



# Citizens' | **Budget** | 2020

Tashkent – 2020

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The views expressed in this publication are those of the author(s) and do not necessarily represent those of the United Nations Development Programme.

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# CONTENT

<b>INTRODUCTION</b>	4
<b>1. MAJOR NOVELTIES</b>	6
LAW OF THE REPUBLIC OF UZBEKISTAN "ON THE STATE BUDGET OF THE REPUBLIC OF UZBEKISTAN FOR 2020" – WHAT HAS CHANGED?	6
TAX CODE OF THE REPUBLIC OF UZBEKISTAN (NEW EDITION) – WHAT HAS CHANGED?	10
<b>2. FORECAST OF KEY MACROECONOMIC INDICATORS FOR 2020 AND TARGETS FOR 2021-2022</b>	16
<b>3. THE STATE BUDGET</b>	20
REVENUES	20
EXPENDITURES	26
INTERGOVERNMENTAL FISCAL RELATIONS	54
BUDGET DEFICIT AND SOURCES OF ITS COVERAGE	59
<b>4. PUBLIC DEBT</b>	60
<b>5. PACKAGE OF ANTI-CRISIS MEASURES TO SUPPORT POPULATION, ECONOMIC SECTORS AND BUSINESS ENTITIES</b>	64
<b>BASIC CONCEPTS</b>	76



# INTRODUCTION

This new edition of the Citizens' Budget provides information on the approved State Budget for 2020. Starting from 2020 onward, the budget of the Republic of Uzbekistan is to be approved by the Oliy Majlis in the form of the Law. The adoption of the Law «On the State Budget of the Republic of Uzbekistan for 2020» involves new mechanisms of parliamentary and public control over the formation and expenditure of the budgets of the Republic of Uzbekistan and a qualitatively higher level of transparency of budget data.

The right authority of the Oliy Majlis to approve the budgets of ministries and agencies increases the degree of control of the legislative branch over the executive one and is aimed at ensuring the effectiveness of expenditures. Local authorities will be able to determine, within the established limits, the revenues of local budgets by types of taxes and expenditures across budget organizations.

The new Tax Code of the Republic of Uzbekistan has come into force. The types and rates of taxes, the procedure for tax administration and granting tax exemptions incentives for legal entities and individuals have changed. The proposed publication reflects the most important changes in taxation for citizens and businesses, introduced by the new Tax Code.

It is necessary to highlight that the Law «On the State Budget of the Republic of Uzbekistan for 2020» is actually being implemented in difficult conditions related to the global COVID-19 pandemic and the adverse situation in the international financial and commodity markets. Quarantine and restrictive measures lead to a significant reduction in economic activity and, as a result, lower anticipated tax revenues. This situation also impacts the volume and directions for the State Budget expenditures, increase of which is the result of implementation of broad measures to support the population and the economy in the context of COVID-19 outbreak. This publication describes the measures undertaken by the Government.

In the changed circumstances, the Government and international financial institutions have revised economic forecasts. It is noted, however, that the extent and duration of the impact of the COVID-19 pandemic on the economy is still uncertain.

The forecasts of key macroeconomic indicators adopted by the Law "On the State Budget of the Republic of Uzbekistan for 2020", as well as the national forecasts of economic growth and assessments estimates of international financial institutions revised in April are presented in the second section of this publication.

The main section, the revenues and expenditures of the State Budget, describes the parameters of the revenues and expenditures in accordance with the Law "On the State Budget of the Republic of Uzbekistan for 2020", as well as the revised allocations to ministries and agencies in accordance with the amendments to the Law. In addition to the revenues and expenditures of the budget, information on the projected level of its deficit, sources of coverage and intergovernmental fiscal relations is disclosed.

Intergovernmental fiscal relations in 2020 characterize changes in the distribution of taxes and transfers between the levels of the budget system, including between the budget of the Republic of Karakalpakstan, the local budgets of provinces and Tashkent city, and the budgets of districts and cities.

The effect of quarantine and the introduction of restrictive measures, of course, will also affect the local budgets, their revenues and expenditures. In order to support the business, local authorities have been entitled to change the deadlines for payment of the relevant taxes and to reduce their rates.

A separate section deals with the public debt. It discloses the restrictions that have been imposed to ensure the security of public debt, and the need to revise the limit on external public borrowing under the prevailing conditions.

The publication traditionally concludes with a glossary and contact information of the developers of the Citizens' Budget, which allows readers to ask questions and present their ideas and suggestions to improve it.

## 1

# MAJOR NOVELTIES

Law of the Republic of Uzbekistan

## “On the State Budget of the Republic of Uzbekistan for 2020” – what has changed?

### 2019

The Resolution of the President of the Republic of Uzbekistan approved aggregated parameters of the Consolidated Budget that includes:

- State Budget;
- budgets of 3 state targeted funds.

#### FORMAT FOR ADOPTION OF THE CONSOLIDATED BUDGET



### 2020

The Law of the Republic of Uzbekistan noted aggregated parameters of the Consolidated Budget, including the following:

- State Budget;
- budgets of 18 state targeted funds;
- resources of the Fund for Reconstruction and Development.

#### POWERS OF PARTICIPANTS OF THE BUDGET PROCESS



#### 1) Powers of the Oliy Majlis and the Cabinet of Ministers are separated with regard to:

- approval of amounts of appropriations for the first and second levels budget administrators, and amendment of approved amounts of appropriations for the first and second levels budget administrators within the total approved amounts;
- increase or decrease of expenditures through additional sources;

#### 2) Powers of local authorities in independent preparation and implementation of local budgets were expanded.

**Parameters of the State Budget revenues are approved by sources.**

## STATE BUDGET REVENUES



**The Oliy Majlis of the Republic of Uzbekistan takes note (confirms) the State Budget revenue projections by sources.**

**State Budget expenditures are approved for each direction of expenditure according to the classification of the functions of Government (social sector, economic affairs, general public services, etc.).**

## STATE BUDGET EXPENDITURES



**1) The system was introduced for allocation of budget appropriations from the republican budget by ministries and agencies that have been provided with authority for their independent further distribution to subordinated organizations within the provided ceilings of appropriations.**

**2) In 2020, a prohibition was imposed on execution of expenditures and performance of works at the expense of budgets of the budget system in cases where:**

- there is no determined source of financing;
- there are no design documents (or concurrent design is performed);
- selection of contracting (design) organizations is performed without tender (bid).

## ENSURING SUSTAINABILITY OF THE BUDGET SYSTEM



**1) The budget sequestration – the procedure to reduce expenditures of the State Budget in cases of non-execution of projected revenue parameters – was introduced;**

**2) The maximum limit was set for:**

- total amount of newly signed agreements on attraction of external borrowing on behalf of the Republic of Uzbekistan or under guarantee of the Republic of Uzbekistan in the amount of **4 billion USD**
- disbursement of external borrowings on behalf of the Republic of Uzbekistan for implementation of the state targeted programs in the amount of **1.5 billion USD**.

## REGULATION OF INTERGOVERNMENTAL FISCAL RELATIONS



**1) Certain taxes, administration of which is related to activities of local governments, are fully credited to the local budgets** (revenues from turnover tax, excise tax on mobile communication services and alcoholic beverages, including beer, proportional to the ratio of population of the Republic of Karakalpakstan, provinces and Tashkent, to the population of the country as of July 1, 2019, respectively).

**2) The following items are transferred into financing from:**

### **the Republican Budget of the Republic of Uzbekistan:**

- expenditures on wages and social tax of general education schools and preschool education institutions;
- expenditures associated with renovation of the social amenities improvement of multi-apartment housing areas and overhaul of boiler equipment and heating networks of heat supply organizations;

### **the Republican Budget of the Republic of Karakalpakstan, regional budgets of provinces and city budget of Tashkent city:**

- subsidies to cover the losses resulting from lower heat supply household tariffs granted to heat producers;
- financing of Pumping Stations and Energy Departments under the Ministry of Water Resources of the Republic of Karakalpakstan and under the Departments for basin water management of irrigation systems, and Department for Operation of Karshi Main Water Channel;
- expenditures associated with operation of public roads;
- expenditures to cover costs incurred by individuals or legal entities as a result of illegal action (inaction) of state bodies or their officials;

### **budgets of districts and cities:**

- payments of social benefits allocated by citizens' self-governing bodies;
- expenditures on maintaining district and city centers of state sanitary and epidemiological surveillance services.

**3) The parliaments of the Republic of Karakalpakstan, provinces and Tashkent city have been granted the right to:**

- distribute taxes and other types of revenues to be channeled to local budgets of relevant level and inter-budgetary transfers.

**4) City and district Kengashes of People's Deputies have been granted the right to:**

- introduce decreasing (up to 0.7) and increasing (up to 1.3) coefficients to the minimum rental rates and personal income tax rates at fixed amounts for individual entrepreneurs.



**Ministries, agencies, state targeted funds and other budget administrators publish corresponding data on use of budget allocations, off-budget funds of budget organizations, bids (tenders) and delivery of purchased goods on their official websites.**

### **ENSURING OPENNESS OF BUDGET DATA**



**5) The list of large taxpayers, income taxes from which are transferred to the republican budget of the Republic of Uzbekistan in full volume, was approved.**

### **1) Quarterly publications of corresponding information on official websites by:**

- ministries and agencies, state targeted funds on distribution of budget funds across subordinated budget organizations, financial reports about implementation of projects supported by capital funds, bids (tenders) and public procurement;
- state tax and customs committees – a list of tax and customs incentives, as well as information about amounts of provided tax and customs incentives;
- local authorities – a list of purchased goods and services, a list of sites where construction works (construction, repair and reconstruction) are performed using funds of additional sources of local budgets, as well as information about financing of construction and repair works;;

### **2) The right has been granted to hear reports on effective use of budget appropriations and achieved results:**

- by ministries and agencies, state targeted funds - to Oily Majlis;
- by regional budget holders – to the Jokargy Kenes of the Republic of Karakalpakstan, Kengashes of People's Deputies of regions and Tashkent city, districts and cities.

### **IMPROVING THE EFFICIENT USE OF BUDGET FUNDS**





**1) The process of evaluation of performance of projects and programs funded from the resources of external public debt was determined – the audit by the Chamber of Accounts;**

**2) Gradual implementation of the procedure of evaluation of efficiency of expenditures of the State Budget which envisages analysis and evaluation of efficient use of budget and off-budget funds in certain sectors (healthcare, public education, roads and water management), identification of qualitative and quantitative indicators of expenditures, and gradual transfer to program-based budgeting system.**

# Tax Code of the Republic of Uzbekistan

## (new edition) – what has changed?

2019	2020
<b>ENSURING DIRECT ACTION OF PROVISIONS OF THE TAX CODE</b>	
<p><b>Tax Code and other legislative acts</b></p>	<p><b>TAX LEGISLATION CONSISTS OF</b></p> 
<p><b>Tax Code and other laws and regulations adoption of which is directly envisaged by the Tax Code.</b></p> <p><b>The following items were excluded from the Tax Code:</b></p> <ul style="list-style-type: none"> <li>• sections "State duty", "Fees for the right to sell certain types of goods (alcoholic beverages)" which are envisaged in the separate Law of the Republic of Uzbekistan "On state duty";</li> <li>• bonuses for subsoil users (signature bonus and bonus for commercial discovery) which are one-time separate payments transferred to the Law of the Republic of Uzbekistan "On subsoil".</li> </ul>	

<b>STABILITY OF TAX RULES AND RATES</b>	
<p><b>The Tax Code and decision of the President of Republic of Uzbekistan.</b></p>	<p><b>TAX RATES ARE ESTABLISHED BY</b></p> 
<p><b>The Tax Code, with the exception of excise tax rates, land tax, tax for use of water resources, personal income tax in the fixed amount, which amounts are established by the Law of the Republic of Uzbekistan on the State Budget of the Republic of Uzbekistan.</b></p> <p><b>Excise tax rates can be reviewed by the decisions of the President of the Republic of Uzbekistan throughout the year based on price dynamics and product sales.</b></p>	

## LOWERING THE TAX BURDEN

25%

**TAX RATES:**  
Social tax for state enterprises, legal entities with a government share in charter capital in the amount of 50% and more as well as for legal entities, 50% and more of the charter capital of which belong to a legal entity with a government share of 50% and more, and their affiliates



12%

30%

**TURNOVER TAX FOR PROPERTY LEASING ACTIVITIES**



8%

**FOR E-COMMERCE ENTERPRISES**



reduced corporate income tax rate –

**7,5%;**

**ONLY FOR EXPORTERS**

is performed in equal shares during 12 consecutive months, and for immovable property facilities – during 36 months.

**VALUE-ADDED TAX (VAT)**  
**Right for refund of "negative" balance in VAT**



**Credit for VAT in purchase (construction) of items of fixed assets, including items of immovable property**

**TO ALL TAXPAYERS**



The fast-track procedure for reimbursement for certain categories of taxpayers (large taxpayers; entities that provided bank guarantee or executed a security contract with tax bodies, exporters, etc.)

one-time credit is provided

**5** years, ceiling limit for carried forward loss –

**50%** of the tax base. Exemptions related to reducing taxable income by the amount of funds allocated to purchase technological equipment and immovable property facilities.

**CORPORATE INCOME TAX**

**Taxpayers have the right to carry forward losses to future periods during**



**10** years, Ceiling limit for carried forward loss –

**60%** of the tax base.

One-time amortization deductions in case of acquisition of technological equipment and immovable property facilities.

**fixed tax at rates depending on the type of activity performed.**

**INDIVIDUAL ENTREPRENEURS WITH INCOME FROM SALE OF GOODS (services) not exceeding 100 million UZS pay**

**are transferred to payment of personal income tax with provision of the right of choice of payment of tax to them:**

- based on tax return based on actually received income;
- in a fixed amount that was reduced on average by **25%**.

## HARMONIZATION OF TAXES AND TAX REGIMES

- Unified tax payment;
- Unified land tax;
- Fixed tax for certain types of entrepreneurial activity.

### SIMPLIFIED TAX REGIMES

- turnover tax (special tax regime).

- taxpayers with involvement of private foreign direct investments;
- joint activities based on simple partnership agreement;
- dekhkan farms;
- markets;
- legal entities and individuals performing concert and entertainment activities;
- colleges of lawyers, law firms, law bureaus and lawyers.

### SPECIAL TAXATION FOR:



- legal entities with participation of private foreign direct investments;
- participants of special economic zones;
- activities performed within the framework of production sharing agreements;
- colleges of lawyers, law firms, law bureaus and lawyers, public notaries in private practice.

- from the total amount of market's incomes 50 percent is channeled to corresponding local budgets at places of the market's location.

### TAXATION OF MARKETS

- general taxes or turnover tax depending on the sales volume in 2019 (turnover threshold of 1 billion UZS).
- Corporate income tax at an increased rate of 20 percent.

### Unified land tax

### TAXATION OF AGRICULTURAL PRODUCERS



**General taxes or turnover tax depending on the sales volume in 2019 (turnover threshold of 1 billion UZS) and area of irrigated agricultural lands.**

**Corporate income tax at zero rate.**

**Property tax exemption for property used to store agricultural produce, and land tax exemption for lands with installed drop irrigation system.**

### State duty on the right to perform concert and entertaining activities with exemption of:

- legal entities from taxes and other mandatory payments;
- individuals from fixed tax.

### TAXATION OF LEGAL ENTITIES AND INDIVIDUALS PERFORMING CONCERT AND ENTERTAINING ACTIVITIES



**State duty charged on the right to perform concert and entertaining activities was reduced by almost 4 times with adoption for:**

- individuals of payment of personal income tax;
- legal entities of general taxes or turnover tax depending on the sales volume in 2019 (turnover threshold of 1 billion UZS).

## TAX EXEMPTIONS

- by the Tax Code;
- by laws of the Republic of Uzbekistan;
- by decisions of the President of the Republic of Uzbekistan;
- by decisions of the Cabinet of Ministers of the Republic of Uzbekistan (in certain cases);
- exemptions for property tax, land tax, unified land tax can be provided by local authorities according to the procedure established by the Cabinet of Ministers

### TAX INCENTIVES ARE PROVIDED:



- by the Tax Code;
- by decisions of the President of the Republic of Uzbekistan - only in form of reduction of established tax rate, but by no more than 50% and for the period not more than three years for certain taxes with exception of value added tax, excise tax for production and (or) sale of excisable produce and subsurface use tax.

### VALIDITY PERIOD



### Tax and other mandatory payments incentives envisaged by:

- the Tax Code of the Republic of Uzbekistan approved by the Law of the Republic of Uzbekistan No. ZRU-136 as of December 25, 2007, are valid until **April 1, 2020**;
- acts of tax legislation, including decisions of the President of the Republic of Uzbekistan and Cabinet of Ministers of the Republic of Uzbekistan adopted before January 1, 2020 are valid until expiration of their validity period.

## TAXATION OF INDIVIDUAL ENTREPRENEURS

Fixed tax + unified social payment (USP)  
+ resource taxes and property tax

**WITH INCOME FROM SALE OF GOODS (SERVICES) DURING THE TAX PERIOD OF < 100 MILLION UZS**

PIT (based on tax return or in fixed amount) + social tax  
+ resource taxes and property tax  
or  
Corporate income tax\* + VAT + social tax  
+ resource taxes and property tax

Unified tax payment + USP  
+ resource taxes and property tax

**WITH INCOME FROM SALE OF GOODS (SERVICES) DURING THE TAX PERIOD MORE THAN 100 MILLION UZS AND LESS THAN 1 BILLION UZS**

Turnover tax + social tax + resources tax and property tax  
or  
Corporate income tax\* + VAT + social tax  
+ resource taxes and property tax

Corporate income tax + VAT  
+ USP  
+ resource taxes and property tax

**WITH INCOME FROM SALE OF GOODS (SERVICES) DURING THE TAX PERIOD OF MORE THAN 1 BILLION UZS**

Corporate income tax\* + VAT + social tax  
+ resource taxes and property tax

\*) An individual entrepreneur has the right to choose simplified procedure of calculating tax base based on income tax (in the amount of 25 percent from the aggregate income).

## IMPROVING TAX ADMINISTRATION

- 1) Desk (cameral) audit;
- 2) Stopwatch study;
- 3) Monitoring compliance of reported and actual number of employees of business entities;
- 4) Tax inspections;
- 5) Thematic express study;
- 6) Tax monitoring.

**Tax inspections are classified into the following types:**

- inspections performed as agreed with the authorized body on coordination of inspections of entrepreneurs;
- inspections performed based on notice to the authorized body on coordination of inspections of entrepreneurs.

### FORMS AND TYPES OF TAX CONTROL



- 1) Tax audits.
- 2) Tax monitoring.

**New procedure for tax control providing the right for tax authorities, based on risk analysis, to engage:**

- a) desk (cameral) tax audit, following outcomes of which financial sanctions are not applied, but penalties can be charged;
- b) field tax audit without additional charge of taxes as a result of such audit;
- c) tax audit, following outcomes of which charge of additional taxes and penalty fees may take place (in relation to taxpayers with high level of risks).

**Until January 1, 2022, the following procedure is established: tax authorities inform the Commissioner under the President of the Republic of Uzbekistan for the Protection of Rights and Legal Interests of Entrepreneurship on appointment of a tax audit.**

- 1) Tax bodies submit the notification for repayment of tax arrears. In case of the failure to repay the tax arrears, the measures of forced collection of the tax arrears are applied:

- uncontested recovery of the tax debt from bank accounts of a taxpayer;
- foreclosure on amounts due to a taxpayer from her debtors;
- foreclosure on the property of a taxpayer.

- 2) deferral and (or) installment payment of tax arrears is provided by the Cabinet of Ministers of the Republic of Uzbekistan or by the authorized body.

### EXECUTION OF TAX LIABILITIES



- 1) Seizure of property can be replaced with the pledge of property, surety or bank guarantee, following application from a taxpayer.
- 2) Elimination of the right of tax authorities to foreclose on amounts due to a taxpayer from her debtors.
- 3) Establishment of the procedure for providing deferral or installment payment for payment of taxes, on paid basis, without participation of collegiate bodies (commissions). Bodies authorized to make decisions about changing due date for tax payment are:

- the State Tax Committee for VAT, excise tax, corporate income tax, PIT, subsurface use tax (with exception for certain cases envisaged by the legislation);
- local authorities for water use tax, property tax, land tax, turnover tax (for a period of up to 2 years).

The Cabinet of Ministers is authorized to provide deferral or installment plan for a period of up to 3 years for any tax.

- 4) Refund of excessively recovered amount of taxes is performed with payment of percentage based on rate equal to the refinancing rate of the Central Bank of the Republic of Uzbekistan.

## 2

## FORECAST OF KEY MACROECONOMIC INDICATORS FOR 2020 AND TARGETS FOR 2021-2022

The parameters of the Consolidated Budget for 2020 and budget targets for 2021-2022 have been formed based on forecast of key macroeconomic indicators for 2020 and targets for 2021-2022. However, in the context of COVID-19 outbreak and an unfavorable situation in international financial and commodity markets, significant worsening of projections is expected.

The Government and international financial institutions update macroeconomic projections in the changed circumstances, while the remaining risks and uncertainty hamper their feasibility.



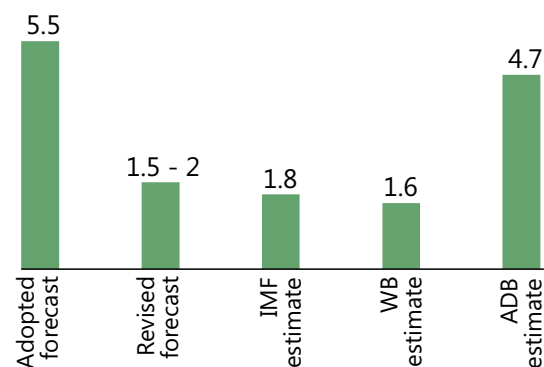
**“COVID-19** pandemic will have a severe impact on global growth. There is extreme uncertainty around the global growth forecast because the economic fallout depends on uncertain factors that interact in ways hard to predict...

