the termination of the legal business entity, which is freely available for everyone, indicating the following:

the full and abbreviated name of the legal business entity (in addition, all full and abbreviated names of the legal business entity that have changed during the year prior to liquidation are indicated);

location of legal business entity (postal address), taxpayer identification number;

date of registration and information about the registration body (name and address);

information on the decision on voluntary termination (date, number);

the deadline for accepting applications with creditors' requirements should not be less than two months from the publication of the announcement indicating this deadline.

[third- sixth paragraphs of paragraph](javascript:scrollText(4485542)) 1 of the first part of this article shall provide the information available in their database about the legal business entity through the System within five working days from the date of receipt of the relevant notification.

1. **Transfer of a legal business entity to the process of voluntary liquidation in the System by the registration body**

After entering into the process of voluntary liquidation of a legal business entity, the following:

1) from the date of notification of the registration body:

the financial and economic activity of the legal business entity is suspended;

land tax, property tax, tax for use of water resources, as well as penalties for all types of taxes will be suspended. Taxes on the sale of property, leftovers of finished products and other assets are calculated and paid in accordance with the procedure established by law, based on the current sales prices, with the exception of those specified in this paragraph;

all previously taken measures to secure creditors' claims are cancelled;

it is prohibited to make changes and additions to the foundation documents of the legal business entity;

transactions related to the alienation of property or giving the property for use by third parties are carried out only in accordance with the procedure specified in this chapter;

the period for fulfilling all obligations, as well as overdue mandatory payments, is deemed to have begun;

2) from the date of notification of the banks servicing the main demand account and the secondary deposit account in national and foreign currency:

withdrawal of funds from the accounts of the legal business entity in national and foreign currency is allowed only on the order of the liquidator, in accordance with the procedure established by the law;

List No. 2[[4]](#footnote-4) will be suspended.

The secondary deposit accounts of the legal business entity in national and foreign currency, and the banks servicing the savings and time deposit accounts close these accounts, and the national currency balances in the account are transferred to the main account, and the foreign currency balances are transferred to the account opened in foreign currency.

1. **Actions performed by the liquidator for the voluntary liquidation of a legal business entity**

After the liquidator has made a decision on voluntary liquidation:

1) takes measures to terminate the legal relations related to labor with the employees of the legal business entity in accordance with the procedure established by law;

2) records the assets and liabilities of the legal business entity in accordance with the procedure established by the legislation, including creating a register of executive documents in which the legal business entity participated as a debtor;

3) from the beginning of the year, the registration body prepares calculations for all types of taxes paid by the legal business entity in the period until the date of notification of the voluntary liquidation of the legal business entity;

4) receiving the receivables of the legal business entity, as well as identifying creditors and informing them in writing about the liquidation of the legal business entity, receiving a confirmation (mark of the date of receipt, postal receipt, written or electronic message, etc.) takes measures.

1. **Actions to be taken by authorized bodies after receiving a notice of voluntary liquidation of a legal business entity through the System of the Registration body**

The district (city) department of the Bureau determines in the prescribed manner the existence of an executive document in which the liquidated legal business entity participates as a debtor in the proceedings not later than ten days from the date of receipt of the notice by the registered body. If there is an appropriate enforcement document, the state bailiff completes the enforcement work in accordance with the law and sends the enforcement document to the liquidator for liquidation in the prescribed manner.

The state tax service body at the place of state registration of the legal business entity in liquidation shall, within three working days from the date of notification through the System by the registration body, begin to verify the financial and economic activities of the legal business entity in the manner specified in Chapter 17 of this Code, its term shall be thirty should not exceed a calendar day.

From the date of the last inspection of the legal business entity during the inspection (if the verification of the legal business entity was not carried out after the date of state registration - from the date of state registration), the registration body is informed about the decision to liquidate the legal business entity. Financial activities up to date are covered, but this period should not exceed three years.

that the audit is not completed within the period specified in the [second and third](javascript:scrollText(4485580)) parts of this article, the debt of the legal business entity in terms of taxes and fees shall be determined according to the calculations presented by the liquidator.

At the end of the inspection, in case of violations of the tax legislation, the state tax service body will take measures in accordance with the legislation.

The financial and economic activity of a legal business entity that has not carried out financial and economic activity since the time of state registration and has no tax debt shall not be audited.

1. **Compilation of the interim liquidation balance sheet of the legal business entity**

At the end of the deadline for submission of demands by the creditors, the liquidator prepares a draft of the interim liquidation balance sheet, taking into account the results of the audit conducted by the state tax service body, as well as the register of executive documents.

The interim closing balance is approved by the founders (participants) of the legal business entity.

Within five working days after the approval of the interim liquidation balance sheet, the liquidator shall notify all creditors in writing (electronically) of the recognition or rejection of their claims, as well as the amount of recognized claims.

According to the interim liquidation balance sheet, from the date of its approval, the liquidator must pay the creditors in the following order:

first of all, to meet the demands of citizens arising from legal relations related to labor, to collect alimony and to pay money under authorship contracts, as well as to meet the demands of the legal business entity for the damage caused to the life and health of citizens by making appropriate timely payments;

in the second place - payments to the state budget and targeted state funds;

in the third place - demands of other creditors.

1. **Settlement with creditors by the liquidator**

Creditors' claims secured by collateral (mortgage) are met at the expense of funds received after the sale of the pledged property (subject of collateral) of the legal business entity in the prescribed manner. The balance of these funds will be directed to satisfy the demands of creditors according to the order established in the fourth part of Article 249 of this Code.

If the amount received from the sale of the subject of collateral (mortgage) is not sufficient to fully satisfy the creditors' claims secured by collateral, then the rest of the claims shall be satisfied in the order established in the fourth part of Article 249 of this Code.

In case of insufficient funds for settlement with creditors, the liquidator:

an appraisal organization is involved to determine the market value of the property;

the sale of the property of the legal business entity in public auctions is organized.

The sale of restricted property is carried out in closed auctions with the participation of persons who have the right of owner of the property or the right of the owner of another item in accordance with the law.

Unsold property within two months from the date of sale is proposed to be accepted as property to the creditors in the amount of assessment, following the order established in the fourth part of Article 249 of this Code.

The transfer of pledged property to the pledgee is carried out in accordance with Article 29 of the Law of the Republic of Uzbekistan "On Collateral" and Article [43 of the](https://lex.uz/docs/1063359" \l "1063886) Law "On Mortgage". When transferring property to other creditors, its appraisal value is added to the account of payment of recognized claims, the difference between the appraisal value and the amount of the claim in favor of the legal business entity is paid by the creditor within five working days.

Creditors' demands can be satisfied by the founders (participants) of funds transferred to the bank accounts of the legal business entity that is being liquidated.

If it is determined that it is impossible to satisfy the demands of creditors in full, the liquidator must apply to the economic court with an application to declare the legal entity insolvent (bankruptcy). Voluntary liquidation shall be suspended from the time a legal business entity is recognized as insolvent (bankruptcy), and the subsequent procedure shall be carried out in accordance with the legislation on insolvency.

1. **Compilation of the closing balance sheet of a legal business entity**

Liquidator:

after settlements with creditors are completed, as well as executive documents in which the legal business entity participated as a debtor are actually executed;

after payment of the amount of taxes and fees, financial fines, including sums calculated at the end of inspections;

prepares a draft of the liquidation balance after the assets of the legal business entity are distributed among the founders (participants) who have rights to items or obligations to this legal business entity.

The closing balance is approved by the founders (participants) of the legal business entity and submitted to the state tax service. The liquidator sends a request to the Bureau regarding the existence of unexecuted enforcement documents in which the liquidated legal business entity participated as a debtor.

After receiving the liquidation balance, the state tax service body sends a conclusion about the absence of tax and fee debt to the liquidator and to the registration body through the System within one working day, if the legal business entity has no tax and fee debt.

In the event that a legal business entity participates as a debtor in the Bureau and the unexecuted executive document is not available in its operations, it is obliged to send a notification to the liquidator and to the registration body through the System within three working days about the absence of the relevant unexecuted executive document in its operations.

An appeal to the bank where the main account of the liquidating business entity was opened after receiving a notification from the Bureau about the lack of tax and levy debt of the legal business entity presented by the state tax service body, as well as the absence of the corresponding executive document that has not been executed. does. The bank closes the account belonging to the legal business entity within one working day and issues a certificate to the liquidator about the closure of the main account.

legal business entity are blocked, they are not allowed to be closed. In this case, the liquidator takes measures to pay (refund) the debt according to List no. 2 and cancel the registration.

1. **Submission of documents belonging to the legal business entity to the archive**

Within three working days after the closing of the main account, the liquidator shall submit to the state or non-state archive all the accounting and other documents stipulated by the legislation of the legal business entity.

1. **Completion of liquidation and removal of legal business entity from the Register**

In order to remove the liquidating business entity from the Register, the following shall be submitted to the registration body:

references of service banks on the closure of all accounts of the legal business entity;

seals and stamps of the legal business entity (if any);

certificate of cancellation of securities issued by an authorized body (if any);

a certificate confirming that the documents of the legal business entity have been submitted to the state or non-state archive in the prescribed manner (with the exception of the business entity-legal entities that have not carried out financial and economic activities since the time of state registration).

Within two working days after receiving all the documents specified in the first part of this article, the registration body shall check through the System whether the implementation of Articles 250 and 251 of this Code is ensured and enter into the Register records of the termination of the legal business entity.

If the information provided for in Articles 250 and 251 of this Code is not available in the System, or if the documents provided for in the first part of this Article are not fully submitted, the registration body shall refuse to make entries in the Register.

The decision of the registration body is sent to the liquidator within one working day after its adoption. In case of refusal to register, all documents, seals and stamps (if any) received at the same time shall be returned to the liquidator.

Within three working days after entering the records of the termination of the legal business entity in the Register, the registration body:

informs the state tax service and statistical authorities about the termination of the legal business entity through the System;

takes measures to destroy seals and stamps (if any) of the dissolved legal business entity in the prescribed manner;

submits the original copies of the licenses and permits issued to the legal business entity (if any) to the authorities that issued them;

notifies the bodies that issued the legal business entity with a license, authorization documents and confirmations that the competent authorities have been notified through the "Electronic Government" system interdepartmental integration platform;

notifies the branch of the People's Bank of the Republic of Uzbekistan at the location of the legal business entity about the termination of the legal business entity.

The total period of voluntary liquidation of a legal business entity shall not exceed six months from the date of notification of the registration body about voluntary liquidation.

If the documents specified in the first part of this article are not fully submitted to the registration body before the expiration of the specified period, the voluntary liquidation shall be suspended. The registration body will inform the state tax service and statistical authorities about the suspension of voluntary liquidation through the System within one working day, and the closed bank accounts will be restored.

When the voluntary liquidation is not completed within the period indicated in the sixth part of this article, as well as when the procedure for the voluntary liquidation and the restoration of the legal business entity is suspended, the privileges specified in the fourth paragraph of the first paragraph of the first part of Article 246 of this Code shall not be applied, and all relevant payments shall be calculated for the period of suspension. will be charged in full.

During restrictive measures (quarantine) for the prevention of emergency situations or elimination of their consequences, the prevention of the spread of infectious and parasitic diseases, the period indicated in the sixth part of this article shall be extended by three months based on the decision of the higher management body of the business entity submitted to the registration body.

The remaining property of the legal business entity after the creditors' demands have been satisfied shall be transferred to its founders (participants) who have material rights to this property or binding rights in relation to this legal business entity, unless a special procedure is provided for in the legislation.

1. **Termination of alliances of legal entities**

The decision on the voluntary liquidation of associations of legal entities is made by the higher body authorized to do so in its foundation documents.

Voluntary liquidation of associations of legal entities is carried out in accordance with the general procedure specified in this chapter of the Code, taking into account that they do not carry out financial and economic activities.

## Chapter 22. Removal from the state register of business entities that do not carry out financial and economic activities

1. **Identification of a legal business entity that does not carry out financial and economic activities**

The following are the grounds for transferring the activities of legal business entities that are not carrying out financial and economic activities to inactive status:

funds have not been deposited into bank accounts for financial and economic activities for nine months;

failure to submit tax returns for nine months.

In the event that the legal business entity does not receive funds for financial and economic activities within nine months, commercial banks shall provide information in the form approved by the Cabinet of Ministers of the Republic of Uzbekistan to the state tax service body in the place where it is registered within three working days.

The state tax service body notifies the following offices and organizations through the System about legal business entities in accordance with the requirements of the first part of this article within three working days after receiving information from commercial banks and (or) the deadline for submitting reports:

the registration body and the state statistical bodies at the place of registration;

Bureau;

the body that carries out the state registration of rights to real estate;

bodies that register motor vehicles, agricultural machinery and other equipment to be registered;

Central Depository of Securities;

Ministry of Finance of the Republic of Uzbekistan.

The third part of this article is in the [third- sixth paragraphs](javascript:scrollText(4485738)) the specified offices and organizations shall submit the information available in their databases about the legal business entity through the System within five working days from the date of receipt of the relevant notification.

The state tax service body for the legal entities specified in the first part of this article:

1) the following:

that the legal business entity did not actually carry out financial and economic activities;

existence of property;

presence at the legal and operating address;

analysis of all debts of the legal business entity (file number 2);

the existence of debts in terms of taxes and fees;

2) takes measures to determine the residence of founders (participants) and involve them in the liquidation process;

3) offers the founders (participants) of the legal business entity, which is not carrying out financial and economic activities, to voluntarily liquidate the legal business entity. In the event that the legal business entity has not entered into voluntary liquidation within ten working days, the founders (participants) of the legal business entity have refused to carry out voluntary liquidation, as well as in the event that it is not possible to identify the indicated persons, the measures provided for in Article 256 of this Code shall be implemented;

4) takes measures to submit the legal business entity's seal, stamps (if any), state registration certificate, as well as trademark registration certificate, if any, to the body that registered the legal business entity;

5) on the basis of the collected and available information, the activity of the legal business entity will be subject to a tax audit.

