

# Legal Newsletter

(June 2020)

The present newsletter concerns significant legislative changes made in various legislative and sub-legislative acts in June 2020.

## Law of Georgia on Local Taxes

On 19<sup>th</sup> of June 2020, a number of legislative amendments have been made to the Law of Georgia on Local Taxes, in particular, in accordance with the Law of Georgia on Amendments to the Law of Georgia on Local Taxes, article 17<sup>5</sup> with the following content was added to the Law:

"1. For the issuance of a special (zonal) agreement on unfinished construction the taxpayer shall be exempted from paying the unpaid fee for the issuance of a special (zonal) agreement issued before the entry into force of this article if all the following conditions are fulfilled:

- A) the object is considered as unfinished construction;
- B) In order to obtain the facility in exploitation the authorized body shall issue an individual administrative-legal act by January 1, 2025.

It should be noted that, for the purposes of this article, the object is considered as unfinished construction if it meets the conditions established by the relevant sub-legislative normative act of the Government of Georgia.

For more details of above-mentioned and other amendments made under this law, see on following link: <https://matsne.gov.ge/>, with the registration code: 210020010.05.001.019877

The law came into force on 19<sup>th</sup> of July, 2020.

## Law of Georgia on „Entrepreneurs”

On 10<sup>th</sup> of June, 2020, amendments were made to the Law of Georgia on „Entrepreneurs”, In particular, on the basis of the Law of Georgia on Amendments to the Law of Georgia on Entrepreneurs, paragraph 5 of the article 14 of this Law was amended and formulated as follows:

„5. No later than the 90th day after the registration of the start of the liquidation process of the enterprise, the enterprise (liquidator) shall start selling the property of this enterprise with the market price or by auction and the proceeds of such sales shall be deposited in the deposit account of the court and / or notary, and the enterprise created with the participation of more than 50% of the state, Abkhazia or the Autonomous Republic of Adjara- on the enterprise account. An enterprise created with the participation of more than 50% of the state, Abkhazia or the Autonomous Republic of Adjara is entitled to use the funds placed in the enterprise's account to cover the expenses required in the process of liquidation of the enterprise. If the partners have decided to distribute the enterprise by dividing the property by nature, they are obliged to keep the property in its original form by submitting it to one of the partners at their own expense from the decision to start the process of liquidation of the enterprise until the division of the enterprise by the nature of the enterprise. Funds deposited in the deposit account or transferred property, before the distribution between the partners, these funds or property can be managed only to satisfy creditors. From the receipt of a written notice of commencement of the liquidation process of the enterprise to the completion of the liquidation process creditors are entitled to require the enterprise to fulfill its obligations ahead of schedule. ”

For the details on changes made under this law, see on following link: [https://matsne.gov.ge/registration/code: 240000000.05.001.019863](https://matsne.gov.ge/registration/code:240000000.05.001.019863)

The law came into force on 10<sup>th</sup> of June, 2020, directly after publication.

## Code of Administrative Offenses of Georgia

On 12<sup>th</sup> of June, 2020, a number of legislative amendments were made to the Code of Administrative Offenses of Georgia. Based on these changes, article 42<sup>11</sup> was added to the law and the conditions for violating the rules of wearing a mask were determined, namely:

„1. Violation of the rule of wearing a mask in a closed public space during a pandemic and / or epidemic will result a fine of 20 GEL for physical entity.

2. Admission of a person without a mask in a closed public space during a pandemic and / or epidemic - will result a fine of 500 GEL for a legal entity / individual entrepreneur who owns a closed public space. ”

You can see the full version of the above law at the following link: <https://matsne.gov.ge/>, registration code: 020000000.05.001.019866

The law came into force on 12<sup>th</sup> of June, 2020.

## **"Georgian Spatial Planning, Architectural and Construction Activity Code"**

On 15<sup>th</sup> of June, 2020, several amendments have been made to the Georgian Spatial Planning, Architectural and Construction Activity Code. Based on these changes, the first part of Article 2 of this Law was established as follows:

„1. To approve "Technical Regulations - National Access Standards" by The Government of Georgia by September 1, 2020, which will be based on a universal design standards and principles, in accordance with the standards of "accessible and usable buildings and equipment" (ICC A117.1).

You can see the above law at the link: <https://matsne.gov.ge/>, registration code: 330090000.05.001.019867

The law came into force on 15<sup>th</sup> of June, 2020.

