

# CIVIL CODE OF THE REPUBLIC OF TAJIKISTAN

## CHAPTER 4. LEGAL PERSONS

### # 1.BASIC PROVISIONS

#### **Article 48. Definition of a Legal Person**

1. A legal person is an organization that has separate property under ownership, economic management, or operative administration and that is liable for its obligations with this property and that may, in its own name, obtain and exercise property and personal nonproperty rights, bear duties, and be a plaintiff and defendant in court.

Legal persons must have an independent balance sheet or budget.

2. In connection with participation in the formation of the property of a legal person, its founders (or participants) may have rights under the law of obligations with respect to this legal person or rights in things with respect to its property.

Legal persons with respect to which their participants have rights under the law of obligations include: business partnerships and companies, production and consumer cooperatives.

Legal persons to whose property their founders have the right of ownership include: unitary enterprises including daughter enterprises and also institutions financed by the owner.

3. Legal persons with respect to which their founders (or participants) do not have property rights include: societal and religious organizations (or amalgamations), charitable and other public foundations, and amalgamations of legal persons (associations and unions).

#### **Article 49. Legal Capacity of a Legal Person**

1. A legal person may have civil law rights corresponding to the purposes of activity provided in its founding documents and bear the duties connected with this activity.

Commercial organizations, with the exception of unitary enterprises and other types of organizations provided by a statute, may have civil law rights and bear civil law duties necessary for conducting any types of activity not forbidden by a statute.

A legal person may engage in certain types of activity, a list of which is determined by a statute, only on the basis of special permission (or a license).

2. A legal person may be limited in rights only in cases and by the procedure provided by a statute. A decision on limitation of rights may be appealed by the legal person to a court.

3. The legal capacity of a legal person shall arise at the time of its creation (Part 2 of Article 51) and shall terminate at the time of completion of its liquidation (Paragraph 8 of Article 64).

The right of a legal person to conduct activity, to engage in which it is necessary to obtain a license (Paragraph 1 of the present Article), shall arise from the time of receipt of such a license or at the time indicated in it and shall terminate on the expiration of the term of its effectiveness, unless otherwise established by legislation.

#### **Article 50. Commercial and Noncommercial Organizations**

1. Organizations seeking to make profit as the basic purpose of their activity (commercial organizations) or not having making profit as such a purpose and not distributing profit received among their participants (non-commercial organizations) may be legal persons.

2. Legal persons that are commercial organizations may be created in the form of economic partnerships and companies, production cooperatives, and state and municipal unitary enterprises.

3. Legal persons that are non-commercial organizations may be created in the form of consumer cooperatives, societal or religious organizations (or amalgamations) financed by the owner of the institutions, charitable and other foundations, and also in other forms provided by a statute.

Non-commercial organizations may conduct entrepreneurial activity only to the extent that this serves the attainment of the purposes for which they are founded and corresponds to these purposes.

4. The creation of amalgamations of commercial and/or non-commercial organizations in the form of associations and unions is permitted.

#### **Article 51.State Registration of Legal Persons**

1. A legal person is subject to state registration at the agencies of justice by the procedure determined by the statute on registration of legal persons. The data of state registration, including the firm name of commercial organizations, shall be included in a unified state register of legal persons open for public access.

Violation of the procedure established by a statute for the formation of a legal person or failure of its founding documents to correspond to a statute shall entail refusal of state registration of the legal person. Refusal of registration on grounds of the inexpediency of creating the legal person is not allowed.

A refusal of state registration and also avoidance of such registration may be appealed to a court.

2. A legal person shall be considered created from the time of its state registration.

3. A legal person shall be subject to re-registration only in instances provided by a statute.

#### **Article 52. Founders of a Legal Person**

1. A legal person may be founded by one or more founders.

2. Founders of a legal person may be the owners of the property or agencies and persons authorized by them and, in cases expressly stipulated by legislative acts, other legal persons. In that respect, legal persons which own the property by the right of economic management or operative administration may be the founders of other legal persons with the consent of the owner or an agency authorized by him.

#### **Article 53.Founding Documents of a Legal Person**

The founding contract for a legal person shall be concluded, and the charter shall be approved, by its founders (or participants).

A legal person created in accordance with the present Code by a single founder shall act on the basis of a charter approved by this founder.

2. The charter and founding documents of a legal person must indicate the name of the legal person, its seat, and the procedure for managing its activity; they also must contain the other information required by a statute for legal persons of the respective type.

The founding documents of noncommercial organizations and unitary enterprises and, in cases provided by a statute, also of other commercial organizations, must define the object and purposes of the activity of the legal person. The object and defined purposes of the activity of a commercial organization may be provided by the founding documents.

In a founding contract the parties (founders) obligate themselves to create a legal person and define the procedure for joint activity for its founding and the conditions of transfer of their propertydefine the staits

2. The seat of a legal person is determined by the place of its state registration, unless, in accordance with a statute, it has been established otherwise in the founding documents of the legal person.