*(IMF: World Economic Outlook, April 2020 – The Great Lockdown).*

In April of this year, a number of international financial institutions published forecasts on global economy development of emerging and developing market economies of countries in Europe and Central Asia in the context of combating the effects of COVID-19 pandemic.

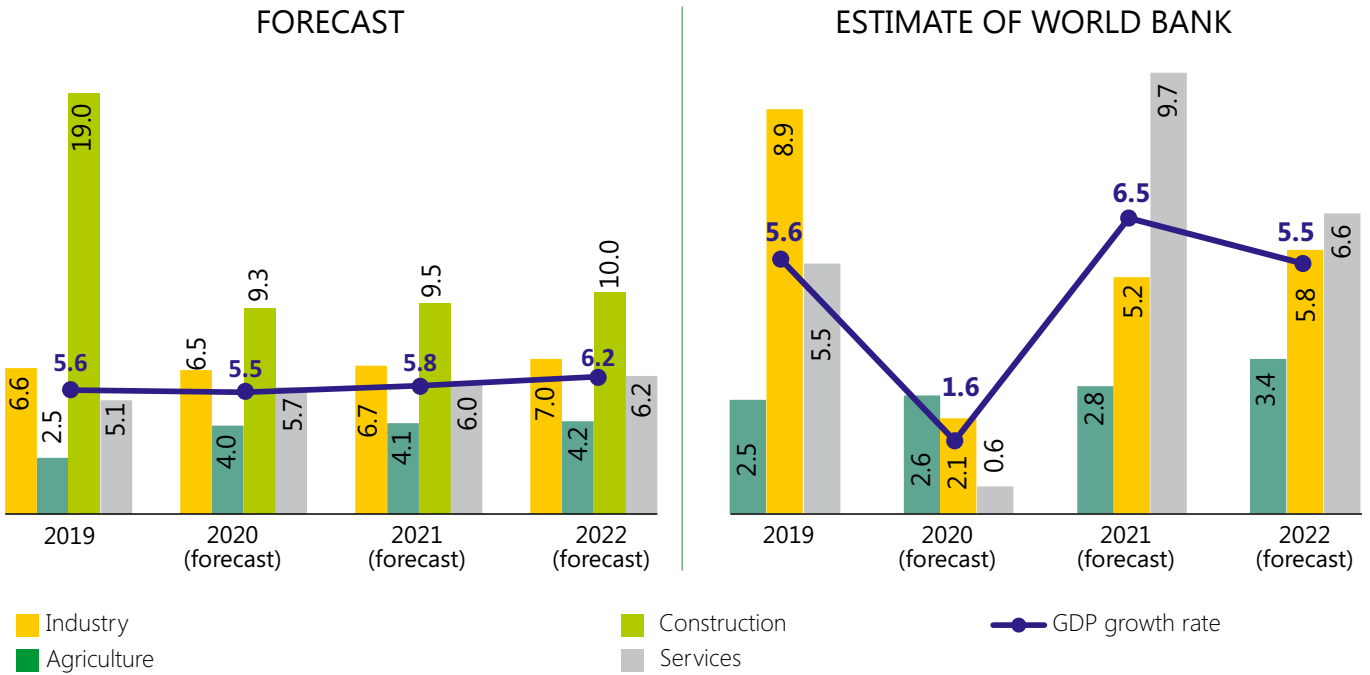
Projections of key macroeconomic indicators based on which the State Budget for 2020 was adopted, and evaluations of international financial institutions under COVID-19 pandemic conditions are presented below.

### UZBEKISTAN: EXPECTED ECONOMIC GROWTH RATES FOR 2020, %





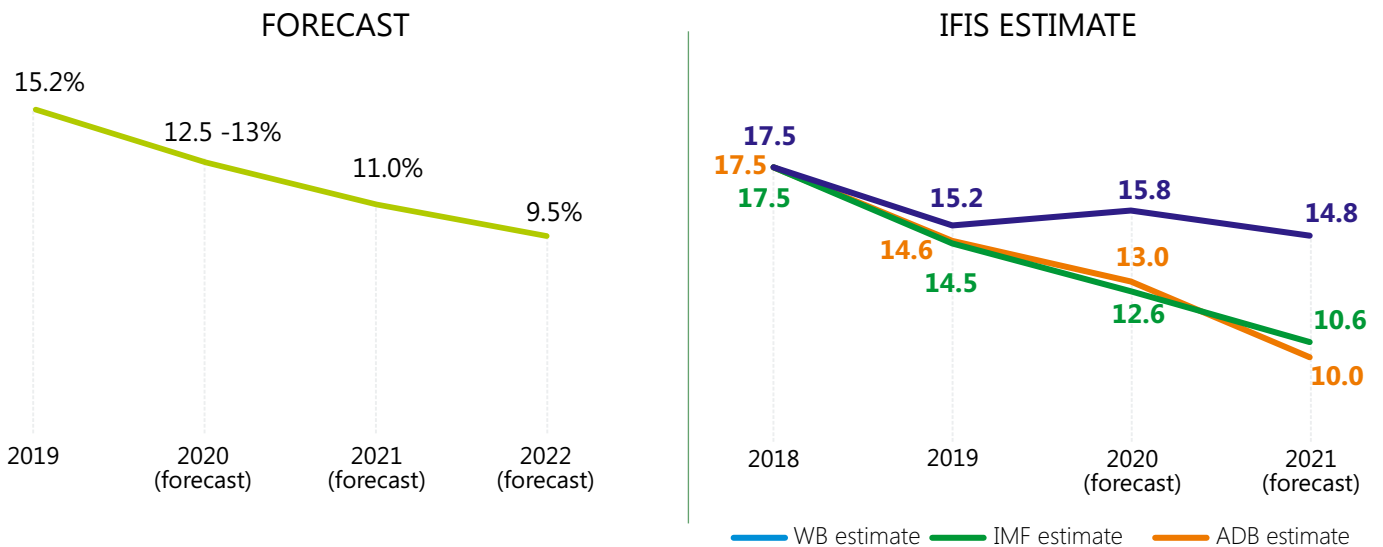
### GDP GROWTH RATE BY TYPE OF ECONOMIC ACTIVITY, %



Since January 1, 2020, the Central Bank has started implementation of measures on gradual transition of monetary policy instruments to the inflation targeting framework with the objective to reduce inflation rate to 10% in 2021 and constant objective of 5% inflation rate in 2023.

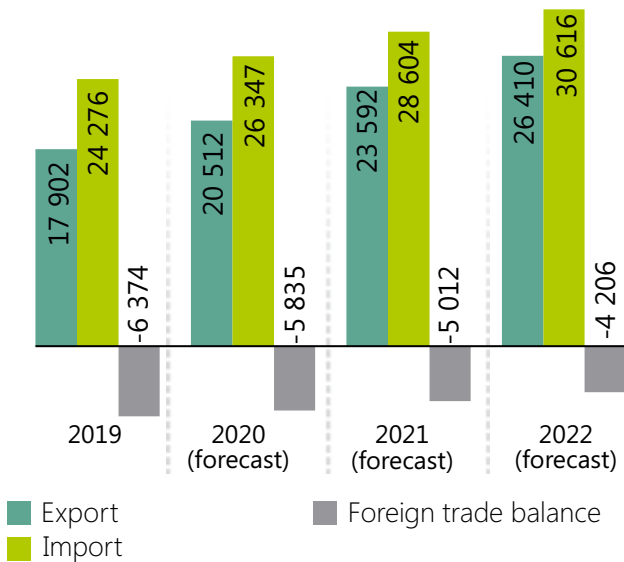
According to World Bank estimates, annual inflation in 2020 of 15.8% is expected under new conditions caused by interruption of the supply chain and increased prices for food products; IMF and ADB expect decline to 12.6% and 13%, respectively.

### INFLATION RATE, %

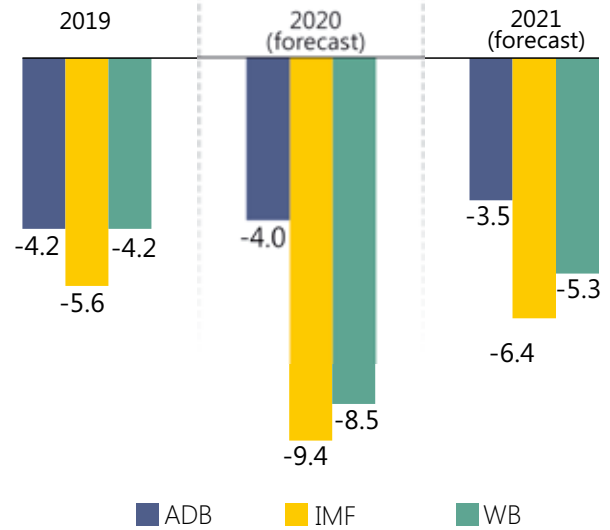


Estimates of economic prospects of Uzbekistan indicate significant slowdown associated with downsizing in economic activity, demand and prices of commodities (Uzbekistan is the oil-importing country), decrease of foreign economic activity.

**FOREIGN TRADE BALANCE, MILLION USD**  
FORECAST



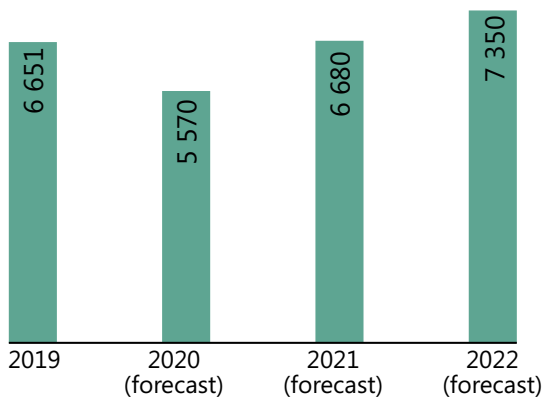
**CURRENT ACCOUNT BALANCE, % TO GDP**  
IFIS ESTIMATE



**Estimate by the Asian Development Bank.** *“The current account deficit is forecasted to narrow further, to 4.0% in 2020 and 3.5% in 2021, as the expected decrease in credit expansion slows growth in imports of capital goods. Exports of natural gas and copper are expected to decline in 2020, offset by higher gold exports. In 2021, exports should expand with structural reform in agriculture, improved infrastructure for services and industry, and higher external demand for natural gas.*

*(ADB: Asian Development Outlook 2020. April 2020).*

**FOREIGN DIRECT INVESTMENTS, MILLION USD**  
FORECAST



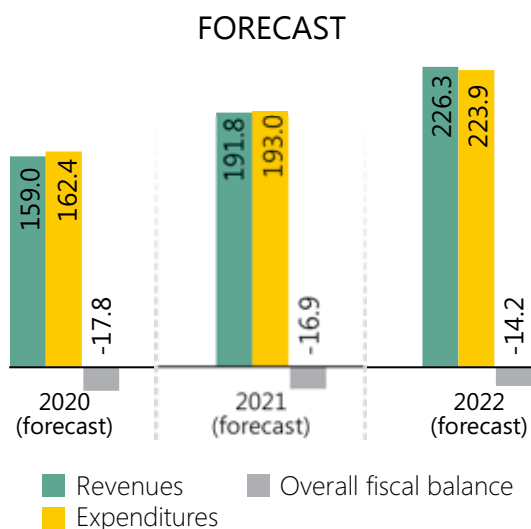
ESTIMATE BY THE WORLD BANK



*“Efforts to attract foreign investment – through PPPs and the imminent launch of an ambitious SOE reform and privatization strategy – will be disrupted by the highly uncertain economic conditions.”*

*(World Bank Group: Fighting COVID-19. Europe and Central Asia Economic Update. ring 2020).*

## PARAMETERS OF THE CONSOLIDATED BUDGET, TRILLION UZS



## ESTIMATE OF WORLD BANK



"Lower tax revenues and additional crisis spending are expected to increase the fiscal deficit to 5.6 percent of GDP in 2020 and 4.7 percent of GDP in 2021."

(World Bank Group: Fighting COVID-19. Europe and Central Asia Economic Update. Spring 2020).

Forecasts of international financial institutions reflect economic prospects under a baseline scenario which suggests that COVID-19 pandemic would be overcome in the second half of 2020, and world economy would start to recover in 2021. However, as noted by experts, there are still existing risks of deterioration of the situation and more serious consequences for the global economy caused by significant uncertainty.

## НАЦИОНАЛЬНЫЕ FORECASTЫ И ОЦЕНКИ МЕЖДУНАРОДНЫХ ФИНАНСОВЫХ ИНСТИТУТОВ ПО СТРАНАМ

Countries	GDP growth rate, %					
	2019 (actual)	2020				
		Reviewed FORECAST		Estimate		
		adopted	revised	WB	IMF	ADB
Uzbekistan	5.6	5.5	1.5-2	1.8	1.6	4.7
Kazakhstan	4.5	4.1	0.9	-2.5	-0.8	1.8
Tajikistan	7.5	7.8	N/A	1.0	1.0	5.5
Kyrgyzstan	4.5	5.0	-2.5	-4.0	0.4	4.0
Turkmenistan	6.3	5.1	5.1	1.8	N/A	6.0
Russia	1.3	2.0	-5.0	-5.5	-1.0	N/A
Belarus	1.2	2.8	0.0	-6.0	-4.0	N/A
Ukraine	3.2	3.7	-3.9	-7.7	-3.5	N/A
Armenia	7.6	4.9	0.7	-1.5	1.7	2.2
Georgia	5.1	4.5	2.5	-4.0	0.1	0.0
India	4.8-5.0	6.1	4.8- 5.0	1.9	1.5-2.8	4.0
China	6.1	6.1	2.6	1.2	2.3	2.3
Turkey	0.9	5.0	1.4	-5.0	0.5	N/A

# 3

## THE STATE BUDGET

### Revenues

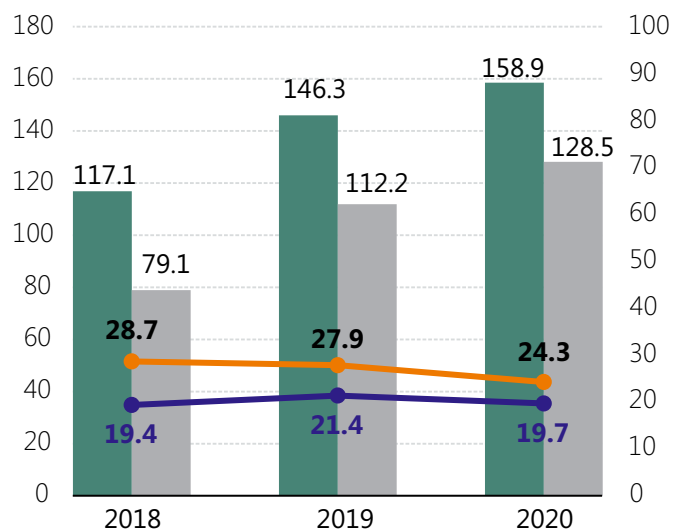
This section describes revenues of the State Budget for 2020, forecasted taking into account changes stipulated by the new Tax code and the Law "On the State Budget of the Republic of Uzbekistan for 2020". Situation that has changed due to the COVID-19 pandemic results in the adjustments to the execution of this forecast. Quarantine and restrictive measures lead to a significant reduction of economic activity and lower anticipated tax revenues. Anti-crisis measures, such as tax payment deferrals, payment by installments and tax exemptions will also result in lower tax revenues in 2020. Given current changes, the forecast of the State Budget revenues will be refined based on the assessment of consequences of the COVID-19 pandemic.

#### FORECAST OF THE STATE BUDGET REVENUES FOR 2020 IS BASED ON:

- The forecast of social and economic development for 2020 (GDP - 653 trillion UZS, growth 5.5%);
- Main aspects of the tax policy for 2020 stipulating reduction of the tax burden from 26.2% to 24.5%;
- Expected results of adoption of the new edition of the Tax code;
- Forecast of price changes in global markets for individual types of strategic goods;
- Introduction of new forms of fiscal control and tax administration arrangements;
- Abolishment of tax and customs exemptions, in particular, for VAT.

#### BUDGET REVENUES AND TAX BURDEN, FORECAST FOR 2020

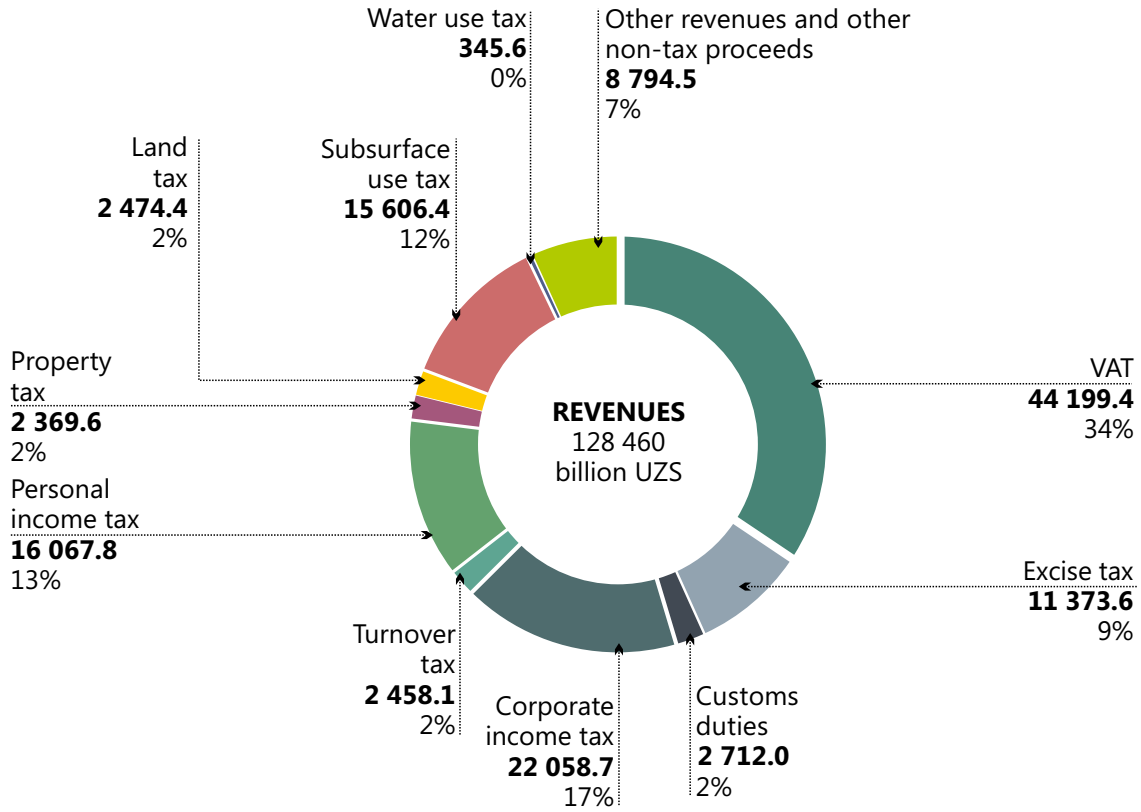
- Consolidated budget revenues, trillion UZS
- State Budget revenues, trillion UZS
- Total tax burden\*, %
- Tax burden (w/o state targeted funds)\*\*, %



\*) Share of the Consolidated budget revenues in GDP.

\*\*\*) Share of the State Budget revenues in GDP.

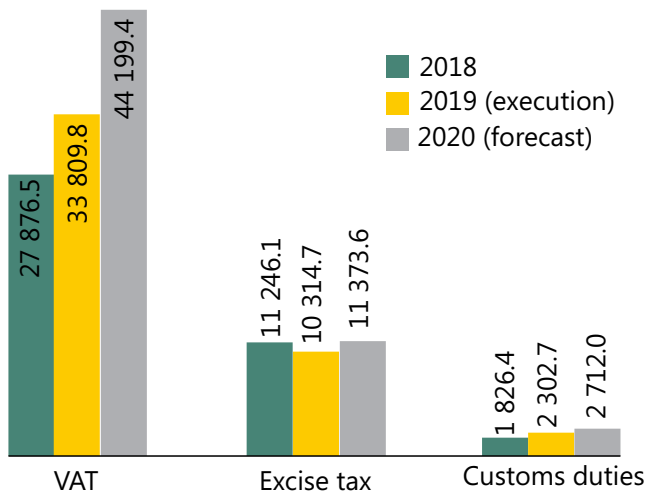
### STRUCTURE OF THE STATE BUDGET REVENUES, FORECAST FOR 2020, BILLION UZS



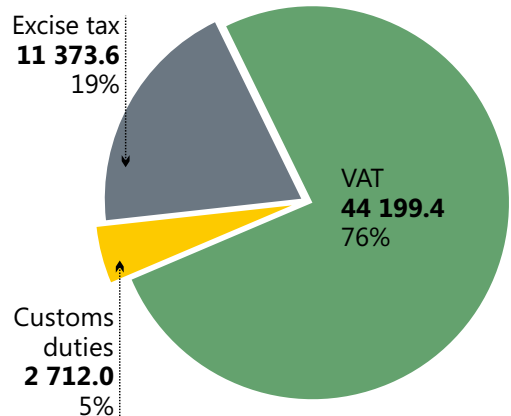
From the perspective of tax sources, the main forecasted share of revenues of the State Budget will be provided by indirect taxes - **58,285 billion UZS**. (45.4% of total revenues).

The main share of revenues (76%) from indirect taxes will be provided by VAT.

