

LAW OF THE REPUBLIC OF BELARUS of 12 December 1990
"ON LEASE"

The present Law regulates the relations arising when concluding and executing contracts on lease of natural resources and property. The Law stipulates such reconstruction of social relations, which would facilitate the creation of possibilities for effective use of land, other natural resources and property of the national economy, the enhancement of incentives for labor collectives and separate citizens to develop production and improve products' quality, and for more complete satisfaction of social and other needs of citizens.

SECTION I.
LEASING CHAPTER 1.

GENERAL PROVISIONS

ARTICLE 1. LEASE Lease shall be based upon a contract time-limited compensatory ownership and use of property necessary to a lessee for independent execution of economic and other activities.

ARTICLE 2. LEGISLATION ON LEASE Lease relations and other lease-connected legal relations shall be regulated by the present Law and other statutory acts of the Republic of Belarus.

ARTICLE 3. SCOPE AND OBJECTS OF LEASE Lease shall be permitted in all the branches of national economy and may be applied to property of all forms and types of ownership. The following objects may be leased: land and other natural resources; enterprises (amalgamations), organizations, structural units of amalgamations, works, workshops, other elements of enterprises and organizations; separate premises, buildings, installations, equipment, means of transportation, agricultural machinery, implements, tools, other material values; draft-cattle. Legislation of the Republic of Belarus shall establish types (groups) of enterprises (amalgamations), organizations and types of property that can not be let on lease.

ARTICLE 4. LESSORS

The right to lease property shall be vested with the owner, including foreign artificial and natural persons. Lease may also be granted by the bodies and organizations authorized by the owner to lease the property. State enterprises, organizations shall have the right to lease property complexes, some premises, buildings, installations, equipment and other material values being under their economic authority or operational management. Enterprises (amalgamations) and other property complexes, as well as communal property shall be leased by corresponding Soviets of People's Deputies and state bodies authorized by them. Land and other natural resources shall be leased by the Soviets of People's Deputies enjoying in accordance with legislation of the Republic of Belarus the right to dispose of corresponding natural resources.

ARTICLE 5. LESSEES

Lease can be granted to legal and physical persons, joint ventures, international associations (amalgamations) and organizations with participation of Soviet and foreign legal persons, as well as foreign states, international organizations. The procedure for participation of foreign legal and physical persons in lease of the state property shall be determined by laws of the Republic of Belarus.

ARTICLE 6. ASSOCIATIONS OF LESSEES

Lessees shall have the right to form on voluntary principles associations, unions, consortiums, concerns and other associations (amalgamations), to finance their activities and to freely withdraw from them according to the statutes adopted. These associations (amalgamations) may include any collectives or citizens, irrespective of forms of ownership engaged in their production. Lessees, on their part, have the right to enter any associations (amalgamations), if the latter agree to it.

CHAPTER 2. LEASE AGREEMENT

ARTICLE 7. LEASE AGREEMENT The main document regulating relations between a lessor and a lessee shall be a lease agreement. A lease agreement shall be concluded on the principle of voluntariness and complete equality of rights of the parties. Agreements on the lease of land and other natural resources shall be registered according to the procedures established by the legislation of the Republic of Belarus.

ARTICLE 8. SCOPE OF THE LEASE AGREEMENT

A lease agreement shall provide for: fulfillment of obligations under the agreement; composition and cost of the leased property, procedures for its transfer; amount of rental payment and terms of lease; distribution of responsibility among the parties for complete renewal and repair of the leased property; responsibility of a lessor to grant property to a lessee in the condition conforming to the conditions of the agreement; responsibility of a lessee to use property in conformity with terms of the agreement, to pay the rent and to return the property upon termination of agreement to a lessor in the condition stipulated by the agreement; right of a lessee to buy out the leased property. An agreement on lease of land and other natural resources shall also contain responsibilities of a lessee for the rational use of a natural object in conformity with specified purposes. In a lease agreement there shall be specified cost and objects of the state property in the non-productive sphere (housing, communal and social services) that may be granted to a lessee without compensation. An agreement shall contain obligations of a lessee regarding these objects (their maintenance and capital repairs). A lease agreement may also contain responsibilities of a lessee for material and technical supply, assistance in development of production, introduction of scientific and technical achievements and advanced technologies, technological updating, social development, rendering of information, advisory and other aid, assistance in training of personnel, creation of necessary conditions for efficient use of the leased property and keeping the latter in a proper state. A party responsible for non-abiding or improper abiding by commitments specified in a lease agreement, including unilateral alteration or cancellation of the agreement, shall carry responsibility as stipulated by the legislation of the Republic of Belarus and the agreement.

ARTICLE 9. COST OF LEASED PROPERTY

Cost of property being let on lease shall be determined by a special inventory commission with participation of a lessor and a lessee proceeding from the property appraisal at a moment of its lease, taking into account its actual depreciation. If according to a lease agreement complete reconditioning of the leased property is entrusted with the lessee and depreciation deductions, related to this property, remain in the possession of the lessee, then the value of the leased property shall remain constant for the whole period of leasing. In this case the leaseholder is free to decide on reconditioning of the leased property. When depreciation deductions related to the leased property are transferred to the lessor, then the residual value of this property shall diminish every year by a sum of annual depreciation deductions. After its complete depreciation the leased property shall become property of the lessee, unless otherwise stated by the agreement.

ARTICLE 10. SERVICE LIFE OF LEASED PROPERTY

A service life of the leased property shall be determined by agreement of the parties, but it shall not exceed the depreciation life, established in accordance with the current depreciation norms.

