

Legal Newsletter

(Special edition – Legal Regulations on Gambling business)

This Special Edition of the Legal Newsletter refers to the significant legislative amendments and supplements that have been made in various legislative and sub-legislative acts regarding the legal regulations of gambling business in June 2020.

LAW OF GEORGIA ON ORGANISING LOTTERIES, GAMES OF CHANCE AND OTHER PRIZE GAMES

On 25th of June, 2020 important changes have been made in Law of Georgia „On organising lotteries, games of chance and other prize games“. According to this changes, in addition to the organising the games of chance and prize games, from the 1st of January 2021, the providing/supply of the the games of chance /prize games on the territory of Georgia will also be subject of obtaining the permission (licence) (see the 5.1. Article).

In accordance to the legal amendments and supplements providing the games of chance or/and prize games means the providing/supply of the games of chance or/and prize games or/and providing the essential product/services to the organizer of games of chance or/and prize games on the basis of a permission of the providing the games of chance or/and prize games issued in accordance with the Law of Georgia „On Licenses and Permits.“

The essential product/services are such product or/and services, which includes: Platform of the Random Number Generato (RNG), Jackpot Platform, Gaming Platform (Including the server (s) where the game result is displayed directly), Gamers' database, Financial base/system, Management/control system, system based electronic form of games, Gaming machines (slot machines) and other products/service provided by this legal act. New law also includes the

definitions of appropriate products/services (Jackpot Platform, Platform of the Random Number Generator (RNG), Management/control system-internal management system of organizers of games of chance.

The main part of the changes in the law is related to this new type of permit, in order to bring the law in full compliance with the new regulation. For this reason the following terms determined in the 3rd Article has been amended: (g) gaming machine; (o) gaming organizer; (p) casino safe; (w) permit applicant; (x) permit owner, etc. The following terms specified in the same article have been added: (h) POS terminal; (i) providing of the games of chance or/and prize games; (j) the provider of the games of chance or/and prize games; (k) the essential product/service; (l) jackpot platform; (m) gaming business, etc.

In addition, Article 11 of the law has been added to provision 1¹ of the law, according to which a permission for organizing and providing the various types of games of chance or/and prize games is issued only to an entrepreneur registered in Georgia. Paragraph 3 of the same Article also defines the term of the permit for providing of games of chance or/and prize games is 5 years.

The new addition of the law of Georgia „On organising lotteries, games of chance and other prize games“ defines the list of the additional documents that the permit applicant must submit submitted to the Revenue Service of Georgia. In particular:

- a) The detail list and description of the games or/and essential product/service to be provided;
- b) Certificate of Authorization certifying compliance of the essential products/services used/to be used with the standards/requirements introduced/set by the Minister of Finance of Georgia;
- c) A certificate of conviction of an authorised manager and representative, and/or a founder and/or partner (if any) of the permit applicant. This certificate of conviction must be issued by the relevant competent authority of the country citizen of which presents the authorised manager and representative, and/or a founder and/or partner (if any) of the permit applicant, beneficial owner.
- d) Proof of origin of funds required to pay the permit fee. The responsibility for the validity of this document lies with the permit applicant;
- e) Any other documents/information required by the Revenue Service when considering a permit application for a permit and making a decision.

The rest provisions of the amendments package is related to the implementation and ensuring the operation of the gambling business electronic control system. The purpose of this system is to control the fulfillment of the permission conditions and requirements of Legislation of Georgia by the organizers of electronic based forms of games, Gaming machines (slot machines) and bookmaker. The status of the selected person was also determined, who presents a person selected by legal entity of public law - Revenue Service in order to implement and operate an gambling business electronic control system.

The part of the mentioned amendments and supplements entered into force upon publication, on 25th of June, 2020, part of them will enter into force on 1st of October, 2020 and rest of them – on 1st of January, 2021. The full version of the amendments package can be checked at the following electronic link:

<https://matsne.gov.ge/ka/document/view/4907209?publication=0> .

It should be noted that in accordance with eht amendments and supplements to the Law of Georgia „On organising lotteries, games of chance and other prize games“, the appropriate amendments were done to the several other legislative acts, including the „**Law of Georgia on Licenses and Permits**“, the „**Law of Georgia on License and Permit Fees**“, the „**Law of Georgia on Gambling Business Fees**“ and in the „**Administrative Offenses Code of Georgia**“.