

**Law
Of the Republic of Tajikistan**

ON FREE ECONOMIC ZONES

This law defines the organizational, legal and economic frames for the establishment, management, operation and liquidation of free economic zones on the territory of the Republic of Tajikistan and governs the order and the conditions of the special legal regime applicable to the business and investment activity in free economic zones.

CHAPTER 1. GENERAL PROVISIONS

Article 1. Basic concepts

The following basic concepts shall be used in this Law:

- **free economic zone** – an isolated (limited) part of the territory of the Republic of Tajikistan with the clearly marked boundaries, where favourable economic conditions and a special legal regime shall be created for business and investment activities;
- **special legal regime of the free economic zone** - a set of legal norms establishing the special conditions for taxation, currency circulation, customs regime, employment relations and other conditions on the territory of the free economic zone;
- **infrastructure of the free economic zone** - a set of elements aimed at ensuring the conditions for the operational and economic activities on the territory of the free economic zone, including fences, buildings and constructions, engineering facilities and utilities and objects of safety, environmental and social purpose;
- **authorized state body on free economic zones** – a state body authorized by the Government of the Republic of Tajikistan to enforce the issues related to the establishment, management, operation and liquidation of free economic zones in the Republic of Tajikistan;
- **administration of the free economic zone** – in organization with the status of a state institution and carrying out the management of the free economic zone;
- **budget of the administration of the free economic zone** -the monetary funds used for the establishment and maintenance of the free economic zone and to ensure the achievement of its goals and objectives;
- **development fund of the free economic zone** - a set of funds intended for financing the creation and ensuring the development of the infrastructure of the free economic zones and for providing temporary financial support to the subjects of entrepreneurial activity registered in the free economic zones;
- **supervisory board of the free economic zone** - expert and coordinating body of the activity of the free economic zones;
- **subjects of the free economic zone** - individual entrepreneurs and commercial organizations, irrespective of the organizational and legal form registered in accordance with the legislation of the Republic of Tajikistan and having concluded

with the administration of the free economic zone a contract on activity on the territory of the free economic zone;

- **the certificate of the free economic zone** - a document certifying the right of activity in and use of the a special legal regime of the free economic zone.

Article 2. The Legislation of the Republic of Tajikistan on free economic zones

The Legislation of the Republic of Tajikistan on free economic zones shall be based on the Constitution of the Republic of Tajikistan and shall consist of this Law and other normative legal acts of the Republic of Tajikistan, as well as the international legal acts recognized by Tajikistan.

Article 3. The purpose of the creation of free economic zones in the Republic of Tajikistan

Free economic zones in the Republic of Tajikistan shall be created in order to:

- develop the economic and social potential of the regions and localities of the republic;
- provide favorable conditions for attraction of investments in the real sector of the economy;
- preserve the existing employment and create new employment;
- attract modern equipment and innovative technologies;
- develop and create modern transport, industrial and social infrastructure;
- improve the quality of management and the efficiency of production, as well as improve the quality of production of goods that are competitive on the world market;
- increase the export potential and develop the industries aimed at import substitution;
- saturate the domestic consumer market;
- promote the foreign economic activity of the republic and regions;
- develop new territories and urban development;
- conserve and efficiently use the renewable and non-renewable natural resources.

Article 4. Activities in the free economic zones

1. Activities not prohibited by the legislation of the Republic of Tajikistan may be carried out in the free economic zones created on the territory of the Republic of Tajikistan. The list of priority directions and prohibited activities is determined in the Regulation on free economic zones.

2. Subjects of free economic zones have the right to carry out several activities.

Article 5. Types of free economic zones

1. Depending on the nature of the activities, the free economic zones shall be divided into predefined types and also may combine several functional types of free economic zones (complex). A free economic zone may consist of several separate areas under a single management.

2. Free economic zones of the following types shall be created:

- industrial (production of industrial goods);
- trade and commercial;
- service;
- innovation, research and technology development.

3. The free economic zone of industrial (production industrial production) type shall be a zone, the purpose of which shall be the development and stimulation of the industrial sector. These types of zones shall be created by transferring individual operating enterprises, groups of enterprises, organizations and economic entities to a special legal regime of the free economic zone. These types of zones shall stimulate the restructuring, reconstruction, modernization and conversion of enterprises with the aim of attracting investments in the priority industrial sectors and innovative activities and introduction of progressive technologies.

