

I. COUNTRY REFORM PROGRESS

Uzbekistan recently updated its tax rules for small businesses and self-employment, tightened IT park tax exemption eligibility, and introduced accelerated depreciation as investment-linked incentives. These changes follow advice from the IMF's Fiscal Affairs Department (FAD), while other measures – like ending tax holidays in special economic zones or adopting progressive income tax – remain unaddressed.

Revenue administration reforms progressed. The Tax Committee (TC) added auditors, launched a national audit plan, and piloted a VAT-fraud detection system. Following the President's December 2025 decree on cashless payments, the TC formed a unit to address shadow economy issues. The Customs Committee (CC) is developing a reform plan with IMF capacity development (CD) support.

The TC hosted the Third Caucasus, Central Asia, and Mongolia Revenue Administration Leaders' Forum to discuss regional priorities, including shadow economy compliance, international taxation, and tax-customs cooperation. A mission supported by the IMF's Caucasus, Central Asia and Mongolia Regional Capacity Development Center (CCAMTAC) strengthened the TC's internal audit, establishing a Department of Analysis and Evaluation. Support also enhanced the Large Taxpayers Office (LTO).

Civil service and pension reforms advanced notably. The Civil Service single pay spine is slated for year-end rollout, with FAD offering targeted policy advice and strategic review alongside the World Bank. Pension reform reached final design, with FAD leading coordination and managing expectations with the President's Office, securing an actuarial study and conducting further policy review jointly with other international financial institutions (IFIs). Implementation was postponed to 2026 to ensure quality and alignment with best practices.

Public financial management (PFM) reforms also advanced: The Ministry of Economy and Finance (MEF) of Uzbekistan are progressively implementing the public investment management (PIM) reform roadmap, which was adopted following the public investment management assessment (PIMA) Update. They are organizing changes to strengthen macro-fiscal and budget processes to better inform fiscal policymaking following a FAD review in August 2025. Work continues on implementing the PFM strategy, including strengthening budget processes and improving fiscal risk disclosure.

A high-level cross-divisional workshop on intergovernmental fiscal relations provided principle-based guidance to senior officials from the MEF and regional finance departments to inform reform considerations and will also help to inform a planned Fiscal Decentralization Strategy.

II. PROJECT DELIVERY HIGHLIGHTS

RM I: Revenue Module I – Tax Policy

Key Progress in FY26: In-field CD was delivered on mining taxation (May 2025), personal and corporate income tax (June 2025), and fiscal federalism (November 2025). FAD recommendations from those activities have been partially implemented in legislation (reform of small business and self-employment tax regimes, accelerated depreciation as a cost-based incentive to replace some tax holidays) or are presently in preparation (refinements to mining tax regime). Support from HQ on VAT applicable to donor funded projects is reflected in government's draft law. These activities are expected to improve revenues and efficiency. FAD recommendations on progressive income taxation and elimination of special economic zone regimes have not been implemented. The in-field missions strongly engaged with the Ministry of Finance's tax policy unit by sharing analysis and models to strengthen in-house capacity.

Previous Progress: Planned FY25 activities (mining tax and income tax) were delivered in early FY26 for logistical reasons.

Next Steps: Delivering CD on requested topics including the effective taxation of financial institutions and formulation of a General Anti-Avoidance Rule (GAAR).

RM II: Revenue Module II – Revenue Administration

Key Progress in FY26: Revenue administration reforms continued, with one HQ-led mission on customs administration, an HQ-led mission in July 2025 on organizational structure, one staff visit and a short-term expert visit in November 2025 on VAT credits. The Resident Advisor provided hands-on support. Key achievements include (1) a review of the tax administration's organizational structure and governance framework to improve efficiency; (2) approval of the tax administration 2025–2030 strategic plan by the Chairman of the Tax Committee (TC); (3) allocation of additional resources to the audit function; (4) progressive implementation of the National Audit Strategy developed in December 2024; and (5) initiatives to enhance the effectiveness of the LTO; and (6) support with improving effectiveness of VAT refunds. In addition, collaboration between the tax and customs administrations—particularly in information and data sharing—was strengthened.

