



Legal Newsletter

(July 2020)

The present newsletter contains significant legislative changes made in various legislative and sub-legislative acts in July 2020.

“The law of Georgia on recognition of the right of ownership of land plots owned (in use) by Natural and Legal Entities of private Law

On 15th of July, 2020 legislative amendments were made "On recognition of the right of ownership of land plots owned (in use) by natural and legal entities of private law" in particular, paragraph 2 of the article 6 of mentioned law was amended as follows:

„2. For each square meter of legally owned (in use) land, for legal entities under private law, also in the case specified in paragraph 1 of this article, property recognition fee is five times the annual property tax rate per square meter of non-agricultural land in accordance with the Tax Code of Georgia, determined by the decision of the representative body of the municipality, at the time of the application for property recognition and for each hectare of agricultural land - the amount of five times the annual rate of property tax on the land defined by the Tax Code of Georgia at the time of the request for recognition of the property right. ”



You can see the changes made under this law in detail at the following link:
<https://matsne.gov.ge/>, Registration code: 370060000.05.001.020129

The law entered into force on 28th of July, 2020.

"Georgian Code of Spatial Planning, Architectural and Construction Activities"

On 15th of July, 2020 amendments were made to the Law of Georgia on the Code of Spatial Planning, Architectural and Construction Activities of Georgia. Based on the mentioned changes, the first part of Article 137 of the Law was formed as follows:

„1. If the owner of the damaged building became aware that his property endangers the life and / or health of third parties, the owner must notify the relevant municipal authority no later than 10 working days after receiving such information and to take one of the following actions:

A) To apply to the administrative body issuing the construction permit with a request to issue a permit for the reconstruction or dismantling of a damaged building within the time period established by a legal act of the Government of Georgia and, if this permit is obtained, carry out reconstruction or dismantling accordingly;

B) To Follow the instructions of the relevant authority, as well as to take security measures to prevent danger within its capabilities.

You can see the above law at the link: <https://matsne.gov.ge/>, registration code : 330090000.05.001.020029



The law came into force on 28th of July, 2020.

The law of Georgia “on Control of Entrepreneurial Activity”

On 15th of July 15, 2020, a number of legislative amendments were made to the Law of Georgia “on Control of Entrepreneurial Activity”, in particular, paragraph 4 of the article 3 of the “Law on Control of Entrepreneurial Activity” was formed as follows:

"4. If the judge does not issue an order to inspect the activities of the entrepreneur, the inspection of the entrepreneur will not be carried out. If the inspection of the entrepreneur has already begun, if the judge refuses to issue an inspection order, it should be stopped immediately and the amount of money or other transferred property or document transferred for controlling body in favor of the state or municipal budget shall be unconditionally returned to the entrepreneur. And if this is not possible, the entrepreneur will be given adequate and full remuneration. The entrepreneur has the right to claim and receive compensation for the damage caused by the illegal inspection. "

This and other changes made under this law you can see at the following link:
<https://matsne.gov.ge/>, Registration code: 200010000.05.001.020138

The law came into force on 28th of July, 2020.



Organic law of Georgia "On State Audit Service"

On 15th July, 2020, a number of legislative changes were made to the Law of Georgia “on the State Audit Service”. According to the mentioned amendments, the first paragraph and subparagraphs "i" and "j" of the second paragraph of article 17 of the Organic Law “on the State Audit Service” are formed as follows:

„1. The audit authority of the State Audit Office extends within its competence to the bodies of legislative, executive and judicial authorities, legal entities of public law, to the municipal bodies, the National Bank of Georgia, enterprises established by the state, the Autonomous Republic and / or the municipality with a 50 percent and more than 50 percent shareholding, other legal entities, individuals, organizations and institutions. ”;

Subparagraphs "i" and "j" of 2nd paragraph were formed as follows:

I) The financial-economic activity of the legal entity of private law in which the Autonomous Republic and / or the municipality / municipalities own / own 50 percent and more than 50 percent of the shares, as well as the financial and economic activities of a legal entity of private law established by the state with a 50 percent and more than 50 percent shareholding, unless the securities of this enterprise - shares, stocks - are listed on the International Securities Exchange. This enterprise shall submit information on its financial statements to the State Audit Office upon request;

J) The contractual obligation and loan of a private law entity, which is guaranteed by the state, as well as its activities in the part related to the funds owned by it from the budget or state



funds, as well as the use or management of state, autonomous republic or municipality property in any form;

This and other changes made under this law you can see at the following link:
<https://matsne.gov.ge/>, registration code: 010230000.04.001.017976

The law came into force on 28th of July, 2020.

The law of Georgia on organizing of “Lotteries, Gambling and Gaming”

On 15th of July, 2020, amendments were made to the law of Georgia on arrangement of Lotteries, Gambling and Gaming. In particular, paragraph 2³ of the article 11, and article 35 of the mentioned law were formed as follows:

A) „2³. Permit to arrange a gambling club is issued only to a person holding a permit to arrange a casino and / or a slot machine salon in Tbilisi Municipality. The gambling club should be organized as a separate object, independent of the casino hall and / or the slot machine salon ”.

B) "Article 35"

"1. It is inadmissible to arrange lotteries, gambling and gaming (except for Incentive games), also selling / distributing lottery, gambling and winning ticket (except for Incentive games) in children's, medical and educational institutions, places of worship, children's sanatoriums, libraries, museums, administrative buildings of state authorities and municipalities, as well as in



places prohibited by the decision of the relevant body of the municipality (territorial zones, buildings) ".

