

ҚОНУНИ
ҶУМҲУРИИ ТОҶИКИСТОН



THE LAW OF THE
REPUBLIC OF TAJIKISTAN

TAJIKISTAN INVESTMENT ACT

This Investment Act regulates the relations on investment activities implementation and defines the legal, economic justifications for stimulation and government support of investment by providing the equal legal regime and guarantee on investors' rights protection.

CHAPTER I. GENERAL PROVISIONS

Article 1. Main definitions

This Investment Act includes the following main definitions:

- **Investment** - is a term with investor investing in the form of tangible and intangible assets in the territory of the Republic of Tajikistan for the purpose of profits obtaining;
- **Investor** – is a term with physical or legal person and organization without legal entity engaged in investment activity on the territory of the Republic of Tajikistan;
- **Investment activity** – is a term with investment process, including the stages of preparation, execution and management of investment projects associated with the investment;
- **Long-term investment** - is a term with investment of capital in the investment project with a duration of more than ten years;
- **Foreign investor** - is a term with a foreign government, foreign legal entity, foreign organization without a legal entity, foreign citizen, international organization, investing in the Republic of Tajikistan in accordance with the legislation of the country of their location;
- **Domestic investor** - is a term with physical and legal entities of the Republic of Tajikistan permanently residing outside the territory of the Republic of Tajikistan that have investments in various sectors of economy of the Republic of Tajikistan;
- **Minority investor** - is a term with the investor investments of less than ten percent of the voting shares (less than ten percent of votes of the total number of votes participants);
- **Direct investment** - is a term with ownership, acquisition by the investor not less than ten percent of the share, shares (contribution) in the authorized (share) capital of commercial organizations established or newly created on the territory of the Republic of Tajikistan in accordance with the legislation of the Republic of Tajikistan, as well as capital investment in fixed assets of the branch of foreign

- legal entity created on the territory of the Republic of Tajikistan;
- **Reinvestment** - is a term with investor investment into the entrepreneurial objects and activities on the territory of the Republic of Tajikistan at the expense of the investors income or profits received from investments in the Republic of Tajikistan;
 - **Investment dispute** - is a term with a dispute arising from contractual obligations between investors, public authorities, officials of the Republic of Tajikistan and (or) other participants of investment activities related with investment activities of the investor;
 - **Dedicated government agency in the sphere of investment** - is a term with the government structure that implements the government policy in the sphere of investments;
 - **Government in-kind grant** - is a term with property transferred to the investor in temporary and gratuitous use for the implementation of the investment project;
 - **Investment preference** - is a term with targeting ascendants provided to investors in accordance with the legislation of the Republic of Tajikistan, as well as in the framework of investment agreements and treaties;
 - **Net cash flow for investors** - is a term with the authorized government structure centralized facilitation to investors in the investment sphere for public services provision to minimize the investors participation in documents assembling and preparation and their direct contact limiting with government authorities;
 - **Expropriation** - is a term with forced uncompensated confiscation by the government in the national interest and stated purpose of establishing social equality;
 - **Indirect expropriation** - is a term with regulatory government measures that have no purpose of direct deprivation of a person's property but investments financial value and efficiency forfeiture;
 - **Nationalization** - is a term with the property transfer in the government ownership with appropriate cost payment and compensation for other expenses suffered by the owner due to the nationalization;
 - **Requisition** - is a term with property seizure in cases of natural disasters, accidents, epidemics, epizooty and other extraordinary circumstances made in accordance with the forced decision of the Government of the Republic of Tajikistan in the manner established by the legislation and on the terms of social equality with the property value reimbursement.

Article 2. Legislation on investment adjustment of the Republic of Tajikistan

Constitution of the Republic of Tajikistan is the fundamental basis of the legislation of the Republic of Tajikistan on investments adjustment. Legislation of the Republic of Tajikistan on investments adjustment consists of the genuine Investment Act and other regulatory legal acts of the Republic of Tajikistan along with the international legal acts admitted by Tajikistan.

