

On Approving the Regulation on the Procedure of Liquidating Non-State-Owned, Not-for-Profit Enterprises

26.01.2015

**RESOLUTION #5 OF THE CABINET OF MINISTERS
OF THE REPUBLIC OF UZBEKISTAN OF JANUARY 15, 2015**

In accordance with Decree #PP-2085 of the President of the Republic of Uzbekistan *On Additional Measures on Rendering Assistance to the Development of Institutions of Civil Society* of December 12, 2013, the Cabinet of Ministers hereby resolves:

1. To approve this Regulation on the Procedure of Liquidating Non-State, Not-for-Profit Enterprises according to the Addendum herein below.
2. The Ministry of Justice of the Republic of Uzbekistan, jointly with ministries and departments concerned, is hereby instructed to implement a set of measures aimed at a broad explanation of the procedure of liquidation of non-state, not-for-profit organizations.
3. Control over the execution of this resolution is hereby vested in A. Ikramov, Deputy Prime Minister of the Republic of Uzbekistan, and N. T. Yuldashev, the Minister of Justice of the Republic of Uzbekistan.

Prime Minister of the Republic of Uzbekistan SH. MIRZIYOYEV

ADDENDUM

to Resolution #5 of the Cabinet of Ministers of the Republic of Uzbekistan of January 15, 2015

REGULATION

on the Procedure of Liquidating Non-State, Not-for-Profit Organizations

I. General Provisions

1. This regulation defines the procedure for voluntary and compulsory liquidation of non-state, not-for-profit organizations, their separate subdivisions that are legal entities, representations and branches of international and foreign non-state not-for-profit organizations (hereinafter, NGOs), and the procedure of closing separate subdivisions of the NGOs that are not legal entities.

The rules of the present Regulation shall not apply in the liquidation of NGOs that show signs of bankruptcy provided for by applicable legislation.

2. Voluntary liquidation of an NGO is carried out based on a decision of its supreme body, and forced liquidation based on a court decision.

Voluntary liquidation of public funds is carried out by court decision based on the application of an interested person, in the manner and within the time limits specified in the relevant paragraphs of Section II hereof.

3. For individual NGOs, applicable legislation may establish other characteristics and conditions for their liquidation than those herein specified.

II. Voluntary Liquidation of NGOs

4. Voluntary liquidation of NGOs is carried out according to the procedure provided for by Addendum #1 hereto.

5. The decision on voluntary liquidation of an NGO is adopted by the supreme body duly authorized for that purpose in accordance with the constituent documents. The decision shall state:

the composition of the liquidation committee (if the liquidation commission is appointed by the founders (participants) of the NGO, this fact has to be stated in the decision);

the list of existing separate subdivisions of the NGO (with a separate indication of the units that are legal entities and are not legal entities);

an instruction regarding the opening of cases on the termination of activity and the liquidation of separate subdivisions, if in accordance with the constituent documents their liquidation is vested in their governing bodies;

the planned liquidation date; and

the destiny of the assets remaining after the satisfaction of creditors' claims (information about how to use it for the NGO's basic statutory purposes and objectives and (or) about the recipients of this property as a charitable donation).

The composition of an NGO liquidation commission usually includes persons with appropriate legal and (or) economic education and (or) practical experience in accounting.

With the consent of relevant state agencies, the composition of the liquidation commission may also include their specialists.

6. Information about the composition of the liquidation commission (full name, place of residence, main place of work and title, and telephone numbers of the members), as well as the decision to liquidate the NGO adopted by its supreme body shall be submitted to the legal authority that registered the NGO (hereinafter, the registering body) within three business days.

If its constituent documents do not require the establishment of a separate liquidation commission for the liquidation of a separate subdivision, information about the joint liquidation commission appointed by the parent organization shall be submitted to the registering body which registered that separate subdivision after the approval of its composition in the manner specified in Paragraph 7 hereof.

The decision to liquidate representative offices and branches of international and foreign NGOs, adopted by the central authority of the parent organization, shall be submitted to the registering body within 15 days from the day it was legalized or apostilled in accordance with the established procedure.

7. Within two business days from the receipt of information about the composition of the liquidation commission, the registering body, if it has no objections to the composition, makes an entry in the single state register of legal entities and informs the state tax and statistics authorities, as well as the appropriate district (city) division of the Department for the Enforcement of Court Decisions and the Material and Financial Provision of the Activity of Courts under the Ministry of Justice of the Republic of Uzbekistan (hereinafter, the Judicial Department) at the place of the NGO's state registration that the NGO is in the process of elimination.

