

LAW OF THE REPUBLIC OF TAJIKISTAN “ON INVESTMENTS”

This law regulates relations related to investment activities, legal and economic basis of activation, stimulation and state support for investments through provision of fair, equal regime and guarantee of protection of rights of investors on the territory of the Republic of Tajikistan.

The purpose of the law is attracting and effectively using material and financial resources, advanced machinery and technology, administrative experience in economy of the Republic of Tajikistan; providing favorable conditions for investment activities and also conditions for free use, transparency, ownership and allocation of investments; adhering to the norms of international right and international practice of international cooperation.

This Law is not applied in relations concerning investment activities implemented using state budget, guarantees of the Government of the Republic of Tajikistan and investing non-profit organizations.

CHAPTER 1. GENERAL PROVISIONS

Article 1. General concepts

The general concepts used in the Law:

- **investment** – all types of property right (except for property of personal use or property related to activities on sale of goods without their processing), including funds, securities, industrial-technical equipment and results of intellectual activities which belong to an investor on the basis of property right and which are invested by the investor into investment activity objects for the purpose of getting profit (income) and/or achieving another significant outcome;
- **investor** – physical or juridical person implementing investment activities in the Republic of Tajikistan;
- **foreign investors** – following are acknowledged to be foreign investors in the Republic of Tajikistan:
 - foreign states and their administrative and territorial units representing authorized bodies;
 - international organizations;
 - foreign juridical persons;
 - foreign organizations not being juridical persons which were created in accordance with the legislation of foreign state;
 - foreign citizens and apatrides;

- **domestic investor** – physical or juridical persons not being foreign investors and implementing investment activity in the Republic of Tajikistan;
- **investment activity** – activity of an investor on investing funds into production or using the funds in some other way for the purpose of getting profit (income) and/or achieving another significant outcome;
- **reinvesting** – investing funds on the territory of the Republic of Tajikistan at the expense of profit from the investment activities in the Republic of Tajikistan;
- **investment dispute** – a dispute emerging during investment activities between the investor and state bodies, officials of the Republic of Tajikistan or other participants of the investment activities;
- **authorized state body** – a body authorized by the Government of the Republic of Tajikistan in investment sphere;
- **public natural grants** – property and funds belonging to the state and issuing to the juridical persons without payment either as a property or for the use of the land for the purpose of implementation of investment activities.

Article 2. Legislation of the Republic of Tajikistan in the sphere of investments

1. The Legislation of the Republic of Tajikistan in the sphere of investments is based on the Constitution of the Republic of Tajikistan and consists of the Law, regulatory and legal acts of the Republic of Tajikistan and international legal acts acknowledged by the Republic of Tajikistan.

2. In case of discrepancies between the provisions of the Law and the terms of international legal acts acknowledged by Tajikistan, the terms of international legal acts shall prevail.

Article 3. Objects and types of investment activities

1. The objects of investment activities are the following:

- immovables;
- securities;
- intellectual property;
- other objects where investment activity is not prohibited by the legislation of the Republic of Tajikistan.

2. Types of investment activities:

- private investment activities implemented by citizens, non-governmental enterprises, agencies, organizations and other bodies of the Republic of Tajikistan;
- state investment activities implemented by state and executing bodies, state enterprises, agencies and organizations at the expense of budget and non-budget funds, own and loan funds;
- foreign investment activities implemented by foreign citizens, juridical persons, foreign states, international financial institutions as well as apatrides;
- joint investment activities implemented by citizens, juridical persons of the Republic of Tajikistan and foreign states.

CHAPTER 2. GUARANTEES OF INVESTMENT PROTECTION AND RIGHTS OF INVESTOR

Article 4. Guarantee of equity of investor's right

The State guarantees equity of rights of foreign and domestic investors not admitting discrimination with regard of investors based on their citizenship, nationality, language, sex attribute, race, religion, place of conduction of economic activities as well as the country of origin of investor or investments.

Article 5. Guarantee of legal protection of investor and investment activities

1. This Law and other regulatory legal acts of the Republic of Tajikistan as well as international and legal acts acknowledged by Tajikistan, guarantee full and absolute protection of rights and legal interests.
2. In case of amendments in the investment legislation of the Republic of Tajikistan the investors during five years from the date of official publication of such amendments have the right of selecting conditions which are more favorable for them. This does not refer to amendments in the Constitution of the Republic of Tajikistan and the legislation of the Republic of Tajikistan related to the issues of national security, health, environmental protection, morality and ethics.
3. The investor has the right to get compensation for the damage caused through issuing acts by state bodies which do not correspond to legislative acts of the Republic of Tajikistan as well as through implementation of non legal acts (inactivity) by officials of these bodies, in accordance with legislation of the Republic of Tajikistan.
4. The Republic of Tajikistan shall guarantee stability of contracts concluded between investors and authorizes state bodies except for cases when the amendments are made as agreed by parties.

