

REGULATION OF FREE ECONOMIC ZONE “PANJ”

1. General provisions

1. The present Regulation is developed according to the Republic of Tajikistan Law "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 of the Republic of Tajikistan from December 5, 2005 №191.

The given Regulation defines organizational, legal and economical basics of creating, operating and liquidation of free economic zone of a complex type Free economic zone “Panj”(hereinafter referred to as FEZ “Panj”).

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

- stimulating the development of economic potential of Khatlon oblast 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 labour division, development of the trade-economic cooperation with foreign countries, increase of the republic export potential;
- Municipal engineering development on the territories bordering to FEZ “Panj”, creation of modern engineering-transport, telecommunication, production and social infrastructure;
- organization of net of ecologically pure productions, creation of production on producing competitive products and goods focused for export;
- providing population employment of the region and republic, creating additional jobs, improving population welfare, increasing consumer ability, increasing domestic market capacity due to income increase of FEZ “Panj” employees and solving other social-economic issues of the region.

3. The main tasks of FEZ “Panj”:

- development of the territory 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 investments, advanced techniques and technology, 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 “Panj” territory, secure of environment;
- organization in the FEZ “Panj” territory international standards level production infrastructure of (communications, transport and etc.);
- developing of FEZ “Panj” independent budget.

2. FEZ “Panj” status

4. FEZ “Panj” status is determined by its borders, legislative base and special legal regimes, also by zone budget and own management authorities.

5. FEZ “Panj” is created on the territory of massif Karadum of Kumsangir region, Khatlon oblast, Republic of Tajikistan with total lands area 400 hectares as a separate (bounded) plot of the Republic of Tajikistan territory for the period of 25 years.

FEZ “Panj” 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 “Panj” territory operates the legislation of the Republic of Tajikistan, which regulates free economic zones activity.

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

7. FEZ “Panj”- 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 “Panj” subjects (hereinafter referred to as FEZ subjects), also rules for entrance and departure of FEZ “Panj” residents and non-residents.

On FEZ “Panj” territory is created preferential regime for creating and operations of organizations, enterprises and individual entrepreneurs, formed with domestic and (or) foreign investments attraction.

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

9. FEZ “Panj” has independent budget formed from own incomes and other payments defined by Majlisi Namoyandagon Majlisi Oli of the Republic of Tajikistan with presenting Government of the Republic of Tajikistan and implemented by registered on its territory legal entities and individuals.

Independent budget of free economic zone confirms with authorized state financial authority.

10. Management structure on FEZ “Panj” territory is FEZ “Panj” Administration (hereinafter referred to as FEZ Administration).

11. On FEZ “Panj” territory is prohibited:

- implementing activity on subsoil utilization (except water production for water providing FEZ subjects from underground sources);

- production of under-excite goods (including tobacco, alcohol – vodka, brandy and other alcohols, except the production of champagne, sparkling, dry, semi-dry, grapes wines, beer), 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;

- preparation and broadcasting of radio and TV programs, except technical maintaining of radio and TV;

- production, processing, storage, disinfection, selling of dangerous radioactive materials;

- production of black and non-ferrous metallurgy products;

- treatment of sick people suffering from dangerous and very dangerous infections including venereal and infectious skin diseases, mental diseases in aggressive form;

- 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. Sales of imported on FEZ territory goods and finished products of catering belonging to personal use by FEZ personnel is sold by specialized catering enterprise in strictly allotted places and in definite time, operating due to contract with appropriate subdivision of FEZ subject. Preferential tax regime is not accepted in this activity;

- 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 “Panj” is established by the authorized state authority on FEZ management.

13. Export of goods to other countries is stimulating from free economic zone’s territory in comparison with export of goods to the Republic of Tajikistan.

At the same time requirements regarding obligatory usage of local raw materials and materials instead of imported or providing with subsidies and other discounts, the provide of which can not be established by these requirements.

3. FEZ “Panj” subjects

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

- formed by domestic and/or foreign individuals and/or legal entities on FEZ “Panj” territory for implementing entrepreneurship activity passed state registration in accordance with the legislation of the Republic of Tajikistan;
- received certificate given for implementing activity on FEZ “Panj” territory due to order established by the given Regulation.

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

4. State registration of legal entity and individual entrepreneur formation on FEZ “Panj” territory

16. State registration of the individual entrepreneur, legal entity, branch or representation of legal entity on FEZ “Panj” territory is conducted in accordance with the Republic of Tajikistan legislation

17. Document certifying legal address and location of legal entity, branch and legal entity representative, individual entrepreneur for the state registration is issued by FEZ Administration at a positive results evaluation of business-plan and investment project expertise, submitted by applicant.

