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The Digest of Legal Information on Privatization of Non- agricultural Lands



Privatization of non-agricultural lands: mechanism

Regulated by the law «On the privatization of non-productive lands» (Shall be effective from March 1, 2020).

The new mechanism is available to citizens of Uzbekistan, legal entities – residents of the Republic of Uzbekistan, including legal entities of the Republic of Uzbekistan with the involvement of foreign founders.

Foreigners, stateless persons and non-resident companies cannot privatize lands in Uzbekistan. Moreover, they do not have the right to buy lands that were privatized already, apart from cases, specified in the Land Code (see Part 3 of Article 18) and international agreements. If the ownership right still passes to them as a consequence of the bankruptcy of legal

entities and individuals, inheritance, reorganization and liquidation of a legal entity and in other circumstances, lands shall be alienated within 6 months following such a case.

Privatization targets:

- lands on which buildings and constructions, industrial infrastructure facilities, along with adjacent lands in the amount necessary for conducting production activities owned or privatized by legal entities are located;
- lands provided to citizens of the Republic of Uzbekistan for single-family dwelling construction and maintenance of a dwelling house;
- unoccupied lands;

- lands provided to the Urbanization Development Fund under the Ministry of Economy and Industry of the Republic of Uzbekistan (hereinafter referred to as Urbanization Development Fund).

The following lands are not subject to privatization:

- lands located in areas that do not have approved and issued planning schemes;
- lands on which mineral deposits, strategic objects of government ownership, not subject to privatization, the list of which is determined in accordance with the legislation are located;
- land plots included in the lands of environmental protection, recreation, health-promoting and historical and cultural purposes

, along with lands of forest and water funds of a common use of cities and towns (squares, streets, passages, roads, embankments, public gardens, boulevards);

- lands contaminated with hazardous substances and susceptible to biogenic infection;
- lands provided to participants of free economic and small industrial zones.

Privatization forms:

- purchase by legal entities and individuals of lands, which are on the rights of permanent use (possession) or lifelong inherited possession;
- sale of land through an electronic online auction.

Privatization of land on which **real estate units** are located

An application shall be submitted through public service centers or the unified portal of interactive state services of the Republic of Uzbekistan on the name of khokim of a district (city) at the place of location of a land.

The application shall be submitted:

- by a resident legal entity - in relation to lands on which buildings and constructions, industrial infrastructure facilities, along with adjacent lands in the sizes necessary for industrial activity, owned or privatized by it are located;
- by a citizen of Uzbekistan - in relation to lands provided to him for single-family dwelling construction and maintenance of a dwelling house.

If the real estate is in shared or joint ownership or it is an apartment building, an application is submitted by agreement of all participants (owners). If such agreement is not reached the court shall establish the procedure.

The application is processed by the Commission for the examination of the provision (sale) of land within 10 business days, which is a positive or negative conclusion. In case of a positive outcome, the applicant must pay a fee, the amount of which will be determined by the Cabinet of Ministers in multiples of the land tax rates. Payment shall be made within 10 days from the moment of receipt of the notification of a positive conclusion.

Privatization of lands on which real estate units owned by legal entities and individuals

is conducted within the area and boundaries of lands specified in the document certifying ownership or property right to them. Alteration of the area and boundaries of these lands during their privatization is not allowed.

The decision on privatization of lands is made within three business days after the payment for the privatized land.

The decision on privatization of lands is not subject to review without legal proceedings.

The decision on refusal in privatization of lands is made on the day of composition of the negative conclusion of the Commission for the examination of the provision (sale) of land and can be appealed in administrative court.



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Privatization of land on which **real estate units** are located

The reasons for the refusal in the privatization of lands:

- absence of grounds for the privatization of lands stipulated by the legislation;
- existence of abortive trials in respect of privatized land;
- existence of proscription or arrest imposed on real estate units located on privatized land;
- existence of approved master plans of settlements, along with acts of authorized state bodies on the seizure of land for state and public needs, the construction of infrastructure facilities, adopted before the application

and directly prevent the privatization of land;

- detection of false, contradictory or distorted information in the application;
- non-payment or incomplete payment for the privatized land within the time period established by law.

Refusal to privatize lands on other grounds is not allowed.

Payment for privatized lands

Payment for the privatized lands is made by individuals and legal entities within ten business days after receipt of written or electronic notification of the

positive conclusion of the Commission for the examination of the provision (sale) of land.

The amount of payment for the privatized land on which the real estate units are located is determined by the Cabinet of Ministers of the Republic of Uzbekistan in multiples of the land tax rate from legal entities and individuals established for the respective lands on the day of privatization.

When determining the amount of payment for a privatized land, the Cabinet of Ministers of the Republic of Uzbekistan has the right to establish differentiated coefficients in respect of certain categories of lands, legal entities and individuals, including those exempt from the payment of land tax.



Privatization of **unoccupied** lands

Unoccupied lands are determined by local authorities in accordance with the Master Plans of settlements and territories.

Unoccupied lands are sold in the ownership of legal entities and individuals through an electronic online auction in coordination with the Urbanization Agency under the Ministry of Economy and Industry of the Republic of Uzbekistan

Unoccupied lands can be sold through an electronic online auction with investment obligations.

The electronic online auction

The application for participation in the electronic online auction on privatization of free land plots is submitted:

- by a legal entity that is resident of the Republic of Uzbekistan for entrepreneurial and urban development activities;

- by an individual - a citizen of the Republic of Uzbekistan for single family dwelling construction and maintenance of a dwelling house, along for entrepreneurial and urban development activities.