#### TRENDS IN COLLECTION OF INDIRECT TAXES IN 2018-2020, BILLION UZS



#### STRUCTURE OF INDIRECT TAXES, FORECAST FOR 2020, BILLION UZS

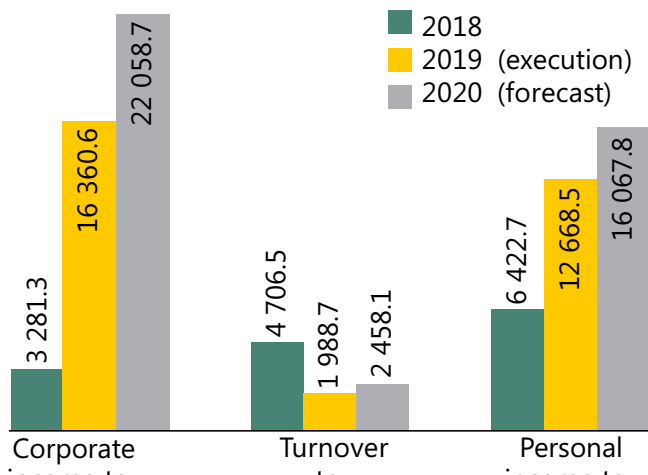


**WHEN ASSESSING ANTICIPATED INDIRECT TAX COLLECTIONS, THE FOLLOWING WAS CONSIDERED:**

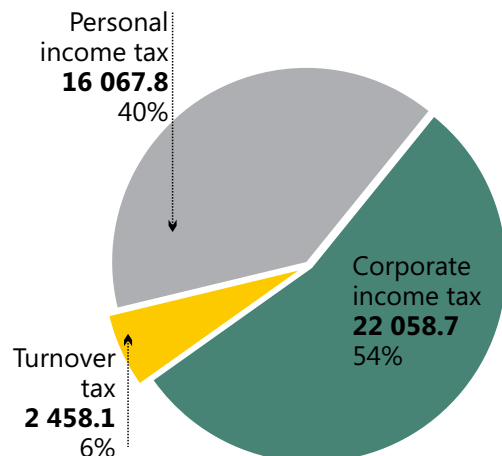
for VAT:	for Excise tax:	for Customs duties:
<ul style="list-style-type: none"> <li>■ growth of the number of taxpayers and expansion of the tax base due to introduction of the turnover threshold in the amount of 1 billion UZS and abolishment of tax exemptions. Revenues from abolishment of tax exemptions - 9.3 trillion UZS;</li> <li>■ reduction of the rate from 20% to 15% (from October 1, 2019);</li> <li>■ coverage of the whole goods turnover by electronic tax invoices.</li> </ul>	<ul style="list-style-type: none"> <li>■ indexation of rates for alcohol and tobacco products, natural gas, polyethylene granules, mobile communication;</li> <li>■ introduction of excise tax for individual goods.</li> </ul>	<ul style="list-style-type: none"> <li>■ increase in imports - 7.5%.</li> </ul>

Predicted proceeds from direct taxes in 2020 amount to **40,584.6 billion UZS** (31.6% from total revenues).

**TRENDS IN COLLECTION OF DIRECT TAXES IN 2018-2020, BILLION UZS**



**STRUCTURE OF DIRECT TAXES, FORECAST FOR 2020, BILLION UZS**

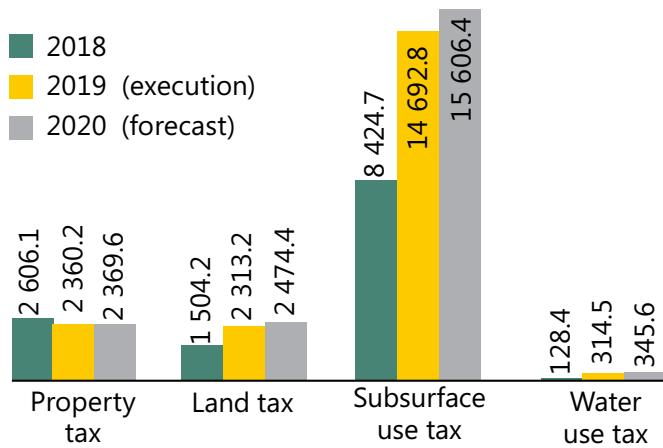


**WHEN ASSESSING ANTICIPATED DIRECT TAX COLLECTIONS, THE FOLLOWING WAS CONSIDERED:**

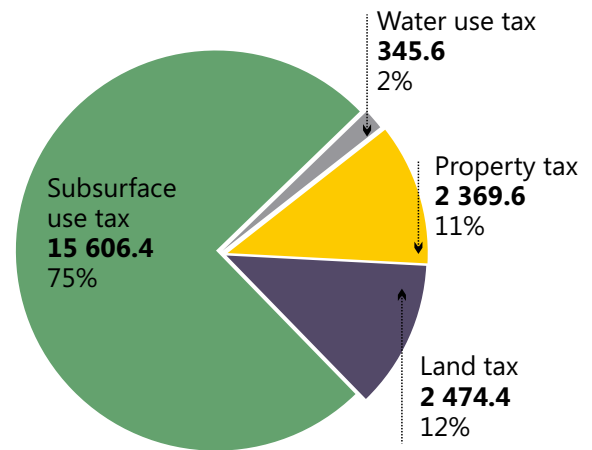
for Corporate income tax:	for Turnover tax:	for Personal income tax:
<ul style="list-style-type: none"> <li>■ anticipated economic growth, new capacities commissioned;</li> <li>■ increase of the base rate up to 15%.</li> </ul>	<ul style="list-style-type: none"> <li>■ crediting the full amount of proceeds to the State Budget (previously they were distributed between the State Budget, Pension fund, Development Fund of the Youth Union, Federation of Trade Unions of Uzbekistan).</li> </ul>	<ul style="list-style-type: none"> <li>■ increasing salaries;</li> <li>■ transfer of individual entrepreneurs to payment of the personal income tax (instead of the fixed tax).</li> </ul>

Anticipated collections from resource taxes and property tax amounted to **20,796 billion UZS** (16.2% from total revenues).

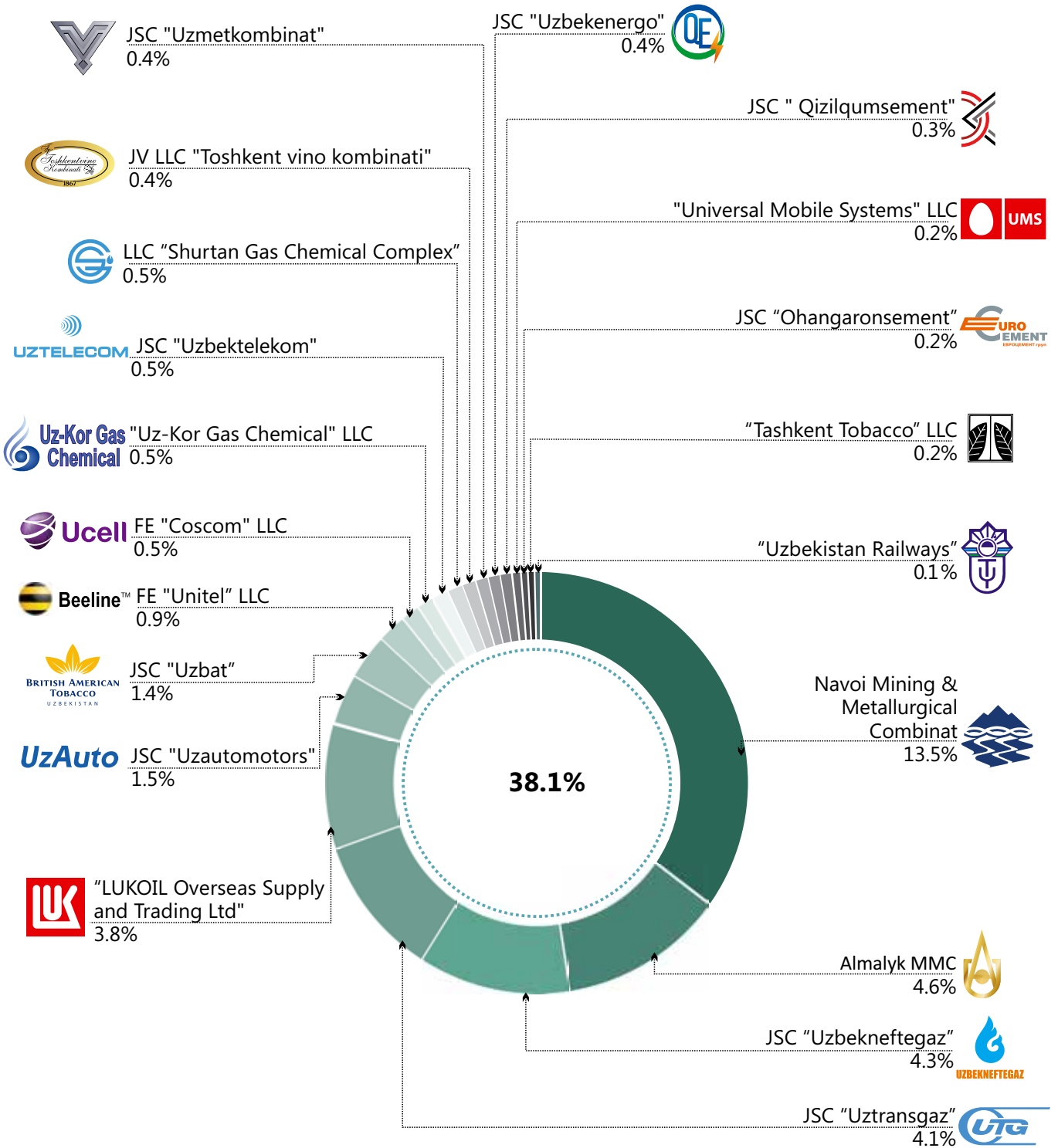
**TRENDS IN COLLECTION OF RESOURCE TAXES AND PROPERTY TAX IN 2018-2020, BILLION UZS**



**STRUCTURE OF RESOURCE TAXES AND PROPERTY TAX, FORECAST FOR 2020, BILLION UZS**










## SHARE OF PROCEEDS FROM LARGE TAXPAYERS TO THE STATE BUDGET OF THE REPUBLIC OF UZBEKISTAN, FORECAST FOR 2020





### RATES OF TAXES AND MANDATORY PAYMENTS

						
<b>VAT</b>	<b>Personal income tax</b>	<b>Corporate income tax</b>	<b>Income tax for dividends and interests</b>	<b>Turnover tax</b>	<b>Corporate property tax</b>	<b>Personal property tax*</b>
15%	12%	15%	5%	4%	2%	0,2%

\*) The amount of the personal property tax shall not exceed the amount accrued in 2019 by more than 1.3 times.

### CHANGES OF TAX RATES

	2019	2020
Corporate income tax	12%	15%
Land tax	in fixed amount	+15% (indexation)
Water use tax	in fixed amount	+15% (indexation)
Social tax*	25%	12%

\*) for state owned enterprises, legal entities with state share in the charter capital in the amount of 50% and more, legal entities in the charter capital of which 50% and more belong to a legal entity with state share in the charter capital in the amount of 50% and more, and their affiliates.

# Expenditures

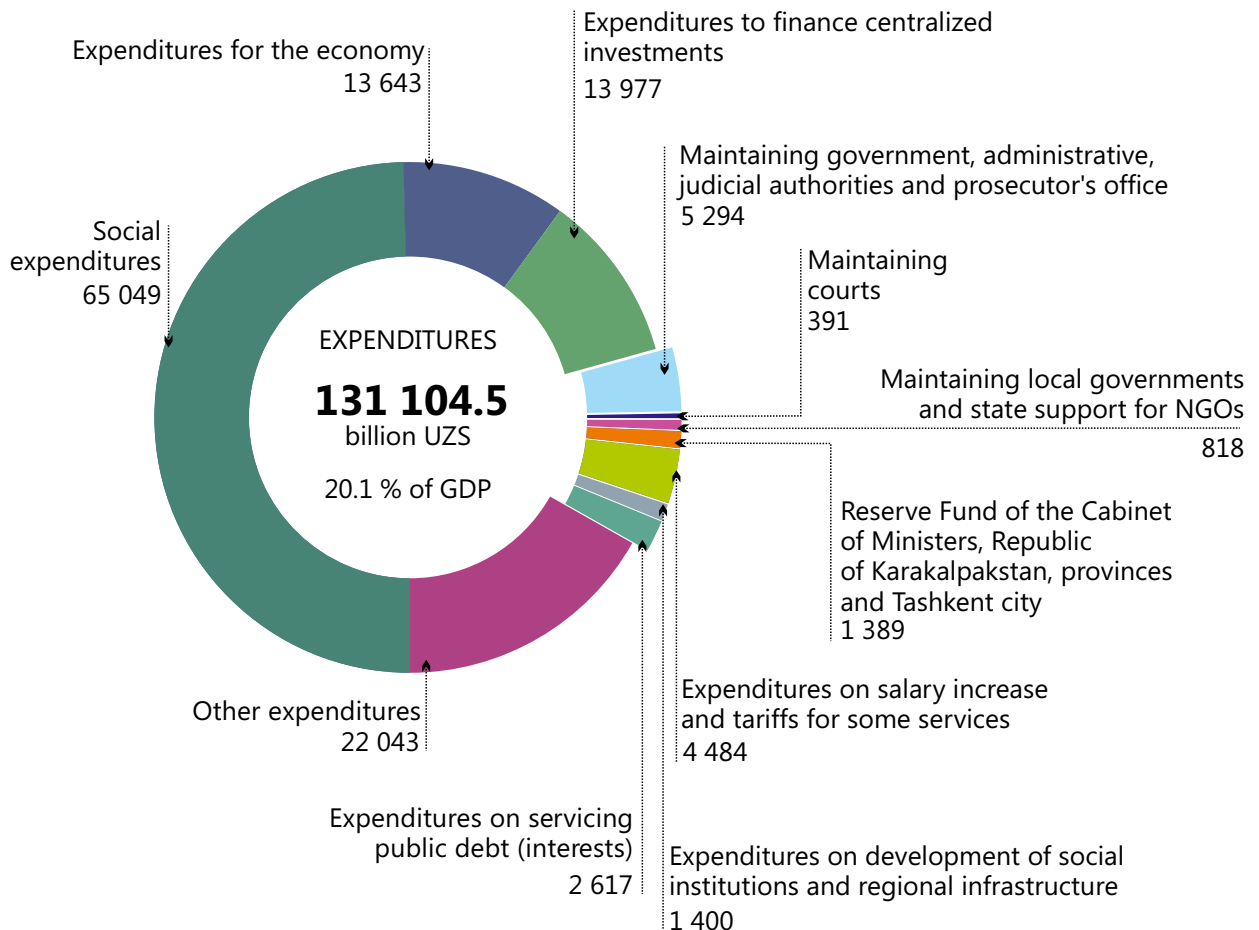
The quarantine and restrictive measures lead to a significant downsizing in economic activity and, as a result, lower anticipated tax revenues. This situation also impacts the volume and directions for the State Budget expenditures, increase of which is the result of implementation of broad measures to support the population and the economy in the context of COVID-19 outbreak.

This section includes two parts. The first part describes parameters of expenditures in accordance with the Law "On the State Budget of the Republic of Uzbekistan for 2020", i.e. what was planned. The second part shows changes related to current situation. It demonstrates for what expenditures have increased, for which directions they have been reduced and approximate allocations for all ministries and agencies (first-level budget administrators).

## WHAT WAS PLANNED?

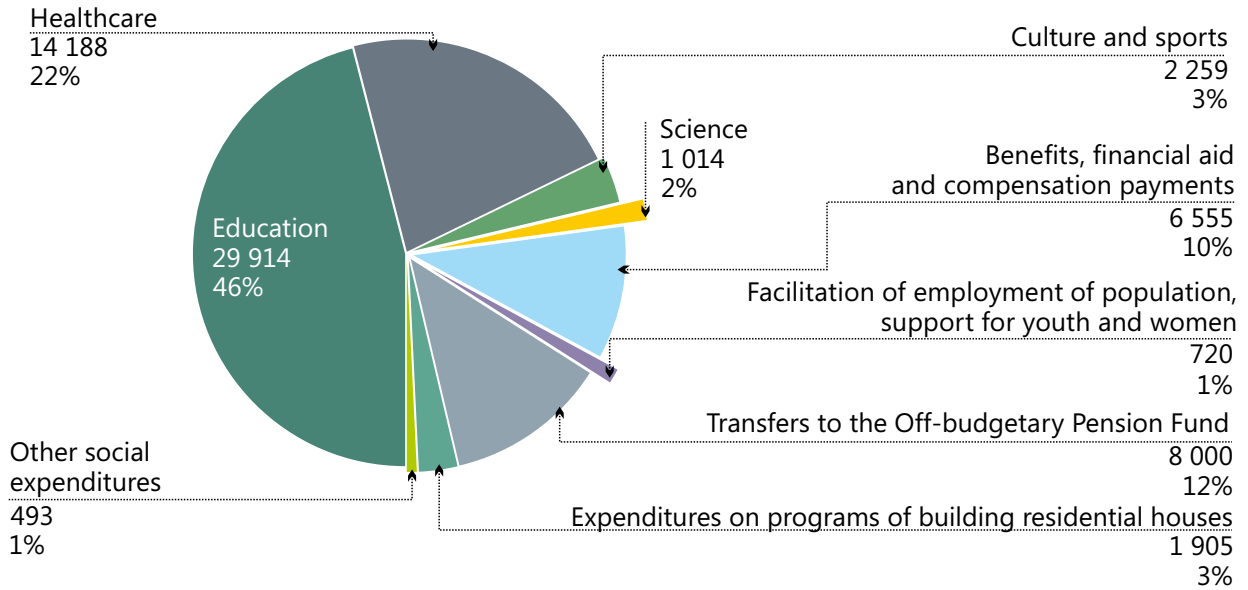
Projected amount of the State Budget expenditures for 2020 was **131,104.5 billion UZS** (20.1% of GDP).

**STRUCTURE OF THE STATE BUDGET EXPENDITURES, PARAMETERS FOR 2020, BILLION UZS**







**65,049 billion UZS** is provided for social sector and social support of the population.

**STRUCTURE OF SOCIAL EXPENDITURES, PARAMETERS FOR 2020, BILLION UZS**



Almost a half (46%) of social expenditures, or 23% of total expenditures of the country are expenditures on education.







**EXPENDITURES ON EDUCATION, PARAMETERS FOR 2020**

<b>29 913,8</b> billion UZS		Preschool education	<b>5 166,2</b> billion UZS
		General education	<b>20 736,1</b> billion UZS
		Secondary special and vocational education: vocational colleges and academic lyceums	<b>1 718,6</b> billion UZS
		Higher education	<b>2 292,9</b> billion UZS






## Preschool education – 5 166,2 billion UZS

### INDICATORS OF STATE PRESCHOOL EDUCATIONAL INSTITUTIONS AND BUDGET EXPENDITURES FOR THEIR MAINTENANCE

		2019 год (execution)	2020 год (parameters)
	Number of state preschool educational institutions (PEI)	5,727.0	5,856.0
	Number of children in PEIs, thousand	915.1	991.4
	Number of teachers, thousand	50.3	52.2
	Planned parental fees, billion UZS	826.2	1,074.1
	State expenditures for PEI maintenance, billion UZS	5,314.4	5,166.2
	Expenditures for catering (budgetary funds, parental fees, donor funds), billion UZS	1,360.0	1,768.1

### РАСХОДЫ ГОСУДАРСТВЕННОГО БЮДЖЕТА НА СТРОИТЕЛЬСТВО, РЕКОНСТРУКЦИЮ И КАПИТАЛЬНЫЙ РЕМОНТ ДОУ В 2019-2020 ГОДЫ, МЛРД СУМ.