3. The name and seat of a legal person shall be indicated in its founding documents.

4. A legal person that is a commercial organization must have a firm name.

A legal person whose firm name has been registered by the established procedure has the exclusive right to its use.

A person who has unlawfully used another's registered firm name, on demand of the holder of the right to the firm name, shall be obligated to stop its use and compensate for the damages caused.

The procedure for registration and use of firm names shall be determined by a statute and other legal acts in accordance with the present Code.

### **Article 56. Representative Offices and Branches**

1. A representative office is a separate subdivision of a legal person located outside the place where the legal person is located which represents the interests of the legal person and engages in their protection and make transactions and other legal actions in its name.

2. A branch is a separate subdivision of a legal person located outside the place where the legal person is located and conducting all its functions or part of them, including the function of representation.

3. Representative offices and branches are not legal persons. They are allotted property by the legal person that has created them and act on the basis of regulations approved by it.

The heads of representative offices and branches are appointed by the legal person and act on the basis of a power of attorney from it.

Representative offices and branches must be indicated in the charter of the legal person that has created them.

### **Article 57. Liability of a Legal Person**

1. Legal persons other than owner-financed institutions shall be liable for their obligations with all property belonging to them.

2. A Treasury enterprise or an institution financed by its owner shall be liable for its obligations by the procedure and on the conditions provided by Paragraph 7 of Article 124, by Article 127, and by Article 132 of the present Code.

3. The founder of (or a participant in) a legal person or the owner of its property shall not be liable for the obligations of the legal person, and the legal person shall not be liable for the obligations of the founder (or participant) or owner, with the exception of cases provided by the present Code or by the founding documents of the legal person.

If the insolvency (or bankruptcy) of a legal person is caused by the founders (or participants), by the owner of the property of the legal person, or by other persons that have the right to give instructions obligatory for this person or otherwise have the possibility to determine its actions, then subsidiary liability for its obligations may be placed upon such persons in case of insufficiency of the property of the legal person.

### **Article 58. Reorganization of a Legal Person**

1. Reorganization of a legal person (merger, accession, division, spin-off, transformation) may be realized by decision of its founders (or participants) or by the body of the legal person so authorized by the founding documents.

2. Instances and procedure for the forced reorganization of commercial organizations by court decision may be stipulated by a statute for the purposes of the restriction of monopolistic activities.

If the founders of (or the participants in) a legal person, a body authorized by them, or a body of the legal person authorized to reorganize it by the founding documents fails to conduct the reorganization of the legal person within the period determined by a decision of a court, a court shall designate an outside manager for the legal person and delegate to him the conduct of the reorganization of this legal person. From the time of designation of an outside manager, the powers for managing the affairs of the legal person shall pass to him. The outside manager shall act in the name of the legal person in court, compile the division balance sheet and submit it for consideration by the court together with the founding documents of the legal persons arising as the result of the reorganization. Approval by the court of these documents shall be the basis for state registration of the newly arising legal persons.

3. In cases established by a statute, the reorganization of legal persons in the form of merger, accession, or transformation may be conducted only with the consent of authorized state agencies.

4. A legal person shall be considered reorganized, with the exception of cases of reorganization in the form of accession, from the time of state registration of the newly arising legal persons.

In case of reorganization of a legal person in the form of accession of another legal person to it, the first of them shall be considered reorganized from the time of making in the single state register of legal persons of an entry on the termination of activity of the joining legal person.

#### **Article 59. Legal Succession Upon the Reorganization of Legal Persons**

1. In case of the merger of legal persons, the rights and duties of each of them shall pass to the newly arising legal person in accordance with the transfer document.

2. In case of accession of a legal person to another legal person, the rights and duties of the acceding legal person shall move to the latter in accordance with the transfer document.

3. In case of division of a legal person, its rights and duties shall pass to the newly formed legal persons in accordance with the division balance sheet.

4. In case of the spin-off from a legal person of one or several legal persons, the rights and duties of the reorganized legal person shall pass to each of them in accordance with the division balance sheet.

5. In case of transformation of a legal person of one type into a legal person of another type (a change of organizational-legal form), the rights and duties of the reorganized legal person shall pass to the newly arising legal person in accordance with the transfer document.

#### **Article 60. The Transfer Document and the Division Balance Sheet**

1. The property rights and obligations of a legal person under reorganization shall be transferred to a newly arising legal person: in case of merger and accession – in accordance with

a transfer document; in case of division and spin-off – in accordance with a division balance sheet.

The transfer document and the division balance sheet must contain provisions on legal succession for all obligations of the reorganized legal person with respect to all its creditors and debtors, including also obligations contested by the parties.