Previous Progress: These efforts aimed to strengthen revenue administration in Uzbekistan and increase revenue collection. Achievements include approval of the TC's 2025–30 strategic plan, enhanced audit capacity, and improved collaboration between tax and customs administrations.

Next Steps: Upcoming CD coordinated with tax policy colleagues will focus on developing a medium-term revenue strategy and supporting the government strategy to combat the shadow economy. In response to the authorities' request for a customs advisor, a proposal for a regional customs advisor based in Tashkent will be developed and submitted for Global Public Finance Partnership (GPFP) funding.

SM I: Spending Module I – Spending Policy

Key Progress in FY26: Implementation of the new Civil Service single pay spine is scheduled to occur by end-2026; this substantial reform has benefited from periodic review and strategic advisory support from FAD to the MEF at critical stages as the reform proposal matured with technical support from the World Bank.

Pension reform is entering its final design stages. FAD continued to lead multi-IFI engagement, and intervened at critical points to successfully manage Presidential expectations on sequencing and timing. Notably, FAD's formal letter and progress evaluation in August 2025 secured space for an actuarial study of the proposals to be undertaken, thus postponing implementation until 2026; and in the first quarter of 2026, FAD coordinated further evaluation of new proposals incorporated to the draft reform, providing verbal and written assessments jointly with other IFIs.

Previous Progress: The July 2024 Civil Service reform mission established the conceptual framework and roadmap, including a longer implementation horizon and a job evaluation exercise. Financing for the evaluation was secured through FAD's coordination with the World Bank, and the tendering took place in February 2025.

On pensions, the December 2024 workshop brought together key stakeholders and achieved early agreement on reform principles. Virtual consultations throughout 2025 provided feedback on successive drafts of the Pension Concept Note, ensuring alignment with international best practices.

Next Steps: As the Civil Service pay reform gets closer to implementation, FAD will advise on sequencing and strategic implications for future pay reforms in Health and Education.

For pension reform, FAD will continue collaboration with development partners to maintain momentum and deliver reforms that improve efficiency, transparency, and fiscal sustainability.

SM II: Spending Module II – Managing Public Finance

Key Progress in FY26: A roadmap for improving PIM was approved by the MEF, informed by the PIMA Update and Climate-PIMA. The MEF is making changes to its institutional arrangements and strengthening macro-fiscal and budget processes to reduce fragmentation and better inform fiscal policymaking following a FAD review in August 2025. FAD continues to work with the MEF to strengthen fiscal risk analysis and management and provided support to quantify long-term fiscal risks from climate change and enhance macro-fiscal risk analysis and disclosure. A high-level cross-divisional workshop on intergovernmental fiscal relations provided principle-based guidance to senior officials from the MEF and regional finance departments to inform reform considerations and will also help to inform a planned Fiscal Decentralization Strategy.

Previous Progress: With IMF support, working closely with other development partners, the government adopted a PFM Reform Strategy for the period 2025-30. The Strategy sets out 45 specific reform actions across 5 priority areas aimed at underpinning fiscal discipline, enhancing the effectiveness and efficiency of public spending, and improving the quality of fiscal information. The PFM Reform Strategy was adopted by the Cabinet of Ministers in April 2025.

Next Steps: A Fiscal Transparency Update is planned in August 2026 to identify further actions to improve the quality of fiscal information and fiscal transparency. In line with reform actions in the PFM Reform Strategy, FAD will continue to work with the authorities to strengthen organizational arrangements and budget processes, to ensure policymakers have robust information to support decision making and more credible budgets. Initial support to assist in establishing a spending review process to enhance the efficiency and effectiveness of spending is also planned.

