

LAW OF TURKMENISTAN
on the state support of small and medium entrepreneurship

(Gazette of Mejlis of Turkmenistan, 2009, No 3, p.58)
(As revised and amended by the Laws of Turkmenistan dd. 29.08.2013 No429-IV; 03.05.2014
No84-V; 28.02.2015 No193-V and 26.03.2016 No358-V)

CHAPTER I.
General provisions

Article 1. Purposes and main objectives of this Law

1. The purposes of this Law are forming of the legal basis of the state policy directed to creating the favourable conditions for the development of small and medium entrepreneurship as the most important link of market economy, which successful functioning promotes the economic growth and social development.
2. The main objectives of this Law are the creation of the effective mechanism of the state support of subjects of small and medium entrepreneurship, favourable financial, investment, material and other conditions for stimulation of the development of entrepreneurship, creation of new workplaces, increases in competitiveness of domestic producers and more complete use of their potential in social and economic development of the country.

Article 2. Legislation of Turkmenistan on the state support of small and medium entrepreneurship

1. The legislation of Turkmenistan on the state support of small and medium entrepreneurship is based on [the Constitution](#) of Turkmenistan and consists of this Law and other regulatory legal acts of Turkmenistan.
2. If the international treaty of Turkmenistan establishes other rules than containing in this Law, then rules of the international treaty are applied.

Article 3. Coverage of this Law

This Law extends to the subjects of small and medium entrepreneurship specified in [part one of Article 5](#) of this Law, except for the state companies, the companies with foreign investments, the companies performing banking, insurance activity, and also the activities connected with gamblings and games on money (gambling activities).

Article 4. Basic principles and forms of the state support of small and medium entrepreneurship

1. The basic principles of the state support of small and medium entrepreneurship in Turkmenistan are:
 - 1) priority of development of small and medium entrepreneurship;
 - 2) complexity, publicity, openness of the state support of small and medium entrepreneurship;
 - 3) availability of the state support to subjects of small and medium entrepreneurship;

4) provision of guarantees for freedom of business activity, and also guarantees of protection of the property right of subjects of small and medium entrepreneurship.

2. Support of small and medium entrepreneurship is performed in legal, organizational, property, financial, information and other forms at the national level and level of regions and the city of Ashgabat.

3. State governing bodies and local self-government perform interaction for the purpose of carrying out single state policy on support of small and medium entrepreneurship.

Article 5. Subjects of small and medium entrepreneurship

1. For the purposes of this Law following are understood as subjects of small and medium entrepreneurship:

1) entrepreneurial legal entities:

a) the micro-companies with average number of the workers occupied in the industry, power industry, construction, gas and water supply - to 15 people, in other industries - no more than 10 people;

b) small enterprises with average number of the workers occupied in the industry, power industry, construction, gas and water supply - from 16 to 50 people, in other industries – from 11 to 25 people;

c) medium scale enterprises with average number of the workers occupied in the industry, power industry, construction, gas and water supply - from 51 to 200 persons, in other industries – from 26 to 100 people;

2) the physical persons who are engaged in business activity without formation of legal entity, individual entrepreneurs at whom the average number of busy workers does not exceed 10 people, including the most individual entrepreneur.

2. The average number of the workers occupied subjects of small and medium entrepreneurship is determined for calendar year taking into account all workers including working part-time, seasonal and temporary employees, and also the employees of their branches, representations and other separate divisions who are not independent legal entities.

3. Exceeding for calendar year of the average number of workers established by part one of this Article attracts the termination of the right to the privileges provided by this Law.

In case of exceeding of average number of workers for accounting year the right to privileges stops since April 1 the year following after accounting year.

If the average number of workers is brought into accord with part one of this Article, the right to privileges can be recovered in year after its termination.

Article 5-1. Accounting and reporting

The subject of small and medium entrepreneurship records and represents necessary statistic, accounting, tax and other reports to the relevant state bodies according to the procedure and terms, which are stipulated by the legislation Turkmenistan.

Article 5-2. Insurance of activities and property of subjects of small and medium entrepreneurship

Insurance of activities and property of subjects of small and medium entrepreneurship is made according to the procedure, established by the legislation of Turkmenistan.

Article 5-3. Licensing of activities of subjects of small and medium entrepreneurship, issue of patents to them

Licensing of the separate types of activity performed by subjects of small and medium entrepreneurship issue of patents to them is made according to the legislation of Turkmenistan.

CHAPTER II.