1. **Transferring legal business entities that do not carry out financial and economic activities to inactive status**

When the legal business entity's tax debts are not determined, there is no property, and it is not possible to involve the founders (participants) of the legal business entity, their representatives and the head in the process of liquidation, the state tax service bodies shall notify the registration body through the system within ten working days. submits a submission on the transfer of the legal business entity to a state of inactivity.

The registration body will: within three working days:

based on the presentation of the state tax service authorities, the legal business entity is put into inactive status, and makes a corresponding entry in the state register and the System;

places an announcement on its official website about the transition of the legal business entity to a dormant state;

sends a notification to the founders (participants) of the legal business entity about the transition of the legal business entity to inactive status in the System.

Commercial banks close the accounts of legal business entities that have been transferred to a dormant state and transfer funds to dormant deposit accounts in one working day.

Funds received by the business entity-legal entities transferred to a dormant state are transferred to their dormant deposit accounts. Claims placed on the accounts of these business entities are debited from dormant deposit accounts in accordance with the procedure established by .

As a result of the analyzes and studies carried out by the state tax service bodies, in the event that tax and levy debts are determined, measures will be taken to collect them in accordance with the procedure established by law.

Proceedings on legal business entities whose debts on taxes and fees have been collected shall be continued on the basis of the first part of this article.

Collection of receivables and payables of a legal business entity is carried out by interested parties in accordance with the law.

legal business entity is transferred to a state of inactivity, the state tax service authorities will stop accepting tax reports.

A business entity transferred to a dormant state - legal entity activity registration body in the following cases:

in the event that the founder(s), legal representatives or successors of the legal business entity apply to the registration body to continue the activity of the legal business entity within three years - based on the decision of the founder(s), legal representative or successors;

the legal business entity is recognized as a claimant or defendant in court or enforcement proceedings, or an insolvency case is initiated against it.

In this case, the legal business entity is not considered to be newly established, an appropriate entry is made in the Register and the System about the resumption of its activity.

The body (official) recognizing the inactive legal business entity as a defendant or claimant must notify the registration body about this within three working days.

1. **Removal from the Register of legal business entities that do not carry out financial and economic activities**

The registration body:

in the event that the activity of the legal business entity transferred to a dormant state is not restored, within three working days it shall make a decision to remove it from the state register and make an appropriate entry in the state register;

cancels the seal, stamps (if any) of the legal business entity, as well as the trademark registration certificate, if any. If it is not possible to find them, information about the cancellation will be published on the website of the registration body within three working days.

After entering the liquidation in the register, the liquidation of the legal business entity is completed, and the legal business entity is deemed to cease to exist.

The funds in the bank accounts of the deregistered legal business entity are collected by commercial banks within five working days in the single accounts of the legal business entity in national and foreign currency and transferred by the commercial bank belonging to the local budget of the district (city) where the account is opened.

After the inactive legal business entity is removed from the state register, its overpaid tax amounts are considered as income of local budgets.

# **SECTION VI. MAIN DIRECTIONS AND TYPES OF STATE SUPPORT OF ENTREPRENEURSHIP**

## Chapter 23. State support of entrepreneurship

### **Part 1. General rules**

1. **The main directions of state support for entrepreneurship**

State support for entrepreneurship is carried out in the following main directions:

support of small and medium-sized enterprises;

support of entrepreneurship in the field of agriculture;

support of innovative activities;

support to participants of special economic zones;

support of investment activities;

export and tourism support;

supporting women and youth entrepreneurship.

State support of entrepreneurship can be implemented in other directions in cases specified by the legislation of the Republic of Uzbekistan.

1. **The main types of state support of entrepreneurship**

State support for entrepreneurship includes the following main types:

1) financial and material support;

2) infrastructure provision;

3) institutional support consisting in the creation and development of financial institutions for the support and development of entrepreneurship, research institutes for the study of problems in the field of entrepreneurship and the development of proposals;

4) information supply consisting of information-analytical, educational-methodical, scientific-methodical supply of entrepreneurship.

State support of entrepreneurship can be implemented in other types specified in the legislation of the Republic of Uzbekistan.

### **Part 2. Financial and material support of entrepreneurship**

1. **Types of financial and material support**

Financial and material support of entrepreneurship is carried out through:

purchase of goods in a guaranteed volume;

issuing budget loans and credit lines;

providing state subsidies;

financing of socially significant projects in the field of economy on the basis of grants;

providing guarantees for business initiatives, covering interest expenses on loans from commercial banks in the form of compensation.

1. **Purchase of goods in guaranteed volume**

The state supports entrepreneurship in the form of guaranteed purchase of products based on scientific achievements and advanced technologies. In this case, products based on scientific achievements and advanced technologies must be protected by the authorized state body in the field of intellectual property protection in the prescribed manner.

The volume and price of guaranteed purchase of products based on scientific achievements and advanced technologies are determined by the agreement of the parties based on the contract.

Government purchases related to the guaranteed purchase of products based on scientific achievements and advanced technologies are carried out without going through the procurement procedures provided for by the Law of the Republic of Uzbekistan "On State Procurement".

Formation and approval of the list of guaranteed goods (work, services) is carried out by the Ministry of Innovative Development of the Republic of Uzbekistan based on the proposals of the Academy of Sciences of the Republic of Uzbekistan, ministries, agencies and other interested organizations.

Guaranteed purchase of products based on scientific achievements and advanced technologies should not be against the interests of the Republic of Uzbekistan.

1. **Budget loans and credit lines**

Entrepreneurship can be supported by the government by allocating budget loans and opening credit lines.

Budget loans and credits can be provided from the funds of the republican budget of the Republic of Uzbekistan and other sources in accordance with the law.

Issuance of budget loans and credits is based on terms of term, return, purpose of use and other conditions determined by law and contract.

Budget loans and credit lines are introduced to resident legal business entities based on the decisions of the President of the Republic of Uzbekistan and the Cabinet of Ministers of the Republic of Uzbekistan.

Budget loans to resident legal business entities are granted directly by the Ministry of Finance of the Republic of Uzbekistan or other competent state bodies authorized by the Cabinet of Ministers of the Republic of Uzbekistan.

Credit lines are opened by the Ministry of Finance of the Republic of Uzbekistan to resident legal business entities through commercial banks serving them, as well as directly to commercial banks.

The Ministry of Finance of the Republic of Uzbekistan in the event that a budget loan or credit line, including interest, allocated to resident legal business entities is not repaid on time in the terms and amounts specified in the agreement on granting a budget loan or opening a credit line:

collects the debt from the debtor in an unconditional manner;

charges a penalty of 0.033% of the overdue amount for each day of delay.

In this case, the calculated penalty cannot be more than half of the overdue debt.

1. **State subsidies for business support**

State subsidies to support business entities can be introduced for the following purposes:

1) to support the production and processing of agricultural products, including support for animal husbandry;

2) support of domestic exporting enterprises;

3) development of tourism;

4) connection to engineering and communication networks;

5) mitigating the consequences of natural and man-made events, as well as the consequences of introducing restrictive measures (quarantine) to prevent the spread of infectious and parasitic diseases;

6) education and health care support;

7) introduction of incentive mechanisms to reduce the hidden economy;

8) Other areas defined by the decisions of the President of the Republic of Uzbekistan.

1. **Introduction of state subsidies to support entrepreneurship**

State subsidies to support entrepreneurship are introduced by the President of the Republic of Uzbekistan within the framework of principles established in Article 265 of this Code.

Procedures related to the allocation of state subsidies to support entrepreneurship are determined by the Cabinet of Ministers of the Republic of Uzbekistan.

1. **The main principles of the introduction and implementation of state subsidies to support entrepreneurship**

The introduction and implementation of state subsidies aimed at supporting entrepreneurship are based on the principles of introduction of subsidies in areas where there is a need for subsidies, high efficiency of subsidies, openness of information about allocated subsidies, targeted use of subsidies, introduction of subsidies and non-restriction of competition, and "single window" principle.

Before and after the introduction of state subsidies, the regulatory impact of relevant regulatory legal documents should be assessed. According to the results of the regulatory impact assessment, the question of stopping or continuing the allocation of the relevant state subsidy will be decided.

Information about state subsidies allocated by the competent state bodies (amount, date, purpose, business entity to which the subsidy was allocated) should be permanently posted on their official website.

State subsidies allocated for entrepreneurship should be used for the purposes specified for their allocation. In the event that state subsidies are used in directions other than the specified purposes, the part of the subsidies used for no purpose must be returned to the state by the business entity.

The introduction of state subsidies for entrepreneurship should not be allowed to negatively affect the environment of healthy competition with other business entities, directly affecting the prices of manufactured goods, finance and digital market.

Applications for state subsidies are accepted on the basis of the "single window" principle through the Unified interactive state services portal of the Republic of Uzbekistan or state service centers, and in cases where it is required to receive various other documents issued by other state bodies or organizations to the authorized state body for the allocation of subsidies, this authorized body is indicated requests and receives documents independently without the participation of the business entity.

1. **Financing of business projects through state grants**

Projects of social entrepreneurship activities, projects on the formation of socially significant national state programs and production and non-production infrastructure,State grants in the form of funds and material resources can be provided to business entities in order to support innovative and innovative ideas.

State grants can be provided from the funds of the republican budget and other sources in accordance with the law.

The procedure and conditions for allocation of state grants are determined by the Cabinet of Ministers of the Republic of Uzbekistan.

1. **Guarantees for entrepreneurship, compensation for loans of commercial banks**

Support of business initiatives in the form of guarantees, compensation for commercial banks' loans is carried out by the State Fund for Support of Entrepreneurship under the Ministry of Economic Development and Poverty Reduction (hereinafter referred to as the Fund in this paragraph).

Guaranty is the responsibility of the business entity to fulfill its obligations to the commercial bank, assigning the responsibility to the Fund by concluding a guarantee agreement.

Reimbursement of a part of the interest expenses on loans of commercial banks and leases of leasing organizations from the funds of the Fund is compensation.

Compensation and guaranteeing by the fund to small business entities is applied only for loans and leases of commercial banks in national currency.

The fund provides compensation and guarantees for new loans to small and medium-sized enterprises.

Compensation for guarantees and loans by the Fund is not provided for the following purposes:

repayment of previously received loans or any other debt;

production of alcoholic and tobacco products;

organization and implementation of trade (excluding export financing), public catering, and car fueling stations;

formation of the resource base of non-bank credit organizations and leasing companies;

organization of gambling and other games based on risk, as well as purchase of equipment for these purposes.

In the decisions of the President of the Republic of Uzbekistan, guarantees and compensation may be provided for the exceptions provided for in the fourth part of this article.

A person who previously received financial assistance from the Fund has the right to apply again for guarantee and (or) compensation to the Fund in the following cases:

when the loan debt for which the contract is valid is fully repaid according to the current guarantee contract;

when the loan debt for which the contract was valid is fully repaid under the current compensation contract;

when the agreement on the provision of guarantee and compensation is terminated by agreement of the parties or declared invalid.

Compensation for guarantees and loans by the Fund is carried out in accordance with the procedure established by the Cabinet of Ministers of the Republic of Uzbekistan.

1. **Types of guarantees**

In order to support business initiatives, the Fund provides guarantees for:

1) up to 50 percent of the loan amount (including 50 percent), but not more than 100 times of the base calculation amount, for the implementation of entrepreneurial initiatives of the population in need of social protection on commercial bank loans;

2) providing a guarantee in the amount of up to 50 percent (including 50 percent) of the loan amount for loans from commercial banks, but not more than 30 000 times the base calculation amount for loans from commercial banks;

3) up to 75 percent of the loan amount, which does not exceed 38 000 times the base calculation amount, given to business entities with a positive credit history, regardless of the number of projects for loans to replenish working capital.

Decisions of the President of the Republic of Uzbekistan may provide for other types of guarantees not provided for in the first part of this article to business entities.

1. **Types of compensation**

In order to support business initiatives, the Fund provides compensation to cover interest costs on the following loans from commercial banks:

1) for loans in national currency, the amount of which does not exceed 41,000 times the base calculation amount, and the interest rate does not exceed 1.5 times the main rate of the Central Bank of the Republic of Uzbekistan - the part that exceeds the main rate, but does not exceed 5 percentage points;

2) for loans in foreign currency whose equivalent does not exceed 41,000 times the amount of the base calculation - up to 30 percent of the interest rate set by commercial banks, but not more than 3 percentage points for loans of commercial banks;

3) for construction of greenhouses, creation of intensive gardens and construction of refrigerators in the amount of 50 percent of the interest rate set in foreign currency loans allocated from credit lines of international financial institutions until September 5, 2017;

4) Loans in the national currency of the Republic of Uzbekistan with an interest rate not exceeding 41 000 times the base calculation amount and 1.5 times the basic rate of the Central Bank of the Republic of Uzbekistan, when at least 50 percent of the jobs created on the basis of the recommendation of the Ministry of Employment and Labor Relations of the Republic of Uzbekistan are employed by the population in need of social protection. on the part exceeding the main rate of the Central Bank;

5) the interest rate on loans allocated in national currency to finance the costs of purchasing seeds and seedlings of agricultural enterprises, clusters and cooperatives that grow certified seeds of vegetables, pulses, legumes and oilseeds, as well as fruit tree and vine seedlings, but higher than the base rate of the Central Bank of the Republic of Uzbekistan Not more than 10 percentage points, as well as up to 30 percent of the interest rate on loans in foreign currency, but not more than 3 percentage points.

The types of compensation provided for in paragraphs 1 and 2 of the first part of this article are provided to small business entities.

Decisions of the President of the Republic of Uzbekistan may provide for other types of compensation not provided for in the first part of this article to business entities.

1. **Business support funds**

In order to support and encourage entrepreneurship, funds can be established in accordance with the procedure established by the legislation of the Republic of Uzbekistan.

1. **Business incubator**

A business incubator is a small and medium-sized business support infrastructure established in the form of a legal entity to support entrepreneurs at the initial stage of their activity. logistics, etc.), as well as services for the organization of consulting, training sessions and seminars for the development of entrepreneurship.

Business incubators can be organized by:

Ministry of Innovative Development of the Republic of Uzbekistan;

educational institutions;

local investors;

a private partner under the terms of a public-private partnership.

Business incubators use the tax and customs benefits provided by the legislation of the Republic of Uzbekistan.