"2. The relevant body of the municipality is authorized to determine the places (territorial zones, buildings), where it is possible to arrange gambling and gaming (except for encouraging game), except for the places (territorial zones, buildings) provided for in paragraph 1 of this article."

You can see the above law at the link: <https://matsne.gov.ge/>, registration code: 040170310.05.001.020158

The law came into force on 28th of July, 2020.

The Law of Georgia on "Advertising"

Legislative changes were made in the law of Georgia on "Advertising" on 15th of July, 2020, in particular, paragraphs 6 and 7 of article 6 of the mentioned law were formed as follows:

„6. According to this law, outdoor advertising shall be permitted only for the land plot or other property owned by the state or municipality. Outdoor advertising on a land plot or other property owned by a natural or legal person or other legal entity provided for by the legislation of Georgia shall be allowed in accordance with the rules established by the legislation of Georgia and does not require a permit for outdoor advertising defined by this Law. The amount of payment and the procedure for payment for outdoor advertising on the land or other property owned by a legal entity of natural or private law or other organized entity provided by the



legislation of Georgia shall be determined by an agreement concluded with the owner, unless otherwise provided by law or the agreement.”

“7. On the outdoor advertisement should be indicated the number of the permission given by municipality.

This and other changes made under this law you can see at the following link <https://matsne.gov.ge/>, with registration code: 240120000.05.001.020087.

The law came into force on 28th of July, 2020.

The law of Georgia on “State Pension”

A number of legislative amendments were made to the Law of Georgia on “State Pension”, on 2nd of July, 2020. In particular, as a result of the amendments, Article 7 of the mentioned law was formed as follows:

Article 7. Source of pension financing, amount and calculation rule.

1. The source of pension funding is the state budget of Georgia. The amount of the pension shall be determined annually in accordance with the law on the State Budget of the respective year of Georgia, in accordance with the calculation rules and conditions established by this Law.
2. In accordance with articles 38 and 39 of the Budget Code of Georgia, the amount of pension is determined in the draft law on the corresponding state budget of Georgia submitted to the parliament of Georgia by the government of Georgia as a pension determined by the law on the state budget for the current year:



- a) For pensioners under the age of 70 - with an average inflation rate for the last 12 months, but not less than GEL 20.
- b) "For retirees aged 70 and over - by the average of 80 per cent of the average inflation rate for the last 12 months and real GDP growth rates for the last 6 quarters, but not less than GEL 25."

This and other changes made under this law you can see at the following link <https://matsne.gov.ge/>, with registration code: 280060000.05.001.019940

The law came into force on 28th of July, 2020.

The law of Georgia on “Fund of Investment”

The Parliament of Georgia adopted the law on “Fund of Investment”, on 14th of July, 2020. The purpose of this law is to develop the Investment Fund market in Georgia and to ensure free competition in the market and to protect the interests of investors. The law applies:

- a) Investment fund which were based in Georgia, as well as the foreign investment fund whose units are offered in Georgia;
- b) On the company’s managing the assets of the investment funds provided for in sub-clause “a” of this clause;
- c) On an asset management company based in Georgia, regardless of whether an investment fund under its management is established in Georgia;
- d) Other natural and legal persons involved in activities related to the investment, management, storage, administration and accounting of investment fund assets referred to in sub-clause (a) of this clause.



You can see the full version of the law at the following link: <https://matsne.gov.ge/>, with registration code: 240080000.05.001.019981

The law came into force on 22nd of July, 2020.

The law of Georgia "Tax Code of Georgia"

A number of legislative changes were made to the "Tax Code of Georgia" on 14th of July, 2020, in particular, as a result of the changes, article 50 of the above law was formed as follows:

Article 50. Personal Tax Advisor.

- 1) The taxpayer is entitled to use the services of a personal tax advisor in order to facilitate the relationship with the tax authority in the implementation of the rights and obligations under this Code.
- 2) A personal tax advisor is an employee of a tax authority who provides services to a taxpayer, defined by an order of the Minister of Finance of Georgia. The services of a personal tax advisor do not provide for the determination of the amount of the taxpayer's tax liability.
- 3) The Minister of Finance of Georgia shall determine the types of services to be provided to the taxpayer by a personal tax advisor, the rules and conditions for using the services."

This and other changes made under this law you can see at the following link <https://matsne.gov.ge/>, with registration code: 200000000.05.001.019968

The law came into force on 22nd of July, 2020.



Joint Order of the Minister of Economy and Sustainable Development of Georgia, the Minister of Regional Development and Infrastructure of Georgia, the Minister of Internally Displaced Persons from the Occupied Territories, Labor, Health and Social Affairs, the Minister of Foreign Affairs of Georgia and the Minister of Environment and Agriculture of Georgia №1-1 / 245 № / N – №01-83 / n – №01-131 – №2-615

Order of July 14, 2020 №1-1 / 245 – №3 / n – №01-83 / n – 101-131 – №2-615 was determined by foreign visitors to apply in the electronic program for business / labor activities in Georgia Rules for filling and obtaining consent. The purpose of this order is to establish the rules for filling in the application and obtaining consent in the electronic program for the implementation of business / labor activities by foreign visitors in Georgia.

It should be noted that the above rule does not apply to citizens of the country or persons with the right of residence with whom Georgia has opened its borders without testing and / or quarantine.

You can see the full version of the above law at the following link: <https://matsne.gov.ge/>, for registration code: 010120000.22.024.016652

The order came into force on 14th of July, 2020.