5. Requirements to investment projects

18. Investment project for subjects opening production enterprises, should meet the following requirements:

- chartered fund size for legal entities – is no less than 50 thousands US dollars;
- utilization term no less than 90% of the main imported technological equipment should not exceed 5 years.

19. FEZ Administration within 3 days prior to the day of documents submissions, reviews investment project that should be implemented in FEZ on its accordance to the main objectives and criterion, tasks of creation and activity of FEZ “Panj”, as well as on accordance of submitted documents with the Republic of Tajikistan legislation.

20. Due to the results of documents review, FEZ Administration prepares a conclusion on investment project due to order established by the legislation, submits investment project for reviewing to authorized state authority on free economic zones management.

21. FEZ Administration during 3 days prior to the day of receiving decision or statement from the minutes of Commission 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 regarding investment project. If the results of the Commission decision will be negative, FEZ Administration will not accept claims from these entities.

22. Entities mentioned in section IV of the present Regulation, are responsible for submitted information reliability in accordance with the legislation of the Republic of Tajikistan. If required FEZ Administration has right to ask additional documents dealing with their activity and evaluation of the investment project, which is planned to implement. Documents not corresponding to their requirements established by the Republic of Tajikistan and given Regulation will not be reviewed.

6. Certificate for activity implementation on FEZ “Panj” territory

23. After state registration legal entities or individual entrepreneurs, formed in accordance with section 4 of the given Regulation, should take certificate for entrepreneurship activity implementation of FEZ “Panj” territory (hereinafter referred to as certificate).

24. For taking certificate it is necessary to submit to authorized state authority on free economic zones management the following documents (all documents are submitted in two copies):

- filled form-application for taking certificate (blanks are given by authorized state authority on FEZ management or by FEZ Administration);
- informational letter about company’s nature and its supposed activity in FEZ “Panj”;
- document certifying signature samples of company’s authorized officials;
- for banks – National Bank permission for founding bank, branch bank in FEZ “Panj”.

25. Prior to the day of taking certificate, applicant is submitted agreement project for review about activity conditions on FEZ “Panj” territory, which is signed between applicant and FEZ “Panj” Administration after taking certificate.

26. After reviewing and approving application for taking certificate, entities recognized as candidates, i.e. meeting all requirements for taking certificate, are informed about it by official letter. In this letter candidate is given 30 days for taking certificate, during which the mentioned candidate should sign contract with FEZ Administration regarding rent of premise or definite plot of land on the zone’s territory. The copy of the contract signed between the candidate and FEZ Administration within mentioned date is sent to authorized state authority on FEZ management, after which this authority gives certificate. If in indicated term the candidate will not sign the contract with FEZ Administration, it will be the reason for refusing in issuing certificate.

While applications review and issuing certificate such company’s activity indicators are taking into consideration, as assisting in export increase, employment increase, importing advanced technologies, ecological safety of production and etc.

27. Certificate forms and questionnaires are approved by authorized state authority on FEZ management.

28. 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 15 years.

29. Amount of certificate on any activities regardless of their production volume and turnover constitutes 5 thousands US dollars.

7. Temporary adjournment, reactivation of FEZ subjects activity and certificate cancellation

30. Temporary adjournment, reactivation of FEZ subjects activity and certificate cancellation of FEZ subjects is carried out due to the following reasons:

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

- if information and documents asked by authorized state authority on FEZ management and FEZ "Panj" Administration are not submitted in provided terms or submitting false information;

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

- in case of confirmation that FEZ subject does not carry out conditions of rent or any other contract signed with FEZ Administration or management company;

- in case of ignoring the following of instructions of regulations or making actions violating order established in FEZ;

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

3) cancellation of certificate is made by authorized state authority on FEZ management after checking facts and information that are in FEZ Administration conclusion, on the following circumstances:

- if in FEZ Administration conclusion is mentioned that during the term indicated in contract conditions, reasons caused temporary adjournment of FEZ "Panj" subjects activity are not removed;

- if as a result of close inquiry and control is concluded that liabilities provided in questionnaire-application for certificate are not followed and information in it is false;

- if it is concluded that from FEZ "Panj" subject's side have been violated regulations of normative and legal acts of the Republic of Tajikistan.

8. FEZ "Panj" subjects registration

31. Enterprises and organizations of different legal forms provided by the Republic of Tajikistan legislation, (also individual entrepreneurs implementing their activity without legal education), their branches and representations – certificate holders should be registered as FEZ subjects.

