



Legal Newsletter

(March 2021)

The present newsletter contains significant legislative amendments made in various legislative and sub-legislative acts in March 2021.

The Law of Georgia on “Arranging Lotteries, Gambling and Gaming”

On 16th of March, 2021, legislative amendments were made to the Law of Georgia on “Arrangement of Lotteries, Gambling and Gaming”. Based on the mentioned amendments, paragraph 3 of an article 31¹ of the Law was formed as follows:

„3. In the Council’s composition should be included employees of the Ministry of Finance of Georgia, the Ministry of Justice of Georgia, the Ministry of Economy and Sustainable Development of Georgia and the Ministry of Culture, Sports and Youth of Georgia, as well as other persons decided by the Minister of Finance.

You can see the above Law at the link: <https://matsne.gov.ge/>, with the registration code: 040170310.05.001.020283

The Law entered into force on 18th of March, 2021.



The Law of Georgia on “General Education”

On 16th of March, 2021, significant amendments were made to the Law of Georgia on “General Education”. According to the amendments, several articles of the Law were amended and were formed with a new edition. Amendments were also made on the branding subparagraph, on the regulatory paragraph of the document of National Goals of General Education, on self-assessment, on substitute teacher, small contingent school, online learning course of teacher training, specialized school, the rules for receiving general education in the form of an external studies and other articles that are important for the school administration to pay maximum attention to.

The amendments into the above law you can see in details at the following link: <https://matsne.gov.ge/>, with the registration code: 430050000.05.001.020250

The Law entered into force on 18th of March, 2021

The Law of Georgia on “Structure, Authority and Rules of Operation of the Government of Georgia”

On 16th of March, 2021, amendments were made to the Law of Georgia on “Structure, Authorities and Rules of Operation of the Government of Georgia”. Among the amendments of the Law we should mark the amendment on the basis of which the functions and powers of the Ministry of Education, Science, Culture and Sports of Georgia in the field of education and science were transferred to the Ministry of Education and Science of Georgia. Amendments were also made



in various laws, where instead of the Ministry of Education, Science, Culture and Sports of Georgia, the Ministry will be referred with a new name, namely, the Ministry of Education and Science of Georgia.

You can see the amendments made into the above law in details at the following link: <https://matsne.gov.ge/>, with the registration code: 010240010.05.001.020245

The Law entered into force on 18th of March, 2021

The Code of „Local Self-Government“

On 18th of March, 2021, legislative amendments were made to the Organic Law of Georgia „Local Self-Government Code“. Based on these amendments, article 163⁴ with the following content was added to the Code:

„Article 163⁴. For the purchaser of the property of privatized municipality in the form of an auction (except Tbilisi), rule for changing or canceling the condition (conditions) related to the property of the privatized municipality (except Tbilisi) in the form of an auction, for the recipient of the property of the municipality (except Tbilisi) transferred with the right of use or transferred with the right of management, due to the New Coronavirus (COVID-19) Outbreak or/and Pandemic.

1. The Mayor of the municipality (except Tbilisi) is authorized to make a decision no later than 1st of October, 2021, by taking into account the interest of the municipality, in accordance with an article 398 of the Civil Code of Georgia, with the consent of the municipal council, make a decision for the acquirer of the property of the privatized municipality (except Tbilisi) in the form of an



auction, for the recipient of the property of the municipality (except Tbilisi) transferred with the right of use or transferred with the right of management:

- a) On the change of the investment condition related to this property, including the extension of the term of fulfillment of the investment condition related to this property;
- b) The cancellation of an obligation whose performance has lost its sense;
- c) On the facilitation of the financial condition specified by the contract, including the exemption from the penalty specified by the contract.

2. Receive the decision of the Mayor of the municipality, provided in paragraph 1 of this article (except Tbilisi), is allowed, if non-completion or delay of the completion of the conditions specified by the contract is due to the regulatory norms established directly as the result of the Epidemic and/or Pandemic caused by the new coronavirus (COVID-19).

3. The type and size of the benefit determined by the decision of the Mayor of the municipality, provided in paragraph 1st of this article (except Tbilisi), shall be proportional to the impact of the regulatory norms referred in paragraph 2 of the same article on the fulfillment of the investment or financial condition.

4. Decision of the Mayor of the municipality, provided in paragraph 1st of this article (except Tbilisi), does not imply a reduction of the owing in exchange for the transfer of ownership. "

You can see the amendments made in the above law at the following link:
<https://matsne.gov.ge/>, with the registration code: 010250000.04.001.017999

The Law entered into force on 22nd of March, 2021



Order of the Minister of Finance of Georgia №41

On 26th of February, 2021, according to the order of the Minister of Finance of Georgia, the rule of depositing and withdrawing money from the account in case of organizing lottery, gaming and/or gambling via system-electronic form was approved. According to this rule, depositing money from the gaming account and withdrawing money from the account is mandatory for the lottery organizer and the holder of the gambling and/gaming, who carry out the activity via a system-electronic form.

The above rule precisely defines the conditions of deposit and withdrawal money on the account and the obligations of the operator. It is important to emphasize that the violation of the rule approved by the order is a violation of the permit conditions, and in the case of a lottery organizer it is the violation of the terms of the contract and provides liability in accordance with the rules established by the law.

You can see the above law in details at the following link: <https://matsne.gov.ge/>, with the registration code: 040170310.22.033.017446

The Order entered into force on 1st of March, 2021

Order of the Minister of Finance of Georgia №42

On 26th of February, 2021, based on the order №42 of the Minister of Finance of Georgia was approved the rules for making accounting forms required for the implementation of activities for the casino and gambling club permit holders. This rule establishes required rules and forms for accounting, by the casino and gambling club permit holders to carry out their activities and obliges the permit holders to act in accordance with the rules and accounting forms established by this order. The order also includes definitions of the relevant terms, the obligations and authorities of the permit holder regarding the rules of making accounting forms, etc.



