

Legal Newsletter

(August 2020)

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

[Resolution of the Government of Georgia "On Approval of the Rules for Consideration and Resolution of the Issue of a Residence Permit in Georgia" №481](#)

On 6th of August, 2020, a number of amendments and additions were made to the Resolution of the Government of Georgia №481 "On Approval of the Rules for Consideration and Resolution of the Issue of a Residence Permit in Georgia". In particular, the following paragraphs 3 and 4 have been added to the article 5 of the rule approved by the resolution:

„3. When the employer/founded enterprise is not registered as a VAT payer, the relevant certificate or certificates issued by the competent authority/person shall be submitted by a foreigner to the agency instead of the certificate specified in sub-paragraph „d“ of paragraph 1 of this Article. With the mentioned reference/references it must be proved that:

- A) the monthly income/remuneration received by him/her from entrepreneurial or labor activities in Georgia is not less than five times the subsistence level of the average consumer defined in Georgia;
- B) The employer/founded enterprise of foreigner is not registered as a VAT payer;
- C) the turnover of 12 consecutive calendar months prior to the issuance of the certificate is not less than GEL 50,000 for each foreigner applying for a work residence permit; and in the case of a foreign employer/founder educational or medical institution - less than 35,000 GEL.

4. If it is objectively impossible to submit the references regarded by paragraphs 1 to 3 of this article, instead, a foreigner may present any other certificate or evidence to the agency that undoubtedly confirms the existence of the conditions specified in an article 15, subparagraph a of the Law of Georgia on the Legal Status of Aliens and Stateless Persons.

You can see the above-mentioned resolution at the link: <https://matsne.gov.ge/>, with the registration code: 010120000.10.003.022199

The resolution came into force on 7th of August, 2020.

“Resolution of the Government of Georgia "On Approval of the Technical Regulation on Construction Products" №492

On 7th of August , 2020, the legislative changes were implemented in the resolution of the government of Georgia №476 "On the Approval of the Technical Regulation on Construction Products", in particular, as a result of these changes, paragraph 6 was added to article 9 of the „Technical Regulation on Construction Products“ approved by the resolution; according to which, the information provided in article 9 shall be marked on the product in Georgian Language.

You can see the above-mentioned resolution at the link: <https://matsne.gov.ge/>, with the registration code: 300160070.10.003.022210

The mentioned resolution was published on 10th of August, 2020 and it will enter into force 30 calendar days after its publication, and the resolution regarding the products that will be imported on the Georgian market through will enter into force 14 calendar days after its publication.

Order of the Minister of Finance of Georgia №185 „on Tax Administration“

On 7th of August, 2020, by the order of the Minister of Finance of Georgia №185, a legislative changes were made in the approved instruction "On Tax Administration", in particular, article 17¹ with the following content was added to the article 17 of the mentioned order:

„Artical 17¹. On refusal to appeal the tax claim

1. In accordance with subparagraph "f" of part 5 of article 8 of the Tax Code of Georgia, a person is entitled to submit a written statement to the tax authority on the „Refusal to Appeal the Tax Claim "(hereinafter - the statement).

2. The application shall be submitted to the tax authority in material form, in accordance with a appendix №I-121, which shall be signed by the taxpayer or his representative. If the application is signed by a representative, the application must be accompanied by a document certifying the authority of the representative, which must directly indicate the authority to refuse a tax claim.

3. The application must contain the applicant's confirmation that he or she has been informed of the consequences of the refusal to appeal the tax claim.

4. A copy of that tax claim must be attached to the application, which the applicant refuses to appeal.

5. The tax authority shall review the application and reflect the amount specified in the tax claim indicated in the application on the main card of the taxpayer's personal registration, no later than the third working days from the date of registration of the application.

6. After the amount indicated in the tax request is reflected in the personal registration card of the taxpayer, the withdrawal of the application by the person will no longer be allowed.

See the changes made on the basis of the mentioned order at the link:: <https://matsne.gov.ge/>, with registration code: 200090000.22.033.017349

The order came into force on 11th of August, 2020.