32. Registration book of FEZ subjects is keeping by FEZ Administration

33. Registration procedure as FEZ subject:

- submitting application by certificate holders about registration as a subject;

- entering into the Registration book information from the certificate;

- issuing registration number.

34. Changes in Registration book are made according to FEZ subjects application.

Correction and cancellation of note is made by entering new note into the Registration book.

Notes concerning application are entered by registrar into the Registration book immediately by the time of coming appropriate applications.

Certification of made registration of FEZ subject is done by issuing the document (certificate) regarding FEZ subject registration, the form of which is developed by authorized state authority on FEZ management.

9. Passes for entrance and ID cards

35. For entrance and departure to/from FEZ "Panj" territory for representatives, employees of FEZ subjects and other persons are needed the following kinds of passes:

- permanent;
- temporary;
- ID cards.

36. 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.

37. Other persons are given by FEZ Administration temporary passes that don't contain holder's name, surname and middle name, but its color differs from other passes. When leaving zone, temporary pass is returned to appropriate FEZ "Panj" officials.

Temporary pass is valid while submitting personnel ID document.

38. ID cards are given by FEZ Administration to FEZ Administration employees and management company, as well as to persons hired by FEZ Administration and management company and contain the same information as permanent passes.

39. Passes for entrance are given on paid system on rates established by authorized state authority on FEZ management.

10. Cancellation of entrance pass, special pass and ID cards

40. In case of cancellation certificate for activity of FEZ subject, passes, and ID cards of its employees, after informing about it are taken by FEZ Administration.

41. FEZ subject should inform FEZ Administration about its employees dismissal on that day. In this case passes are cancelled after 7 days. If these persons will find a new job on FEZ "Panj" territory when the time is up, their passes are returned after entering appropriate changes.

Persons, whose passes are cancelled, have no right to be on FEZ "Panj" territory.

11. Procedure of FEZ subjects liquidation

42. Legal entity formed on FEZ "Panj" territory can be liquidated:

- due to reasons provided in the Civil Code of the Republic of Tajikistan;
- in case of absence after 12 months since the state registration date official certifying of investment in size no less than 50% from volumes agreed in registration documents. FEZ Administration authorizes to recognize investment as unmade and take measures on legal entity liquidation in order provided by the Republic of Tajikistan legislation.

43. Procedure of FEZ subjects' liquidation is carried out in accordance with the Civil Code of the Republic of Tajikistan.

In case of canceling FEZ subject registration and/or its liquidation, FEZ subject chief should inform about liquidation.

Liquidation is carried out under FEZ Administration control basing on order of authorized state authority on FEZ management and due to FEZ subject.

Due to the results of conducted inspection, after performing all liabilities by FEZ subjects, inspection act, conclusions concerning liquidation, reports are submitted to

authorized state authority on FEZ management for removing FEZ subject from the state list of FEZ subjects registration.

The given regulation is distributed even while liquidation of branches and companies representations operating in FEZ.

12. FEZ “Panj” subjects rights

44. Free economic zones subjects regardless of patterns of ownership (except budget organizations) have right:

- create joint organizations with foreign and domestic investors attendance;
- implement economic activity basing on agreements, easily choose partner, subject of agreement, define liabilities, and also any other conditions of economic relations;
- independently implement foreign-economic activity, carry out barter and intermediary deals, and also reinvestments, if these deals nature does not contradict to the Republic of Tajikistan legislation;
- without limitation take credits from foreign banks, companies and organizations, attract foreign insurance companies for carrying out all kinds of insurance deals;
- make any investments in free economic zone that are not prohibited by the legislation of the Republic of Tajikistan;
- land utilization basing on agreement regarding long-term rent, sublease of land, 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 foreigners 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 has right to implement entrepreneurship activity outside FEZ on the Republic of Tajikistan territory, following general rules provided by the Republic of Tajikistan legislation.

13. Guarantee of rights and interests of legal entities and individuals and their investments on FEZ “Panj” territory

46. State guarantees loyalty of all individuals and legal entities operating in FEZ «Panj» territory.

47. In FEZ “Panj” in accordance with the Republic of Tajikistan legislation and international right standards are guaranteed:

- legal protection of foreign investments;
- protecting author's rights of domestic and foreign legal entities and individuals – FEZ subjects;
- legal regime of foreign investments is no less better than legal regime of investment making by the Republic of Tajikistan citizens;
- barring any discrimination of organizations with foreign investments.

48. Foreign investors making investments into economic and any other activity of free economic zone, have right to use their investments results including reinvestments and trade deals on the territory of the Republic of Tajikistan. Foreign investors can take profit or its part in the form of own produced product or bought on the market, outside of it.

