

Law On Farm (new edition)

I. General statements

Article 1. Purpose of present Law

The purpose of the present Law is to regulate relations in the sphere of founding, managing, reorganising and liquidating farms.

Article 2. Legislation on farm

Legislation on farm consists of the present Law and other acts of legislation.

In case if international agreement of the Republic of Uzbekistan establishes rules other than those envisaged by the legislation of the Republic of Uzbekistan on farm, the rules of the international agreement shall prevail.

Article 3. Farm

A farm is an independent economic entity, producing agricultural products using rented land areas.

Article 4. Head of farm

The Head of a farm is its founder «bosh» the farmer. Farmer can be represented in a person over 18 years of age, having corresponding qualifications or work experience in agriculture.

The head of farm represents it in relations with other legal entities and individuals.

II. Founding farm

Article 5. Farm founding conditions

A farm is founded primarily on lands and territories with no excess of human resources.

A farm specialising in production of cattle-breeding products is founded under the condition of presence of cattle in the amount of no less than 30 conditional heads. The minimal size of land areas leased to farms shall make up at least 0.3 hectares per conditional head of cattle on the irrigated lands of Andijan, Namangan, Samarkand, Tashkent, Ferghana and Khorezm regions, and at least 0.45 hectares of irrigated lands in other regions of the country and the Republic of Karakalpakstan, and at least 2 hectares per conditional head of cattle on the non-irrigated (dry) lands.

Farms specialising in plant cultivation products shall be allowed areas with minimal size of at least 10 hectares for the purpose of grain and cotton growing, and of at least 1 hectare for the purpose of gardening, wine and vegetable growing, as well as cultivation of other specimens.

On provision of land areas, farms take on the obligation to provide the yield of agricultural crops (three-years average) in the amount of no less than the cadastre assessment of the land. Given obligation is supported in the land-lease agreement.

Article 6. Order of farm founding

A farm is founded by its head, which provides the farm with corresponding property and approves its Charter.

To found a farm, its head must receive a land area in accordance with the established order.

Article 7. State registration of farm

A farm is recognized as founded starting with the moment of its state registration in compliance with the established order. After the state registration by the authorised body, a farm receives the status of a legal entity, and has the right to open a settlement and other types of accounts in a bank facility, and have its own seal with its name printed on it.

A farm may be rejected state registration in case of violation of the order of farm founding established by the present Law or in case of its Charter's non-compliance with the Law.

Rejection of state registration, and/or violation of the registration deadlines may be appealed in court.

Article 8. Farm Charter

A farm shall act on the basis of a Charter. An approximate charter of the farm is approved by the Cabinet of Ministers of the Republic of Uzbekistan.

Article 9. Contents of farm Charter

Farm Charter should contain:

- name of the farm;
- name, last name, patronymic and address of head of farm;
- information on farm's location and

- its mailing address;
- specialisation and basic types of activity of the farm;
- volume of authorised capital.

The farm's Charter may contain other statements not contradicting the legislation.

III. Allotment of land areas for farming. Land and water use

Article 10. Land areas allotted for farming purposes

Land areas are allotted for farming purposes:

- from land reserves;
- from land of agricultural purpose not allotted to legal entities or individuals;
- reorganised and liquidated agricultural cooperatives (shirkats) and other agricultural enterprises, establishments and organisations;
- agricultural cooperatives (shirkats) and other agricultural enterprises, establishments and organisations.

Land areas allotted to farms from land areas of agricultural cooperatives (shirkats) and other agricultural enterprises, establishments and organisations are removed from their balance.

Lands of scientific-research facilities, higher educational facilities, academic lyceums, professional colleges and general education schools, as well as lands of the water fund cannot be allotted to farms.

Land areas located along the State border of the Republic of Uzbekistan, large and small rivers, reservoirs are allotted for farming in compliance with the order established by the legislation. It is prohibited to allot land areas within 500 metres of the State border of the Republic of Uzbekistan for the purpose of cattle-breeding, poultry keeping, and other farming activities related to reproduction, pasture and keeping animals (cattle, poultry, fur-bearing and other animals, fish, bees, animal zoology parks, vivariums, etc).

Article 11. Order of land area allotment for farming purposes

Land areas are leased for farming on tender basis for the period of up to 50 years, and for no less than 30 years.

While allotting land areas for farming purposes, preference is given to persons living in the area close to the farm.

Land areas from land reserves or those of agricultural purpose, not provided to legal entities or individuals are allotted on the basis of decision by hokim of the district based on tender results, held by the district commission for issues of allotment (sale) of land areas.

Land areas of reorganised or liquidated agricultural cooperatives (shirkats) and other agricultural enterprises, establishments and organisations are allotted on the basis of decision by hokim of the district based on the result of the tender organised by special commission.