Tasks of a business incubator:

selection of small and medium-sized business entities for placement in a business incubator;

providing training, marketing, consulting and other organizational and management services to small and medium-sized enterprises.

In business incubators, objects and property are given to small and medium-sized enterprises under the conditions specified in the contract concluded between them in accordance with legislation, for a period not exceeding five years.

### **Part 3. Infrastructural support of business entities**

1. **Types of infrastructural support for business entities**

Infrastructural support of entrepreneurship is the provision of general conditions for the establishment and development of entrepreneurship, including assistance and support to the organization of entrepreneurship, providing information in the field of law, marketing, engineering and management, providing material, technical, financial and other resources on a commercial basis. means a complex or existing complex of organizations created to assist in

Entrepreneurship support infrastructure includes entrepreneurship support centers, business incubators, small industrial zones and innovative infrastructure elements.

1. **Entrepreneurship assistance centers**

Entrepreneurship assistance centers are established by the Chamber of Commerce and Industry of the Republic of Uzbekistan.

Entrepreneurship assistance centers are established to perform the following tasks:

comprehensive support of business entities by creating the necessary conditions and providing the opportunity to use all types of services of state bodies and market infrastructure entities and business services in one place;

assisting business entities in connecting to engineering and communication networks, providing information, using state services (registration, obtaining permits, licensing documents and other documents);

development of business plans, as well as preparation of necessary documents for use of leasing, insurance and evaluation services;

assistance in the use of financial, commodity and natural resources, engineering and communication networks, technological machines and equipment, production facilities, as well as land acquisition;

providing advice in the field of taxation, hiring of employees, submission of statistics, finance, tax reports and other reports, banking services, rent and/or acquisition of buildings and rooms, including the purchase of state-owned objects;

assistance in the introduction of international standards and certification system, establishment of cooperative relations, including establishment with partners in foreign trade, as well as implementation of foreign economic activities;

organizing bilateral and multilateral negotiations with state and economic management bodies, local state authorities, and market infrastructure entities on issues related to the organization and implementation of business activities for business entities.

1. **Small industrial zones**

A small industrial zone is a clearly defined part of the territory of a settlement or an inter-settlement area intended for the implementation of production activities. This area is given a certain status by legislative documents, and production areas with service infrastructure are located within its territory.

A small industrial zone is based on non-working production areas and non-agricultural plots of land that have external engineering communications and infrastructures that provide the need for electricity, natural gas, water supply, sewage, transport communications and other types of services or that are easy to transfer. is organized.

Placement of legal business entities in the small industrial zone is carried out by the administrative council of the small industrial zone by selecting investment projects on the basis of free space, buildings and structures.

The production area of the small industrial zone is provided for use on the basis of a long-term lease. Privatization of buildings and structures located in the territory of the small industrial zone is carried out in accordance with the law.

The procedure for the organization and operation of small industrial zones, as well as the selection and placement of business entities in their territories on the basis of a competition, is determined by the Cabinet of Ministers of the Republic of Uzbekistan.

### **Part 4. Information support for entrepreneurship, consisting of information-analytical, educational-methodical, scientific-methodical support**

1. **Providing business with information**

Providing business with information is carried out in order to increase the professional level of business entities, which allows them to produce competitive goods (work, services).

Information support is provided on the basis of:

organization of educational seminars and scientific-practical conferences on entrepreneurship development;

organization of foreign internships;

provision of training manuals, business practices, information on the market of new technologies;

organization of information and clarification work, development of consulting, leasing, insurance and other services system among business entities;

facilitating the transfer of advanced foreign technologies;

assisting business entities in training, retraining and improving their qualifications.

Providing business entities with information is carried out at the expense of the state budget of the Republic of Uzbekistan and other sources not prohibited by the legislation of the Republic of Uzbekistan.

1. **Guarantees and freedom of obtaining information of the business entity**

The right of business entities to seek, receive, research, transfer and distribute information is protected by the state.

The business entity has the right to apply for information directly or through its authorized representatives.

A request for information can be expressed verbally, in writing, including electronically through an information system.

In the written request, the name of the business entity (name of the representative, patronymic, surname), address, name or nature of the requested information shall be specified.

e-mail address of the business entity may be indicated in the written request. The indication of the electronic address in the written request is the consent of the business entity to receive an answer to the request in electronic form through the information system.

Written requests, including requests sent in the form of an electronic document, must be registered.

The request must be answered as soon as possible, unless otherwise provided by law, no later than fifteen days from the date of receipt of the request.

A verbal request must be answered immediately, if possible.

If the requested body or official does not have the requested information, it must inform the business entity about this no later than seven days from the date of receipt of the request, and also, depending on the possibility, inform him of the name of the body or official who has such information.

When the request of the business entity is not answered within the specified terms and the persons who are guilty of violation of the right to receive information are held accountable in accordance with the law.

1. **Ensuring that the business entity receives information**

State bodies, self-government bodies of citizens, state unitary enterprises, institutions, organizations and officials are obliged to create an opportunity to get acquainted with the legal documents, as well as documents, decisions and other materials related to the business entity. Access to information is provided through the publication and distribution of legislative documents and related materials.

Information related to business entities is provided free of charge upon their request.

For providing other information, a fee may be charged in accordance with the agreement of the parties or in accordance with the procedure established by legislation.

State bodies, self-government bodies of citizens, state unitary enterprises, institutions, organizations and officials may not provide information that is a state secret or other secret protected by law.

1. **State support for training personnel for business activities**

The state ensures the development of the system of training, retraining and upgrading of the personnel of business entities.

Organizations that train, retrain and improve the skills of personnel of business entities in rural areas enjoy benefits in accordance with the procedure established by legislation.

### **Part 5. Support of women and youth entrepreneurship**

1. **The concept of women's entrepreneurship**

Business activities that meet one of the following criteria are recognized as women's entrepreneurship:

1) if a woman (women) is fully responsible for the management of the business entity;

2) women make up at least one third of the management bodies of the business entity;

3) if the share of a woman (women) in the charter fund (authorized capital) of the business entity is fifty percent or more.

1. **The concept of youth entrepreneurship**

Entrepreneurship that meets one of the following criteria is recognized as youth entrepreneurship:

1) if young people are fully responsible for the management of the business entity;

2) if at least one third of the management bodies of the business entity are young people;

3) if the share of youth (young people) in the charter fund (authorized capital) of the business entity is fifty percent or more.

1. **State programs to support women and youth entrepreneurship**

The state adopts state programs to support women and youth entrepreneurship.

State programs aimed at supporting women and youth entrepreneurship can be implemented in the following directions:

determining the minimum range that must be provided in a guaranteed way to women and youth entrepreneurship when providing loans within the programs;

determining the minimum range of guaranteed participation of women and youth entrepreneurs in public procurement as participants in procurement procedures;

determining the minimum framework for guaranteed use of financial and material support by the state for women and youth entrepreneurs;

taking temporary special measures to support women in the field of entrepreneurship.

State programs may be implemented in directions not provided for in the second part of this article.

### **Part 6. The role of state bodies in supporting business activities**

1. **Powers of state administration bodies in the field of business support**

State administration bodies within their powers:

participate in the development of state programs for the development of entrepreneurship;

examine the existing problems in the spheres regulating entrepreneurship and makes proposals for the improvement of regulatory legal documents aimed at strengthening the legal guarantees of entrepreneurship;

ensure protection of rights and legal interests of business entities;

business entities are assisted in using financial, material, technical and informational resources;

business entities are assisted in the realization of their goods (work, services) in foreign and domestic markets, including by actively involving business entities in the process of state procurement and establishing specialized organizations for the transfer of their products;

carry out clarification work among business entities of the regulatory legal documents adopted in the regulatory field, provides methodological assistance in their compliance;

help business entities in training, retraining and improving their qualifications.

State administration bodies may exercise other powers in the field of business support in accordance with legislation.

1. **Powers of local state authorities in the field of business support**

Local government bodies within their powers:

develops and implements regional programs of entrepreneurship development together with the public;

defines additional guarantees and measures to protect the activities of business entities;

in order to create favorable conditions for entrepreneurship, it envisages measures for the construction and repair of engineering and communication networks within the annual local budget parameters at the expense of local budget funds.

The local budget, which does not provide for the expenses for the activities specified in the fifth paragraph of the first part of this article, is not allowed to be approved by the relevant Councils of People's Deputies.

Local state authorities may exercise other powers in the field of business support in accordance with legislation.

## Chapter 24. Small and medium entrepreneurship support

1. **Types of state support for small and medium enterprises**

State support of small and medium entrepreneurship is carried out in accordance with the types of state support of entrepreneurship specified in Article 259 of this Code, including:

creating a system for attracting and using investments, including foreign investments, to support and develop small and medium-sized enterprises;

assistance in foreign trade activities of small and medium enterprises;

adoption of programs to support small and medium-sized enterprises, including state programs encouraging the transition from small to medium-sized enterprises;

introduction of a simplified procedure for financial and tax reporting;

advising small and medium-sized business entities on participation in public procurement;

adoption of state programs to reduce the tax burden, encouraging the transition from a small business entity to a medium and large business entity;

organization of personnel training, retraining and professional development.

1. **Privileges for small and medium-sized enterprises on the consumption of energy resources**

The established incentives for producers of agricultural goods on the consumption of energy resources are applied to small and medium-sized business entities located in rural areas and carrying out activities there.

1. **Research and development organizations**

Small and medium-sized business entities, having established a legal entity, can organize scientific research and development structures specializing in the implementation of measures for the adoption of new products and technologies, conducting the necessary experimental and test work, the production of experimental batches of products and the implementation of measures for the launch of serial production.

Research and development structures can be established by large business entities as well.

1. **Material support of small and medium business entities**

Unused state-owned objects may be leased to the production and service sector of small and medium-sized enterprises, except for trade and brokerage activities, based on the established procedure.

Control of the fulfillment of the terms of the lease agreement by small and medium-sized business entities is carried out by the relevant state bodies authorized to dispose of republican and municipal property.

1. **State programs on reducing the tax burden when transitioning from small to medium-sized enterprises**

The state can support the transfer of small business entities to medium-sized business entities by implementing mechanisms that encourage them, including state programs to reduce their tax burden.

The main directions of the state programs for reducing the tax burden are as follows:

annual average number of employees;

volume of non-cash money circulation;

payment of taxes and fees, compliance with tax legislation.

State programs on the application of decreasing rates of social tax, value-added tax, profit tax and levies in the directions provided for in the second part of this article may be implemented by the decisions of the President of the Republic of Uzbekistan.

1. **State programs on limiting inspections in the transition from small to medium-sized enterprises**

For two years after the transition of small business entities to medium-sized business entities, it is not allowed to audit their financial activities, with the exception of audits conducted within the framework of a criminal case and in connection with the liquidation of a legal entity.

1. **Unified register of benefits and preferences for business entities**

The list of benefits and preferences stipulated by the law for small, medium and large business entities is published in the single register of benefits and preferences for Business entities on the Single portal and is constantly updated.

The procedure for forming and constantly updating the single register of benefits and preferences for business entities is determined by the Cabinet of Ministers of the Republic of Uzbekistan.

State bodies, their officials are obliged to explain the procedure for the application of privileges and preferences given in the legislation within the scope of their powers, as well as to ensure their application.

## Chapter 25. State support for social entrepreneurship

1. **The main types of state support for social entrepreneurship**

Social entrepreneurship is supported by the following types, in addition to the main types of state support for entrepreneurship provided for in Article 259 of this Code:

giving benefits and preferences;

placement of the state social order.

State support of social enterprises shall be applied from the date of entry of the business entity into the register of social enterprises and shall be canceled from the date of removal from the register of social enterprises.

State support for social entrepreneurship is applied to business entities that have changed their main type of activity to the production of goods, performance of work and provision of services aimed at combating emergency situations and eliminating their consequences will be canceled from the first day of the following month.

1. **Benefits and preferences for social enterprises**

The following benefits and preferences are granted to social enterprises:

providing tax and customs benefits. In this case, the procedure for granting tax benefits is determined by the Tax Code of the Republic of Uzbekistan;

realization of state real estate objects or property rights to them on a preferential basis in accordance with the procedure established by law;

lease state real estate objects on a preferential basis in accordance with the procedure established by law;

realization of social goods and provision of social services under direct contracts to state customers;

simplified financial and tax reporting;

free advertising of social goods and social services of social enterprises in the amount of not less than five percent of the total annual volume of airtime, publication or advertising space allocated for advertising by advertisers whose activities are fully or partially financed from the State budget of the Republic of Uzbekistan.

The privileges and preferences provided for in the third and fourth paragraphs of the first part of this article, which are used to support the activities of social enterprises, are granted by the laws of the Republic of Uzbekistan, decrees and decisions of the President of the Republic of Uzbekistan, and decisions of the Cabinet of Ministers of the Republic of Uzbekistan.

If the business entities included in the register of social enterprises did not reinvest at least two-thirds of the profits received in the previous fiscal year into the activities of the social enterprise or social projects in the next fiscal year, the amounts of tax and customs benefits granted will be returned, from which the main activity of combating emergency situations and with the exception of business entities that have changed to produce goods, perform work and provide services aimed at eliminating their consequences. The fact that at least two-thirds of the received profit is directed for the purposes specified in this part shall be determined according to the tax reports of the social enterprise.

1. **Subsidizing the costs of social projects**

The President of the Republic of Uzbekistan or the Cabinet of Ministers of the Republic of Uzbekistan may determine budget subsidies for financing social projects. Subsidization is carried out on a non-refundable basis from the funds of the State budget of the Republic of Uzbekistan.

Subsidization is carried out on the basis of the following criteria:

size of social entrepreneurship activity and social project;

conditions of the area where social entrepreneurship activities and social projects are implemented;

expected socio-economic benefits and creation of new jobs.

The amount of budget subsidies is determined within the framework of programs approved by the Cabinet of Ministers of the Republic of Uzbekistan.

Social enterprises to which budget subsidies are allocated are determined by the authorized state body by conducting competitions for the financing of social projects.

The procedure for holding contests for financing social projects is determined by the Cabinet of Ministers of the Republic of Uzbekistan.