Should it have objections to the composition of the liquidation commission, the registering body notifies the NGO's supreme body about its reasoned objections and suggestions in writing and within the time limits provided for in the first subparagraph of this paragraph. If it makes no objections and suggestions within those time limits, the composition of the liquidation commission shall be deemed approved.

From the moment the composition of the liquidation commission is approved by the registering body, the commission assumes all powers for the management of the NGO. Within three business days its founders (participants) and (or) the members of its governing body are required to pass an inventory of all documents related to the NGO's activity, its seals and stamps, as well as other property to the liquidation commission.

8. The liquidation commission:

- a) carries out the liquidation procedure and ensures that the interests of the NGO's creditors, founders (participants), and members of governing bodies or other employees are taken care of;
- b) ensures, within the framework of the liquidation procedure, that the writs of execution which involve the NGO as a debtor are duly enforced;
- c) represents the NGO and signs its financial, payment and other documents without a power of attorney;
- d) issues orders and other acts that are obligatory for execution by all employees of NGOs; and
- e) decides on issues within its competence in accordance with this Regulation.

9. The meetings of the liquidation committee are organized by its chairman. At the meeting, all issues are resolved by voting and adopted by a simple majority of votes of the members of the commission. In the case of a split vote, the chairman has the decisive vote.

10. The powers of the liquidation commission shall cease in the following cases:

- (a) upon the completion of the liquidation procedure – when the registering body makes the appropriate entry on the liquidation of the NGO in the single state register of legal entities;
- b) after the NGO resumes its activity – upon the completion of the liquidation procedure and the adoption of the decision to resume activity;
- c) after the NGO is declared bankrupt – when the court decides to declare the NGO bankrupt and initiate a liquidation procedure; and

d) after a new liquidation commission is appointed – when making the decision on the appointment of a new liquidation commission. In these cases, all documents, seals, stamps and other property of the NGO are passed to the newly appointed liquidation commission within two days.

11. Within three business days, the liquidation commission, upon approving its composition with the registering body, submits:

(a) a copy of the decision on voluntary liquidation and a specimen signature of the chairman of the liquidation commission;

b) a request to close bank accounts and transfer available balances to the NGO's main account in national currency – to banks serving the NGO's secondary deposit accounts, savings deposit accounts and term deposit accounts in national currency and the deposit accounts of separate subdivisions that are not legal persons;

c) a request to close bank accounts and transfer available balances to the NGO's on-demand deposit account in foreign currency with the bank of its main account in national currency or an on-demand deposit account in foreign currency in another authorized Bank if the bank serving the NGO's main account is not an authorized bank – to banks in which it has on-demand, savings, and term deposit accounts in foreign currency.

12. Sufficient confirmation of receipt of these documents is a mark made by the bank about the date of receiving the documents, or a written or electronic message from the bank to the liquidation commission, or a postal receipt of sending the documents to the bank, and the like.

13. The decision to liquidate the NGO:

(a) from the date of notification of the registering body:

suspends the activity of the NGO and its separate subdivisions that are not legal entities;

Cancels all previously taken measures to secure creditors' claims;

prohibits any amendments and additions to the NGO's constituent documents;

allows no transactions concerning alienation of property or entailing the transfer of property to third persons other than in the manner prescribed by this Regulation; and

deems the deadline for the performance of all obligations and deferred obligatory payments to have occurred;

b) from the date of notification of the banks serving the NGO:

permits to withdraw funds from the accounts of NGOs in national and foreign currency only on behalf of the liquidation commission in the order established by applicable legislation;

suspends the operation of Credit History File #2;

closes the NGO's secondary deposit accounts, savings deposit accounts and term deposit accounts in national currency, the deposit accounts of separate subdivisions that are not legal entities - by banks

serving those accounts, and transfers the remaining funds to the NGO's main account on the basis of a payment order;

closes the secondary deposit account, savings and term deposit accounts in foreign currency – by banks serving those accounts based on a request of the liquidation commission, and transfers the remaining funds to an on-demand deposit account in foreign currency opened with the bank of its main account in the national currency, or to an on-demand deposit account in foreign currency in another authorized Bank if the bank serving the NGO's main account is not an authorized bank.