ARTICLE 11. RENTAL PAYMENT

Rental payment shall be established by the agreement as part of profit (income) in the form of per cent calculated from the cost of the leased property or as a fixed sum. An amount of the per cent shall be established, as a rule, not lower than the bank interest rate. Relations between the parties concerning depreciation deductions on the cost of the leased property shall be specified in the lease agreement proceeding from the distribution of the parties' responsibility as to the reproduction of the leased property. In case of reproduction of the leased property being entrusted with the lessee, the depreciation deductions shall not be transferred to the lessor but left with the lessee solely. In this case a decision on reconditioning of the leased property shall be taken by the lessee himself. In case of

lease of enterprises (amalgamations), buildings and installations, the rental payment may include payment for the land and other natural resources. In case of lease of land and other natural resources there shall be no depreciation deductions. Rental payment for land and other natural resources shall be established by an agreement between the parties according to the procedure and within the limits provided for by legislation of the Republic of Belarus.

ARTICLE 12. FORMS OF RENTAL PAYMENT

Rental payment may be established for the leased property as a whole or separately for each object of the property in kind, in monetary or mixed forms.

ARTICLE 13. CONDITIONS, TERMS OF PAYMENT AND RENTAL PAYMENT BANK ACCOUNTS

Conditions, terms of payment and rental payment bank accounts shall be determined by the agreement.

ARTICLE 14. ALTERATION OF THE AMOUNT OF RENTAL PAYMENT

The amount of rental payment can be altered by consent of the parties within the terms specified by the agreement. Rental payment shall be reviewed ahead of time at the request of one of the parties in case of alterations of the state-administered prices and tariffs and in other cases stipulated by the agreement. A lessee may demand that rental payment be respectively decreased, if due to the circumstances which are beyond his responsibilities the property, land and other natural resources and management conditions stipulated in the agreement have substantially aggravated.

ARTICLE 15. TERMS OF LEASE

Terms of lease shall be established by the agreement. Lease of land for agricultural use, other natural resources, enterprises, buildings, installations shall be of a long term-character - for 5 years or more. Taking into consideration the character of the property and purposes of the lease, the agreement may be a short-term one - up to 5 years.

ARTICLE 16. CONSEQUENCES OF NON-PROVISION OF PROPERTY, LAND AND OTHER NATURAL RESOURCES TO THE LESSEE

If a lessor does not provide a lessee with the property, land and other natural resources already granted for lease, then the lessee shall have the right to vindicate the above from the lessor and demand that losses sustained as a result of the delay in agreement execution be compensated for, or he may renounce the lease agreement and exact losses sustained due to its non-fulfillment.

ARTICLE 17. LIABILITIES OF THE PROPERTY OWNER FOR THE COMMITMENTS OF A STATE BODY

If resources of a state body, that has let on lease property of a state-owned enterprises (a structural entity, an amalgamation) as a whole, are short, then liabilities for the commitments of this body in favour of the lessee shall lie upon the owner of relevant property .

ARTICLE 18. SUB-LEASING A lessee with consent of the lessor shall have the right for sub-leasing property acquired through an agreement, except the cases stipulated by statutory acts of the Republic of Belarus.

CHAPTER 3. OWNERSHIP UNDER LEASE

ARTICLE 19. LESSOR'S OWNERSHIP RIGHT TO THE LEASED PROPERTY

Lease of the property shall not involve transfer of the ownership right to this property.

ARTICLE 20. LESSEE'S OWNERSHIP RIGHT TO PRODUCTS, INCOME, MATERIAL AND OTHER VALUABLES

Products and incomes gained by a lessee as a result of use of the leased property shall belong to the lessee. A lessee shall also own other than leased material and other valuables gained and acquired on the grounds stipulated by the legislation.

ARTICLE 21. LESSEE'S OWNERSHIP RIGHT TO THE SEPARABLE IMPROVEMENTS OF THE LEASED PROPERTY

A lessee shall own separable improvements of the leased property carried out by the former, unless otherwise stipulated by the lease agreement.

ARTICLE 22. RIGHT OF A LESSEE TO REIMBURSEMENT FOR INSEPARABLE IMPROVEMENTS OF THE LEASED PROPERTY

In case a lessee being authorized by a lessor has carried out at his own expense improvements inseparable without damage to the leased property (renovation of a building or installation, replacement of equipment, etc.), he shall have the right upon termination of the lease agreement to reimbursement for the mentioned improvements, unless otherwise stipulated by the agreement. Cost of inseparable improvements carried out by the lessee without authorization of the lessor, except land and other natural resources, shall not be reimbursed. In lease of enterprises and other property complexes, a lessee shall have the right to reimbursement for the cost of inseparable improvements of the leased property carried out at his own expense irrespective of a lessor authorization of this improvements, unless otherwise stipulated by the agreement.

ARTICLE 23. LESSEE'S OWNERSHIP RIGHT TO THE IMPROVEMENTS CARRIED OUT AT THE EXPENSE OF DEPRECIATION DEDUCTIONS ON THE LEASED PROPERTY

Improvements, either separable or inseparable, carried out at the expense of depreciation deductions on the leased property shall be owned by a lessee and shall increase the residual cost of the leased property, with the exception of cases specified in Article 9 of the present Law.

ARTICLE 24. COMPENSATION TO A LESSOR FOR SUSTAINED DAMAGES AND LOSSES

If the condition of the property, land and other natural resources returned upon termination of the agreement does not meet requirements stipulated by the agreement, the lessee shall compensate the lessor for damages caused by the former. If the leased property is out of service before expiration of its service life stipulated by the agreement, the lessee shall reimburse the lessor the residual cost of the property, unless otherwise stipulated by the agreement.