1. **State social procurement**

The state social order for social enterprises consists of a state order aimed at the realization of social goods and provision of social services by concluding a contract between a state body and a social enterprise for the implementation of social projects.

State administration bodies and state organizations can issue a state social order to social enterprises at the expense of extra-budgetary funds for the implementation of social projects.

1. **Financial support of social entrepreneurship by the state**

Financial support of social entrepreneurship, except for the main types of state support for entrepreneurship defined in Article 259 of this Code, at the expense of the State budget and state special purpose funds of the Republic of Uzbekistan:

later, resources are placed in commercial banks to provide loans for the implementation of social projects;

Subsidies are provided for employment of socially needy sections of the population in excess of the minimum amount specified in the second paragraph of the first part of Article 109 of this Code.

1. **Training, retraining and improving the skills of employees of social enterprises**

The state:

organizes education and training of founders (participants) and employees of social enterprises on the basis of educational organizations;

organizes training of founders (participants) and employees of social enterprises in business management, business planning, management, financial management basics and other necessary subjects;

helps to select and train personnel for social enterprises, increase their qualifications;

based on the need for qualified personnel in certain regions and business sectors, formulates a state order for the training of specialists in professional and higher education organizations.

Subsidies to social enterprises and grants to educational organizations are provided from the funds of the State Fund for Employment Assistance of the Republic of Uzbekistan to finance the costs of education and retraining of socially needy segments of the population.

## Chapter 26. State support of business entities in the field of agriculture

1. **State support of business entities in the field of agriculture**

State support of agricultural business entities is carried out in the following forms:

development and implementation of programs aimed at increasing the investment attractiveness of agriculture;

supporting financing by subsidizing agricultural production costs, providing compensations and preferential loans;

implementation of state intervention purchases of agricultural products;

ensuring the organic integration of education, science and production in the field of agriculture;

provision of information-marketing services;

assistance and encouragement in the formation of cooperative relations;

introduction of a food safety assessment system based on internationally recognized methodologies and best practices;

development of network programs to intensify the production of socially important products;

creating opportunities to use the roads, electricity, water supply and reclamation facilities necessary for production activities in the prescribed manner;

when business entities are established in an area without production and socio-economically important objects, to provide this area with infrastructure objects and to support their connection to engineering and communication networks;

leasing unused non-residential premises for the purpose of organizing production and production of goods (performance of works, provision of services);

assistance in training, retraining and upgrading the skills of employees of business entities;

provision of services through the state agrotechnical service system, as well as technical services in connection with the supply of various seeds and seedlings of agricultural crops, organic and mineral fertilizers, means of protection of agricultural plants from pests, diseases and weeds;

in farmers' markets where the state has a share, for the sale of agricultural products produced on farms in accordance with the established procedure, to allocate special stalls in farmers' markets and sales places in shopping centers, as well as to create conditions for the organization of mobile trade in settlements;

assistance in buying purebred livestock and poultry, as well as mixed fodder;

creating necessary conditions for providing veterinary services to livestock;

application of tax and customs benefits.

Other forms of state support for agricultural business entities may be provided for in legislative documents.

1. **Financial facilitation by subsidizing agricultural production costs, providing compensations and providing preferential loans**

Subsidizing the costs of agricultural production, providing compensations, and providing financing assistance through the allocation of preferential loans are carried out for the following purposes:

support for the cultivation of agricultural products;

encourage the introduction of resource-efficient technologies;

support for agricultural mechanization;

promotion of export of agricultural products;

support breeding livestock and fish;

cover the cost of energy consumed by irrigation systems.

Subsidizing agricultural production costs, providing compensations, and providing preferential loans can be used for other purposes as well.

1. **Implementation of state intervention purchases of agricultural products**

In order to ensure the stability of prices of agricultural products in the domestic market, some types of agricultural products are purchased at free prices on the basis of futures, forward contracts or through stock exchanges.

1. **Provision of information-marketing services**

Provision of information and marketing services by authorized state bodies, through their official information resources and other means, informs producers of agricultural goods, as well as entities processing agricultural products, about the demand and supply of agricultural products in the domestic and foreign markets, the benefits provided by the state in agriculture, is carried out by providing recommendations and other information related to the cultivation of agricultural products.

## Chapter 27. Support of innovative activities of entrepreneurs

### **Part 1. General rules**

1. **The purpose and tasks of state support for the innovative activities of entrepreneurs**

The purpose of state support for the innovative activities of entrepreneurs is to increase the competitiveness of the national economy by encouraging the development of the priority directions of the economy set by the Government.

The tasks of state support for the innovative activities of entrepreneurs are as follows:

creating favorable conditions for the development of the priority directions of the economy;

creating favorable conditions for the development of new competitive industries;

effective introduction of innovations by entrepreneurs and support of high-tech productions;

increase the investment attractiveness and export potential of innovative activity entities;

to help the subjects of innovative activity in increasing their export potential;

development of scientific-research bases in the priority sectors of the economy and its integration with the production process;

providing support to the subjects of innovative activity in increasing labor productivity and developing regional innovation clusters.

1. **state support and encouragement of innovative activities of entrepreneurs**

State support and encouragement of the innovative activities of entrepreneurs is carried out in order to create the necessary legal, economic and organizational conditions for the entities carrying out innovative activities, to finance innovative projects and new developments.

The state supports innovative activities of entrepreneurs in the following ways:

1) adoption and implementation of strategies for the development of innovative activities of entrepreneurs;

2) improvement of the regulatory legal framework in the field of innovative activities of entrepreneurs;

3) giving tax, customs benefits and preferences to business entities engaged in innovative activities;

4) execution of the state order related to the creation of entrepreneurs' innovations at the expense of the funds of the State budget of the Republic of Uzbekistan and other sources not prohibited by law;

5) creating conditions for attracting the funds of business entities to finance the innovative activities of entrepreneurs;

6) organization of public procurement of products and advanced technologies based on scientific achievements in a guaranteed manner;

7) to support the training, retraining and upgrading of personnel in the field of innovative activities of entrepreneurs.

1. **Formation of the state order on creation of innovations**

Forming and approval of the state order on the creation of innovations is carried out by the authorized state body based on the proposals of the Academy of Sciences of the Republic of Uzbekistan, ministries, agencies and other interested organizations.

The following are the main criteria for the selection of innovative projects implemented within the framework of the state order on the creation of innovations:

ensuring the development of new national products and technologies aimed at replacing imports and export-oriented or improving quality, reducing the cost of existing products and technologies that are ready for introduction, including the creation of new jobs and using local raw materials;

implementation of experimental design works related to the construction, preparation and testing of experimental samples, technologies, equipment, materials, objects and other scientific developments for the purpose of their practical use in the future;

completing the preparation of product samples or prototypes based on scientific achievements, high technology and (or) preparing the production of products based on scientific achievements and (or) providing services (medical, financial, informational and other services) to the relevant branch of the economy, social sphere, their pilot testing for introduction into the banking and financial sector, etc.

The maximum period of implementation of innovative projects within the framework of the state order on the creation of innovations cannot exceed two years.

In the event that innovative activities are financed from the State budget of the Republic of Uzbekistan within the framework of the state order on the creation of innovations, their results will belong to the state.

1. **Assistance in training, retraining and upgrading of personnel in the field of innovative activity**

To develop and implement measures to train, retrain and improve the qualifications of personnel in the field of innovative activity of state entrepreneurship:

formation of state orders for the training of personnel in the field of innovative activities of entrepreneurs;

development of state requirements and standards for training and retraining of personnel in the field of innovative activity of entrepreneurs;

support the activities of non-governmental educational organizations, vocational training centers that carry out training, retraining and improvement of their qualifications in the field of innovative activities of entrepreneurs;

promotion of science and technology achievements;

supports the technical creativity of young people and guides them to the profession.

The state provides financial support to the activities of state educational organizations specializing in the training of personnel in the field of innovative entrepreneurship.

### **Part 2. Innovative infrastructure**

1. **Subjects of innovative infrastructure**

Subjects of innovative infrastructure include:

innovative technological park;

technology transfer center;

investment fund;

innovation cluster;

venture organization;

mutual fund;

innovation center.

Other entities may be subjects of innovation infrastructure.

1. **Innovative technological park**

On behalf of the Directorate of Innovative Technological Park, an innovative technological park (hereinafter referred to as an innovative technological park) is a legal entity that owns, on the basis of property rights or on other legal grounds, an area with a single material and technical complex that creates favorable conditions for the implementation of innovative activities.

A resident of an innovative technology park is a legal entity or individual who implements an innovative project in the territory of an innovative technology park.

The main directions of activity of the innovative technology park are as follows:

to help ensure the integration of science, education and production;

to support the development of innovative entrepreneurship;

providing material-technical, organizational-methodical, financial, informational, consulting services and other services to innovative activity subjects;

assistance in the management of innovative projects;

conducting pilot-industrial tests of new developments and assisting in providing legal protection to intellectual property objects;

attraction of local and foreign investors and business entities interested in the organization of high-tech and innovative productions;

assistance in the implementation of foreign economic activities in order to promote innovations in the foreign market;

ensuring organic and practical cooperation between subjects of innovative activity.

The main task of the innovative technology park is to support its residents in the following ways:

assisting in the organization of new or improved production facilities for market realization, as well as the adoption of new or improved technologies;

rental of movable and immovable property, including rooms for various functional purposes, on the basis of a contract;

performing works related to the preparation of experimental samples and conducting their tests and other experimental construction works;

providing services for product certification and registration, including legal protection of intellectual property objects;

promotion of innovative products, technologies by organizing their participation in exhibitions, conferences and other events;

provision of other services (execution of work) related to the scientific, scientific-technical and innovative activities of the innovative technology park.

The rent of laboratory equipment, production, office rooms and other rooms, and the funds received from the residents for the services rendered will remain at the disposal of the innovative technology park in full.

The period of operation of the innovative technological park is thirty years, and this period can be extended later.

The status of a resident of the innovation technology park is granted for a period of ten years based on a selection process.

The relations of the innovative technology park with the residents are established on the basis of agreements on the implementation of innovative activities concluded between them.

Tax, customs benefits and preferences may be set for the innovative technology park and its residents in accordance with the legislation.

Establishment, reorganization, suspension and termination of the innovative technology park shall be carried out in accordance with the procedure established by this Code.

The activity of the innovative technology park is coordinated by the Ministry of Innovative Development of the Republic of Uzbekistan.

1. **Technology transfer center**

Technology transfer center is a legal entity established to ensure technology transfer and commercialization of innovative developments.

The main activities of the Technology Transfer Center are as follows:

conducting market research to determine the organizational and technical possibilities of promoting new developments;

providing engineering consulting and project (engineering) services;

provision of services for preparation of business plans;

investment attraction;

dissemination of information related to technology transfer.

The establishment, reorganization, suspension and termination of the Technology Transfer Center shall be carried out in accordance with the procedure established by this Code.

1. **Investment fund**

Investment funds are legal entities that issue shares in order to attract investors' funds and invest them in investment assets in accordance with the requirements established by the Law of the Republic of Uzbekistan "On Investments and Mutual Funds".

1. **Innovation cluster**

An innovation cluster is formed as a collection of innovative activity subjects, consumers of innovative activity results, participating in the creation of innovations in the relevant area, without establishing a legal entity, and the main goal of these subjects, consumers is to provide a share in the innovative activity through effective cooperation, joint use of resources, and the exchange of knowledge and skills, as well as the transfer of technologies. will be to encourage activity.

The main directions of activity of the innovation cluster are as follows:

unification of the potential of subjects of innovative activity in the field of science, education and production to create certain innovations, as well as to satisfy market needs;

formation of orders for training and retraining of personnel related to the activity of innovation clusters, including the creation of innovations;

support the establishment of new industries and enterprises specializing in the production of new or improved developments;

joint promotion of the results of innovative activities in the market.

Based on the needs of the economy, the innovative cluster is established based on the mutual interest of the subjects of innovative activity and is terminated by their decision in accordance with the procedure established by the legislation.

1. **Venture organizations, funds, companies**

Specialized financial institutions, both organized as a legal entity and not organized as a legal entity, whose main type of activity consists in financing the implementation of risky innovative projects, are venture organizations, funds, companies (hereinafter referred to as venture organizations).

Legal and natural persons, including foreign legal and natural persons, can be founders of venture organizations.

Venture organizations:

to participate in the charter fund (charter capital) of newly established legal entities on the basis of a share (contribution);

has the right to give its funds for the implementation of new developments without collateral, warranty or guarantee.

Establishment, reorganization, suspension and liquidation of venture organizations shall be carried out according to the decision of the founders in accordance with the procedure established by this Code.

1. **Mutual fund**

A mutual fund is a sum of funds given to trust management by two or more persons - the investors themselves - for the purpose of carrying out investment activities.

1. **Innovation center**

The innovation center is established as a legal entity in order to carry out a full range of activities in the field of innovative activity, from the creation of new ideas to the commercialization of new developments.

The main activities of the innovation center are as follows:

forming a base of new ideas and developments;

taking measures to improve and strengthen new ideas (acceleration);

helping to provide material and technical conditions for implementation of new ideas and developments to innovations;

training on innovative management;

financing of innovative projects and assistance in their implementation;

conducting marketing research;

development of recommendations for orientation and adaptation of new developments to market requirements;

development of cooperation between subjects of innovative activity;

providing advertising and exhibition services for popularizing new ideas, developments and technologies.

Creation, reorganization, suspension and termination of the Innovation Center shall be carried out in accordance with the procedure established by this Code.

1. **Risks of non-implementation (failure) of innovative activities, methods of risk evaluation and reduction**

The risks of non-implementation of innovative activity are the possibility of failure to achieve the goal of innovative activity, including the failure of the innovative project.

The risks of failure of innovative activities can be political, organizational, financial, market, commercial, industrial, investment and environmental.

The risks of non-implementation of innovative activity can be identified and assessed by the subjects of innovative activity independently or by other persons in accordance with the contracts.

Assessment of the risks of non-implementation of innovative activities is carried out in order to reduce or prevent possible losses, including to make an informed decision about the feasibility of financing an innovative project.

