

# **REGULATION OF FREE ECONOMIC ZONE “SUGHD”**

## **1. General provisions**

1. The present Regulation is developed according to the Law of the Republic of Tajikistan "On free economic zones in the Republic of Tajikistan" and Regulation on free economic zones in the Republic of Tajikistan, approved by the Decree of Majlisi Namoyandagon Majlisi Oli from December 5, 2005 №191, defines organizational, legal and economical basics of free economic zone activity of production-innovative type of Free economic zone “Sughd” (hereinafter referred to as FEZ “Sughd”).

2. The main objectives for creating FEZ “Sughd”:

- stimulating the development of economic potential of the Republic of Tajikistan, including the attraction of foreign and domestic investments, introduction of an advanced experience of management;
- effective involving of the region and country economy into the international division of labour, developing of the trade-economic cooperation with foreign countries, increasing of the republic export potential;
- Municipal engineering development on the territories bordering to FEZ “Sughd”, creation of a modern engineering-transport, telecommunication, production and social infrastructure;
- organization of ecologically pure productions , creation of production on producing competitive products and goods focused for export;
- providing employment of the region and republic, creating additional jobs, improving population welfare, increasing consumer ability, income increase of FEZ “Sughd” employees and solving other social-economic issues of the region.

3. The main tasks of FEZ “Sughd”:

- development of the zone economic potential basing on foreign investments integration with assets and funds of domestic enterprises and organizations based on various forms of ownership;
- attraction of foreign and domestic investments, advanced techniques and technology, introduction of the foreign management experience and new management methods;
- introduction into the production domestic and foreign scientific-technical elaborations and inventions with its further utilization in other regions of the country;
- providing sustainable social-economic development of the region;
- reducing production costs, maximum utilization of free labor sources, natural and other local resources for producing products and goods for export and internal market;
- creation and arrangement of FEZ “Sughd” territory, secure of environment;
- organization in the FEZ “Sughd” territory international standards level production infrastructure ( communications, transport and etc.);
- developing of FEZ “Sughd” independent budget.

## **2. FEZ “Sughd” status**

4. FEZ “Sughd” status is identified by its borders, legislative base and special legal regimes, also by zone budget and own management structures.

5. FEZ "Sughd" is created in the territory of the south-western industrial zone of Khujand city, Sughd oblast, Republic of Tajikistan with total lands area 320 hectares as a separate (bounded) plot of the Republic of Tajikistan territory for the period of 25 years.

FEZ "Sughd" lands are only the state ownership and all concerns dealing them are regulated by the legislation of the Republic of Tajikistan.

6. On the FEZ "Sughd" territory operates legislation of the Republic of Tajikistan, which regulates free economic zones activity.

Regarding relations that directly are not settled by legislation of the Republic of Tajikistan in the sphere of free economic zones will be applied legislation standards that are not contradicting their existence regulating similar relations.

7. FEZ "Sughd"- separate (bounded) plot on the territory of the Republic of Tajikistan, within the bounds of which operate special customs and tax regimes and also the simplified procedure for registration of FEZ "Sughd" subjects (hereinafter referred to as FEZ subjects), also rules for entrance and departure of FEZ "Sughd" residents and non-residents.

In FEZ "Sughd" territory is created preferential regime for creating and operations of organizations, enterprises and individual entrepreneurs, residents and non-residents of the Republic of Tajikistan formed with domestic and (or) foreign investments attraction.

8. Involvement of the state authorities to financial-economic activity of FEZ "Sughd", except cases provided by the legislation of the Republic of Tajikistan is prohibited.

9. FEZ "Sughd" has independent budget formed from own incomes and payments defined by Majlisi Namoyandagon Majlisi Oli of the Republic of Tajikistan with presenting of Government of the Republic of Tajikistan.

The independent budget of free economic zone confirms with authorized state authority of FEZ management and authorized state financial authority.

10. Management structure on FEZ "Sughd" territory is FEZ "Sughd" Administration (hereinafter referred to as FEZ Administration).

FEZ Administration is formed as republican state organization and implements its activity basing on this Regulation and Charter, approved by authorized state authority managing free economic zones.