	Total number of PEIs	 Construction of PEIs	 Reconstruction of PEIs	 Capital repair of PEIs
2019 (execution)	1,704.8	120.4	1,543.5	40.9
2020 (parameters)	1,751.7	109.1	1,642.6	



## General education – 20 736,1 billion UZS

### INDICATORS OF GENERAL EDUCATIONAL INSTITUTIONS

<p>Number of general education institutions</p> <p><b>10 452</b></p>		General education schools	<b>9 576</b>
		Special schools	<b>21</b>
		Special boarding schools	<b>69</b>
		Boarding schools	<b>225</b>
		“Mekhribonlik” houses, Children’s Villages	
		“SOS”, children’s mahalla	<b>26</b>
		Children’s schools “Barkamol Avlod”	<b>219</b>
		Children’s schools of music and arts	<b>316</b>
		Number of students	<b>6 407</b> thousand



### INDICATORS OF CHILDREN’S SCHOOLS OF MUSIC AND ARTS AND EXPENDITURES FOR THEIR MAINTENANCE, PARAMETERS FOR 2020

<p>number of children’s music and arts schools</p>	<p>number of students</p>	<p>State Budget expenditures</p>
316	90 209	454.7 billion UZS

### ПОКАЗАТЕЛИ ДЕТСКИХ ШКОЛ «БАРКАМОЛ АВЛОД» И РАСХОДЫ НА ИХ СОДЕРЖАНИЕ, PARAMETERS НА 2020 ГОД

<p>количество детских школ «Баркамол авлод»</p>	<p>количество обучающихся детей</p>	<p>расходы Государственного бюджета</p>
219	157 712	154.7 billion UZS

**AMOUNT OF MONTHLY PARENTAL FEE FOR TEACHING A CHILD AT THE BEGINNING OF 2020\***




	Tashkent city	Centers of provinces	Republic of Karakalpakstan and other settlements
 Music	<b>75%</b>	<b>50%</b>	<b>30%</b>
 Arts	<b>50%</b>	<b>30%</b>	<b>20%</b>

\*Estimation based on the base estimated value



**Secondary specialized and vocational education –  
1 718,6 billion UZS**

**MAIN INDICATORS FOR 2020**

 <b>Teachers</b>	 <b>Students</b>	 <b>Expenditures for maintenance of vocational colleges and academic lyceums</b>
17.6 thousand students	202.2 thousand students	1,718.6 billion UZS



**Higher education – 2 292,9 billion UZS**



**STATE BUDGET EXPENDITURES ON NEW AND REORGANIZED HIGHER EDUCATION INSTITUTIONS, PARAMETERS FOR 2020, MILLION UZS**

No	Higher education institutions	Amount
1	Samarkand branch of Tashkent State University of Economics	1,501.4
2	Shakhrisabz branch of Tashkent State Pedagogical University	1,961.3
3	Karshi branch of Tashkent Institute of Irrigation and Agricultural Mechanization Engineers	3,390.0
4	Shakhrisabz branch of Tashkent chemical - technological Institute	2,161.7
5	Yangiyer branch of Tashkent chemical - technological Institute	2,061.3
6	Jizzakh branch of National University of Uzbekistan	2,399.9
7	Samarkand branch of Federal State Budgetary Educational Establishment of Higher Education "Russian State University of Physical Education, Sport, Youth and Tourism"	354.9
8	Tashkent branch of Federal State Budgetary Educational Establishment of Higher Education "D. Mendeleev University of Chemical technology of Russia"	1,602.1
9	Tashkent branch of Federal State Budgetary Educational Establishment of Higher Education "National Research University "Moscow Power Engineering Institute"	1,160.1
10	High School of Judges at the High Judicial Council of the Republic of Uzbekistan	15,933.0
	<b>Expenditures on new HEIs - total</b>	<b>32,525.7</b>



## Healthcare – 14 188,2 billion UZS

### INDICATORS OF MEDICAL INSTITUTIONS AS OF 01.01.2020

Number	 <b>Staff</b>	 <i>including:</i> <b>doctors</b>
<b>TOTAL NUMBER OF MEDICAL INSTITUTIONS</b> 3,655	<b>468,314</b>	<b>105,899</b>
<b>OUTPATIENT INSTITUTIONS</b> 2,288	194,516	58,225
RURAL OUTPATIENT CLINICS 817	20,369	3,581
PRIMARY HEALTHCARE CENTERS 192	34,123	13,102
<b>INPATIENT HOSPITALS</b> 777	215,668	37,997
SPECIAL HOSPITALS AND HEALTH CENTERS 207	43,256	6,665
SPECIAL RESEARCH AND PRACTICAL CENTERS 16	6,677	1,130
<b>HEALTH AND SOCIAL CARE INSTITUTIONS</b> 249	11,118	624
<b>ДРУГИЕ УЧРЕЖДЕНИЯ</b> 341	47,013	9,053

### STATE BUDGET EXPENDITURES ON MEDICAL INSTITUTIONS IN 2017-2020, UZS

Nº	Indicators	2017	2018	2019	2020 (parameters)	2020 vs 2019	2020 vs 2018
1	Primary healthcare institutions, per 1 examination	1,300	2,185	3,789	4,677	1.23	2.14
2	Emergency medical aid, per 1 call	1,115	5,000	5,800	6,700	1.16	1.34
<b>Purchase of medicines and medical goods per a bed-day in:</b>							
3	Territorial multidisciplinary health centers	5,024	8,594	15,640	18,455	1.18	2.15
4	Republican Research Center of Emergency Medicine and its regional divisions	16,377	27,517	47,994	56,633	1.18	2.06
5	Republican and regional special hospitals and centers	7,151	8,610	18,623	34,567	1.86	4.01
	<i>of which:</i>						
5.1	antituberculosis dispensaries and hospitals	5,978	19,974	23,370	27,576	1.18	1.38
5.2	oncologic dispensaries	15,127	47,970	56,125	66,227	1.18	1.38
5.3	endocrinological hospitals (dispensaries)	6,413	23,885	27,946	32,976	1.18	1.38
5.4	infectious diseases hospitals	5,674	18,787	21,981	25,937	1.18	1.38
6	regional perinatal centers, obstetric centers, maternity centers	4,721	7,207	16,216	19,135	1.18	2.66





**59,8 billion UZS**  
Maternity and childhood protection activities in Uzbekistan

**10,7 billion UZS**  
State program of development of the Aral Sea region

**198,6 billion UZS**  
Expenditures on vaccines for children

**50,7 billion UZS**  
Activities for improvement of oncologic services

**44,3 billion UZS**  
Early detection of congenital and hereditary diseases in children

**6,0 billion UZS**  
Retraining and further training of medical staff in leading foreign medical and research centers

**4,2 billion UZS**  
Measures for improvement of quality of medical aid provided to women of reproductive age, pregnant women and children

**10,0 billion UZS**  
Diagnostics of viral hepatitis, their prevention and treatment

**2,9 billion UZS**  
Purchase of disposable plastic containers for collection, storage and delivery of blood and its components

**32,1 billion UZS**  
Medical and social care for children with rare (orphan) and other hereditary genetic diseases

**16,9 billion UZS**  
Purchase of GDF-certified antituberculosis medicines



**9,4 billion UZS**  
Expenditures on VAT refund for 150 purchased ambulance cars (FORD)

**26,5 billion UZS**  
Cochlear implantations for children with sensorineural deafness and hearing loss

**2,1 billion UZS**  
Flu vaccination of children and residents of social care institutions

**9,0 billion UZS**  
Uninterrupted supply of medicines to patients after kidney and liver transplantation

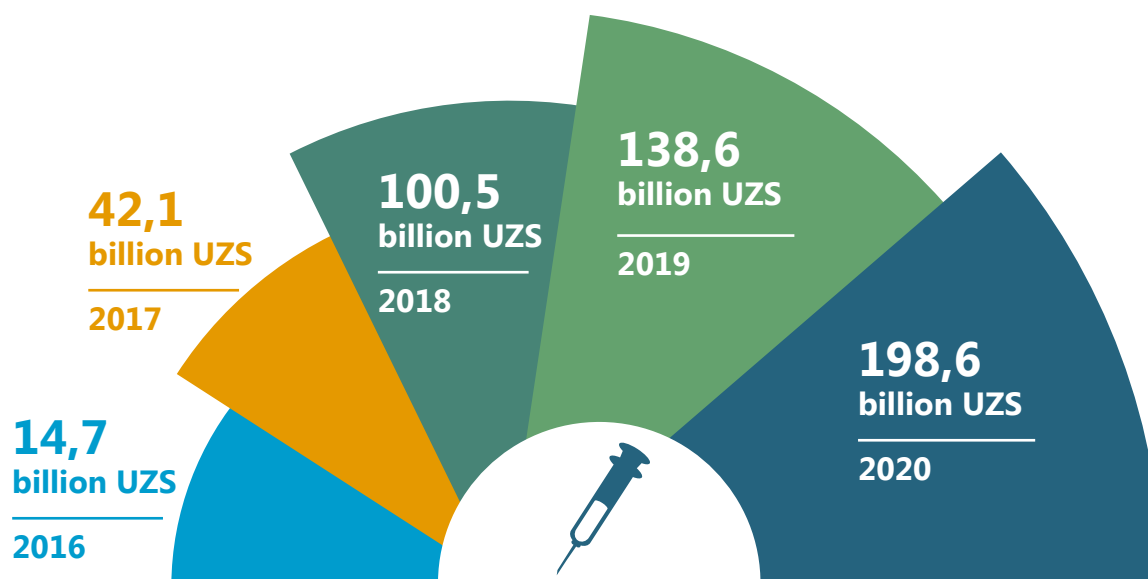
**136,0 billion UZS**  
Measures for increasing the efficiency of nephrological and hemodialysis aid

**87,2 billion UZS**  
Hematological services and measures to support people with hematologic malignancies

**24,5 billion UZS**  
Measures for improvement of endocrinological aid

**50,8 billion UZS**  
Measures for combating spread of HIV

## MEASURES TO PROVIDE VACCINES FOR CHILDREN



## VACCINES INCLUDED IN THE CALENDAR OF PROPHYLACTIC IMMUNIZATION IN THE REPUBLIC OF UZBEKISTAN

AGE	VACCINE
1 day	(HBV) B hepatitis vaccine
2-5 days	(BCG) Tuberculosis vaccine
2 months	(OPV-1) inactivated polio vaccine; (Rota-1) rotavirus vaccine - virus diarrhea vaccine; (Penta-1) diphtheria, pertussis, tetanus and B hepatitis vaccine; (Pneumo-1) pneumococcal disease vaccine
3 months	(OPV-2) inactivated polio vaccine (Rota-2) rotavirus vaccine - virus diarrhea vaccine; (Penta-2) diphtheria, pertussis, tetanus and B hepatitis vaccine; (Pneumo-2) pneumococcal disease vaccine
4 months	(OPV-3) inactivated polio vaccine; (Rota-3) rotavirus vaccine - virus diarrhea vaccine; (Penta-3) diphtheria, pertussis, tetanus and B hepatitis vaccine; (IPV) inactivated polio vaccine
12 months	(MPR-1) measles, parotitis, rubella vaccine; (Pneumo-3) pneumococcal disease vaccine
16 months	(OPV-4) inactivated polio vaccine; (DTP-4) diphtheria and tetanus toxoids and pertussis vaccine
6 years	(MPR-2) measles, parotitis, rubella vaccine
7 years (1st class)	(OPV-5) inactivated polio vaccine
9-13 years	(CCV) cervical cancer vaccine
16 years	(Td) diphtheria and tetanus toxoids and pertussis vaccine

**FUNDS PROVIDED TO THE  
MINISTRY OF HEALTH FOR  
CENTRALIZED PROCUREMENTS  
ACCORDING TO STATE PROGRAMS  
IN 2016-2020**



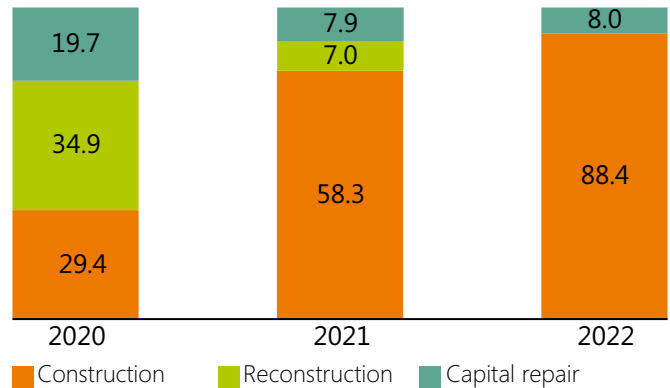
2020	782,1 billion UZS
2019	455,8 billion UZS
2018	346,5 billion UZS
2017	146,4 billion UZS
2016	79,1 billion UZS



**Expenditures on culture – 1 369,6 billion UZS**

The state participates in development of cultural facilities through financing State programs of construction, reconstruction and capital repair and equipment of cultural facilities.

**STATE BUDGET EXPENDITURES ON  
THE PROGRAM OF CONSTRUCTION,  
RECONSTRUCTION AND CAPITAL REPAIR  
OF STATE MUSEUMS  
FOR 2020-2022, BILLION UZS**



**IN 2020  
540.7 BILLION UZS  
IS PROVIDED FOR:**

restoration of cultural heritage objects	66,8 billion UZS
financing activities of the National agency "Uzbekkino" and its regional divisions	61,6 billion UZS
financing activities of the National Television and Radio Company of Uzbekistan	395,3 billion UZS
capital repair of state theaters	17,0 billion UZS



## Expenditures on physical education and sports – 889,7 billion UZS

### EXPENDITURES ON PHYSICAL EDUCATION AND SPORTS IN 2019-2020, BILLION UZS




№	Показатели	2019 (execution)	2020 (parameters)
1	Expenditures related to training of sportsmen for participation in XXXII 2020 Summer Olympics and Paralympics held in Tokyo (Japan)	257.2	160.0
2	Expenditures on maintenance of special sports schools for children and young people	143.1	127.4
3	Expenditures on maintenance of regional sports schools	346.2	310.9
4	Expenditures included in the calendar plan of sport and mass sport events related to holding international and local sport competitions	120.6	169.0
5	Expenditures on maintenance of regional football academies for children and young people	43.1	41.0
<b>TOTAL</b>		<b>980.4</b>	<b>889.7</b>



## Expenditures on science – 1 014,4 billion UZS



## Expenditures on social protection – 6 555,4 billion UZS

Types of allowance	2019 (execution)		2020 (parameters)	
	Number of recipient families *	Expenditures, billion UZS	Number of recipient families *	Expenditures, billion UZS
 Child care allowance until they reach the age of 2 years	246,699	1,234.9	264,132	1,537.6
 Benefits for families with children under 14	255,143	686.7	265,603	949.4
 Financial aid to low-income families	61,378	247.1	65,704	336.6
<b>TOTAL</b>	<b>563,220</b>	<b>2,168.7</b>	<b>595,439</b>	<b>2,823.6</b>

\* average annual number of recipients

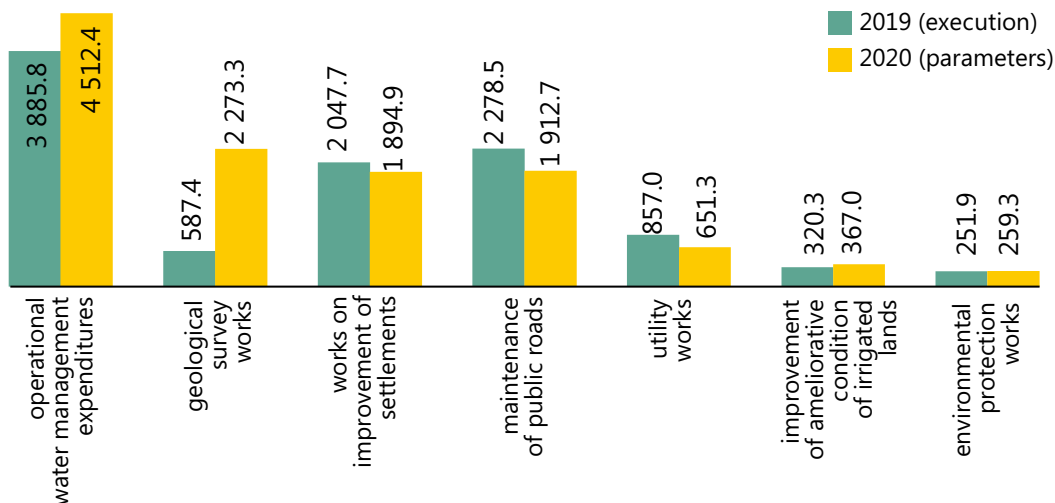


**Pensions.** To balance revenues and expenditures and ensure timely expenditures of the Off-budgetary Pension Fund, the amount of **8 trillion UZS** is provided from the State Budget for 2020 for transfers to the Off-budgetary Pension Fund.



**Expenditures for the economy – 13 642,6 billion UZS**, which makes 10.4% of the State Budget expenditures.

### EXPENDITURES FOR THE ECONOMY IN 2019-2020, BILLION UZS



**Centralized capital investments – 13 976,8 billion UZS**

### EXPENDITURES ON CENTRALIZED CAPITAL INVESTMENTS, PARAMETERS FOR 2020, BILLION UZS

Nº	Indicators	Amount
	<b>Centralized capital investments</b>	<b>13,976.8</b>
1	Construction, reconstruction and capital repair of educational institutions	4,288.5
	of which:	
	preschool education institutions	1,751.7
	general education schools	1,659.2
	vocational colleges and academic lyceums	90.9
	children's schools of music and arts	55.6
	higher education institutions	731.2
2	Construction, reconstruction and capital repair of medical institutions	1,097.3
3	Research institutes	37.8
4	Expenditures related to the development of material and technical resources of physical education and sports facilities	345.1
5	Development of public roads	1,514.7
6	Development of drinking water supply and sewage systems	1,276.6
7	Improvement of ameliorative condition of irrigated lands	216.3
8	Development of the Aral Sea region	303.4
9	Additional expenditures under the State programs "Obod qishloq" and "Obod mahalla"	500.0
10	Other investment expenditures	4,397.0

## HOUSING CONSTRUCTION PROGRAM

New arrangements have been introduced in the field of mortgage lending in order to support people who need improvement of housing conditions and to develop private contractors<sup>1</sup>.

### ACCORDING TO THE NEW PROCEDURE:

- in order to provide mortgage market with long-term resources, the Ministry of Finance will place funds under market conditions in commercial banks for 15 years;
- commercial banks provide mortgage credits to population at the expense of own funds and funds allocated by the Ministry of Finance;
- mortgage credits are provided at the market rate with establishing the maximum amount of lending for one lender and provision of the right to the lender to choose the location and area of housing;
- individual persons, including low-income persons and people who need improvement of housing conditions, are paid with subsidies at the expense of the State Budget for compensation of a part of initial installment and (or) mortgage credit interests.

### ACCORDING TO THE NEW PROCEDURE, THE SUBSIDIES ARE PAID:

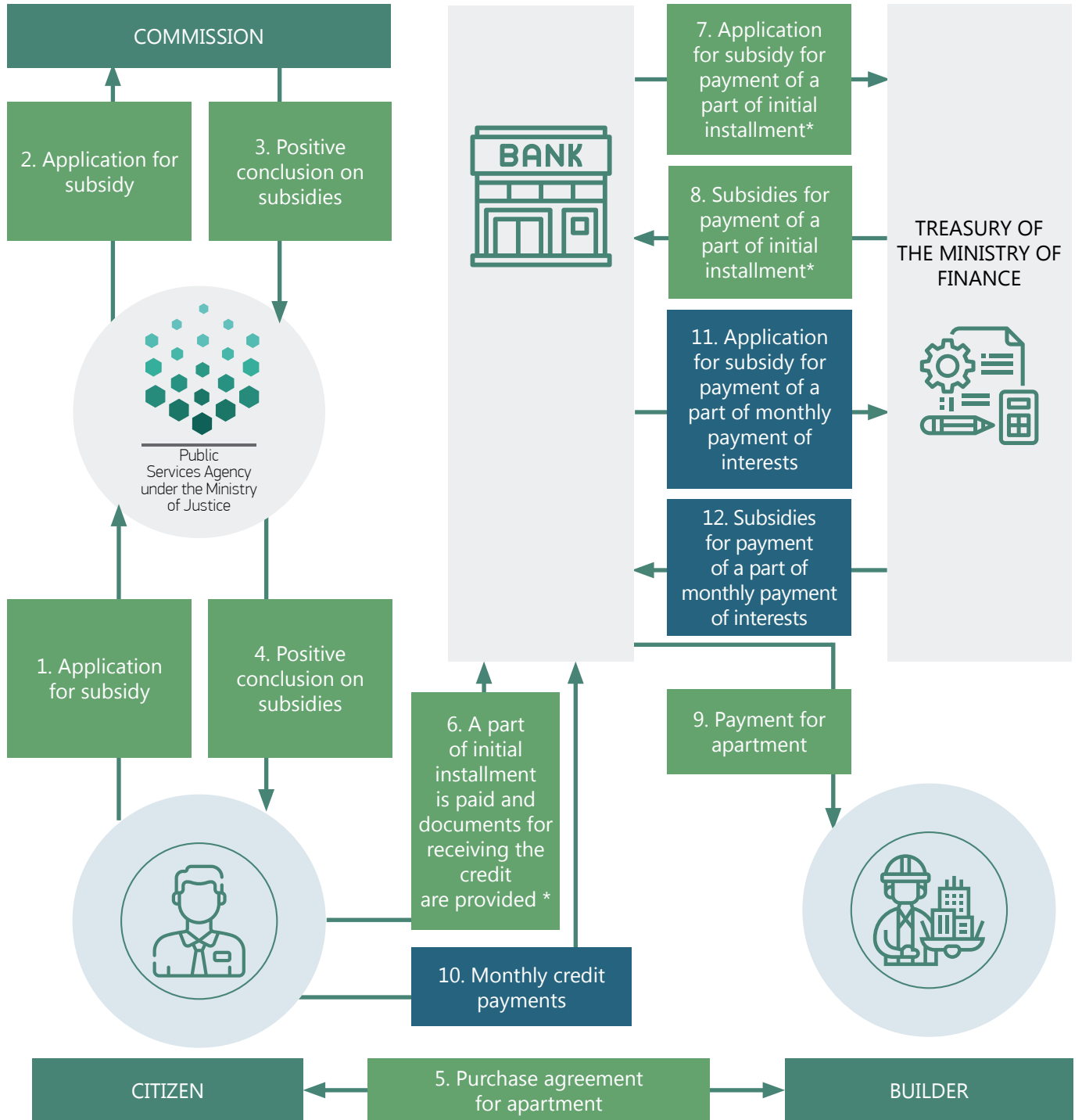
- in rural areas - for compensation of expenditures related to payment of mortgage credit interests during first five years in the part exceeding 10 percentage points;
- in cities - for compensation of expenditures related to payment of initial installment in the amount of 10% of the estimated housing price, and lending interests during first five years in the part exceeding 12 percentage points in Tashkent city and 10 percentage points in other cities of the Republic of Karakalpakstan and provinces;
- from March 1, 2020, applications for subsidies are submitted via State Service Centers and via the Single Portal of Interactive State Services of the Republic of Uzbekistan.