III. LOGICAL FRAMEWORK

Country – Uzbekistan		
RM I: Objective – Strengthen Policy Monitoring, Evaluation, and Institutions - TPM		Rating - 3
Outcome	Rating	Narrative
Improved structures (e.g., tax policy units) or capacity (e.g., models and tools) related to tax policy advice and analysis.	3 Largely Achieved	Tax policy unit (TPU) has increased staffing and good analytical capacity. CD missions worked closely with TPU. However, still limited ability of TPU to use FARI model for mining/petroleum fiscal regime analysis.
RM I: Objective – Improve Tax Policy Design - TPD		Rating - 3
Outcome	Rating	Narrative
Increased economic efficiency by minimizing economic distortions or addressing externalities or market failures	3 Largely Achieved	More efficient mining fiscal regime is in place, but some adjustments may be needed. Simplification of tax regimes for self-employed and individual entrepreneurs. The reforms conform with advice of CD activities. However, significant CIT profit-based incentives persist.
Increased/decreased revenue quantity	2 Partially Achieved	At this juncture, it is too early to assess sustainable budget impacts of changes in taxation in 2025. Tax-to-GDP fell after the reduction in VAT rate. Significant CIT profit-based incentives persist. Tax exemption for self-employed was eliminated.
RM II: Objective – Strengthened revenue administration management and governance arrangements (SDG 17.1) - RAM		Rating - 3
Outcome	Rating	Narrative
Organizational arrangements enable more effective delivery of strategy and reforms	3 Largely Achieved	A joint tax policy and administration mission in April 2024 provided initial guidance to further improve LTO operations. Work to improve LTO's operations has commenced. The FAD CD support focused on the LTO has been delivered and the authorities endorsed the recommendations of the short-term expert. A new organizational structure has been developed awaiting the authorities' endorsement.
Capacity for reform increased due to clear reform strategy and a strategic management framework adopted and institutionalized	3 Largely Achieved	This activity began in 2019 under the former Revenue Mobilization Thematic Fund project. Good progress was made. A multi-year planning principle has been adopted. The TC Strategic Plan for 2025-30 was approved both by the TC Chairman and the President's office and is being implemented. A draft CC Strategic Plan is in place and is undergoing review.

Corporate priorities are better managed through effective risk management	2 Partially Achieved	A compliance risk management approach was adopted under the RMTF project. Work to develop compliance improvement plans (CIPs) is progressing. The pace of developing the CIPs is slow. The long-term resident expert (LTX) is supporting this activity. Sector-specific compliance improvement plans have been selected. A VAT CIP is being developed. This will help with bridging the VAT gap. Activity included in the Strategic Plan 2025-30.
---	----------------------	---

RM II: Objective – Strengthened core tax administration functions (SDG 17.1) - TAD
Rating - 2

Outcome	Rating	Narrative
Audit and other verification programs more effectively ensure accuracy of reporting	2 Partially Achieved	This milestone was determined under the former RMTF project. Good progress was made. A computer-based case selection system was developed. Further improvements are needed to address aggressive planning risks. A national annual audit plan for 2025 is being developed. The national audit plan has been approved by TC management. A VAT gap was estimated in 2022. The authorities wish to follow up on this exercise and conduct a second VAT gap estimation.
Taxpayer services initiatives to support voluntary compliance are strengthened	2 Partially Achieved	Outcome developed under the RMTF project. Good progress was made. The authorities plan to further improve communication and engagement with taxpayers to reduce compliance cost and improve voluntary compliance. This objective is highlighted in the draft 2025-30 Strategic Plan.

RM II: Objective – Improved customs administration functions (SDG 17.1) - CAD
Rating - 2

Outcome	Rating	Narrative
Customs control during the clearance process more effectively ensures accuracy of declarations	2 Partially Achieved	Selectivity criteria are applied during the clearance process but not finely targeted. State CC wishes to enhance selectivity with increased use of AI.
Foreign trade operators better comply with their reporting and payment obligations	3 Largely Achieved	Customs procedures are mostly modernized while implementing regulations need more work.
Trade facilitation and service initiatives better support voluntary compliance	1 Not Achieved	There is no revenue collection model regarding e-commerce, as a result, revenue is not satisfactorily collected from e-commerce. A draft Presidential Decree strategy recognizes this issue.