11. On FEZ "Sughd" territory, free economic zones is prohibited:

- implementing activity on subsoil utilization (except water production for water providing FEZ subjects from underground sources);
- production of excisable goods, except cars and other vehicle production belonging to passengers and commodities transportation;
- production of stocks, banknotes and coins, postage stamps;
- production, processing, storage, selling of drugs, psychoactive drugs and precursors;
- radio and TV programs broadcasting, except technical maintaining of radio and TV ;
- production, processing, storage, disinfection, selling of dangerous radioactive materials;
- production of primary production of black and non-ferrous metallurgy;
- treatment of mental diseases in aggressive form and infective diseases;
- treatment of animals with very dangerous diseases;
- activity dealing with external labor migration issues;
- creation of ecologically harmful productions that are harmful for environment;
- selling fuel in free economic zone territory to legal entities and individuals which are not FEZ subjects;
- retail sale of products and raw materials, except retail sale of consumer goods for internal use by arranging FEZ subjects activities on trade and catering in places organized by FEZ Administration;
- economic-commercial activity that deals with providing state security and defense, and also with production, processing, storing and selling weapon, ammunition, explosives,

drugs, psychoactive drugs;

- importing to FEZ territory drugs, psychoactive drugs, weapons, ammunition, other goods, the sales and displacement of which is limited in the Republic of Tajikistan;
- arranging of gaming and lotteries, casino, video saloons, game machines and etc.

12. Work regime of FEZ “Sughd” is established by the authorized state authority on FEZ management. Work regime of FEZ subjects establishes FEZ Administration.

13. Export of goods to other countries is stimulating from FEZ “Sughd” territory.

Requirements regarding obligatory usage of local raw materials and materials instead of import can not be established.

### **3. Priority activities in FEZ “Sughd”**

14. Priority activities in FEZ “Sughd”:

- production of sewing threads, knitted fabrics, artificial and synthetic fabrics, fabrics and finished products from silk and cotton thread, finished fabric and sewing production from wool, processing of big and small cattle with final producing of finished leather goods, shoes and leather fancy goods;

- dyeing fabrics and production of finished products for sewing industry, production of parterre and upholstery fabric, production of accessories for different use;

- production of arm-chairs and furniture;

- production of artificial and synthetic dyes;

- production of starch, microcellulose, nitrocellulose;

- machinery (assembly and production of cars, tractors and different of technique models for agriculture and other branches, spare parts for them, equipment, techniques and technology for processing branch, equipment for services, water pumps and others);

- production of non-metallic pipes for different industries;

- production of electro technical, radio electric and home techniques;

- production of fertilizers and bioactive additions for agriculture;

- processing of natural stones, production of construction and decorating materials;

- production of glass and basalt fibre and finished goods produced from them;

- production of modern construction materials (glass, windows and doors, heat-retaining wall blocks and panels of international standards, plastic finishing materials (except construction brick);

- production of gypsum goods;

- production of different models of electric wires;

- production of goods from garbage (without primary processing);

- production of perfumes and chemical washing powders;

- production of pharmaceutical products and medicines;

- production of techniques and inventory for public health;

- production of illuminators and goods;

- evaluation, credit, insurance, consulting, auditing, leasing and certification activity;

- import-export operations;

- activity on providing informational support;

- activity in the sphere of scientific-technical surveys, innovation activity, nanotechnologies and biotechnologies and etc.

### **4. FEZ “Sughd” subjects**

15. FEZ “Sughd” subjects are individual entrepreneurs, organizations regardless of legal forms provided by the legislation of the Republic of Tajikistan, and also branches and their representations that:

- according to the legislation of the Republic of Tajikistan passed state registration;

- signed with FEZ Administration Agreement about activity in FEZ “Sughd” territory;
- received certificate of FEZ “Sughd” subject in order established by the present Regulation.

16. FEZ subjects implement their activity in accordance with the Law of the Republic of Tajikistan “On free economic zones in the Republic of Tajikistan”, the present Regulation and other normative legal acts of the Republic of Tajikistan regulating free economic zones activity.

17. Legal entities, representations and branches of legal entities, individual entrepreneurs and individuals (residents and non-residents of the Republic of Tajikistan) that implement their activity in FEZ “Sughd” territory before its creation during 3 months from the day of starting FEZ Administration activity, must adopt their legal form in accordance with the present Regulation rules.

In case of ignoring the present Regulation requirements, FEZ Administration applies to authorized state authority on land regarding taking the decision about seizing plot for the state needs according to land legislation of the Republic of Tajikistan.

18. State registration of individual entrepreneur, legal entity resident and non-resident of the Republic of Tajikistan (hereinafter referred to as applicant), branch and (or) representation of legal entity who wish to get status of FEZ “Sughd” subject, is performed according to the present Regulation and legislation of the Republic of Tajikistan.

19. FEZ Administration for the state registration of individual entrepreneur and legal entities, branches and representations of legal entities residents and non-residents of the Republic of Tajikistan as FEZ subject gives a document to a applicant certifying legal address in FEZ “Sughd”.

20. For getting a document certifying legal address in FEZ “Sughd” territory, applicant applies to FEZ Administration with application with attached full information about applicant including business-plans and (or) investments project.