ARTICLE 25. DETERMINATION OF A LESSEE ECONOMIC ACTIVITY TRENDS

A lessee, in accordance with the lease agreement, shall decide independently upon the trends of his economic activity and shall dispose himself of the produce and gained income. Economic activity trends of a lease holder of land and other natural resources shall be determined in accordance with their purpose.

CHAPTER 4. ALTERATION, CANCELLATION, TERMINATION AND EXTENSION OF THE LEASE AGREEMENT

ARTICLE 26. ALTERATION OF CONDITIONS OF THE LEASE AGREEMENT, ITS CANCELLATION, TERMINATION AND EXTENSION

Alteration of conditions of a lease agreement, its cancellation and termination shall be permitted by agreement between the parties. At the request of one of the parties a lease agreement may be cancelled upon the decision of the state arbitration or a court, in case of violation by another party of terms and conditions of the agreement Reorganization of a lease granting organization, as well as transfer of ownership of the leased property shall not be the ground to alter conditions of the agreement or to cancel it. On expiration of the term of an agreement a lessee meeting property obligations assumed in accordance with the agreement shall enjoy the preference over other persons for renewal of the

agreement. A party willing to cancel an expiring agreement or to alter its conditions shall forward a corresponding application to the other party three months before expiration of the term of the agreement or in other term specified by the agreement. In case of absence of the application to cancel the agreement or to alter its conditions, upon the expiration of its term the agreement shall be considered extended for the same period and on the same conditions stipulated by the agreement, or upon request of one of the parties the agreement may be cancelled according to the procedure specified in Article 26, Part 2. On termination of an agreement with a natural lessee the priority of concluding a lease agreement shall be given to members of his family who lived and worked together with him. In case of death of a lessee, his rights under a lease agreement shall be transferred to one of the family members who lived and worked together with him and who is willing to become a lessee. A lessor shall have no right to deny such a person entering into the current agreement for the remaining period of the agreement except for the cases when conclusion of the agreement was caused by personal qualities of a lessee.

ARTICLE 27. SETTLEMENT OF DISPUTES ARISING WHILE EXECUTING THE LEASE AGREEMENT

Disputes arising while executing a lease agreement shall be considered in the state arbitration or a court of justice in accordance with their competence.

CHAPTER 5. PROTECTION OF LESSEE'S RIGHTS OF OWNERSHIP

ARTICLE 28. PROTECTION OF A LESSEE'S RIGHT TO THE LEASED PROPERTY

A lessee's right to the leased property shall be protected equally with the right of ownership. A lessee may request to vindicate leased property from any illegal possession, to remove obstacles to use of the property, to compensate for damage, inflicted to the property by any persons including a lessor. Proceeding against the leased property for the recovery of lessor's debts shall not be permitted. A lessee's property can be withdrawn from him only on a state arbitration or a court judgment.

ARTICLE 29. PRESERVATION OF THE LEASE AGREEMENT TERMS AND CONDITIONS

Lease agreement terms and conditions shall be in force during the whole period of the agreement and in cases, when following conclusion of the agreement legislation-established rules aggravate the position of a lessee.

SECTION II.

LEASING ENTERPRISES (AMALGAMATIONS)

CHAPTER 6. FORMATION OF A LEASED ENTERPRISE AND MANAGEMENT OF SAME

ARTICLE 30. FORMATION OF A LESSEES' ORGANIZATION

A labour collective of a state-owned enterprise (an amalgamation) or of a structural unit of an amalgamation (hereinafter a state-owned enterprises) shall have the right to form an organization of lessees as an independent legal person with the view to form a leased enterprise on the basis of this organization. A decision on formation of a lessees' organization and of its managerial bodies shall be taken by the general meeting (conference) of the labour collective by at least two thirds of the votes of those present at the meeting (conference), as the powers to take decisions. A lessees' organization formed for the purpose of creation on its basis of a leased enterprise can be formed by a mixed collective including both workers, who are members of the labour collective of a state-owned enterprise, and a group of citizens, who have associated for the objective of leasing. Such organization of lessees shall be formed on the basis of its constitution agreement signed by its participants.

ARTICLE 31. PROCEDURES FOR CONCLUSION OF A STATE-OWNED ENTERPRISE LEASING AGREEMENT

An organization of lessees shall work out a draft lease agreement and forward it to a state body authorized to let on lease state-owned enterprises. This body shall be liable to consider the draft

agreement and take a decision within a thirty-day period from the day of its reception. Disputes arising while concluding a lease agreement, including disputes related to an ungrounded refusal to lease this enterprise or to a delay in its consideration, shall be examined by the state arbitration.

ARTICLE 32. STATUS OF A LEASED ENTERPRISE

An organization of lessees shall acquire a status of a leased enterprise after having signed a lease agreement, having approved its statute at a general meeting (conference) and having received the property of the enterprise according to the established procedures. A leased enterprise shall acquire the rights of a legal person on the day of its state registration by a local executive committee of the Soviet of People's Deputies of a region, city (town), district in a city (town) at the place where the leased enterprise is located. State registration shall be performed not later than within thirty days from the day the leased enterprise submitted its application and other necessary documents to the executive committee of the pertinent Soviet of People's Deputies. The refusal to state registration can be motivated by violation of the procedures established for the formation of the leased enterprise, or if the foundation acts (documents) of the enterprise do not correspond to the requirements of the present Law. It shall not be allowed to refuse state registration on motives of inexpediency of formation of a leased enterprise. If state registration has not been performed within the established time period or has been refused on motives, that the leased enterprise considers ungrounded, it can appeal to the state arbitration or a court of justice and demand the registration be performed. When a state-owned enterprise (a structural unit of an amalgamation) is leased to an organization of lessees, the above enterprise (the structural unit of an amalgamation) shall be liquidated or reorganized according to the procedures established by the law. The procedures for liquidation of a leased enterprise and utilization of its property shall be defined in the statute of this enterprise.

