

# Legal Newsletter

## (August 2023)

The present newsletter contains significant legislative amendments made in various legislative and sub-legislative acts in August 2023.

### Order №47/04 of the President of the National Bank of Georgia

On the 1<sup>st</sup> of August, 2023 by order №194/04 of the President of the National Bank of Georgia an amendment was made to the Order №47/04 of the President of the National Bank of Georgia made on the 13<sup>th</sup> of June, 2014 "on approval of the Regulation on Operational Risk Management by Commercial Banks" and sub-paragraph J<sup>1</sup> was supplemented to paragraph J, Article 2 (outsourcing risk) paragraph 5 of Article 4 (directorate) was formed with a new redaction and etc.

You can see the full version of the amendment to the above Order at the link: <https://matsne.gov.ge>, with the registration code: 220020040.18.011.016751.

The Order came into force upon its publication.

### Order №70/04 of the President of the National Bank of Georgia

On the 3<sup>rd</sup> of August, by order №205/04 of the President of the National Bank of Georgia a number of amendments were made in the order №70/04 of the President of the National Bank of

Georgia made on the 15th of May, 2017 "on the approval of the regulation of the liquidity coverage ratio of commercial banks", in particular, sub-paragraph F with the following content was supplemented to the Article 2:

„F) A financial instrument of the first level credit risk category - a financial instrument that meets the criteria of the first level credit risk financial instruments provided by the "rules for determining the risk categories of financial instruments and expected credit loss" approved by the order of the President of the National Bank of Georgia.

2. paragraph 3 of Article 5 was formed with the following redaction:

„3. During calculating the expected cash inflows, the bank should take into account the contractual inflows only from the financial instruments of the first level credit risk category, whose reclassification is not expected within the next 30 days."

3. paragraph 1 of Article 6 was formed with the following redaction:

„1.The liquidity coverage ratio shall be calculated and applied for each day. The daily liquidity coverage ratio must be reported to the National Bank no later than the next 2 working days. If the bank expects a violation of the limits defined by paragraph 3 of Article 3 of this regulation, it is obliged to immediately notify the National Bank."

You can see the full version of the amendment to the above Order at the link: <https://matsne.gov.ge>, with the registration code:220010070.18.011.016756.

The Order came into force upon its publication.

## Order №996 of the Minister of Finance of Georgia

On the 4<sup>th</sup> of August, 2023 by the Order №297 of the Minister of Finance of Georgia an amendment was made to the instruction "on Tax Administration" approved by the Order №996 of the Minister of Finance of Georgia made on the 31<sup>st</sup> of December, 2010 and paragraph 13 of Article 112 was formed with the following redaction:

„13. Until December 31, 2025, the selected person will be reimbursed the nominal value of mandatory marking of non-excise goods by the Revenue Service, based on the contract signed with the selected person.

You can see the full version of the amendment to the above Instruction at the link: <https://matsne.gov.ge>, with the registration code:200090000.22.033.017729.

The Order came into force upon its publication and extended to the legal relationships arising from the 1<sup>st</sup> of August 1, 2023.

In the same Instruction, on the 14<sup>th</sup> of August, 2023 by order №300 of the Minister of Finance of Georgia, an amendment was made and Article 48<sup>3</sup> with the following content was supplemented after the Article 48<sup>2</sup>:

**„Article 48<sup>3</sup>. In the case of exchange (barter) transactions, determination of the amount taxable by VAT with the market price**

If an immovable object is delivered within the scope of an exchange (barter) operation, the amount taxable with VAT for each party of the operation shall be determined by the market price of the acceptable goods/services without VAT.

Example 1. An exchange agreement was signed between an enterprise and a natural person. According to the contract, a natural person transfers a plot of land to the ownership of the

enterprise, and in return, the enterprise shall build a construction on the same plot of land, in which part of the area shall be transferred to the ownership of the natural person. The market price of the land is 236,000 GEL.

You can see the full version of the amendment to the above Instruction at the link: <https://matsne.gov.ge>, with the registration code:200090000.22.033.017731

The Order came into force upon its publication.

In the same Instruction, on the 15<sup>th</sup> of August, The amendment was made by the Order №302 of the Minister of Finance of Georgia and paragraph 4 of Article 46 (registration as a VAT payer); Article 77 (filing of the excise declaration); Article 812 (rights and obligations of business entities and the selected person during the implementation of mandatory marking of excise goods/non-excise goods by the selected person); Paragraphs 66 and 67 of Article 112 (transitional provisions) were formed with a new edition.