4. The free economic zone of trade and commercial type shall be a free economic zone, the territory of which is used for the processing, sorting, packing, marking, labeling and storage of the goods imported to the zone for their subsequent importation into the customs territory or export outside the customs territory of the Republic of Tajikistan. The free economic zones of trade and commercial type shall be created at the airports, railway stations, junctions of highways, at the border points and other limited areas of the territory of the Republic of Tajikistan, through which regular international transportation of goods takes place.

5. The free economic zone of service type shall be a free economic zone the territory of which host the enterprises and organizations providing catering, tourist, healthcare and medical, consulting, engineering, brokerage, financial, auditing, insurance and other services.

6. Free economic zone of innovation, research and technology development type shall be a free economic zone, on the territory of which activities of research, scientific, educational and engineering design organizations and enterprises providing education, training, research, development, pilot production in the field of modern advanced technologies of production of products and goods and effective new technical inventions (know-how).

7. The creation of free economic zones of innovation, research and technology development type shall be allowed in the parts of the territory of the Republic of Tajikistan where scientific, educational, research, production, innovation and training centres and technoparks.

Article 6. Term of the free economic zones

Free economic zones in the Republic of Tajikistan shall be created for a term of up to 50 years, depending on the nature and functional type of the free economic zone, on the ongoing or planned activities on its territory and on the specific goals and objectives of creation of the free economic zone.

Article 7. Prolongation of the term of the free economic zone

Prolongation of the term of the free economic zone shall be by decision of the Government of the Republic of Tajikistan based on a motivated proposal of the authorized state body on free economic zones made not less than two years before

the expiration of the established term. The extended term of the free economic zone shall not exceed the term of the free economic zones.

CHAPTER 2. THE PROCEDURE FOR THE CREATION OF FREE ECONOMIC ZONES

Article 8. Procedure for submission of proposals on the creation of free economic zones

1. The proposals on the creation of free economic zones along with necessary documentation shall be made by the local government bodies on whose administrative territory the creation of the free economic zone is planned and shall be submitted in the form of an application to the authorized state body on free economic zones. The authorized state body on free economic zone, in accordance with the requirements of this Law, shall submit the proposals to the Government of the Republic of Tajikistan.

2. The following documents shall be submitted to create a free economic zone:

- the plan of the territory and a description of the boundaries of the free economic zone;
- draft regulations of the free economic zone;
- feasibility study of the creation of the free economic zones;
- a study of the financial efficiency of the creation of the free economic zone.

Article 9. The creation of the free economic zones

1. The decision on the creation of free economic zones shall be made by the Government of the Republic of Tajikistan.

2. The Government of the Republic of Tajikistan shall submit the draft regulations and the plan of the territory of the free economic zone for the approval of Majlisi Namoyandagon of the Majlisi Oli of the Republic of Tajikistan.

3. The Majlisi Namoyandagon of the Majlisi Oli of the Republic of Tajikistan shall approve the regulations of the free economic zone and its territorial boundaries.

4. The Government of the Republic of Tajikistan shall define the sources of financing of the costs of creation and operation of the free economic zones, including the cost of maintaining the administration of the free economic zone in the period of creation and construction of the primary infrastructure of the free economic zone.

Article 10. The order of granting and termination of the status of subjects of free economic zones

1. The procedure of consideration of the application and granting the status of subjects of the free economic zones shall be on the basis of the regulations of the free economic zones. The subjects of the free economic zones shall be individual entrepreneurs and legal entities, irrespective of their organizational and legal form, registered in accordance with the legislation of the Republic of Tajikistan and

having concluded with the administration of the free economic zone a contract on activity on the territory of the free economic zone.

2. The owners of real estate objects located in the territorial boundaries of the free economic zones prior to the creation of free economic zones, shall retain the right to use land plots under the mentioned objects in accordance with the legislation of the Republic of Tajikistan.

3. The owners of the real estate objects referred to in this article shall be entitled, within three years of the transitional period, to choose the legal regime of the free economic zone and to obtain the status of a subject of free economic zone or to retain the usual regime of their activities, in accordance with the tax and customs legislation of the Republic of Tajikistan.