SM I: Objective – Strengthen Expenditure Policy Formulation and Design - EPD
Rating - 2

Outcome	Rating	Narrative
Government pay and employment are more	2 Partially Achieved	After the recasting of the civil service reform in 2024, based on the recommendations of FAD's July 2024 mission, the

competitive and consistent with fiscal constraints		MEF adopted a longer timeline to allow for rigorous technical work. A job evaluation was tendered in February 2025, to provide the robust evidence needed to redesign the Civil Service pay system. The job evaluation is now completed, and a benchmarking study of comparable private sector jobs was conducted. The final calibration of the new payscale is underway, with a decree expected to enact the reform before end-2026.
Public pension system sustainability is enhanced while ensuring the adequacy of retirement income	2 Partially Achieved	FAD provided cross-donor leadership by organizing the December 2024 workshop to establish a five-way dialogue, led by FAD, to bring together the Pension Fund, World Bank, Asian Development Bank and International Labour Office, and produced a consensus on the principles for reform. Over 2025, the Pension Fund developed these principles into a draft pension concept note, with ongoing support from the five-way policy dialogue. The draft concept note underwent several iterations in 2025-26, with policy feedback provided at each stage by FAD coordinating with the other three IFIs. A letter from FAD secured support from the President's Office to delay implementation into 2026, thus allowing space for an actuarial study. This will be the last major evaluation stage before fine-tuning leads to the final proposal to be introduced by decree by end-2026.
SM I: Objective – Strengthen Policy Evaluation and Institution Building - PEI		Rating - 3
Outcome	Rating	Narrative
Authorities have an understanding of opportunities to enhance the adequacy, efficiency, and sustainability of public expenditure	3 Largely Achieved	The MEF has significantly strengthened its understanding of the implications of its planned reforms. The planned Civil Service payscale now has an empirical backing from the private sector benchmarking study. And the successive iterations on pension reform design have helped the Pension Fund discard options which did not support its adequacy, equity and sustainability objectives; the final step will be the actuarial study, which the Pension Fund agreed to undertake with IFI support, and which will provide the final costing of the reform.
SM II: Objective – Build Sustainable Fiscal Institutions – SFI		Rating - 4
Outcome	Rating	Narrative
Strengthened capacity to assess core PFM functions and develop reform strategies	4 Fully Achieved	The authorities adopted a PFM Reform Strategy for 2025–30 in April 2025 and are undertaking actions with support from

		the IMF and other development partners to progressively implement reform actions.
Strengthened capacity to plan, implement and sustain infrastructure governance	3 Largely Achieved	An updated PIMA and C-PIMA was conducted in February 2025 and will provide an important input into a roadmap to strengthen PIM.
SM II: Objective - Strengthen Budget Management – SBM		Rating - 2
Outcome	Rating	Narrative
Strengthened annual budget process, for more efficient and effective use of resources	2 Partially Achieved	The authorities have made progress in strengthening some PIM institutions, including project planning, selection and implementation and a PIM coordination unit has been established in the MEF to better coordinate projects included in the Social and Production Infrastructure Development Plan across funding sources. Efforts are also underway to expand the functionality of the capital investment information system managed by the MEF. However, further actions are required to strengthen capital budgeting and maintenance of assets.
Strengthened medium-term budget frameworks	3 Largely Achieved	A Fiscal Strategy Paper is prepared setting out medium-term fiscal forecasts and fiscal targets to guide budget preparation.
Strengthened asset and liability management processes	2 Partially Achieved	Authorities are enhancing capacity and tools to support cash forecasting and cash management.
SM II: Objective – Improve Fiscal Transparency and Reporting - FTR		Rating - 2
Outcome	Rating	Narrative
Comprehensive, timely, and high quality fiscal reports	2 Partially Achieved	The PFM Reform Strategy includes further actions to improve fiscal reporting and transparency. Progress is being made, supported by technical assistance from CCAMTAC, to enhance the coverage and quality of fiscal statistics, and align these with international standards. A planned Fiscal Transparency Evaluation Update will identify gaps and recommend priority actions to further strengthen fiscal reporting.
SM II: Objective –Strengthen Macro-fiscal Frameworks - SMF		Rating - 2
Outcome	Rating	Narrative
Strengthened identification, monitoring, and management of fiscal risks	2 Partially Achieved	The Fiscal Strategy Paper includes a statement on fiscal risks covering most material fiscal risks, but there is scope to further enhance its content.

