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人类命运共同体研究院



**The Open Dialogue of President Shavkat Mirziyoyev with
Entrepreneurs Has Become an Important Event for all
Representatives of the Business Community of Uzbekistan**

Jointly Written by:



Mr. Kalandar Abdurakhmanov
Rector,
Plekhanov Russian University of
Economics, Tashkent & Academician of
Academy of Sciences of the Republic of
Uzbekistan



Mr. Khalid Taimur Akram
Executive Director,
Pakistan Research Center for a
Community with Shared Future, jointly
established with Communication
University of China (CUC), Beijing,
China

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At the suggestion of the head of state, this format has become traditional, and this day, August 19, is defined as the Day of Entrepreneurs in Uzbekistan.

Entrepreneurs have always been a great force in every country. In Uzbekistan, we are taking measures to develop the economy, create jobs, reduce poverty and improve mahallas .

It was noted that due to the created conditions, business is developing dynamically. Over the past year, the number of small category entrepreneurs increased by 40,000, medium

- by 2,000, the number of large enterprises - by 400. Due to the benefits provided, the annual turnover of 155 enterprises exceeded \$100 million. The volume of annual foreign investments for the first time reached 10 billion dollars.



In 2021, as a result of the dialogue, 57 initiatives were put forward, last year - 55. Their implementation in practice has greatly simplified doing business.

For example, based on proposals made last year, business entities were divided into micro, small, medium and large categories, each of which began to apply a separate approach. Similarly, districts and cities have been divided into five categories, with separate tax, credit and financial regimes introduced in 60 districts.

The practical implementation of the innovations initiated by the President had a noticeable impact on improving the business climate in the country and, as a result, gave positive results. To be specific, only a few examples from the speech of the head of state can be cited.



So, in 60 districts, separate regimes of tax, credit and financial support for entrepreneurs were applied. Thanks to this, their incomes in 20 districts increased by 1.5 - 2 times compared to last year, and in the first half of this year they increased from seven trillion to 11.5 trillion soums.

After the introduction of the procedure for the return of value added tax to bona fide exporting enterprises, seven trillion soums were received on the settlement accounts of more than two thousand business entities even before the receipt of foreign currency from exports.

As a result of writing off the tax debt that arose as a result of the use of inefficient tax mechanisms, two trillion soums remained at the disposal of the business.

Facilitating the procedure for opening microfinance organizations made it possible to create an alternative credit market to banks. Over the past year, there have been 1.5 times more such organizations, the volume of loans allocated by them has tripled. During the year, non-bank organizations allocated three trillion soums of loans.

The simplification of the processing system in the customs territory has doubled the number of entrepreneurs using this customs regime. As a result, during the year, using the opportunity provided, entrepreneurs exported products worth 455 million dollars.

In addition, we can say about the abolition or transfer to the notification form of licenses and permits for 119 types of activities that previously could not be engaged in start-up entrepreneurs. During the first half of this year, the number of inspections of business entities decreased by 40.0 %. The application of financial sanctions based on the results of tax reporting and desk audits has been cancelled.

In his speech, the head of state dwelled on many points of concern to entrepreneurs. The main directions for further actions of the country's leadership to support them and further develop the sphere are also indicated.

First of all, completely new approaches will be introduced to develop small businesses and support their representatives. To this end, an integral ecosystem will be created, in particular, for their entrepreneurial training, development of projects for them, financing of activities, search for business partners and a market for products.

As part of the work in this direction, it is planned to transform the “ Qishloq Qurilish Bank” to the “Business Development Bank” with the creation of small business centers in each region. As the head of state noted, the centers will contribute to the development of business projects of the initiators, train entrepreneurs who want to implement a new project at their own expense, attract the necessary specialists, provide accounting, tax, audit, marketing, legal and other consulting services to entrepreneurs.

On the most favorable terms, financing of projects of entrepreneurs trained in small business centers in the regions will be arranged. In particular, if an entrepreneur invests 10.0% of the funds required for its implementation in the project, then another 45.0% of the resources will be allocated by the Business Development Bank, the remaining 45.0% will be covered by state support. Moreover, loans will be provided to entrepreneurs on preferential terms for a period of five to seven years.





According to the President, a separate law on the introduction of the new system will be adopted. At the same time, it is planned to determine a simplified procedure for all processes related to the implementation of small business projects together with the center.

The main goal of work in this direction during the year was also noted to “put on their feet” at least 150,000 small businesses, turn at least 25,000 of them into medium-sized enterprises and organize 250,000 permanent jobs in this sector.

In turn, it is planned to create new opportunities for medium-sized businesses, which is defined as a guarantor of sustainable growth of the national economy.

The President drew special attention to the fact that at present only the Entrepreneurship Fund provides guarantees or compensations for commercial loans, and besides, not for everyone.

Therefore, new approaches have been outlined to support entrepreneurs who want to move from the category of small to medium-sized businesses. To do this, the activities and methods of work of existing business support funds will radically change.

Thus, the Entrepreneurship Fund will be responsible for providing financial assistance to projects in the field of services and services, "green" and energy efficient projects, and the Industrial Development Fund - for industrial projects.