2. The transfer document and the division balance sheet must be approved by the founders of (or participants in) the legal person or by the agency that has taken the decision to reorganize the legal person and must be presented together with the founding documents for state registration of the newly arising legal persons or for entering changes in the founding documents of existing legal persons.

Failure to present the corresponding transfer document or division balance together with the founding documents, and also the absence in them of provisions on legal succession to the obligations of the reorganized legal person shall entail a refusal of state registration for the newly arising legal person.

### **Article 61. Guaranties of Rights of Creditors of a Legal Person Upon Its Reorganization**

1. The founders of (or participants in) the legal person or the agency that has adopted a decision to reorganize the legal person are obligated to notify the creditors of the reorganized legal person of this in writing.

2. A creditor of the reorganized legal person shall have the right to demand termination or early performance of legal obligations for which this legal person is a debtor and compensation for damages.

3. If the division balance sheet does not provide the possibility of determining the legal successor of the reorganized legal person, the newly arisen legal persons

A decision of a court for the liquidation of a legal person may impose obligations for the conduct of the liquidation of the

3. If the monetary assets available to the legal person (with the exception of institutions) being liquidated are insufficient for the satisfaction of the claims of creditors, the liquidation commission shall conduct the sale of the property of the legal person at a public auction by the procedure established for the execution of judicial decisions.

4. Payment of monetary sums to creditors of the legal person being liquidated shall be made by the liquidation commission in the order of priority established by Article 64 of the present Code, in accordance with the intermediate liquidation balance sheet, beginning from the day of its approval, with the exception of creditors of the fifth priority, payment to whom shall be made at the expiration of one month from the day of approval of the intermediate liquidation balance.

5. After settlement of accounts with creditors, the liquidation commission shall compile a liquidation balance sheet, which shall be approved by the founders of (or participants in) the legal person or by the agency that took the decision for the liquidation of the legal person, by agreement with the agency conducting state registration of legal persons.

6. In case an institution being liquidated has insufficient property, or an institution being liquidated has insufficient monetary assets for satisfying the demands of creditors, the creditors



4. In case of refusal by the liquidation commission to satisfy the claims of a creditor or of declining to consider them, the creditor shall have the right, before the approval of the liquidation balance sheet, to bring a suit in court against the liquidation commission. By decision of the court the claim of the creditor may be satisfied at the expense of the remaining property of the legal person undergoing liquidation.

5. Claims of creditors presented after the period established by the liquidation commission for their presentation shall be satisfied from the property of the legal person undergoing liquidation that remains after the satisfaction of

3. If a legal person declares its insolvency by a joint decision with its creditors, the rules of Paragraph 2 of the present Article shall be applied unless agreement with creditor established otherwise.

### **Article 68. Levying of Execution on the Property Belonging to a Legal Person After Its Liquidation**

If after the liquidation of a legal person, it is proved that the legal person transferred to another person or otherwise intentionally concealed at least a part of its property for the purpose of avoiding the liability to its creditors, the creditors whose claims have not been completely satisfied with liquidation proceedings shall be entitled to levy execution on this property to the extent of the unpaid part of indebtedness. In such a case, rules of Article 324 of the present Code shall be applied correspondingly. A person to whom the property has been transferred shall be deemed a bad faith person unless it knew or should have known of the intention of the legal person to conceal this property from creditors.

## **# 2. BUSINESS PARTNERSHIPS AND COMPANIES**

### **1. General Provisions**

#### **Article 69. Basic Provisions on Business Partnerships and Companies**

1. Business partnerships and companies are commercial organizations with charter (or investment) capital broken down into the shares (or contributions) of the founders (or participants). Property created at the expense of the contributions of the founders (or participants) and also that produced or obtained by the business partnership or company in the process of its activity shall belong to it by right of ownership.

In cases provided by the present Code, a business company may be created by one person, who shall become the only participant.

2. Business partnerships may be created in the form of a general partnership or a limited partnership (a special partnership).

3. Business companies may be created in the form of a joint-stock company, a company with limited liability, or a company with supplementary liability.

4. Individual entrepreneurs and/or commercial organizations may be participants in general partnerships and the general partners in limited partnerships.

Citizens and legal persons may be participants in business companies and investors in limited partnerships.

State agencies and agencies of local self-government do not have the right to be participants in business companies nor investors in limited partnerships, unless otherwise established by a statute.

Institutions financed by their owners may be participants in business companies and investors in partnerships with the permission of the owner, unless otherwise established by a statute.

A statute may forbid or limit the participation of individual categories of citizens in business partnerships and companies, except in open joint-stock companies.

5. Business partnerships and companies may be founders of (or participants in) other business partnerships and companies with the exception of cases provided by the present Code and other statutes.

6. An investment in the property of a business partnership or company may be money, securities, other things, or property rights or other rights having a monetary evaluation.

