

THE LAW OF THE KYRGYZ REPUBLIC

On peasant farm

(As amended by the Law of Kyrgyz Republic dated January 4, 2001 # 1,
October 16, 2002 # 142)

This Law shall establish legal basis, the procedure of creation and operation of peasant farms, their rights and obligations and shall be directed at creation of conditions for equal development along with other forms of economic operation.

Relationships connected with creation and activities of peasant farms shall be regulated by this Law, Civil and Land codes of the Kyrgyz Republic and other normative legal acts of the Kyrgyz Republic.

Article 1. Notion of a peasant farm

1. A peasant farm is an independent business entity having a status of a legal entity or carrying out its activity without forming a legal entity, which activity is based primarily on personal labor of members of one family, relatives and other persons jointly engaged in agricultural production, which is based on the land plot and other property that is either owned by the members of the peasant farm on the ownership right or is received for use (lease).

2. Members of a peasant farm shall be spouses, children, parents, relatives, and other persons jointly running the farm. Persons hired by a peasant farm whose labor relations with the peasant farm are regulated by labor legislation of the Kyrgyz Republic shall not be considered members of a peasant farm. A peasant farm may consist of one person.

3. A name of a peasant farm shall contain the words "peasant farm".

Article 2. Formation and registration of a peasant farm

1. A peasant farm shall be formed on a strictly voluntarily basis. Members of a peasant farm shall have the right to freely withdraw from the farm in the procedure provided by the charter or agreement.

2. Any citizen of the Kyrgyz Republic may form a peasant farm subject to the requirements of Article 1 hereof.

3. A peasant farm shall be subject to state registration as a legal entity in the respective bodies of justice of the rayon or if the peasant farm carries out its activity without formation of the legal entity than according to the rules provided by legislation of the Kyrgyz Republic for the individual entrepreneur.

4. A peasant farm formed as a legal entity shall operate subject to provisions of its charter approved by the general meeting of legally capable members of the farm and subject to the agreement defining the procedure of formation and division of the common joint property of the peasant farm.

A peasant farm carrying out its activity without formation of a legal entity shall act exclusively on the basis of the agreement defining the procedure of formation and division of the common joint property of the peasant farm.

5. A charter of a peasant farm shall contain the following information:

- 1) name of the peasant farm;
- 2) location of the peasant farm;
- 3) subject and purposes of activities of the peasant farm;
- 4) data about the land plot of the peasant farm with indication of title establishing documents;
- 5) data about composition and powers of the governance bodies of the peasant farm and procedures of decision making by the governance bodies;
- 6) information on all members of the peasant farm;
- 7) rights and responsibilities of the members of the peasant farm;
- 8) procedures of admittance of new members of the peasant farm;
- 9) procedure for profit distribution and loss coverage in the peasant;
- 10) procedure and conditions for withdrawal from the peasant farm;
- 11) provisions on liability on obligations of the peasant farm;
- 12) procedure and conditions for reorganization or liquidation of the peasant farm; and
- 13) other conditions not prohibited by legislation of the Kyrgyz Republic.

6. A peasant farm shall be subject to re-registration in cases established by legislation of the Kyrgyz Republic.

Article 3. General meeting of members of the peasant farm

1. General meeting of members of the peasant farm shall be a supreme body of governance of the peasant farm created in the form of a legal entity and may decide any issues related to the activities of the peasant farm including approval or repeal of the decisions of the head of the peasant farm who represents the executive body of the peasant farm created as a legal entity.

2. The exclusive powers of the general meeting of members of the peasant farm shall include:

- 1) approval of the charter of the peasant farm and introduction of changes in it;
- 2) election and dismissal of the head of the peasant farm;
- 3) distribution of revenues and consideration of issues connected with losses of the peasant farm;
- 4) (deleted);
- 5) reorganization and liquidation of the peasant farm;
- 6) other issues defined by the charter of the peasant farm not contradicting this Law.

3. Decisions on issues referred to the exclusive powers of the general meeting of the peasant farm shall be adopted by 2/3 of the total number of members of the farm.

Issues related to material rights of members of the peasant farm shall be settled in compliance with Article 272 of the Civil Code of the Kyrgyz Republic.

Article 4. Head of a peasant farm

1. The head of a peasant farm shall represent interests of a peasant farm in the relationships with citizens, legal entities, state bodies and shall organize business activities of the farm, enter into transactions on behalf of the farm, hire and fire employees, issue powers of attorney, exercise the right of disposal of the property and funds, and implement other legal actions in respect to the operation of the peasant farm.