Land areas of agricultural cooperatives (shirkats) and other agricultural enterprises, establishments and organisations may be allotted to its members (workers) for farming purposes on the results of the tender organised at the general meeting of agricultural cooperative (shirkat), by the authorised body of another agricultural enterprise, establishment or organisation, on the basis of the district hokim's decision.

The decision of district hokim on allotment of land area for farming purposes enters into force on its approval by the regional commission for issues of allotment (sale) of land areas, headed by the hokim of the region.

General meeting of agricultural cooperative (shirkat) and the authorised body of another agricultural enterprise, establishment or organisation may define land areas to be allotted to farms, without definition of the farmer. In this case, the land area is allotted to the farm in compliance with the order provided in the part three of the given article.

Land lease agreement is signed by the head of the farm or hokim of the district.

Decision of the general meeting of the agricultural cooperative (shirkat), authorised body of another agricultural enterprise, establishment, organisation and hokim of the region on rejection of land area allotment, as well as decision of the regional commission for issues of allotment (sale) of land areas on rejection in the approval of the decision by district hokim may be appealed to court or higher standing body, official. Persons who received land areas for farming purposes and owning a dwelling house in the rural built-up area shall keep the right of ownership for the land area adjoining to the house.

Borders of the farming land area are established on the spot by bodies of land surveyor service at the account of local budget.

Article 12. Specifications of farm organisation by members of agricultural cooperatives (shirkats)

Members of agricultural cooperatives (shirkats) wishing to exit membership and conduct independent farming have the right to receive monetary equivalent of their property share and the share of profit (revenue), the amount of which is determined with consideration of labor contribution of the cooperative (shirkat) member. The decision of the general meeting of agricultural cooperative (shirkat) serves as a basis for the specified persons to receive the right to be allotted land area for lease for farming purposes in compliance with the order defined by the article 11 of the given Law. At the same time, allotment of land area for lease should not deprive agricultural cooperative (shirkat) of land resources and basic production funds necessary for activity.

Article 13. Land use

The rights and obligations of a farm on ownership and utilisation of land area are defined by the legislation.

Land areas allotted to the farm shall be used in strict compliance with direct purpose. They cannot be privatised, nor can they become objects of purchase and sale, pawn, gift, exchange or transferal for sublease.

A farm can use the right of land lease as a deposit to receive credits.

Land area allotted to the farm may be divided during reorganisation of the farm, under the condition that the newly formed land areas are not less than minimal size specified by the Article 5 of the given Law.

The size of the land area and its borders may be changed only with approval of the farm's head.

In case the head of the farm dies, the right of land lease shall devolve in accordance with the legislation for the period of land lease agreement.

On expiration of the land lease agreement, the farm shall have the right to extend the agreement for another period. In case the head of the farm dies, the right to extend the agreement for another period shall be inherited by the lawful heir.

Land lease agreement may be changed or annulled on mutual agreement of both sides, or by the court in case of disagreement of the sides.

In case of farm liquidation, land lease agreement shall be subject to annulment in compliance with the procedure established by the legislation.

Article 14. Payment for use of land area

Payment for use of land area allotted to farm is charged in the form of annual rent fee, paid to the local budget, in the amount of the single tax rate defined depending on the quality, location and water supply of the land area, with consideration of the cadastre assessment of the land.

The farm shall be freed of payment of the fee for utilisation of land area for the period of two years after its registration by the state.

The farm shall be freed of payment of single tax for the part of lands developed at the farm's own account for the period of land development, specified by the corresponding project, and within five years starting with the moment of development.

Article 15. Water use

The limits of water use for farms are defined by the authorised bodies.

IV. Rights, obligations and property of farms

Article 16. Rights of a farm

A farm shall have the right to:

- organise farming production activity on allotted land area in compliance with specialisation envisaged by the Charter and land lease agreement;
- conduct distribution of agricultural specimens with consideration of specialisation and on the basis of signed agreements of contracting;
- sign future contracts with pre-payment for procured products;
- dispose produced products, including right for sale to consumers on their own discretion;
- set prices for produced products, executed works and provided services;
- sign agreements on supply of electric power, combustive-lubricating materials, mineral fertilisers, chemical substances for protection of plants, provision of services;
- receive revenue (profit) from the entrepreneurial activity in unlimited amount subject to taxation in the order established by legislation;
- dispose received revenue (profit), monetary funds available at its accounts in banking facilities;
- purchase stocks and other securities;
- receive credits, attract monetary funds and other property of other legal entities and individuals on the agreement basis and direct them into production and reproduction;
- provide for deposit its property, as well as its right of land lease to receive credits;
- use all types of benefits and preferences provided to small and private enterprises;
- purchase, lease necessary equipment, production means and other property, conduct construction and repair works of buildings and constructions;
- submit claims to court for protection of their rights and legal interests.