## **Law of Georgia on “Broadcasting”**

On 15<sup>th</sup> of June, 2020, a number of legislative amendments have been made to the Law of Georgia on “Broadcasting”, in particular, the first paragraph of Article 66<sup>1</sup> of the Law of Georgia on Broadcasting was established as follows:

„1. It is prohibited for the administrative body, political party, official and public servant to finance the broadcaster, as well as to purchase its services and direct or indirect funding or co-financing for the preparation and / or broadcasting of the broadcaster's programs, except for the cases provided in paragraphs, 2, 3 and 4 of this article. As well as, except for the cases of funding

or co-financing by the administrative body the programs related to the protection of educational, cultural, public safety and law enforcement of the broadcaster.”

It should be noted that this law also applies to the legal relations caused by the massive spread of new pandemic disease-coronavirus.

The above law is available at the following link: <https://matsne.gov.ge/>, with the registration code: 450140000.05.001.019869

Above-mentioned law came into force on 15<sup>th</sup> of June, 2020.

### **Resolution of the Government of Georgia №372**

On 16<sup>th</sup> of June, 2020, on the basis of Resolution of the Government of Georgia №372 the change was made in the Resolution of the Government of Georgia №286 "on the approval of the Targeted State Program for the elimination of infections caused by Infection (COVID-19) "New Coronavirus (SARS-COV-2), in particular, according to these changes, subparagraph "a" of the first paragraph of the article 2 of this resolution is formed as follows:

(A) an employee (including a person who is on leave due to pregnancy, childbirth and childcare, as well as the adoption of a newborn), If he / she has been engaged in hiring for at least three consecutive months from July-December 2019 and / or at least one of the first three months of 2020 and had been receiving a salary during this period, which was confirmed (Except for a free industrial zone enterprise that does not pay taxes to the source of payment) with the information provided by the employer before the end of the state of emergency in accordance with the article 154 of the Tax Code of Georgia (except person who is on leave due to pregnancy, childbirth and childcare, as well as the adoption of a newborn), and does not receive a salary from the employer until July 1, 2020 (including due to termination/suspension of employment).

It should be noted that the above resolution is voluminous and it fully defines the rules for the provision of state aid, the persons authorized to receive compensation, and the amount of compensation in order to alleviate the damage caused by the outbreak of the new coronavirus-induced epidemic / pandemic

You can see the changes made on the basis of this resolution in detail at the following link: <https://matsne.gov.ge/>, registration code: 280120000.10.003.022085

The resolution came into force on 16<sup>th</sup> of June, 2020

## **Resolution of the Government of Georgia №387**

On 26<sup>th</sup> of June, 2020, by the Resolution of the Government of Georgia №387 have been defined the state program on the "Mortgage Credit Support Mechanism".

The aim of this program is to overcome the economic difficulties in the development sector, caused by the pandemic of the new coronavirus (COVID 19), to improve the access on the real estate for the individuals who are unable to meet the loan requirements (in whole or in part), to promote the economic recovery and to stimulate the request on real estate through the various components.

The program mainly includes the co-financing component of the interest accrued on the mortgage credit and the mortgage credit guarantee component.

The details on the terms and conditions of the support mechanism defined under this resolution is available on the following link: <https://matsne.gov.ge/>, with the registration code: 190000000.10.003.022101

The mentioned resolution came into force on 26<sup>th</sup> of June, 2020.

## **Resolution of the Government of Georgia №386**

On 25<sup>th</sup> of June, 2020, with the resolution of the Government of Georgia №386 the state program on "Supporting Construction Sector" was approved. The purpose of this program is to minimize the negative impact of economic activity on the construction sector, which was delayed during the new Coronavirus (COVID-19) pandemic and to promote the stability of real estate market, by concluding a contract with the state on the option of selling residential premises with builders, in accordance with the rules and conditions established by the state program.

It should be noted that the builders will be selected through a competition, with whom a contract for the sale option of residential premises will be signed in accordance with the conditions established by the mentioned program.

See the state support program approved on the basis of this resolution at the following link: <https://matsne.gov.ge/>, registration code: 330100000.10.003.022100

The resolution came into force on 26<sup>th</sup> of June, 2020.

## Order of the Minister of Finance of Georgia №137

On 23<sup>rd</sup> of June, 2020 with the order of the Minister of Finance of Georgia №137 a change was made in the order №996 of the Minister of Finance of Georgia of December 31, 2010 on the Administration of Taxes, in particular, paragraph 34 of the following content was added to the article 112 of the Instruction Approved by the Order of the Minister of Finance of Georgia №996 "On Tax Administration" of December 31, 2010".

„34. If the gambling business taxpayer (except for system-electronic gaming) resumes operations during the reporting period (quarter) after the abolition of the state of emergency throughout Georgia, the fee will then be paid at the current reporting quarter, and the fee shall be paid during the reporting period in proportion to the number of days remaining before the application for the payment of the fee for the issuance”.

You can see the above order on the following link: <https://matsne.gov.ge/>, registration code: 200090000.22.033.017330

The order came into force on 24<sup>th</sup> of June, 2020.