

Investing in Uzbekistan

February 2024

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Requirements for foreign citizens to buy real estate in Uzbekistan

1. Possible or not?

Yes, foreign citizens are allowed to buy real estate in Uzbekistan subject to the limitations listed below.

2. Transferring money to UZ (what is the procedure if one wishes to buy real estate)?

Deals on the purchase of real estate between individuals (both locals and foreigners) must be formalised in front of a notary in Uzbekistan.

Uzbek law sets the minimum price for assets being purchased by foreign individuals in Tashkent and the Tashkent Region in the amount of USD 150,000 for assets under construction and USD 180,000 for property already constructed and certified by local state agencies.

For other regions of Uzbekistan, the minimum price is USD 70,000 for assets under construction and USD 85,000 for property already constructed and certified by local state agencies.

If the foreign citizen intends to acquire a resident permit, the minimum prices for the real estate being purchased are as follows:

- for Tashkent and the Tashkent Region – USD 300,000;
- for Samarkand, Bukhara, Namangan, Andijan, Ferghana and Khorezm Regions – USD 200,000, and
- for the Republic of Karakalpakstan (an autonomous republic) – USD 100,000.

Payment can only be carried out via a bank transfer. The money can be transferred from a foreign bank account of the buyer to the bank account of the seller. Another option is to transfer the amount to a bank account opened by the foreign citizen with an Uzbek bank and then transfer it from this account to the bank account of the local property owner. Uzbekistan does not limit the amount that can be brought by individuals into Uzbekistan from abroad. Therefore, foreign citizens can also bring the sum under the real estate purchase agreement to Uzbekistan, open a bank account with a local bank and deposit the cash in the bank account for further settlement with the local seller.

3. Title transfer (documents needed by the Uzbek notary) in order to buy (1) new real estate (2) real estate on the secondary market. Is there any difference?

Foreign citizens who do not have a resident permit in Uzbekistan are not allowed to purchase secondary market assets. The following documents are requested by the Uzbek notary during the formalisation of the deal:

1. documents proving the title of the seller to the real estate (commissioning certificate for already constructed property or the extract from the state register of rights to real estate for assets under construction);
2. passports/IDs or other documents proving the identity of the parties;
3. power of attorney (if the assets are being purchased through representatives);
4. the taxpayer's identification number of the seller;
5. the minutes of the general meeting of participants/shareholders or the decision of the supervisory board, etc. (if the seller is a legal entity);
6. the certificate confirming the settlement between the parties (if the seller is a legal entity);
7. the certificate of the residual book value of the assets being sold, signed by the director and the accountant of the owner (if the seller is a legal entity);
8. the certificate of net assets (if the seller is a legal entity);
9. the residence permit of the buyer (if available);
10. the IT visa of the buyer (if available).

Please note that the notary can request other documents if required.

4. Ownership – is there any need to visit Uzbekistan during the ownership (minimum presence requirement)?

No, Uzbek laws do not include such obligations for foreign nationals who do not apply for a resident permit.

The limitation for resident permit holders is applicable only in the cases when a foreign national holding an Uzbek resident permit leaves Uzbekistan for longer than three years. In such cases the resident permit can be annulled upon a court decision.

Under Uzbek law the transfer of ownership has to be registered in state service centres within one month of the deal being concluded. The registration is quite a straight-forward process which requires the submission of the real estate purchase deal, asset transfer certificate, documents proving the rights of the parties' representatives to sign the deal and the application to register the transfer of ownership over the asset. The registration is carried out within two business days. As a result of registration, an extract from the state register of rights to real estate will be issued to certify the change of the ownership information in the state registry.

The registration can be carried out by authorised representatives of foreign individuals.

The state fee for registration depends on the area of the property being registered and ranges from 1.25 up to 3 basic calculation values (BCV) (approximately, from USD 34 up to USD 82).

5. Renting – can a foreign owner rent out real estate in Uzbekistan. If yes what is the local PIT (%) tax on rental income (if no DTT)?

Yes, a foreign owner can rent out the real estate he/she owns in Uzbekistan.

The income tax for locals and foreigners is the same – 12%.

The list of the countries with which Uzbekistan has a DTT is provided in the annex below.