### AVERAGE MONTHLY INCOME OF FAMILY ELIGIBLE FOR SUBSIDY IN ACCORDANCE WITH THE LEGISLATION

- In rural areas from 3.8 to 5.8 minimum salary
- In cities from 4.0 to 6.5 minimum salary
- In Tashkent city from 4.5 to 9.0 minimum salary

<sup>1</sup> Указ Decree of the President of the Republic of Uzbekistan dated November 28, 2019 No. UP-5886 "On Additional Measures to Improve Mortgage Lending Mechanisms"

### SUBSIDIES FOR INITIAL INSTALLMENT AND PAYMENT OF LENDING INTERESTS IN RURAL AREAS AND CITIES



\*) Subsidies for payment of a part of initial installment on mortgage lending in cities



Expenditures on maintenance of government, administrative, judicial authorities, prosecutor's office and courts, as well as on maintenance of local governments, NGOs and other civil society institutions

**6 503,2**  
billion UZS

■ Central government bodies	419.1 billion UZS
■ Central state administration bodies	4,199.8 billion UZS
■ Prosecutor's office and judicial authorities	675.2 billion UZS
■ Courts	391.4 billion UZS
■ Planned amount of allocations for maintenance of local governments, NGOs and other civil society institutions will make	817.8 billion UZS

*including:*

■ State grants	9.0 billion UZS
■ Subsidies	23.8 billion UZS
■ Public orders	5.2 billion UZS



**Reserve funds of the Cabinet of Ministers of the Republic of Uzbekistan and local governments – 1 493,8 billion UZS**

**Other expenditures**

**22 042,9**  
billion UZS



- Maintenance of embassies and consulates
- Payment of membership fees and participation in financing of international organizations, where the Republic of Uzbekistan is a member (UN, UNESCO and others)
- Financing activities of political parties
- State order for statistical works
- Maintenance of reception offices
- Payment of services of the State Assets Management Agency
- Payment for services of lawyers
- Payment for services of public solicitors and trust managers
- Other organizations of administration authorities
- Financing other activities of the state



### PARAMETERS OF STATE TARGETED FUNDS AND UFRD FOR 2020, BILLION UZS

№	Indicators	Revenues	Expenditures
<b>I</b>	<b>State targeted funds - total</b>	<b>34,633.2</b>	<b>35,413.6</b>
1	Centralized fund for recovery of losses for individuals and legal entities in connection with the withdrawal of land plots from them for state and public needs under the Cabinet of Ministers of the Republic of Uzbekistan	215.8	215.8
2	Foundation "El-Yurt Umidi" for training of specialists abroad and dialog with fellow citizens under the Cabinet of Ministers of the Republic of Uzbekistan	57.1	57.1
3	Off-budgetary Pension Fund under the Ministry of Finance of the Republic of Uzbekistan	31,424.0	31,958.8
4	State Employment Fund under the Ministry of Employment and Labor Relations of the Republic of Uzbekistan	418.0	488.0
5	Fund for support and protection of the rights and interests of citizens engaged in labor activities abroad under the Ministry of Employment and Labor Relations of the Republic of Uzbekistan	10.8	62.8
6	Public works fund under the Ministry of Employment and Labor Relations of the Republic of Uzbekistan	251.1	251.1
7	State Fund for Supporting Entrepreneurship Development under the Agency for Development of Small Business and Entrepreneurship	228.0	357.3
8	Off-budgetary Fund for management, transformation and privatization of state assets under the Agency for Management of State Assets	150.0	150.0
9	Fund "Yoshlar - kelajagimiz" under the Uzbekistan Youth Union	407.0	407.0
10	Public fund for support of women and family	188.8	188.8
11	Off-budgetary fund for development of information and communication technologies	552.0	552.0
12	Off-budgetary Republican Targeted Book Fund under the Ministry of Public Education of the Republic of Uzbekistan	248.4	230.7
13	First Medical Aid Development Fund under the Ministry of Health of the Republic of Uzbekistan	98.0	98.0
14	Fund for Support of People with Disabilities under the Ministry of Health of the Republic of Uzbekistan	0.2	0.2
15	Off-budget Tourism Support Fund under the State Committee of the Republic of Uzbekistan for Tourism Development	71.2	77.0
16	Horticulture and Greenhouse Development Fund under the Agency for development of horticulture and greenhouse farming under the Ministry of Agriculture of the Republic of Uzbekistan	136.2	136.2
17	Fund for Support of Wine-growers and Wine-makers under the Agency for Development of Viticulture and Wine-making under the Ministry of Agriculture of the Republic of Uzbekistan	175.0	180.5
18	Fish Farming Development Fund at the Association "Uzbekbaliqsanoat"	1.6	2.3
<b>II</b>	<b>Uzbekistan Fund for Reconstruction and Development</b>	<b>5,115.0</b>	<b>5,115.0</b>

**EXPENDITURES OF THE STATE BUDGET OF THE REPUBLIC  
OF UZBEKISTAN BY ECONOMIC CLASSIFICATION, BILLION UZS**




№	Expenditures	2020 parameters
<b>Total expenditures</b>		<b>131,101.4</b>
<i>of which:</i>		
1	Salary and equivalent payments	49,759.9
2	Social tax	12,190.8
3	Capital investment	13,876.8
4	Expenditures on goods and services	13,976.7
<i>of which:</i>		
4.1	Travel expenditures	99.2
4.2	Utility services	4,981.3
4.3	Maintenance and repair	2,178.2
4.4	Expenditures on inventories	4,085.9
Food products		1,307.6
Medicines and medical products		1,562.9
Fuel and lubricants		276.2
5	Expenses for fixed assets	2,216.4
<i>including:</i>		
Capital repairs of fixed assets		951.9
Purchase of fixed assets		1,263.3
6	Interests	1,884.6
7	Transfers and subsidies	11,326.6
8	Grants	62.2
9	Social benefits	9,483.9
10	Other expenditures	15,497.4
11	Expenses for financial assets and liabilities	2,368.1

## WHAT HAS CHANGED IN THE CURRENT SITUATION?

In conditions of the COVID-19 pandemic and quarantine restrictions placed on population and the economy it was decided to revise the State Budget. Additional expenditures to support population and business have been allocated, some expenditures have been reduced or moved to the second half-year, financial incentives have been suspended.

More than 2 trillion UZS will be allocated from the budget to support the economy and citizens (197.3 million USD). Social protection system has been expended through increasing the number of recipients of financial aid. State Budget expenditures on social protection have been increased by 1.4 times.

### STATE BUDGET EXPENDITURES ON SOCIAL BENEFITS AND FINANCIAL AID

Types of allowance	2020 (parameters)		2020 (revised considering anti-crisis measures)	
	Number of recipient families *	Expenditures, billion UZS	Number of recipient families *	Expenditures, billion UZS
 Child care allowance until they reach the age of 2 years	264,132	1,537.6	352,953	2,053.5
 Benefits for families with children under 14	265,603	949.4	385,099	1,379.6
 Financial aid to low-income families	65,704	336.6	94,787	467.8
<b>TOTAL</b>	<b>595,439</b>	<b>2,823.6</b>	<b>832,839</b>	<b>3,900.9</b>

\* average annual number of recipients

In total, additional expenditures in 2020 will amount to **10 trillion UZS** at the expense of the Anti-Crisis Fund. They will be spent for implementation of priority measures to mitigate negative impact of the COVID-19 pandemic and global crisis.

<b>TOTAL</b>	<b>10 trillion UZS:</b>
Financing activities to combat the coronavirus	1.2
Support of entrepreneurship and employment of population	5.1
<i>including,</i>	
construction, reconstruction, capital repair and equipping infrastructure facilities	3.6
<i>including:</i>	
infrastructure facilities in small industrial zones	0.4
motor roads	1.0
water supply and sewage facilities	0.5
irrigation and melioration facilities	0.4
healthcare facilities	0.5
general education schools and other facilities of the social sector	0.8
Expansion of social support of population	1.0
Ensuring sustainable operation of sectors of the economy	2.7

Taking into account changed situation, the Law "On the State Budget of the Republic of Uzbekistan for 2020" has been amended in terms of budget allocations to first-level budget administrators (ministries and agencies). Predicted budget allocations amount to 106,250.0 billion UZS, with an increase by 5,419.4 billion UZS.

### BUDGET ALLOCATIONS FOR FIRST-LEVEL BUDGET ADMINISTRATORS HAVE BEEN REVISED DUE TO:

- allocation of additional funds for the Anti-Crisis Fund of the Ministry of Finance of the Republic of Uzbekistan;
- optimization of some expenditures to ensure sustainability of the State Budget of the Republic of Uzbekistan, timely and complete financing of salaries and equivalent payments, pensions and benefits, primary activities aimed at prevention of spread of the coronavirus, as well as priority state programs.

Budget allocations to all ministries and agencies approved for 2020 and revised due to the COVID-19 pandemic are shown in the end of this section.

Sustainability of budgets at all levels will be supported by transfer of some expenditures planned for the second quarter to the second half-year, as well as by their reduction and optimization.

Until August 1, 2020, ministries, agencies and their territorial divisions shall suspend expenditures related to purchase of fixed assets, construction, reconstruction and capital repair financed from off-budgetary funds, except for activities for which financing has already started.

### FOR WHICH AREAS THE EXPENDITURES HAVE BEEN REDUCED

- Part of expenditures on purchase of fixed assets, including purchase of transport, computer equipment and furniture;
- Savings on utility services, food, travel expenditures and other expenditures on maintenance of institutions closed for the period of quarantine;
- Expenditures on participation in Summer Olympics due to their transfer and other activities;
- Transfer of construction and reconstruction of not yet started facilities under the Investment program to the next year;
- Temporary suspension of incentives financed from the fund of financial incentives for budget organizations.

The Law "On the State Budget of the Republic of Uzbekistan for 2020" has been amended in accordance with the earlier adopted decisions of the President of the Republic of Uzbekistan and the Government, such as transformation of ministries, creation of foreign representative offices and other activities.

**PARLIAMENT ALLOCATIONS TO FIRST-LEVEL BUDGET ADMINISTRATORS FROM THE  
REPUBLICAN BUDGET OF THE REPUBLIC OF UZBEKISTAN FOR 2020, BILLION UZS**

<b>№</b>	<b>Indicators</b>	<b>Parameters</b>	<b>Revised</b>
	<b>Allocations financed from the Republican budget - total</b>	<b>100,830.6</b>	<b>106,250.0</b>
	<i>including:</i>		
	current expenses	74,027.0	81,597.0
	capital investments for design, construction (reconstruction) and equipment of facilities	12,441.6	10,321.1
	transfers to state targeted funds	9,248.1	9,218.1
	regulating transfers allocated from the Republican budget of the Republic of Uzbekistan to the budget of the Republic of Karakalpakstan, local budgets of provinces and Tashkent city	5,113.9	5,113.9
<b>1.</b>	<b>Ministry of Public Education of the Republic of Uzbekistan</b>	<b>18,616.7</b>	<b>17,874.8</b>
	<i>including:</i>		
	current expenses	17,267.2	16,675.7
	capital investments for design, construction (reconstruction) and equipment of facilities	1,283.3	1,132.9
	transfers to the Republican Trust Book Fund	66.2	66.2
<b>2.</b>	<b>Ministry of Preschool Education of the Republic of Uzbekistan</b>	<b>5,178.6</b>	<b>4,647.0</b>
	<i>including:</i>		
	current expenses	3,667.7	3,298.2
	capital investments for design, construction (reconstruction) and equipment of facilities	1,510.9	1,348.8
<b>3.</b>	<b>Ministry of Higher and Secondary Specialized Education of the Republic of Uzbekistan</b>	<b>3,314.7</b>	<b>2,621.3</b>
	<i>including:</i>		
	current expenses	2,869.0	2,414.4
	capital investments for design, construction (reconstruction) and equipment of facilities	445.7	206.9
<b>4.</b>	<b>Ministry of Health of the Republic of Uzbekistan</b>	<b>3,070.2</b>	<b>3,071.5</b>
	<i>including:</i>		
	current expenses	1,923.8	2,014.9
	capital investments for design, construction (reconstruction) and equipment of facilities	1,146.4	1,056.7
<b>5.</b>	<b>Ministry of Culture of the Republic of Uzbekistan</b>	<b>746.5</b>	<b>610.1</b>
	<i>including:</i>		
	current expenses	569.9	547.9
	capital investments for design, construction (reconstruction) and equipment of facilities	176.6	62.2
<b>6.</b>	<b>Ministry of Physical Culture and Sports of the Republic of Uzbekistan</b>	<b>893.5</b>	<b>624.8</b>

№	Indicators	Parameters	Revised
	including:		
	current expenses	438.1	316.2
	capital investments for design, construction (reconstruction) and equipment of facilities	455.4	308.6
<b>7.</b>	<b>Ministry of Innovative Development of the Republic of Uzbekistan</b>	<b>604.6</b>	<b>597.9</b>
	including:		
	current expenses	584.6	582.9
	capital investments for design, construction (reconstruction) and equipment of facilities	20.0	15.0
<b>8.</b>	<b>Ministry of Housing and Communal Services of the Republic of Uzbekistan</b>	<b>1,457.4</b>	<b>1,306.8</b>
	including:		
	current expenditures	98.4	97.8
	capital investments for design, construction (reconstruction) and equipment of facilities	1,359.0	1,209.0
<b>9.</b>	<b>Ministry of Agriculture of the Republic of Uzbekistan</b>	<b>535.7</b>	<b>515.7</b>
	including:		
	current expenses	393.9	392.5
	capital investments for design, construction (reconstruction) and equipment of facilities	21.9	3.2
	transfers to the Fund for Support of Wine-growers and Wine-makers	40.0	40.0
	transfers to the Horticulture and Greenhouse Development Fund	80.0	80.0
<b>10.</b>	<b>Ministry of Water Resources of the Republic of Uzbekistan</b>	<b>2,682.0</b>	<b>2,602.8</b>
	including:		
	current expenses	1,702.2	1,672.9
	capital investments for design, construction (reconstruction) and equipment of facilities	979.8	929.8
<b>11.</b>	<b>Ministry of Energy of the Republic of Uzbekistan</b>	<b>41.1</b>	<b>39.6</b>
	including:		
	current expenses	41.1	39.6
	capital investments for design, construction (reconstruction) and equipment of facilities		
<b>12.</b>	<b>Ministry of Transport of the Republic of Uzbekistan</b>	<b>2,668.3</b>	<b>2,639.7</b>
	including:		
	current expenses	682.5	838.8
	including:		
	financing from the State Budget of 80% of disposal fees and expenditures on transport of exported cars		161.5

№	Indicators	Parameters	Revised
	capital investments for design, construction (reconstruction) and equipment of facilities	1,985.8	1,800.8
<b>13.</b>	<b>State Committee of the Republic of Uzbekistan on Ecology and Environment Protection</b>	<b>19.9</b>	<b>19.6</b>
	including:		
	current expenses	7.1	6.7
	capital investments for design, construction (reconstruction) and equipment of facilities	12.8	12.8
<b>14.</b>	<b>State Committee of the Republic of Uzbekistan for Geology and Mineral Resources</b>	<b>2,284.2</b>	<b>1,469.1</b>
	including:		
	current expenses	2,284.2	1,469.1
	of which:		
	subsidies for geological survey works	1,500.0	687.5
	capital investments for design, construction (reconstruction) and equipment of facilities		
<b>15.</b>	<b>State Committee of the Republic of Uzbekistan on Land Resources, Geodesy, Cartography and State Cadastre</b>	<b>98.1</b>	<b>96.2</b>
	including:		
	current expenses	95.6	93.8
	capital investments for design, construction (reconstruction) and equipment of facilities	2.5	2.4
<b>16.</b>	<b>State Committee of the Republic of Uzbekistan for Tourism Development</b>	<b>235.1</b>	<b>234.6</b>
	including:		
	current expenses	215.1	214.6
	capital investments for design, construction (reconstruction) and equipment of facilities	20.0	20.0
<b>17.</b>	<b>State Committee for Industrial Safety of the Republic of Uzbekistan</b>	<b>14.4</b>	<b>13.8</b>
	including:		
	current expenses	14.4	13.8
	capital investments for design, construction (reconstruction) and equipment of facilities		
<b>18.</b>	<b>State Committee of Forestry of the Republic of Uzbekistan</b>	<b>42.2</b>	<b>43.8</b>
	including:		
	current expenses	41.1	40.8
	capital investments for design, construction (reconstruction) and equipment of facilities	1.1	3.0
<b>19.</b>	<b>State Committee of Veterinary and livestock development of the Republic of Uzbekistan</b>	<b>188.2</b>	<b>167.5</b>
	including:		

№	Indicators	Parameters	Revised
	current expenses	168.9	164.6
	capital investments for design, construction (reconstruction) and equipment of facilities	19.3	2.9
<b>20.</b>	<b>Antimonopoly Committee of the Republic of Uzbekistan</b>	<b>9.4</b>	<b>9.1</b>
	including:		
	current expenses	9.4	9.1
	capital investments for design, construction (reconstruction) and equipment of facilities		
<b>21.</b>	<b>Standardization, metrology and certification agency of Uzbekistan</b>	<b>16.4</b>	<b>16.0</b>
	including:		
	current expenses	16.4	16.0
	capital investments for design, construction (reconstruction) and equipment of facilities		
<b>22.</b>	<b>Capital Market Development Agency of the Republic of Uzbekistan</b>	<b>3.5</b>	<b>3.3</b>
	including:		
	current expenses	3.5	3.3
	capital investments for design, construction (reconstruction) and equipment of facilities		
<b>23.</b>	<b>State Asset Management Agency of the Republic of Uzbekistan</b>	<b>8.4</b>	<b>8.0</b>
	including:		
	current expenses	8.4	8.0
	capital investments for design, construction (reconstruction) and equipment of facilities		
<b>24.</b>	<b>Ministry of Employment and Labor Relations of the Republic of Uzbekistan</b>	<b>408.2</b>	<b>407.9</b>
	including:		
	current expenses	8.2	7.9
	capital investments for design, construction (reconstruction) and equipment of facilities		
	transfers to the State Employment Fund	150.0	150.0
	transfers to the Public works fund	250.0	250.0
<b>25.</b>	<b>State Committee of the Republic of Uzbekistan on Statistics</b>	<b>151.3</b>	<b>149.8</b>
	including:		
	current expenses	151.3	149.8
	capital investments for design, construction (reconstruction) and equipment of facilities		
<b>26.</b>	<b>Ministry of Construction of the Republic of Uzbekistan</b>	<b>98.6</b>	<b>100.2</b>



№	Indicators	Parameters	Revised
	including:		
	current expenses	6.0	7.6
	capital investments for design, construction (reconstruction) and equipment of facilities	92.6	92.6
<b>27.</b>	<b>Ministry of Foreign Affairs of the Republic of Uzbekistan</b>	<b>421.4</b>	<b>399.3</b>
	including:		
	current expenses	277.4	275.3
	capital investments for design, construction (reconstruction) and equipment of facilities	144.0	124.0
<b>28.</b>	<b>Ministry of Investment and Foreign Trade of the Republic of Uzbekistan</b>	<b>65.6</b>	<b>76.8</b>
	including:		
	current expenses	65.6	76.8
	capital investments for design, construction (reconstruction) and equipment of facilities		
<b>29.</b>	<b>Ministry for Development of Information Technologies and Communications of the Republic of Uzbekistan</b>	<b>95.0</b>	<b>92.0</b>
	including:		
	current expenses	95.0	92.0
	capital investments for design, construction (reconstruction) and equipment of facilities		
<b>30.</b>	<b>Ministry of Justice of the Republic of Uzbekistan</b>	<b>130.4</b>	<b>128.5</b>
	including:		
	current expenses	130.4	128.5
	capital investments for design, construction (reconstruction) and equipment of facilities		
<b>31.</b>	<b>Ministry of Economic Development and Poverty Reduction of the Republic of Uzbekistan</b>	<b>224.6</b>	<b>222.1</b>
	including:		
	current expenses	74.6	72.1
	capital investments for design, construction (reconstruction) and equipment of facilities		
	transfers to the State Employment Fund	150.0	150.0
<b>32.</b>	<b>Ministry of Finance of the Republic of Uzbekistan</b>	<b>27,588.7</b>	<b>37,192.6</b>
	including:		
	current expenses	13,260.2	23,475.7
	including:		
	expenditures on increasing salaries, pensions, scholarships and allowances, as well as tariffs for some types of services	3,214.1	3,214.1
	maternity benefits for employees of budget organizations	331.1	331.1

№	Indicators	Parameters	Revised
	social expenditures of the Off-Budgetary Pension Fund	3,429.2	3,429.2
	interests related to servicing the public debt	2,145.1	2,145.1
	co-finance of residential housing programs	1,905.0	1,905.0
	expenditures on social and economic development of regions according to orders of the President of the Republic of Uzbekistan	1,400.0	1,400.0
	VAT refund resulting from application of zero interest rate for population on heat and water supply services	264.2	264.2
	subsidies for reimbursement of expenditures on power supply for farms	444.6	444.6
	Anti-Crisis Fund		10,000.0
	to the charter capital of the Uzbekistan Mortgage Refinancing Company		23.0
	reimbursement of a part of interests for credits in agricultural clusters		200.0
	capital investments for design, construction (reconstruction) and equipment of facilities	1,214.6	603.0
	including:		
	unallocated funds of the Investment program	206.2	105.6
	expenditures of the state programs "Obod qishloq" and "Obod mahalla"	500.0	
	State program of development of the Aral Sea region	303.4	303.4
	transfers to the Off-budgetary Pension Fund	8,000.0	8,000.0
	regulating transfers allocated from the national budget of the Republic of Uzbekistan to the budget of the Republic of Karakalpakstan, local budgets of provinces and Tashkent city	5,113.9	5,113.9
<b>33.</b>	<b>State Tax Committee of the Republic of Uzbekistan</b>	<b>1,038.5</b>	<b>983.7</b>
	including:		
	current expenses	1,038.5	983.7
	capital investments for design, construction (reconstruction) and equipment of facilities		
<b>34.</b>	<b>Cabinet of Ministers of the Republic of Uzbekistan</b>	<b>1,480.7</b>	<b>1,421.5</b>
	including:		
	current expenses	1,245.8	1,231.7
	of which, Reserve Fund of the Cabinet of Ministers	731.0	731.0
	capital investments for design, construction (reconstruction) and equipment of facilities	43.0	28.0
	transfers to the Foundation "El-Yurt Umidi"	57.1	27.1
	transfers to the centralized fund for recovery of losses for individuals and legal entities in connection with the withdrawal of land plots from them for state and public needs	134.8	134.8
<b>35.</b>	<b>Administration of the President of the Republic of Uzbekistan</b>	<b>742.6</b>	<b>721.0</b>