State regulation in the sphere of small and medium entrepreneurship

Article 6. State regulation in the sphere of small and medium entrepreneurship

State regulation in the sphere of small and medium entrepreneurship is carried out by the Cabinet of Ministers of Turkmenistan, the State Commission for the Support of small and medium entrepreneurship (hereinafter - the State Commission), local executive bodies and local self-government bodies, commissions for supporting small and medium entrepreneurship in the regions and the city of Ashgabat (further - region commission).

Article 7. Competence of the Cabinet of Ministers of Turkmenistan

Cabinet of Ministers of Turkmenistan:

- 1) determines the state policy on supporting small and medium-sized businesses;
- 2) approve the State program for supporting small and medium-sized businesses;
- 3) create the State Commission and approve the Regulations on it;
- 4) establishes the preferential amount of the registration fee (state fee) for state registration (re-registration) of small and medium-sized business entities;
- 5) determines the amount of the State Budget of Turkmenistan allocated for the implementation of the State Program for the Support of Small and medium entrepreneurship (hereinafter referred to as the State Program) and programs for supporting small and medium entrepreneurship in the regions and the city of Ashgabat (hereinafter referred to as the region programs);
- 6) determine the authorized bank;
- 7) adopt other decisions aimed at the development of small and medium-sized business in Turkmenistan.

Article 8. Competence of the State Commission

1. The State Commission is the coordinating and consultative-advisory body operating under the Cabinet of Ministers of Turkmenistan.
2. The State Commission is formed from the heads of ministries and departments, heads of administrations of regions and the city of Ashgabat, heads of the Union of Industrialists and Entrepreneurs of Turkmenistan, and other public associations.
3. The State Commission:
 - 1) coordinates the development of the State Program;
 - 2) co-ordinates the work of the region commissions, as well as the central bodies of state power and administration, local executive bodies and local self-government that carry out the state program;

- 3) conducts an analysis of the state of small and medium-sized businesses and the effectiveness of government support measures, develops forecasts for the development of small and medium-sized businesses and prepares proposals on measures to stimulate it based on statistical surveys;
- 4) submit to the Cabinet of Ministers of Turkmenistan:
 - a) proposals on introducing changes and additions to the State Program;
 - b) proposals for improving the legislation of Turkmenistan on state support for small and medium-sized businesses, including reducing investment risks and administrative barriers;
 - c) annual report on the implementation of the State and region programs;
 - d) other proposals on providing state support to small and medium-sized businesses.

Article 9. Competence of Local Executive Authorities and Local Self-Government

Local executive authorities jointly with local authorities:

- 1) approve region programs and ensure their implementation;
- 2) create region commissions, approve regulations on them and organize their work;
- 3) ensure the formation and development of an infrastructure for supporting small and medium-sized businesses in the regions and the city of Ashgabat;
- 4) decide on providing state support to small and medium-sized business entities in accordance with region programs;
- 5) submit to the State Commission:
 - a) proposals on introducing changes and additions to the State Program;
 - b) proposals for improving the legislation of Turkmenistan on state support for small and medium-sized businesses;
 - c) annual reports on the implementation of region programs;
 - d) other proposals on providing state support to small and medium-sized businesses.

Article 10. The competence of region commissions

1. The region commissions are the coordinating and consultative-advisory bodies operating under the Administrations of the regions and the city of Ashkhabad.

2. The region commissions are formed from representatives of the Administrations of the regions and the city of Ashgabat, heads of administrations of districts and cities with the rights of districts, representatives of local self-government bodies, heads of local units of ministries and departments, representatives of the Union of Industrialists and Entrepreneurs of Turkmenistan and other public associations in the regions and the city of Ashgabat, and also business entities and individual entrepreneurs.

3. The region commissions:

- 1) coordinate the development of region programs;
- 2) analyze the state of small and medium-sized businesses and the effectiveness of government support measures at the level of the region and the city of Ashgabat, develop proposals on measures to stimulate the development of small and medium-sized businesses;
- 3) control the implementation of activities to support progressive initiatives, investment projects of small and middle entrepreneurship, contributing to the creation of new jobs and increasing the incomes of the population and local budgets;
- 4) represent the corresponding Administrations :
 - a) proposals for introducing changes and additions to the region programs;
 - b) annual reports on the implementation of region programs;

c) other proposals on providing state support to small and medium-sized businesses.

CHAPTER III.