Article 6. Guarantee of the right of traveling of foreign investors

Foreign investors, their representatives and foreign employees being in the Republic of Tajikistan for investment activities have the right to travel on the whole territory of the Republic of Tajikistan except for territories where the terms and procedures of stay are defined by corresponding legislation of the Republic of Tajikistan.

Article 7. Guarantees of the right of using revenues

1. Investors have the following rights:

- opening bank accounts on the territory of the Republic of Tajikistan in national and (or) foreign currency for the purpose of reserving and using revenues and other funds in accordance with the legislation of the Republic of Tajikistan;

- after payment of taxes and other obligatory payments, using income received from their activity at their own convenience.

2. Investors and foreign employees have the guaranteed right to transfer abroad their incomes and salary in foreign currency if legally earned by their investments and production activity.

3. Upon suspension of investment activities not through the investor's fault, the latter has the right to be compensated for his investments and income generated, in form of money or goods at real cost at the day of the suspension of the investment activities.

Article 8. Currency transactions

1. With regard to all payments connected with investment activity in the Republic of Tajikistan the investors have the right to freely convert the national currency of the Republic of Tajikistan into any another freely convertible currency and also to purchase foreign currency to pay for transactions beyond the Republic of Tajikistan.

2. Currency transactions are carried out by investors in accordance with the Law of the Republic of Tajikistan "On currency regulation and currency control".

3. Restrictions of transfers in foreign currency to the Republic of Tajikistan and from the Republic of Tajikistan for investors can be imposed only based on the law for the purpose of preventing money laundering.

Article 9. Public activity of state bodies with regard of investors

1. Official announcements of state bodies of the Republic of Tajikistan and regulation legal acts touching upon the interests of investors are published in the order established by the legislation of the Republic of Tajikistan.

2. Investors are provided with free access to information on registration of juridical persons and their regulations, registration of agreements with regard to real estate as well as

issuing licenses except for information containing commercial and other legally protected secret.

Article 10. Inadmissibility of interference of government bodies in investment activity

Government bodies have no right to interfere with investment activity except for the cases envisaged by the legislation of the Republic of Tajikistan.

Article 11. Guarantees of investor's right at nationalization and requisition

1. In the event of natural calamities, accidents, epidemics, epizootics and other cases of emergency the property can be withdrawn from the proprietor to public ends in order and on terms established by the legislation with payment of the property cost to that proprietor (requisition). Assessment of value refundable to the proprietor of the requisitioned property can be litigated. The person whose property is requisitioned has the right to require restitution of the retained property after the effect of circumstances causing requisition is over. In case of rejection the person can apply to Court.

2. Conversion of the property of citizens and juridical persons into state property through its nationalization is allowed only on the basis of the legislation on nationalization of property adopted in accordance with the Republic of Tajikistan and with providing the person whose property was nationalized with compensation of the property cost and other damages caused by nationalization.

3. The size of compensation for the nationalized or requisitioned investment property shall be defined based on the market cost of the property. The compensation shall be realizable, carried out according to timelines coordinated by the parties and paid in freely convertible currency.

4. The size of compensation for the nationalized or requisitioned investment property can be litigated by the investor in the Courts of the Republic of Tajikistan and also in Arbitration Court, International Court and International Arbitration Court if this is envisaged by the agreement of parties or by the international agreement.

Article 12. Transmission of rights of the investor to another person on the guarantee of insurance agreements

If the foreign state, the state body it authorizes or insurance agency make payments in favor of the investor on the guarantee of insurance agreements provided to it with respect to investments allocated on the territory of the Republic of Tajikistan, and this foreign state, the state body it authorizes or insurance agency are provided with the rights of investor on the mentioned investment, this transmission of rights in Tajikistan is acknowledged to be lawful only in case the investor invests within the Republic of Tajikistan and (or) fully implements specific treaty obligations.

Article 13. Obligations of the Republic of Tajikistan on investments

The Republic of Tajikistan does not respond on the obligations of residents or not residents attracting investments except for the cases when these obligations are guaranteed by the state in the form established by the law.