№	Indicators	Parameters	Revised
	including:		
	current expenses	612.6	591.0
	capital investments for design, construction (reconstruction) and equipment of facilities	130.0	130.0
<b>36.</b>	<b>Senate of the Oliy Majlis of the Republic of Uzbekistan</b>	<b>21.0</b>	<b>19.9</b>
	including:		
	current expenses	21.0	19.9
	capital investments for design, construction (reconstruction) and equipment of facilities		
<b>37.</b>	<b>legislative Chamber of the Oliy Majlis of the Republic of Uzbekistan</b>	<b>115.2</b>	<b>111.1</b>
	including:		
	current expenses	115.2	111.1
	capital investments for design, construction (reconstruction) and equipment of facilities		
<b>38.</b>	<b>Authorized Person of the Oliy Majlis of the Republic of Uzbekistan for Human Rights (Ombudsman)</b>	<b>3.9</b>	<b>3.6</b>
	including:		
	current expenses	3.9	3.6
	capital investments for design, construction (reconstruction) and equipment of facilities		
39.	General Prosecutor's Office of the Republic of Uzbekistan	734.2	869.3
	including:		
	current expenses	688.2	823.3
	capital investments for design, construction (reconstruction) and equipment of facilities	46.0	46.0
<b>40.</b>	<b>Supreme Court of the Republic of Uzbekistan</b>	<b>448.9</b>	<b>432.1</b>
	including:		
	current expenses	384.9	368.1
	capital investments for design, construction (reconstruction) and equipment of facilities	64.0	64.0
<b>41.</b>	<b>Constitutional Court of the Republic of Uzbekistan</b>	<b>3.8</b>	<b>3.6</b>
	including:		
	current expenses	3.8	3.6
	capital investments for design, construction (reconstruction) and equipment of facilities		
<b>42.</b>	<b>High Judicial Council of the Republic of Uzbekistan</b>	<b>18.7</b>	<b>17.6</b>
	including:		
	current expenses	18.7	17.6

№	Indicators	Parameters	Revised
	capital investments for design, construction (reconstruction) and equipment of facilities		
<b>43.</b>	<b>Central Election Commission of the Republic of Uzbekistan</b>	<b>4.3</b>	<b>4.1</b>
	including:		
	current expenses	4.3	4.1
	capital investments for design, construction (reconstruction) and equipment of facilities		
<b>44.</b>	<b>National Television and Radio Company of Uzbekistan</b>	<b>420.2</b>	<b>410.5</b>
	including:		
	current expenses	395.3	385.6
	capital investments for design, construction (reconstruction) and equipment of facilities	24.9	24.9
<b>45.</b>	<b>Uzbekistan National News Agency</b>	<b>11.7</b>	<b>11.1</b>
	including:		
	current expenses	11.7	11.1
	capital investments for design, construction (reconstruction) and equipment of facilities		
<b>46.</b>	<b>Agency "Uzarchive"</b>	<b>8.6</b>	<b>8.1</b>
	including:		
	current expenses	8.6	8.1
	capital investments for design, construction (reconstruction) and equipment of facilities		
<b>47.</b>	<b>National Chamber of Innovative Healthcare of the Republic of Uzbekistan</b>	<b>2.4</b>	<b>2.4</b>
	including:		
	current expenses	2.4	2.4
	capital investments for design, construction (reconstruction) and equipment of facilities		
<b>48.</b>	<b>Republican Center of Spirituality and Enlightenment</b>	<b>9.7</b>	<b>9.2</b>
	including:		
	current expenses	9.7	9.2
	capital investments for design, construction (reconstruction) and equipment of facilities		
<b>49.</b>	<b>Centre of Hydrometeorological Service</b>	<b>73.9</b>	<b>71.5</b>
	including:		
	current expenses	63.3	60.9
	capital investments for design, construction (reconstruction) and equipment of facilities	10.6	10.6
<b>50.</b>	<b>National Center for Human Rights of the Republic of Uzbekistan</b>	<b>7.5</b>	<b>7.3</b>

№	Indicators	Parameters	Revised
	including:		
	current expenses	7.5	7.3
	capital investments for design, construction (reconstruction) and equipment of facilities		
<b>51.</b>	<b>Fund for support of social activity of veterans "Nuroni"</b>	<b>1.7</b>	<b>1.7</b>
	including:		
	current expenses	1.7	1.7
	capital investments for design, construction (reconstruction) and equipment of facilities		
<b>52.</b>	<b>Uzbekistan Youth Union</b>	<b>372.1</b>	<b>372.1</b>
	including:		
	current expenses	172.1	172.1
	capital investments for design, construction (reconstruction) and equipment of facilities		
	transfers to Fund "Yoshlar - kelajagimiz"	200.0	200.0
<b>53.</b>	<b>Ministry for the Support of the Mahalla and the Family of the Republic of Uzbekistan</b>	<b>121.5</b>	<b>128.9</b>
	including:		
	current expenses	1.5	8.9
	capital investments for design, construction (reconstruction) and equipment of facilities		
	transfers to the Public fund for support of women and family	120.0	120.0
<b>54.</b>	<b>Federation of Trade Unions of Uzbekistan</b>	<b>120.0</b>	<b>120.0</b>
	including:		
	current expenses	120.0	120.0
	capital investments for design, construction (reconstruction) and equipment of facilities		
<b>55.</b>	<b>Academy of Sciences of the Republic of Uzbekistan</b>	<b>218.4</b>	<b>220.7</b>
	including:		
	current expenses	187.4	187.4
	capital investments for design, construction (reconstruction) and equipment of facilities	30.9	33.3
<b>56.</b>	<b>Other organizations</b>	<b>22,938.1</b>	<b>22,296.8</b>
	including:		
	current expenses	21,737.5	21,247.2
	capital investments for design, construction (reconstruction) and equipment of facilities	1,200.6	1,049.7

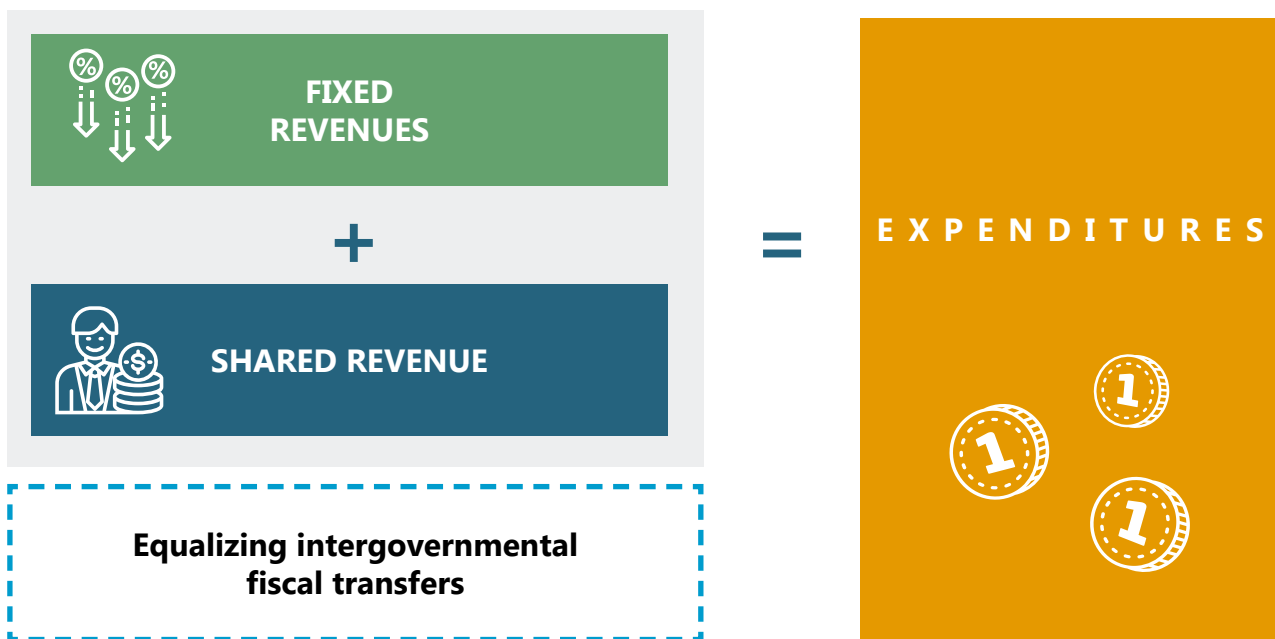
## Intergovernmental fiscal relations

Intergovernmental fiscal relations exist between the Republican budget, local budgets and budgets of state targeted funds to provide budgets with financial resources required to incur expenditures. Intergovernmental fiscal relations are taking place in the following forms:

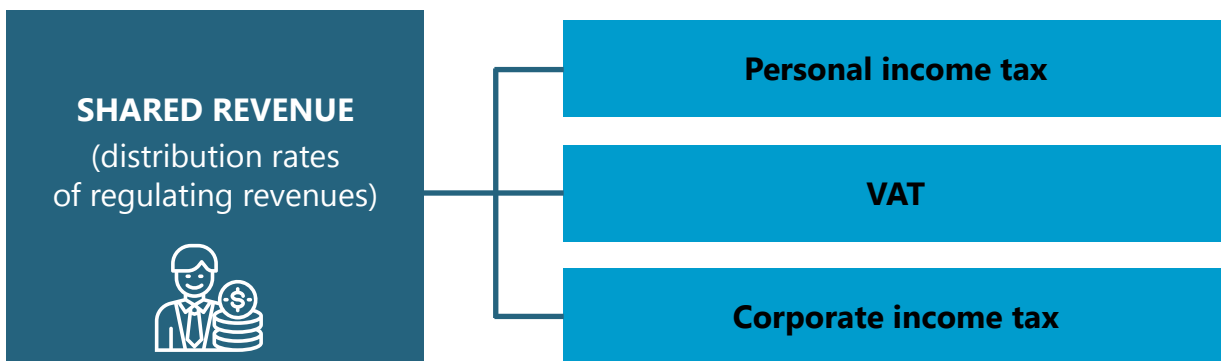
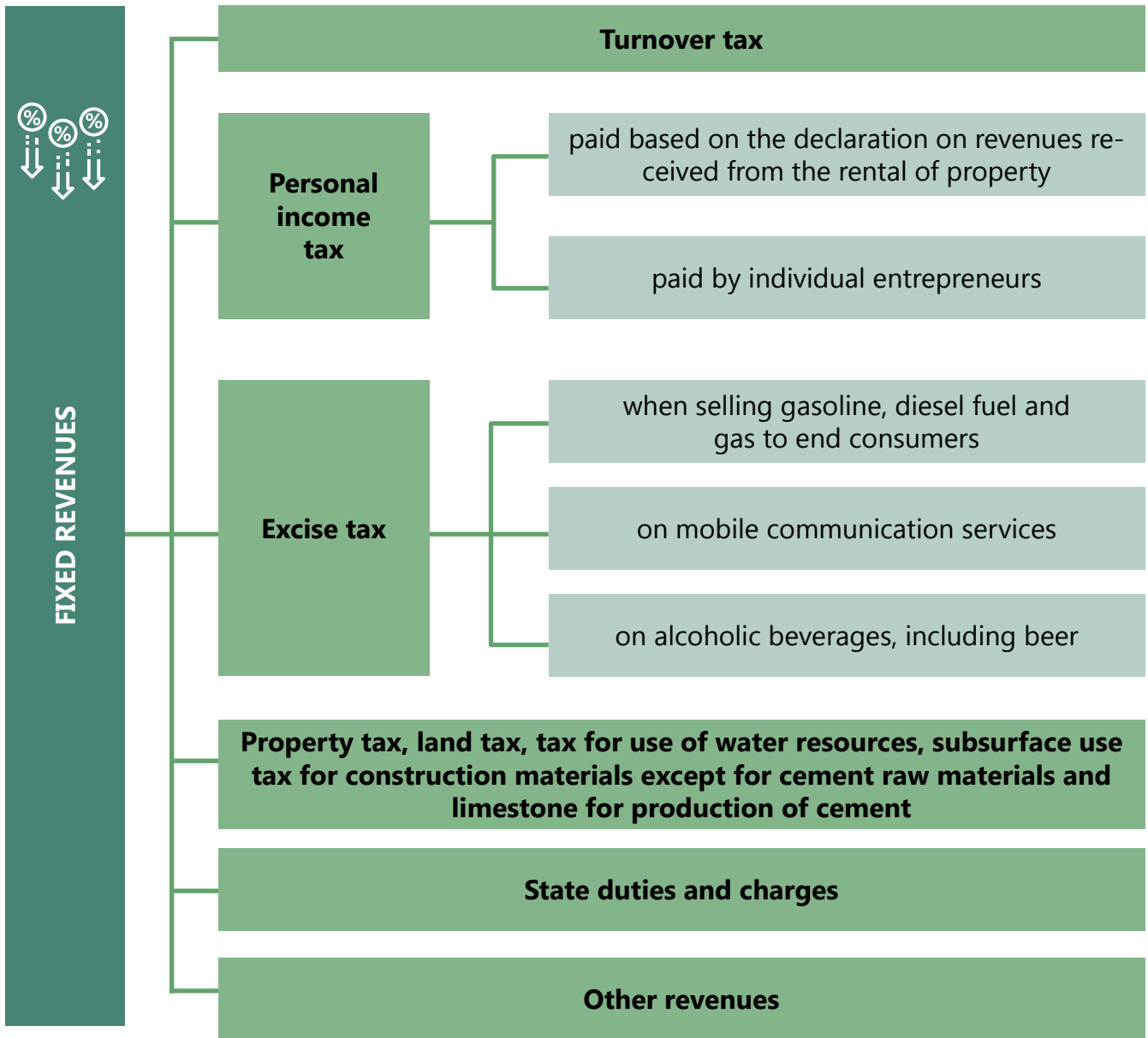
- transfer of revenues and expenditures between levels of the budget;
- intergovernmental fiscal transfers in the form of subventions, transferred proceeds, government grants, intergovernmental settlements and targeted social transfers.

Basic rules and procedure for development of local budgets, as well as forecast of revenues and expenditures for the current year are shown below. Of course, in the context of restrictive and anti-crisis measures to prevent COVID-19 transmission and mitigation of negative impact of global crisis, accuracy of forecasts of local budgets is associated with high risks.

### HOW LOCAL BUDGETS ARE FORMED?



### TYPES OF LOCAL BUDGET REVENUES



## DISTRIBUTION RATES OF REGULATING TAXES TO THE BUDGET OF THE REPUBLIC OF KARAKALPAKSTAN, LOCAL BUDGETS OF PROVINCES AND TASHKENT CITY FOR 2020

Regions	Corporate income tax*	Personal income tax**	VAT
Republic of Karakalpakstan	100.0%	100.0%	100.0%
<i>province:</i>			
Andijan	100.0%	100.0%	-
Bukhara	100.0%	100.0%	-
Jizzakh	100.0%	100.0%	-
Kashkadarya	100.0%	100.0%	-
Navoi	100.0%	70.0%	-
Namangan	100.0%	100.0%	-
Samarkand	100.0%	100.0%	-
Surkhandarya	100.0%	100.0%	-
Syrdarya	100.0%	100.0%	-
Tashkent	34.0%	34.0%	-
Ferghana	100.0%	100.0%	-
Khorezm	100.0%	100.0%	-
Tashkent city	5.0%	5.0%	-

*\*) except for the corporate income tax paid by large taxpayers according to the list approved by the decision of the President of the Republic of Uzbekistan, and by non-residents of the Republic of Uzbekistan performing activities in the Republic of Uzbekistan through a permanent institution, as well as from revenues of non-residents, which is withheld at the source of payment.*

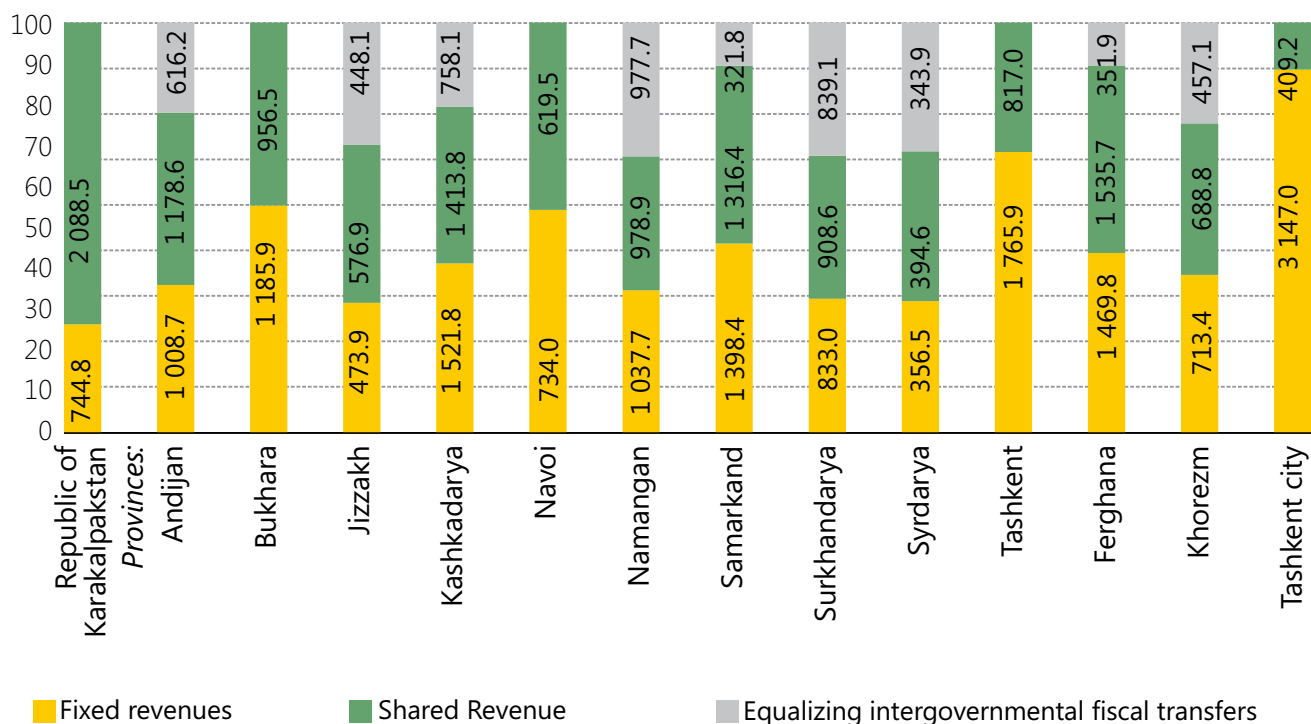
*\*\*\*) except for the personal income received from the rental of property based on the declaration on total annual income of individual, as well as by individual entrepreneurs.*

The budget of the Republic of Karakalpakstan, budgets of provinces and budget of Tashkent city also retain the whole volume of over-fulfilled forecast of revenues from the following taxes:

- personal income tax;
- value added tax (except for value added tax paid by large taxpayers);
- corporate income tax (except for corporate income tax paid by large taxpayers, non-residents of the Republic of Uzbekistan performing activity in the Republic of Uzbekistan through permanent institutions, as well as from revenues of non-residents, which is withheld at the source of payment).



## STRUCTURE OF THE STATE BUDGET REVENUES, PARAMETERS FOR 2020, %



## ПРОГНОЗЫ ДОХОДОВ И РАСХОДОВ БЮДЖЕТА РЕСПУБЛИКИ КАРАКАЛПАКСТАН, МЕСТНЫХ БЮДЖЕТОВ ОБЛАСТЕЙ И ГОРОДА ТАШКЕНТА НА 2020 ГОД, МЛРД. СУМ.

Regions	Revenues			Expenditures	Equalizing inter-governmental transfers
	fixed	shared	total		
Republic of Karakalpakstan	744.8	2,088.5	2,833.3	2,833.3	
<i>Provinces:</i>					
Andijan	1,008.7	1,178.6	2,187.4	2,803.6	616.2
Bukhara	1,185.9	956.5	2,142.3	2,142.3	
Jizzakh	473.9	576.9	1,050.8	1,499.0	448.1
Kashkadarya	1,521.8	1,413.8	2,935.7	3,693.8	758.1
Navoi	734.0	619.5	1,353.6	1,353.6	
Namangan	1,037.7	978.9	2,016.5	2,994.2	977.7
Samarkand	1,398.4	1,316.4	2,714.8	3,036.6	321.8
Surkhandarya	833.0	908.6	1,741.6	2,580.7	839.1
Syrdarya	356.5	394.6	751.2	1,095.0	343.9
Tashkent	1,765.9	817.0	2,582.9	2,582.9	
Ferghana	1,469.8	1,535.7	3,005.6	3,357.5	351.9
Khorezm	713.4	688.8	1,402.2	1,859.2	457.1
Tashkent city	3,147.0	409.2	3,556.1	3,556.1	
<b>TOTAL</b>	<b>16,390.8</b>	<b>13,883.1</b>	<b>30,273.9</b>	<b>35,387.8</b>	<b>5,113.9</b>

Ensuring sustainability of local budgets, including development and introduction of a transparent system of intergovernmental fiscal transfers is viewed as one of the key areas for improvement of the public finance management system. For this purpose, the Ministry of Finance develops Rules for determination of amounts and implementation of intergovernmental fiscal transfers between budgets of the budget system, which shall be approved until June 1, 2020.