State support of small and medium entrepreneurship

Article 11. The main directions of state support of small and medium-sized business

State support for small and medium-sized businesses is carried out in the following main areas:

- 1) creation of favorable conditions for the development of small and medium-sized businesses, including by providing financial and material-technical resources to small and medium-sized businesses;
- 2) provision of access for small and medium-sized businesses to legal, economic and other information, scientific and technological developments and technologies;
- 3) stimulation of investments directed by small and medium-sized business entities to implement state programs of social and economic development, creation of new jobs and increase in incomes of the population;
- 4) implementation on a competitive basis of public procurement of goods (works, services) from small and medium-sized businesses;
- 5) assistance to small and medium entrepreneurship in training, retraining and raising the level of skills of the staff;
- 6) assistance in the development of foreign economic activity, interregional cooperation, as well as export potential of small and medium-sized businesses;
- 7) providing support to public associations of small and medium-sized businesses.

Article 12. State and region programs

1. In accordance with the main areas of state support for small and medium-sized businesses, the State and region programs provide for measures to:

- 1) improving the legal framework for state regulation of business activities, antimonopoly activities and the development of competition;
- 2) the development of a system of financial, credit and investment support for small and medium-sized businesses;
- 3) provision of scientific, innovative and production-technological support, including:
 - a) the development of scientific and innovative entrepreneurial activities, including the involvement of small and medium-sized businesses to participate in nationwide research and development;
 - b) the creation of a network of technoparks, technopolis, production and technical centers, innovation activity centers and other market structures;

- c) assistance in the production and promotion of new types of import-substituting and export-oriented products, equipment and technologies to the market;
- 4) development of regions and the city of Ashgabat on the basis of effective use of local resources and participation of small and medium-sized businesses in the implementation of region investment programs;
- 5) involving small and medium-sized businesses in the implementation of innovative programs, research, development and technological developments;
- 6) creation and development of information infrastructure, including:
 - a) organization of Internet sites of the State and region commissions containing legal, economic, statistical and other information necessary for small and medium-sized businesses;
 - b) assistance in the development of the information services market, the organization and development of the electronic commerce system, in the organization of legal assistance and the provision of consulting services using information technology;
 - c) preparation of thematic editions of normative legal acts of Turkmenistan and explanations to them on electronic and paper carriers;
- 7) property support of small and medium-sized businesses, including the transfer to them on preferential terms for leasing or ownership of inefficiently used and unused state property;
- 8) training, retraining and advanced training of personnel, including:
 - a) introduction of specialty in entrepreneurial activity into educational programs of professional education;
 - b) the creation of professional educational institutions for the training of entrepreneurial personnel;
 - c) studying the theoretical and practical foundations of entrepreneurship in general education institutions;
 - d) assistance in upgrading skills and professional retraining among start-ups;
 - e) organization of business forums at the region , state and international levels;
- 9) organization of specialized wholesale markets, exhibitions, fairs of goods (works, services) at region , state and international levels;
- 10) assistance in the development of proposals for the provision of tax incentives to small and medium-sized businesses in accordance with the tax legislation of Turkmenistan;
- 11) providing other support to small and medium-sized businesses.

2. State and region programs are developed for short, medium and long term periods, taking into account the forecasts of social and economic development of the country, regions and the city of Ashgabat, as well as economic sectors (economic activities).

3. Responsibility for the implementation of the State and region programs rests with the bodies of state power and administration and local self-government.

4. In accordance with the main areas of state support for small and medium-sized businesses, special programs can also be developed and implemented, including: programs for interaction between the state, investment companies, small and medium-sized businesses; program of participation of large companies in the development of small and medium-sized businesses; programs for effective partnership between the state and business; programs for attracting venture capital and other programs.

Article 13. Financing of small and medium-sized businesses

1. The activities of small and medium entrepreneurship are financed by own and borrowed funds, including the state budget of Turkmenistan, loans and credits of commercial banks, mutual crediting societies, credit unions, microfinance organizations, as well as from other sources not prohibited by the legislation of Turkmenistan .

2. Commercial banks, mutual crediting societies, credit unions and microfinance organizations finance the activities of small and medium-sized business entities in the manner established by the legislation of Turkmenistan.

3. According to the decision of the Cabinet of Ministers of Turkmenistan, financial resources may be provided at the expense of the state for lending to the activities of small and medium-sized businesses, financing of entrepreneurship development, grants for the introduction of new and environmentally friendly technologies and innovations, construction of infrastructure related to the creation of special economic, commercial and industrial zones, including for the construction of systems and engineering support facilities, equity participation in the project investment.

Article 14. State registration of small and medium-sized businesses

1. State registration, re-registration and liquidation of small and medium-sized business entities is carried out by bodies that carry out state registration of legal entities and individual entrepreneurs, without any additional permits and approvals from other state bodies and commissions.