14. The liquidation commission (after approving its composition with the registering body):

(a) takes, in accordance with the procedure established by applicable legislation, measures to terminate labor relations with the NGO's employees and close the separate subdivisions that are not legal entities;

b) makes an inventory of the NGO's assets and liabilities in the manner prescribed by law, including a registry of the writs of execution which involve the NGO as a debtor;

c) prepares calculations for all types of taxes and other obligatory payments paid by the NGO for the period from the beginning of the year till to the date of notification by the registering body about the liquidation of the NGO;

d) takes measures to recover the NGO's receivables and identify and inform creditors in writing about the liquidation of the NGO with a receipt confirmation (stamp with the receipt date, a postal receipt, a written or electronic message, and the like);

e) arranges for the publication of a notice about the liquidation of the NGO in one or more periodicals, stating:

the full and abbreviated names of the NGO (including all full and abbreviated names that were changed in the year preceding liquidation);

the NGO's location (postal address) and taxpayer's identification number;

information about the date of registration and the registering body (name and address);

information about the decision to liquidate the NGO (date, number); and

the deadline for creditors' claims. This term should not be less than two months from the date of publication of the notice.

15. Not later than ten days from the date of receipt of notification of the registering body, the district (city) division of the Judicial Department inquires, in the prescribed manner, whether the writ of execution which involves the NGOs under liquidation as a debtor is being processed. If it is, the bailiff completes the relevant court procedure in accordance with the law and sends the writ of execution to the liquidation commission for execution in the procedure of liquidation.

16. Within three business days from the date of receipt of the notification from the registering body in the prescribed manner, the state tax authority at the place of the NGO's state registration proceeds to examine (audit) its activities, but not for longer than thirty calendar days.

17. At the end of the period for filing creditors' claims and subject to the results of the state tax authority's audit, and also taking into account the data of the register of writs of execution, the liquidation commission drafts an interim liquidation balance sheet.

The interim liquidation balance sheet is approved by the NGO's supreme body.

18. Within five business days after approval of the interim liquidation balance, the liquidation commission notifies each creditor, with receipt confirmation (stamp with the receipt date, a postal receipt, a written or electronic message, and the like), about the acceptance or rejection of his claims and the recognized claim amount.

19. In accordance with the interim liquidation balance sheet, starting from the day of its approval, the liquidation commission makes payments to the creditors in the following order:

in the first place, the claims of individuals arising from an employment relationship or the payment of alimony or remuneration under copyright agreements, as well as the claims of individuals the NGO is liable to for causing harm to their life and health, by adding corresponding time payments;

in the second place, payments to the State Budget of the Republic of Uzbekistan and state trust funds; and

in the third place, the claims of other creditors (in calendar order).

20. Satisfaction of claims of creditors secured by a collateral (mortgage) shall be at the expense of the NGO's funds (with the exception of its public funds) received after the sale in the prescribed manner of the mortgaged property (the collateral). The balance of these funds is intended to satisfy the claims of creditors in the order of priority defined in Paragraph 19 hereof.

If the amount received from the sale of the collateral (mortgaged property) is not sufficient to satisfy the claims of creditors secured by the collateral (mortgaged property), the remaining part of the claims shall be satisfied in the order of priority defined in Paragraph 19 hereof.

21. If monetary funds are insufficient for settlements with creditors, the liquidation commission invites an appraisal organization to determine the market value of the NGO's assets and arranges for their sale at a public auction.

The realization of limited liquidity assets is through a closed auction, with the participation of persons eligible to having the said assets on the basis of property law or other right in rem.

Any property that is not realized within two months from the date of at the auction the property shall be offered to creditors on the basis of its appraised value, observing the order of priority specified in Paragraph 19 hereof.

22. Creditors' claims may be satisfied at the expense of funds directed by the founders (participants) and other persons to the bank accounts of the liquidated NGO.

23. If the creditors' claims are proved impossible to satisfy in full, the liquidation commission shall apply to the economic court for the NGO to be recognized bankrupt. From the recognition of the NGO bankrupt, voluntary liquidation is terminated and the further procedure is performed in accordance with bankruptcy law.

24. If there remains some NGO property after the full satisfaction of claims of creditors, the liquidation commission uses it in ways and for purposes indicated in the supreme body's decision on the elimination of the NGO, and (or) gives it for charitable donations.

If it is impossible to use the remaining property for the purposes of the NGO, it may be transferred to the ownership of not-for-profit organizations operating in spheres similar to that of the NGO's basic activity.

In all cases, the disposition of property is documented.