In conditions of the COVID-19 pandemic, budget revenues to budgets of various levels, as well as transfers allocated from the Republican budget, transfers on excise tax, budgetary loans and other funds, are first of all spent on financing of the following:

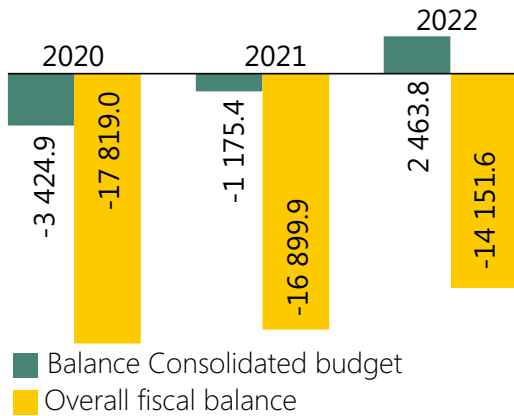
- activities for prevention of spread of the COVID-19;
- timely payment of salary, pensions, scholarships and allowances;
- purchase of food products, utility payments and other priority expenditures;
- other activities and expenditures based on decisions of the Republican Anti-Crisis Committee.

To ensure timely financing of priority expenditures, the Ministry of Finance will permanently allocate budgetary loans to local budgets of the Republic of Karakalpakstan, budgets of provinces and budget of Tashkent city.

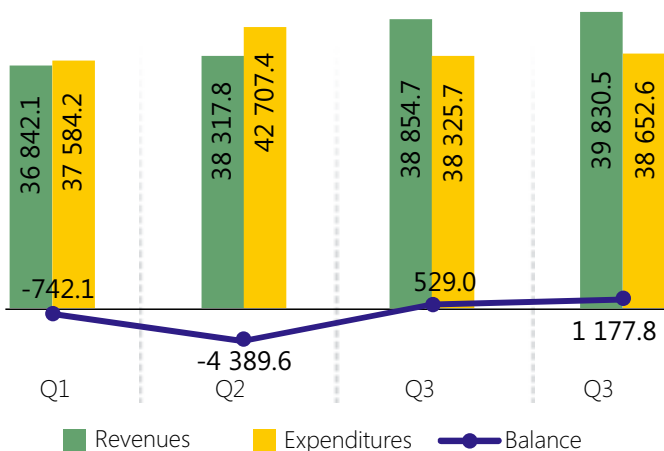
# Budget deficit and sources of its coverage

According to the Law of the Republic of Uzbekistan "On the State Budget of the Republic of Uzbekistan for 2020" predicted deficit of Consolidated budget is **3,424.9 billion UZS** (including transfers to state targeted funds).

**BALANCE OF CONSOLIDATED BUDGET AND OVERALL FISCAL BALANCE, FORECAST FOR 2020 AND BUDGET TARGETS FOR 2021-2022, BILLION UZS**

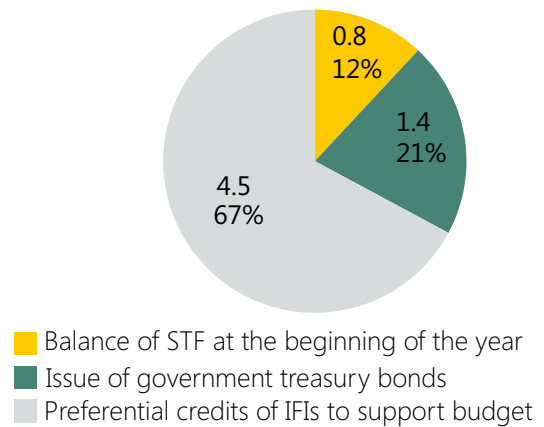


**PARAMETERS OF CONSOLIDATED BUDGET\*, FORECAST FOR 2020, BY QUARTERS, BILLION UZS**



Taking into account funds channeled for repayment of public debt in 2020 in the amount of **3.3 trillion UZS**, total predicted demand of the Consolidated budget for covering budget liquidity is **6.7 trillion UZS**

**SOURCES OF COVERAGE OF LIQUIDITY OF THE CONSOLIDATED BUDGET, FORECAST FOR 2020, TRILLION UZS**



Significant reduction of economic activity caused by the quarantine in the country threatens sustainability of the State Budget.

Annual budget deficit taking into account seasonal factors is mainly formed in the second quarter. In the first, third and fourth quarters, the budget has surplus or little deficit.

In current situation, when combating with the COVID-19 pandemic mainly takes place in the second quarter, the situation required urgent measures.

\*) without Uzbekistan Fund for Reconstruction and Development

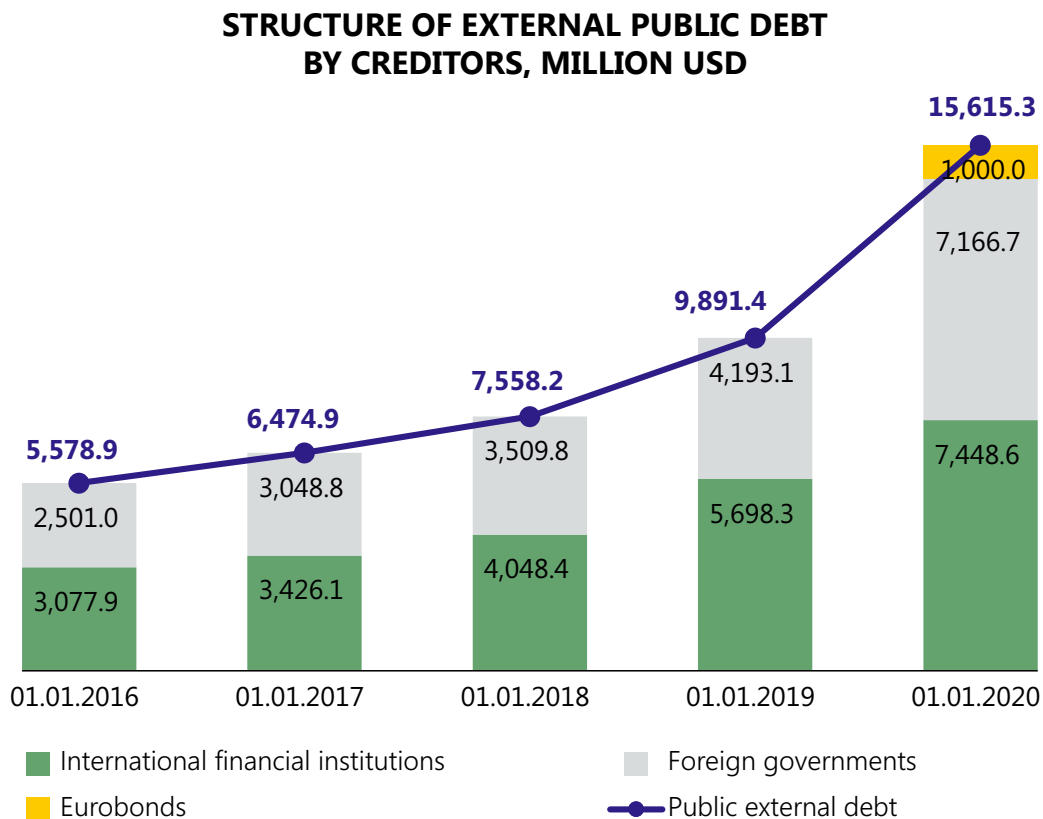


**Estimate by the World Bank.** Lower tax revenues and additional crisis spending are expected to increase the fiscal deficit to 5.6 percent of GDP in 2020 and 4.7 percent of GDP in 2021

(World Bank Group: Fighting COVID-19. Europe and Central Asia Economic Update. Spring 2020)

# 4 PUBLIC DEBT

Total public debt as of January 1, 2020 was **17.6 billion USD** (30.5% to GDP) out of which external debt<sup>1</sup> is **15.6 billion USD** (26.9% to GDP).



Increase in public debt is related to attraction of new external borrowings for financing state programs (projects in healthcare and education, drinking water supply and uninterrupted electric power supply, construction of housing, development of infrastructure and base sectors of economy).

As of January **1, 2020, 7.4 billion USD** was attracted from international financial institutions (IFIs). **7.2 billion USD** was raised from foreign governments and 1 billion USD – through issuing Eurobonds.

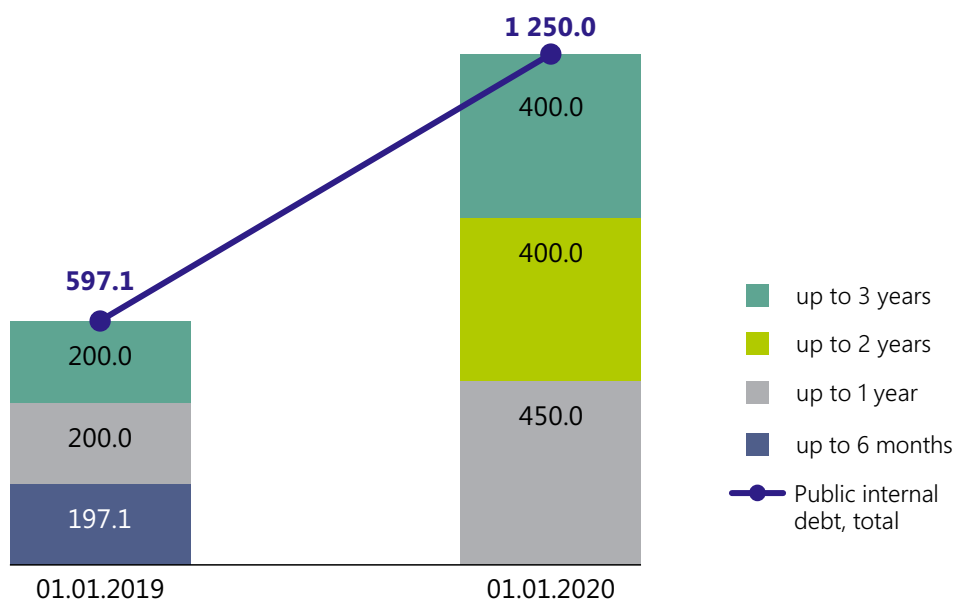
<sup>1</sup> Without accrued, but not paid interests.

### DYNAMICS OF THE PUBLIC EXTERNAL DEBT ATTRACTED FROM FOREIGN GOVERNMENTS, MILLION USD

Creditor countries	01.01.2015	01.01.2016	01.01.2017	01.01.2018	01.01.2019	01.01.2020
China	1,055.9	1,250.4	1,547.0	1,676.4	1,964.4	3,349.4
Japan	504.7	607.4	811.9	1,090.6	1,490.2	1,935.3
South Korea	78.0	65.3	71.3	110.5	114.1	748.7
France	63.9	49.2	43.2	37.7	27.0	357.7
Germany	274.6	362.0	386.0	413.1	334.0	268.9
Russia	25.0	25.0	0.0	0.0	69.8	248.1
Saudi Arabia	23.5	28.9	80.4	80.3	94.5	125.4
Kuwait	52.3	48.6	53.5	51.4	54.4	70.4
Spain	15.3	12.8	11.7	12.3	11.0	27.7
USA	37.9	41.3	35.7	31.2	28.9	26.7
UAE					0.0	5.0
Poland	11.9	10.1	8.2	6.4	4.8	3.5

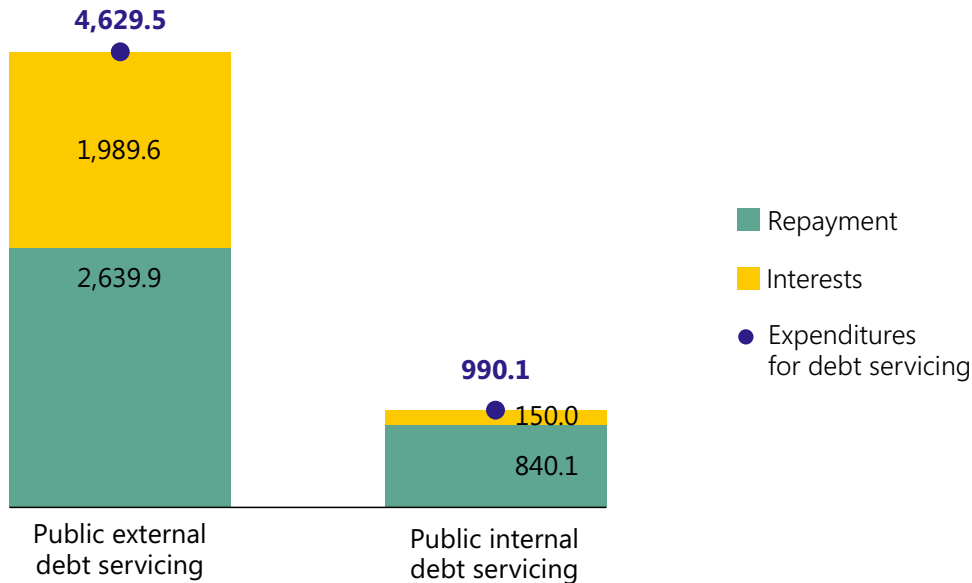
As of January 1, 2020, the **public internal debt** attracted on behalf of the Government of the Republic of Uzbekistan by issuing state treasury bonds is **1,250.0 billion UZS**.

### PUBLIC INTERNAL DEBT, BILLION UZS



Expenditures for public debt management in 2020 are projected as **5 619.6 billion UZS**

### EXPENDITURES FOR PUBLIC DEBT SERVICING IN 2020, BILLION UZS

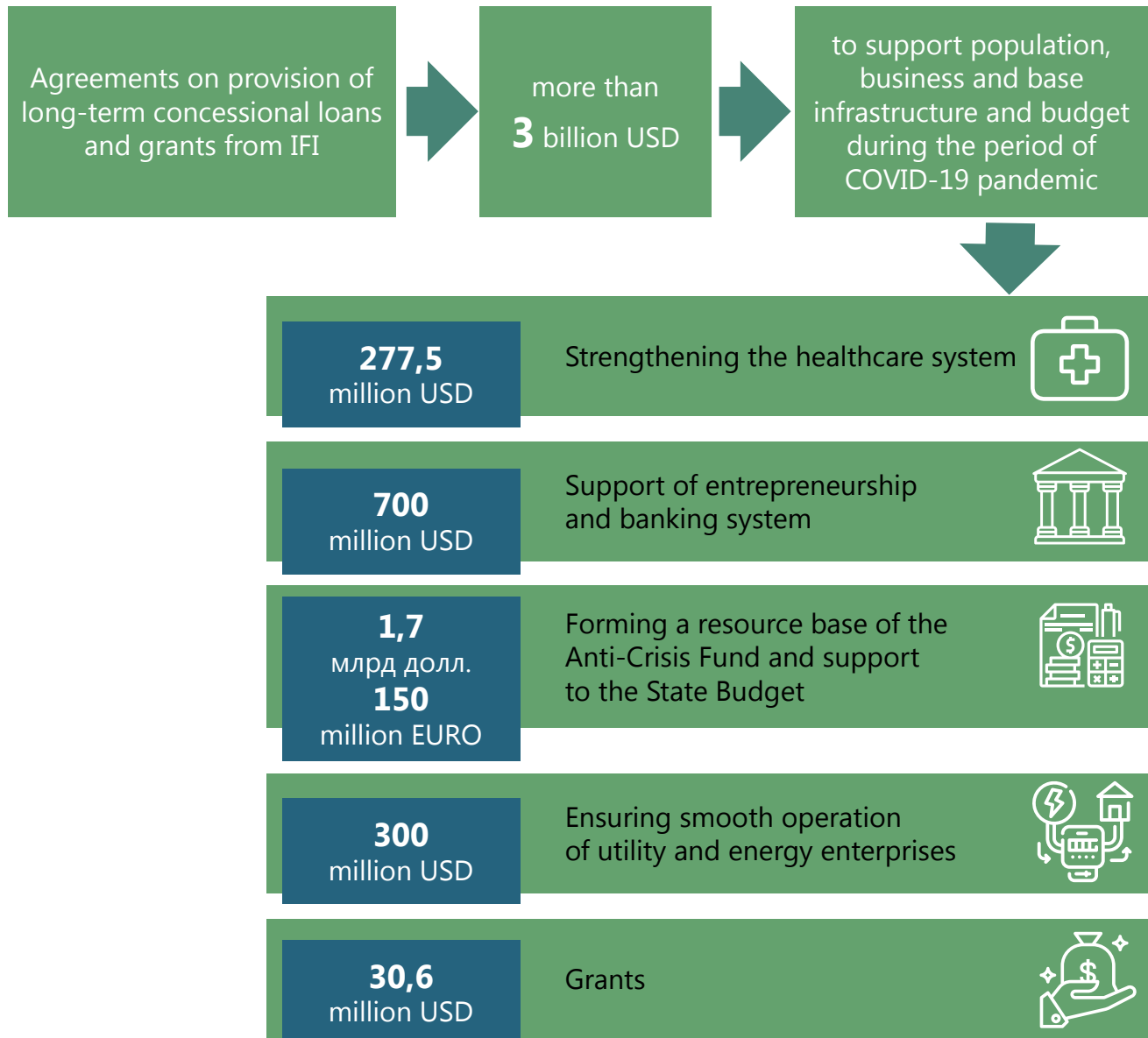


#### IN ORDER TO MAINTAIN PUBLIC DEBT AT A SAFE LEVEL FOR 2020:

- maximum limit for total amount of newly signed agreements on attraction of external borrowing on behalf of the Republic of Uzbekistan (the Government of the Republic of Uzbekistan) or guaranteed by the Republic of Uzbekistan – 4 billion USD
- maximum limit for disbursement of external borrowings attracted on behalf of the Republic of Uzbekistan (the Government of the Republic of Uzbekistan) or guaranteed by the Republic of Uzbekistan for implementation of government programs and repaid from the State Budget of the Republic of Uzbekistan – 1.5 billion USD

In the context of restrictive measures and overcoming negative impacts of COVID-19 pandemic, the following is envisaged:

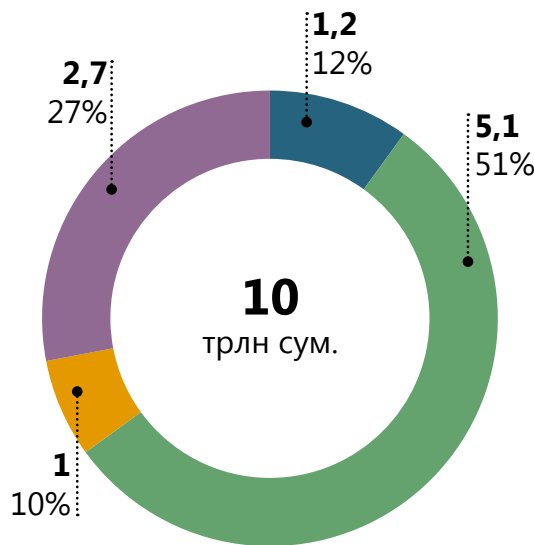
- attraction of external borrowings in 2020 up to **1 billion USD** through concessional lending of IFIs and other sources for budget support;
- issuing state treasury bonds to finance budget deficits in the amount of **1.4 trillion UZS**



# 5 PACKAGE OF ANTI-CRISIS MEASURES TO SUPPORT POPULATION, ECONOMIC SECTORS AND BUSINESS ENTITIES

Creation of the Anti-Crisis Fund under the Ministry of Finance of the Republic of Uzbekistan

USE OF FUNDS OF THE ANTI-CRISIS FUND, TRILLION UZS



Financing the COVID-19 response measures



Expansion of social support to the population



Support of entrepreneurship and employment for the population



Ensuring sustainable operation of economic sectors



## TAX PREFERENCES

Aimed at	For which taxes and tax payments	Changes taking place	Validity period
Lowering tax rates / amounts of mandatory payments	Social tax	<ul style="list-style-type: none"> <li>• minimum amount for individual entrepreneurs has been reduced to 50% of the base estimated amount per month (223 thous. UZS → 111.5 thous. UZS)</li> <li>• rate has been reduced to 1% (12% → 1%) for tour operators, travel agents and stakeholders in the tourism sector providing hotel services (accommodation services), JSC "Uzbekistan Airways" and its structural subdivisions, JSC "Uzbekistan Airports" and SUE Center "Uzaeronavigation"</li> </ul>	<p>from April 1 to October 1, 2020</p> <p>from April 1 to December 31, 2020</p>
		<ul style="list-style-type: none"> <li>• rate has been reduced to 1% (12% → 1%) for micro-firms and small enterprises with exception for manufactures of the excisable produce, state enterprises, legal entities with a state share in its charter capital in the amount of 50% and more</li> </ul>	<p>from May 1 to July 1, 2020</p>
	Customs duties and fees, value-added tax (VAT) and excise tax at import of goods	<ul style="list-style-type: none"> <li>• zero rates of customs duties and excise tax for import of 20 types of goods (meat, milk, oil, onion, flour, hygienic products, etc.) have been established</li> <li>• exemption from customs duties, including VAT, for construction materials required for construction of medical and quarantine facilities to combat COVID-19, as well as goods required for their operation shall be provided</li> </ul>	<p>until December 31, 2020</p> <p>until December 31, 2020</p>
	Excise tax	<ul style="list-style-type: none"> <li>• fee for customs clearance at import of express-tests for COVID-19 testing shall not be charged</li> <li>• existing rates for alcohol, alcoholic beverages, including wine and beer, as well as at sale of petrol, diesel fuel and gas to end consumers are maintained (indexing rates from April 1 and October 1, 2020 was previously envisaged)</li> </ul>	<p>During 2020</p>
	The amount of deduction from the proceeds of wholesalers of alcoholic beverages	<ul style="list-style-type: none"> <li>• have been reduced from 5 to 3%</li> </ul>	<p>from April 1 to October 1, 2020</p>

