

27 January 2015

*To our clients and friends***INFORMATION MEMORANDUM****concerning amendments to the Land Code of the Republic of Kazakhstan
regarding cardinal improvement of entrepreneurial activities**

This Information Memorandum summarizes the key amendments to the Land Code of the Republic of Kazakhstan (hereinafter, the "Land Code" and "RK" accordingly) as introduced by the Law of 29 December 2014.¹ The amendments entered into legal force on 1 January 2015.

1. Forced Taking of Land Plots***1.1. Abolition of the Land Plots Forced Taking Rule for RK Citizens***

The Law abolishes the forced taking of land plots privately owned by RK citizens and designated for individual housing construction in case the land is not used according to its designation.

1.2. Land Plot Mandatory Use Deadlines

The Law prolongs the period (from 2 to 3 years) for the land plots intended for construction to be mandatorily used (unless a longer period is stipulated by the design and estimate documentation for the construction facility). This requirement does not apply to the RK citizens, orphans and children deprived of parental care who own land plots based on the right of ownership.

The term allotted for the land plot mandatory use (development) starts running from the date of the resolution granting such land plot, except for land plots intended for construction of individual residential houses on unprepared sites. The term of use (development) of such land plots is calculated from the moment an appropriate engineering (utilities) infrastructure has been provided thereto.

1.3. Ordinance to Take Measures to Use the Land Plot According to Its Designation

The Law sets forth that in case a land plot is not used according to its designation within the term provided for by the Land Code, the land plot owner or user receives an ordinance and has one year to take measures in order to use the land according to its designation.

The ordinance is registered as an encumbrance over the land plot in the register of registered rights to immovable property.

¹ RK Law No. 269-V "On Introduction of Amendments into Certain RK Legislative Acts on the Issues of Cardinal Improvement of the Conditions for Entrepreneurial Activities in the RK" dated 29 December 2014 (hereinafter, the "Law").



1.4 Register of Persons Whose Land Plots Have Been Forcedly Taken

The Law provides for the formation and maintenance of the register of persons whose land plots have been forcedly taken.

Information from the register is to be used when making decisions on land plots granting. In this context, land plots cannot be granted to individuals and legal entities put on the register of persons whose land plots have been forcedly taken (based on an effective court decision over a land use violation).

The information contained in the register is to be deleted upon expiration of three years of the date the court decision on forced land taking has come into effect.

2. Ban on Changes in Land Designation

The Law prohibits changing the designation of agricultural land, land for individual housing construction and for personal part-time farming, except for the cases of populated locality lands expansion in accordance with a master plan (or a substitute scheme for the development and construction of populated localities with up to five thousand population).

Unfortunately, the language of this Law provision is not quite adequate, and it is not clear whether the ban applies to all the three enumerated types of designated use, or only prohibits changing the agricultural land designation to the two other types of designation.

3. Use of Land Plots for Residential Houses Construction

The Law expressly permits building a residential house and household and ancillary buildings on land plots intended for personal part-time farming.

4. Land Use Term for Foreign Persons

The Law increases the maximum term of agricultural land lease (from 10 to 25 years) for foreign citizens, stateless persons and legal entities with more than 50% foreign participation in charter capital.

Should you have questions regarding the new Land Code provisions application, we would be happy to give pertinent advice.

Best regards,

AEQUITAS Law Firm