Article 14. Guarantee of the right of investor on taking property and information out

The investor who primarily brought property, hard or e-copy information as investments in to the Republic of Tajikistan has the right to take without hindrance (without quotation, licensing and application of other measures of non-tariff regulation of external economic activities to it) the mentioned property and information out of the Republic of Tajikistan after finishing investment activities in accordance with the tax legislation of the Republic of Tajikistan.

Article 15. Rights of investor on the objects of intellectual property

All rights of investor with respect to objects of intellectual property are protected in the order established by the legislation of the Republic of Tajikistan.

Article 16. Rights of investor on use of natural resources

1. Acquisition of the right to use land and other natural resources is implemented in accordance with legislation of the Republic of Tajikistan.

2. Acquiring ownership rights on facilities and building also entitles one to acquire the right to use the plot of land on which the facility or building is located on terms provided by legislation of the Republic of Tajikistan.

3. the right of renting the plot of land can be acquired by investor in the established order in accordance with Land Code of the Republic of Tajikistan.

Article 17. Guarantees for investor implementing reinvestment

1. The investor at its own convenience may reinvest profits remained after payment of taxes on the territory of the Republic of Tajikistan.

2. In reinvesting the investor shall fully use legal protection, guarantees and advantages established by this Law.

CHAPTER 3. STATE SUPPORT FOR INVESTOR AND INVESTMENTS

Article 18. Purpose of state support for investor and investments

1. The purpose of state support for investments is creating favorable climate for development of economy and promoting investments for creation of new productions and renovation of current ones with application of modern technologies and equipment, creating new work places and preserving available ones, health protection, environmental protection and providing advantages to support the invested sphere.

2. The state support for investor is carried out by the authorized body defined by the Government of the Republic of Tajikistan.

3. the authorized state body in accordance with the Regulation approved by the Government of the Republic of Tajikistan shall implement the following functions:

- providing communication between the authorized state bodies and investors;
- preparing and distributing information on investing opportunities, programs, projects and conditions in the Republic of Tajikistan;
- developing proposals on improving investment climate in the Republic of Tajikistan;
- implementing other functions directed at promotion of investments, support and protection of investors in the Republic of Tajikistan;

4. the authorized state body is obliged on the equal basis facilitate providing the investors with services of protection and promotion of their interests not admitting worsening of their productive and financial activities, use principles of openness and transparency in attracting investments through conduction of international tenders.

Article 19. Investment advantages

1. There are the following types of investment advantages:

- taxation advantages;
- customs advantages;
- state grants issue.

2. Taxation advantages are provided to investors in accordance with order established by the Tax Code of the Republic of Tajikistan and Customs Code of the Republic of Tajikistan.

3. Order of issuance of state grants and their types are defined by the Government of the Republic of Tajikistan.

CHAPTER 4. REQUIREMENTS TO INVESTOR

Article 20. Observance of legislation of the Republic of Tajikistan by investor

In implementing investment activity on the territory of the Republic of Tajikistan the investor is obliged to observe legislation of the Republic of Tajikistan.

Article 21. Labor relations between the investor and citizens of the Republic of Tajikistan

The relations between the investor and employees being citizens of the Republic of Tajikistan are regulated by labor legislation of the Republic of Tajikistan and international and legal acts acknowledged by Tajikistan.

CHAPTER 5. FINAL PROVISIONS

Article 22. Settling investment disputes

1. The investment disputes between the participants of investment activity are settled in accordance with conditions envisaged by agreements concluded between the parties. In case there are no mentioned agreements available the investment disputes between the participants of the investment activity are settled as far as possible through conduction of the meeting of parties.

2. In case there is no possibility to settle investment disputes according to the concluded agreements the disputes are settled in Courts of the Republic of Tajikistan and in the international arbitration court, which are defined as agreed by parties in accordance with legislation acts of the Republic of Tajikistan and international and legal acts.

Articles 23. Responsibility for violation of this Law

Physical and Juridical persons that violate the provisions of this Law shall bear responsibility according to the legislation of the Republic of Tajikistan.

Article 24. On declaring the Law of the Republic of Tajikistan “On foreign investments in the Republic of Tajikistan” invalid

Declare invalid the Law of the Republic of Tajikistan dated March 10, 1992 “On foreign investments in the Republic of Tajikistan” (bulletin of the Supreme Council of the Republic of Tajikistan, 1992, №8, Article 118, Ahbori Majlisi Oli of the Republic of Tajikistan, 1999, №3, Article 48; 1997, №23-24, Article 333; 1999 №12, Article 333; 2002, № 11, Article 678).

Article 25. Order of enactment of this Law

This Law shall come into force after its official publication.

President of the Republic of Tajikistan E. Rahmonov

Dushanbe

May 12, 2007

№ 260