It is not allowed to distribute the remaining property between the founders (participants), members of the governing body, or other employees of the NGO.

25. The liquidation commission shall draft the liquidation balance sheet after:

the completion of settlements with creditors and the actual enforcement of issued writs of execution involving the NGO as a debtor;

the payment of taxes and other obligatory payments, financial penalties, including based on the results of the audit; and

disposition of property in the prescribed manner, after full satisfaction of creditors' claims.

26. The liquidation balance sheet is approved by the NGO's superior organization and submitted to the state tax authority. Concurrently, the liquidation commission shall send an inquiry to the territorial administration of the Judicial Department as to whether any outstanding writs of execution in which the liquidated NGOs is involved as a debtor are being processed by any bodies of the Judicial Department.

After it admits the liquidation balance sheet, the state tax authority body, provided that the NGO is not in arrears on taxes and other obligatory payments, is required to issue an appropriate conclusion to the liquidation commission within one business day. If it is not processing any writ of execution involving the NGO as a debtor, the appropriate territorial administration of the Judicial Department is obliged within three business days to send a written reply to the liquidation commission.

27. After obtaining the report of the state tax authority to the effect that there are no arrears on taxes and other obligatory payments, and a written reply from the territorial administration of the Judicial Department stating that there is no outstanding writ of execution, the liquidation commission requests the bank of the NGO's main account to close the account. Within one business day, the bank closes the NGO's account and gives the liquidator its report on the closure of the main account.

28. To make entries in the register about the liquidation of separate subdivisions that are not legal persons, if any, the liquidation commission sends letters to the relevant authorities of justice within three business days after the closure of the main account.

The letter includes the guarantee that the separate subdivision has no liabilities to third parties as well as the original of the certificate of registration of a separate subdivision of a non-state non-commercial organization.

Within three days, the Ministry of Justice organization which receives the letter makes an entry about the liquidation of a separate subdivision in the Register of separate subdivisions without the legal entity status and notifies the liquidation commission about it in writing within two days.

29. Within three business days after the closure of the main account, and if the NGO has any separate subdivisions that are not legal entities, after the receipt of notifications from the relevant justice authorities to the effect that those separate subdivisions have been struck from the register, the liquidation commission submits all accounting and other documents provided for by the legislation to the state archive, and seals and stamps to the appropriate internal affairs bodies for their elimination.

The NGO has separate subdivisions that are legal entities, all relevant documents shall be submitted to the state archives, and seals and stamps to the internal affairs bodies within three business days after the termination of the liquidation procedure and the receipt from justice authorities of a notice about the exclusion from the register of separate subdivisions in the order stipulated in Paragraph 32 hereof.

30. To make an entry on the liquidation of the NGO in the single state register of legal entities, the liquidation commission submits the following documents to the registering body:

a certificate of registration of the liquidation of the NGO in the state register;

a notice of the liquidation published in one or more periodicals;

the original certificate of state registration of a non-state noncommercial organization and its charter (by-laws);

the liquidation balance sheet approved in the prescribed manner;

statements from banks about the closure of all accounts of the NGO;

the statements from judicial bodies about the exclusion of all separate subdivisions of the NGO, if any, from respective registers;

documents certifying the disposition of the remaining property after full satisfaction of creditors' claims;

a statement from the internal affairs bodies about the elimination of the NGO's seals and stamps;

all original licenses and permits, and certificates of state registration of the NGO's emblems, if any;

the report of the state tax service that there are no arrears on taxes and other obligatory payments;

a written reply from the territorial administration of the Judicial Department to the effect that there is no outstanding writ of execution that involves the NGOs as debtor; and

the certificate of receipt of the NGO's documents by the state archive.

31. Within five business days from the receipt of all documents referred to in Paragraph 30 hereof, the registering body makes an entry about the liquidation of the NGO in the state register.

Making an entry in the state register may be denied if the complete list of documents is not submitted or they are not executed in due manner, or if it has been found that the documents submitted contain intentionally false information or violated the statutory procedure for the liquidation of NGOs.

If the making of an entry in the state register is denied, the registering body shall send the liquidation commission a letter stating the specific reasons for the denial and return all the documents received.

The decision on making an entry in the state register shall be issued in the form of an order of the head of the registering body.

32. Within two business days from the making of the liquidation entry in the state register, the registering body:

informs the liquidation commission and the state tax and statistics authorities about the liquidation of the NGO; and

transfers the NGO's licenses and permits, if any, to the authorities which issued them.