4. The administration of the free economic zone shall issue to the registered subject of the free economic zone a certificate of the free economic zone. The format of the certificate shall be approved by the authorized state body on free economic zones.

5. Voluntary relinquishment of the status of the subject of a free economic zone shall be carried out by the administration of the free economic zone in accordance with the legislation of the Republic of Tajikistan.

6. In the event if a subject of the free economic zone shall violate the legislation of the Republic of Tajikistan and shall fail to comply with the provisions of the contract on exercising activities on the territory of the free economic zone, the administration of the free economic zone shall be entitled, on the basis of the regulations of the free economic zone, to take a decision to recall the status of the subject of the free economic zone.

7. The administration of the free economic zone, within three business days of granting the status of the subject of the free economic zone to legal entities and individual entrepreneurs as well as after the termination of the status of the subject of the free economic zone, shall inform the authorized state body on free economic zones and the tax and the customs authorities.

8. The information about granting and revocation of the status of a subject of the free economic zone are entered into the registration book of the subjects of free economic zones.

Article 11. A single service center for the subjects of free economic zones

1. A single service center for the subjects of free economic zones shall be created in the free economic zones.

2. The procedure of functioning of the representatives of the state bodies shall be determined by the Government of the Republic of Tajikistan.

Article 12. The state guarantees for the subjects of free economic zone

1. The state shall guarantee the protection of the rights of subjects of free economic zones on the territory of the free economic zone defined by the legislation of the Republic of Tajikistan.

2. The system of state guarantees for protection of property and investments and the use of land stipulated by the legislation of the Republic of Tajikistan shall be applied to the subjects of free economic zone.
3. The property of the subjects of free economic zones shall be subject to nationalization, requisition or confiscation only in the cases stipulated by the legislation of the Republic of Tajikistan.
4. Subjects of free economic zone shall be guaranteed to transfer abroad their incomes and other amounts in foreign currency obtained legally as a result of their activity in the free economic zone.
5. The state shall guarantee the full and unconditional protection of the rights and the legal interests of the subjects of free economic zones after the liquidation of the free economic zone in accordance with the current legislation of the Republic of Tajikistan.
6. In the case of early liquidation of the free economic zone, the subjects of the free economic zone shall be guaranteed the right to continue the activities under the registration and conditions effective at the moment of obtaining the status of a subject of free economic zone.
7. Losses, lost profit and moral damage, caused to the subjects of free economic zones as a result of undue interference in their activities of state bodies or officials shall be recoverable in a court of law.
8. The state shall not be liable for the obligations of the subjects of free economic zones, as well as the subjects of free economic zones shall not be liable for the obligations of the state.

CHAPTER 3. MANAGEMENT OF FREE ECONOMIC ZONES

Article 13. Coordination and control of the activity of free economic zones

1. Coordination and control of the activities of the administration of the free economic zone shall be carried out by the authorized state body on free economic zones.
2. The authorized state body on free economic zones shall be defined by the Government of the Republic of Tajikistan.
3. The authorized state body on free economic zones and the administration of the free economic zones shall be the unified centralized system of management of free economic zones.
4. Development of a unified state policy in the creation and functioning of free economic zones shall be the responsibility of the authorized state body on free economic zones.

Article 14. The administration of the free economic zone

1. The functions of the state administration on the territory of free economic zones shall be carried out by the administration of the free economic zones within the limits of authority defined by this Law, the regulations on free economic zone, the

charter and other normative legal acts regulating the activities of free economic zones.

2. The administration of the free economic zones shall be created by the Government of the Republic of Tajikistan.

3. The procedure of functioning of the administration of the free economic zone shall be established by the regulations of the free economic zone.

4. The administration of the free economic zone shall be accountable to the Government of the Republic of Tajikistan and the authorized state body on free economic zones.

5. It shall be allowed to create a common administration for the management of several free economic zones.

6. The activity of the administration of the free economic zone shall be supervised by the head of the administration of the free economic zone.

7. The head of the administration of the free economic zone shall be appointed to and released from office by the Government of the Republic of Tajikistan base on the proposal of the authorized state body on free economic zones.