The monetary evaluation of the investment of a participant in a business company shall be made by agreement among the founders of (or participants in) the company and, in cases provided by a statute, shall be subject to independent expert review.

7. Business partnerships and also companies with limited and supplementary liability do not have the right to issue stock.

### **Article 70. Rights and Duties of Participants in a Business Partnership or Company**

1. Participants in a business partnership or company shall have the right:  
to participate in the administration of the affairs of the partnership or company with the exception of the cases provided by Part 2 of Article 89 of the present Code and the statute on joint-stock companies;

to receive information on the activity of the partnership or company and to be acquainted with its books and other documentation by the procedure established by the founding documents;

to take part in the distribution of profit;

to receive, in case of liquidation of the partnership or company, the part of the property left after settlements with creditors, or its value.

Participants in a partnership or company may also have other rights provided by the present Code, statutes on business companies, or the founding documents of the partnership or company.

2. Participants in a business partnership or company are obligated:  
to make their investments by the procedure, in the amounts, by the means, and within the periods that are provided by the founding documents;  
not to divulge confidential

2. A person may be a participant in only one full partnership.
3. The firm name of a full partnership must contain either the names

2. Authorizations for the conduct of the affairs of a partnership granted to one or several participants may be terminated by a court on demand of one or several of the other participants in the partnership in case of serious grounds therefore, in particular as the consequence of a gross violation by the authorized person (or persons) of his obligations or of his revealed inability for the sensible management of affairs. On the basis of the judicial decision, the necessary changes shall be made in the founding contract of the partnership.

#### **Article 76. Duties of a Participant in a Full Partnership**

1. A participant in a full partnership is obligated to participate in its activity in accordance with the terms of the founding contract.

2. A participant in a full partnership is obligated to provide not less than half of his contribution to the contributed capital of the partnership by the time of its registration. The remaining part must be provided by the participant within the periods established by the founding contract. In case of nonfulfillment of this obligation the participant is obligated to compensate the partnership for losses caused, unless other consequences are established by the

4. An agreement of participants in a partnership for the limitation or elimination of the liability provided in the present Article is void.

#### **Article 79. Transfer of the Share of a Participant in the Contributed Capital of a Full Partnership**

1. A participant in a full partnership has the right, with the consent of its remaining participants, to transfer his share in the property of the partnership proportional to his share in the contributed capital or part of it to another participant in the partnership or to a third person.

2. In case of transfer of a share (or part of a share) to another person, the rights belonging to the participant who transferred the share (or part of a share) pass to it in full or in corresponding part. The person to whom a share (or part of a share) passes shall bear liability for the obligations of the partnership by the procedure established by Paragraph 2 of Article 78 of the present Code.

3. The transfer of a whole share to another person by a participant in the partnership

legal person being a participant may be excluded from the partnership if reorganization procedures have been commenced by decision of a court in respect to such legal person.

2. The participants in a full partnership have the right to demand by judicial procedure the exclusion of any of the participants from the partnership by unanimous decision of the remaining participants and in case of the existence of compelling reasons therefore, in particular as the result of gross violation by this participant of his obligations or of his revealed inability for sensible management of affairs.

3. The exclusion of a participant from the partnership terminates his participation in the partnership and entails consequences set forth in Paragraph 3 of Article 78 of the present Code.

### **Article 83. Consequences of Exit of a Participant from a Full Partnership**

1. A participant who has exited from a full partnership shall be paid the value of the part of the property of the partnership corresponding to the share of this participant in the contributed capital, unless otherwise provided by the founding contract. By agreement of the exiting participant with the remaining participants, payment of the value of the property may be replaced by turning over property in kind.

The part of the property due the exiting participant or its value shall be determined according to the balance sheet compiled, with the exception of the situation provided in Article 80 of the present Code, at the time of his exit.

3. The exclusion of a participant from the partnership terminates his participation in the partnership and entails consequences set forth in Paragraph 3 of Article 78 of the present Code.

### **Article 84. Succession in a Full Partnership**

1. In case of the death of a participant in a full partnership, his heir may enter the full partnership only with the consent of the other participants.

2. A legal person that is the legal successor of a reorganized legal person that participated in a full partnership shall have the right to enter the partnership regardless of the consent of its other participants unless otherwise provided by the founding contract of the partnership.

3. The heir (or legal successor) of the participant who has not entered the partnership shall bear liability for the obligations of the partnership to third persons for which in accordance with Paragraph 3 of Article 78 of the present Code a participant who exited would have been liable, within the limits of the property of the exited member of the partnership that passed to him.

### **Article 85. Liquidation of a Full Partnership**

1. A full partnership shall be liquidated on the bases indicated in Article 62 of the present Code and also in the situation when a single participant remains in the partnership. Such a participant shall have the right for six months from the time when he became the sole participant in the partnership to transform such a partnership into a business company by the procedure established by the present Code.