6. Selling – what tax does the foreign owner need to pay on the sale of the real estate? Is any minimum holding threshold applicable, including for a tax-free sale?

If a foreign owner sells real estate in Uzbekistan, he/she has to pay profit tax on the sale at the rate of 12%. The tax is calculated from the profit (the difference between the purchase and sale price) the foreign seller acquires as a result of the sale.

A tax-free sale is available for residents and foreign nationals who have become a resident in Uzbekistan (i.e. they have stayed in Uzbekistan for longer than 183 calendar days and received a taxpayer identification number) after 36 months of ownership.

7. Insurance – can you insure your real estate against fire, flood and earthquake. What is the premium and compensation?

Yes, foreign citizens can approach local insurance companies in Uzbekistan to insure their real estate in Uzbekistan against fire, flood and earthquake.

Insurance policies usually cover specific risks such as fire, flood, earthquake, and other circumstances. The coverage may vary, and it is important to carefully review the policy terms and conditions to understand what is included and excluded.

Insurance premiums depend on various factors, including the type and value of the property, its location, the coverage amount, and the insurance company's assessment of the risk.

In the event of a covered loss, the insurance company will compensate the policyholder based on the terms outlined in the insurance policy. The compensation amount is typically subject to deductibles and may be influenced by factors such as the extent of damage and the cost of repairs or replacement.

8. Repatriation of profit – what are the steps to send money abroad if a foreign citizen sells his/her real estate in Uzbekistan?

When a foreign citizen sells real estate in Uzbekistan and wishes to transfer the proceeds abroad, the easiest way to do so is via a bank transfer.

A foreign citizen may either open a bank account in Uzbekistan (if he/she does not already have one) and send the money to his/her bank account in a foreign country or facilitate the transfer from the bank account of the buyer to his/her bank account abroad.

In either option, the bank will likely require documentation related to the sale of the property, including the sales contract, proof of ownership, the necessary details for the transfer, including the recipient's bank account information in the foreign country, and any other documents and information relevant to the transaction.

If the funds are in Uzbek soms, they will be converted by the bank into foreign currency (EUR, USD, etc.) and then sent to the foreign bank account.

Please note that transaction fees and charges associated with the currency conversion and wire transfer will apply.

It is recommended to retain copies of all transaction-related documents, including receipts, confirmation of the transfer, and any other relevant paperwork in order to avoid any risks related with AML in foreign jurisdictions.

9. Any difference between buying commercial and residential real estate?

No, the procedure and the requirements are the same in both cases.



Requirements for foreign companies to buy real estate in Uzbekistan

1. Possible or not?

Yes, foreign companies are allowed to buy real estate in Uzbekistan.

2. Transferring money to UZ (what is the procedure if one wants to buy real estate)?

Deals on the purchase of real estate between a foreign legal entity and a local individual or company can be formalised in front of a notary in Uzbekistan. Although Uzbek laws do not make this process mandatory, it is highly recommended to do so in order to avoid most risks related to any possible disputes.

The minimum price requirements do not apply to foreign companies.

Payments under purchase deals can only be carried out via a bank transfer. The money can be transferred from the foreign bank account of the foreign company to the bank account of the seller. Another option is to transfer the amounts to a bank account opened by the foreign company with an Uzbek bank and then to the bank account of the local property owner.



3. Title transfer (documents needed by the Uzbek notary) in order to buy (1) new real estate (2) real estate on the secondary market. Is there any difference?

Unlike individuals, foreign companies are allowed to purchase new real estate and secondary market assets. The following documents are requested by the Uzbek notary during the formalisation of the deal on the purchase of real estate:

1. documents proving the title of the seller to the real estate (commissioning certificate for already constructed property; an extract from the state register of rights to real estate for assets under construction; purchase contracts, court decisions, etc.);
2. passports/IDs or other documents proving the identity of the parties' representatives;
3. powers of attorney (for representatives of the parties);
4. the taxpayer identification numbers of the parties (in order to purchase an asset, a foreign company needs to acquire a taxpayer identification number in Uzbekistan);
5. the minutes of the general meeting of participants/shareholders or the decision of the supervisory board, etc., authorising the sale (if the seller is a legal entity) and the purchase of the assets (for the buyer);
6. the certificate confirming the settlement between the parties;
7. the certificate of the residual book value of the assets being sold, signed by the director and the accountant of the owner (if the seller is a legal entity);
8. the certificate of net assets (if the seller is a legal entity).