49. Foreign investors operating on the zone are guaranteed to transfer abroad, after payment of the provided obligatory payments, amounts in foreign currency, received by them as a profit, and also due to the sale of all their share in chartered capital of organizations with foreign investments, renunciation from it or organizations liquidation.

Foreign investors have right to transfer, deposit, export and suspend their investments into the free economic zone.

50. Relations which economic subjects enter in free economic zone, regardless of ownership form, are built on a contract (contractual) basis. Free economic zones organizations independently develop production programs.

Economic disputes including disputes between organizations representatives and foreign investments existing in free economic zone, are solving according to order provided by the legislation of the Republic of Tajikistan.

14. Financial-credit and currency mechanism

51. FEZ operates on self-financing system.

FEZ "Panj" has independent budget for provision of operations.

52. Independent budget of FEZ "Panj" – is the form of founding and spending funds of free economic zone used for financial provision of its tasks and objectives implementations and approved according to regulations included into the legislation on the state budget for appropriate fiscal year.

Independent budget of free economic zone is coordinated with authorized financial authority.

53. In FEZ "Panj" budget income are included:

- earnings from renting land, buildings that are on FEZ Administration balance;
- amount of subjects payments for taking certificate for entrepreneurship activity implementation in FEZ "Panj";
- registration collections;
- payments for getting right to enter FEZ "Panj" territory for cars;
- payments for getting right to enter FEZ "Panj" territory for the personnel working on FEZ "Panj" (except FEZ Administration personnel);
- earnings from providing different services;
- other earnings that are not provided by the legislation;
- 4% of earnings from Management company activity income on providing different services;
- earnings from other payments for providing services to FEZ subjects by FEZ Administration in accordance with regulations included into the legislation regarding state budget for appropriate fiscal year and the given 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. Terms of long-term rent of land areas and covered storehouses, production and administrative buildings, the right of use belongs to FEZ Administration and rent fee for them is approved by authorized state authority on FEZ management, but no less than below-mentioned rates depending on their activities;

- monthly rent of covered storehouses for implementing commercial activity on storing, packing and sorting goods for the period of three months constitutes 5 US dollars for each square meter, in case if rent time will exceed three months there will be discounts of rent fee to 10%;

- monthly rent of administrative premises area for the period of one year constitutes 7 US dollars per one squarer meter, if using over one year will be discounts of rent fee to 10%;

- annual rent of covered storehouses for production activity constitutes 3 US dollars per one square meter for the period of 15 years;

- annual rent of land area for one square meter constitutes 1 US dollar.

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

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

57. In FEZ "Panj" is provided free flow of national and foreign currency. All FEZ subjects can open accounts in national and foreign currency, easily get national and foreign currency on rates approved in FEZ "Panj" form of currency purchase and sale, and also use currency from their accounts on free economic zone territory and outside of it as well.

58. In case if foreign investors invest their funds in priority branches of free economic zone established by FEZ Administration, transference of part of income received in national currency, can be made due to mutual coordinated rate due to currency of interested sides.

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

60. Currency of the foreign and joint enterprises of the zone are transferred without limitation on destination by zone banks within their acting operations net including direct use of own correspondent accounts in foreign banks. In FEZ can be created Central Bank, commercial, investments banks and other specialized and full-service credit-financial departments in accordance with current legislation of the Republic of Tajikistan. All interbank accounts on the zone territory as well outside are made through correspondent accounts opened in Central bank of FEZ. Central bank of FEZ controls credit-financial operations, all currencies flow creates specialized reserve funds (in national and foreign currency) on FEZ territory.

15. Financial-economic activity of FEZ subjects

61. FEZ subjects should:

- keep in established rules accounting and reporting regarding financial-economic activity and submit information to FEZ Administration declarations regarding income and costs in established form, accounts on social tax in four copies and other necessary documents and information dealing with calculation and payment of tax. One copy of accounts on social tax is sent by FEZ Administration to the tax inspection of the region where FEZ located, the second copy is submitted to the social security authorities, the third one to statistics department.

- timely and in a full volume pay necessary payments, social tax owed;

- allow FEZ administration officials or attracted by FEZ Administration experts for monitoring financial-economic activity of FEZ subjects activity, also for checkup and prevention of anti-epidemiological and fire-prevention and other measures in rented and utilized premises, also for checking calculation and payment of taxes in any working time.

62. Business entities of FEZ subjects should complete legal instruction of FEZ Administration, but in case of disagreement during within 3 days submit written explanation of disagreement motives of FEZ Administration and authorized state authority on FEZ management.

