

# **The Law of Ukraine On Subsidiary Farm**

This law determines the legal, organizational, economic and social principles for operating a subsidiary farm

## **Article 1. The concept of subsidiary farm**

Subsidiary farm – business activity, conducted without creating a legal entity, by a physical person individually or persons that are family members or relatives and live together, with the purpose to meet personal needs through producing, processing and consuming agricultural products, selling the surpluses and rendering services by using the property of the subsidiary farm, including in the sphere of countryside green tourism.

Members of a subsidiary farm shall perform their activity at their discretion and risk within the established legal business procedure upon complying with requirements of this Law, laws of Ukraine, and other normative legal acts.

The activity related to operating a subsidiary farm shall not be regarded as entrepreneurial activity.

## **Article 2. Legislation that regulates relations related to operating a subsidiary farm**

Relations related to keeping a subsidiary farm shall be regulated by the Constitution of Ukraine, Land Code of Ukraine, Civil Code of Ukraine, this Law, laws of Ukraine, and other normative legal acts.

## **Article 3. Sphere of application of this Law**

This Law shall be applicable to physical persons that in the legally established order received the ownership or leased in the land parcels for subsidiary farming.

## **Article 4. Accounting of subsidiary farms**

The subsidiary farms shall be subject to accounting.

The accounting of subsidiary farms shall be performed by village, settlement, city Radas where the land parcel is located following the procedure established by the central body of executive power on statistics issues.

## **Article 5. Land parcels for subsidiary farming**

Used for subsidiary farming shall be land parcels not larger than 2.0 ha transferred to physical persons for ownership or lease in the order established by law.

The size of the land parcel for subsidiary farming may be increased in case a land share is allocated in kind and inherited by members of the subsidiary farm in accordance with law.

Subsidiary farm land parcels may be in the ownership of one individual, in joint common ownership of spouses, and joint divided ownership of the subsidiary farm members in accordance with law.

For members of a subsidiary farm the land shares may be allocated in kind as one field in joint divided ownership and joint common ownership (spouses) in accordance with law.

When leaving (withdrawing from) a subsidiary farm, each member has the right to allocate in kind his/her land parcel.

The citizens of Ukraine that have exercised their rights to privatize a land parcel free of charge for subsidiary farming in the size less than 2 hectares shall be entitled to enlarge the land parcel within the norm (up to the size) established by article 121 of the Land Code of Ukraine for subsidiary farming.

### **Article 6. The property used for subsidiary farming**

The property used for subsidiary farming includes residential buildings, ancillary\subsidiary buildings and constructions, agricultural machinery, implements, transportation, agricultural and domestic animals and fowl, bee families, perennials, the grown agricultural products, processed products and other property acquired in the ownership by farm members in the order established by law.

The property used for operating a subsidiary farm may be in the ownership of one individual, in joint divided or joint common ownership of the subsidiary farm members in accordance with law.

The foreclosure on the property of a subsidiary farm member shall be allowed only based on court decision.

### **Article 7. Rights and duties of the subsidiary farm members**

Members of a subsidiary farm have the right to:

- Independently farm their land;
- Conclude personally or through an authorized person any agreements that do not contradict legislation. An authorized person may be a sui juris member of the subsidiary farm that has reached 18 (is 18 years old or more);
- Sell the surplus of the produce on the market as well as to purchasing, processing enterprises and organizations, other legal entities and physical persons;
- Independently provide for funding and equipment for his\her own production process;
- Open accounts in banking institutions and get credits in the order established by law;
- Be members of a credit union and use its services;
- Receive pension in the order established by law as well as other types of social state assistance and subsidies;
- Render services using the property of the subsidiary farm;
- Use in the established order the available on the land parcel common natural resources, peat, forest plantations, water basins, and useful properties of land in accordance with law;
- Be compensated for losses in cases stipulated by law;
- Freely dispose of their own property, grown agricultural produce and products received as a result of processing the produce;
- Get services of extension advice;
- Participate in competitions of agricultural producers to get budget support in accordance with national and regional programs;
- Join efforts to form on a voluntary basis the production partnerships, associations, unions in order to coordinate their activity, render mutual assistance and protect common interests, etc. in accordance with Ukrainian legislation.
- Conduct foreign economic activity in the order established by legislation;

Members of a subsidiary farm are obligated to:

- Comply with the requirements of land legislation and legislation on environment protection;
- Ensure the use of the land parcel according to its designation;
- Improve the fertility of soil and preserve other useful properties of land;
- Not to violate the rights of the owners of adjacent parcels and land users;
- Comply with rules of good neighborhood and restrictions related to the established servitudes and protection zones;
- Timely pay a land tax or lease payment;

- Comply with current norms regarding the quality of products, sanitary, environmental and other requirements in accordance with legislation;
- Present to village, settlement, city Radas the data on their accounting.