21. Business-plans and investments projects should meet the following requirements:

- investments for implementing production activity – no less than 500 thousands US dollars;
- import no less than 90% of production-technological equipment;
- early exploitation life of imported production technological equipment should not exceed 3 years;
- investments for implementing export-import activity – no less than 50 thousands US dollars;
- investment for implementing activity on providing services no less than 10 thousands US dollars;
- produce products no later than 3 years prior to state registration date.

Documents that do not meet the present point’s requirements won’t be considered.

22. FEZ Administration during three working days sends applicant’s documents for getting conclusion to authorized state authority on free economic zone management. FEZ Administration during three days from the day of getting decision or statement from the commission minutes of authorized state authority on free economic zones management informs applicants – legal entities and individuals of the Republic of Tajikistan, foreign legal entities or individuals about taken decision on investment project. If commission decision will be negative, FEZ Administration will not take claims from these entities.

23. Applicants are responsible for reliability of submitted information in accordance with the legislation of the Republic of Tajikistan.

24. Forms and rules for filling out application, presented information of business-plan and (or) investment project is developed and approved by authorized state authority on free economic zones management.

25. Applicant for taking FEZ subject certificate (hereinafter referred to as certificate),

signs with FEZ Administration Agreement about activity (hereinafter referred to as an agreement).

In Agreement mentioned requirements to activity in FEZ "Sughd" territory, rules of using preferences and special regimes, land plot rent, buildings, industrial and administrative buildings, necessary communications, financial-economic relations and other requirements provided by this Regulation.

26. For signing agreement the applicant should submit to FEZ Administration the following documents:

- application;
- documents certifying state registration in FEZ "Sughd" territory;
- sample of signatures of applicant's authorized persons.

27. FEZ Administration during 3 working days reviews submitted documents of the applicant, prepares and signs agreement with applicant.

28. After signing agreement certificate will be given to the applicant.

29. Certificate is the document certifying applicant's registration as FEZ subject in FEZ "Sughd" territory and permission on implementing activity, using provided preferences and special regimes provided by the present Regulation.

30. Form and subject of agreement and certificate approves by authorized state authority on free economic zones management.

31. Certificates are given on the following terms:

- certificate on commercial activity will be given for a period 10 years;
- certificate on production activity will be given for a period of 15 years.

Cost of certificate on any kinds of activity regardless of their production volume and turnover constitutes 5 thousands US dollars.

32. FEZ Administration keeps registration book of certificate on form established by authorized state authority on FEZ management.

In registration book are entered the main information concerning FEZ subject and will be given registration number for certificate.

33. In case of changing activities or legal form of FEZ subject, in certificate and registration book are entered the following changes.

34. Applications review regarding activity changes of FEZ subjects is conducted through the procedure established by the present Regulation. In this case FEZ subject will be given a new certificate; an old certificate will be returned and cancelled.

35. Temporary adjournment, reactivation or cancel of FEZ subjects certificates is made according to the following base:

1) temporary adjournment of FEZ subjects activity is made by FEZ Administration for the term up to three months, in case of occurrence of below-mentioned circumstances:

- in case of ignoring agreement conditions with FEZ Administration from FEZ subject side;

- in case of confirmation that FEZ subject, its authorized representative or employee did harm to services objects and equipment of FEZ "Sughd" and these actions are continuing, in spite of notification from FEZ Administration's side and (or) refusing to compensate damages;

- in case of ignoring by FEZ subjects the requirements of the given Regulation or actions violating established rules in FEZ "Sughd";

2) reactivation of FEZ subject activity is possible by FEZ Administration while fulfilling conditions or removing the reasons of FEZ subject activity adjournment;

3) cancellation of certificate is made by FEZ Administration after checking information on the following circumstances;

- If it is found out that during the term indicated contract's terms and conditions, the reasons causing temporary adjournment of FEZ subject activity are not eliminated;

- if FEZ subject has violated requirements of the given Regulation and normative legal acts of the Republic of Tajikistan.

For canceling the certificate FEZ Administration is given a permission of the authorized state authority for FEZ management by providing irrefutable facts.

36. In case of canceling the certificate, FEZ Administration applies to authorized state authority on the state registration regarding canceling the state registration of FEZ subject on legal address in FEZ "Sughd".

## **5. Regulation of pass regime for entering FEZ "Sughd" territory**

37. In order to enter FEZ "Sughd" territory, representatives, employees, FEZ administrative staff, FEZ subjects and other persons will be provided by the following kinds of passes:

- permanent;
- temporary;
- ID cards.