IV. RISK ASSESSMENT

Description	Rating	Mitigation Measures
External Climate/Conditions		
RM I: Impact of war in Ukraine on Uzbek fiscal policy	Low	Monitor the situation and discuss with the authorities.
RM II, SM I, SM II: External events create a more challenging environment to implement reforms.	Low	Agree with the authorities on remote activities in case of adverse events.
Political Support		
RM I: Political developments can be quite uncertain with ramifications for the progress on tax reform.	Medium	Seek to engage with key policymakers.
RM II: The appointment of a new Chairman TC and the dismissal of the long serving Deputy Chairman and some senior managers has created uncertainty which could pose a threat to reform momentum	Medium	- Engage regularly with senior government officers (e.g., Deputy Prime Minister, relevant deputy ministers) and the new TC leadership, to foster and monitor government ownership of reforms. - Strengthen relationships with new TC leadership and key officers to monitor reform progress, especially on critical milestones (e.g., as set out in the TC Strategic Plan 2025-30). - Leverage support from the IMF's Middle East and Central Asia Department
SM I: 2023 was characterized by political uncertainty, notably around the time of the MEF merger, inhibiting reform momentum.	Medium	Active coordination will ensure there is no duplication of work. The two projects are largely complementary, as the main driver of the spending policy work is practical implementation and capacity building, whereas the World Bank has focused on producing analytical reports.
SM II: Political support for PFM reforms is crowded out by other priorities, constraining reform momentum.	Medium	Ensure PFM CD is focused on priority areas and engage regularly with ministers and senior government officers to ensure they understand the benefits of reform and to foster ownership.
Management and Technical Staff Support and Commitment		
RM I: There is a risk that the MEF does not engage effectively in leading the interagency modeling team. Also, that agencies fail to collaborate effectively.	High	Continue to work closely with the IMF support for implementation and have joint meetings/workshops with different agencies/ministries from the outset.
RM II: Low commitment of management and staff in TC and CC to implement reforms.	Low	Engage with senior management and technical staff and explain the rationale for the reforms.
SM I: Technical training does not successfully shape senior and political decision-making, limiting the impact of policy advice and analysis on practical outcomes and real prioritization.	Medium	- Engage with relevant Deputy Ministers to ensure top expenditure policy priorities are addressed by CD. - Collaborate closely with PFM module to align the building of analytical and policy skills with structural improvements in the budget process. - Assess operational links between technical and policy staff, and senior decision-makers; flag procedural and communication bottlenecks, with potential solutions as part of CD output.

Description	Rating	Mitigation Measures
SM II: While there is strong commitment to reforms at the management and technical level, there are risks that technical staff lack capacity to implement them effectively, compounded by staff turnover.	Medium	Ensure CD recommendations consider current capabilities and incorporate institution and capacity building. Regularly monitor progress on reform implementation and adjust CD plans when needed.
Resource Adequacy		
RM I: High turnover of public servants could mean that more resources might be needed to retrain and reengage with successors.	Medium	Identify key persons that are more likely to remain in their posts and provide more tailored training to them.
RM II, SM I, SM II: Insufficient technical capacity and human resources undermines the capacity in key entities (e.g., MEF, TC, CC) to implement reforms or absorb CD in key topics.	Medium	- Ensure CD plans include sufficient capacity building and training elements for both ongoing and new topics. - Prioritize CD to important or high-risk areas where resources are limited. - Conduct ongoing assessment of technical barriers to implementation. - Provide continuous LTX support to ensure reform stability and enhance momentum.
Other Risks		
RM II, SM II: Multiple donors are providing technical assistance in overlapping topics (e.g., revenue administration and gaps, PPPs and SOEs).	Low	- Participate in regular donor coordination meetings. - Take an active role in engaging with other donors to ensure support is well coordinated.
SM I: The World Bank is involved in providing CD on expenditure policy advice, which creates a risk of overlaps.	Low	Active coordination will ensure there is no duplication of work. The two projects are largely complementary, as the main driver of the spending policy work is practical implementation and capacity building, whereas the World Bank has focused on producing analytical reports.

V. PROJECT MANAGERS: CONTACT INFORMATION

Project Manager	Module Project Manager	E-mail
Ignatius de Bidegain	Jean-Francois Wen (Tax Policy)	JWen@imf.org
	Doris Akol (Revenue Administration, Tax)	DAkol@imf.org
	Tadatsugu Matsudaira (Revenue Administration, Customs)	TMatsudaira@imf.org
	Ignatius de Bidegain (Spending Policy)	IDeBidegain@imf.org
	Amanda Sayegh (Managing Public Finances)	ASayegh@imf.org