ARTICLE 33. RESERVATION BY THE LEASE ENTERPRISE OF THE NAME AND GOVERNMENTAL AWARDS, TRADE MARKS AND SYMBOLS OF THE STATE-OWNED ENTERPRISE

A leased enterprise, at its request, can acquire the right to reserve, on a decision taken by relative state bodies, the name and governmental awards, trade mark and symbol of the leased state-owned enterprise.

ARTICLE 34. ASSIGNMENT OF OWNERSHIP RIGHTS AND LIABILITIES WHILE LEASING ENTERPRISES (AMALGAMATIONS)

A leased enterprise shall become an assignee to ownership rights and liabilities of a state-owned enterprise, taken on lease by the former, including the rights for using land and other natural resources. A lessor and lessee can take full or partial responsibility for repayment of creditor's debts of the enterprise. Responsibilities of a state-owned enterprise for the realization of products (work, services) shall be met by a lessee within the amounts and terms, stipulated in agreements signed by said enterprise. A lessor shall transfer to the lessee the material resources of funds, allocated to it, as well as shall take other measures necessary to meet these responsibilities. Non-fulfillments of responsibilities by the lessor shall remove the correspondent responsibilities of the leaseholder. A leased enterprise shall retain the right to state-administered capital investments and subsidies within the amounts fixed for the state-owned enterprise taken on lease. Property created from these resources shall be regarded as state property shall be included into the property let on lease.

ARTICLE 35. RIGHTS AND RESPONSIBILITIES OF A LEASED ENTERPRISE TO PARTICIPATE IN SOCIAL AND ECONOMIC DEVELOPMENT OF THE TERRITORY

A leased enterprise shall receive the rights and responsibilities of the state-owned enterprise taken on lease concerning its participation in social and economic development of the territory, where it is located.

ARTICLE 36. RELATIONS BETWEEN THE LEASED ENTERPRISE AND IT LESSOR REGARDING THE USE OF FUEL AND RAW MATERIAL STOCKS AND OTHER ISSUES

A lease agreement shall specify the relations between a lessee and its lessor regarding terms and conditions of the utilization of stocks of fuel, raw and other materials, products in progress, ready

products, as well as distribution of the remaining funds of economic stimulation, utilization and financing of its departmental housing fund, and allocation of resources obtained as debt receivables. Forced leasing of enterprises, objects and property, that are superfluous for a lessee, shall not be allowed.

ARTICLE 37. MANAGING A LEASED ENTERPRISE

A leased enterprise shall be managed in accordance with its statute.

ARTICLE 38. CONTESTED LEASING OF ENTERPRISES (AMALGAMATIONS) AND THEIR PROPERTY COMPLEXES

A state-owned enterprise (amalgamation) or its unit can be let on lease through a contest. Such contest shall be announced by a state body, that has the right to let on lease pertinent property.

ARTICLE 39. CONTESTANTS

Contestants may be labour collectives of state-owned enterprises or of their structural units, mixed collectives including workers that are not engaged at a given enterprise, groups of citizens who have organized a collective with a view to lease the relevant enterprise, economic societies and partnerships, public organizations and citizens. To participate in a contest, the above collectives shall form organizations of lessees according to the procedures stipulated by this Law.

ARTICLE 40. PREFERENTIAL RIGHT FOR LEASING A STATE-OWNED ENTERPRISE OR ITS UNIT

Preferential right to take on lease a state-owned enterprise or its unit shall belong to their labour collectives.

ARTICLE 41. LEASING OF A STATE-OWNED ENTERPRISE IN CASE OF ITS REORGANIZATION OR LIQUIDATION

In case a state body, that is authorized to administer state property, takes a decision on reorganization or liquidation of a state-owned enterprise, except the cases when such enterprise has been recognized insolvent (bankrupt), the labour collective shall have the right to demand that the enterprise be let on lease or transformed into another enterprise, based on a collective ownership or on other forms of ownership. Disputes arising in such cases between a state body and the labour collective shall be settled in a court.

CHAPTER 7. ECONOMIC ACTIVITIES OF A LEASED ENTERPRISE

ARTICLE 42. RIGHT OF THE LEASED ENTERPRISE TO DISPOSE OF THE LEASED PROPERTY

A leased enterprise shall have the right to sell, exchange, let on sub-lease or let for temporary use free of charge or lend the material valuables constituting part of the property leased, if such transfer of property does not incur violation of the agreement. The above procedures for disposal of property leased shall not apply in relation to land and other natural resources. A leased enterprise shall have the right to independently alter the composition of the leased property, carry out reconstruction, expansion, technological updating, that increase its value, unless otherwise stated by the agreement.

ARTICLE 43. USE OF NATURAL RESOURCES BY A LEASED ENTERPRISE

A leased enterprise shall be liable to possess and use land and other natural resources in accordance with its goals. A leased enterprise shall bear the established responsibility for violation of laws concerning environment protection.

ARTICLE 44. FOREIGN ECONOMIC ACTIVITIES OF A LEASED ENTERPRISE

A leased enterprise shall carry out foreign economic activities in accordance with the procedures established by the legislation in force.

ARTICLE 45. RESPONSIBILITIES OF A LEASED ENTERPRISE FOR THE FULFILLMENT OF ORDERS PLACED BY THE STATE AND ORDERS FOR THE REALIZATION OF PRODUCTS
A leased enterprise shall be obliged to fulfil, according to the lease agreement, orders placed by the state as well as orders for the realization of products (work, services) within the framework of existing economic ties and within the volumes, which do not exceed relevant orders for the year when the enterprise is let on lease.

