Rustambekov I.**Opportunities for investment in free economic zones of the republic of Uzbekistan***Tashkent State University of Law
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In recent years, the increase of the tendency on creation of free economic zones, further development of external trade and investment relations in free economic zones, massive flow of direct investments and the establishment of hi-tech with new energy, as well as the increase in rate of competitive and export-based commodities cause necessity of the development and legal regulation on entrepreneurial activity in those areas. Nowadays, more than 4,300 free economic zones are being operated worldwide.

According to the Strategy of Actions on Further Development of the Republic of Uzbekistan on five priority areas in 2017-2021 the Republic of Uzbekistan began actively develop its national economy. As a result economic development has shifted to a drastically new level, which provides for improvement of wellbeing and quality of life of the population.

In last two years in Uzbekistan was created more than 15 free economic zones and more than 50 small industrial zones. Creation of free economic zones, industrial parks, small industrial zones is seen as the main factor for direct attraction of foreign investment, creation of new high-tech production, and effective use of natural and economic capacity of the regions.

At the moment the President of the Republic of Uzbekistan commissioned to develop a complex of measures to create more favorable opportunities for investors and entrepreneurs in free economic and small industrial zones, first of all, the revision of the normative-legal basis regarding the development of the activities of these zones, bringing it into line with modern requirements, creating an open and understandable mechanism for all.

As it was mentioned, there are more than 15 free economic zones operating in the country. In the free economic zone “Navoi”, “Angren”, “Jizzakh”, “Urgut”, “Gijduvan”, “Kokand” and “Hazorasp” 62 projects total worth of 486 million USD were utilized, more than 4.6 thousand workplaces were created.

Also, active work to develop new free economic zones specialized in pharmaceuticals: “Nukus-pharm”, “Zomin-pharm”, “Kosonsoy-pharm”, “Sirdaryo-pharm”, “Boysun-pharm”, “Bustonlik-pharm” and “Parkent-pharm”, on tourism “Charvaq”, and also free economic zone “Sirdaryo” is being carried out.

The number of small industrial zones in Uzbekistan has reached 100. By now, 1021 projects in total worth 535 billion sums (national currency) have been implemented in these territories. As a result of the involvement of new enterprises, more than 9.6 thousand workplaces were created.

The legal base of functioning of free economic zones in Uzbekistan is the Law of the Republic of Uzbekistan “On free economic zones”. Also several Decrees of the President were adopted in this sphere. For example, Decree of the President of the Republic of Uzbekistan No. DP-4853 of October 26, 2016 “On additional measures of activating and expanding activities of free economic zones” has very strategic influence in development of free economic zones in the country.

This Decree establishes the most favorable conditions for further development of free economic zones in the republic as the most important factor for expanding attraction of foreign direct investment for creation of new high-tech industries. Also there were established special legal regime including tax, currency and customs regimes, simplified procedure for entry, staying and departure as well as obtaining the permission to carry out labor activity by non-residents of the Republic of Uzbekistan.

In other words the business entities registered in the free economic zone are exempted from all types of taxes including land tax, profit tax, corporate property tax, single tax payment for micro-firms and small enterprises, as well as mandatory contributions to the Republican Road Fund and the non-budgetary Fund for the development of the material and technical base of educational and medical institutions under the Ministry of Finance of the Republic of Uzbekistan; customs fees (except for fees for customs clearance) for equipment, raw materials, materials and components, that are imported for their own production needs; customs fees (except for fees for customs clearance) for construction materials not produced in the country and imported in the framework of projects, according to the lists approved by the Cabinet of Ministers of the Republic of Uzbekistan.

These benefits are granted for a period of 3 to 10 years, depending on the volume of investments, including the equivalent:

- from 300 thousand US dollars to 3 million US dollars - for a period of 3 years;
- from 3 million US dollars to 5 million US dollars - for a period of 5 years;
- from 5 million US dollars to 10 million US dollars - for a period of 7 years;
- from 10 million US dollars and above - for a period of 10 years, with the application for the next 5 years of the income tax rate and a single tax payment of 50 percent below the current rates.

To ensure the advanced development of transport, production and engineering and communication systems of free economic zones and provide the developing enterprises that operate in the territory of free economic zones with the necessary infrastructure, the Government has adopted special development programs. The Program foresees realization of infrastructure development measures including the following:

- power supply;
- gas supply;
- water supply and waste drainage;
- railway infrastructure;
- highway infrastructure.

The main activities of the companies operating in the territory of free economic zones should be production of a wide range of high-tech products with high added value that are competitive in both domestic and world markets. This is expected to be achieved through efficient use of production and resources of the region comprising the free economic zone.

Establishment of free economic zones are aimed at creating a favorable environment for setting up and developing enterprises in the field of advanced processing of raw mineral resources; production of high-tech products based on local raw materials by establishing strong cooperation ties and developing industrial cooperation between enterprises within the free economic zone and the republic as a whole.

In accordance with the concept of the free economic zones and the priorities chosen, the enterprises of the following industries shall be located in the territory of the free economic zones of the Republic of Uzbekistan.

- electrical engineering,
- mechanical engineering
- chemicals and petrochemicals,
- pharmaceuticals,
- food processing and deep processing of fruits and vegetables,
- production of modern construction materials,
- leather industry, etc.

In order to start business in the free economic zones the investor should pass the selection procedure of investment projects. In accordance with the Regulations of selecting the investment projects for placement on the territory of free economic zones and registration of participants in free economic zones approved by the Cabinet of Ministers of the Republic

of Uzbekistan on January 16, 2018 No. 29, the investor submits the following documents to the Directorate:

1. An investment application for the placement of production in the territory of FEZ
2. Information on the availability of state registration of a legal entity (investor) or other document confirming the activities of this investor;
3. Business plan of the proposed investment project;
4. Information confirming the existence of the investor's experience in the relevant sphere and/or the implementation of similar investment projects (if any). In case of absence of experience in the relevant field and/or in the implementation of similar investment projects, the investor submits to the Directorate information about the technological partners involved in the project.
5. Information on the financial and economic activities of the investor for the past three years. If at the time of filing an investment application, the investor:
 - is performing activities from 1 to 3 years, the investor submits to the Directorate information on financial and economic activities for the actual time of their activities;
 - has not performed financial and economic activities or has performed it for less than a year, the investor submits to the Directorate information on the financial and economic activities of at least one founder of the current investment project.
 - all documents must be submitted by the investor to the Directorate of the FEZ with an attached certified translation into the state or Russian language. The investor is responsible for the accuracy of the information and documents submitted.

In the conclusion it should be noted that free economic zones in Uzbekistan are becoming one of the main factors contributing to the development of the economy of the country. Therefore the Government pays special attention to take measures on wide development of the activity of free economic zones.