Article 3. Invested Assets

Investor are entitled to invest the properly owned assets and other ownership rights

possessed to investor in accordance with the estate right and other legal justification that include in particular the following:

- real estate;
- funds;
- authorized funds shares and other membership forms in legal entity;
- property rights;
- intellectual property and other types of moral rights;
- miscellaneous civil rights that are not restricted in circulation by legislation of the Republic of Tajikistan.

Article 4. Effectuation of foreign investments

Foreign investors are entitled to invest in the following forms:

- the establishment of enterprises completely possessed to foreign investors including the representative offices and branches owned by foreign legal entities or by acquisition of ownership of existing enterprises;
- the establishment of legal entities of the Republic of Tajikistan with participation of citizens of the Republic of Tajikistan or the acquisition of shares in existing enterprises;
- acquisition of shares, bonds and other securities stipulated by the legislation of the Republic of Tajikistan;
- a standalone purchase or with the participation of legal entities of the Republic of Tajikistan and citizens of Tajikistan of the right of concession on use of objects of government property and natural resources on the territory of the Republic of Tajikistan;
- the acquisition of other property rights;
- other no prohibited forms stipulated by the legislation of the Republic of Tajikistan.

Article 5. Investing restriction

1. Investors are entitled to invest the facilities and various entrepreneurial activities with exception for activities related to the restricted or prohibited investment activity that ensure the national interests.

2. Investing the legal entities properties that have the domineering position on commodity markets of the Republic of Tajikistan has to be done in accordance with the antimonopoly legislation of the Republic of Tajikistan.

Article 6. Dedicated government agency in the sphere of investment and functional liability

The Government of the Republic of Tajikistan assigns the dedicated government agency in the sphere of investment to perform the following functions:

- assists investors in obligations performance with the relevant government structures and legal entities;
- considers appeals of investors on issues arising during the investment activity implementation in the Republic of Tajikistan and provides communication with the relevant government structures and investors;

- prepares and disseminates information on investment opportunities, programs, projects and investment conditions in the Republic of Tajikistan;
- develops proposals for investment climate and investment legislation enhancement in the Republic of Tajikistan in the sphere of investment adjustment and introduces to the Government of the Republic of Tajikistan for contribution and regulation;
- assists investors in emerging issues and disputes decree including the pretrial procedure;
- signs in the prescribed manner the investment agreements and contracts;
- performs other functions aimed at attracting the direct investment, promotion, support and protection of investors in the Republic of Tajikistan.

CHAPTER 2. THE LEGAL REGIME OF INVESTMENT

Article 7. Equality of Investors

The Government of the Republic of Tajikistan guarantees the rights equality of the foreign and domestic investors that preclude the rights discrimination of investors related to their citizenship, nationality, language, gender, race and religion.

Article 8. Legal indemnification of investors

1. Legislation of the Republic of Tajikistan on investments adjustment that consists of the genuine Investment Act and other regulatory legal acts of the Republic of Tajikistan along with the international legal acts admitted by Tajikistan guarantee the protection of rights, legitimate interests and the stability of legislation in the field of investment.

2. Investor in accordance with the civil legislation of the Republic of Tajikistan has the right to compensation for harm caused because of the adoption acts by state organs that are contrary to the legislation of the Republic of Tajikistan also because of illegal actions (inaction) of officials of these organs.

3. The Republic of Tajikistan guarantees the concluded agreements and contracts terms stability between investors and the Government of the Republic of Tajikistan with exception for cases on contractual changes and amendments made by the consent of parties.

4. Investors, engaged in long-term investments within ten years from the date of entry into force of such laws, in case of the amendments introduction to the legislation of the Republic of Tajikistan or the new normative legal acts adoption, that are worsening the investment activities terms implementation, have the right to choose the most favorable conditions for these implementation.