The following methods can be used to reduce the risks of failure of innovative activities:

distribution of the risks of non-implementation of innovative activity between subjects of innovative activity and the state;

redistribution of resources between other innovative projects;

use of insurance mechanisms to compensate for the risks of non-implementation of innovative activities.

The loss of profit is not taken into account when assessing the risks of innovative activities.

Subjects of innovative activity have the right to assess the risks of non-implementation of innovative activity based on the specific technical or economic characteristics of the innovative project and the implementation of the project.

1. **Priorities and methods of technology transfer**

The priority areas of technology transfer are:

production of a new or improved product of high quality and competitive compared to a similar product produced using existing technologies;

production of new types of products based on new developments and technologies;

introduction of technologies that save energy and resources compared to similar technologies.

The main methods of technology transfer are:

obtaining technologies on a free basis;

introduction of technologies through the establishment of joint ventures;

introduction of technologies based on license agreements;

issuance of technological documents;

full purchase of technologies.

Technology transfer can also be carried out through other methods provided by law.

1. **Technology transfer mechanisms**

Technology transfer:

analysis and evaluation of technical specifications, feasibility studies, guidelines and other documents;

organization of trainings involving the experts of the party carrying out technology transfer;

acquisition of technical knowledge necessary for construction of structures and installation of equipment and their use;

it is carried out using mechanisms that support the introduction of technologies.

Technology transfer can also be done using other mechanisms.

1. **Restrictions on technology transfer**

The transfer of the following technologies to the Republic of Uzbekistan is not allowed:

containing unprotected (that is, spreading into the natural environment) toxic substances or non-recyclable, ecologically hazardous waste;

containing radioactive substances above the specified limit;

designed to create products that have a negative impact on public health;

based on the use of equipment and products intended for the creation and promotion of products that have a negative impact on national values, traditions and social behavior.

1. **Conclusion and registration of a contract for technology transfer**

Transfer of technologies is carried out on the basis of a contract drawn up in accordance with the law.

The existence of the right to intellectual property and the benefit from it is the main condition for concluding a contract for the transfer of technologies.

Contracts for the transfer of technologies purchased at the expense of the State budget of the Republic of Uzbekistan are registered by the authorized state body.

1. **Commercialization of new developments**

Commercialization of new developments is the process of introducing new developments into civil circulation using various types of contracts that regulate the relations of innovative activity subjects for the purpose of profit.

Commercialization of new developments:

realization of goods (work, service) created using new developments or using them for one's own needs;

establishment of commercial organizations whose founder or one of the founders is an organization (affiliated organization) that has included an object of intellectual property or technology as a share in the charter fund;

the transfer of property rights to intellectual property objects to third parties and the granting of the right to use these objects by concluding license agreements based on royalties, including their provision on the condition of subsequent commercialization by the recipient of these rights.

The amount of the share (contribution) of the owner of the right to the object of intellectual property in the charter fund (authorized capital) of the organization is determined by mutual agreement of the founders.

Commercialization of new developments that are of strategic importance for the state or contain information that is classified as state secrets is carried out in accordance with the laws on the protection of state secrets.

## Chapter 28. Support for investment activities

### **Part 1. General rules**

1. **Relations in the field of investment activity**

This chapter regulates investments made by entities of investment activity and relations in the field of investment activity.

The application of this chapter shall not apply to relationships involving centralized investments.

Special laws regulate the conclusion, execution and termination of agreements related to product distribution, regulation of investment, share and venture funds, capital market, including operations related to securities, special economic zones.

Norms of this Code shall be applied in cases where certain relations of the sphere of investment activity are not regulated by special laws.

In case of any inconsistency between the provisions of this chapter and other legal documents of the Republic of Uzbekistan or international agreements, the provisions that are most convenient for investors shall have priority.

1. **Basic concepts**

The following key concepts are used in this chapter:

**investment project** - a set of interrelated activities aimed at making or attracting investments for economic, social and other benefits;

**investment obligation** - the obligation accepted by the investor to achieve the set goals;

**investment policy** - a set of interrelated activities aimed at ensuring the necessary level and structure of investments in the economy of the Republic of Uzbekistan and its specific sectors, increasing the investment activity of investment activity subjects, aimed at finding investment sources and determining the priority sectors of their use;

**investment activity** - a set of actions of the subjects of investment activity related to the implementation of investments;

**participant of investment** activity - subject of investment activity that ensures the implementation of investments as an executor of orders or on the basis of an investor's order;

**investment agreement** - a written agreement concluded between the subjects of investment activity, defining the rights, obligations and responsibilities of the parties to the investment agreement;

**investments** - tangible and intangible assets and rights to them, including rights to intellectual property objects, as well as reinvestments, which are included in the objects of the social sphere, entrepreneurship, scientific and other types of activities on the basis of risks, in order to obtain profit or achieve socially useful results, which are the following may include:

funds, including cash (including foreign currency), target bank deposits, shares, shares, shares, bonds, promissory notes and other securities;

movable and immovable property (buildings, structures, equipment, machines and other material assets);

intellectual property rights, including technical, technological, commercial and other knowledge formalized in the form of technical documents, skills and production experience, patented or unpatented (know-how), necessary for the organization of one or another type of production, as well as other valuables not prohibited by the legislation of the Republic of Uzbekistan;

**investor** - a subject of investment activity that invests its own funds and (or) debt funds or other investment resources involved in investment activity objects in order to obtain profit or achieve socially useful results;

**reinvestments** - any income received from investments, included in the objects of business activities and other types of activities, including profits, interest, dividends, royalties, license and brokerage fees, technical assistance, payments for technical services and other types of fees;

**foreign direct investments** - investments of a foreign investor without government guarantees, at the expense of own funds or debt funds under risky conditions;

**foreign investments** - tangible and intangible assets and rights to them, including rights to intellectual property objects, as well as reinvestments, invested by a foreign investor in objects of the social sphere, entrepreneurship, scientific and other types of activities;

**foreign investors** - foreign countries, administrative or territorial bodies of foreign countries, international organizations established in accordance with agreements or other agreements between countries or subject to international public law, legal entities established and operating in accordance with the legislation of foreign countries, any other companies, organizations or associations, citizens of foreign countries and stateless persons permanently living outside the Republic of Uzbekistan;

**Enterprises with participation of foreign investments in the territory of the Republic of Uzbekistan** - enterprises in which foreign investments make up at least fifteen percent of their shares (shares, shares) or charter fund (authorized capital).

### **Part 2. Investments, objects and subjects of investment activity**

1. **Types of investments according to the intended object**

Investments are divided into capital, financial and social types according to the intended object.

Capital investments include investments in the creation and reproduction of fixed assets, including new construction, modernization, reconstruction, technical re-equipment, as well as development of other forms of material production.

Investments in shares, corporate, infrastructural and government bonds, as well as other types of securities are included in the list of financial investments.

Investments in the development of human potential, skills and production experience, as well as in the development of other forms of intangible assets, are included in the social investments.

1. **Forms of making investments**

The forms of investment are as follows:

establishment of legal entities or participation in their charter funds (authorized capitals) in a shared manner, including by purchasing property and shares (shares);

Acquisition of securities issued by residents of the Republic of Uzbekistan, including debt obligations;

obtaining concessions, including obtaining concessions on the search, development, extraction or use of natural resources, as well as participation in agreements on product distribution;

property rights, including property rights to intellectual property objects, copyrights, patents, trademarks, utility models, industrial designs, company names and know-how, business reputation (goodwill), as well as property rights to objects of trade and services. acquisition together with the land plots located;

obtaining ownership and lease rights to land plots and the right to own and use other natural resources.

Investors can make investments in other ways that are not against the law.

Investment activities can be carried out by combining different forms of investment.

Changing the primary or recurring forms of investments does not change their investment status.

1. **Objects of investment activity**

Objects of social sphere, entrepreneurship, scientific and other activities not prohibited by law are objects of investment activity.

It is prohibited to invest in objects whose construction and use do not meet the requirements of sanitary-hygiene, radiation, ecology, architectural-urban planning and other requirements, which violate the rights, freedoms and interests protected by law of legal entities and individuals.

1. **Subjects of investment activity**

Citizens, individual entrepreneurs and legal entities - residents of the Republic of Uzbekistan, state administration bodies and local government bodies, foreign countries, administrative or territorial bodies of foreign countries, international organizations and foreign legal entities and citizens, as well as stateless persons are the subjects of investment activity.

1. **Rights of the investment activity participant**

Participant of investment activity:

to be a participant in stock exchanges, contests and tenders, electronic stores and auctions;

to conclude contracts with investors on the execution of their orders;

has the right to engage other persons to fulfill his obligations to the investor, unless otherwise specified in the contract.

1. **Obligations of the investment activity participant**

Participant of investment activity:

comply with the norms, rules and standards established by the legislation, including the requirements of the legislation on competition, on fighting corruption, on investments and investment activities, on labor, on urban planning and on environmental protection;

timely and proper fulfillment of the terms of the contract;

compensation for losses caused to the investor due to non-fulfillment or improper fulfillment of the terms of the contract;

must fulfill the requirements of state administration bodies and local state authorities within their powers.

1. **Price formation in investment activities**

In the course of investment activities, the value of goods (work, services) is determined according to the contractual prices, except for the prices fixed by law.

The prices of goods (work, services) that are the object of investment can be formed at the stock exchange, competition, auctions and other organized sales.

The prices of realizable state assets formed at the stock exchange, competition, auctions and other organized sales are recognized as market prices, regardless of the balance sheet and assessed value of these assets.

### **Part 3. State guarantees of the rights of investment activity subjects and protection of investments**

1. **Guarantees of the rights of investment activity subjects**

The state guarantees non-discrimination against investors based on their citizenship, place of residence, place of economic activity, as well as the country of origin of investors or investments.

1. **Guarantees of free transfer of funds**

Investors are guaranteed free transfer of funds in foreign currency to and from the Republic of Uzbekistan, including exchange for repatriation, provided that they pay taxes, fees and other payments provided for by law (hereinafter referred to as taxes and fees). Such transfers include:

initial and additional amounts for maintaining or increasing foreign investments;

income from investments;

funds received as compensation for damages in accordance with this Code;

payments made in order to fulfill the terms of contracts;

proceeds from the full or partial sale of foreign investments;

fees incurred as a result of dispute resolution, including any court or arbitration award;

wages and other payments of employees;

funds received from other sources in accordance with legislation.

In accordance with the laws of the Republic of Uzbekistan and international agreements, the state may repatriate the funds of a foreign investor in cases where the enterprise with foreign investments is insolvent (bankrupt) or the rights of creditors have been violated, criminal acts or administrative offenses have been committed by the foreign investor who is an individual, or in accordance with a court or arbitration decision. may suspend such repatriation in accordance with the conditions of non-discriminatory application of legislation in case of other necessity to suspend such repatriation.

1. **Guarantees of return of foreign investments in connection with termination of investment activities**

A foreign investor has the right to terminate investment activities in the Republic of Uzbekistan.

After completing the investment activity, the foreign investor has the right to freely repatriate his/her assets obtained as a result of the investment activity in cash or in kind without prejudice to the foreign investor's obligations towards the Republic of Uzbekistan or other creditors.

1. **Guarantees against unfavorable changes in legislation for the investor**

If the implementation of the legislation would harm the investor or investment, the said legislation will not have retroactive effect.

If the subsequent legislation of the Republic of Uzbekistan worsens the conditions for investment, the legislation in force at the date of investment shall apply to foreign investors within ten years from the time of investment. The investor has the right to apply new legal provisions that improve his investment conditions at his own discretion.

In the event that subsequent legislation of the Republic of Uzbekistan worsens investment conditions, the guarantee of applying the legislation in force at the time of investment for ten years shall be applied in the following cases:

when additional requirements are introduced that complicate the repatriation procedure or reduce the amount of the investor's income (profit) transferred abroad, the repatriation of the investor's funds is criminalized by the foreign investor who is a natural person whose enterprise with foreign investments is insolvent (bankruptcy) or the rights of creditors are violated. with the exception of suspension based on the conditions of non-discriminatory application of legislative acts in cases of acts or administrative violations or when there is another need to suspend such repatriation in accordance with a court or arbitration decision;

when quantitative restrictions on investment volumes and other additional requirements on the amount of investments are introduced, including additional requirements in the form of increasing the minimum amount of foreign investments in enterprises with foreign investments;

when restrictions on the foreign investor's participation in the charter funds (authorized capital) of enterprises of the Republic of Uzbekistan are introduced;

when additional procedures for issuing and extending visas of foreign investors are introduced, as well as other additional requirements for making foreign investments.

Guarantees against unfavorable changes for the investor begin to apply in the following cases:

when the enterprise is established - from the date of its state registration;

ownership and use of property, shares, shares and other securities issued by residents of the Republic of Uzbekistan, trade and service facilities, residences and land plots on which they are located, as well as ownership and use of land based on the right of ownership and lease, and ownership of natural resources and in obtaining the right to use them - taking into account the date of entry into force of the document confirming the property right or other material right;

when entering intellectual property rights, including copyrights, patents, trademarks, utility models, industrial designs, company names and know-how, as well as business reputation (goodwill) - from the date of entry into force of the document confirming the inclusion of intellectual property rights;

in obtaining concessions, including concessions related to the search, development, extraction or use of natural resources - from the date of registration of the concession agreement in accordance with the law;

In the investment agreement concluded with the Government of the Republic of Uzbekistan, while simultaneously strengthening investment obligations - from the date of entry into force of the agreement;

When investing in other forms that do not contradict the legislation of the Republic of Uzbekistan - from the date of entry into force of the document confirming that the investor is carrying out investment activities in the territory of the Republic of Uzbekistan.

This article does not apply to the adoption, amendment, addition or cancellation of legislative acts directly related to the protection of the interests of the national security of the Republic of Uzbekistan determined in accordance with the generally recognized principles of international law.

1. **Investment protection**

The state guarantees the protection of investments in accordance with the legislation of the Republic of Uzbekistan and international agreements.

Investments and other assets of investors are not nationalized.

Investments and other assets of investors shall not be requisitioned (expropriated), except in cases of natural disasters, accidents, epidemics, epizootics and other cases of extraordinary nature.