[Order of the Minister of Finance and Economy of the Autonomous Republic of Adjara №01-01-3/212](#)

On 7th of August, 2020, by the order of the Minister of Finance and Economy of the Autonomous Republic of Adjara №01-01-3/212, was approved the regulation on the liquidation of enterprises with more than 50% shareholding of the Autonomous Republic of Adjara. The purpose of this regulation is to determine the rules for liquidation of existing enterprises (hereinafter - enterprises) with more than 50% share participation of the Autonomous Republic of Adjara and to accomplish the above, all the necessary procedures, including the claim that should be submitted by the creditor, the order of repayment of the creditor's debt, and the distribution of property left over from the liquidation of the enterprise.

You can see the full version of the regulation at the link: <https://matsne.gov.ge/>, with the registration code : 240140000.33.058.016139;

The order came into force on 10th of August, 2020.

[Order of the Minister of Internal Affairs of Georgia №119](#)

On 13th of August, 2020, with the order №119 of the Minister of Internal Affairs of Georgia, requirements related to the possession and production of a special electronic program for registration of movable property received as collateral for the monetary demand of the lending entity (entrepreneurial entity) were approved.

The scope of regulation of the mentioned order is the requirements related to the possession and production of a special electronic program for registration of movable items

received as a means of securing the monetary demand of the lending entity (entrepreneurial entity) (hereinafter - the rule), which includes the rules of registration of the lending entity and production of a special electronic program for registration of a movable property received as a means of securing monetary demand.

The above-mentioned rule applies to the lending entity provided by the Organic Law of Georgia on the National Bank of Georgia and lending entities registered under the National Bank (hereinafter referred to as the entity); also, on the branch of the entity, which for the purposes of the rule refers to the structural subdivision of the entity where the activities of the entity or part of it are carried out directly.

You can see the full and detailed rules related to the ownership and production of the special electronic program, the connection of the special electronic program to the database of the Ministry, the provision of information by the Ministry to the National Bank of Georgia and other rules defined by this order at the link: <https://matsne.gov.ge/>, with the registration code: 220060000.22.034.017048

The order will come into force on 1st of February, 2021.

Order of the Head of the Financial Monitoring Service of Georgia №4

On 17th of August, 2020, amendments were made to the Order №1 of the Head of the Financial Monitoring Service of Georgia “on approval of the rules for registration, storage and submission of transaction information by the accountable person to the Financial Monitoring Service of Georgia”. In particular, the following changes were made:

- 1) Article 2 of the order is formed as follows:
"Article 2 of the order shall enter into force on October 20, 2020."
- 2) Paragraphs 5 and 6 of article 1 of the appendix approved by the order shall be removed.

- 3) Subparagraph "b" of the first paragraph of Article 2 of the Annex approved by the order has been formed as follows:
„b) Non-resident person - a natural person who is a foreign citizen, as well as a stateless natural person and a foreign citizen registered in Georgia as an individual entrepreneur and/or legal entity, as well as any kind of organizational formation created in accordance with foreign law (including, branch/representative office of a foreign company registered in Georgia);
- 4) Subparagraph "f" of the first paragraph of article 2 of the appendix approved by the order was formed as follows:
“f) Related Transactions (Transactions) - Transactions concluded within a reasonable period of time and/or one-time transactions based on other criteria (including one-time cash transfers) that relate to the same client and may be made for transaction segregation”
- 5) Paragraph 10 of Article 3 of the appendix approved by the order is formed as follows:
“10. The accountable person should take measures to identify complex, unusually large transactions (transactions) and unusual combinations of transactions (transactions) and related transactions. In this case, the accountable person shall examine whether there are grounds for submitting the reporting referred to in paragraph 3 of this article.
- 6) Subparagraph "c" of article 5 of the appendix approved by the order was formed as follows:
c) Depositing cash on the account of a legal entity if the amount of the transaction exceeds GEL 50,000 or the equivalent of GEL 50,000 in foreign currency;
- 7) Subparagraph “e” of article 5 of the appendix, approved by the order, is formed as follows:
e) Transfer of funds to the account from a suspicious zone or transfer of funds from the account to a suspicious zone, if the amount of the transaction exceeds 150,000 GEL or the equivalent of 150,000 GEL in foreign currency;
- 8) Subparagraph "b" of the third paragraph of article 6 of the appendix approved by the order was formed as follows:

b) Purchase/sale with the instructions of a resident of a high-risk jurisdiction, if the amount of the transaction exceeds GEL 50,000 or the equivalent of GEL 50,000 in foreign currency.