Farms may have other rights in accordance with the legislation.

Article 17. Obligations of farms

A farm must:

- provide for purposeful, effective and rational utilisation of land area under conditions defined by legislation and land lease agreement;
- comply with ecological requirements and other rules of environment protection;
- organise events for improvement of meliorative condition of land area, preservation and improvement of its fertility, as well as provide for allocation of funds for these purposes in the business plan;
- start utilising the land area within one year after the moment of its allotment, unless another period is agreed in the land lease agreement;
- provide for supply of agricultural production on government requests in compliance with signed agreements of contracting within limits of envisaged volumes;
- comply with the established requirements on by-sort-distribution of cotton and grain crops;
- utilise water resources in accordance with the agreement on limited water use;
- conduct clean-up and repair works of in-farm meliorative network;
- comply with conditions of land-burdening and servitude;
- provide for safe labour conditions for its workers;
- make timely payments of tax, dues and other obligatory payments in compliance with the order established by the legislation;
- comply with agro-technical requirements during production of agricultural products;
- provide for protection of agricultural specimens from plant pests, sicknesses and weeds.

A farm may bear other obligations in accordance with the legislation.

Article 18. Farm's authorised fund

A farm's authorised fund is defined by the head of the farm.

Contributions to the authorised fund of a farm may be made in form of money, securities, buildings, constructions and other property or property rights having pecuniary valuation.

If the head of the farm transfers property, which is a common (shared or joint) property of the family members, to the authorised fund of the farm, then notarially approved agreement of all property owners is required.

The increase or decrease of authorised fund of a farm is conducted based on the decision of the farm's head through introduction of changes into the charter of the farm.

Article 19. Farm property right

Farm property right is protected by the state.

The property right for buildings, constructions, crops and plantings of agricultural specimens and plants, cattle, poultry, produced products, agricultural technology, inventory, equipment, transportation means, monetary funds, objects of intellectual property, as well as other property, included into the balance of the farm, belongs to the farm.

The sources of farm's property formation may be monetary funds and material resources of the farm's head, revenue (profit), received from sale of goods (works, services), revenue from securities, and other sources, not prohibited by the legislative acts.

A farm has the right to create, grow, purchase, lease, or take for temporary use, property in compliance with the order established by the legislation.

Article 20. Farm's funds and accounts

A farm has the right to open accounts in bank facilities to conduct monetary operations and save funds, as well as dispose them at its own discretion. Funds may be charged-off from the farm's account only on the basis of agreement of the head of farm or based on the court decision.

Article 21. Farm property inheritance

The property of the farm is inherited in compliance with the legislation. Heirs, who carry on the farming activity, are freed of paying state due charged for the issue of inheritance right.

V. Organisation of farming activity

Article 22. Farm production activity

A farm independently defines the directions of its activity, structure and volume of production in compliance with specialisation, envisaged by its charter and the land lease agreement. It has the right to engage in any type of agricultural production, except for those prohibited by the legislative acts. It may also process and sell agricultural products.

A farm is obliged to comply with normative acts and quality standards of the produced products, ecological, sanitary and other requirements and rules, established by the legislation.

Government intervention or intrusion of other bodies and organisations, or their officials into the farming activity of a farm is prohibited.

Losses, including missed profit, caused to the farm as a result of unlawful decisions by the state and other bodies and

organisations, actions (dereliction) of their officials and nationals, shall be subject to compensation in compliance with the order established by the legislation.

A farm conducts foreign economic activity in compliance with the established order.

Article 23. Labour at farms

Labour relations between the farm (employer) and its employees are regulated by the labour agreement (contract) in compliance with the legislation.

Labour order in a farm is established by its head in compliance with the legislation.

Keeping record of farm workers' labour activity

The amounts of farm workers' wages are defined on mutual agreement of two parties in monetary and material terms not lower than the minimal wage rate established by the legislation.

The head and employees of the farm are subject to state social insurance. Granting and paying the allowance on state social security and pensions are made in compliance with the order and conditions, established by the legislation.

Article 24. Order of selling farming products

A farm has the right to sign contracts with juridical persons and individuals on sale of produced products, including those sold on government requests. In case of violation of agreement obligations, the parties carry responsibility, established by the legislation or the agreement.

Supply of products, produced by the farm for export, is organised in compliance with the order established by the legislation.