2. A head of a peasant farm may be any legally capable citizen of the Kyrgyz Republic aged 16.

3. A head of a peasant farm shall be liable to other members of the farm for mismanagement of the joint property of a peasant farm in the procedure established by legislation of the Kyrgyz Republic.

In the event of failure of a head of a peasant farm to manage the farm, or impossibility to further implement the functions of a head of the farm, the head of the farm may be dismissed from his office by a decision of legally capable members of the farm.

4. In the event of death of a head of a peasant farm another member of the farm shall obtain the right to further manage operation of the farm.

5. Disputes among members of a peasant farm regarding the priority right to further operation of the peasant farm shall be settled in court based on the contribution made by each of the members to development of the peasant farm, and on the members' capacities to run a peasant farm (such as labor capacity, professional skills, and other factors).

Article 5. Rights of a peasant farm

A peasant farm shall have the right to:

- 1) carry out all activities provided by this Law, and other activities not prohibited by legislation of the Kyrgyz Republic, subject to the procedures set forth in legislation of the Kyrgyz Republic;
- 2) independently organize economic activities, determine directions and types of such activities;
- 3) own, purchase or otherwise acquire, sell, pledge, and exercise other real rights to property subject to procedures and conditions set forth in legislation of the Kyrgyz Republic and the charter of the farm;
- 4) own crops, fruit-trees, decorative trees and other perennial plants, buildings and constructions used for production, cultural and social purposes, dwelling premises;
- 5) perform transactions and exercise the rights envisioned by the charter of the peasant farm;
- 6) borrow funds;
- 7) use for economic purposes, subject to the provisions of legislation of the Kyrgyz Republic, common minerals, water objects available on the land plot as well as exploit other useful utilities of land;
- 8) construct, subject to the established procedures, buildings and constructions not contradicting the purpose of the land plot, in compliance with land legislation of the Kyrgyz Republic, architectural planning, construction, ecological, sanitary and hygienic, fire protection, and other special requirements (norms, rules, standards);
- 9) independently dispose of the products manufactured and revenues from sale thereof;

- 10) engage, subject to the established procedures, in supplementary/seasonal works and processing of agricultural products;
- 11) participate in formation of cooperatives and associations, not prohibited by law, and exercise the rights with respect thereto, subject to the procedures established by legislation of the Kyrgyz Republic;
- 12) form a reserve fund and other funds of the peasant farm, deposit funds in banks and other lending institutions, invest in securities and other property;
- 13) carry out foreign economic activities subject to the provisions of legislation of the Kyrgyz Republic;
- 14) reorganize and liquidate the peasant farm;
- 15) exercise other rights required to achieve the goals of the peasant farm not contradicting legislation of the Kyrgyz Republic.

Article 6. Responsibilities of a peasant farm

Any peasant farms shall:

- 1) efficiently use the land plot in accordance with its target purpose; raise soil fertility, apply modern technologies of agricultural production, avoid deterioration of ecological situation in the result of its economic activities, implement complex of measures on land protection envisaged by legislation of the Kyrgyz Republic;
- 2) on a timely basis pay the land tax or make payments for lease of the land, as well as other obligatory payments envisioned by legislation of the Kyrgyz Republic;
- 3) observe the rights of owners and users of neighboring land plots;
- 4) in the event of construction on the land plot, comply with the existing architectural planning, construction, ecological, sanitary and hygienic, and other special requirements (norms, rules, standards);
- 5) comply with the procedures of use of land, water, and other natural resources set forth in legislation of the Kyrgyz Republic.

Article 7. Use of natural resources

1. The right to use forests, water reservoirs, small deposits of common minerals located on a land plot shall emerge at the moment when the title to a respective land plot or the right to use it is created and shall be regulated by the legislation of the Kyrgyz Republic.

List of small deposits of common minerals shall be approved by the Government of the Kyrgyz Republic.

2. Should any deposits of minerals in addition to small deposits of common minerals be found in a land plot owned or used (leased) by a peasant farm, the government, in the event of a decision to take the land plot and develop such resources, shall compensate the losses thus caused to the peasant farm.

3. A peasant farm violating the procedure for use of natural resources set forth in legislation of the Kyrgyz Republic shall bear liability established by legislation of the Kyrgyz Republic.

Article 8. Ownership (property) of a peasant farm

1. Property of a peasant farm shall belong to its members based on the collective joint ownership right, unless otherwise provided by an agreement of members.

2. A peasant farm may own land plots, residential houses, household constructions, plantations on the plot, cattle and livestock, poultry, agricultural machinery and equipment, transportation means, and other property transferred by its members on the basis of the agreement as well as acquired for the peasant farm with the collective funds of its members.

