



Legal Newsletter

(July 2021)

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

Law of Georgia on "Product Safety and Free Circulation Code"

On 12nd of July, 2021, legislative amendments were made to the Law of Georgia on „Product Safety and Free Circulation Code”. Based on these amendments, several articles of the law were formed differently, including:

1. Article 25² was supplemented to the law - operation of the building without exploitation, which was formed as follows:

“1. It is inadmissible to operate the building until the relevant act on the exploitation of this building is issued in accordance with the rules established by the legislation of Georgia.

2. It is inadmissible to supply the building with electricity and natural gas that is unacceptable in exploitation.

3. The restriction provided in paragraph 2 of this article shall not apply to the supply of electricity and natural gas to a building that is not in exploitation for construction activities, which shall not exceed the period of validity of the relevant construction permit.



4. Issues related to the supply of electricity and natural gas for the construction activities of unacceptable buildings in exploitation is regulated by a normative act of the Georgian National Energy and Water Supply Regulatory Commission. ”;

2. Article 103³ was supplemented to the law - a temporary rule for the exploitation of construction constructed in violation of permit conditions within the administrative boundaries of the Tbilisi Municipality, which was formed with the following content:

The Technical and Construction Supervision Agency is authorized to put into operation a completed building within the administrative boundaries of the Tbilisi Municipality.

Accepting into exploitation refers to the object on which a construction permit is given within the administrative boundaries of the Tbilisi Municipality and the construction of which is completed by 18th of August, 2020, also, on the object on which the construction permit is not issued, however, it is located in the area of the approved development regulation plan/detailed development plan and its construction is completed by 18th of August, 2020. The interested person must apply to the Technical and Construction Supervision Agency within 2 years after the article enters into force in order to put the object into operation.

You can see the above Law at the link: <https://matsne.gov.ge/>, with the registration code: 240110000.05.001.020351

The Law entered into force on 28th of July, 2021.



The Law of Georgia "Code of Spatial Planning, Architectural and Construction Activities of Georgia"

On 12th of July, 2021, legislative amendments were made to the Law of Georgia on the Code of Spatial Planning, Architectural and Construction Activities of Georgia. based on these amendments, important articles were supplemented to the law that regulates the operation of the building without exploitation and imposes certain restrictions, according which it is inadmissible to operate the building until the relevant act on the exploitation of the building is issued in accordance with the rules established by the legislation of Georgia and it is inadmissible to supply the building, without exploitation, with electricity and natural gas. The amendments, made in this law, also regulate the temporary procedure for going into exploitation of a construction in violation of the permit conditions within the administrative boundaries of the Tbilisi Municipality, according it, the public supervision body of construction is authorized to put a building into exploiting completed within the administrative boundaries of the Tbilisi Municipality, Including an independently functioning completed construction of a building complex, on which a construction permit was issued and whose construction is carried out in violation of an agreed architectural project (including amendments in settlement regulation parameters, in violation of functional zoning) or on an unsuitable plot of land. This article, in addition to the above, it regulates other important issues that need to be to payed attention by those working in the construction sector or those interested in construction.

You can see the above Law at the link: <https://matsne.gov.ge/>, with the registration code: 200000000.05.001.020360

The Law entered into force on 27th of July, 2021.



The Law of Georgia "Tax Code of Georgia"

On 22nd of July, 2021, legislative amendments were made to the Tax Code of Georgia. Based on these amendments, several articles of the law were formed with the following edition:

Article 206

a) Subparagraph "H5" of the first part was formed with following edition:

„H5) In the ownership / use of a higher education institution established by the existing state , transferred free of charge by a state body and / or municipality, which is used in educational activities and /or to provide services related to educational activities; ”;

b) part 2 was formed with following edition:

„2. The established tax relief does not apply to the land plot (or part of it) transferred to another person by lease, usufruct, rent or other similar form and/or to the buildings (or part them) transferred by the enterprise/organization in the same form, "unless the real estate is transferred by a higher educational institution established by the state and the transferred real estate is used for the higher educational activities and/or services related to higher educational activities."

The effect of the article 206, part 1, subparagraph "H5" of the Tax Code of Georgia and part 2 of the same article provided in the article 1 of this Law shall apply to legal relations arising from January 1, 2020.

You can see the above Law at the link: <https://matsne.gov.ge/>, with the registration code: 200000000.05.001.020360

The Law entered into force on 22nd of July, 2021.