5. The investment terms deterioration prescribes the modification and amendments to the legislation of the Republic of Tajikistan and the new normative legal acts of the Republic of Tajikistan adoption that include:

- the increase in the tax burden compared to the tax burden on the day of the beginning of financing of the investment project;
- the introduction of quantitative restrictions on the volumes of investing and other additional requirements by investment value or other prohibitions and restrictions;
- the imposition of restrictions on equity participation of the foreign investor in authorized funds (Charter capital) of legal entities.

6. This mode does not apply in respect of changes and amendments to the Constitution of the Republic of Tajikistan and in the legislation of the Republic of Tajikistan related to matters of national security, public health, environmental protection, morality and ethics.

Article 9. Additional guarantees and indemnification of investors

1. Legislation of the Republic of Tajikistan along with general guarantees and indemnification of investors can be provided through the additional guarantees and measures of protection of investments.

2. Additional guarantees and indemnification can be provided in the total investment amount that is equivalent to five million dollars of the United States of America in the national currency.

3. Additional guarantees and indemnification of investments specified in part 2 of this article should be granted to investors as the relevant agreements and treaties based on Laws of the Republic of Tajikistan "On investment agreement", "On state-private partnership", "On concessions" and "On agreements on production section".

Article 10. Guarantees for revenues application

1. Investors have the right to:

- to open in banks and other credit organizations on the territory of the Republic of Tajikistan Bank accounts in national and (or) foreign currency in accordance with legislation of the Republic of Tajikistan;
- discretion to use the proceeds derived from the activities, after paying taxes and other obligatory payments.

2. Foreign investors are guaranteed the right to transfer outside the Republic of Tajikistan of their income in foreign currency obtained legally because of investment and production activities.

Article 11. Currency transactions

1. Investors in the investment activities have the right to free convertibility of the national currency of the Republic of Tajikistan in another freely convertible currency, as well as the purchase of foreign currency and other foreign exchange transactions in accordance with the Law of the Republic of Tajikistan "On currency regulation and currency control".

2. Limitations on remittances in foreign currency in the Republic of Tajikistan and Republic of Tajikistan abroad for investors can be entered only based on the legislation of the Republic of Tajikistan to prevent the legalization of income obtained by illegal means.

Article 12. Guarantees of investor's partnership in the state property privatization

1. Investor may participate in privatization of objects of state ownership by acquiring ownership rights to state property or share, shares (contribution) in the authorized (share) capital of the privatized organization.

2. Procedures and conditions of privatization of the state property are defined by the Law of the Republic of Tajikistan "On privatization of the state property".

Article 13. Publicity in the government structures activity towards to the investors

and access to information related to the implementation of investment activities

1. Government shall guarantee to investors the free access to legal database.
2. Normative legal acts affecting the interests of investors are published in the order established by the legislation of the Republic of Tajikistan and posted on the official website of the authorized state organ in the sphere of investments.
3. Other investment information is available on the official website of the authorized state organ in the sphere of investments as other government agencies involved in investment activities. Other information contains on investment activities and includes the information on investment guarantees, benefits and privileges, state in-kind grants, net cash flow for investors, investment opportunities, programs, projects and investment terms, reports on the implementation of investment activity, signed investment agreements,
4. Investors, including minority investors, provided free access to information on registration of legal entities, registration of real estate transactions, issued licenses, and other specified in the legislation of the Republic of Tajikistan information that is associated with the exercise of investment activities and does not contain commercial and other secrets protected by law.