38. Permanent passes are given by FEZ Administration to the representatives, employees and FEZ subjects and should contain the following information:

- name and special FEZ Administration stamp;
- date of issue;
- holder's photo;
- surname, name and middle name of the holder;
- place of work;
- pass conditions.

39. Temporary passes are given by FEZ Administration while entering FEZ "Sughd" to persons who visit FEZ "Sughd" territory under invitation of FEZ Administration and FEZ subjects.

For taking temporary pass FEZ subjects officially apply to FEZ Administration no later than 1 day prior to visiting FEZ "Sughd" by invited persons.

Color of the temporary pass differs from other passes, and it is returned to FEZ "Sughd" officials while leaving FEZ territory.

Temporary passes are valid while submitting personal ID document.

40. FEZ Administration provides with ID cards FEZ Administrative staff, and also persons hired by FEZ Administration; ID cards have the same information as in permanent passes.

41. In the same way are formed and given passes for entrance of cars, different transports and their drivers.

42. Passes are given on paid system on rates established by authorized state authority on free economic zones management.

43. FEZ subjects should inform FEZ Administration about dismissal of their employees at that day. In this case permanent passes of employee should be returned to FEZ Administration.

## **6. FEZ subjects rights**

44. FEZ subjects regardless of ownership forms (except budget organizations) have a right:

- create joint organizations with foreign and domestic investors;
- implement economic activity basing on agreements, easily choose partner, agreement subject, define liabilities, and also any other conditions of economical relationships;

- independently implement foreign-economic activity, make barter and intermediate operations, and also reinvestments in free economic zone territory, if these operations nature do not contradict to legislation and do not threaten economic security of the Republic of Tajikistan;

- get without limitations credits from foreign banks, companies and organizations; attract foreign insurance companies for signing all kinds of insurance deals;

- make any investments into free economic zone that are not prohibited by the Republic of Tajikistan legislation;

- use lands basing on agreement regarding urgent rent, property, property rights and transfer of rights for use due to sides' mutual agreement, signing rent agreement or their assignees, and also other property and non-property rights;

- hire foreign citizens and the Republic of Tajikistan citizens in contract base;

- implement any other activity that is not prohibited by current legislation of the Republic of Tajikistan.

45. FEZ subject can be engaged in entrepreneurship activity outside FEZ "Sughd" on the territory of the Republic of Tajikistan following all rules of the Republic of Tajikistan legislation.

## **7. Rights guarantees of FEZ subjects interests**

46. State guarantees loyalty of all FEZ subjects' interests operating in FEZ "Sughd" territory.

47. In FEZ "Sughd" according to the Republic of Tajikistan legislation and international law standards the followings are guaranteed:

- legal protection of investments;

- protecting author's rights of FEZ subjects;

- legal regime equality of foreign and internal investments;

- exclusion of any organizations discrimination with foreign investments.

48. FEZ subjects – foreign investors making investments into economic and any other activity of free economic zone, have right to possess, use and deal with their investments results including reinvestments and trade deals in the territory of the Republic of Tajikistan. FEZ subjects – foreign investors can export profit or its part in the form of own produced product or bought in the market.

49. For FEZ subjects – foreign investors operating in the zone is guaranteed to transfer abroad, after providing obligatory payments, amounts in foreign currency, received by them as a profit, and also due to the sale of all share in charter capital of organizations with foreign investments, renunciation from it or organizations liquidation. FEZ subjects – foreign investors have rights to transfer, move, deposit, export and suspend their investments into the free economic zone.

50. Relations which FEZ subjects enter, regardless of ownership form, are built on a contract (contractual) basis. FEZ subjects independently develop production programs.

Economic disputes including disputes between organizations representatives and foreign investments existing in FEZ "Sughd", are solving according to the Republic of Tajikistan legislation.

## **8. Financial-currency mechanism**

51. FEZ "Sughd" operates on self-financing system. FEZ "Sughd" has independent budget for provision of operations..

52. Independent budget of FEZ "Sughd" is the form of founding and spending funds of FEZ "Sughd" and is used for the financial provision of tasks and objectives implementations..

Independent budget of FEZ “Sughd” is developed in accordance with order defined by the authorized state financial authority, coordinating with the authorized state authority on free economic zones management and authorized state financial authority management and is submitted by FEZ Administration for including into annual state budget in the period of developing draft state budget.

53. In independent budget income of FEZ “Sughd” are included:

- income from renting lands, buildings and equipment that are on FEZ Administration balance;
- cost of certificate;
- payments for getting right to enter FEZ “Sughd” territory for cars and different transports (except transport and FEZ Administration techniques and FEZ subjects);
- payments for passes for entering FEZ “Sughd” territory (except FEZ Administrative staff and FEZ subjects);
- incomes from provided different services;
- incomes from other payments for providing services by FEZ Administration, FEZ subjects, and also according to legislation regulations regarding state budget for appropriate fiscal year and present Regulation.