The lessor can take the responsibility to purchase from the lessee the products manufactured by the latter.

ARTICLE 46. PRICES FOR THE REALIZED PRODUCTS AND PURCHASED RAW AND OTHER MATERIALS

A leased enterprise shall realize its own products (work, services), and shall purchase raw materials and other material and technical resources at wholesale, purchasing, retail and contractual prices.

ARTICLE 47. ALLOCATION TO A LEASED ENTERPRISE OF RESOURCES FOR EXPANSION OF PRODUCTION AND SOLUTION OF SOCIAL TASKS

A leased enterprise may be allocated resources (means) for expansion of its production and solution of social tasks at the expense of state-administered centralized capital investments and resources of the lessor, as well as credits and advances in exchange of commitments to increase the output and improve the quality of products (work, services) and to create new types of products. Lessees of unprofitable state-owned enterprises and those with low profits may be granted rental privileges.

ARTICLE 48. ACCOUNTING AND STATISTICAL REPORTING OF A LEASED ENTERPRISE

A leased enterprise shall account the results of its activities, and shall maintain accounting and statistical reports according to the procedures established by the legislation of the Republic of Belarus.

CHAPTER 8. FINANCES OF THE LEASED ENTERPRISE

ARTICLE 49. FINANCIAL RESOURCES OF THE LEASED ENTERPRISE Financial resources of a leased enterprise shall be formed from: receipts obtained from the realization of its products (work, services); credits; means obtained from the selling of securities; other financial resources (means).

ARTICLE 50. ALLOCATION AND UTILIZATION OF INCOMES (PROFITS) OF A LEASED ENTERPRISE

The receipts obtained by a leased enterprise shall be used for making insurance and other payments envisaged by the legislation of the Republic of Belarus, and to repay credit interests. The profits received shall be used for making rental payment and taxes, rental subtracted, whereas the remaining profit shall be at complete disposal of the leased enterprise. The latter is free to determine principal spheres for using said profits.

ARTICLE 51. EMISSION BY A LEASED ENTERPRISE OF SECURITIES AND RAISING OF SPECIAL PURPOSE LOANS

To mobilize additional financial resources, a leased enterprise can emit securities, raise special purpose loans in the manner established by the legislation in force and operate at the security market. The preferential right to purchase the securities shall be provided to members of the labour collective of the leased enterprise.

ARTICLE 52. GRANTING OF CREDITS BY A LEASED ENTERPRISE

A leased enterprise can grant credits to other enterprises and organizations from its own resources (means) on terms and conditions specified by an agreement between the parties, including an arrangement on the amount of credit interest.

ARTICLE 53. WRITING OFF OF PECUNIARY RESOURCES FROM THE ACCOUNTS OF A LEASED ENTERPRISE

Pecuniary resources can be written off from accounts of a leased enterprise solely on its instructions or on a decision taken by the state arbitration or a court of justice. Indisputable writing off of pecuniary resources from accounts of a leased enterprise shall be allowed only in the cases envisaged by the legislative acts. In case a leased enterprise disagrees with the indisputable writing off of its pecuniary resources it shall have the right to submit to the state arbitration a plaint to vindicate sums written off arbitrarily.

CHAPTER 9. LABOUR AND ITS REMUNERATION

ARTICLE 54. REGULATION OF LABOUR RELATIONS OF LABOUR COLLECTIVE MEMBERS OF A LEASED ENTERPRISE

Labour relations of members of the labour collective of a leased enterprise shall be regulated by the labour laws with due account of specific features established by the present Law, the statute of the leased enterprise and collective contracts concluded between the labour collective and the administration of the enterprise. Labour disputes of members of a leased enterprise, related to application of conditions and remuneration of labour, shall be considered by its managerial bodies. Decisions taken by these bodies can be appealed against in a court.

ARTICLE 55. RIGHTS OF A LEASED ENTERPRISE TO DETERMINE LABOUR CONDITIONS OF ITS WORKERS

A leased enterprise shall be free to determine the procedures for hiring and dismissal of workers, forms and systems of labour remuneration, working day's schedules, a number of work shifts, as well as to take decisions on introduction of a summed-up accounting of work time, and determine the procedures for days-off and leaves. The leased enterprise shall independently determine the duration of annual paid leaves. A duration of leaves cannot be less than the duration stipulated by the laws of the Republic of Belarus for the corresponding categories of workers and clerks of state-owned enterprises.

ARTICLE 56. SOCIAL PROTECTION OF INTERESTS OF LEASED ENTERPRISES' WORKERS

The state shall guarantee social protection of interests of workers of leased enterprises in accordance with the legislation in force. A lessor and a pertinent local Soviet of People's Deputies shall guarantee that the workers freed as a result of lease of an enterprise enjoy the rights stipulated by the legislation in force for the workers dismissed while reorganizing or liquidating a state-owned enterprise.

ARTICLE 57. SOCIAL DEVELOPMENT OF A LEASED ENTERPRISE

A leased enterprise shall care for better labour and living conditions, interests and needs of its workers and their families, as well as shall assist them in every respect in cooperative and individual housing construction, and allocate loans for these purposes. Matters, related to social development of a leased enterprise, shall be solved by the general meeting (conference) of the labour collective. A leased enterprise shall carry out its social activities in close cooperation with the local Soviet of People's Deputies. It shall construct living houses, preschool children's institutions and other social facilities, make its contribution into their construction, as well as may lease or acquire such facilities.

ARTICLE 58. LEASED ENTERPRISE'S DEDUCTIONS INTO THE STATE SOCIAL INSURANCE FUND

A leased enterprise shall make deductions into the state social insurance fund from its incomes according to the procedures and in the amounts established by the legislation of the Republic of Belarus.