You can see the full version of the amendment to the above Instruction at the link: <https://matsne.gov.ge>, with the registration code: 200090000.22.033.017732

The Order came into force upon its publication.

### **Order №10/04 of the President of the National Bank of Georgia**

On the 4<sup>th</sup> of August, 2023 by the Order №211/04 of the President of the National Bank of Georgia an amendment was made to the Order №10/04 of the President of the National Bank of Georgia made on the 11th of February, 2011, "on approval of the rules for compliance with minimum reserve requirements by

commercial banks" and the rule of compliance with the minimum reserve requirements was approved with the attached redaction.

You can see the full version of the amendment to the above Rule at the link: <https://matsne.gov.ge>, with the registration code:220020000.18.011.016764

The Order came into force upon its publication.

### Order №142/04 of the President of the National Bank of Georgia

On the 4<sup>th</sup> of August, 2023 by the Order №212/04 of the President of the National Bank of Georgia an amendment was made to the Order №142/04 of the President of the National Bank of Georgia made on 21<sup>st</sup> of July, 2020 "on approval of the rules of activity of foreign exchange market participants" and in the "rule of activity of foreign exchange market participants" approved by this order:

1. paragraph 3 of the first article was formed with the following redaction:

„3. Compliance of the norms defined by this rule is mandatory for licensed commercial banks, licensed microbanks, licensed brokerage companies and registered microfinance organizations participating in the foreign exchange market of Georgia, which operate in accordance with the "rules for electronic trading with currency using the Bloomberg trading system" approved by the President of the National Bank of Georgia (hereinafter referred as the "organized market").

2. Sub-paragraph „B” of Article 2 was formed with the following redaction:

„B) Participation in the foreign exchange market - participation in the foreign exchange market is considered to be the regular implementation of foreign exchange transactions with each other or with clients by commercial banks, microbanks, brokerage companies and registered microfinance organizations licensed by the National Bank of Georgia;

You can see the full version of the Rule at the: <https://matsne.gov.ge> with the registration code: 220090000.18.011.016761

The Order came into force upon its publication.

### Order №2-645 of the Minister of Environmental Protection and Agriculture of Georgia

On the 9<sup>th</sup> of August, 2023 the attached "state jurisdictional institution of the Ministry of Environmental Protection and Agriculture of Georgia - the procedure for publication of the resolution/complaint issued by the Department of Environmental Supervision in the offense case" was approved.

You can see the full version of the amendment to the above Rule at the link: <https://matsne.gov.ge>, with the registration code:360100000.22.023.016823

The Order came into force from the 4<sup>th</sup> of September, 2023.

### Order №257 of the Minister of Finance of Georgia

On the 23<sup>rd</sup> of August, 2023 paragraph 8 of Article 8 of the instruction (Appendix 11) on "procedure of temporary importation" approved by the Order №257 of the Minister of Finance of Georgia made on the 29<sup>th</sup> of August, 2019 "on the approval of instructions on the movement and clearance of goods in the customs territory of Georgia" was formed with the following redaction:

„8. In special cases determined by the individual administrative-legal act of the Minister of Finance of Georgia, the 10-year limitation of the general period of placing goods in the temporary importation procedure established by the Part 4 of the Article 139 of the Customs Code of Georgia does not apply, including if the said goods are used:

- a) to implement a strategic project for the country;
- b) to implement an important infrastructure project;
- c) to implement an important social project;
- d) for educational, scientific or cultural purposes."

You can see the full version of the amendment to the above Instruction at the link: <https://matsne.gov.ge>, with the registration code:230210000.22.033.017734

The Order came into force upon its publication.

### **The procedure for receiving continuing education in the direction of promoting the prevention of money laundering and financing of terrorism**

On the 23<sup>rd</sup> of August, 2023 the "procedure of receiving continuing education in the direction of promoting prevention of money laundering and financing of terrorism" was approved by the Order №m-8 of the head of the accounting, reporting and audit supervision service.

You can see the full version of the above Rule at the link: <https://matsne.gov.ge> with the registration code: 260000000.64.076.016124

The Order, except for Articles 5, 9 and 10 of the Rules approved by this Order, came into an action immediately upon their publication.

### **Order №24 of the Director of the Maritime Transport Agency of the Ministry of Economy and Sustainable Development of Georgia**

On the 25<sup>th</sup> of August, 2023 by the order №39 of the Director of the Maritime Transport Agency of the Ministry of Economy and Sustainable Development of Georgia an amendment was made to the approved "port rules" of the Order №24 of the Director of LEPL - Maritime Transport Agency of the Ministry of Economy and Sustainable Development of Georgia made on the 25<sup>th</sup> of July, 2022:

a) Appendix 7 of the Rule was formed with a new edition.