In the above rule there is attached appendix with the account form of cash drawer's opening/closing, account form for money addition/refund from the cash drawer to safe or opposite, table opening/closing accounting form, cash drawer's account form and sample for tips account form.

You can see the above Order at the link: <https://matsne.gov.ge/>, with the registration code: 040170310.22.033.017447

The Order entered into force on 1st of March, 2021

Order of the Minister of Finance of Georgia №43

On 26th of February, 2021, by the order of the Minister of Finance of Georgia, the rules for registration, identification and verification of a player via system-electronic form by the holder of the lottery, gambling and/or gaming permit, was approved. According to the mentioned rule, The holder of the permit for arranging lottery, gambling and/or gaming via system-electronic form is obliged to register, electronically identify and verify the player in accordance with the conditions defined by the above rule and face to face (nonelectronic) identification and verification of the player in accordance with the "rules of identification and verification of the client by the accountable person" approved by the Order №2 of the Head of the Financial Monitoring Service of Georgia of June 5, 2020.

The above rule also defines the obligation of the operator to establish a business relationship only with identified and verified persons in accordance with this rule. In addition to the above, the



rule also regulates the basics of identification and verification, player registration on the website, operator obligations, etc.

You can see the above order in detail at the following link: <https://matsne.gov.ge/> with the registration code: 040170310.22.033.017448

The Order entered into force on 1st of March, 2021.

Order № 996 of the Minister of Finance of Georgia dated 31st of December, 2010 on “Tax Administration”

On 5th and 16th of March, 2021, significant amendments were made into the Order of the Minister of Finance of Georgia of December 31, 2010 "On Tax Administration". As a result of these amendments, the issues regulated by the order have been fundamentally amended, from them followings should be noted particularly: regulation of the taxable person to use his/her own production facility/building as a fixed asset, data regulatory articles to be entered in the declaration, regulatory norms of Tax invoice subscription, operation of goods/services exchange (barter), certificate issued by the tax authority, refund of overpaid income tax by a tax authority to an individual (employee) and in the case of importation of goods, the costs of transport and related services of the mentioned goods.

In addition to the above, other articles of the Order were also amended and it's important to pay attention also to those articles.



You can see the amendments made in the above Order in details at the link: <https://matsne.gov.ge/>, with the registration codes: 200090000.22.033.017456; 200090000.22.033.017452; 200090000.22.033.017451

The order entered into force on 17th of March, 2021.

Order №32/04 of the President of the National Bank of Georgia

On 9th of March, 2021 on the basis of the Order of the President of the National Bank of Georgia, the rule of protection of Consumers Rights while providing services by financial organizations was approved and declared invalid the Order of the President of the National Bank of Georgia №151/04 of December 23, 2016 “On the Approval of the Rules for the Protection of Consumers Rights in the Provision of Services by Financial Organizations”

The above rule regulates the rules and principles of protection of consumers' rights while offering and delivering financial products, as well as providing financial services, which also includes issues of consistent delivery of complete, necessary, understandable, truthful and timely information. The aim of this rule is to promote financial stability and transparency of the financial sector, also, ensuring information transparency on raising public confidence to the financial sector, maximal protection of consumers interests and financial products on the market, which, will significantly contributes the active use of new financial products by the consumer, as well as reduction the various risks associated with them.

Besides the above-mentioned, the rule approved by the Order also regulates the obligation of the financial organization in providing information on the financial product to consumers, obligations of the financial organization in concluding a contract remotely and the disclosure of significant risks related to specific financial products to consumers and other important provisions.



You can see the above Order in details at the link : <https://matsne.gov.ge/>, with the registration code: 20020000.18.011.016549

The order entered into force on 1st of April, 2021.

Order №002/02 of the Legal Entity of Public Law - Director of the Pension Agency

On 16th of March, 2021, significant legislative amendments were made to the approval of the instruction of the rules for payment of pension contributions, information submission forms, administration of overpaid amounts, on pension contributions on individual pension account, expenses, extra income, on other incomes, gains and lose in the Order N002 of July 30, 2019 of the Director of the Pension Agency-Legal Entity of Public Law. According to the above amendments paragraph 15 was added to the first article of the Order, which regulates the authority of the Agency to use appropriate software in its activities. Besides above-mentioned, a number of other articles were added to the Order, as well the Article 13 of the order, which regulates the rule of pension payment error, underpayment or overpayment with a completely new version.

You can see the details of the amendments and supplements made in the above Order at the link: <https://matsne.gov.ge/>, with the registration code: 280030000.73.085.016008

The order enters into force on 20th of April, 2021.



Order №38/04 of the President of the National Bank of Georgia

On 19th of March, 2021, on the basis of the Order №38/04 of the President of the National Bank of Georgia, legislative amendments were made on approval of the rules for determining the amount of fines, imposition and fulfilment ” in the Order №17/04 of the President of the National Bank of Georgia of 5th of February, 2020. According to these amendments, the title of the order was changed and it was formed as follows: "on approval of the rules for determining the amount of fines, imposition and fulfilment to currency exchange offices and their directors". Also, a number of other amendments were made to the order, there should be emphasized the addition of the article 3, in particular, about fines for facilitating the prevention of money laundering and terrorist financing of Georgian legislation, on its basis legal acts issued by the National Bank, written instructions, violation of requirements set as a result of inspection/supervision and/or non-compliance with the instructions of the Financial Monitoring Service. The order precisely defines the amount of sanctions and the procedure for imposing them.

You can see the above Order in details at the link: <https://matsne.gov.ge/>, with the registration code: 220090000.18.011.016554

The order entered into force on 5th of April, 2021.