Article 15. Powers of the administration of the free economic zone

1. The administration of the free economic zone shall have the following powers:

- elaboration and implementation of strategies and development programs of the free economic zone;
- ensuring the integrity and efficient functioning of the free economic zone;
- creation of an information and analytical database for forecasting the effective development of the free economic zone;
- creation of necessary conditions for attraction of investments;
- granting the status of the subject of the free economic zone, recording and reporting of information the subjects of free economic zones;
- representation of interests of subjects of free economic zones in the bodies of state power;
- publication in mass media of the information about the availability of vacant land plots and state property on the territory of the free economic zone;
- allocation and control of use of the land plots by the subjects of free economic zone;
- allocation and control over expenditure of funds for the creation and development of the infrastructure of the free economic zones and environmental protection;
- acting as the state customer with respect to the preparation of documentation on planning the territory within the boundaries of the free economic zone and creation of industrial, engineering, transport, social infrastructure of the free economic zone;
- issuance of construction permits, organization and provision of technical requirements for connection to engineering networks;
- management of the state property objects located on the territory of the free economic zone, based on the procedure defined by the Regulations of the free economic zone;

- participation in the development of programs of economic and social development of the respective administrative-territorial units;
 - collection of statistical information on the subjects of the free economic zone in accordance with the legislation of the Republic of Tajikistan;
 - creation of the Development Fund of the free economic zone in coordination with the authorized state body on free economic zones;
 - creation, maintenance and monitoring of the functioning of industrial, utility and transport structures of the free economic zone, including the design and construction of buildings and structures of industrial, storage, transport and other service purposes;
 - control of the compliance of the subjects of the free economic zones with the provisions of this Law, the Regulations of the free economic zone, the contracts on excursing activity in the free economic zone and the environmental legislation;
 - assistance to the activity of state bodies of the Republic of Tajikistan on the territory of the free economic zone;
 - submission of proposals, in coordination with the authorized state body on free economic zones, to the Government of the Republic of Tajikistan in relation with the territorial boundaries of the free economic zone and development of normative legal acts regulating the activity of free economic zones;
 - ensuring the development of the free economic zone, by attracting investors, funds of the domestic and foreign organizations in the form of preferential credits, loans and grants, in coordination with authorized state body on free economic zones and the state financial authorities;
 - establishment of cooperation with and membership in the international organizations dealing with the development and the functioning of free economic zones;
 - exercising other powers defined by the legislation of the Republic of Tajikistan.
2. The resolutions of the administration of the free economic zone adopted within the limits of its powers, are obligatory for execution on its territory.

Article 16. Budget of the administration of the free economic zone

1. Budget of the administration of the free economic zone shall be formed against the funds allocated by the Government of the Republic of Tajikistan, the internal funds (charges, fees and revenues from the provision of services to the subjects of free economic zones) and other sources not prohibited by the legislation of the Republic of Tajikistan.
2. Budget of the administration of the free economic zone for the financial year shall be prepared by the administration of the free economic zone and shall be approved by the authorized state body on free economic zones in coordination with the state financial authority.

Article 17. The supervisory board of the free economic zones

1. The supervisory board of the free economic zones shall be an expert and coordinating body of the free economic zones and shall consist of representatives of the authorized state body on free economic zones, local bodies of state power, in

the administrative territory of which the free economic zones shall be created, representatives of the customs and tax authorities, business - associations and representatives of the subjects of free economic zones.

2. The procedure of formation, the activities, functions and objectives of the Supervisory Board of the free economic zones shall be defined by the Government of the Republic of Tajikistan.

Article 18. Development Funds of the free economic zones

1. The republican fund for development of free economic zones managed by the Board of the Fund and created by the Government of the Republic of Tajikistan.

2. The sources of formation and directions of spending of the funds of the Republican fund for the development of free economic zones is defined by the regulations of the Fund.

3. The administration of the free economic zone in coordination with the authorized state body on free economic zones may create a Development Fund of the free economic zone.

4. The sources of formation and directions of spending of the Development Fund of the free economic zone shall be defined by the administration of the free economic zone in coordination with the authorized state body on free economic zones.