3. A peasant farm shall have an ownership right to the products it produces and to the revenues from sale of such products which the farm may use at its own discretion.

4. Personal earnings and savings of members of a peasant farm, as well as the property purchased by them with their personal money or acquired on other grounds provided by legislation of the Kyrgyz Republic and not transferred to the ownership of the peasant farm shall constitute the property of such members.

5. Property of a peasant farm shall be inherited in accordance with the procedures provided by legislation of the Kyrgyz Republic by persons who are heirs at law or at will.

6. Property of a peasant farm which may not be foreclosed at creditors' claims shall be defined by legislation of the Kyrgyz Republic.

Article 9. Termination of right to a land plot of a peasant farm

A right to a land plot of a peasant farm may be terminated in cases provided by the Land Code of the Kyrgyz Republic.

Article 10. Taxation of a peasant farm

A peasant farm shall be taxed subject to the provisions of the Tax Code of the Kyrgyz Republic.

Article 11. The state and peasant farms

The Kyrgyz Republic shall guarantee rights and legitimate interests of peasant farms and their members.

State authorities and local self-governance bodies shall promote development and growth of peasant farms.

State authorities and local self-governance bodies may not interfere in business, financial, and other activities of peasant farms, except in cases specifically provided by legislation of the Kyrgyz Republic.

Article 12. Relationships of peasant farms with legal entities and individuals

1. Peasant farms shall have contractual relationships with individuals and legal entities.

2. In the event of a breach of a contract by a peasant farm, the farm shall bear material liability subject to the procedures set forth in legislation of the Kyrgyz Republic.

3. Legal entities and individuals shall be liable for the losses they cause to a peasant farm by breaching its rights and restriction of its economic activity. Losses caused to a peasant farm, including the lost profit, shall be covered in full. Disputes arising in this respect shall be settled in court.

Article 13. Division of property of a peasant farm

1. In the event of withdrawal of one member from a peasant farm, the interest of a member in the collective property of the peasant farm shall be returned to the member subject to the procedures set forth in the agreement. If the agreement does not define interests of members of the peasant farm in the collective property of that farm, their interests shall be considered equal. The agreement may provide for payment of the value of such interest in cash or in-kind. Disputes on procedures and amounts of payment of the interest shall be settled in court.

2. In the event of liquidation of a peasant farm, its property shall be divided subject to the rules set forth in the civil legislation of the Kyrgyz Republic and the agreement.

3. The title to a land plot or the right to use the same (lease) may be contributed to a peasant farm on condition that the same land plot be returned to the contributor in the event of the contributor's withdrawal from the peasant farm.

Article 14. Reorganization and liquidation of a peasant farm

Reorganization (merger, acquisition, separation, divestiture, transformation) and liquidation of a peasant farm shall be carried out in cases and subject to the procedures set forth in legislation of the Kyrgyz Republic.

Article 15. Effectuation of the Law of the Kyrgyz Republic "On peasant farm"

1. The Law of the Kyrgyz Republic "On peasant farm" shall come into force from the date of its publication.

2. The following shall be considered invalid:

Law of the Republic of Kyrgyzstan "On Peasant farm" (Vedomosti of the Supreme Soviet of the Republic of Kyrgyzstan", 1991, # 3, p.114);

Resolution of the Supreme Soviet of the Republic of Kyrgyzstan "On Effectuation of the Law of the Kyrgyz Republic "On Peasant farm" of 2 February, 1991, # 363-XII (Vedomosti of the Supreme Soviet of the Republic of Kyrgyzstan", 1991, # 3, p.115);

Law of the Republic of Kyrgyzstan "On Amendments and Addenda to the Law of the Republic of Kyrgyzstan "On Peasant farm" of 19 April, 1991, # 434-XII (Vedomosti of the Supreme Soviet of the Republic

of Kyrgyzstan, 1991, # 8, p.260).

3. The Government of the Kyrgyz Republic shall:
draft and submit to the Jogorku Kenesh of the Kyrgyz Republic proposals on bringing legislation of the Kyrgyz Republic into compliance with this Law;
bring its decisions into compliance with this Law;
ensure allocation of property interests and land shares from lands and property of the former state and collective farms to persons willing to obtain their land share and the property interest in-kind for the purposes of creating peasant farms, within not later than two months from the moment of submission of a respective application by such persons.

President of the Kyrgyz Republic A.Akaev

Adopted by the Legislative Assembly
of the Jogorku Kenesh of the Kyrgyz Republic May 11, 1999