54. List of providing services and rates sizes of collections for FEZ Administration services are approved by authorized state authority on free economic zone management in coordination with authorized state financial authority basing on economically justified suggestions of FEZ Administration.

55. Rent fee and terms of lands rent and also covered storehouses areas, production and administrative buildings right of use of which belongs to FEZ Administration, is established basing on rules for rent payment calculation approved by authorized state authority on free economic zones management, but should be no less than mentioned below rates depending on FEZ subjects activity:

- monthly rent of covered storehouses for implementing commercial activity, and also on storing, packing and sorting goods constitutes 5 US dollars for each square meter of rented area for the period of three months, in case if rent time will exceed three months there will be discounts of rent to 10%;
- annual rent of administration premises constitutes 3 US dollars per one square meter for the period of 1 year, for such rent exceeding one year will be discounts of rent to 10%;
- annual rent of production premises constitutes 3 US dollars per one square meter, for such rent exceeding one year will be discounts to 10%;
- annual rent of lands constitutes 1 US dollar per one square meter.

Limited levels of established rates can be corrected by the decision of authorized state authority on free economic zones management basing on economically justified suggestions of FEZ Administration.

For FEZ subjects, mentioned in article 17 of the present Regulation, is established rate equal to 25% from amount of annual land rent. In case of renting by FEZ subjects their lands, and also their buildings, rent rate is fixed and taken by FEZ Administration in size 100% or 1 US dollar per one square meter of land per year.

56. Expenses for maintaining and improving lands of general use, access roads and internal auto-roads, viewing points, planting of trees and gardens and etc. are done by FEZ Administration through the own funds and fees from FEZ subjects on tariffs established by FEZ Administration.

57. FEZ “Sughd” provides free flow of national and foreign currency. FEZ subjects can open accounts in banks, financial and non-banking organizations (their departments) and microfinance organizations located in FEZ “Sughd” and outside of it, easily get and sell national and foreign currency in FEZ “Sughd” and make transfers in the order established by the Republic of Tajikistan legislation.

58. FEZ subjects can pay salary in foreign currency due to formed by them currency funds, make on FEZ territory mutual payments between each other in foreign currency.

59. In FEZ "Sughd" can be created banks, financial and non-banking, microfinance and insurance organizations according to the current legislation of the Republic of Tajikistan.

## **9. Financial-economic activity of FEZ subjects**

60. FEZ subjects should:

- keep in established rules accounting and reporting regarding financial-economic activity and submit information to FEZ Administration according to approved list and in order approved by authorized state authority on free economic zones management. Reports and declarations on payment of social tax and individuals' income tax of hired employees are submitted to the tax inspection of Khujand city;

- timely provide in a full amount necessary payments, social tax of hired employees

- allow authorized FEZ administrative staff to conduct expertise of anti-epidemiological and fire-prevention measures, mutual payments, and in accordance with signed Agreement with FEZ Administration.

61. FEZ subjects should implement FEZ Administration decisions taken within their authorities. In case of disagreement with FEZ Administration decisions, FEZ subject can appeal to the court.

62. For FEZ subjects the fiscal year is the period starting on January 1 and ending on December 31 each year.

## **10. Customs regime in FEZ "Sughd"**

63. FEZ "Sughd" is a part of customs territory of the Republic of Tajikistan.

Bounds of FEZ "Sughd" territory are the customs border of the Republic of Tajikistan.

Goods placed on FEZ "Sughd" territory are considering as being out of customs territory of the Republic of Tajikistan for using customs duties, taxes, and also prohibitions and limitations of economic nature, established by normative legal acts of the Republic of Tajikistan.

64. On FEZ "Sughd" territory under customs regime of free customs zone, foreign and domestic goods are placed without customs duties and taxes collection, and also without prohibitions to goods and limitations of economic nature, established according to normative legal acts of the Republic of Tajikistan.

65. Customs clearance and goods registration on FEZ "Sughd" territory is made in order established by the authorized authority on customs issues, in coordination with the authorized state authority on foreign trade activity.

66. Completion of acting customs regime of free customs zone and defining country of origin of goods, exported from FEZ "Sughd" territory, is performed in accordance with customs legislation of the Republic of Tajikistan.

## **11. Tax regime in FEZ**

67. FEZ subjects according to the Republic of Tajikistan tax legislation are partly free from some taxes for the period of their activity in FEZ "Sughd".

68. In FEZ "Sughd" territory entrepreneurship activity of FEZ subjects regardless of ownership form is free from all kinds of tax payments provided in the Tax Code of the Republic of Tajikistan, except social tax and income tax from individuals, FEZ subjects' hired employees .