In case of submitting written disagreement, business entity is able to ignore FEZ Administration instructions until decision taking by authorized state authority's chief on FEZ management.

When disagreement with decision taken by the chief of authorized state authority on FEZ management, business entity has right to appeal to court during one month since the moment of taking decision. In case if court will consider FEZ Administration actions wrongful, FEZ Administration should compensate to business entity loss including loss of profit.

63. Business entities, registered in FEZ, should submit to FEZ Administration accounting balance and declarations regarding income and costs after audit by auditor-resident of the Republic of Tajikistan having a legal license for implementing auditing activity. Auditing conclusion should be submitted by FEZ business entity during the first quarter of the year, which is after reporting.

FEZ Business entity, who didn't submit in time auditing conclusion, pay fines.

64. For FEZ subjects the fiscal year is the period starting on January 1 and ending on December 31 of each year. By the end of each fiscal year FEZ subject should conduct audit of its liabilities, assets, profit and losses for developing annual balance, and also report on financial results of its activity. FEZ subjects declare all amendments and changes of capital and assets on increasing chartered fund in order established by the Republic of Tajikistan legislation.

16. Customs regime in FEZ

65. Free economic zone is a part of customs territory of the Republic of Tajikistan.

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

Goods placed on FEZ "Panj" 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 and legal acts of the Republic of Tajikistan.

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

67. Customs clearance and goods registration on free economic zone territory is made in order established by authorized authority on customs issues, in coordination with authorized state authority on foreign trade activity.

68. Completion of acting customs regime of free customs zone and defining country of origin of goods, exported from free economic zone territory, is made in accordance with the Republic of Tajikistan customs legislation.

17. Tax regime in FEZ

69. In FEZ operates preferential tax regime, except FEZ subjects providing services for use on domestic market of the Republic of Tajikistan. Services providing by FEZ subjects for use on domestic market of the Republic of Tajikistan, are taxed by value added tax (VAT) in accordance with Tax Code of the Republic of Tajikistan. Services for use on domestic market of the Republic of Tajikistan means services got by any individuals on the Republic of Tajikistan territory.

70. On FEZ territory entrepreneurship activity of FEZ subjects regardless of ownership forms, is free from all kinds of taxes payments provided in the Tax Code of the Republic of Tajikistan, except social tax.

Social tax is charged and paid by FEZ subjects independently in accordance with regulation of section 35 of Tax Code of the Republic of Tajikistan and the Republic of Tajikistan Law "On the state social insurance".

71. Income tax from individuals who have been hired by FEZ subjects, is not collected.

Foreign specialists during the period of validity of licenses for work and residence are free from income tax payment in the presence of proofs that these foreign specialists have paid income tax in their country on income sum earned in FEZ. If foreign specialist won't pay income tax in his country, he should pay income tax according to the Republic of Tajikistan Tax legislation, but has right to reduce on 50% of taxable base in order to calculate tax liabilities on income tax.

72. Responsibility on control timeliness and full payment by FEZ subjects social and income tax from individuals hired by FEZ subjects, is laid on FEZ Administration.

73. Profit received by the foreign specialists and their salary received in foreign currency, can be easily transferred to abroad and will not be taxed.

74. Incomes as percents to credits provided for implementing in the region separate state and zone programs are free from taxes.

75. Provide with electricity, water, sewerage and other from state resources on FEZ territory is made without VAT and other taxes acting on the Republic of Tajikistan territory.

18. Procedure of collection into budget and return from budget wrong paid taxes and other compulsory payments

76. Social tax and other necessary payments that are not paid in definite term, and also taxes from income amount from out-realized operations and fine for decreasing tax amounts are collected by FEZ Administration in established by tax legislation order. In case of ignoring by FEZ subjects mentioned financial liabilities, their amount is collected due to the court.

77. Payment amounts on tax, excessively returning into budget as a result of their wrong calculation or violating collection order, should be returned or if payer desires, charge towards other owing payments from payer, if annual term since the day of their earnings is not expired. Wrong-paid taxes should be returned from budget for no more than one year prior to finding wrong payment.

Control on accuracy of using the given taxation procedure is made by FEZ Administration in accordance with the given Regulation in established by tax legislation order.

19. Labor relations in FEZ "Panj"

78. Labor relations including issues regarding 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 labor and also other incomes of employees in national or foreign currency are established by FEZ subjects independently and are paid from own funds. Conditions of collective and individual labor agreements can't worsen employees situation of these organizations in comparison with conditions provided by current labor legislation of the Republic of Tajikistan on labor, and also conventions of International labor organization.