Article 25. Farms' joint activity

On mutual agreement, farms may unite, enter unions or other associations for production, procurement, processing and sale of its products, material-technical provision, construction, technological-water management, veterinary, agrochemical, consultancy and other types of services.

Article 26. Crediting and insurance of farms

Long-term crediting of construction of production purposed objects, procurement of basic production means and short-term crediting of current farming production activity are conducted on the basis of credit agreement.

Beneficiary crediting of farms is conducted in compliance with the order, established by the legislation.

A farm insures against the risk of loss (destruction), shortage, or damage of its own or rented means of production, crops and plantings of agricultural crops, long-lived plants, produced products, raw materials, materials, entrepreneurship risk, as well as risk of its liability for breaching the contracts on voluntary basis, and receives insurance compensation (insurance amount) in compliance with the order and on the conditions, established by the legislation.

Article 27. Taxation of farms

A farm pays taxes, dues and other obligatory payments to the State Budget of the Republic of Uzbekistan and state funds-in-trust in compliance with the legislation.

The profit of the farm retained after payment of all taxes, dues and other obligatory payments, is transferred to the discretion of the farm's head and are not tax-liable.

Article 28. Keeping records of the results of farming activity

A farm keeps records of the results of its activity, and provides reports to the local statistical and taxation bodies in accordance with the established order.

VI. Conclusive statements

Article 29. Government and other support of farms

The state guarantees the rights and protection of legal interests of farms.

State bodies are liable to assist farms in their development and strengthening.

Republican and local executive bodies, citizen self-government bodies of communities, kishlaks (villages) and auls (settlements) in compliance with the legislative order shall:

- conduct the primary development works (building roads, electric mains and communication lines, water-supply, gas-supply, installation of telephones, radios, organisation of land use, land melioration), during the foundation of farms on the territory where there have not been objects of production and/or social purposes;
- provide assistance to farms on building production objects and housing;
- provides services on supply of sorted seeds and planting material of agricultural specimens, organic and mineral fertilizers, agricultural plant protection means against plant pests, sicknesses and weeds, technical servicing;

- provide assistance in procurement of agricultural technology, equipment and inventory on leasing basis;
- provide assistance in procurement of pedigree cattle and poultry, as well as mixed fodder;
- create necessary conditions for zoo-veterinary checkup of farm cattle;
- provide assistance in storage and selling agricultural products, raised on a farm;
- motivate farmers, organising productions of non-agricultural purpose;
- provide consulting, informative and other types of services.

Other forms of support, envisaged by the legislation for development of private entrepreneurship are applicable to farms.

Article 30. Limiting inspections of farming activity

Inspection of farming activity is conducted according to the established order only on the issues of principle and rational utilisation of leased land area in compliance with the land lease agreement in cases of non-fulfillment of agreed obligations on sale of products on government requests or presence of facts of violation of the legislation on land, as well as delayed payment of single tax.

Article 31. Farm reorganisation

Reorganisation of farm (merger, affiliation, de-merger, segregation, reformation) is conducted according to the order, established by the legislation.

Article 32. Bases for liquidation of farm

A farm is liquidated in the following cases:

- voluntary rejection of the right to rent land area;
- recognition of the farm as bankrupt, including the cases of systematic non-settlement of accounts with the suppliers of material-technological resources, works and services;
- death of the head of a farm and absence of a heir, wishing to carry on the farming activity;
- rescinding of the land lease agreement in the established order under the necessity for withdrawal of land area for state and public purposes or for violation of land legislation, including cases of utilisation of land area for the purposes other than farming, including sawing agricultural crops, not specified in the contracting agreement.

Article 33. Order of liquidating farms

A farm is liquidated based on the decision of:

- the head of the farm;
- court, in cases, specified by the legislation.

Liquidation of the farm is executed in the order, established by the legislation.

Article 34. Resolution of disputes

Disputes in the sphere of founding, managing, reorganising and liquidating a farm are resolved in accordance with the legislation.

Article 35. Liability on obligations of farms

A farm is liable on its obligations, including the cases on provision of supply of agricultural products on state request in compliance with the signed contracting agreements within the limits of envisaged volumes, as well as on the timely payment for supply of material-technological resources, and provision of services by its property, which may be withdrawn in accordance with the legislative acts.

The head of a farm bears subsidiary liability by the property he owns on the obligations of the farm in case of insufficiency of the farm's property in accordance with legislation.

In case of absence or insufficiency of funds of the reorganized or liquidated farm, liable for damage caused to life or health of an employee resulted from the execution of the labour obligations, the amount due is to be paid off by the state in accordance with the order, envisaged by the legislation.

Article 36. Accountability for violation of legislation on farm

Persons, guilty of violating the legislation on farm, account in accordance with the established order.