CHAPTER 4. THE SPECIAL LEGAL REGIME IN THE FREE ECONOMIC ZONE

Article 19. Peculiarities of customs regulation of the free economic zone

1. Free economic zone is a part of the customs territory of the Republic of Tajikistan. Goods placed on the territory of free economic zones with the purpose of exemption from customs duties, taxes as well as the bans and the restrictions of economic nature established by normative legal acts of the Republic of Tajikistan, shall be considered as being outside the customs territory of the Republic of Tajikistan.

2. Import into the territory of the free economic zone of foreign and domestic goods shall be carried out without collection of customs duties and taxes and also without application to the goods of the bans and the restrictions of economic nature, established in accordance with normative legal acts of the Republic of Tajikistan.

3. Import into the territory of the free economic zone of industrial and construction equipment and other necessary goods for creation of the infrastructure by the subjects and the administration of the free economic zone shall be without collection of customs duties and taxes. The list of such goods shall be approved by the Government of the Republic of Tajikistan.

4. Export from the territory of the free economic zone of the goods outside of the Republic of Tajikistan shall not be subject to taxes and customs duties, except for the fees for customs clearance, and the bans and the restrictions of economic nature shall not apply.

5. The export of goods from the territory of the free economic zone to a different part of the customs territory of the Republic of Tajikistan shall be subject to customs duties, taxes, and measures associated with prohibitions and restrictions of economic nature, established in accordance with normative legal acts of the Republic of Tajikistan and shall be applied in accordance with the terms of the declared customs regime.

6. The establishment of the country of origin in relation to the goods produced in and imported to the free economic zone shall be carried out in accordance with the legislation of the Republic of Tajikistan and international legal acts recognized by Tajikistan.

7. The procedure of customs clearance and recording of the goods on the territory of the free economic zone shall be defined by the legislation of the Republic of Tajikistan.

Article 20. Special taxation in the free economic zone

1. The tax regime of the free economic zone shall determine the procedure and the conditions of preferential taxation of the activities of entities on its territory.

2. The business activity on the territory of the free economic zone, regardless of the form of ownership, shall be exempt from all kinds of taxes, stipulated by the Tax code of the Republic of Tajikistan, except for the social tax and the tax on the income of physical persons.

3. Social tax and the tax on the income of physical persons in the free economic zone shall be calculated and paid independently in accordance with the Tax code of the Republic of Tajikistan.

4. The tax on the income of physical persons for foreign specialists non-residents of the Republic of Tajikistan shall be paid in the order established by the Tax code of the Republic of Tajikistan.

5. The control over full and timely payment of social tax and the tax on the income of physical persons shall be carried out by tax authorities.

6. Profits of foreign investors, and the salaries of foreign employees received in foreign currency can be freely transferred abroad and in such transfer shall not be liable to taxation.

7. The tax exemptions are valid only in that part of the activity of entities, which shall be carried out on the territory of the free economic zone. Taxation of the activities outside the territory of the free economic zone shall be on a common basis in accordance with the tax legislation of the Republic of Tajikistan.

8. Subjects of free economic zones shall be taxpayers and shall maintain own accounting records of their financial and economic activity.

9. The objects of taxation located on the territory of the free economic zone and not belonging to the subjects of free economic zone are subject to all taxes in accordance with the legislation of the Republic of Tajikistan.

Article 21. Financial and currency regulation in the free economic zone

1. Subjects of free economic zone shall maintain accounting books and shall prepare financial statements in accordance with the legislation of the Republic of Tajikistan. Special requirements to the accounting and financial reporting related to the functioning of the free economic zone are defined by the authorized state body on free economic zones together with the state financial authority.
2. Free circulation of convertible currency of foreign countries shall be provided on an equal basis with the national currency of the Republic of Tajikistan shall be provided on the territory of the free economic zone in the order established by the legislation of the Republic of Tajikistan.

Article 22. Activities of banks and non-bank credit organizations

1. The activities of banks and non-bank credit organizations on the territory of the free economic zone shall be carried out in accordance with the legislation of the Republic of Tajikistan.
2. The order of creation and operation of banks and non-bank credit organizations on the territory of the free economic zones shall be defined by the legislation of the Republic of Tajikistan.

