



MONITORING OF TAX PREFERENTIAL INVESTMENT FUNDS

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It should be noted that over the years of independence, a favorable investment climate has been formed in Uzbekistan; a wide system of benefits, preferences and guarantees to protect the rights and interests of foreign investors has been legislatively established.

As a result, over 4.2 thousand enterprises with foreign investment have been created and successfully operate in the republic in leading industries and areas of the economy. More than 3.0 billion foreign investments are absorbed annually, mainly direct ones, which account for over 26.6 percent of the total investment in the country's economy, which is concrete evidence of the growing interest and confidence of foreign investors in the stability and reliability of the republic's economy and the prospects for its development.

At the same time, the ongoing global financial and economic crisis, increased competition in global and regional investment markets require the adoption of additional measures to create a more favorable investment climate in the country, stimulate the attraction of foreign investment for the implementation of projects for modernization, technical and technological renewal of production, as well as liquidation existing bureaucratic barriers and obstacles in working with foreign investors, preventing illegal interference by government and regulatory authorities in the activities of enterprises with foreign investment.

Clause 3. 4434 of the Decree of the President of the Republic of Uzbekistan dated April 10, 2012 "On additional measures to stimulate the attraction of foreign direct investment" investment projects worth more than 50 million US dollars and a foreign investor's share of at least 50 percent within the production area. It is noted that the construction of the necessary external engineering and communication networks will be carried out at the expense of budgetary funds and other internal sources of financing.

Also, Article 471 of the Tax Code of the Republic of Uzbekistan for legal entities created with the attraction of private foreign direct investment and specializing in the production of products (provision of services) in sectors of the economy according to the list approved by law, provides for the specific application of benefits for certain taxes.



Direct private foreign investment refers to investments made without a guarantee from the Republic of Uzbekistan by individuals who are citizens of a foreign state, stateless persons permanently residing outside the Republic of Uzbekistan, as well as foreign non-state legal entities.

Legal entities are provided with tax benefits in the form of exemption from payment of land tax, property tax and tax for the use of water resources, depending on the volume of private foreign direct investment for a period determined by the decision of the President of the Republic of Uzbekistan.

An enterprise with the participation of private foreign direct investment has the right to enjoy other tax benefits provided for by tax legislation.

Tax benefits apply if all the following conditions are met:

- 1) When placing legal entities in territories determined by law;
- 2) when foreign investors make direct private foreign investments without providing a guarantee of the Republic of Uzbekistan;
- 3) if the share of foreign participants in the authorized capital (authorized capital) of legal entities is at least 33 percent, and for joint-stock companies - at least 15 percent;
- 4) when making foreign investments in the form of freely convertible currency or new modern technological equipment;

In order to properly use these privileges, the General Prosecutor's Office of the Republic of Uzbekistan should establish strict control over strict compliance by all state and economic management bodies with current legal documents to protect the rights and guarantees of foreign investors, enterprises with foreign investment, as well as to prevent violations of the law and bring the perpetrators to justice officials.

The reason is that the problem of capital outflow from the country and foreign investment negatively affects the balance of payments of Uzbekistan and causes negative phenomena in the national economy, such as a shortage of foreign currency in the domestic foreign exchange market and exchange rate. Solving the identified problems will require improving existing ones, as well as searching for new legal mechanisms and means that would allow, on the one hand, to limit the outflow of capital from the country, and on the other, to control incoming foreign investment, taking into account the interests of the national economy. One of the promising directions for such transformations is the expansion of the methodological tools of state financial control.





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