

BUILDING MATERIALS INDUSTRY IN UZBEKISTAN

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Main regulatory acts

Uzbekistan has adopted the following legislative act aimed at developing the industry of building materials production and creating new business opportunities for investors:

- Urban Planning Code of the Republic of Uzbekistan;
- Resolution of the President of the Republic of Uzbekistan on Measures for the Radical Improvement and Comprehensive Development of the Building Materials Industry dated 20.02.2019 No. 4198;
- Resolution of the President of the Republic of Uzbekistan on Additional Measures to Accelerate the Development of the Building Materials Industry dated 23.05.2019 No. 4335;
- Resolution of the Cabinet of Ministers of the Republic of Uzbekistan on Measures to Further Improve the Procedure for Issuing Permits for the Right to Use Subsoil Areas dated 26.03.2022 No. 133.

1. Market entry

The production of building materials considered to be an urban planning activity and, thus, must conform to technical regulations in this field. Ministry of Construction and Housing and Communal Services of the Republic of Uzbekistan is the main regulatory body accountable for monitoring compliance by business entities with technical regulations.

“Uzsanoatqurilishmateriallari” Association of Enterprises (Association) is the regulator in the building materials industry. The Association is tasked with protection of enterprises’ interests and cooperating with governmental bodies.

There are no natural monopolies in the industry of building materials.

To commence trade in Uzbekistan, the investor shall register a business entity. The most common and favorable form of a business entity is a limited liability company (LLC).

1.1. Preliminary Actions of a founder prior to the registration of the LLC

- 1) Identify a director. Draw up an employment contract with a director. A sample of the employment contract with a director of the LLC in Uzbek can be found [here](#).
- 2) Identify an accountant. Draw up an employment contract with an accountant. A sample of an employment contract with an accountant of an LLC in Uzbek can be found [here](#).

- 3) Determine the location of the LLC. Draw up a lease agreement for non-residential premises. You can find a sample lease agreement for non-residential premises [here](#).
- 4) Determine the types of economic activities of the LLC. In the case hand, it would be *35119 - power generation by other type of power stations*.
- 5) Decide on the name of the LLC.
- 6) Prepare sketches of corporate stamps.
- 7) Select the LLC' s servicing bank.
- 8) Issue a power of attorney to the authorized representative of the founder. You can find a sample power of attorney [here](#).
- 9) Prepare articles of association and other documents for submission to the registration authority.

1.2. Procedure for state registration of the LCC

The representative for the registration of the LLC in an appearance order can apply to any registration authority, namely, the Center for Public Services (hereinafter – the “CPS”), regardless of the postal address of the LLC.

To register the LLC with a sole founder in an appearance order, the following documents are required:

- Decision of the sole founder approving the charter of the LLC. You can download a sample of such a Decision [here](#).
- Charter of the LLC. You can find a sample of the charter [here](#).
- Document certifying the identity of the representative (passport, military ID card, driver's license, other document certifying the identity and place of residence in the Republic of Uzbekistan) and PINI (personal identification number of individual) issued in Uzbekistan;
- Document confirming the authority of the representative, (power of attorney, contract, decision of the founder, etc. in accordance with the law). You can download a sample power of attorney [here](#).
- Reserved firm name;
- Cadastre number of the leased or owned premises;
- PINI of the founder (if it is an individual) and of the director;
- Information on the payment of the state fee or a copy of payment order confirming payment of the prescribed fees;

The representative may pay a state fee in the register of the CPS, where he/she will be given a document with information about payment of state fee. The amount of the state fee for the registration of LLC is 1 BCV (basic calculated value) which is roughly 29 USD.

Upon submission of the necessary documents listed above, the CPS employee will register the Company in the form of LLC within 30 minutes.

1.3. Certification

Building materials without certificate of conformity cannot be used in the construction. The certificate of conformity is provided if the produced materials meet local and international standards (CIS, ISO and EN) depending on the purpose of the building material. For example, standards applicable to quarry and process decorative slabs made of natural stone are the following:

Standard	Code
CIS Interstate Council for Standardization, Metrology and Certification (ISC)	ГОСТ 9480-2012
	ГОСТ 24099-2013
	ГОСТ 9479-2011

2. License and permits

Generally, Uzbek law does not require any license to produce building materials. However, there are some administrative procedures applicable to building materials related fields. For instance, enterprises are required to get permit document for the right to use subsoil areas containing minerals, including marble. The permit document is issued by Ministry of Construction and Housing and Communal Services and is valid for 10 years. Permits are granted based on auction outcomes, competition results, or by evaluating applications on a "first come, first served" basis.

3. Import of building materials

To import building materials, a business entity shall pay the following fees:

No.	Fee	Rate
1.	Customs duty	10 % 20 %
2.	Value added tax	12 %
3.	Excise tax	<i>not charged on building material</i>
4.	Customs duties	<i>Depends on type of import and hours spent on clearance by the customs authority</i>

4. Taxation

The following are taxes and rates payable by LLCs in Uzbekistan:

No	Tax	Rate
1.	Income tax	15 %
2.	VAT	12 %
3.	Excise tax	vary from 5% to 30 % on certain categories of goods
4.	Personal income tax	12 % as part of payroll 10 % on dividends of residents and non-residents
5.	Social tax	12 % as part of payroll
6.	Property tax	1.5 %
7.	Land tax	depends on rating per location
8.	Tax for the use of water	per cubic meter

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5. Voluntary liquidation

In Uzbekistan, voluntary liquidation is carried out in 13 steps provided as follows:

Step 1: Decision of shareholder (-s) on voluntary liquidation.

Step 2: Appointment of a liquidator.

Step 3: Transfer of documentation, seals, stamps, and other property to the liquidator.

Step 4: Submission of a copy of the liquidation decision to the CPS.

Step 5: Provision of required documents to banks.

Step 6: Termination of employment relationships with the company's employees.

Step 7: Inventory taking and settlement of all tax obligations.

Step 8: Approval of the interim liquidation balance sheet.

Step 9: Notification of creditors and settlement of debts.

Step 10: Preparation of the final liquidation balance sheet.

Step 11: Closure of the main bank account.

Step 12: Submission of documents to the state archive.

Step 13: Submission of documents (bank certificates confirming account closures, stamps, archive submission certificates) to the CPS.