Social tax and income tax from individuals of FEZ subjects hired employees are charged and paid by FEZ subjects independently in accordance with the Tax Code of the Republic of Tajikistan.

69. Income tax from individuals for foreign specialists-non-residents of the Republic of Tajikistan is paid in order provided in the Tax Code of the Republic of Tajikistan.

70. FEZ subjects as taxpayers are registered in tax inspection of Khujand city.

71. Control of full and timely payment of social tax and income tax from hired individuals, implements by the tax inspection of Khujand city.

72. Profit received by the foreign investors and salary of foreign employees given in foreign currency can be transferred without difficulties to abroad and while transferring will not be not taxed.

## **12. Labor relations in FEZ “Sughd”**

73. Labor relations including issues of hiring, dismissal, labor and rest regimes, social guarantees and compensations in FEZ subjects are regulated by labor legislation of the Republic of Tajikistan, collective agreement and (or) individual labor agreements (contracts).

Conditions and sizes of remuneration of labour, and also other incomes of employees including incomes in foreign currency are established by FEZ subjects independently and paid from own funds.

Conditions of collective and individual labor agreements can't worse employees situation of these organizations in comparison with conditions provided by current labor legislation of the Republic of Tajikistan, and also conventions of International labor organization.

74. In accordance with the current legislation of the Republic of Tajikistan and also legislation on free economic zones in the Republic of Tajikistan:

- FEZ Administration has right to give permission for attracting labor resources (permission for work) from abroad to the position of managers and technical advisors for FEZ subjects, at the same time number of employees should not exceed 20% from total number of FEZ subject employees;

- FEZ subjects for attracting labor resources from abroad submit application to FEZ Administration with attached information concerning specialist, labor contract of FEZ subject and this specialist, and other documents established by FEZ Administration;

- FEZ Administration reviews application for attracting foreign specialist during 10 days. Permission for work is given under considering of labor contract for the period no more than 5 years,

- FEZ subjects after receiving permission for work submit to FEZ Administration application for getting visa and permission for residence for foreigner;

- visa issue and permission for foreigner's residence, who is attracted to work, is given through FEZ Administration by the appropriate state authority basing on permission to work considering permissions terms on simplified order;

- foreign employees of FEZ subjects who got visa and permission to work should register in visa and registration department of appropriate state authority.

- payment of services on issuing visas, permissions to work and foreign specialists residence of FEZ subjects and members of their families is paid according to fixed rates which is approved by the appropriate authorized state authority on free economic zones management, in coordination with authorized state authority within established standards, provided by the Republic of Tajikistan legislation;

75. FEZ subjects pay salary to the whole personnel according to labor agreement monthly. In the case of salary delay for personnel through employer's fault, FEZ Administration has right within authorities to take measures towards FEZ subject, provided

by the given Regulation and legislation of the Republic of Tajikistan directed to protect rights of employees.

FEZ subjects employees can take salary in national and foreign currency according to labor agreement, and also if they have business trips, amount in foreign currency for travel expenses.

Foreign employees salary received in national or foreign currency after paying taxes can be transferred to abroad without any difficulties.

76. FEZ subjects should:

- submit labor agreement on each employee of FEZ "Sughd" staff while applying for permanent visa issue;

- provide with visa during 72 hours after employees arrival;

- provide all employees and personnel by uniform and follow safety measures of their work;

- immediately inform FEZ Administration about disappearance of any employee;

- provide employees with residence;

- provide compulsory social and medical insurance of employees;

- be liable for harm that was done to the health of employees, employees working on a contract, employment injuries that were occurred because of enterprise fault on the given enterprise territory.

77. Strikes are forbidden on FEZ "Sughd" territory.

### **13. Procedures for entry and departure from FEZ "Sughd"**

78. On FEZ "Sughd" territory is acting simplified regime of entry and departure of foreigners, which is established by authorized state authority on FEZ management in coordination with the Ministry of Foreign Affairs of the Republic of Tajikistan, that includes:

- 50% decrease of consular fees amount;

- shortening of terms for reviewing documents on issuing entry and exit visas;

- practice of issuing entry visas for foreigners coming to work in FEZ "Sughd" by the time of their arrival to the Republic of Tajikistan;

- any other information-legal and consulting service provided by the Ministry of Foreign Affairs of the Republic of Tajikistan for FEZ "Sughd" according to changing development processes of free economic zone.

79. FEZ subjects when needed, submit to FEZ Administration application of established form for getting visa for arriving personnel to work in FEZ "Sughd" prior to one month to expected arrival.