The decision on requisitioning and expropriation of investments is made by the Cabinet of Ministers of the Republic of Uzbekistan if the following requirements for requisitioning or expropriation are observed:

if investors are limited to the minimum amount of investments or other assets necessary to solve the tasks arising from the situations specified in the third part of this article;

provided on a non-discriminatory basis;

if it is carried out along with the payment of monand compensation for the damage caused. The state acts as a guarantor of timely implementation of these compensation payments.

The investor has the right to dispute in court and arbitration, in particular, regarding the following:

legality of the purpose used to carry out the requisition (expropriation);

amount of requisition (expropriation);

assessment of requisitioned (expropriated) investments and other assets;

the adequacy of the compensation payable;

procedure followed by state administration bodies and local state authorities during requisition (expropriation).

Insurance of investors' investments and risks is carried out on a voluntary basis.

1. **Additional guarantees and measures to protect investments**

Additional guarantees and measures for the protection of investments may include the provision of guarantees by the Government of the Republic of Uzbekistan, assistance in financing investment projects, the creation of a special tax and payment regime, state monitoring of the implementation of investment projects, and other measures based on the investment agreements concluded with the Government of the Republic of Uzbekistan.

### **Part 4. Regulation of investment activities by the state**

1. **Authorized state body in the field of state regulation of investments and investment activities**

The Ministry of Investments and Foreign Trade of the Republic of Uzbekistan is an authorized state body in the field of state regulation of investments and investment activities.

The main powers of the authorized state body in the field of state regulation of investments and investment activities are as follows:

advising potential investors on legal, economic and other issues of their activity and providing them with the necessary support and assistance in solving the issues that arise;

implementation of the unified state investment policy and coordination of activities of state bodies and organizations in the field of regulation of investment activity;

mutually agreeing on cooperation directions and projects with foreign competent bodies of the state administration bodies of the Republic of Uzbekistan, local state authorities and economic administration bodies, foreign government financial organizations and international financial institutions, as well as companies and potential foreign investors on investment cooperation issues providing communications;

ensuring permanent two-way communication with investors, assisting regions and local legal entities in attracting investments, organizing the development of investment proposals;

Representing the interests of the Republic of Uzbekistan and participating in the work of international investment communities;

development and introduction of proposals for the further improvement of the regulatory legal framework in the field of investment attraction, development of the investment environment and improvement of investment activities in the territory of the Republic of Uzbekistan.

1. **Powers of state bodies to control the activities of investors**

Control over compliance with the legal requirements on investments and investment activity by investors and enterprises participating in investments is carried out by state bodies authorized by the Government of the Republic of Uzbekistan within their powers.

In the implementation of control functions, the state body must ensure the preservation of commercial secrets.

### **Part 5. State support of investments and investment activities**

1. **Purposes and methods of state support of investments and investment activities**

State support for investments and investment activities, creating a favorable investment environment, encouraging investments in the organization of new competitive and innovative, export-oriented and (or) import-substituting productions, expanding existing productions using modern technologies and introducing modern management experience and is carried out for the purpose of updating.

State support for investments and investment activities is carried out in the following ways:

application of benefits and preferences;

allocation of centralized investments for joint financing of the investment project;

financial, advisory and informational support.

1. **Helping investors and enterprises with investments in interaction with government bodies**

The authorized state body in the field of state regulation of investments and investment activities organizes the work on the principle of "single window" in order to help investors in mutual cooperation with other state bodies.

The authorized state body in the field of state regulation of investments and investment activities and its regional divisions ensure the provision of public services in order to organize work according to the "Single Window" principle, including through the relevant State Service Centers.

Organization of work according to the principle of "Single Window" also includes:

receiving and advising on existing public service issues;

assistance in preparation and formalization of documents necessary for obtaining public services;

assistance in issuing an electronic digital signature, electronic application and other documents;

accompanying the investor in public administration bodies and local government bodies in obtaining public services.

The authorized state body in the field of state regulation of investments and investment activities assists the reception offices of the Prime Minister of the Republic of Uzbekistan for considering the applications of entrepreneurs in solving problems related to the attraction of foreign investments and local investments and the implementation of projects with their participation.

1. **Advice and informational support**

State administration bodies and local state authorities, including diplomatic missions and consular institutions of the Republic of Uzbekistan abroad, representative offices of the Republic of Uzbekistan at international financial institutions, provide advice and information assistance to investors on issues related to their powers in order to solve problems and issues.

1. **Powers of the representative under the President of the Republic of Uzbekistan for the protection of the rights and legal interests of business entities in the field of investment activities**

The representative for the protection of the rights and legal interests of business entities under the President of the Republic of Uzbekistan (hereinafter referred to as the representative for the protection of the rights of entrepreneurs) in the field of investment activities:

Considers the appeals of investors and enterprises participating in investments on issues that arise during the implementation of investment activities in the Republic of Uzbekistan and makes recommendations for solving them, including making recommendations in cooperation with state administration bodies and local state authorities in this matter;

assist investors in resolving issues out of court and before court in an orderly manner;

develops proposals for improving the legislation on investments and investment activities and submits them to the President of the Republic of Uzbekistan;

explains to the investor the issues related to his rights and legal interests, including the forms and methods of their protection;

analyzes the results of investors' appeals and hearings of state administration bodies and local government bodies;

analyzes the legislation and identifies norms that violate the rights of investors or make it difficult to conduct business activities, and as a result, develops recommendations to restore the violated rights and freedoms of investors and protect their legal interests;

submits recommendations aimed at restoring the violated rights, freedoms and legal interests of investors to the relevant state management body.

The state administration body and local government body that received the recommendations shall submit a written response to the representative for the protection of the rights of entrepreneurs on the results of consideration of the recommendations.

If necessary, the representative for the protection of the rights of entrepreneurs requests from the state administration bodies and local government bodies, regardless of the form of ownership, enterprises, institutions and organizations, the information necessary to consider the applications of investors and enterprises participating in investments, from which state secrets or by law except for information constituting another protected secret.

### **Part 6. Privilege and preferences for state support of investments and investment activities**

1. **Provision of privilege and preferences for state support of investments and investment activities**

Privileges and preferences used to support investments and investment activities by the state may include:

transfer state-owned objects or property rights to them to an investor on a preferential basis;

providing tax and payment benefits;

subsidizing interest rates on loans taken by the investor for the implementation of the investment project.

Privileges and preferences are granted based on:

the amount of investments;

the conditions of the place where the investment project will be implemented;

to the expected socio-economic effect and creation of new jobs;

to areas and sectors of investment project implementation.

Tax and fee concessions are granted in accordance with the law.

The preferences used for state support of the investments and investment activities provided for in the first part of this article shall be granted by the respective decisions of the Council of Ministers of the Republic of Karakalpakstan, governors of the regions and the city of Tashkent, including the funds of the budget of the Republic of Karakalpakstan, local budgets of the regions and the city of Tashkent in relation to municipal objects. possible

Privileges and preferences are given to investors who intend to make investments in the respective area based on the level of development of the infrastructure of the area.

According to the list established by attracting foreign direct investments and specialized in the production of goods (providing services) in the economic sectors, specific features of the application of special tax incentives are provided in accordance with the procedure established by the Tax Code of the Republic of Uzbekistan.

1. **Investment tax credit**

In order to support investors, they can be given an investment tax credit, and this credit is a form of changing the period for fulfilling the tax obligation, in which the tax payments, the amount of the loan and the accrued interest, which must be paid by the investor who is a taxpayer, are paid by this investor within the specified period, and later in accordance with the Tax Code of the Republic of Uzbekistan it is possible to reduce it by paying in stages.

1. **Investment subsidy**

In order to ensure the necessary engineering and communication conditions, as well as to provide benefits, the Government of the Republic of Uzbekistan may provide investment subsidies in the form of investment preferences for the implementation of investment projects.

The investment subsidy in the form of necessary engineering and communication conditions to the investor is provided by the Republic of Uzbekistan through the construction of external engineering and communication networks leading to the object of investment activity.

Investment subsidies can also be given as tax and customs incentives.

The authorized state body in the field of state regulation of investments and investment activities, together with the Ministry of Finance of the Republic of Uzbekistan, will consider the investor's application for investment subsidies in the procedures and terms established by the Law of the Republic of Uzbekistan "On Applications of Natural and Legal Entities" and submit an offer to the Government of the Republic of Uzbekistan.

### **Part 7. Decentralized investments**

1. **Sources of decentralized investments**

Sources of decentralized investments include:

personal funds of the investor;

Bank loans obtained without the guarantee of the Republic of Uzbekistan, including from foreign banks;

foreign direct investment.

Decentralized investments can also be made from other sources that are not against the law.

Decentralized investment management is carried out independently by the investor.

1. **Decentralized investment decision-making**

The decision to make decentralized investments is made by the investor, a commercial bank, including a foreign bank.

1. **Expert evaluation of investment projects**

Investment projects financed by decentralized investments should be subject to state expertise on the part related to the fulfillment of sanitary-hygienic, radiation, ecological, architectural-urban planning requirements and other requirements.

### **Part 8. Investment agreement with the Government of the Republic of Uzbekistan**

1. **The procedure for concluding an investment agreement with the Government of the Republic of Uzbekistan**

The Government of the Republic of Uzbekistan may conclude an investment agreement with additional guarantees and support measures (privileges and preferences) by mutual agreement in order to ensure the fulfillment of obligations by foreign investors.

If the Government of the Republic of Uzbekistan provides additional guarantees and support measures (privileges and preferences) to a foreign investor within the framework of state support for investments and investment activities, an investment contract with the Government of the Republic of Uzbekistan shall be concluded in a mandatory manner.

Additional guarantees and support measures (concessions and preferences) are provided to foreign investors in case of investment in:

to the priority sectors that ensure stable economic growth, advanced technological changes in the country's economy;

Priority projects that ensure the strengthening and expansion of the export potential of the Republic of Uzbekistan, its integration into world economic relations.

In this case, additional benefits for paying taxes and fees are granted to foreign-invested enterprises established by foreign investors only for a specific period of time, and these benefits cannot be indefinite.

This article provides additional guarantees and support by the Government of the Republic of Uzbekistan within the framework of state support for investments and investment activities established between the investor on the one hand and the subjects of investment activities on the other hand, including state administration bodies and local government authorities, in order to ensure the fulfillment of obligations regarding investment projects. - does not in any way limit the validity of investment agreements that do not require the provision of support measures (privileges and preferences).

1. **Parties to the investment agreement concluded with the Government of the Republic of Uzbekistan**

The parties to the investment agreement concluded with the Government of the Republic of Uzbekistan are the foreign investor and the Government of the Republic of Uzbekistan through the authorized state body in the field of state regulation of investments and investment activities.

1. **Conditions of the investment agreement concluded with the Government of the Republic of Uzbekistan**

The investment agreement concluded with the Government of the Republic of Uzbekistan should include the following:

object and volume of investments, project start and completion dates;

validity period and terms of the investment agreement;

condition to fight against corruption and monopoly;

the rights and obligations of a foreign investor, including investment, volume of product production, localization, product quality, volume of export of goods (work, services), as well as the norms, rules and standards set by the law, including those on competition, on fighting corruption, rights and obligations to comply with the requirements of the legislation on investments and investment activities, on labor, on urban planning and on environmental protection;

obligations of the foreign investor to supply modern equipment and technologies in accordance with international standards, as well as modern requirements for energy efficiency and environmental norms;

Rights and obligations of the Government of the Republic of Uzbekistan, including additional guarantees and support measures (privileges and preferences) to those specified in the legislation on investments and investment activities;

information on project financing sources, implementation schedules, technical control procedure over the progress of investment project implementation;

procedures and deadlines for submission of reports on the progress of the fulfillment of obligations by the foreign investor;

liability of the parties for non-fulfillment of the terms of the investment agreement, including compensation for damages caused to the foreign investor as a result of illegal actions (inaction) of the officials of state bodies, as well as when the foreign investor does not comply with his obligations or does not adequately comply with his obligations in accordance with the investment agreement by the Republic of Uzbekistan the right to unilaterally refuse execution;

procedure for making changes;

termination procedure;

the procedure, place and dispute resolution body for the resolution of disputes related to the provisions of the investment agreement between the parties to the investment agreement.

The investment agreement with the Government of the Republic of Uzbekistan may contain other conditions, including the following conditions, depending on the specific characteristics of the investment project:

mutual obligations of the parties to develop the production and social infrastructure of the region;

the right of the foreign investor to take out of the Republic of Uzbekistan the products produced by him as a result of the fulfillment of the terms of the contract and the profit (income) he owns;

obligations of the foreign investor to hire and train workers from among the citizens of the Republic of Uzbekistan, terms of use of technologies, as well as obligations to train employees of the organization established after the completion of the investment project.

In the investment agreement concluded with the Government of the Republic of Uzbekistan, it is forbidden to give the foreign investor absolute rules and rights that would put him in a dominant position in the market.

1. **Initiative to submit proposals for concluding an investment agreement with the Government of the Republic of Uzbekistan**

The initiative to make an offer to conclude an investment agreement with the Government of the Republic of Uzbekistan is carried out by a foreign investor independently or together with state and economic management bodies, local executive authorities or business entities.

In order to conclude an investment agreement with the Government of the Republic of Uzbekistan, a foreign investor, independently or together with the relevant initiators of the project, submits the following to the authorized state body in the field of state regulation of investments and investment activities or to the organization in the field of attracting foreign investments under its jurisdiction:

an application containing information on the conclusion of an investment contract and the purpose of making investments in the object of investment activity, as well as the existing experience in the implementation of investment projects (if any);

draft investment contract;

a project of a business plan executed on the basis of a technical-economic justification (technical-economic calculation) that has been examined by the authorized bodies in the cases specified by the legislation.

An authorized state body in the field of state regulation of investments and investment activities or an organization in the field of attracting foreign investments under its jurisdiction shall carry out a legal examination of the draft investment contract, financial and economic evaluation of the investment project, to foreign investors and (or) the enterprise being established with the participation of investments as specified in the legislation. in addition, it receives the conclusions of the state administration bodies regarding the provision of guarantees and support measures (privileges and preferences) in order to submit them to the Government of the Republic of Uzbekistan for consideration.