79. According to legislation on free economic zones in the Republic of Tajikistan and the given Regulation, FEZ subject has the following rights:

- easily take permission for work for enterprise employees who are foreigners, the number of whom by the end of the fifth year of production activity should not exceed 20% from total number of employees;

- to take visa and permission for work on FEZ territory for the term of labor contract signed by foreigners;

- apply applications to FEZ Administration or authorized state authority on FEZ management for assisting in taking invitation (visa) and taking permission for work. Mentioned authority should give permission for work and residence to all foreigners hired for work by FEZ subjects.

FEZ Administration gives such permission to the applicant who serves FEZ subject in management or technical advisor positions, on stated term, corresponding to duration of the contract regarding hiring, signed between employer and foreigner;

FEZ Administration gives permission for work, and also applies petition for taking residence for the period of 5 years.

Foreign employees of FEZ subjects, who got visa and permissions for work, pass registration in Visa and registration department on their visa duration.

Authorized state authority on FEZ management is authorized to ask from applicant all information, which to his mind is necessary for timely issuing such permissions.

Services on issuing permissions for work and residence to foreign specialists of FEZ subjects and members of their families are chargeable on rates fixed by authorized state authority on FEZ management in coordination with appropriate state authority.

80. FEZ subjects give salaries to all personnel monthly. In case of salary delay due to employer's fault, FEZ Administration has right within its authorities take measures provided by the given Regulation and the legislation of the Republic of Tajikistan directed to protection of employees rights.

Employees and specialists of FEZ subjects can take salary in national or foreign currency, and also if their have business trips to abroad, they can take sum in foreign currency for travel expenses.

Foreign specialists' salary taken in foreign or national currency after taxes payment can be easily transferred by them to abroad.

81. FEZ subjects should:

- submit labor agreement on each FEZ employee during applying for permanent visa issue;

- provide taking of visa during 72 hours after arriving of personnel;

- provide all employees and personnel with uniforms and follow safety measures of their work;

- immediately inform FEZ Administration about disappearance of any employee;

- provide employees with residence.

- provide necessary 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.

82. Strikes are forbidden on FEZ territory during 10 years since the beginning of FEZ subjects' activity.

20. Procedure of entry in FEZ "Panj" and exit

83. On FEZ territory is acting simplified regime of entry and departure by 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 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 according to changing development processes of free economic zone.

84. FEZ subject when it is required, submits to FEZ Administration application of established form for getting visa for arriving personnel to work in FEZ prior to one month to expected arrival.

FEZ Administration in coordination with authorized state authority on FEZ management reviews application and informs FEZ subject about possibility of accreditation of mentioned persons personally on each candidature.

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

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

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

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

Authorized state authority on FEZ management monthly in established form submits to the Ministry of Foreign Affairs of the Republic of Tajikistan the list of foreigners arrived for work in FEZ.

86. 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. Entrance on the Republic of Tajikistan territory and residence of foreigners in the Republic of Tajikistan territory is made on general bases in order established by the Republic of Tajikistan legislation. Registration, entrance and residence of foreigners is made by the Ministry of Internal Affairs after submitting by FEZ Administration.

21. Term of validity of FEZ “Panj”

87. Term of validity of free economic zone “Panj” is 25 years. Terms of transition period while introducing FEZ regime are determined by FEZ Administration, but no more than for 7 years from acceptance date of Decree of Majlisi Namoyandagon Majlisi Oli of the Republic Of Tajikistan.

The given period is used for infrastructural arrangement, creating legal base, real assimilation of FEZ territory and FEZ objects formation.

Terms and conditions of transition period before cancellation of FEZ regime are determined by FEZ Administration as well, at the same time conditions of transition period come no later than 3 years prior to the termination of term validity of free economic zone. On the whole period of regime acting of FEZ on the zone’s territory, speaking languages alongside with official language are international languages Russian, English and others).

88. For extension of term of validity of FEZ “Panj” FEZ Administration submits to authorized state authority on FEZ management technical-economic justification about expediency term validity extension of free economic zone “Panj”, including:

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

22. FEZ “Panj” Administration activity

89. On FEZ “Panj” territory management functions are implemented by FEZ Administration leaded by the Chief. The system of FEZ Administration activity is determined by the given regulation on FEZ “Panj”.

FEZ Administration is FEZ “Panj” management authority that manages activity and development of FEZ “Panj”, and also coordinates management company’s activity and independent FEZ subjects on issues within its competence.

FEZ Administration is legal entity, which is formed as budget organization and is accountable to authorized state authority on FEZ management and operates according to the Republic of Tajikistan legislation and given Regulation. It has the stamp with the image of state emblem of the Republic of Tajikistan and title: "Free economic zone “Panj” on official and English languages, settlement and currency accounts, own symbol and other information.

