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## BUSINESS LAW AND INVESTMENTS: INTERNATIONAL EXPERIENCE AND UNIQUE ASPECTS IN UZBEK LEGISLATION

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### ABSTRACT

This article analyzes the international practices and unique aspects of national legislation in the field of business law and investments. It discusses the specific features of legislation in the field of business law and international practices in the investment sector. The bases for encouraging investments and related legal frameworks in various countries' legislation are analyzed. Additionally, the development trends of the investment sector in Uzbekistan are examined. Effective methods for applying international experiences in entrepreneurship support through the development of investment policy to national legislation are proposed.

### KEYWORDS

Investment activity, international currency fund, investment agencies, tax rate, legislative initiative, financial incentives, major investment projects.

### INTRODUCTION

Developing effective legislative projects in entrepreneurship and investment activities serves to foster the development of the state economy and engage various societal layers in socio-economic activities. Currently, states are promoting legislative

initiatives that facilitate investment attractiveness to further expand the entrepreneurial environment.

Internationally, there are diverse approaches to supporting the fields of entrepreneurship and investments. Many developed countries, including the

United States, Germany, and Japan, employ systematic and effective legal measures to attract investments and improve the entrepreneurial environment. These countries have tax incentives, financial encouragements, and additional support programs for entrepreneurs aimed at enhancing the investment climate.

Countries like India and Brazil are also significantly focusing on refining their legislation to attract international investments. These nations have implemented crucial reforms in protecting investments, simplifying entrepreneurship, and combating corruption.

International organizations and financial institutions, including the World Bank and the International Monetary Fund, strive to support entrepreneurship and investment at a global level. They assist developing countries by providing technical support and financial resources to modernize economies and improve the entrepreneurial climate.

In Uzbekistan, the «Law on Investment and Equity Funds» adopted in 2015 became one of the legal foundations regulating investment activities in the state. According to this law, investment funds are divided into two types:

- an investment fund obligated to repurchase its issued shares;
- an investment fund not obligated to repurchase its issued shares.

Furthermore, it was stipulated that «state governing bodies shall revise and annul their normative legal acts that contradict this Law.»

Also in Uzbekistan, reflecting the analysis of international practices, the "Law on Investments and Investment Activities" was adopted on December 25, 2019. The purpose of this law is to regulate relations in the field of investments and investment activities conducted by foreign and local investors.

Article 15 of the law states that "the state guarantees the rights of subjects of investment activity." It is also specified that state bodies and their officials are not entitled to interfere with the activities of investment subjects carried out in accordance with legislation. This establishes the following conditions for the development of entrepreneurship:

- it allows entrepreneurs to conduct their activities independently and legally without state interference;
- it helps to develop transparent and fair relationships between entrepreneurs and investment agencies;
- it makes the country more attractive to foreign investors, which in turn, facilitates the attraction of investments that contribute to economic growth and modernization.

Although this law includes provisions for encouraging investments through investment credits and financing, these norms have not been reflected in the tax legislation. Consequently, the use of this financial resource to increase investment volumes is limited.

However, the effectiveness of this practice is known from foreign experiences. The growth of investment resources contributes positively to increasing the production capacities of regions and provides a positive solution to the issue of employment.

The effective implementation of legislation impacts the performance in this sector. For instance, the

indicators of major investment projects carried out in our republic are as follows:

#### The major investment projects implemented in our republic

| № | Time of launch of major investment projects | Number of large investment projects launched | Volume of launched large investment projects, US dollars. |
|---|---|--|---|
| 1 | 2015  | 158  | 7,4 billion.  |
| 2 | 2016  | 164  | 5,0 billion.  |
| 3 | 2017  | 161  | 2,4 billion.  |
| 4 | 2018  | 353  | 9,8 billion.  |
| 5 | 2019  | 179  | 20,5 billion.   |
| 6 | 2020  | 43   | 13,9 billion.   |
| 7 | 2021  | 236  | 28,9 billion.   |
| 8 | 2022  | 262  | 38,8 billion.   |
| 9 | 2023  | 287  | 49,5 billion.   |

Source: Prepared by the author based on data from [www.stat.uz](http://www.stat.uz)

Based on the analysis of the information provided above, the growth trend in Uzbekistan's major investment projects reveals several critical aspects. Specifically, the Presidential Decree PF-60 dated January 28, 2022, "On the Development Strategy of New Uzbekistan for 2022-2026," includes proposals to increase investment in projects in regions categorized as 4th and 5th level by applying a 1% tax rate on turnover for newly established entrepreneurial entities in areas with challenging conditions. This strategy aims to attract more funds to investment projects in the republic's districts and cities, facilitating growth and development in these underdeveloped areas.

The high growth rates observed in 2018 and the consistent growth in subsequent years are practical results of reforms aimed at stabilizing Uzbekistan's economy and enhancing its competitiveness on an international scale. While the decline in 2020 reflected

the impact of global economic conditions, the high growth rates from 2021 to 2023 confirm the post-pandemic recovery of the country's economy and the improvement of the investment environment.

The reforms being implemented in Uzbekistan, particularly those aimed at attracting investments, strengthening the legal base for supporting entrepreneurial entities, and improving the business environment based on international standards, are also noteworthy. However, addressing the challenges encountered in this process and deepening reforms, as well as creating real opportunities for entrepreneurs, require a continuous and systematic approach.

#### CONCLUSION

In conclusion, studying and analyzing the international experience in business law and investments and the unique aspects of national legislation are crucial steps

in Uzbekistan's economic development, making the country more competitive and attractive. This not only contributes to economic progress but also to social advancement.

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