According to the results of the positive conclusion of the Government of the Republic of Uzbekistan, the investment contract is concluded in writing between the foreign investor and the Government of the Republic of Uzbekistan through the authorized state body in the field of state regulation of investments and investment activities.

The investment agreement signed with the Government of the Republic of Uzbekistan shall enter into force from the date of the decision of the President of the Republic of Uzbekistan or the Government of the Republic of Uzbekistan on approval of this agreement, unless otherwise provided for in this decision.

Monitoring and control of the implementation of investment contracts concluded with the Government of the Republic of Uzbekistan is carried out by the authorized state body in the field of state regulation of investments and investment activities.

1. **Conditions for cancellation of the investment agreement concluded with the Government of the Republic of Uzbekistan**

The validity of additional guarantees and support measures (privileges and preferences) within the framework of state support of investments and investment activities shall be canceled after the expiration of the investment agreement concluded with the Government of the Republic of Uzbekistan, or may be canceled before the expiration of such period in accordance with the procedure specified in this article.

The validity of the investment agreement concluded with the Government of the Republic of Uzbekistan may be terminated prematurely in the following cases:

by mutual agreement of the parties;

unilaterally.

In case of non-fulfilment or improper fulfillment of the obligations under the investment agreement concluded with the Government of the Republic of Uzbekistan by the foreign investor, the authorized state body in the field of state regulation of investments and investment activities may suspend the investment project for the foreign investor to make changes to the investment agreement concluded with the Government of the Republic of Uzbekistan and ( or) sends a written notification about the need to provide documents justifying the possibility of its implementation from now on.

If the documents justifying the possibility of suspending the investment project and (or) its further implementation have not been submitted by the foreign investor within three months from the date of receipt of the written notification, the authorized state body in the field of state regulation of investments and investment activities has been established with the Government of the Republic of Uzbekistan makes a submission to the Government of the Republic of Uzbekistan on the premature termination of the validity of the investment agreement and, after receiving the conclusion of the Government of the Republic of Uzbekistan, sends a written notification to the foreign investor that the investment agreement concluded with the Government of the Republic of Uzbekistan has been unilaterally terminated before the validity period.

In the event of cancellation of the investment agreement concluded with the Government of the Republic of Uzbekistan, the foreign investor shall not pay taxes and pays the sums of the fees.

In the event that the investment agreement concluded with the Government of the Republic of Uzbekistan is unilaterally canceled at the initiative of the foreign investor who concluded the investment agreement with the Government of the Republic of Uzbekistan, the addendum issued to the investment agreement concluded with the Government of the Republic of Uzbekistan within the framework of state support for the investments and investment activities of this foreign investor pays the amounts of unpaid taxes and fees to the budget due to guarantees and support measures (privileges and preferences).

If the investment contract concluded with the Government of the Republic of Uzbekistan is canceled before the deadline by the agreement of the parties, the execution of the obligations shall be determined by their mutual agreement.

1. **Obligations of the state regarding foreign investments**

The state is only responsible for the obligations assumed in the relevant contracts concluded with foreign investors and signed by persons whose powers are approved in accordance with the law.

The state is not responsible for the obligations of residents of the Republic of Uzbekistan attracting foreign investments, except for the cases where these obligations are guaranteed by the state.

It is prohibited to establish additional requirements and restrictions related to the activities of foreign investors and enterprises with participation of foreign investments by state administration bodies, local state authorities, law enforcement and regulatory bodies, and banks.

### **Part 9. Legal regime of foreign investments**

1. **Legal regime for foreign investors and their investments in the territory of the Republic of Uzbekistan**

Foreign investors and foreign investments are accorded a fair and equal treatment, and shall be fully and permanently protected and secured. Such a regime cannot be more unfavorable than the regime established in the international treaties of the Republic of Uzbekistan.

The legal regime for foreign investments cannot be more unfavorable than the corresponding regime for investments made by legal entities and individuals of the Republic of Uzbekistan.

The legislation of the Republic of Uzbekistan in accordance with the international treaties of the Republic of Uzbekistan, the generally recognized principles and norms of international law, in order to include foreign investments in the specified areas of the economy and the protection of the health of the population, animal and plant life, the environment, as well as to ensure the protection of the interests of the Republic of Uzbekistan related to national security. may contain restrictions or prohibitions.

The restoration of violated rights and interests of foreign investors guaranteed by the laws of the Republic of Uzbekistan is regulated by the legislation of the Republic of Uzbekistan and international agreements.

1. **Rights of foreign investors**

In addition to the rights provided for in Article 30 of this Code, a foreign investor has the right to independently decide on the patenting of inventions, utility models and industrial samples owned by him as a result of investment activities in the Republic of Uzbekistan abroad and in the Republic of Uzbekistan.

Foreign investors who are citizens of foreign countries, including founders (participants) of enterprises with foreign investments who have invested in the organization of goods production and service provision enterprises in the territory of the Republic of Uzbekistan, are issued a residence permit in the Republic of Uzbekistan in a simplified manner under the conditions stipulated by the decisions of the President of the Republic of Uzbekistan.

Foreign investors who are the founders (participants) of enterprises with foreign investments may receive an "investment visa" with the possibility of extending its term without leaving the Republic of Uzbekistan under the conditions stipulated by the decisions of the President of the Republic of Uzbekistan, and their family members (spouse, parents and children) may receive an "investment visa" has the right to receive a "visitor's visa" in accordance with the validity period of the visa.

Foreign investors outside the Republic of Uzbekistan are issued an "investment visa" visa by the Ministry of Foreign Affairs of the Republic of Uzbekistan, and foreign investors in the territory of the Republic of Uzbekistan are issued by the Ministry of Internal Affairs of the Republic of Uzbekistan.

The procedure for issuing an "investment visa" visa and a residence permit in the Republic of Uzbekistan to foreign investors is determined by the Cabinet of Ministers of the Republic of Uzbekistan.

Foreign investors who have a residence permit or "investment visa" in the Republic of Uzbekistan and their family members (spouse, parents and children) have the following rights:

employment in the territory of the Republic of Uzbekistan;

access to medical and educational services on the basis of equal rights provided for citizens of the Republic of Uzbekistan;

secondary and higher education in educational institutions of the Republic of Uzbekistan.

1. **Attracting foreign employees**

Investors and enterprises with foreign investments have the right to freely conclude employment contracts with citizens of any foreign country and stateless persons permanently residing outside the Republic of Uzbekistan in order to carry out investment activities. Such persons have the right to enter and stay in the territory of the Republic of Uzbekistan, having obtained the appropriate multiple-entry visas, during the entire period of validity of the employment contract.

The issues of paying foreign employees for their work, giving them vacations, and providing them with pensions should be resolved in the labor contracts concluded with each of these employees. Salaries and other lawfully earned income of these employees may be transferred by them to other countries without any restrictions after payment of taxes and fees prescribed by law.

An investor, an enterprise with foreign investment can transfer pension payments for a foreign employee to the relevant funds of the country where this employee has a permanent residence.

1. **Freedom of movement**

Foreign investors, their representatives and employees staying in the Republic of Uzbekistan in connection with investment activities have the right to move freely throughout the territory of the Republic of Uzbekistan.

Certain restrictions may be applied only for the purpose of ensuring the national security of the Republic of Uzbekistan, if such restrictions on free movement are established by law.

1. **Investment insurance**

Investors have the right to insurance protection in any insurance organization legally operating in the territory of the Republic of Uzbekistan. Insurance of investments against political and other risks can be carried out by international organizations, foreign agencies, and other insurance companies.

Insurance organizations providing investment insurance shall not be liable for the obligations of the Republic of Uzbekistan. The state is not responsible for the obligations of insurance organizations, except for the cases stipulated in the agreements of the parties.

Investment insurance provides insurance protection and guarantees against political and other risks, including:

requisitioning (expropriation) of property, as well as any legislative or administrative measures leading to confiscation of property or its transfer to another person, loss of control over it or the income derived from it;

to introduce restrictions on the transfer of foreign currency out of the country;

interference of state administration bodies, local state authorities and their officials in the contractual relations of investors;

wars, civil unrest and other similar events;

investors and other types of political and other risks associated with foreign investments.

### **Part 10. Enterprises with foreign investment**

1. **Activities of enterprises with foreign investments**

Foreign investors can establish enterprises with participation of foreign investments in the territory of the Republic of Uzbekistan and use all the rights, guarantees and privileges granted to them by the legislation of the Republic of Uzbekistan and international agreements.

Enterprises with foreign investments have the following rights:

opening, using and disposing of accounts in any currency in any bank in the territory of the Republic of Uzbekistan, as well as outside it, in accordance with the procedure established by legislation;

obtaining and returning loans in foreign currency.

1. **Subsidiaries, branches, representative offices and other separate divisions of enterprises with foreign investments**

An enterprise with foreign investment may establish subsidiaries, branches, as well as non-legal entity representative offices and other separate units in the territory of the Republic of Uzbekistan.

1. **Economic alliances of enterprises with foreign investments**

Enterprises with foreign investments may establish alliances and other economic associations on the territory of the Republic of Uzbekistan on a voluntary basis, as well as enter existing economic alliances as members with equal rights.

1. **Economic activities of foreign investors**

Business activities of foreign investors, including establishing, selling, reorganizing or liquidating enterprises with foreign investments, their subsidiaries, branches and other structures, as well as business associations and associations, forming funds of enterprises with foreign investments, leasing contracts and economic activities related to the conclusion of other contracts are regulated by the legislation of the Republic of Uzbekistan and international agreements.

Foreign-invested enterprises pay taxes and fees.

All expenses of enterprises with foreign investments in foreign currency must be covered by their own foreign currency earnings, as well as other sources of foreign currency acquisition permitted by law. Their self-recovery with foreign currency can be provided within the framework of the activities of organized associations and other organizational structures.

Enterprises with foreign investments carry out export-import operations independently in compliance with legal requirements. Export of personal production products is not licensed and quota-free.

Enterprises with foreign investments have the right to import products for their production needs without a license in accordance with the legislation of the Republic of Uzbekistan. The procedure for identifying personal production products delivered for export and products imported by enterprises for their own needs is determined by the Cabinet of Ministers of the Republic of Uzbekistan.

Property imported to the Republic of Uzbekistan by enterprises with foreign investments for their own production needs shall be exempted from customs duty within two years from the moment of their state registration in accordance with the procedure established by law. Customs duty is not levied on property imported for personal needs of foreign investors, citizens of foreign countries and stateless persons residing in the territory of the Republic of Uzbekistan in accordance with employment contracts concluded with foreign investors.

Patenting of inventions and introduction of industrial samples belonging to foreign investors and enterprises with participation of foreign investments shall be carried out in accordance with the law.

Enterprises with foreign investments independently determine the list of enterprise funds, the procedure for their creation and use.

Enterprises with foreign investments have the right to lease a plot of land not intended for agriculture for a period of up to one hundred years, but not less than that specified in the application for the implementation of investment projects.

Enterprises with foreign investments may acquire land plots in the cases and conditions provided for by law.

When the property rights to buildings and structures are transferred to another person along with these objects, the rights to land plots are also transferred to another person in the manner and on the basis of the conditions established by the legislation.

Leasing of property to foreign investors is carried out by the lessor on the basis of appropriate contracts.

Labor relations of employees of enterprises with foreign investments are regulated by the Labor Code of the Republic of Uzbekistan.

Pension provision of employees of enterprises with foreign investments is regulated by legislation.

### **Part 11. Implementation of investment activities outside the Republic of Uzbekistan**

1. **Investment activities of legal entities and individuals outside the Republic of Uzbekistan**

Individuals and legal entities who are residents of the Republic of Uzbekistan, as well as state administration bodies, have the right to carry out investment activities outside the Republic of Uzbekistan.

The inclusion of the property of the Republic of Uzbekistan in the charter funds (authorized capital) of legal entities in foreign countries is carried out with the consent of the owner or the state administration bodies authorized by him.

Regulation of sending investments to the territory of foreign countries is carried out in accordance with this Code, the legislation of the country in whose territory investment activities are carried out, as well as international agreements of the Republic of Uzbekistan.

1. **Forms of investment activities when sending investments out of the Republic of Uzbekistan**

Investment activities of natural and legal entities who are residents of the Republic of Uzbekistan outside the Republic of Uzbekistan can be carried out in the following forms:

establishment of legal entities with investments of individuals and legal entities who are residents of the Republic of Uzbekistan, as well as their subsidiaries, branches, representative offices and other separate units in compliance with the requirements of the legislation of a foreign country;

acquisition of property or property rights;

any other forms that do not contradict the legislation of foreign countries and are in accordance with the international agreements of the Republic of Uzbekistan.

### **Part 12. Final Provisions**

1. **Limitation, suspension or termination of investment activity**

Restriction, suspension or termination of investment activity may be carried out according to the decision of the investor, the decision of the authorized state body or the decision of the court.

A decision to limit, suspend or terminate investment activities may be made in the following cases:

when the investor is declared or recognized as bankrupt in accordance with the law;

in case of emergency situations, epidemics and other real threats to the life and health of the population;

in case of non-fulfilment and (or) gross violation of the obligations specified in the investment agreement, including the investment agreement concluded with the Government of the Republic of Uzbekistan;

in the course of investment activity, when circumstances are identified that may lead to the violation of sanitary-hygienic, radiation, ecological, architectural-urban planning requirements and other requirements, requirements, rights and interests protected by law of legal entities and individuals.

Limitation, suspension of investment activity in a way that leads to the suspension or limitation of the activity of the business entity (including cases of limitation and suspension of investment activity for a period of no more than ten working days in connection with the prevention of emergency situations, epidemics and other real threats to the life and health of the population except) or liquidation is carried out by court order.

1. **Settlement of disputes related to foreign investments**

A dispute (investment dispute) related to foreign investments and arising during the implementation of investment activities of a foreign investor in the territory of the Republic of Uzbekistan shall be resolved through negotiations. If the parties to an investment dispute are unable to reach a negotiated settlement of the dispute, such dispute shall be settled through mediation.

