

New VAT Rules for B2C Electronic Services in Uzbekistan



Changes as of 2020

Since **1 January 2020** foreign providers of electronic services to individuals in Uzbekistan (hereinafter – B2C e-services) are liable to the new VAT obligations including:

- VAT registration with the tax authorities
- invoice requirements
- VAT reporting and payment to the tax authorities in Uzbekistan.



Who is affected?

- Companies providing e-services to individuals in Uzbekistan which may include following examples of services supplied through the Internet:
 - License and updates of software
 - Cloud computing
 - E-books
 - Multimedia services
 - Web advertising
 - Hosting
 - Web-based platforms
 - Remote data storage.



What actions are usually required?

01

Preparatory activities

- identify the e-services and their type (required for VAT registration and compliance purposes);
- identify the customer's location and status for VAT purposes (consumer or business);
- estimate the impact of the VAT registration on other supplies;
- review whether the VAT exemption applies to certain types of e-services;
- adjust the invoice templates and / or agreements / terms and conditions, IT systems and business processes to meet the requirements of the law;
- manage the transition period and its issues (such as starting point for when VAT is charged, applicability of the new rules to the e-services rendered in 2019 and invoiced in 2020, invoices issued before the VAT registration);
- assess tax risks and consequences in case of non-compliance.

02

Register with the tax authorities in Uzbekistan:

- collect the documents and information required for VAT registration;
- file an application for VAT registration along with supporting documents.

03

VAT compliance setup: suggested timeline:

- develop the conversion templates needed to adapt the accounting data to that of the statutory VAT return format and e-services sales register;
- develop a bridge between SWIFT, the bank of the foreign company, and the specific payment rules applied by the Uzbek tax authorities;
- properly configure management and (or) accounting systems to receive all necessary information for VAT compliance purposes.

04

Regular VAT reporting and payment on a quarterly basis:

- file VAT return;
- pay VAT.

05

Communications with the Uzbek tax authorities:

- provide clarifications (concerning the content of the VAT return, fluctuations of VAT amounts, e-services supply and payment chains, other aspects) and supporting documents to the tax authorities.

KPMG is ready to assist you with estimation of the impact on your business and implementation of the actions to meet the requirements of the law.

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