FEZ Administration studies application for getting visa for arriving personnel to work in FEZ "Sughd" and informs FEZ subject about possibility for getting visa by mentioned in application persons personally on each candidature.

List of arriving persons for working in FEZ "Sughd" is certified by authorized state authority on free economic zone management and is sent for reviewing by consular subdivision of the Ministry of Foreign Affairs on places of personnel arrival on the territory of the Republic of Tajikistan.

FEZ Administration will arrange meeting and accompaniment of arrived persons to FEZ "Sughd" territory jointly with FEZ subject representative and at his expense.

The same procedure is followed also while personnel of foreigners, who have been worked in FEZ "Sughd", are departed.

80. FEZ Administration assists to get entry visa for foreigners, extension and revocation of its validity.

FEZ Administration monthly informs authorized state authority on free economic zone management and Ministry of Foreign Affairs of the Republic of Tajikistan about foreigners

arrived for work in FEZ “Sughd” by providing with the list of arrived for work in FEZ “Sughd” foreigners according to established order.

81. Entrance of foreigners and persons without citizenship into the bordering zone of the Republic of Tajikistan with the purpose of business trips and private trips is allowed according to permission given by the Ministry of Internal Affairs of the Republic of Tajikistan. Procedure of entrance and stay of foreigners on the Republic of Tajikistan territory is made on general bases according to the Republic of Tajikistan legislation. Registration, entrance and stay of foreigners are made by bodies of the Ministry of Internal Affairs after submitting by FEZ Administration.

#### **14. Period of validity of FEZ “Sughd”**

82. Period of validity of FEZ “Sughd” is 25 years.

Terms of transition stage while institution FEZ “Sughd” regime are determined by FEZ Administration but no more than 7 years from acceptance date of Decree of Majlisi Namoyandagon of Majlisi Oli of the Republic Of Tajikistan.

The given period is used for infrastructural arrangement, creating legal base, real assimilation of FEZ “Sughd” territory.

Terms and conditions of transition stage before cancellation of FEZ “Sughd” regime are determined by FEZ Administration. At the same time conditions of transition stage comes no later than 3 years prior to the termination of free economic zone activity.

On the zone territory during FEZ “Sughd” activity the speaking languages alongside with official language are Russian and English languages.

83. For FEZ “Sughd” activity extension, FEZ Administration submits to authorized state authority on free economic zone management economical justification regarding expediency of extending FEZ “Sughd” activity including:

- perspectives and program of further FEZ “Sughd” development;
- evaluation of efficiency and FEZ “Sughd” functioning.

#### **15. FEZ Administration terms of activity**

84. On FEZ “Sughd” territory management functions are made by FEZ Administration leaded by the Chief. The system of FEZ Administration activity is determined by the given regulation.

FEZ Administration is FEZ “Sughd” management authority that provides operating and development of FEZ “Sughd”, and also coordinates FEZ subjects’ activity within frameworks provided by its rights and authorities.

FEZ Administration is legal entity and its legal form is state republican department. FEZ Administration is subordinate organization of authorized state authority on free economic zones management and implements its activity basing on the Republic of Tajikistan legislation, given Regulation and Charter approved by authorized state structure on free economic zones management .

FEZ Administration has the stamp with the image of state emblem of the Republic of Tajikistan and title: "Free economic zone “Sughd” on official and English languages, settlement account, own symbol other attributes and other requisites.

85. FEZ Administration implements its activity in close cooperation with republican and local bodies of state power of the Republic of Tajikistan.

FEZ Administration implements its activity on the principal of close cooperation with other free economic zones administrations on the Republic of Tajikistan territory for coordination and consideration other republican free economic zones interests, assists to adopt international standards of running business and business ethics on the whole territory of the Republic of Tajikistan.

86. Expenses for FEZ Administration personnel support are made by the FEZ "Sughd" budget according cost estimation approved by authorized state authority on free economic zones management and authorized state financial authority for the next fiscal year.