Please note that the notary can request other documents if required.

4. Ownership – is there any need to visit Uzbekistan during the ownership?

No, Uzbek laws do not include such obligations.

Under Uzbek law the transfer of ownership has to be registered in state service centres within one month of the deal being concluded. The registration is quite a straight-forward process, which requires the submission of the real estate purchase deal, asset transfer certificate, documents proving the rights of the parties' representatives to sign the deal and the application to register the transfer of ownership over the asset. The registration is carried out within two business days. As a result of the registration, an extract from the state register of rights to real estate will be provided to certify the change of the ownership information in the state registry.

The registration can be carried out by authorised representatives of the foreign company.

The state fee for registration depends on the area of the property being registered and ranges from 1.25 up to 3 basic calculation values (BCV) (approximately, from USD 34 up to USD 82).

5. Renting – can a foreign owner rent out real estate in Uzbekistan: if yes what is the PIT (%) tax on rental income (if no DTT)?

Yes, a foreign owner (legal entity) can rent out the real estate it owns in Uzbekistan.

The income tax for foreign companies for renting out real estate is 20%.

The list of the countries with which Uzbekistan has a DTT is provided in the annex below.

6. Selling – what tax does a foreign owner need to pay on the sale of real estate? Is there any minimum holding threshold applicable including for a tax-free sale?

If a foreign company sells real estate in Uzbekistan, it has to pay profit tax at the rate of 20%. The tax is calculated from the profit (the difference between the purchase and sale price) the foreign seller acquires as a result of the sale.

A tax-free sale is available for residents after 36 months of ownership, but this tax-free sale incentive is not available for foreign companies.

7. Insurance – can you insure your real estate against fire, flood and earthquake. What is the premium and compensation?

Yes, foreign companies can approach local insurance companies in Uzbekistan to insure their real estate in Uzbekistan against fire, flood and earthquake.

Insurance policies usually cover specific risks such as fire, flood, earthquake, and other circumstances. The coverage may vary, and it is important to carefully review the policy terms and conditions to understand what is included and excluded.

The insurance premiums depend on various factors, including the type and value of the property, its location, the coverage amount, and the insurance company's assessment of risk.

In the event of a covered loss, the insurance company will compensate the policyholder based on the terms outlined in the insurance policy. The compensation amount is typically subject to deductibles and may be influenced by factors such as the extent of damage and the cost of repairs or replacement.

8. Repatriation of profit – what are the steps to send money abroad if a foreign company sells its real estate in Uzbekistan?

When a foreign company sells real estate in Uzbekistan and wishes to transfer the proceeds abroad, the easiest way to do so is via a bank transfer.

A foreign company may either open a bank account in Uzbekistan and send the money to its bank account in a foreign bank or facilitate the transfer from the bank account of the buyer to its foreign bank account.

In either option the bank will likely require documentation related to the sale of the property, including the sales contract, proof of ownership, the necessary details for the transfer, including the recipient's foreign bank account information and any other documents and information relevant to the transaction.

If the funds are in Uzbek soms, they will be converted by the bank into foreign currency (EUR, USD, etc.) and then sent to the foreign bank account.

Please note that the transaction fees and charges associated with the currency conversion and wire transfer will apply.

It is recommended to retain copies of all transaction-related documents, including receipts, confirmation of the transfer, and any other relevant paperwork in order to avoid any risks related with AML in the foreign jurisdiction.

9. Can a foreign company buy and own directly or does it need to establish a local company or representative office of the foreign entity to buy real estate?

Foreign companies can buy assets in Uzbekistan directly. There is no obligation under Uzbek law to establish a local subsidiary or a representative office of the foreign company to buy real estate in Uzbekistan. At the same time, we note that the foreign company has to acquire a local taxpayer identification number before entering into a real estate purchase deal.

An application to obtain a taxpayer identification number is submitted to the tax inspectorate with an apostilled extract from the trade register and power of attorney of the representative of the applicant attached. The process takes up to two weeks.