FEZ Administration in its activity follows the Republic of Tajikistan Constitution, Republic of Tajikistan Law “On free economic zones in the republic of Tajikistan”, given Regulation on FEZ, other normative legal and legislative acts of the Republic of Tajikistan, if they do not contradict to legislation on free economic zones in the Republic of Tajikistan.

FEZ Administration implements its activity in close cooperation with the republican and local authorities and of state executive 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 of other republican free economic zones interests, assists to adopt international standards of running business and business ethics on the whole republic.

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 in established order.

Salary size of FEZ Administration management is established by the Republic of Tajikistan Government.

90. The main duties and authorities of FEZ Administration are:

- development and implementation of strategy and development programs of FEZ including general plan of the zone;
- development of zone’s budget, its approval and performance;
- development of schedule for placing FEZ subjects on the territory of FEZ considering their suggestions including financial expenses of each free economic zone subject for further submission to authorized state authority on free economic zones management;
- developing budget of expenditures on improving certain territory of free economic zone;
- coordination of schedule for placing customs infrastructures with tax authorities;
- providing integrity and efficient functioning of free economic zone;
- creation of information-analytical base of activity and free economic zones economical development;
- protection of rights and interests of producers and FEZ personnel;
- creation of necessary conditions for attracting domestic and foreign investments and other resources;
- control the process of following free economic zone legal regime, entering necessary amendments into this regime and entering proposals into the Republic of Tajikistan Government;
- providing state control on efficient use of natural and labor resources on FEZ “Panj” territory, on performing legislative and normative acts regarding issues of FEZ “Panj” territories development;
- providing lands for rent to free economic zone subjects, as well as other zone objects within territories, which are for free economic zone;
- creation of informational centre, business-incubators and other structures necessary for efficient activity and development of free economic zone;

- coordination of scientific, project, industrial, construction and other domestic and foreign organizations activity, attracted for creating and providing free economic zone activity;
- assessment and taking decisions on foreign and domestic investors proposals, regulating economic relations of free economic zone with international market;
- arranging preparation, re-preparation and staff professional development for free economic zone, 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.
- carrying out FEZ subjects registrations;
- issuing certificate for FEZ subjects;
- FEZ subjects registration;
- carrying out state registration of legal entities, branches and legal entities representations founded and formed on FEZ "Panj" territory, as well as branches and organizations representations and enterprises located outside of FEZ territory, the registration of which is carried out in accordance with legislation in the sphere of state registration of the Republic of Tajikistan;
- registration of agreements on joint activity with foreign investors attendance;
- establishing rules that regulate entrepreneurship activity in FEZ, which don't contradict the legislation regulating entrepreneurship activity in the Republic of Tajikistan;
- improving economic management models of FEZ and carrying out economic management considering economic efficiency of using lands territories, state and private property ownership on FEZ territory;
- providing capital investments assimilation in projects of generally regional importance;
- attendance in increasing and improvement of objects located outside of the zone on commercial basis;
- providing services on taking and forming entry and exit visas carried out in accordance with the Ministry of Foreign Affairs of the Republic of Tajikistan;
- creating and control of militarized security subdivisions of FEZ objects. Structure and number of mentioned-above subdivisions are determined by FEZ Administration jointly with management company in coordination with appropriate ministries of the Republic of Tajikistan;
- efficiency evaluation of creation and activity of FEZ;
- carries out other authorities provided by normative and legal acts.

91. FEZ Administration decisions taken within its competence should be performed on its territory by all individuals and legal entities registered in established order.

92. Authorities of state power and management within their competence carry out control on financial-economic activity of FEZ Administration according to current legislation of the Republic of Tajikistan. Audit of FEZ Administration activity is conducted by state financial control authorities in coordination with authorized state authority on FEZ management.

Permanent monitoring of conducted export-import operations, turnover, monthly payment of social tax and audit of financial-economic activity of FEZ subjects is conducted only by FEZ Administration.

With the purpose of controlling reliable charge and payment of compulsory payments into FEZ budget income and carrying out control functions on FEZ subjects activity, FEZ Administration conducts permanent monitoring of FEZ subjects inventory flow and each quarter receives FEZ subjects reports, list and number of which are established by authorized state authority on FEZ management.

