

# THE LAW OF THE REPUBLIC OF MOLDOVA ON PEASANT FARMS

## Article 1. Notion of a peasant farm. General provisions.

1. A peasant farm is an independent subject in the economic system of the Republic. It has the status of a juridical person which produces, processes and sells agricultural products as a result of utilization of the land and other belongings that either is the farm's property or is being rented by it.
2. A peasant farm represents one of the forms of the free enterprise activity, that is carried out according to the principles of economic advantage.
3. Members of the family are considered to be the members of the peasant farm.
4. Any citizen of the Republic of Moldova who has reached the age of 18 years old can be the manager of a peasant farm.
5. A peasant farm enjoys the same rights as all other forms of farming in agriculture as far as organizing production and owning the means of production as well as the production itself.
6. The relationships between a peasant farm and the organs of the state administration, other companies, institutions, organizations and individuals are built on a contractual basis and are carried out by payments in cash or by written orders.
7. The manager of a peasant farm represents its interests in the relations with the organs of the state administration, companies, institutions, organizations and individuals.
8. Interference of the state, public, cooperative organizations in the economic or any other activity of a peasant farm is prohibited.

## Article 2. Establishing a peasant farm.

A peasant farm is established on a voluntary basis. For the purpose of running a peasant farm, the citizens of the Republic of Moldova are granted with lots of land either into their property or for renting it in accordance with the legislation in force.

### Article 3. Registering a peasant farm.

1. A peasant farm is registered by the local administrative authorities either after passing of the state document acknowledging the right of property for the lot of land or after the contract on renting the lot of land has been legalized.

2. After registration, the peasant farm being an independent producer opens a bank account for making payments, has its own seal made and establishes business relations with other companies, institutions, organizations and individuals.

### Article 4. Rights of the members of a peasant farm.

The members of a peasant farm have the right:

- to manage the lot independently,
- to dispose of the obtained products and of the profit obtained from the sales,
- to irrigate or to drain the land and to undertake any other improvement-of-the-land measures as well as to build reservoirs in accordance with the nature protection legislation in force,
- to exchange the lot of land through the organs of local administration,
- to lease the lot of land or a part of it in case of temporal incapability to work or in case of entering an educational institution or if drafted for the military service,
- to receive, in case of confiscating the lot of land for the needs of the state or society, an equivalent lot of land and a compensation for the expenses and losses incurred therefore, including the unobtained profit.

### Article 5. Obligations of the members of a peasant farm.

The members of a peasant farm are obliged:

- to use efficiently the lot of land according to its destination,
- to increase its fertility,
- to undertake measures of protecting the soil,
- to prevent aggravation of the ecological conditions as a result of their economic activity on both their land and on that of the other proprietors,
- to pay in time the tax on land and the rent,
- not to violate the rights of other proprietors, land owners and tenants,
- in accordance with the land legislation, to present in time to the local administrative authorities, information about the conditions of the lot of land, its usage, including necessary information for keeping the land cadastre,
- to recover in the established way, the detriment to the fertility of the soil that has occurred due to their fault,
- to keep the frontier posts or the objects of the state geodesic (land survey) network that are situated on their lot of land,
- to respect the territorial arrangement within the established system of ownership on land.

In case of breaking the obligations fixed in this article on obligations, the manager of the peasant farm bears responsibility in accordance with the legislation in force.

### Article 6. Hereditability and passing of the lots of land into the ownership of other people.

The lots of land of a peasant are inherited by the right of succession and are passed into the ownership of other

citizens of the Republic of Moldova according to the legislation in force.

**Article 7. Property of a peasant farm and sources of acquiring them.**

1. The following is the property of a peasant farm: the land, the crops and perennial plantations on it, the living house, farm buildings, irrigation and other land improvement installations, productive cattle, poultry, agricultural and other machines, equipment, means of transportation, agricultural implements and other property necessary for farming and other activities.

2. The following are the sources of acquiring the property of the peasant farm:

- financial and material funds, of the members of the peasant farm;
- profits obtained from the sales of products (service rendering or job order fulfilled) as well as the results of any other activity;
- profits obtained from investing in marketable securities;
- bank loans, or funds obtained from other creditors;
- capital investments and federal budget subsidies;
- other funds that are permitted by the legislation in force.

**Article 8. Belonging of the property of the peasant farm and its insurance.**

1. The property of the peasant farm belongs to all its members with the right of common proprietorship or division.

2. The property of the peasant farm is insured on a voluntary basis according to the legislation in force.

**Article 9. Working on a peasant farm.**

1. Work of a member of the peasant farm is the basis of its activity. For production necessities other citizens can be employed on a contractual basis to be working on the farm.

2. Priority is given to remuneration of those who have signed contracts to be employed by the farm and it does not depend on the results of the economic activity of the peasant farm; the wages of farm employees should not be less than the ones of state employees of the same professions if otherwise not stated in the contract.

3. The peasant farm manager has to provide safe working conditions for the members of the farm and for the contract employees.

4. Working relations within the peasant farm are determined by its members.

5. Records about labor activities of the members of a peasant farm and of the citizens who have signed contracts are entered into work-books by the peasant farm manager and are certified by the local administrative authorities.

6. Labor disputes between the peasant farm manager and its citizens who have signed the contract of being employed shall be taken to the court.

**Article 10. Accounting and financial reporting on a peasant farm.**

1. The manager of the peasant farm keeps records of the farm's activities.

2. The state authorities exercise control over the peasant farm's activities in the following domains: usage of the lot of land, usage of the loans taken from the state, payment on taxes, labor protection, preventive treatment of cattle diseases, plant diseases and weeds, abiding by the law on nature protection.