Article 14. Guarantees and indemnification of investors under the expropriation and requisition

1. The property investor is not subject to nationalization.
2. Expropriation of investment, including indirect expropriation in the territory of the Republic of Tajikistan, or measures that are equivalent to expropriation of the investment are prohibited. The exception includes the expropriation of the investment in the interests of the state or society, on a non-discriminatory basis, in accordance with the procedure established by the legislation of the Republic of Tajikistan, with timely, adequate and effective compensation.
3. Investments and other assets investors are not subject to requisition except cases of emergencies, natural disasters, accidents, epidemics and epizootics.
4. The Government of the Republic of Tajikistan takes the decision on requisition.
5. Expropriation, including the indirect expropriation and requisition of the investor's property, has to be made through the property value reimbursement.
6. The value of the property determined as of the date of the decision on expropriation or requisition based on current market prices or by other methods of evaluation, by an independent appraisers in the currency in which investments were made, or in any other acceptable to the investor currency.
7. Since the emergence of the right to compensation and its payment in the amount of the average annual commercial rate on the day of interest payment accrued in the currency in which investments were made or in any other acceptable to the investor's currency.
8. The person whose property is requisitioned, has the right after termination of circumstances, to requisition, to claim return of the property saved, and in the event of his return, to go to court
9. Investor may challenge the legality of the purpose used for the implementation of expropriation and requisition, evaluation • value of the expropriated or requisitioned property, the procedure that complied with state organs in the implementation of expropriation or requisition, in the courts of the Republic of Tajikistan and also in

arbitration court, international arbitration and international commercial arbitration.

Article 15. Rights cession from the investor to another person

1. Investor is entitled to transfer his rights (assign claims) and duties (translate the debt) in accordance with the legislation of the Republic of Tajikistan to another person. The authorized organ that issued the license to implement the investment activity shall approve the rights and obligations cession for the licensed activities.

2. Investing the legal entities properties that have the domineering position on commodity markets of the Republic of Tajikistan has to be done with the consent of the authorized state antimonopoly organ in the cases determined and regulated by the antimonopoly legislation of the Republic of Tajikistan.

3. Tajikistan recognizes the right of a foreign state, its authorized body or insurance Agency under the insurance contract in connection with investment in the territory of the Republic of Tajikistan only in cases where the investor actually invested in the territory of the Republic of Tajikistan and (or) fully complied with his contractual obligations.

Article 16. Guarantees and indemnification of investors on overseas property and information export

Investor is entitled to import information or property to the territory of the Republic of Tajikistan in the form of a documents or electronic records as an investment. Investor has the right on unobstructed export of the specified property and information outside of the Republic of Tajikistan at the end of the investment period in accordance with the customs legislation of the Republic of Tajikistan. The unobstructed import prescribes the information and property import without obtaining a license, quota and application to it of other measures of non-tariff regulation of foreign trade activity.

Article 17. Rights of the investor to use of natural resources

1. Investor is entitled to land and other natural resources usage in accordance with the legislation of the Republic of Tajikistan.

2. Investor is entitled to buildings and structures that passes the right to use land in the manner and on the terms stipulated by the legislation of the Republic of Tajikistan.

Article 18. Guarantees for investors the reinvestment

1. Investor is entitled to use the profit for reinvestment in the territory of the Republic of Tajikistan at its discretion and taxation payment.

2. Reinvestment makes guarantees, indemnification and privileges to Investor in accordance with this Investment Act.

Article 19. Concession treaties

Investor is entitled to concession right to objects based on the concluded concession treaties under the Law of the Republic of Tajikistan "On concessions".

Article 20. Investments in free economic zones

Legislation on free economic zones regulation of the Republic of Tajikistan guarantees the investment adjustment in free economic zones.

CHAPTER 3. STATE SUPPORT FOR INVESTORS AND INVESTMENTS

Article 21. Investment incentives

Investor is entitled to tax, customs and other privileges granted in the manner and on the terms regulated by the legislation of the Republic of Tajikistan, investment agreements, contracts and international legal acts ratified by Tajikistan.

Article 22. Government in-kind grants

1. The Government of the Republic of Tajikistan may provide investors with the government in-kind grants through the government authorized organs in the sphere of investments in frame of investment and other treaties.
2. The government in-kind grant value, terms of the property cession and advanced in-kind grant contract termination should be regulated and determined by terms of the concluded agreement between the investor and authorized government organ in the sphere of investments.