Article 23. Insurance activity

Insurance in the free economic zone shall be carried out in accordance with the legislation of the Republic of Tajikistan.

Article 24. Labor relations in the free economic zone

1. Labor relations in the free economic zone shall be governed by the laws of the Republic of Tajikistan, collective agreements and individual employment contracts.
2. Collective agreements and individual employment contracts may not worsen the conditions for the workers of these enterprises and organizations in comparison with the conditions provided for by the legislation of the Republic of Tajikistan or by the international legal acts recognized by Tajikistan.
3. Foreign citizens and persons without citizenship, including foreign workers, engineering, technical and management personnel, shall be engaged for carrying out specific work types in the territory of the free economic zone in accordance with the requirements of the normative legal acts of the Republic of Tajikistan.

Article 25. Ecological safety and environmental protection

Relations in the field of ecological safety and environmental protection on the territory of the free economic zone shall be governed by the laws of the Republic of Tajikistan, as well as the international legal acts recognized by Tajikistan.

Article 26. Land use

1. The administration of the free economic zone shall use the land within its territorial boundaries based on the provisions of this Law and other normative legal acts of the Republic of Tajikistan regulating the land relations.

2. The procedure of allocation of the land plots within the territorial boundaries of the free economic zone to the subjects of the free economic zone shall be defined by the Regulations of the free economic zone.

Article 27. Checking of the activities of the subjects of free economic zones

Checking of the activities of the free economic zone shall be carried out by the controlling authorities in accordance with the legislation of the Republic of Tajikistan and with prior notification of the authorized state body on free economic zones.

Article 28. Licensing of activity of subjects of free economic zones

Licensing of the activities of the subjects of free economic zones shall be in accordance with the legislation of the Republic of Tajikistan.

Article 29. Simplified visa regime

A simplified regime of entry, exit and residence defined by the Government of the Republic of Tajikistan shall apply to the foreign citizens and persons without citizenship carrying out activities or employed in the free economic zone.

CHAPTER 5. FINAL PROVISIONS

Article 30. The procedure of dispute resolution

Disputes between the subjects of the free economic zones and the state bodies of the Republic of Tajikistan, natural persons or legal entities on the issues related to their activities on the territory of the free economic zone shall be considered by the court.

Article 31. Liquidation of the free economic zone

1. Liquidation of the free economic zone shall be carried out in accordance with this Law by a resolution of the Government of the Republic of Tajikistan.
2. The basis for the liquidation of the free economic zone shall be the expiry of the term of functioning of the free economic zone established by the regulations of the free economic zone.
3. Early liquidation of the free economic zone is possible based on the proposals made by the authorized state body on free economic zones and the local body of state power, on whose territory the free economic zone was created.
4. Early liquidation free economic zone shall be allowed in the following cases:
 - if, within seven years of the date of creation of the free economic zone no subject of the free economic zone was registered and no contract has been signed exercising activities in the free economic zone or all previously signed contracts were terminated;
 - if, no activity was carried out in the free economic zone by the subjects of the free economic zones during seven consequent years.
5. Liquidation of the free economic zone shall result in the deprivation of the subject of the free economic zone of its rights and responsibilities under this Law.

Liquidation of the free economic zone does not entail any legal consequences in terms of activity or liquidation of an individual entrepreneur or a commercial organization, regardless of the organizational and legal forms, operating on the territory of the free economic zone or being liquidated in accordance with the legislation of the Republic of Tajikistan.

6. In the event of liquidation of the free economic zone, the subjects of the free economic zones may continue their activity on the territory of the Republic of Tajikistan on a common basis without additional registration or re-registration.

Article 32. Liability for violation of this Law

For violation of this Law, the physical and legal entities shall be liable in accordance with the legislation of the Republic of Tajikistan.

Article 33. On termination of the force of the Law of the Republic of Tajikistan "On free economic zones in the Republic of Tajikistan"

The Law of the Republic of Tajikistan dated may 17, 2004 "On free economic zones in the Republic of Tajikistan" (Ahbori Majlisi Oli of the Republic of Tajikistan, 2004., no.5, art. 335) shall be considered to have terminated its force.

Article 34. Procedure of entry into force of this Law

This law shall enter into force after its official publication.

President

Of The Republic Of Tajikistan