You can see the full version of the amendment to the above Rule at the link: <https://matsne.gov.ge>, with the registration code:310040000.55.067.016165

The Order came into force upon its publication.

### **Order №1 of the Chairman of Sakpatenti- Legal Entity of Public Law - National Intellectual Property Center of Georgia**

On the 31<sup>st</sup> of August, 2023 the attached "register production rule of organizations managing property rights on a collective basis" was approved in accordance with Appendix №1. Also, the form of the register of organizations managing property rights on a collective basis was approved in accordance with Appendix №2.

You can see the full version of the amendment to the above Rule at the link: <https://matsne.gov.ge>, with the registration code:050040000.48.065.016032

The Order came into force upon its publication.

### **Resolution №255 of the Government of Georgia**



On the 3<sup>rd</sup> of August, 2023 by the Resolution №284 of the Government of Georgia on the basis of sub-paragraph 4, Article 20 of the Organic Law of Georgia "on Normative Acts", an amendment was made to the Resolution №255 made on the 31<sup>st</sup> of May, 2019 of the Government of Georgia "on the procedure and conditions for issuing a construction permit and putting the building into operation" and Article 16<sup>1</sup> of the "rules and conditions for issuing construction permits and putting the building into operation" approved by the resolution was formed with a new edition (construction project).

You can see the full version of the amendment to the above Resolution at the link: <https://matsne.gov.ge>, with the registration code: 300310000.10.003.024117

The Resolution came into force upon its publication.

### **Resolution №291 of the Government of Georgia**

On the 8<sup>th</sup> of August, 2023 "the rule for submitting a report on activities carried out by a certified intermediary company in the field of labor migration" was approved (Appendix №1) in accordance with sub-paragraph „a.b" of sub-paragraph „a", paragraph 11 of the Article 17 and paragraphs 1 and 2 of the Article 135, Article 134, sub-paragraphs „b", „c", „d", „e" and „f" of Article 9, paragraph 2 of Article 1 of the Law of Georgia "on Labor Migration" and "rule for registration of a labor immigrant employed in Georgia by a local employer in the unified database of the Ministry of Labour, Health and Social Protection of IDPs from the occupied territories of Georgia" (Appendix №2).

You can see the full version of the amendment to the above Rule at the link:  
<https://matsne.gov.ge>, with the registration code:270000000.10.003.024124

The Resolution came into force from the 1<sup>st</sup> of September, 2023.

### Resolution №291 of the Government of Georgia

On the 30<sup>th</sup> of August, by the Resolution №334 of the Government of Georgia in accordance with paragraph 4, Article 20 of the Organic Law of Georgia "on Normative Acts", an amendment was made to the Resolution №511 of the Government of Georgia made on the 1st of December, 2017 "on approval of requirements for the technical qualification of technical regulations" - "periodic technical inspection centers for motor vehicles, buildings, equipment and personnel" of the Government of Georgia of December 1, 2017 and subparagraph "O" of the first paragraph of Article 2 of the technical regulations approved by the resolution was formed with the following redaction:

„O) Unified electronic database – a unified electronic program of periodic technical inspection developed by a legal entity under public law – a unified national accreditation body – an accreditation center, in which all inspection centers are involved and which ensures the collection of data received from inspection centers in a unified information system, verification and confirmation of received data, access to data necessary for inspection purposes for inspection centers, analysis of inspection results, production of multifaceted statistics, for authorized public institutions (Informational and analytical department of the Ministry of Internal Affairs of Georgia, legal entity under public law – Service Agency of the Ministry of Internal Affairs of Georgia, Patrol Police department of the Ministry of Internal Affairs of Georgia, LEPL – Unified National Accreditation Body – Accreditation Center, LEPL – Land Transport Agency, Georgian Environmental Protection and State sub-departmental institution of the Ministry of Agriculture –

Department of Environmental Supervision), in order to carry out the tasks within their competence, simplified access to inspection results (except user's personal data) and secure data exchange. The data related to the inspection to be entered by the inspection center in the unified electronic database (which does not include the list of personal data of the user) is determined by the decree of the general director of LEPL - National Accreditation Agency - Accreditation Center.

You can see the full version of the amendment to the above Regulation at the link: <https://matsne.gov.ge>, with the registration code:300160070.10.003.024167

The Resolution came into force from the 4<sup>th</sup> of September, 2023.