An investment dispute that is not settled through negotiation and mediation should be resolved by the appropriate court of the Republic of Uzbekistan.

In the event that it is not possible to resolve investment disputes in the manner provided for in the first and second parts of this article, if the international agreement of the Republic of Uzbekistan and (or) the agreement concluded between the investor and the Republic of Uzbekistan provides for a relevant and valid arbitration clause, such dispute may be resolved by means of international arbitration..

Only the signed and valid international agreements of the Republic of Uzbekistan and (or) the written agreement concluded between the investor and the Republic of Uzbekistan during the application to international arbitration shall be considered as the agreement of the Republic of Uzbekistan to settle the investment dispute by arbitration.

# **SECTION VII. FORMS AND METHODS OF PROTECTING THE RIGHTS OF BUSINESS ENTITIES**

## Chapter 29. Protection of the rights of business entities

1. **Forms of protection of the rights of business entities**

Business entities have the right to protect their rights, freedoms and legal interests through court.

Protection of the violated or conflicting rights of business entities can be carried out in accordance with legal documents through filing a request, mediation, international arbitration and other methods.

Business entities have the right to appeal against illegal decisions of state bodies and other bodies, illegal actions (inaction) of their officials to a higher authority or an official or directly to the court.

The fact that a complaint has been submitted to a superior authority or official does not exclude the right to submit such a complaint to a court.

1. **Out-of-court settlement of disputes of business entities**

Business entities whose rights and legal interests have been violated may apply to the persons who violated these rights to resolve the dispute in accordance with the procedure established by the legislation.

1. **Protection of rights through the use of mediation**

An agreement on the use of mediation between business entities is made in written form in the form of a condition that is part of the contract or in the form of a separate agreement.

Mediation is carried out in accordance with the Law of the Republic of Uzbekistan "On Mediation".

1. **Protection of business reputation of the business entity**

A business entity has the right to demand in a court of law that information that harms its business reputation be rejected if the person who disseminated such information cannot prove that it is true.

If the information damaging the business reputation of the business entity was distributed in the mass media, the denial of this information should be given in the same mass media. If such information is contained in a document received from the organization, such document must be replaced or recalled. In other cases, the order of refusal is determined by the court.

A business entity has the right to demand compensation for the damage caused as a result of its distribution, as well as compensation for the moral damage caused to the applicant-individual.

1. **Protecting the results of intellectual activity**

The exclusive right of a business entity to objectively expressed results of intellectual activity and means of its individualization (company name, trademark, service mark, etc.) is protected by law and protected by the state.

Third parties can use the results of intellectual activity and means of individualization, which are objects of exclusive rights, only with the consent of the right holder.

1. **Protection of commercial secrets and undisclosed information of business entities**

Trade secret information not known to third parties (undisclosed information) is protected if it has real or potential commercial value due to the fact that it is not known to third parties, it cannot be freely used by law, and the owner of the information takes measures to maintain its confidentiality.

The right to protect undisclosed information from its unlawful use arises regardless of the completion of any formalities (state registration, obtaining certificates, etc.) in relation to this information.

The rules for the protection of undisclosed information apply to information that cannot be a service or trade secret in accordance with the law (information about legal entities, rights to property and transactions that must be concluded and registered with the state, information that must be submitted in the form of a state statistical report and others) are not applicable.

A person who receives or distributes undisclosed information or uses it without legal grounds must compensate the damage caused to the legal owner of this information as a result of illegal use of the information.

A person who independently and legally obtained the information constituting the content of undisclosed information has the right to use this information, regardless of the rights of the owner of the relevant undisclosed information, and is not responsible for such use.

1. **Compensation for damage caused to the subject of business activity**

The damage caused to the subject of business activity, including the lost profit, must be compensated in full by the person who caused this damage. A person who is not[[5]](#footnote-5) a tortfeasor may be legally liable for damages.

The role of the state or the citizens themselves is the responsibility of the state or the citizens themselves for the damages caused to the business entity as a result of illegal decisions of the state bodies, citizens' self-government bodies or the actions (inaction) of their officials, including the adoption of a document that is not in accordance with the law by the state body or the citizens' self-government body. should be covered by the management body based on the court's decision. Compensation for damages caused by the fault of officials of state bodies, citizens' self-government bodies can be assigned to these officials by a court decision.

## Chapter 30. Representative for protection of rights and legal interests of business entities

1. **Representative for protection of rights and legal interests of business entities**

The representative for the protection of the rights of entrepreneurs is an official who ensures the protection of the rights and legal interests of business entities, and the observance of these rights and legal interests by state bodies, including law enforcement and regulatory bodies.

The representative for the protection of the rights of entrepreneurs shall exercise his powers independently and independently of state bodies and their officials, and shall report to the President of the Republic of Uzbekistan on his activities.

1. **Powers of the representative for the protection of the rights of entrepreneurs in the field of protection of the rights of business entities**

The representative for the protection of the rights of entrepreneurs has the following rights in the protection of the rights of business entities:

1) to study the unwavering implementation of legislation by state bodies on compliance with the rights and legal interests of business entities;

2) to monitor the legality of conducting inspections of the activities of business entities, to make suggestions on taking comprehensive measures to prevent the facts of illegal interference in the activities of business entities;

3) issuing written warnings to the officials of state bodies and other organizations about not allowing violations of the legislation on the observance of the rights and legal interests of business entities;

4) submission of mandatory reports to the heads of state bodies and other organizations on the elimination of identified violations of the law, the causes and conditions that enable them;

5) appeal to the courts with applications, claims and complaints for the interests of business entities without paying state duty;

6) request and receive statistical, analytical materials, conclusions and other information from state bodies and organizations on issues within their competence;

7) participation in meetings of state bodies related to consideration of issues of protection of the rights and legal interests of business entities;

8) in necessary cases, to attract managers and specialists of state bodies, scientific institutions and other organizations, to create working groups for the implementation of assigned tasks;

9) unhindered access to places of detention and penal institutions to meet with representatives of business entities suspected, accused and convicted of crimes in the field of business activity;

10) consideration of cases of administrative violations and application of administrative sanctions in the form of fines in connection with cases of violations of the law that cause administrative liability;

11) examines appeals of business entities about the cancellation or revision of the regulatory instrument, and based on the result of the review, submits the issue of the cancellation or revision of the regulatory instrument to the Government.

The representative for the protection of the rights of entrepreneurs may have other rights in accordance with the law.

1. **Activities of the representative to protect the rights and legal interests of business entities**

The activities of the representative for the protection of the rights and legal interests of business entities are regulated in accordance with the Law of the Republic of Uzbekistan "On the representative for the protection of the rights and legal interests of business entities under the President of the Republic of Uzbekistan" and other legal documents.

## Chapter 31. Duties of the Chamber of Commerce and Industry of the Republic of Uzbekistan in protecting the rights of business entities

1. **Chamber of Commerce and Industry of the Republic of Uzbekistan**

The Chamber of Commerce and Industry of the Republic of Uzbekistan is a non-governmental non-profit organization that unites business entities.

1. **Functions of the Chamber of Commerce and Industry of the Republic of Uzbekistan in the field of protection of the rights of business entities**

In the field of protection of the rights of business entities, the Chamber of Commerce and Industry of the Republic of Uzbekistan has the following rights:

1) conduct of an analysis of the state of compliance with the rights and legal interests of business entities;

2) implementation of public control over the implementation of norms of legislative acts on entrepreneurship;

3) establishing expert councils with the participation of business entities to conduct public examination of regulatory legal documents related to entrepreneurship, including projects of regulatory legal documents related to the activities of business entities of local government bodies, and to discuss other issues of entrepreneurship;

4) representation of the interests of business entities that filed claims against state and economic management bodies, local government bodies;

5) Participation in inspections of business entities that are members of the Chamber of Commerce and Industry;

6) implementation of pre-trial settlement of disputes between members of the Chamber of Commerce and Industry;

7) in the interest of members of the Chamber of Commerce and Industry, to submit claims to the courts without paying a state fee, to appeal against the decisions of state and economic management bodies, local state authorities, actions (inaction) of their officials;

8) participation in criminal proceedings as public defenders of business entities;

9) participation in any stage of court proceedings on behalf of a business entity when complaints are made against decisions of state and economic management bodies, local government bodies, actions (inaction) of their officials (except for cases where both parties are members of the Chamber of Commerce and Industry), as well as lawsuits as well as filing appeals, cassation appeals, petitions, including appeals for rehearing in the cassation procedure.

In the field of protection of the rights of business entities, the Chamber of Commerce and Industry may have other functions in accordance with the legislation.

## Chapter 32. Appealing against decisions, actions (inaction) of state bodies and officials

1. **Obligation to consider complaints of business entities**

Complaints filed by business entities in accordance with the laws of the Republic of Uzbekistan must be accepted, registered and considered. Refusal to accept a complaint is prohibited. The state body (the official of the state body) must consider the complaint filed by the business entity in the manner and within the time limits established by the laws of the Republic of Uzbekistan.

1. **Right to complain**

If decisions, actions (inaction) of state bodies and officials affect the rights and legal interests of business entities, these decisions or actions (inaction) may be appealed in accordance with the laws of the Republic of Uzbekistan.

The complaint is submitted to the state body that has the authority to consider it and make a decision. Complaining to a higher state body does not prevent the right to appeal to the court to protect disputed rights, freedoms and legal interests.

# **SECTION VIII. RESPONSIBILITY FOR BREACH OF LAW IN THE FIELD OF BUSINESS**

## Chapter 33. Liability of state bodies and their officials for violation of legislation in the field of entrepreneurship

1. **Liability for violation of legislation in the field of entrepreneurship**

Persons guilty of violating legal documents in the field of entrepreneurship shall be held responsible in accordance with the law.

Obstruction of business activities shall be the cause of liability established by law. All damages incurred by the business entity as a result of obstruction of its legal business activities, including lost profits, must be compensated in accordance with civil law.

1. **Liability of state bodies and their officials for non-performance or inadequate performance of their duties**

State bodies and their officials in the process of mutual cooperation between business entities and the state, including state regulation and support of entrepreneurshipif they do not perform their duties or do not perform them properly, as well as if they commit illegal actions (inaction), they will be held liable according to the law.

The state body must inform the business entity whose rights and legal interests have been violated in writing about the measures taken (taken) against the officials of the state bodies guilty of violating the legislation in the field of entrepreneurship.

1. **Liability for violation of the established procedure for checking the activities of business entities**

Violation of the established procedure for checking the activities of business entities by officials of state bodies and taking the initiative and/or carrying out illegal checks of the activities of business entities by the officials of the Republic of Uzbekistan is the reason for the responsibility established by the laws of the Republic of Uzbekistan, the damage caused by them to the business entity must be compensated in accordance with the civil legislation of the Republic of Uzbekistan.

If the decision of the regulatory body related to the investigation is invalidated by the court and the guilt of the official who conducted the investigation is confirmed in the court procedure, he will be released from the position he holds.

## Chapter 34. Liability of business entities for violations of legislation in the field of entrepreneurship

1. **Application of legal measures against business entities**

In the cases stipulated by the legislation, measures of legal influence are applied to business entities. In this case, the following measures of legal influence against business entities are applied only through the court procedure:

termination of activity;

termination of activities and (or) re-specialization of facilities that have a harmful effect on the environment;

limiting, suspending and banning activities, in connection with the prevention of emergency situations, epidemics and other real danger to the life and health of the population, for a period of not more than ten working days, as well as cases of limiting and suspending activities during the period of the introduction of a state of emergency exception;

application of financial sanctions, excluding financial sanctions directly applied by tax authorities and the Central Bank in accordance with the procedure established by law, as well as cases of voluntary payment of financial sanction fines and confession of guilt of a business entity;

suspending operations on bank accounts, except for cases provided by law;

transferring the objects of the offense to the state income;

suspending the validity of licenses (permitting documents) issued for engaging in certain types of business activities for a period of more than ten working days, but not exceeding six months, or terminating their validity and canceling licenses (permitting documents), excluding licenses (authorizing documents) issued by the Cabinet of Ministers of the Republic of Uzbekistan and the Central Bank of the Republic of Uzbekistan.

1. **Guarantees of liability of business entities for violations of legislation in the field of business**

The legal measures taken against business entities should be proportionate to the nature of the violation of mandatory requirements, the loss (damage) caused or may be caused to tangible and intangible assets protected by law.

For the violation of the legislation on entrepreneurship by the business entity, in cases where the legislation stipulates financial responsibility for the entity itself and administrative responsibility for its official, only the measure of legal impact in the form of financial liability is applied to the business entity.

Legal norms determining responsibility for business entities are established only by laws.

1. **Liability of business entities for violations of legislation in the field of entrepreneurship**

The goods (work, service) sold (produced) by the business entity must be absolutely safe for the life, health and property of the consumer, have certificates of conformity, as well as complete and reliable information about the necessary consumer properties. Settlements with consumers must be made in full compliance with the legislation of the Republic of Uzbekistan, providing the consumer with a cash register or goods receipt.

In case of violation of these requirements and other requirements stipulated in the register of mandatory requirements, the business entity is held responsible in accordance with the laws of the Republic of Uzbekistan.

1. **Responsibility for violating the requirements of legislation in the field of price and tariff regulation**

Business entities that violate the requirements of legislation in the field of price and tariff regulation will be fined in the amount of half of the excess funds.

When a business entity that has independently determined the violation of the requirements of legislation in the field of price and tariff regulation, and as a result of which received excess funds, returns these funds to consumers within six months, or transfers them to the republican budget of the Republic of Uzbekistan in the case that the consumers cannot be identified, no liability measures will be applied to it.

1. Starting from June 1, 2022 the amount of base calculation is 300 000 USZ, source:  
   https://lex.uz/uz/docs/6027058 [↑](#footnote-ref-1)
2. About economic societies/companies (хўжалик жамияти) https://lex.uz/acts/28517 [↑](#footnote-ref-2)
3. The paragraphs repeat themselves in original as well. [↑](#footnote-ref-3)
4. list and order of execution of enforced payments from any deposit accounts of customer [↑](#footnote-ref-4)
5. Probably an error; should be “A person who is a tortfeasor…” [↑](#footnote-ref-5)