87. Rights and authorities of FEZ "Sughd" are:

- development and implementation of strategy and programs of developing FEZ "Sughd" including general plan of the zone;
- accepting documents on management and coordination of activity in FEZ "Sughd";
- development of zone's independent budget, its approval in established order and its performance;
- development of plan for placing FEZ subjects on the territorial border of FEZ "Sughd" considering their suggestions including financial expenses of each FEZ subject for further submission to authorized state authority on free economic zones management;
- developing budget of expenditures on improving certain territorial border of FEZ "Sughd";
- coordination of schedule of placing customs infrastructures with authorized state customs authority;
- providing integrity and efficient functioning of FEZ "Sughd";
- providing FEZ "Sughd" development by attracting domestic and foreign investors, domestic and foreign organizations funds as tax credits, loans and grants in coordination with authorized state authority on free economic zones management and authorized state financial authority;
- creation of information-analytical base of activity and FEZ "Sughd" economical development;
- FEZ subjects interests protection;
- creation of necessary conditions for attracting domestic and foreign investments and other resources;
- control the process of following FEZ "Sughd" legal regime, development of amendments into the present Regulation and their review in established order;
- providing state control and supervision on efficient use of natural and labor resources on FEZ "Sughd" territory, on implementation of legislative and normative acts regarding issues of FEZ "Sughd" territories development;
- providing FEZ subjects with lands for rent, and also other FEZ "Sughd" objects;
- creation of informational centre, business-incubators, storehouses, administrative buildings, production buildings and other structures necessary for efficient activity and development of FEZ "Sughd";
- coordination of scientific, project, industrial, construction and other domestic and foreign organizations activity, attracted for creating and providing FEZ "Sughd" activity;
- reviewing applicants' business-plans and investment projects;
- providing applicants with certified documents according to location and legal address in FEZ "Sughd" ";
- coordination of FEZ "Sughd" contacts with international market;
- preparation, re-preparation and staff professional development for FEZ "Sughd", attendance in state policy implementation in the sphere of forming personnel, employment, youth and migration policy in the region;
- arrangement of conferences, meetings, seminars and etc.;
- signing agreements with FEZ subjects;
- opening and keeping book of certificates;
- providing with certificates FEZ subjects;
- improving economic management models of FEZ "Sughd" and implementing economic management considering economic efficiency for using lands territories, state and private property on FEZ "Sughd" territory;
- providing study of facilities in projects having generally regional importance;

- providing services on taking and forming entry and exit visas made in accordance with the Ministry of Foreign Affairs of the Republic of Tajikistan;
- issuing passes for visiting FEZ “Sughd” territory;
- creating and control activity of militarized security subdivisions of FEZ “Sughd” objects. Structure and number of mentioned-above subdivisions are determined by FEZ Administration in coordination with appropriate ministries of the Republic of Tajikistan;
- quarterly submit report regarding FEZ “Sughd” to authorized state authority on free economic zones management;
- performing other authorities provided by the Republic of Tajikistan Law “On free economic zones in the Republic of Tajikistan”, the given Regulation and other normative legal acts of the Republic of Tajikistan.

88. FEZ Administration decisions taken within its competence should be performed by FEZ subjects.

89. Inspection of FEZ Administration activity is made by authorized state authority on free economic zones management.

90. FEZ Administration Chief and his deputies are appointed and dismissed by the Republic of Tajikistan Government on submitting to authorized state authority on free economic zones management.

Official salary of FEZ Administration management is established by the Republic of Tajikistan Government.

91. As the Chief of the FEZ Administration the person is appointed, who have higher legal or economical education and work experience on managers’ positions or state service no less than 5 years.

92. FEZ Administration Chief:

- provides rights and responsibilities of FEZ Administration;
- presents FEZ “Sughd” in all domestic and foreign international organizations, enterprises, banks and departments;
- is responsible for completing assigned functions and tasks;
- hires staff, appoints and dismisses FEZ Administration employees.

93. Administration Chief alongside with other functions assists FEZ Administration activity to coordinate with local executive bodies of the state power in creating and developing FEZ “Sughd”.

## **16. Procedure of FEZ “Sughd” liquidation**

94. FEZ “Sughd” is liquidated by the Decree of the Republic of Tajikistan Government in the cases established by the Republic of Tajikistan legislation regarding free economic zones.

95. In case of liquidation of free economic zone, FEZ subjects loose their rights and liabilities provided by the legislation on free economic zones.

Free economic zones liquidation does not causes any legal consequences concerning activity or liquidation of legal entities and branches of foreign legal entities, they can operate on the previous free economic zone territory or can be liquidated according to the Republic of Tajikistan legislation.

Authorized state authority on free economic zones management in order established by the Republic of Tajikistan Law “On free economic zones in the Republic of Tajikistan”, submits to the Government of Republic of Tajikistan proposal concerning FEZ “Sughd” liquidation.

Government of the Republic of Tajikistan creates a commission for conducting complete economic analysis of expediency of FEZ “Sughd” liquidation.

Basing on conducted complete analysis and considering suggestions of authorized state authority on free economic zones management and local executive structure of the

government, commission submits for the Government of the Republic of Tajikistan review proposal regarding liquidation and the date of FEZ “Sughd” liquidation.

### **17. Requisites of the FEZ “Sughd”**

96. FEZ “Sughd” Administration address is:  
Republic of Tajikistan, Sughd oblast, Khujand, South-western industrial zone.