III. Forced Liquidation of Non-state

Not-for-Profit Organizations

33. Forced liquidation of NGOs is carried out according to the procedure provided for by Addendum #2 hereto.

34. The decision on the compulsory liquidation of an NGO is adopted by court on grounds provided for by law.

In accordance with Article 54 of the Civil Code of the Republic of Uzbekistan, the liquidation commission is appointed by court in consultation with the registering body.

35. Within three business days from receiving the decision of the court, the liquidation commission submits its copy of the registering body.

Within two business days from the receipt of the copy of the court decision, the registering body makes an entry in the single state register of legal entities to the effect that the NGO is in the process of liquidation, and notifies the state tax and statistics authorities, as well as a district (city) division of the Judicial Department at the place of the NGO's state registration.

36. From the moment the court decision takes effect, the liquidation commission assumes all powers for the management of the NGO. Within three business days, its founders (participants) and (or) the members of its governing body are required to submit all documents related to the NGO's activity, its seals and stamps, as well as other property to the liquidation commission, listing it in a list.

37. The liquidation procedure is carried out in the manner and within the time limits provided for in paragraphs 8 to 22 of this Regulation.

The interim liquidation balance sheet is approved by the liquidation commission after consultation with the registering body which registered the NGO. If within one week from the receipt of the interim liquidation balance sheet the registering body does not submit its objections in writing, the interim liquidation balance sheet shall be deemed approved.

38. If there remains any NGO property after full satisfaction of creditors' claims, the liquidation commission shall use it for purposes indicated in the court decision to liquidate the NGO. Documents certifying the disposition of the property are made out in the process.

If the court decision to liquidate the NGO does not decide the destiny of the property, the liquidation commission, within five business days after full satisfaction of creditors' claims, requests the court to decide the destiny of the remaining property.

39. The liquidation commission shall draft the liquidation balance after:

the completion of settlements with creditors, as well as actual enforcement of all issued writs of execution which involve the NGO as a debtor;

the payment of taxes and other obligatory payments and financial penalties, including based on the results of the audit; and

the disposition of remaining property for purposes indicated in the court decision – after full satisfaction of editors' claims.

The liquidation balance sheet is approved by the liquidation commission after consultation with the registering authority which registered the NGO. If within one week from the receipt of the liquidation balance sheet the registering body does not submit its objections in writing, the liquidation balance sheet shall be deemed approved.

40. After its approval the liquidation balance is submitted to the state tax authority. Concurrently, the liquidation commission sends an inquiry to the territorial administration of the Judicial Department as to whether any outstanding writs of execution in which the liquidated NGO is involved as a debtor are being processed.

Within one business day after the adoption of the liquidation balance sheet, the state tax authority shall issue the liquidation commission with a report stating that there are no arrears on taxes and other obligatory payments, provided there are none. Within three business days, the territorial administration of the Judicial Department shall give the liquidation commission a written reply stating that there are no outstanding writs of execution being processed, provided there are none.

41. All further liquidation procedures and the making of an entry on the liquidation of the NGO in the single state register of legal entities shall take place in the manner and within the time limits provided for in paragraphs 27 to 32 hereof.

IV. Final Provisions

42. At any stage of a voluntary liquidation before making an entry on the liquidation of the NGO in the single state register of legal entities, a person duly authorized by the NGO's supreme body may decide to resume the organization's activity and terminate the liquidation process.

43. The total period of the voluntary liquidation of an NGO may not exceed seven months from the date of notification about the decision of the registering body about the voluntary liquidation.

If within the specified period the documents referred to in Paragraph 30 hereof are not submitted to the registering body, or it is not notified about the authorized person's decision to resume the organization's activity and terminate the liquidation process, the registering body sends its inquiry to the liquidation commission.

If the shortcomings identified in the inquiry are not removed, the registering body shall bring pressure to bear upon the responsible persons and consider measures for the compulsory liquidation of the NGO.

44. The founders (participants) of NGOs, members of the governing body or other employees and members of the liquidation commission are responsible for the accuracy of the documents prepared by them and their compliance with the legislation.

45. Persons guilty of violation of the requirements hereof, including damage caused to creditors, founders (participants), members of the governing body or third parties as a result of nonperformance or improper performance of their duties, shall be liable in accordance with applicable legislation.

The Collection of Legislation of the Republic of Uzbekistan,

January 26, 2015, #3, p. 29