93. For achieving goals of its activity FEZ Administration, authorized state authority on FEZ management:

- can elect on tender basis management company that meets appropriate criteria, established by authorized state authority on FEZ management and which will be responsible for definite issues of FEZ “Panj” management;

- FEZ Administration signs with management company a contract on full economic management of FEZ territory, infrastructure utilization, economic development of FEZ territory, give for rent state and built buildings, premises, record and report keeping of turnover in FEZ, FEZ subjects collection and payment of compulsory payments for benefit of FEZ Administration established by the given Regulation, payment of 4% assignments from management company income for the benefit of FEZ Administration from incomes, also from unrealized incomes, for providing services on FEZ territory and other coordinated with authorized state authority on FEZ management.

FEZ Administration authorizes in coordination with authorized state authority on FEZ management to give part of its duties to management company basing on contract, namely monitoring and record and report keeping, office work, cleaning FEZ Administration office, transport, communication, advertisement and FEZ own site provide and etc.

94. FEZ Administration has right:

- attract for FEZ development domestic and foreign investors, international financial organizations funds as tax credits, create in coordination with authorized state authority on FEZ management and state financial authority the republican fund of FEZ development, which consists of funds provided by state budget, off-budget earnings, voluntary fees and allocations of persons and organizations, rent amount of land areas, buildings, equipment and other capitals and rights. Setting, sizes, principals and founding sources and rules of Development fund are established by authorized state authority on FEZ management in coordination with state financial authority.

95. FEZ Administration staff is financed only due to state budget funds that are additionally given to authorized state authority on FEZ management at estimated planning of state budget for the next fiscal year.

96. The main criteria for appointing persons on managing positions in FEZ Administration are: higher legal or economic education, work experience on the managing positions no less than 5 years or in state financial-economic authorities on managing positions not below the chief of department no less than 5 years and on the position of state official no less than 5 years.

97. FEZ Administration chief should:

- presents free economic zone in any domestic, foreign and international organizations, enterprises, banks and departments;

- bears personal responsibility for completing assigned on FEZ Administration tasks and duties.

98. Administration Chief alongside with other duties carries out coordination of coordinated FEZ Administration activity and local state administration in FEZ foundation and development, is responsible for their structural interaction.

23. Management company

99. Management company – is a big investor, subject №1 in FEZ “Panj” implementing entrepreneurship activity only the whole territory of FEZ “Panj” (including territory and objects security, cleaning of the territory, garbage removal, mechanized and handling, repair and construction of buildings and their support, electricity, water, sewerage, transport support, giving for rent territories, offices, storehouses, providing other services and works including FEZ advertisement on investors attraction at own expense.

100. Trade activity for is forbidden management company.

101. Management company can be created by domestic and/or foreign investors in the person of:

- one company;
- association;
- big holding and etc.

102. After conducting tender FEZ Administration signed with company that won tender the contract for 25 years, where all conditions and duties of management company on FEZ “Panj” service are agreed.

When violating contract’s conditions or bad performance of duties on FEZ Administration submission, management company will be taken Certificate and contract will be cancelled. By the end of 25th years term contract can be prolonged or cancelled, property will be transferred to the state.

24. Procedure of FEZ “Panj” liquidation

103. FEZ “Panj” will be liquidated by Government of the Republic of Tajikistan in accordance with the Law of the Republic of Tajikistan “On free economic zones in the Republic of Tajikistan”, Regulation on free economic zones in the Republic of Tajikistan approved by the Decree of Majlisi Namoyandagon Majlisi Oli of the Republic of Tajikistan from December 5, 2005 № 191 and the present Regulation.

104. FEZ “Panj” can be liquidated due to following cases:

- expiry of validity term of free economic zone established by Regulation on FEZ “Panj”;
- absence of sound proposals of administrative-territorial units authorities, on the territories of which is formed free economic zone, on term extension of its operating if free economic zone activity will be successful;
- disparity of free economic zone activity to state security interests, including economical and ecological security;
- on sound submission by authorized state authority on FEZ management.

105. Liquidation of free economic zone in other cases is forbidden.

106. In case of liquidation of free economic zones, entrepreneurs registered in this zone, 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 Republic of Tajikistan Government proposal concerning free economic zone liquidation.

Government of the Republic of Tajikistan creates a commission for conducting complete economic analysis of expediency of free economic zone liquidation.

Basing on conducted complete analysis and considering opinions of authorized state authority on free economic zones management and local executive authority of state power, commission submits for the Republic of Tajikistan review proposal regarding liquidation of free economic zone and terms of free economic zone liquidation. Government of the Republic of Tajikistan takes decree on abolition of FEZ “Panj”.

25. Requisites of the FEZ “Panj”

108. FEZ “Panj” is located on the following address: Republic of Tajikistan, Khatlon oblast, Kumsangir region, massif Karadum.