Unreasonable refusal in the state registration of subjects of small and medium entrepreneurship can be appealed in a judicial procedure.

Part two has lost its force - the Law of Turkmenistan No. 84-V of May 3, 2014.

Article 15. Customs privileges

Granting of customs privileges to subjects of small and medium entrepreneurship is carried out according to the legislation of Turkmenistan.

Article 16. Participation of small and medium-sized business entities in public procurement of goods (works, services)

1. The participation of small and medium entrepreneurship in the public procurement of goods (works, services) is carried out on an equal footing with other participants in accordance with the legislation of Turkmenistan.

2. Restriction of access of subjects of small and medium-sized business to state purchases of goods (works, services) is not allowed.

Article 17. Development of competition and antimonopoly activity

The bodies of state power and administration and local self-government are prohibited:

1) to adopt acts and (or) perform actions that restrict the rights and legitimate interests of small and medium-sized business entities, except for cases provided for by the legislation of Turkmenistan;

2) conclude agreements or carry out concerted actions that lead or may lead to:

- a) increase or preservation of prices (tariffs) at the same level, resulting in unfair competition;
- b) the division of the market according to the territorial principle, by the volume of sales or purchases, by the assortment of sold goods (works, services) or by the circle of sellers or buyers (customers);
- c) restricting access to the market for goods (works, services) of small and medium-sized businesses or preventing them from entering the market.

Article 18. Check of financial and economic activity of subjects of small and medium entrepreneurship

Verification of financial and economic activities of small and medium-sized businesses is carried out by state authorities and law enforcement agencies no more than once in three years, with the exception of inspections related to operational search activities and execution of court decisions, as well as in cases of liquidation and termination of entrepreneurial activity of subjects of small and medium entrepreneurship in the order established by the legislation of Turkmenistan.

Article 18.1. State support of public associations of small and medium entrepreneurship

1. State support of public associations of small and medium-sized businesses, established in accordance with the legislation of Turkmenistan, is aimed at increasing the motivation of entrepreneurs to join various forms of public associations in order to provide the most favorable conditions for the development of entrepreneurship, fair competition, increasing the responsibility and competence of small and medium-sized business, collective protection of their interests in state bodies annoy power and control.

2. State support of public associations of small and medium-sized business entities is carried out by state authorities and local governments through:

1) to assist, if necessary, in the provision of public associations, their members and enterprises with premises and communication facilities for carrying out public events on the development of private entrepreneurship;

2) involvement of public associations and their members in the preparation of draft normative legal acts, programs of social and economic development of the respective regions;

3) providing public associations and their members with the possibility of using mass media in order to popularize the ideas of small and medium-sized businesses;

4) attracting public associations and their members to participate in conferences, seminars and other state events, including those held abroad.

CHAPTER IV.

State guarantees for the protection of the activities of small and medium-sized businesses

Article 19. Guarantees of legal protection of the activities of small and medium-sized businesses

1. The subjects of small and medium-sized businesses are guaranteed protection of their rights and legitimate interests in accordance with this Law and other normative legal acts of Turkmenistan.

2. Normative legal acts of Turkmenistan affecting the interests of small and medium-sized businesses should be accessible to them.

3. If changes in the legislation of Turkmenistan lead to bans and restrictions worsening the legal framework for the activities of small and medium-sized businesses, the legislation of Turkmenistan in effect at the time of registration of small and medium-sized businesses is applied to them for five years.

Article 20. Guarantees against unreasonable interference in the activities of small and medium-sized businesses

1. Unreasonable interference, illegal actions (inaction) of officials of state authorities and management and local self-government, as well as law enforcement agencies in the economic activities of small and medium-sized businesses entail responsibility established by the legislation of Turkmenistan.

2. Damage (harm) caused to the subjects of small and medium-sized business by unreasonable interference, illegal actions (inaction) of officials specified in part one of this article shall be compensated in the order established by the legislation of Turkmenistan.

3. The subjects of small and medium entrepreneurship have the right to use the funds available on their settlement accounts, at their discretion, with the exception of cases established by the legislation of Turkmenistan

Article 21. Guarantees of compensation for compulsory forfeit seizure of property

1. Compulsory forfeiture of property of small and medium-sized business entities into the ownership or temporary use of the state in the form of requisition is allowed only in cases provided for by the legislation of Turkmenistan in order to overcome circumstances that are of extraordinary nature, including natural disasters, accidents, epidemics, epizootics and their consequences.

2. In the event of termination of the circumstances in connection with which the requisition is effected, the subjects of small and medium-sized business shall have the right to demand the return of the preserved property with the condition for the return of the compensation received for the requisitioned property, minus the damage (harm) from the decrease in the value of the preserved property.