In case of exit from the partnership or death of one of the participants in the full partnership, exclusion of one of them from the partnership, liquidation of a legal person being a participant in the partnership or levying of execution on the whole part of property of a participant proportional

to his share in the contributed capital, the partnership may continue its activity if this is provided by the founding contract of the partnership or an agreement between the remaining participants.

### **Article 86. Settlements in Case of the Exit of Participants from a Full Partnership**

1. A participant who has exited or been excluded from a full partnership shall be paid the value of the part of the property of the partnership corresponding to the share of this participant in the contributed capital, unless otherwise provided by the founding contract. By agreement of the exiting participant with the remaining participants, payment of the value of the property may be replaced by turning over property in kind.

Settlements shall be made by a corresponding liquidation commission in case of the liquidation of a legal person being a participant in the partnership.

The part of the property due the exiting participant or its value shall be determined according to the balance sheet compiled at the time of his exit with the exception of the situation provided in Article 80 of the present Code.

2. Settlement with an heir of a participant in the full partnership who has not entered the partnership or with a successor of a legal person that has been a participant in the full partnership shall be made in accordance with Paragraph 1 of the present Article.

3. If one of the participants has exited from the partnership, the shares of the remaining participants in the contributed capital of the partnership shall be correspondingly increased unless otherwise provided by the founding contract or by other agreement of the participants.

## **# 3.Limited Partnership**

### **Article 87. Basic Provisions on Limited Partnership**

1. A limited partnership (special partnership) is a partnership in which, along with participants conducting entrepreneurial activity in the name of the partnership and answering for the obligations of the partnership with their property (general partners), there are one or more investor-participants (limited partners), who bear the risk of losses connected with the activity of the partnership within the limits of the amounts of investments contributed by them and do not take part in the conduct by the partnership of entrepreneurial activity.

2. The position of general partners participating in a limited partnership and their liability for the obligations of the partnership shall be determined by the rules of the present Code on participants in a full partnership.

3. A person may be a general partner only in one limited partnership.

A participant in a full partnership may not be a general partner in a limited partnership.

A general partner in a limited partnership may not be a participant in a full partnership.

4. The firm name of a limited partnership must contain either the names (or designations) of all the general partners and the words "limited partnership" or "special partnership," or the name (or designation) of not less than one general partner with the addition of the words "and company" and the words "limited partnership" or "special partnership."

If the name of an investor is included in the firm name of a limited partnership, this investor shall become a general partner.



5. The rules of the present Code on a full partnership shall be applied to a limited partnership to the extent that this does not contradict the rules of the present Code on the limited partnership.

#### **Article 88. The Founding Contract of a Limited Partnership**

1. A limited partnership shall be created and shall act on the basis of a founding contract. The founding contract must be signed by all general partners.

2. The founding contract of a limited partnership must contain, in addition to the information indicated in Paragraph 2 of Article 53 of the present Code, terms on the size and composition of the contributed capital of the partnership; on the size and procedure for change of the shares of each of the general partners in the contributed capital; on the size of, composition of, periods for, and procedure for their contributing their investments; on their liability for the violation of obligations for the contribution of investments; and on the total size of investments contributed by the investors.

#### **Article 89. Management of a Limited Partnership and Conduct of Its Affairs**

1. Management of the activity of a limited partnership shall be conducted by the general partners. The procedure for managing and conducting the affairs of such a partnership by its general partners is established by them in accordance with the rules of the present Code on a full partnership.

2. Investors do not have the right to participate in the management and conduct of affairs of a limited partnership nor to act in its name otherwise than by a power of attorney. They do not have the right to contest the actions of general partners in the management and conduct of the affairs of the partnership.

#### **Article 90. Rights and Duties of an Investor in a Limited Partnership**

1. An investor in a limited partnership has the obligation to contribute its investment in the contributed capital. The contribution of the investment shall be certified by a certificate of participation issued to the investor by the partnership.

2. An investor in a limited partnership has the right:  
1) to receive the part of profit of the partnership

2. Upon liquidation of a limited partnership, including in case of bankruptcy, the investors shall have a priority right ahead of the general partners to receipt of their investments from the property of the partnership remaining after satisfaction of the claims of its creditors.

The property of the partnership remaining after this shall be distributed among the general partners and the investors in proportion to their shares in the contributed capital of the partnership unless another procedure is established by the founding contract or by agreement of the general partners and the investors.

#### **# 4. Joint-Stock Partnership in Commendam**

##### **Article 92. Concept of a Joint-Stock Partnership in Commendam**

A joint-stock partnership in commendam is a partnership in which, along with one or several participants conducting entrepreneurial activity in the name of the partnership and answering for the obligations of the partnership with all their property (general partners), there are participants (limited stockholders) who participate in the formation of a part of the contributed capital allocated into shares of stock and bear the risk of losses connected with the activity of the partnership within the limits of the value of shares of stock belonging to them.