Aimed at	For which taxes and tax payments	Changes taking place	Validity period
	<b>Fee for the right for wholesale trade of alcoholic beverages</b>	<ul style="list-style-type: none"> <li>has been reduced by 25% from established amount for public catering enterprises</li> </ul>	<b>from April 1 to October 1, 2020</b>
	<b>Water use tax</b>	<ul style="list-style-type: none"> <li>tax rates for volumes used for agricultural irrigation have been reduced by 50% from established rates</li> </ul>	<b>During 2020</b>
<b>Deferral / installment for payment of taxes</b>	<b>Personal income tax</b>	<ul style="list-style-type: none"> <li>City and district Kengashes of people's deputies have been recommended to reduce fixed amounts of tax for individual entrepreneurs directly or indirectly related with the tourism sector by 30%</li> </ul>	<b>During 2020</b>
	<b>Property tax and land tax for individuals</b>	<ul style="list-style-type: none"> <li>payment period until October 15, 2020</li> </ul>	<b>2020</b>
	<b>Personal income tax</b>	<ul style="list-style-type: none"> <li>Provision of tax return on total annual personal income for 2019 has been extended to August 1, 2020</li> </ul>	<b>2020</b>
		<ul style="list-style-type: none"> <li>providing the right for interest-free installment for payment of tax on personal income gained from rental of residential housing to individuals and non-residential premises to business entities activity of which was suspended during the COVID-19 pandemic. In this case, amount of provided installment for tax payment shall be paid in equal shares until April 1, 2021.</li> </ul>	<b>from April 1 to October 1, 2020</b>
	<b>Property tax, land tax, water use tax of legal entities</b>	<ul style="list-style-type: none"> <li>provision by local authorities of deferral (installment) for a period of 6 months for payment of tax without interest charges. Local authorities are entitled to define independently the period during which that amount of taxes would be paid further, but no more than 2 years</li> <li>the right for interest-free deferral (installment) for taxes, without application to local authorities, with notification of tax bodies, to micro-firms, small enterprises and individual entrepreneurs that suspended their activity and (or) in cases where the revenue from sales of goods (services) decreased by more than 50% in relation to the average monthly revenues for the first quarter of this year, with their further payment in equal shares during 12 months has been provided</li> </ul>	<b>During 2020</b>  <b>until December 31, 2020</b>

Aimed at	For which taxes and tax payments	Changes taking place	Validity period
	<b>Turnover tax</b>	<ul style="list-style-type: none"> <li>the right for interest-free deferral (installment) for taxes, without application to local authorities, with notification of tax bodies, to micro-firms, small enterprises and individual entrepreneurs that suspended their activity and (or) in cases where the revenue from sales of goods (services) decreased by more than 50% in relation to the average monthly revenues for the first quarter of this year, with further their payment in equal shares during 12 months has been provided</li> </ul>	<b>until December 31, 2020</b>
	<b>Social tax</b>	<ul style="list-style-type: none"> <li>the right for interest-free deferral (installment) for the tax, without application to local authorities, with notification of tax bodies – micro-firms, small enterprises and individual entrepreneurs that suspended their activity and (or) in cases where the revenue from sales of goods (services) decreased by more than 50% in relation to the average monthly revenues for the first quarter of this year, with further their payment in equal shares during 6 months has been provided</li> </ul>	<b>until December 31, 2020</b>
	<b>Customs duty and excise tax at import of goods</b>	<ul style="list-style-type: none"> <li>the right for application of deferral for payment of customs duty and excise tax charged at import of goods, with exception for consumer goods – to micro-firms and small enterprises performing foreign economic activity, for not less than one year starting from the date of application to customs bodies, with further payment of deferred amount in equal shares during 120 days</li> </ul>	<b>until July 1, 2020</b>
<b>Reducing the frequency of tax payment</b>	<b>VAT</b>	<ul style="list-style-type: none"> <li>payers with turnover of sales of goods (services) exceeding 1 billion UZS per month and applying electronic invoices are entitled to calculate and pay VAT on quarterly basis</li> </ul>	<b>from April 1 to December 31, 2020</b>
<b>Exemption from payment of taxes and other mandatory payments</b>	<b>Land tax and property tax of legal entities</b>	<ul style="list-style-type: none"> <li>tour operators, travel agents and stakeholders in the tourism sector providing hotel services (accommodation services), JSC "Uzbekistan Airways" and its structural subdivisions, JSC "Uzbekistan Airports" and SUE Center "Uzaeronavigation" have been provided exemption from payment</li> <li>small-sized enterprises, markets and shopping malls, cinemas, public catering enterprises, public transport enterprises, sports and recreational facilities and legal entities carrying out passenger transportation activities, provision of domestic services, rental of premises, including for banquets have been provided exemption from payment</li> </ul>	<b>from April 1 to December 31, 2020</b>  <b>from June 1 to September 1, 2020</b>

Aimed at	For which taxes and tax payments	Changes taking place	Validity period
	<b>Personal income tax</b>	<ul style="list-style-type: none"> <li>The following shall not be regarded as personal income: grant aid (money, goods and services) received from the Mahalla Public Charitable Foundation of Uzbekistan, the Kindness and Support Foundation, Public Foundation "Mehr-Shafqat va Salomatlik", legal entities and individuals in cases when support recipients are included in the list of individuals who need social assistance. This list is drawn up by local authorities</li> <li>amount of financial aid, free from personal income tax, paid to an employee has been increased from 4.22 to 7.5 times the minimum wage</li> </ul>	<p><b>from April 1 to October 1, 2020</b></p> <p><b>2020</b></p>
	<b>VAT</b>	<ul style="list-style-type: none"> <li>gratuitous transfer of goods (services) to the Mahalla Public Charitable Foundation of Uzbekistan, the Kindness and Support Foundation, Public Foundation "Mehr-Shafqat va Salomatlik", including their offices in the Republic of Karakalpakstan, provinces, Tashkent, districts and cities, as well as individuals included in the list of individuals who need social assistance drawn up by local authorities, is exempted from VAT</li> </ul>	<p><b>from April 1 to October 1, 2020</b></p>
	<b>Tourist (hotel) fee</b>	<ul style="list-style-type: none"> <li>charge and payment have been suspended</li> </ul>	<p><b>from April 1 to July 1, 2020</b></p>
	<b>Corporate income tax</b>	<ul style="list-style-type: none"> <li>amount of interests on credits accrued and deferred by commercial banks shall not be included into the composition of joint income at calculation of taxes</li> <li>in providing a loan (financial aid) without liabilities to pay interest on profit to a lender, income established for the purposes of taxation based on the refinancing rate (key rate) shall not be included into the composition of joint income at calculation of the income tax and shall not be subject to taxation, respectively</li> <li>gratuitous transfer of money and goods (services) to the Mahalla Public Charitable Foundation of Uzbekistan, the Kindness and Support Foundation, Public Foundation "Mehr-Shafqat va Salomatlik", including their offices in the Republic of Karakalpakstan, provinces, Tashkent, districts and cities, as well as individuals included in the list of those who need social assistance shall be considered as deductible expenditures at calculation of corporate income tax</li> </ul>	<p><b>during the deferral period</b></p> <p><b>until the end of 2020</b></p> <p><b>from April 1 to October 1, 2020</b></p>

Aimed at	For which taxes and tax payments	Changes taking place	Validity period
	<b>Turnover tax</b>	<ul style="list-style-type: none"> <li>the amount of charged and deferred by leasing enterprises interest income on leasing shall not be included into the composition of joint income at calculation of corporate income tax</li> <li>at providing a loan (financial aid) without liabilities to pay interest on profit to a lender, income established for the purposes of taxation based on the refinancing rate (key rate) shall not be included into the composition of joint income at calculation of the turnover tax and shall not be subject to taxation, respectively.</li> <li>gratuitous transfer of goods (services) to the Mahalla Public Charitable Foundation of Uzbekistan, the Kindness and Support Foundation, Public Foundation "Mehr-Shafqat va Salomatlik", including their offices in the Republic of Karakalpakstan, provinces, Tashkent, districts and cities, as well as individuals included in the list of individuals who need social assistance drawn up by local authorities shall not be included into the subject of taxation on turnover tax</li> </ul>	during the deferral period
	<b>Fixed amounts of personal income tax and social tax for individual entrepreneurs</b>	<ul style="list-style-type: none"> <li>charge for individual entrepreneurs which have been forced to suspend their activity, without necessity to provide the certificate of state registration, shall be suspended with notification about suspension of the activity to state tax authorities through a taxpayer's personal cabinet.</li> </ul>	until the end of 2020
<b>Application of financial and other sanctions</b>	<b>Imposition of penalties</b>	<ul style="list-style-type: none"> <li>shall be suspended for property tax, land tax and water use tax to business entities experiencing temporary difficulties</li> </ul>	from April 1 to October 1, 2020
	<b>Enforced tax collection measures</b>	<ul style="list-style-type: none"> <li>не применяются</li> </ul>	until October 1, 2020
	<b>shall not be applied</b>	<ul style="list-style-type: none"> <li>until October 1, 2020</li> </ul>	до 1 октября 2020 года  с 1 апреля по 31 декабря 2020 года

Aimed at	For which taxes and tax payments	Changes taking place	Validity period
	<b>Exceeded rates of property tax and land tax</b>	<ul style="list-style-type: none"> <li>shall not be applied to unused production sites, non-residential buildings, including those identified before April 1, 2020, as well as imposition of penalties and taking enforced tax collection measures resulted from application of exceeded rates for specified taxes</li> <li>Tax audit</li> </ul>	<b>from April 1 to December 31, 2020</b>
	<b>Other provisions</b>		<b>shall be suspended with exception for tax audit carried out within the framework of criminal proceedings and with regard to liquidation of the legal entity</b>
	<b>Advance payments</b>	<ul style="list-style-type: none"> <li>payers shall have the right to provide a certificate of the amount of advance payments for corporate income tax, starting from the second quarter of 2020, based on expected amount with the abolition of the requirement of its calculation by reference to the results of the previous quarter</li> </ul>	<b>since the second quarter of 2020</b>
	<b>Conditions for provision of tax exemptions</b>	<ul style="list-style-type: none"> <li>taxpayers apply VAT exemptions envisaged by the decisions of the President of the Republic of Uzbekistan and Cabinet of Ministers, without requirement to channel funds released from taxation for specific purposes</li> </ul>	<b>from April 1, 2020</b>
	<b>Writing off amounts of property tax and land tax</b>	<ul style="list-style-type: none"> <li>writing off amounts of taxes to be paid by small businesses for April and May, 2020, for which the interest-free deferral (installment) is provided according to the decrees of the President of the Republic of Uzbekistan No. UP-5969 as of March 19, 2020 and No. UP-5978 as of April 3, 2020;</li> </ul>	<b>2020</b>
	<b>Writing off amounts of penalties and fines on land tax and property tax</b>	<ul style="list-style-type: none"> <li>writing off penalties and fines of small-sized enterprises on land tax and property tax, as of May 15, 2020, accrued from January 1, 2020</li> </ul>	<b>2020</b>

## SOCIAL SUPPORT FOR THE POPULATION

### PAYMENT OF SOCIAL BENEFITS

- An increase in the number of recipients of social benefits to families with children under age of 14, childcare allowances until they reach the age of two and financial aid –655 thous. (by 10% from April 1 and June 1, 2020);
- Prolongation of payment of benefits with terms ending in March-June, 2020 for the period of 6 months without interruption and requirement of additional documents. As a result, coverage of additional 100 thous. families by social benefits is expected.
- Writing off debt of pensioners on exceedingly paid pensions identified as a result of inspections of appropriateness and payment of pensions as of April 21, 2020;
- Since May 1, 2020, payment of pensions to working pensioners has been carried out directly by the off-budget Pension Fund (with exception for individuals receiving pensions through the funds of the State Budget).

### COMPENSATION PAYMENTS AND SUPPLEMENTS

- Establishment of daily additional payment in the amount of 6% from monthly wage to medical, sanitary and epidemiology, and other employees participating in COVID-19 response, as well as special incentive payments to health professionals in the amount from 5 to 25 million UZS for each 14-day shift, and from 100 to 250 million UZS in case of infection.
- A list of main food products and hygiene products for free provision to elderly and persons with disabilities living alone has been supplemented by packages of single-use masks, anti-septic means and antibacterial soaps.

### SOCIAL PROTECTION OF QUARANTINED PERSONS

- Preserving employment;
- Prohibition of laying off parents of children infected by COVID-19 or placed for quarantine, as well as payment of benefits for temporary disability to them in the amount of 100% of the average wage.

### EMPLOYMENT SUPPORT TO THE POPULATION

- Timely payment of wages to employees of budget organizations, including employees of preschool, general secondary, specialized secondary and higher educational institutions, sport and cultural agencies that suspended their activities;
- Transfer of employees to the remote work regime, with flexible work arrangements or working from home;
- Organization of simplified system of provision of certificates of temporary loss of capacity to work to the population.

## MAINTAINING FINANCIAL STABILITY

### BY THE CENTRAL BANK:

- **liquidity provision in the monetary market** in the total amount of **1 trillion UZS** per month;
- **lowering the reserve requirements of commercial banks and implementation of the special facility to provide them with liquidity** for a period of 3 years - in the amount of **4.6 trillion UZS**;
- **uninterrupted supply of sufficient amount of cash, increasing the number of ATMs, twofold fostering the development of remote banking services.**

### BY COMMERCIAL BANKS:

- **provision of revolving loans** to ensure uninterrupted operation and working capital financing in the amount of **30 trillion UZS**;
- **deferral of arrears under loans of legal entities** experiencing financial difficulties caused by restrictions in the amount of **7.9 trillion UZS**;
- **additional restructuring of payments under credits of organizations experiencing** financial difficulties caused by response to COVID-19 pandemic and decline in economic activity in the amount of **7 trillion UZS**;
- **postponement of payments under credits to individuals and individual entrepreneurs** repayable in the next 6 months of 2020 in the amount of **4.7 trillion UZS**.



**BY THE STATE  
ENTREPRENEURSHIP  
DEVELOPMENT  
SUPPORT FUND:**

**provision of surety for loans** paid to business entities with positive credit history for working capital financing in the amount of up to 75% inclusive from the credit amount, but no more than 10 billion UZS, regardless of the number of projects.

**compensation for covering interest expenses:**

- **under loans provided to business entities in national currency for working capital financing** with interest rate not exceeding 1.75 times of the refinancing rate of the Central Bank while preserving established amounts of compensation;

- **under investment loans** provided to business entities in national currency with interest rate not exceeding 1.75 time of the refinancing rate of the Central Bank, during the first year of credit agreement taking into account requirements of Regulation on the Fund;

- **under credits in the amount of up to 500 million UZS provided before October 1, 2020 to business entities in national currency for working capital financing**, by ten percentage points for a period of loan agreement taking into account requirements of the Regulation on the Fund.

*Removing constraints on provision by the Fund to one borrower of both surety and compensation, at the same time*

**THERE ARE ALSO:**

- **non-application of fine sanctions and collection measures against collateral** under overdue credit of borrowers, activity of which was negatively affected by the quarantine regime;

- **support to JSC “Uzbekistan Airways”** by reviewing loan repayment schedule for the amount of **111 million USD** with suspension of debt repayments for 2020.

## OTHER MEASURES

- **Revision of the Investment Program with diversion of funds to implementation of infrastructure projects of the highest priority that provide opportunities for development of entrepreneurship and ensuring employment of the population.**

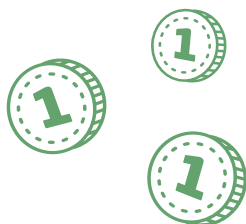
STATE  
REGULATORY  
MEASURES:

- **monitoring of production output of raw material resources** for manufacturing consumer goods;
- **the list and required volume of consumer goods for import procurement** and reserve creation has been determined;
- **daily monitoring of market prices and strict control over excessive pricing on socially significant food products, and on creating their deficits;**
- **wholesale of medicines, medical appliances and other produce manufactured in pharmacies is permissible until October 1, 2020.**

СТИМУЛИ-  
РОВАНИЕ  
ЭКСПОРТА:

- **permission to export goods without guarantee payment** with existing overdue accounts receivable not exceeding 10% of the total export of goods during the reporting year;
- **permission for one-time operations on import** of technological equipment and commodities in exchange for repayment of overdue accounts receivable on foreign trade transactions **during 2020;**
- **introduction of mechanism for customs clearance of imported food products using fast-track procedure since April 1, 2020;**
- **independent decision-making by the Republican Commission** on development of export capacity of provinces and sectors with regard to provision of subsidies to compensate part of transportation expenditures through funds provided to the Export Promotion Agency until October 1, 2020;
- **targeted support of exporters,** and timely identification and prompt addressing of difficulties emerging among exporters of all types of ownership.

- **Introduction of the moratorium for a period until October 1, 2020 on initiation of procedures of bankruptcy and declaring bankruptcy of enterprises which faced financial constraints due to restrictive measures** introduced to combat COVID-19 outbreak.
- **Since April 1, 2020, softening mandatory requirements** for prepayment by legal entities on **gas and electrical energy from 100% to 30% of the prepayment amount.**
- **Charge and collection of rental payments for use of state property** by business entities that suspended their activity during effectiveness of quarantine measures shall be suspended.
- **Prolongation of the period of mandatory audit inspection, as well as annual general meetings of shareholders following the outcomes of 2019 until October 1, 2020.**
- **Requirement on mandatory annual audit inspection of limited liability companies and additional liability companies with book value of assets of more than one hundred thousand of base calculated values has been introduced based following the outcomes of 2020.**
- **Payment period for administrative fines imposed on persons under quarantine (with exception of liability for violation of the quarantine rules) has been extended to the end of quarantine.**
- **Piloting was rolled out in Tashkent city**, according to the Resolution of the President of the Republic of Uzbekistan No. PP-4701 as of May 1, 2020 "On additional measures for improvement of housing conditions of the population and further expansion of the market of mortgage lending", with regard to provision of **credits for construction and reconstruction of individual housing through resources of the Ministry of Finance of the Republic of Uzbekistan.**





## BASIC CONCEPTS

### **Budget of the Republic of Karakalpakstan**

is a part of the State budget that makes up the cash fund of the Republic of Karakalpakstan, providing for sources and amounts of revenues and directions and amounts of expenditures during the financial year.

**Budget classification** is a grouping of revenues and expenditures of budgets of all levels, as well as sources of funding budget deficits and types of public debt, established by similar criteria.

**Budgets of the budget system** are the State budget of the Republic of Uzbekistan, budgets of state targeted funds and extra-budgetary funds of budget organizations.

**Budget organization** is a non-profit organization created by a decision of state authorities in the prescribed manner to carry out functions of government, funded from the State budget.

**Budget appropriations** are funds provided for budgetary organizations and recipients of budgetary funds from the State budget of the Republic of Uzbekistan and the budgets of state trust funds.

**Budget year** is the period during which the approved budget shall be executed.

**Gross domestic product** is the total market value of all finished goods and services produced in the country during the year.

**Public borrowing** is attracting assets for which obligations of the Republic of Uzbekistan as a borrower or guarantor of repayment of credits (loans) of resident borrowers arise.

**Public domestic borrowing** is attracting assets from internal sources (legal entities and individuals-residents), for which obligations of the Republic of Uzbekistan arise as a borrower or guarantor of repayment of credits (loans) by resident borrowers of the Republic of Uzbekistan and leads to the formation of public internal debt.

**Public external borrowing** is attracting assets from external sources (foreign states, non-resident legal entities and international organizations) for which obligations of the Republic of Uzbekistan arise as a borrower or guarantor of repayment of credits (loans) by resident borrowers of the Republic of Uzbekistan, and leads to the formation of public external debt.

**Government treasury bonds** are government securities placed among the population and legal entities, certifying the placement of cash into the budget by their holders and giving the right to a fixed income during the entire period of ownership of these securities.

**The Treasury** is a specially authorized financial body that carries out the execution of the State budget.

**Intra-budgetary transfers** are funds transferred from the republican budget of the Republic of Uzbekistan to the budget of the Republic of Karakalpakstan, local budgets of regions and Tashkent city, state targeted funds and vice versa, as well as from the republican budget of the Republic of Karakalpakstan, regional budgets of regions and the budget of Tashkent city to the budgets of districts and cities and vice versa.

**Local budget** is a part of the State budget that makes up the cash fund of the corresponding region, district, and city, providing for sources and amounts of revenues, directions and amounts of expenditures during the financial year.

**Land reclamation** is a drastic improvement of adverse hydrological, soil and other land conditions with a view to their most effective use.

**Tax incentives** are full or partial tax exemption provided by tax legislation, as well as other mitigation of the tax burden for a taxpayer.

**Debt servicing** is aggregate payments in repayment of debt obligations on a loan (loans), including obligations on principal debt, payment of interest, commissions and fines.

**Recipient of budget funds** is a legal entity or an individual receiving funds from the State budget and the budgets of state trust funds.

**Republican budget** is a part of the State budget used to fund activities at the national level, providing for the sources and amounts of revenues, directions and amounts of expenditures during the financial year.

**Cost estimate** is a document drawn up by a budget organization or recipient of budget funds for a fiscal year, which reflects the budget appropriations provided for it under expenditure items.

**Medium-term budget targets** is a financial document (plan) for 3 years, including a forecast of the main macroeconomic indicators and aggregated budget parameters, limits on expenditures according to the functional classification, risks and management measures.

**Territorial financial bodies** are the Ministry of Finance of the Republic of Karakalpakstan, financial departments of regional and Tashkent city administrations, financial departments of district and city administrations.

**Fiscal year** is a period from January 1 to December 31, inclusive.

**Wage fund** is a target source of financing the costs for wages, payment of bonuses, remuneration.

**Functional classification of expenditures** is a grouping of expenditures according to the main functions performed by government bodies, local government bodies, as well as other budget organizations.

**Economic classification of expenses** is a grouping of expenditures by economic purpose and type of payment.

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