Article 23. Net cash flow for investments facilitation

1. The authorized government organs in the sphere of investment guarantee the investors with net cash flow in the rendered state service.
2. Net cash flow performs the following functions:
 - admission and advising investors on the existing public services; reception of statements of investors for public services, assistance in the preparation and registration of necessary documents for obtaining state services and the provision of public services;
 - support for investment projects in public organs when obtaining public services; assistance in solving issues of investors at interaction with state organs; monitoring of the delivery of public services, as well as reviewing requests and complaints of investors in state organs.
3. The procedure of the net cash flow establishment and functioning facilitates by the Government of the Republic of Tajikistan.

CHAPTER 4. REQUIREMENTS TO THE INVESTORS

Article 24. The exacting obligations of the investors

1. Investor is obliged to observe the legislation of the Republic of Tajikistan at the time of investment activity performing investment on the territory of the Republic of Tajikistan.
2. Investor is obligated to provide the quarterly reports in a form approved by the authorized state organ in the sphere of investments to monitor the commitments implementation under the investment agreements and investor contracts.
3. Investor is obligated to ignore decline actions that caused the unfair contractual commitments and to implement the actions (inaction) aimed at prevention, elimination or restriction of competition, causing harm to the rights, freedoms and legitimate interests of other persons.
4. Investor is obligated to undertake the required measures during the investment

period to create jobs and train skilled workers from among the citizens of the Republic of Tajikistan.

Article 25. Regulation of the labor relationship between the investor and citizens of the Republic of Tajikistan

The employment relationship between the investor and the employees, being citizens of the Republic of Tajikistan, has to be regulated by the labor legislation of the Republic of Tajikistan.

Article 26. The rights and obligations of the investor on attraction of the foreign employees to the Republic of Tajikistan

1. Investors have the right to attract to the Republic of Tajikistan the foreign labor for labor activities implementation in the territory of the Republic of Tajikistan in accordance with the investment agreements, treaties, the legislation of the Republic of Tajikistan and international legal acts ratified by Tajikistan.

2. Salaries, remuneration and other forms of compensation paid by the investor to the foreign worker and other freely exported incomes out of the Republic of Tajikistan have to be made in accordance with the legislation of the Republic of Tajikistan.

CHAPTER 5. FINAL PROVISIONS

Article 27. Investment monitoring and control

The relevant authorized state organs in the order stipulated by the legislation of the Republic of Tajikistan implement the investment monitoring and control.

Article 28. Resolution of investment disputes

1. Investment disputes between participants of investment activities shall be resolved in accordance with the provisions of the agreements and contracts concluded between the parties. In the absence of such agreements and contracts, investment disputes between participants of investment activity are resolved as far as possible, through the meeting of the parties.

2. In case of impossibility of resolution of investment disputes according to the concluded agreements and contracts, disputes are resolved in accordance with the legislative acts of the Republic of Tajikistan and international legal acts ratified by Tajikistan, in Tajik courts, and also arbitration, international arbitration, international commercial arbitration, determined the agreement of the parties.

Article 29. Liability for failure to comply with the requirement of this Investment Act

Physical and legal entities in case of failure to comply with the requirements of this Investment Act should be prosecuted in accordance with the legislation of the Republic of Tajikistan.

Article 30. Annulment of the Law of the Republic of Tajikistan "On investments"

To admit and declare invalid the Law of the Republic of Tajikistan dated of May 12, 2007 "On investments" (Ahbori Majlisi Oli of the Republic of Tajikistan, 2007, #5, p. 365).

Article 31. Enactment of the Investment Act

This Investment Act shall enter into force upon its official publication.

President of the Republic of Tajikistan

Emomali Rakhmon

Dushanbe

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