



# PRIVILEGES AND PREFERENCES in the sphere of tourism



# Applying privileges and preferences in the spheres of:

- **Incentive of direct private investment**
- **Construction and modernization of hotels and similar accommodation facilities as well as objects of tourist and related infrastructure**
- **Conducting tourism activities**
- **Purchase of tourist vehicles**
- **Stimulating the introduction of ICT in tourism activities**

## The application of benefits and preferences is governed by the following legal acts

- The President Decree of the Republic of Uzbekistan by 02.12.2016 № PD-4861
- The President Decree of the Republic of Uzbekistan by 16.08.2017 № PD-3217;
- The President Decree of the Republic of Uzbekistan by 03.02.2018 № PD-5326;
- The President Decree of the Republic of Uzbekistan by 06.02.2018 № PD-3509.
- The President Decree of the Republic of Uzbekistan by 07.02.2018 № PD-3514.
- The President Decree of the Republic of Uzbekistan by 05.01.2019 № PD-4095.

## To stimulate direct private foreign investment

Enterprises attracting direct private foreign investment and specializing in the provision of services (tourism: hotel and tourist services) in branches of the economy are exempt from payment:

- Corporate income tax on profit of legal entities;
- property tax;
- tax on improvement and development of social infrastructure;
- general tax payment for micro firms and small businesses
- obligatory deductions to the Republican Road Fund;

with the volume of direct private foreign investment:

- ✓ 3 year      \$ 300      - \$ 3 mln
- ✓ 5 year      \$ 3mln     - \$ 10 mln
- ✓ 7 year      higher     - \$ 10 mln

## Construction and modernization of hotels and associated infrastructure facilities

- Commissioning of hotels not less than 4 stars are released for a term of 5 years from payment:
  - Income tax;
  - Land tax;
  - Property tax;
  - General tax payment.

## **Construction and modernization of hotels and associated infrastructure facilities**

- Equipment and spare parts for the construction, reconstruction and equipping of hotels are exempted for a period of 5 years from payment of customs duties (except for customs clearance fees) with the approval of the list of goods.

## Subjects of entrepreneurial activity in the field of tourism

### Released:

- **Subjects of tourism activities – sales turnover from VAT.**
- **Lands for recreational purposes (land for the organization of mass recreation and tourism) – from land tax.**
- **Transition to payment of general tax payment with a staff number of staff up to 100 units (before were 25 units.) + 50 % graduates of colleges, graduated in the last three years.**

## Conditions for conducting tourist activity

- **Economic entities that took the initiative to mount signs in foreign languages in order to improve the orientation of tourists – have a right to place on these signs the advertising information of the products (services and works) produced by them is granted.**



## Conditions for conducting tourist activity

- **Until 2021, the taxable base of the subjects of tourist activity is reduced by the amount of expenditures directed to manufacturing and replicating:**
  - **printed products (maps , brochures, booklets, flyers and other),**
  - **souvenir and packaging products (bags, school notebooks, stickers, covers, inscriptions on T-shirts, clothes and dishes) on which the advertisement of the tourist brand of Uzbekistan and the website is placed «[Uzbekistan.travel](http://Uzbekistan.travel)».**

## Benefits for attracting qualified personnel

**Subjects of entrepreneurial activity in the sphere of tourism are exempted until January 1, 2022 from payment:**

- General social payment of qualified foreign specialists;
- The tax on incomes of physical persons (individuals) involved as management personnel of hotels.


## Theme Parks


**From the date of commissioning, for a period of 3 years, the revenues of the theme park are exempt from:**

- **land tax;**
- **property tax;**
- **general tax payment**

## Development of tourist infrastructure:

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- Free tourist zone is a free economic zone

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- The free tourist zone and business entities registered as participants in the free tourist zone are subject to the provisions of the legislation on free economic zones, including all benefits and preferences provided for free economic zones and their participants

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- The period of operation of the free economic zone is 30 years with the possibility of its subsequent extension.

## Purchase of tourist vehicles

**The subjects of entrepreneurial activity in the sphere of tourism until January 1, 2022 are exempt from customs payments for imported into the territory of the Republic of Uzbekistan:**

**tourist class vehicles intended for the carriage of 8 or more people, including the driver.**



## **Purchase of tourist vehicles**

**Licensed tourist operators registered in the Republic of Karakalpakstan are allowed to pay:**

**customs payments of 25% of the current rate for imported vehicles with an engine not less than 2.4 Cub. Liters, with installments of 5 years for the organization of extreme tours.**

# Stimulating the implementation of ICT in tourism activities



- **Since January 1, 2018, the tax base for expenditures has been reduced:**
  - **on the introduction of electronic services, including electronic payments, booking, acquiring and others.**
  - **specialized Internet sites and portals offering modern types of tourist services.**
  - **The taxable base for the set up of free Wi-Fi, including for a single tax payment, is reduced by the amount of expenses - on the purchase of equipment and the acquisition of Internet traffic.**
  - **Operators and providers who created free Wi-Fi zones in public places are entitled to install an advertising banner or banners with an area of no more than 18 square meters in this zone at no cost.**

# Additional measures on accelerated development of tourism sphere in Uzbekistan



- **Lands allotted for hotels constructions can be realized to Investors upon property rights, except territories and guard zones of material cultural heritage, as well as lands for agricultural purposes.**
- **Part of the investors fund for construction and equipment of the new hotel (*3 star hotels with room quantity of not less than 50 and 4 star hotels with room quantity not less than 100*) is compensated at the expenses of the Uzbekistan Republic budget.**
- **For a period of 3 years, royalty of Uzbekistan Republic resident organizations for use of world famous and prestigious hotel brands (according to the rate of top-50 hotel brands) will partly financed at the expense of Uzbekistan state budget from the moment of a franchise contract comes into force.**