3. When requisitioning the property of small and medium-sized businesses, compensation must correspond to the market value of the property at the time of the decision to compensate.

4. Evaluation of the requisitioned property and damage (harm) from the reduction of its value, as well as the resolution of disputes over the legality of requisition of property, compensation of damage (damage) in the requisition of property is made in the manner established by the legislation of Turkmenistan.

Article 21¹. Guarantees of granting compensation as a result of demolition of real estate objects belonging to small and medium-sized business entities

1. Demolition of immovable property in connection with the seizure of land for state and public needs owned by small and medium-sized businesses that are the owners of these objects is carried out after providing them with other equivalent land plots and the construction of real estate in place of demolished property.

2. Provision of land plots, as well as reimbursement of costs associated with the construction of real estate in a new location, shall be carried out in accordance with the procedure established by the Cabinet of Ministers of Turkmenistan.

Article 21². Guarantees of disposal of goods and money belonging to small and medium-sized businesses

1. The subjects of small and medium-sized business are the owners of the goods (works, services) produced by them.

2. Subjects of small and medium-sized business shall, at their discretion, dispose of income (profit) remaining after covering all production costs, payment of taxes and other obligatory payments, except for cases established by the legislation of Turkmenistan.

3. Mutual relations of subjects of small and medium-sized business with credit institutions are carried out on the basis of the contract, unless otherwise stipulated by the legislation of Turkmenistan.

4. The Bank shall be entitled to place funds in the bank accounts of small and medium-sized businesses on its own behalf and at its own expense, guaranteeing their safety when presenting claims to accounts, as well as the right of small and medium entrepreneurship to dispose of their own funds within in the accounts of amounts, in accordance with the legislation of Turkmenistan.

5. State bodies, banks or other credit institutions may not determine and control the use of funds of small and medium-sized business entities and establish other restrictions on their rights to dispose of monetary funds at their own discretion, not provided for by the legislation of Turkmenistan.

Article 21³. Guarantees of freedom of foreign economic activity of subjects of small and medium entrepreneurship

1. The subjects of small and medium-sized business independently carry out foreign economic activities in accordance with the legislation of Turkmenistan.
2. State bodies and public associations in order to support entrepreneurship shall implement measures to expand the participation of small and medium-sized businesses in international exhibitions and fairs, and implement programs and projects on foreign economic relations.
3. The subjects of small and medium-sized business carry out foreign economic activities without special registration as a participant in foreign economic relations.

Article 21⁴. Guarantees of access of small and medium entrepreneurship to information

1. State bodies, their officials are obliged to provide entities of small and medium-sized business with an opportunity to get acquainted with the normative legal acts of Turkmenistan, documents, decisions and other materials affecting their rights and legitimate interests, with the exception of cases stipulated by the legislation of Turkmenistan.
2. Access to information is provided through the publication and dissemination of normative legal acts of Turkmenistan and relevant materials in the mass media, including through the worldwide Internet in official websites of government agencies.
3. Information affecting the rights and legitimate interests of small and medium-sized businesses is provided free of charge, and for the provision of other information in accordance with the established procedure, a fee may be charged.

Article 21⁵. Guarantees of protection of a trade secret of a small and medium-sized business entity

1. Information constituting a commercial secret of a small and medium-sized business entity unknown to third parties shall be protected if such information is of actual or potential commercial value due to its unknowingness to third parties or it is not freely accessible by law and the holder of information accepts measures to protect its confidentiality.
2. State bodies and their officials are obliged not to disclose information relating to commercial secrets obtained during the registration of small and medium-sized business entities, verification of their activities, or performance of other actions arising from the functions of the relevant bodies, with the exception of cases established by the legislation of Turkmenistan.
3. When carrying out registration, verification or control tasks, government officials are not entitled to demand access to information constituting a commercial secret, other than those necessary for the performance of the tasks before them.

CHAPTER V. Final provisions

Article 22. Settlement of disputes

Disputes arising in the field of state support for small and medium-sized businesses are resolved in the manner established by the legislation of Turkmenistan.

Article 23. Responsibility for violation of this Law

Violation of this Law entails responsibility established by the legislation of Turkmenistan.

Article 24. Entry into force of this Law

1. This Law shall come into force from the date of its official publication.
2. Normative legal acts of Turkmenistan that contradict this Law shall be brought into conformity with this Law within one month from the date of its entry into force.

President OF Turkmenistan

Gurbanguly Berdimuhamedov

Ashgabat
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