

# LEGAL STATUS OF FARMER ENTERPRISES AND THE PROCEDURE FOR THEIR STATE REGISTRATION

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## Abstract

This article explores the legal status of farmer enterprises and the procedure for their state registration under the legislation of the Republic of Uzbekistan. It analyzes the requirements for founding documents, the legal process of registration, and the implications of acquiring legal entity status. The article also addresses practical challenges and offers recommendations for improving legal regulation in the agricultural sector.

**Keywords:** Farmer enterprise, legal status, agricultural entities, land relations, private property, land rights, entrepreneurship, registration, regulatory and legal framework, legislative improvement, practical experience, economic activity.

## Introduction

In the course of agrarian reforms in Uzbekistan, farmer enterprises have formed as the primary organizational form of agricultural production. Issues related to their legal status, formation, operations, and state registration are of significant legal importance.

According to the Law “On Farmer Enterprises” (2004) and the Land Code, a farmer enterprise is a business entity with legal person status that is engaged in the commercial production of agricultural products. It leases land plots and carries out its activities based on a charter.

As a rule, a farmer enterprise is established after receiving a land plot through a tender organized by local authorities. The farmer:

- submits an application;
- prepares a charter;
- signs a land lease agreement;
- is registered with the relevant body under the Ministry of Justice;
- is registered with the tax authorities.

Upon registration, the farmer enterprise gains the status of a legal entity and begins functioning as a fully entitled economic actor.

The legal status of a farmer enterprise defines its rights and responsibilities:

- it uses land based on lease rights, not ownership;
- maintains independent accounting;
- has the right to conclude contracts;
- may hire workers, open bank accounts, receive loans, and more.

There is a diversity of scholarly opinion regarding the legal nature of farmer enterprises. K.



Aliev<sup>1</sup> consider them private business entities, while others, for example Sh. Rakhimov<sup>2</sup>, view farmer enterprises as mixed entities fulfilling social functions. The debate mainly concerns property rights, independence from the state, and stability in lease relations.

For instance, Sh. Rakhimov<sup>3</sup> emphasizes that farmer enterprises serve not only economic interests but also contribute to social stability in rural areas. From this perspective, viewing them solely as commercial entities does not provide a complete picture.

International practice demonstrates a variety of approaches to the legal status of farmer enterprises, shaped by socioeconomic conditions and legal traditions. This section analyzes the models of Germany, the United States, and Kazakhstan, which represent different systems of agricultural regulation.

In the Federal Republic of Germany, the main actors in agriculture are family-owned farms (landwirtschaftliche Familienbetriebe). Their legal framework is grounded in several key legislative acts. The Agricultural Act (Landwirtschaftsgesetz, 1955) lays the foundation for state agricultural policy, emphasizing the promotion of family farming as a sustainable rural model. The Basic Law (Grundgesetz) guarantees property rights in Article 14, highlighting the social obligation of property, which applies directly to the use of agricultural land. European Union legislation, particularly the Common Agricultural Policy (CAP), plays a crucial role by providing farmers with direct payments, rural development subsidies, and eco-incentives. The Law on Social Insurance for Farmers ensures pension and social protection for agricultural workers. Germany's legal framework thus provides a comprehensive system of legal, financial, and social support for farmers as both economic and socially responsible actors.

In the United States, farmers operate as private business entities — sole proprietorships, partnerships, or corporations — but enjoy extensive federal support through targeted programs. Key legal instruments include, The Farm Bill (most recently, the Agriculture Improvement Act of 2018), which is updated every five years and governs subsidies, insurance, and farmer assistance programs. U.S. Code, Title 7 – Agriculture, consolidates federal agricultural statutes. The Small Business Act (1953) classifies farms as small businesses eligible for preferential loans and services. The Internal Revenue Code (IRC) grants specific tax benefits to farmers, including loss carryovers and accelerated depreciation for agricultural equipment.

Support mechanisms are implemented through: The Farm Service Agency (FSA), providing crop insurance, disaster relief, and income support, USDA Rural Development, which delivers infrastructure grants and business consulting, The Farm Credit System, a government-sponsored financial network for agriculture.

This model portrays the American farmer as an autonomous entrepreneur, bolstered by a flexible system of financial and legal aid.

The Republic of Kazakhstan reflects a post-Soviet approach to agricultural reform. According to the Law on Peasant (Farmer) Farms (No. 143-II of January 31, 2001), farmer enterprises can be registered either as legal entities or individual entrepreneurs.

The core legal basis includes: The Land Code of Kazakhstan (2003), which allows for long-term land leases (up to 49 years) or private ownership through auctions, The Civil Code, which

<sup>1</sup> K. Aliev, M. Kholboev, "The Legal Status of Farmer Enterprises in Uzbekistan", *Legal Review*, 2020.

<sup>2</sup> Sh. Rakhimov, "The Role of Farmer Enterprises in Rural Social Stability", in *Agricultural Law Journal*, 2019.

<sup>3</sup> Sh. Rakhimov, "The Role of Farmer Enterprises in Rural Social Stability", in *Agricultural Law Journal*, 2019.



governs property and business structures, The Agrobusiness-2025 Program, a state initiative providing subsidies for machinery, seeds, irrigation, and innovation.

A key feature of Kazakhstan's model is the mandatory state registration and land tenure security, creating a stable environment for long-term agribusiness development.

These examples offer valuable insights for Uzbekistan's legal framework in strengthening the legal status of farmer enterprises.

Several challenges are observed in practice: excessive paperwork during registration; lack of transparency in land allocation; insufficient legal and financial support for operations.

The following recommendations are proposed: digitization of the registration process; conducting land tenders via open electronic platforms; development of legal and financial consulting services for farmers.

The legal status and registration procedure of farmer enterprises play a crucial role in developing national agriculture. Improving legislation, integrating scholarly approaches, and utilizing international experience can enhance the efficiency of this sector.

The legal status and registration of farmer enterprises are essential components in the development of Uzbekistan's agricultural sector. The legal framework, defined by the Law on Farmer Enterprises (2004) and the Land Code, provides a clear process for establishing farmer enterprises, granting them legal entity status and rights to land use based on lease agreements. The theoretical debate on the legal nature of farmer enterprises, including differing views on their classification as private business entities versus mixed entities with social functions, reflects the complexity of their role in rural development.

International examples, such as the German, American, and Kazakh models, offer valuable insights for Uzbekistan's legal framework. Germany's support for family-owned farms, the flexible entrepreneurial approach in the United States, and Kazakhstan's emphasis on land tenure security all provide key lessons in improving Uzbekistan's agricultural policies and legal infrastructure.

Despite the positive steps taken, challenges remain in Uzbekistan's system, such as excessive paperwork, lack of transparency in land allocation, and insufficient legal and financial support. To address these issues, it is recommended that the registration process be digitized, land allocation be conducted through open electronic platforms, and legal and financial consulting services for farmers be developed.

By learning from international practices and integrating academic and practical perspectives, Uzbekistan can further strengthen the legal status of its farmer enterprises, ensuring their contribution to the country's agricultural and socio-economic development.