##### **Article 93. Rights and Obligations of Participants in a Joint-Stock Partnership in Commendam**

1. The position of general partners participating in a joint-stock partnership in commendam and their liability for the obligations of the partnership shall be determined by rules of the present Code on participants in a full partnership.

2. Limited stockholders shall not participate in the conduct of entrepreneurial activity by the partnership. The rest of the rights and obligations of limited stockholders shall be determined by the rules of the present Code on participants in a closed joint-stock company to the extent that these rules do not contradict to the nature of a joint-stock partnership in commendam.

#### **# 5. Limited Liability Company**

##### **Article 94. Basic Provisions on the Limited Liability Company**

1. A limited liability company is a company founded by one or several persons, the charter capital of which is divided into shares of amounts determined by the founding documents; the participants in a limited liability company are not liable for its obligations; they bear the risk of losses connected with the activity of the company within the limits of the value of the investments contributed by them.

Participants in the company who have not fully contributed their investments bear joint and several liability for its obligations within the limits of the value of the unpaid part of the investment of each of the participants.

2. The firm name of a limited liability company must contain the name of the company and the words "with limited liability."

3. The legal position of a limited liability company and the rights and duties of its participants shall be determined by the present Code and the statute on limited liability companies.

#### **Article 95. Participants in a Limited Liability Company**

1. The number of participants in a limited liability company must not exceed thirty. Otherwise the company will be subject to transformation into a joint-stock company within a year and, upon expiration of this period, to liquidation by judicial procedure if the number of its participants is not reduced to the level established by the statute.

2. A limited liability company may not have as a sole participant another business company consisting of one person.

#### **Article 96. Founding Documents of a Limited Liability Company**

1. The founding documents of a limited liability company are a founding contract, signed by its founders and a charter approved by them. If the company is founded by one person, its founding document is a charter.

2. The founding documents of a limited liability company must contain, in addition to the matters listed in Paragraph 2 of Article 53 of the present Code, conditions on the size,

value of these assets of the company is less than the minimum amount of charter capital set by a statute, the company is subject to liquidation.

5. A reduction of the charter capital of a limited liability company is allowed only after notification of all of its creditors. The latter have the right in this case to demand early termination or fulfillment of the respective obligations and compensation for damages.

6. An increase of charter capital of a company is allowed after contribution by all its participants of their investments in full amount.

7. By the decision of the general meeting of participants in the limited liability company taken by the majority of votes equal to two-thirds of votes of all participants in the company, the company may establish an obligation for its participants to contribute additional investments in proportion to their shares in the charter capital of the company.

#### **Article 98. Management of a Limited Liability Company**

1. The highest body of a limited liability company is the general meeting of its participants. In a limited liability company an executive body (collegial or



1. Levy of execution on a participant's share in the property of a limited liability company for individual debts of the participant shall be allowed only in case of insufficiency of his other property to cover the debts. Creditors of such a participant have the right to demand of the







The charter capital of the company determines the minimal size of the property of the company guarantying the interests of its creditors. It may not be less than the size provided by the statute on joint-stock companies.

2. It is not permitted to free a stockholder from the obligation to pay for shares of stock of a company. This prohibition includes setoff of claims against the company.

3. Open subscription to the shares of stock of a joint-stock company is not allowed until full payment of the charter capital. Upon the founding of a joint-stock company all its shares of stock must be distributed among the founders.

4. If at the end of the second or any subsequent fiscal year, the value of the net assets of the company is less than the charter capital, the company is obligated to declare and register by the established procedure a reduction of its charter capital. If the value of these assets becomes less than the minimum amount of charter capital dete

company and upon the condition of the proper approval by that time of two annual balance sheets of the enterprise.

3. A joint-stock company does not have the right to declare and pay dividends:  
before the full payment of all the charter capital;  
if the value of the net assets of the joint-stock company is less than its charter capital and reserve fund or would become less than their size as the result of payment of dividends.

**Article 114. Management in a Joint-Stock Company**

1. The body of management of a joint-stock company is the gene

annual financial report, each year involve a professional auditor not connected by property interests with the company or its participants.

An audit review of the activity of a joint-stock company, including that of one not obligated to publish the aforementioned documents for general information, must be conducted at any time upon the demand of stockholders whose total share in the charter capital constitutes ten or more percent.

The procedure for conducting audit reviews of the activity of a joint-stock company is determined by a statute and the charter of the company.

#### **Article 115. Reorganization and Liquidation of a Joint-Stock Company**

1. A joint-stock company may be reorganized or liquidated voluntarily upon a decision of the general meeting of stockholders.

Other bases and the procedure for reorganization and liquidation of a joint-stock company shall be determined by the present Code and other statutes.