You can see the above order at the link: <https://matsne.gov.ge/>, with the registration code: 080090020.19.012.016077.

The order came into force on 18th of August, 2020.

Joint Order of the Minister of Economy and Sustainable Development of Georgia and the Minister of Foreign Affairs of Georgia №1-1 / 334-№01-155

Order of 24th of August, 2020, “On the Approval of the Rules of Isolation and Quarantine” of Georgia №1-1/334 –№01-155, pursuant to Article 11⁴ of the Government Resolution № 322 of 23th of May 2020, was approved the "Rule for filling in and obtaining consent in the electronic program for foreign business / labor activities by foreign visitors outside Georgia".

The purpose of this order is to establish the rules for filling and approving the application in the electronic program for foreign business/foreign activities remotely from Georgia, including the rules for filling in, reviewing and resolving the application in the electronic program, as well as the conditions of software support.

It should be noted that these rules do 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.

It is also noteworthy that foreign citizens whose list is determined by the resolution, №256 of the Government of Georgia of 5th of June, 2015 have the right to participate in the program.

Detailed information about the order can be found at the link: <https://matsne.gov.ge/>, with registration code: 270220000.22.024.016661

The order was published on 25th of August, 2020.

Resolution of the Government of Georgia "On Approval of the State Program "Produce in Georgia"

On 27th of August, 2020, a number of legislative changes were made in the resolution of the Government of Georgia "On the approval of the state program in Georgia".

As a result of implementation of the legislative changes, Article 32, paragraph 1, subparagraphs "n", "n¹", "u" and "v" of Article 1 of the above-mentioned Resolution have been formed as follows:

n) Hotel industry - an activity carried out in accordance with this program by an entrepreneur in a hotel located in Georgia, on the property owned or temporarily used, except in the territories of Tbilisi and Batumi (Within the administrative boundaries existing before the enactment of the Resolution N4757 of the Parliament of Georgia of June 14, 2011), with the operation of a hotel, with or without an international brand. Temporary use of real estate for the purposes of the program means the right to use real estate leased/rented/built from the state of Georgia by an entrepreneur wishing to participate in the program, which is certified by a extract from the public register and originates from a contract concluded by a lesser commercial bank/lessor from the issuance of a loan/leasing item to the program beneficiary until the fulfillment of the obligations under the program by the beneficiary;

n¹) Balneological Resorts Industry - an activity carried out by an entrepreneur in accordance with this program in a hotel located in Georgia, on the property owned or temporarily used, in accordance with the criteria set out in appendix N4, with or without the operation of an international brand. Temporary use of real estate for the purposes of the program means the right to use real estate leased/rented/built from the state of Georgia by an entrepreneur wishing to participate in the program, which is certified by a extract from the public register and originated by a contract concluded by a lesser commercial bank/lessor from the issuance of a loan/leasing object to the program beneficiary until the fulfillment of the program obligations by the beneficiary;"

“u) Restructured loan – a credit defined in accordance with Article 2, Paragraph 6 of the rule approved by the President of the National Bank of Georgia №117/04 of August 10, 2017 on the approval of the rules for classification of assets and reserves of possible losses by commercial banks; “

“v) Restructuring of a leasing project - a change in the lease payment schedule agreed upon under the lease agreement between the lessor and the beneficiary (which includes both co-financing of the agency and co-beneficiary), which may be due to financial difficulties created for the lessee/beneficiary or part of the lease financing amount. For the purposes of this program, the amount of leasing financing is the cost of the subject of the lease, taking into account the capitalizable costs associated with the lessee making use of the subject of the lease, without the participation of the lessee"

The following paragraph 6¹ has also been added to the above-mentioned resolution, and several types of activities have been added to appendix №1 established in accordance with Article 32, paragraph 5.

“6¹. During the transitional period established by this Chapter, the industrial geographical area of the tourism services (theme parks and adventure tourism) shall be removed from Annex 5 of the Resolution".

Detailed information about the changes made on the basis of the above-mentioned resolution and the activities added to the appendix №1 can be found at the link: <https://matsne.gov.ge/>, with registration code: 240140000.10.003.022260

The resolution came into force on 27th of August, 2020.