#### Article 11. Sales of the products by the peasant farm.

1. The peasant farm has exclusive right to dispose of its products and to sell it in the way that suits it the most.
2. The peasant farm may sell its products at whole-sale, contractual, market and other prices.
3. The peasant farm may as well export its products. Payment by foreign partners shall be made according to the procedure established by the law

#### Article 12. Technical and material supplies/logistics on the farm.

1. The peasant farm purchases its technical and material means necessary for normal activity through the state supply organizations, also at the expense of the funds that have been distributed to peasant farms. At the same time it may procure its technical and material means from any company, state or cooperative organization in the market, as well as from individuals.
2. Repairs and technical service of the tractors, of the agromachines and equipment, cars or trucks that are the peasant farm's property shall be carried out by state and cooperative companies and organizations, corporations and other service oriented enterprises.

#### Article 13. Funds, financing and crediting of the peasant farm.

1. The funds of a peasant farm are formed from the money received after the sales of products (job order fulfilled and service rendering), from credits, federal budget subsidies and other incomes.
2. In order to preserve its funds and in order to make all kinds of payment and crediting operations, the peasant farm opens payment accounts, including hard currency accounts at any bank in a location where the farm had been registered.
3. Banks may offer the peasant farm long term, as well as short term loans on a contractual basis.

The peasant farm may deliver goods (products), fulfill job orders, render services, the consumers paying on credit including interest due for usage of the borrowed funds. The peasant farm has the right to procure products, to make job orders and to be rendered services by companies, institutions, organizations and individuals on credit.

#### Article 14. Income tax of the peasant farm.

The peasant farm pays the income tax according to the fiscal legislation.

#### Article 15. Joint activity of peasant farms.

1. Peasant farms may unite, on a voluntary and on a contractual basis, into cooperatives or into other organizations for purpose of producing, processing and selling of agricultural products and also for the purpose of technical supplies, construction work, technical, veterinary and agrotechnical service, water supply, consultative and financial assistance

2 Peasant farm associations can be formed through the unification of several independent peasant farms or in case of reorganization of collective and state farms.

3 Peasant farm associations act in accordance with the by-laws adopted by its members; it has the rights of a juridical person and has to be registered by the local administrative authorities in a manner established by the legislation in force.

4 Peasant farms that are members of an association preserve their independence as well as their rights over their land and their right of juridical persons.

5 A peasant farm has the right to quit any organization it had been a member of. While quitting an enterprise or an organization the peasant farm has the right over a part of the co-property of this organization.

#### **Article 16. Social protection of a peasant farm.**

1. The state guarantees the protection of the land and of other property of the peasant farm or the ones they are renting from unlawful actions on the part of enterprises, institutions, organizations and individuals and it is responsible for the loss incurred upon the peasant farm by limiting its economic activity. All the incurred losses in these cases (expenses, incomplete benefit, loss or deteriorated value of goods) are being compensated.

2. All members of the peasant farm as well as individuals who have signed contracts to be employed by the farm enjoy social protection and social assistance according to the legislation in force.

3. The peasant farm has the material responsibility, according to the legislation in force before its members and before the individuals who have signed contracts to be employed, for the detriment caused by injury and by undermining their health in the process of fulfilling their working obligations.

4. The social and cultural services to the members of the peasant farm are provided from its own means and from the social consumption funds.

5. The time that the members of the peasant farm and the individuals employed on a contractual basis have worked at the peasant farm is taken into consideration when establishing the total and uninterrupted work record. This is being done on the basis of the work-book records and of the documents that confirm that they have made payments into the social protection fund.

6. The social protection assistance from the state and the pensions for the members of the peasant farm and for individuals who have signed contracts to be employed are being fixed and paid out in the mode and conditions established by the legislation.

7. The members of the peasant farm and the individuals who have signed contracts to be employed by the farm are being granted assistance from the state in case of temporary loss of their ability to work, as well as other grants and services from the state according to the legislation in force. Those women who are the members of the peasant farm and those who have signed contracts to be employed by the farm are allowed to have maternity vacations and other grants and privileges provided for the women that work.

#### **Article 17. Conditions of termination of the activities of a peasant farm.**

A peasant farm ceases its activities in cases when:

- members of the farm decide to stop its activity;
- the lots of land are not used for agricultural purposes without any motive during two years after the date of the registration of the peasant farm;

- there is no member of the peasant farm left or a heir who would like to continue the farm's activity;
- the lot of land is nationalized in the manner established by the law for the needs of the state and of the society;
- the farm is reorganized (merging, enlargement, division or separation takes place);
- the peasant farm goes bankrupt.

**Article 18. The manner in which the peasant farm activities are stopped.**

1. A decision on terminating the peasant farm activity is taken by the local administrative authorities, or in case of bankruptcy - by a court. The disputes on termination the peasant farm activity are being solved by a court.
2. Passing in an established by the law manner of the lot of land from the ownership of the peasant farm for the needs of the state and of the society takes place with the farm's consent, after the local administrative authority has allotted to it, according to the farm's wish, an equal value lot.
3. In case when the peasant farm terminates its activity before the expiration of the term for which fiscal privileges are provided, the farm has to pay the total amount of the taxes.
4. After ceasing of the peasant farm activities, its property is used to pay the wages to those who had signed contracts to be employed by the farm, to make the necessary debt payments into the state budget, to repay the bank loans and to quit debts to other creditors.

**Mircea Snegur, President of Republic Moldova.**

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