2. A joint-stock company has the right to transform itself into a limited liability company or a production cooperative.

### **# 8. Subsidiary and Dependent Companies**

#### **Article 116. Subsidiary Business Company**

1. A business company is a subsidiary business company if another (or principal) business company or partnership by virtue of dominant participation in its charter capital or in accordance with a contract concluded between them or in another manner has the possibility of determining decisions taken by such a company.

3. The limits of mutual participation of business companies in the charter capital of one another and the number of votes that one of these companies may exercise at the general meeting of the participants or stockholders of another company shall be determined by a statute.

### **# 3. PRODUCTION COOPERATIVES**

#### **Article 118. Definition of a Production Cooperative**

1. A production cooperative (or artel) is a voluntary combination of citizens on the basis of membership for joint production or other business activity (production; processing; sale of industrial, agricultural, and other products; performing work; trade; personal services; rendering other services) based on their personal labor and other participation and combining the property share contributions of its members (or participants). A statute and the founding documents of a production cooperative may provide for participation by legal persons in its activity. A production cooperative is a commercial organization.

2. Members of a production cooperative bear subsidiary liability for the obligations of the cooperative in the amounts and by the procedure provided by the statute on production cooperatives and the charter of the cooperative.

3. The firm name of a cooperative must contain its name and the words “production cooperative” or “artel.”

4. The legal position of production cooperatives and the rights and duties of their members shall be determined in accordance with the present Code by the statutes on production cooperatives.

#### **Article 119. Formation of Production Cooperatives**

1. The founding document of a production cooperative is its charter, approved by the general meeting of its members.

2. The charter of the cooperative must contain, in addition to the information indicated in Part 2 of Article 53 of the Present Code, terms on the size of share contributions of the members of the cooperative; on the composition of and procedure for providing share contributions by the members of the cooperative and their liability for violating the obligation to make share contributions; on the nature and procedure for labor participation of its members in the activity of the cooperative and their liability for violating obligations for personal labor participation; on the procedure for distribution of the profit and losses of the cooperative; on the size and conditions of subsidiary liability of its members for the debts of the cooperative; on the composition and competence of agencies of administration of the cooperative and the procedure for their taking decisions, including on questions decisions on which are taken unanimously or by a qualified majority of votes.

3. The number of members of the cooperative mabor 3bjO detl comthanrm

A decision on the formation of indivisible funds must be taken unanimously by the members of the cooperative unless otherwise provided by the charter of the cooperative.

2. A member of the cooperative is obligated to contribute, by the time of registration of the cooperative not less than ten percent of the share contribution, and the remainder within a year from the time of registration.

3. A cooperative does not have the right to issue shares of stock.

4. The profit of a cooperative shall be distributed among its members in accordance with their labor participation, unless another procedur

**Article 122. Termination of Membership in a Production Cooperative and Transfer of a Share**

1. A member of a cooperative has the right to leave the cooperative at his discretion. In this case he must be paid the value of his share or given property corresponding to his share and also other payments must be made that are provided by the charter of the cooperative.

Payment of the value of a share or giving of other property to an exiting member of the cooperative shall be made at the end of the fiscal year and upon the approval of the accounting balance of the cooperative.

2. A member of the cooperative may be excluded from the cooperative by decision of the general meeting in case of nonfulfillment or improper fulfillment of the obligations placed upon it by the charter of the cooperative

## **Article 124. Basic Provisions on Unitary Enterprise**

1. A unitary enterprise is a commercial organization not given the right of ownership of the property attached to it by the owner. The property of a unitary enterprise is indivisible and cannot be distributed according to investments (nor parts nor shares), not even among the employees of the enterprise.

The charter of a unitary enterprise must contain, in addition to the information indicated in Paragraph 2 of Article 53 of the present Code, indications of the object and purposes of activity of the enterprise and also of the size of the charter fund of the enterprise, and the procedure and sources for forming the fund.

2. Only state enterprises can be created in the form of unitary enterprises.

3. The property of a state unitary enterprise is respectively under state ownership and belongs to such an enterprise by the right of economic management (Article 308).

4. The firm name of the unitary enterprise must contain an indication of the owner of its property.

5. The agent of the unitary enterprise is the manager, who is appointed by the owner or by an agency authorized by the owner and reports to them.

6. A unitary enterprise answers for its obligations with all the property belonging to it. A unitary enterprise does not bear liability for the obligations of the owner of its property.

7. The legal position of state unitary enterprises shall be determined by the present Code and the statute on state enterprises.

8. The owner of the property of a unitary enterprise shall not be liable for the obligations of the enterprise except for cases provided by Paragraph 3 of Article 57 of the present Code. This rule shall also be applied to the liability of a unitary enterprise that founded a subsidiary enterprise, for the obligations of the latter.