ARTICLE 59. SOCIAL INSURANCE AND SOCIAL SECURITY OF PERSONS CARRYING OUT LABOUR ACTIVITIES ON CONDITIONS OF AN INDIVIDUAL OR A GROUP LEASE

Persons, carrying out labour activities on conditions of an individual or a group lease, shall be subject to social insurance and social security equally with the workers and clerks. A work time, during which lessees paid their insurance fees, shall be included into their labour record.

CHAPTER 10. PROPERTY OF A LEASED ENTERPRISE

ARTICLE 60. PROPERTY OF A LEASED ENTERPRISE Property of a leased enterprise shall include its products, received incomes and other properties acquired in accordance with the legislation in force.

ARTICLE 61. CONTRIBUTIONS OF LABOUR COLLECTIVE'S MEMBERS OF A LEASED ENTERPRISE INTO THE FORMATION OF ITS PROPERTY

It is envisaged that members of the labour collective of a leased enterprise shall have their own shares, contributed into the formation of the property owned by the enterprise as per conditions and terms stipulated in its statute; the above being formed at the expense of their individual labour participation, as well as by pecuniary and other property contributions.

ARTICLE 62. PROCEDURES AND CONDITIONS FOR PAYING OUT DIVIDENDS TO LABOUR COLLECTIVE'S MEMBERS OF A LEASED ENTERPRISE

Each member of the labour collective having his share in the property of a leased enterprise can receive securities for the value of his share in accordance with the statute of the enterprise. Members of the labour collective shall be paid out dividends for the above mentioned securities; the amount of dividends being determined by the labour collective on the basis of final production results and production development tasks. The statue of securities shall be paid out to their holders in the cases stipulated by the statute of the enterprise. The statute of the enterprise shall specify the procedures and conditions for payment of dividends to the members of the labour collective who have discontinued their labour relations with the enterprise.

CHAPTER 11. SPECIFIC FEATURES OF THE FORMATION OF CERTAIN LEASED ENTERPRISES. LEASE OF THE STATE-OWNED ENTERPRISE BY A COOPERATIVE

ARTICLE 63. FORMATION OF THE LEASED ENTERPRISE ON THE BASIS OF THE PROPERTY OF A UNIT OF A STATE-OWNED ENTERPRISE (AMALGAMATION)

A leased enterprise may be formed on the basis of lease of property of production units, shops, branches, farms, and other units (entities) of state-owned enterprises (amalgamations) on a decision taken by their labour collectives with the consent of the body, authorized to let enterprises on lease. Such leased enterprise shall be registered in accordance with Article 32 of the present Law. In so doing, no consent shall be required on behalf of the bodies, which are superior to such state-owned enterprise. A lease agreement shall be concluded with a state-owned enterprise (amalgamation), whose property is partially let on lease.

ARTICLE 64. FORMATION OF LEASED ENTERPRISES ON THE BASIS OF PROPERTY BELONGING TO PUBLIC UNIONS AND ORGANIZATIONS

Public unions and organizations, except public invalid organizations, shall have the right to let on lease their own enterprises and their units on the conditions stipulated by the present Law.

ARTICLE 65. LEASE OF A STATE-OWNED ENTERPRISE (AMALGAMATION) OR OF ITS UNIT BY A COOPERATIVE When a cooperative takes on lease a state-owned enterprise or its unit, the relations of leasing shall be established with a state body authorized to let enterprises on lease or with a relevant state-owned enterprise. Terms and conditions of agreement concluded with a cooperative shall be specified in accordance with the present Law.

SECTION III.
LEASING OF PROPERTY BY CITIZENS
CHAPTER 12. ECONOMIC ACTIVITIES WITH INDIVIDUAL AND GROUP LEASING

ARTICLE 66. RIGHTS OF LESSEES WITH INDIVIDUAL OR GROUP LEASING With individual or group leasing lessees shall be free to dispose of their own products, fulfil work and render services at prices and tariffs, specified by agreements and arrangements with users or independently. With individual or group leasing lessees can voluntarily assume the fulfillment of orders placed by the state and realize the products manufactured by the above order at wholesale, purchasing and contractual prices.

ARTICLE 67. RIGHT OF THE A LESSEE TO ERECT BUILDINGS AND INSTALLATIONS ON THE LEASED PLOT OF LAND

A lessee shall have the right to construct on the leased plot of land and on arrangement with the lessor necessary industrial and non-industrial premises, including living houses, observing general construction norms. Buildings and installations erected by a lessee on the leased plot of land at the expense of his own and borrowed resources (means) shall be in his ownership, unless otherwise specified by the lease agreement.

ARTICLE 68. PROCUREMENT AND SERVICES FOR AGRICULTURAL LESSEES Material and technical procurement, transport, repair and other types of services for agricultural lessees shall be based on contracts concluded according to the procedures and conditions established for collective and state farms.

ARTICLE 69. BANK ACCOUNTS, CREDITS, PRIVILEGES

A lessee shall have the right to open in banking institutions accounts for monetary operations. He shall have the right to independently choose a bank for carrying out credit and payment operations. Leaseholders can obtain short- and long-term loans for the development of their production on terms and conditions agreed upon with banking institutions and lessors. Local Soviets of People's Deputies can allocate to lessees resources for their initial procurement, production development, land reclamation, road and housing construction on compensatory or gratuitous basis, as well as to provide other privileges and benefits.