The cost of the privatized unoccupied lands is determined by the results of the electronic online auction.

Reserve price of lands set for electronic online auction shall be equal to their market value at the moment of setting them for electronic online auction.

The advance amount and the price of the increment are set as a percentage of the reserve price and in monetary terms.

The fee for the services of an organizing electronic online auction is charged in accordance with the contract concluded between the organizer of the auction and the initiator of the electronic online auction.

Lands granted to the Urbanization Development Fund are sold through an electronic online auction in the order and on the terms for unoccupied lands.

Legal status of privatized lands

Privatized lands are private property and objects of civil-law transactions.



Privatization of **unoccupied** lands

The right of private ownership to a privatized lands accrues from the moment of state registration of the right to it by making a corresponding entry in the State Registry of Rights to real estate and transactions with them in electronic form.

Rights of owners of privatized lands:

- to freely own, use and dispose of the privatized land at own reasonable discretion and in own interests, including to use it as a subject of a pledge, to make a contribution to the authorized capital (authorized fund) of a legal entity, to lease, without violating the rights and statutory interests of legal entities and individuals, the state;

- to demand elimination of any violations of the property right to the privatized land;

- to independently manage the privatized land;

- to construct residential, industrial, cultural and social buildings and structures, to conducted their reconstruction and demolition.

Obligations of owners of privatized lands:

- to comply with the requirements of statutory documents in the field of technical regulation when using a land;

- to pay for the damage caused to other owners of land in accordance with the standard procedure;

- to fulfil investment obligations incumbent upon the acquisition of land.

Seizure of a privatized land from the owner is allowed only upon foreclosure on this land on the obligations of the owner in the cases and in the manner prescribed by legislative acts, and in the manner of nationalization, requisition and confiscation.

Nationalization is a compensated transfer of ownership of a nationalized land owned by legal entities and individuals on the right of ownership to the state.

Nationalization of a privatized land:



Privatization of unoccupied lands



- shall be conducted exclusively for state and public needs and upon receipt of the consent of an owner of land;

- shall be documented by an agreement of sale and purchase of a land concluded on equal terms between the owner of the land and the state body authorized by the Cabinet of Ministers of the Republic of Uzbekistan;

- shall be conducted under the condition of preliminary compensation by the state of contractual cost of the privatized land and other losses.

Nationalization of the privatized land for state and needs public is allowed only for the following purposes:

- provision of land for the needs of military defence and state security, protected natural areas, creation

and operation of free economic zones;

- fulfillment of obligations arising from international agreements of the Republic of Uzbekistan;

- discovery and development of mineral deposits; construction (reconstruction) of roads and railways, airports, airfields, aeronautical facilities and aerotechnical centers, railway facilities, bridges, subways, tunnels, energy systems facilities and power lines, communication lines, space activities facilities, trunk pipelines, engineering communication networks;

- execution of master plans for settlements in respect of the construction of facilities at the expense of the state budget of the Republic of Uzbekistan, and in other cases explicitly stated by the laws of the Republic of Uzbekistan and

decisions of the President of the Republic of Uzbekistan.

Nationalization of the privatized land for commercial purposes is not allowed.

Requisition

In cases of natural disasters, accidents, epidemics, epizootics and other circumstances of an extraordinary nature, by decision of the Cabinet of Ministers of the Republic of Uzbekistan, a privatized land may be seized from its owner (requisition) with compensation to the owner of the privatized land, losses caused and the issuance of a document on requisition.

Requisition of the privatized land is conducted solely for the purposes of protection of the rights and legitimate interests of citizens, society and the state from threats arising in connection with extraordinary circumstances.

Upon termination of the circumstances in connection with which the requisition was made, the former owner of the requisitioned land has the right to demand the return of the remaining property.

Confiscation

Privatized land may be seized from the owner through a court proceeding (confiscation). In accordance with Article 289 of Code of Criminal Procedure of the Republic of Uzbekistan, if a property that cannot be privately owned is recognized as the material evidence in the case, then it, depending on the legality or illegality of the by acquisition its owner, is or i.e. requisitioned by confiscated, transferred the court in a compensated or gratuitous manner to the relevant state body or legal entity authorized to own, use and dispose of such property.

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- Audit of special issues, economic expert analysis
- Audit of investments, grants, credits, loans, subsidies and other assets in terms of their intended use
- Restating of national financial statements to IFRS

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- Corporate taxation
- Organization and maintenance of tax accounting
- International tax planning
- Taxation of individuals
- Tax accounting system improvement and maintenance
- Assistance in the preparation of explanations and consulting during inspections of tax authorities

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- Prime cost calculation, structure analysis, reduction methods
- Revenue, structure, historical data analysis
- Cost structure, methods to reduce them, historical data analysis
- Comprehensive financial analysis of the operating efficiency of the company

Training services

- Conduction of researches, training, conferences, developments in the field related to audit activities
- Conduction of seminars, development of methodological material on accounting, audit, analysis of financial and economic activities and taxation
- Preparation of study guides and recommendations on financial accounting and taxation

Legal services

- Legal expertise and opinions: contracts, business dealings, forms and methods of business operations
- Consulting, legal outsourcing (support):
- Registration of business of all forms
- Corporate and Commercial Law
- Public Private Partnership (PPP), public and project financing
- Labor and Immigration Law
- Bankruptcy and anti-crisis business protection
- Court practice and mediation

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