Law may establish other rights and obligations of the subsidiary farm members.

#### **Article 8. Employment of the subsidiary farm members**

The subsidiary farm members are included into the category of the employed citizens provided the work in this farm is their primary job and the estimated monthly income per member equals or exceeds the size of a minimum salary.

The procedure for establishing the estimated monthly income per one member of the subsidiary farm shall be established by the Cabinet of Ministers.

#### **Article 9. Social insurance and pensions of the members of subsidiary farm**

The subsidiary farm members shall be subject to national mandatory state social insurance and pension support.

The national mandatory state social insurance of the subsidiary farm members shall be performed in the order established by law.

The subsidiary farm members shall be paid pensions and shall pay fees\contributions to the Pension Fund of Ukraine in accordance with legislation on pensions and national mandatory state pension insurance.

Social assistance shall be given to the subsidiary farm members in accordance with law.

#### **Article 10. State support of the subsidiary farms**

The state support of subsidiary farms shall be performed according to national and regional programs at the expense of the state and local budgets in the order established by law.

Annually, when preparing the state budget, the Cabinet of Ministers of Ukraine in accordance with national programs shall envisage certain financing to support subsidiary farms.

Bodies of executive power and bodies of local self-government in accordance with regional programs shall envisage annually in the draft local budgets the amount of money to support subsidiary farms.

Bodies of executive power and bodies of local self-government within their competence\authority shall encourage the subsidiary farms in:

- organizing in rural areas the credit unions, agricultural servicing cooperatives for rendering services in purchasing, storing, processing and marketing agricultural products, joint use of machinery and transportation and social-household servicing, providing forage and young stock of cattle and fowl;
- organizing activity in rendering engineering-technical, veterinary, agronomist, zootechnical\zoocultural and other services as well as services in supplying high quality seeds, planting stock, breeding stock and production cattle, hybrids and cross fowl, agricultural machinery and equipment;
- allocating land as one field (massif);

- getting credits\loans for constructing buildings, subsidiary buildings and constructions, purchasing agricultural machinery and equipment;
- organizing in rural areas the professional training and retraining of subsidiary farm members.

#### **Article 11. Terminating the operation of a subsidiary farm**

The operation of a subsidiary farm shall be terminated in case of:

- the decision of the subsidiary farm members to terminate the activity of their farm;
- there is not a single member of the subsidiary farm or a successor left wishing to continue its activity;
- termination of the rights to the land parcel according to the Land Code of Ukraine.

In case of the termination of the subsidiary farm activity the village, settlement, city Rada, where the land parcel allocated for this purpose is located, shall withdraw\remove it (the farm) from the subsidiary farms accounting.

#### **Article 12. Resolving disputes regarding subsidiary farming**

Disputes regarding the subsidiary farming may be resolved by bodies of local self-government and bodies of executive power within the authority established by law or court.

#### **Article 13. Responsibility for violating the provisions of this Law**

Persons guilty of violating the provisions of this Law shall bear responsibility\be made answerable in accordance with laws of Ukraine.

#### **Article 14. Final Provisions**

1. This Law takes effect from the day it is published.
2. Laws and other normative-legal acts adopted before this Law took effect, shall be applicable in the part that does not contradict this law.
3. The Cabinet of Ministers of Ukraine within 3 months from the day this Law takes effect shall:
  - submit for the consideration of Verkhovna Rada the proposals on introducing changes ensuing from this Law to the laws of Ukraine;
  - bring its normative-legal acts in conformity with this Law;
  - approve the procedure for determining the estimated monthly income per one member of subsidiary farm taking into account regional conditions;
  - ensure that ministries and other central bodies of executive power review or cancel their normative-legal acts, which contradict this Law.

President of Ukraine

L. Kuchma

City of Kiev

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