These funds will not be limited by budgetary funds and will be authorized to independently attract investments. Thus, next year these funds will attract an additional one billion dollars for medium-sized businesses.

It is also envisaged that the Industrial Development Fund, in particular, along with lending to new projects in national and foreign currencies, will provide 15 percent advance payments in the form of loans for imported equipment and pay up to 20 thousand dollars to

compensate for part of the costs for marketing, design and attraction foreign experts. An industrial mortgage system will also be established, production sites in the form of a “ready-made business” will be built and transferred to entrepreneurs, for which at least three new industrial zones are planned to be created in each region.

The Entrepreneurship Fund, which will be responsible for the service sector, is given the authority to enter as a participant in potential medium-sized enterprises, for which an additional \$25 million will

be allocated this year, and another \$10 0 million next year. At the same time, the fund also issues a guarantee for a loan in foreign currency for medium-sized



businesses. In addition, the Entrepreneurship Fund will introduce a “mortgage of services” system in the areas of tourism, trade and services, and entrepreneurs will be offered ready-made projects for such facilities as a hotel, restaurant, shopping mall, parking lot, gas station, camping. The Fund allocates funds to entrepreneurs for the acquisition of a land plot for service facilities, the construction of buildings, structures, as well as working capital.

These two new systems will be fully operational from 1 October. Next year, with their use, it is planned to finance two thousand new projects for medium-sized businesses in industry and ten thousand - in the service sector.

As the head of state noted, with hard work, thanks to new opportunities, it will be possible to organize additional services worth one billion dollars, produce new products worth



five billion dollars and create another 350,000 jobs.

The President also spoke in detail and in detail about other areas of entrepreneurship development in the country.

For example, important tasks have been outlined in building up export potential. There is something to rely on in their decision. For example, thanks to the program "New Uzbekistan - a country of competitive products", launched after last year's open dialogue, 100 leading exporting enterprises selected to participate in it, for which a separate regime for loans, taxes and customs procedures was introduced, were able to increase exports this year by 1.5 times and plan to bring it to 1.2 billion dollars by the end of the year.

In general, over the past four years, thanks to state support, the number of exporting enterprises has grown from 4.5 thousand to 7.2 thousand, and the volume of sales of finished products to the foreign market has doubled. And support for such enterprises, especially in the current conditions, will continue. In particular, an additional \$100 million will be allocated to offset their logistics costs. \$25 million will be allocated for the certification of products abroad, the introduction of international standards and the training of specialists in this field. It is planned to expand the number of participants in the program "New Uzbekistan - a country of competitive products" to 500, while maintaining all the benefits under the program. Another proposal concerns the allocation of special grants in the amount of 500 million soums to those enterprises that will attract prestigious foreign brands to the country.

Among the appeals received from entrepreneurs in preparation for an open dialogue with the President and related to systemic issues, a significant part touched on issues related to the current tax system and the need to reduce inspections and excessive bureaucracy.

Therefore, in the speech of the head of state, this topic was raised separately. As the



President noted, he is aware of the complex tax administration, all cases of excessive interference in business and corruption in the system. Now the tax system will be radically reformed. Tax administration will also be simplified.

As concrete steps in this direction, it was announced that starting from October 1, when returning value added tax, the practice of applying the tax deduction coefficient, that is, “ tax-gap ”, will be canceled.

In addition, the Chamber of Commerce and Industry, the business ombudsman , together with representatives of the sphere, will introduce an open rating of entrepreneurs. At the same time, starting from January 1 next year, enterprises with a high rating will be exempted from all types of tax audits, and the excess part of the value added tax will be returned to them within one day. The practice of temporarily suspending the validity of a VAT payer certificate will also be abolished.

During in-house control, it will be strictly forbidden to demand documents from the entrepreneur or call him to the tax authorities. The practice will be abolished when, for one tax offense, both a financial fine and an administrative fine are applied to an entrepreneur as an individual. Within three months, all financial sanctions will be reviewed, their fair criteria will be determined. All disputes between entrepreneurs and the tax authorities will be referred to the administrative court with the abolition of any restrictions on the filing of complaints by entrepreneurs directly to the court. The term for filing a tax claim against entrepreneurs will be reduced from the current five to three years. In addition, when a court decision is made to collect tax or credit debt, the calculation of penalties and interest will be suspended.

Along with this, as it turned out, at present, entrepreneurs, within the framework of more than 140 reports, are required to submit about eight thousand indicators to 16 state bodies.



As a result, 500 thousand entrepreneurs annually spend 300 billion soums and a lot of time preparing such reports. Therefore, from January 1, 2024, duplicate and outdated reports will be discontinued, all reports will be submitted through a single electronic system, and their paper form will be canceled.

Thus, each issue raised in the speech of the President of the Republic of Uzbekistan during an open dialogue with entrepreneurs was not only voiced, but also analyzed with the determination of the way to solve it, the measures that will be taken for this. And there is no doubt that all these measures will provide entrepreneurs with new opportunities and conveniences for doing business, which will continue to develop, ensuring the growth of the national economy, the social sphere, and improving the welfare of the population.