SECTION IV.
INTERNAL LEASING CONTRACTS

CHAPTER 13. APPLICATION OF THE INTERNAL LEASING CONTRACT

ARTICLE 70. INTERNAL LEASING CONTRACT

Internal leasing contracts as a form of labour organization and remuneration of individual workers, collectives of units, and groups of workers (hereinafter lease collectives) may be applied by state-owned, collective, public and other type of enterprises. Collective and state farms, other state or cooperative agricultural enterprises may assign land to individual workers and lease collectives using the rights of internal leasing contracts. The issue of application of internal leasing contracts shall be solved by management bodies and labour collectives within their competence.

ARTICLE 71. REGULATIONS ON THE INTERNAL LEASING CONTRACT, INTERNAL PAYMENT PRICES AND TARIFFS, FORMS FOR ACCOUNTING MATERIAL AND OTHER COSTS

An enterprise shall be independent to adopt regulations on the internal leasing contract, internal payment prices and tariffs for the products (work, services), forms for accounting material and other types of costs and expenses of lease collectives. In so doing, the lease collective may be provided with different privileges and benefits.

ARTICLE 72. ESTABLISHMENT BY LEASE COLLECTIVES OF THE ENTERPRISE OF LABOUR REMUNERATION FORMS AND SYSTEMS, WORK DAY SCHEDULES, AND OTHER LABOUR CONDITIONS

Lease collectives of the enterprise shall be independent to establish labour remuneration forms and systems, work day schedules, number of shifts, as well as to take decisions on introduction of a summed-up accounting of work time and specify the procedures for days-off without violation of the necessary agreement of actions of different units of the enterprise.

ARTICLE 73. ENROLMENT OF NEW WORKERS OF A LEASE COLLECTIVE

New workers of a lease collective shall be enrolled in accordance with the statute of the lease collective. Withdrawal and exclusion from the lease collective shall be performed in accordance with the statute and observing the labour legislation.

ARTICLE 74. CONCLUSION OF LABOUR CONTRACTS WITH CITIZENS, WHO ARE NOT MEMBERS OF THE LEASE COLLECTIVE

A lease contract may envisage the right of the lease collective to conclude on behalf of the enterprise labour contracts with citizens who are not members of the lease collective for the performance of certain work. Payment of such citizens shall be made from the resources allocated for paying members of the lease collective.

CHAPTER 14. ORGANIZATION OF ECONOMIC ACTIVITIES OF THE LEASE COLLECTIVE

ARTICLE 75. RESPONSIBILITIES AND RIGHTS OF THE LEASE COLLECTIVE TO MANUFACTURE AND REALIZE ITS PRODUCTS

In accordance with the lease contract a lease collective shall undertake to manufacture and transfer to the enterprise or to realize, on instructions of the enterprise, to other enterprises or citizens the products (work, services) stipulated by the contract. A lease collective shall have the right to dispose at its discretion of products (work, services), produced in excess of the volume mentioned in the contract, unless otherwise envisaged in the agreement.

ARTICLE 76. POWERS OF AN ENTERPRISE WHEN APPLYING THE LEASE CONTRACT

When applying a lease contract, an enterprise shall settle its accounts with the budget, bank and its superior body by the results of the enterprise as a whole in accordance with the established procedures. It shall reserve the functions of the main nomenclature and volumes for the production of products (work, services), as well as carry out a unified technological policy, perform reconstruction and updating by the general plans of the enterprise, develop its social sphere.

ARTICLE 77. FORMATION OF A PRODUCTION PROGRAMME BY A LEASE ENTERPRISE

A production programme shall be formed by a lease collective independently with due account of commitments, specified by the lease contract.

ARTICLE 78. PARTICIPATION OF THE LEASE COLLECTIVE IN THE EXPENSES AND PAYMENTS OF THE ENTERPRISE

A lease contract shall define the amount and procedures for participation of a lease collective in expenses and payments of the enterprise, including expenses incurred for the development of production, science and technology and for social needs.

ARTICLE 79. CONCLUSION OF ECONOMIC CONTRACTS BY THE LEASE COLLECTIVE OF THE ENTERPRISE'S UNITS ON BEHALF OF THE ENTERPRISE

An enterprise may vest the lease collective of its unit with the right to conclude economic contracts on behalf of the enterprise. Such lease collective shall have the right to open an account in a banking institution.

ARTICLE 80. PROVIDING LEASE COLLECTIVES OF UNITS WITH THE RIGHT OF INDEPENDENT REALIZATION OF THEIR OWN PRODUCTS AND USE OF INCOMES RECEIVED

Enterprises, state and collective farms and other agricultural organization may provide, on contractual basis, lease collectives of their units with the right to independently realize their own products (work, services) and to use the received incomes for labour remuneration, payment of taxes, budgetary payments and payment of social insurance sums. Such lease collectives shall have the right to open accounts in banking institutions and finance-payment centres.

ARTICLE 81. RENTAL PAYMENT WHEN APPLYING THE LEASE CONTRACT Payment for the use of property assigned to the lease collective (rental payment) shall be specified in the lease contract. In case of changing of prices and of other economic conditions the amount of the rental payment may be revised by agreement of the parties.

ARTICLE 82. CASES AND CONDITIONS FOR REDUCING THE RENTAL PAYMENT
If crops , livestock and other leased property have been insured by the enterprise and the lease collective have not received the volume of the produce specified in the contract due to natural calamities or in other insurance cases, the rental payment shall be proportionally reduced by a sum of insurance compensation obtained by the enterprise. A lease collective shall have the right, on consent of the enterprise, to conclude on its behalf contracts on insurance of crops, livestock and other property. In this case the amount of rental payment shall not be revised even in case of natural calamities or in other insurance cases.

ARTICLE 83. PROCEDURES FOR REGULATING THE AMOUNT OF RESOURCES SPENT FOR THE CONSUMPTION

The procedures for regulation of the amount of resources spent for the consumption shall be established in a lease contract.