## **Article 125. Unitary Enterprise Based on the Right of Economic Management**

1. A unitary enterprise is created by the decision of a state agency empowered to do so.

2. The founding document of a unitary enterprise is its charter, approved by a state agency authorized to do so.

1. A unitary enterprise may found another enterprise (subsidiary enterprise) in the form of a legal person by means of transfer of a part of its property to the economic management of the latter by the established procedure.

The founder approves the charter of a subsidiary enterprise and appoints its head.

2. The owner of the property of the enterprise based on the right of economic management shall not be liable for the obligations of the enterprise except for cases provided by Paragraph 3 of Article 57 of the present Code. This rule shall also be applied to the liability of an enterprise that founded a subsidiary enterprise, for the obligations of the latter.

### **Article 127. Treasury Enterprise**

1. A Treasury enterprise is an enterprise that possesses state-owned property by the right of operative administration.

2. A Treasury enterprise shall be created by the decision of the Government of the Republic of Tajikistan or a local executive agency.

3. The founding document of a Treasury enterprise is its charter approved by the founder.

4. The firm name of an enterprise based on the right of operative administration must contain an indication that the enterprise is a Treasury enterprise.

5. Business activities of a Treasury enterprise shall be defined by its purposes and objectives fixed in the charter.

6. The Republic of Tajikistan or its administrative and territorial unit shall bear subsidiary liability for the obligations of a Treasury enterprise.

## **5. NONCOMMERCIAL ORGANIZATIONS**

### **Article 128. Consumer Cooperative**

1. A consumer cooperative is a voluntary combination of citizens on the basis of membership with the purpose of satisfying the material (property) needs of the participants, a combination formed by the combining of property (share) contributions by its members.

2. The charter of a consumer cooperative must contain, in addition to the information indicated in Paragraph 2 of Article 53 of the present Code, terms on the size of share contributions of members of the cooperative; on the composition of and procedure for making share contributions by members of the cooperative and on their liability for violating obligations to make share contributions; on the composition and competence of bodies of administration of the cooperative and the procedure for their taking decisions, including on questions decisions for which are taken unanimously or by a qualified majority of votes; on the procedure for covering by members of cooperatives of losses incurred by it.

3. The name of a consumer cooperative must contain an indication of the basic purpose of its activity and also either the word “cooperative,” or the words “consumer union” or “consumer company.”

4. Members of a consumer cooperative ar



formed. In case of nonfulfillment of this obligation, the cooperative may be liquidated by judicial procedure on demand of creditors.

Members of a consumer cooperative jointly and severally bear subsidiary liability for its obligations within the limits of the unpaid part of the supplementary contribution of each of the members of the cooperative.

5. Income received by the consumer cooperative shall be distributed among its members.
6. The legal position of consumer cooperatives, and also the rights and duties of their

of the foundation, including the trusteeship board exercising supervision over the activity of the foundation, on the procedure for appointing official persons of the foundation and discharging them, on the seat of the foundation, on the fate of the property of the foundation in case of its liquidation.

**Article 131. Amendment of the Charter and Liquidation of the Public Foundation**

1. The charter of the public foundation may be changed by the executive bodies of the foundation, if the charter provides the possibility of changing it by such a procedure.

If the preservation of the charter in unchanged form entails consequences that would have been impossible to foresee at the founding of the foundation, and the possibility of changing the charter is not provided in it, or the charter is not changed by the authorized persons, the right of making changes shall belong to a court upon request of executive bodies of the foundation or of the agency authorized to exercise supervision of its activity.

2. A decision on the liquidation of a foundati

or partnership by the procedure provided by the present Code or it may create a business company for the realization of the entrepreneurial activity or participate in such a company.

2. Societal and other non-commercial organizations, including institutions, may voluntarily join in associations (or unions) of these organizations.

An association (or union) of non-commercial organizations is a non-commercial organization.

3. An association is a legal person.

Members of an association (or union) retain their independence and the rights of a legal person.

4. An association is not liable for the obligations of its members. Members of an association bear subsidiary liability for its obligations in the amount and by the procedure provided by the founding documents of the association.

5. The firm name of an association must contain an indication of the basic object of activity of its members and must include the words “association” or “union.”

#### **Article 134. Founding Documents of Associations (or Unions)**

1. The founding documents of an association (or union) are a founding contract, signed by its members, and a charter approved by them.

2. The founding documents of an association must contain, in addition to the information indicated in Paragraph 2 of Article 53 of the present Code, terms on the composition and competence of the bodies of administration of the association and the procedure for their making decisions, including on questions decision on which must be adopted unanimously or by a qualified majority of votes by members of the association , and on the procedure for distribution of property remaining after the liquidation of an association.

#### **Article 135. Rights and Duties of Members of Associations (or Unions)**

1. Members of an association (or union) have the right to use its services free of charge unless otherwise provided by founding documents or follows from the nature of services.

2. A member of an association has the right at its discretion to exit from the association at the