10. Any difference between buying commercial and residential real estate?

No, the procedure and requirements are the same in both cases.

Requirements for foreign individuals to buy land in Uzbekistan

1. Possible or not?

No, the Land Code directly prohibits foreign nationals from owning land plots. The only right to land plots available for foreign nationals is a lease right.

Lease rights to land plots are provided by the Cabinet of Ministers of the Republic of Uzbekistan, as well as via electronic competition and electronic online bidding (<https://e-auksion.uz>).

Requirements for foreign companies to buy real estate in Uzbekistan

1. Possible or not?

No, Uzbek law (the Land Code) directly prohibits foreign companies from owning land plots. Foreign companies can lease land plots in Uzbekistan based on a Resolution of the Cabinet of Ministers of the Republic of Uzbekistan or on the basis of successful results of an electronic competition or electronic online bidding (<https://e-auksion.uz>).

Annex No. 1

List of the countries with which Uzbekistan has a DTT

1. Austria
2. Azerbaijan
3. Bahrain
4. Belarus
5. Belgium
6. Bulgaria
7. Canada
8. China
9. Czech Republic
10. Egypt
11. Estonia
12. Finland
13. France
14. Georgia
15. Germany
16. Greece
17. Hungary
18. India
19. Indonesia
20. Iran
21. Ireland
22. Israel
23. Italy
24. Japan
25. Jordan
26. Kazakhstan
27. Kuwait
28. Kyrgyzstan
29. Latvia
30. Lithuania
31. Luxembourg
32. Malaysia
33. Moldova
34. Netherlands
35. Oman
36. Pakistan
37. Poland
38. Qatar
39. Romania
40. Russia
41. Slovak Republic
42. Slovenia
43. South Korea
44. Spain
45. Switzerland
46. Tajikistan
47. Thailand
48. Turkey
49. Turkmenistan
50. Ukraine
51. United Arab Emirates
52. United Kingdom
53. Saudi Arabia
54. Singapore
55. Vietnam

Denuo is a
**cross-border
full-service law
firm** operating
in the CIS and
the wider region.



About Denuo

Denuo is a full-service cross-border law firm with offices in Uzbekistan, Georgia, the United Arab Emirates and Russia. Our team comprises over 100 legal professionals (including 16 partners). Building on its 30-year-long history, the team provides world-class legal and tax services to its clients across all of its market-leading practice and sector groups.

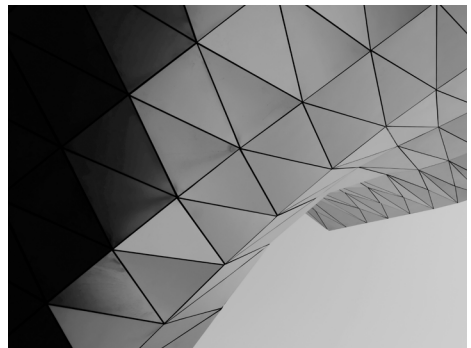
Denuo was founded on 1 June 2022 by the partners of DLA Piper's CIS practice following its separation from the global law firm. We have significantly expanded our practice and have established presence in Uzbekistan, Georgia and the United Arab Emirates. The Denuo team, which transferred from DLA Piper to form an independent business, is highly ranked by the leading legal directories, such as Chambers, Legal 500 and Pravo-300, and tops the legal league tables, such as Mergermarket and Mergers.ru. We remain committed to the highest standards of quality and continue to invest in our people and clients.

Denuo boasts one of the strongest foreign desk teams. Having been previously part of a global network, Denuo has a wealth of experience in serving client needs on multijurisdictional projects and will be well placed to source and manage top-quality legal support in foreign jurisdictions.

Capabilities

Few regional law firms are able to cover comparable range of legal areas. Our full scope service offering allows us to ensure efficient support of the most complex transactions.

- Corporate and M&A
- Finance, Projects and Restructuring
- Real Estate and Construction
- Sanctions
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- Compliance
- Energy and Natural Resources
- Antitrust
- Intellectual Property and Technology
- Transport
- Employment
- Dispute Resolution



Contact



Feruz Fidaev

Partner

T +99871 2058477

M +99891 0108727

feruz.fidaev@denuo.legal

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