ARTICLE 84. PROHIBITING EXPROPRIATION BY THE ENTERPRISE OF THE PROPERTY ASSIGNED TO THE LEASE COLLECTIVE

It shall be prohibited to expropriate the property, assigned to a lease collective in accordance with a lease contract.

ARTICLE 85. MODIFICATION OR CANCELLATION OF THE LEASE CONTRACT AHEAD OF TIME

It is allowed to modify or cancel a lease contract ahead of time only on agreement between lease collective and the enterprise.

ARTICLE 86. RESPONSIBILITY OF THE PARTIES FOR NON-ABIDING OR IMPROPER ABIDING BY THEIR CONTRACTUAL COMMITMENTS

Responsibilities of the parties for non-abiding or improper abiding by their contractual commitments shall be specified in a lease contact.

ARTICLE 87. SETTLEMENT OF DISPUTES BETWEEN THE LEASE COLLECTIVE AND THE ENTERPRISE

Disputes between a lease collective and an enterprise arising in connection with the fulfillment, cancellation and modification of a lease contract shall be settled in the manner envisaged by the legislation in force.

SECTION V.

BUYING OUT AND GRATUITOUS TRANSFER OF PROPERTY

CHAPTER 15. BUYING OUT OF PROPERTY

ARTICLE 88. PROCEDURES FOR BUYING OUT PROPERTY

A lessee, on consent of a lessor, may fully or partially buy out the leased property, except land and other natural resources, in accordance with the legislation in force. A decision to buy out the leased property shall be taken by the general meeting (conference) of the lessees' collective of the enterprise, which is empowered to take such decisions, by at least two thirds of the votes of the members presented at the meeting (conference). The managerial body of a lease enterprise, on the basis of the decision taken by the general meeting (conference), shall work out a draft contract on buying out the leased property and submit it to a body authorized to let the enterprise on lease. Said body shall be obliged to consider the draft contract and take a decision within a thirty-day period from the day of its reception. Disputes arising while concluding a buy out contract shall be settled by the state arbitration or a court of justice. After the complete buying out the management of the enterprise shall officially register the act on buying and selling. The time period for buying out the leased property shall be defined by the buy-out contract and may be stated before the expiration of the leased period. To complete buying out, a lessee shall pay to a lessor the residual value of the leased property and the sum of rental payment envisaged by the contract for the day of buying out. The lessee terminates from the day of buying out rental and depreciation payments to the lessor, if such payments have been stipulated by the lease contract.

ARTICLE 89. SOURCES FOR BUYING OUT THE LEASED PROPERTY

The leased property may be bought out by using any resources belonging to the lease enterprise.

ARTICLE 90. BUY-OUT CONTRACT

The relations of the parties concerning property buying out shall be regulated by the legislation and the contract, which may be either a separate document or a section of a contract on property leasing. A buy-out contract shall be concluded on the principles of voluntariness and full equality of the parties. A buy-out contract shall specify: a composition and a monetary value (cost) of the state property to be bought out, forms and sources for buy out, procedures and time for buy-out, participation of third persons in buy-out and, in particular, participation of creditors, terms of a seller and a buyer, quality guarantees for the state property to be bought out, as well as other provisions that do not contradict the laws of the Republic of Belarus and are connected with specific features of objects and subjects of buy-out. A buy-out contract shall separately specify a composition and a price of objects that relate to the non-production sphere (housing, communal, social and cultural objects) and are transferred for use free of charge. The contract shall include commitments of the property owner in relation to the objects (their maintenance, all-round repair). It shall not be allowed to force a lessee to buy out the property, which is in excess of his needs. The parties shall be responsible for non-abiding and improper abiding by commitments under the buy-out contract, including for its alterations and unilateral cancellation, in accordance with the legislation of the Republic of Belarus and the contract. Disputes arising while executing a buy-out contract shall be considered by the state arbitration or a court of justice.

CHAPTER 16. FREE OF CHARGE TRANSFER OF THE STATE PROPERTY

ARTICLE 91. SPHERES AND OBJECTS OF FREE OF CHARGE TRANSFER OF THE STATE PROPERTY

Free of charge transfer of state property shall be permitted with the consent of the property owner in all branches of the national economy and may be applied in relation to any property, that is not banned for lease or buy-out by the legislation of the Republic of Belarus. Free of charge transfer shall apply, above all, to the property of unprofitable or low-profitable enterprises (amalgamations) and organizations in case there are no persons willing to take this property on lease or buy it out.

ARTICLE 92. SUBJECTS OF FREE OF CHARGE RECEPTION OF STATE PROPERTY

The following may be the subjects for free of charge reception of state property: labour collectives of state-owned, lease and other enterprises and organizations, as well as mixed collectives willing to take this property; physical persons. The above legal and physical persons shall be assignees of the ownership rights and responsibilities of the state-owned enterprise, whose property is transferred free of charge. In so doing, the preferential right to purchase the state property, liable to free of charge transfer, as collective property shall belong to the labour collective of the state-owned enterprise or the lease enterprise which uses the given property.

ARTICLE 93. PROCEDURES FOR FREE OF CHARGE TRANSFER OF PROPERTY

A decision on free of charge transfer of property shall be taken by the property owner or a body authorized to administer the state property if there is a consent of the subjects which receive the property. In some cases decided by the body authorized to administer the state property it shall be allowed to use a mixed form of state property transfer, which envisages buying out certain types of property together with free of charge transfer of the property.

ARTICLE 94. CONTRACT ON FREE OF CHARGE TRANSFER OF PROPERTY The main document regulating legal relations arising while transferring property free of charge shall be a contract (agreement), that reflects a composition and a value of property transferred free of charge, as well as terms of the owner and other provisions.