The Order №90/04 of the President of the National Bank of Georgia

On 14th of July, 2021, significant amendments were made in the Order №90/04 of the President of the National Bank of Georgia. With these amendments, the regulation about the information accompanying the transfer approved on the basis of the order was formed with different edition, namely:

Paragraphs 5 and 6 of the article 3 of the regulation were formed with following edition:

„5. The taxpayer provider shall not perform the transfer operation if it has not carried out verification procedures to the taxpayer under the Law of Georgia on Facilitation of Money Laundering and Prevention of Terrorism Financing and in accordance with the verification requirements required by the bylaws and the storage of documentation/information in the following cases:

a) The amount of the transfer transaction or the total amount of the related transfer operations exceeds 1,000 EUR or 1,000 USD or 3000 GEL, or the equivalent of latter in another foreign currency; Or

b) Receipt of money from the payer was made in cash or by an anonymous electronic instrument; Or

c) There is a suspicion of money laundering or terrorism financing.

6. The verification of the data on the taxpayer established for the transfer operations specified in this article shall be carried out in accordance with the Law of Georgia on Promoting the Prevention of Money Laundering and Terrorism Financing and in accordance with the requirements set in the by-laws adopted in accordance with it.

2. Paragraph 2 of the article 5 was formed with the following edition:



„2. The recipient provider should not credit the recipient's account or should not make money available to the recipient, if he/she has not carried out verification procedures toward the recipient under the Law of Georgia on Facilitation of Money Laundering and Prevention of Terrorist Financing and in accordance with the requirements for verification and storage of documentation / information defined by the by-laws adopted in accordance with it, in the following cases:

- a) The amount of money of the enrollment or the total amount of the related enrollment exceeds 1,000 EUR or 1,000 USD or 3000 GEL, or the equivalent of latter in another foreign currency; Or
- b) During withdrawing remittance in cash or during transferring an anonymous electronic instrument;
- c) If there is a suspicion of money laundering or financing of terrorism. "

3. The first paragraph of the article 7 was formed with the following edition:

„1. The recipient provider shall implement effective, risk-based procedures, including a risk-based approach in accordance with the Law of Georgia on Promoting the Prevention of Money Laundering and Terrorist Financing and on the basis of which the provider determines the issues of the performance of transfer received with incomplete accompanying information, return or suspension of access of the transfer to recipient's account /recipient's fund, as well as issues of further actions of the provider in relation to these transfer (including requesting information from the payer or intermediary provider as defined in this regulation).

You can see the above Order at the link: <https://matsne.gov.ge/>, with the registration code: 220010040.18.011.016570

The Order entered into force on 14th of July, 2021.



Order №98 / 04 of the President of the National Bank of Georgia

On 14th of July, 2021, amendments were made to the rule approved by the Order №37/04 of the President of the National Bank of Georgia of February 28, 2018 “on the approval of the rules for registration and regulation of currency exchange place” and on the basis of the above amendments and supplements it was formed with different edition. Among the mentioned amendments and supplements, it should be noted that the order defined what is meant by a significant share (except for an individual entrepreneur), a group of jointly acting partners / shareholders, etc.

In addition to the above, the order also amended the maximum volume of total currency exchange transactions performed by the client through the electronic device during a day, making amendments to the registered data, digital databases produced by special software during the implementation of currency exchange operations through electronic devices and other regulatory articles.

It can be said that significant amendments were made to the order, which should be focused by those workers working in this sector.

You can see the above Order at the link: <https://matsne.gov.ge/>, with the registration code: 220090000.18.011.016579

The Order entered into force on 15th of July, 2021.

Order №104/04 of the President of the National Bank of Georgia

On 15th of July, 2021, significant amendments were made to the Order №17 / 04 of the President of the National Bank of Georgia of February 5, 2020 on approving the rules for determining,



imposing and enforcing the amount of fines toward currency exchange offices and their directors. Based on these amendments, the order was edited differently, namely:

Sub-paragraph “d”, of paragraph 2, article 3 shall be formed with following edition:

d,) In case of non-compliance of the decision of the Government Commission working on the implementation of the resolutions of the UN Security Council on the seizure of property - in the amount of GEL 7,000 (seven thousand) for each such seizure;

You can see the above Order at the link: <https://matsne.gov.ge/>, with the registration code: 220090000.18.011.016580

The Order entered into force on 16th of July, 2021.

The Resolution №312 of the Government of Georgia №312

On 30th of June, 2021, amendments were made to the resolution №365 of the Government of Georgia of May 30, 2014 “on the approval of the state program „Enterprise Georgia”. Based on these supplements and amendments, the resolution underwent significant amendments and was formed differently.

From the above amendments, the definition of terms should be noted particularly, in which a number of terms were formed differently; In addition, the amendments were made on estimated continuing product, qualified expenditure, program coordination, implementation of measures defined by the program, supervision, registration of entrepreneurs wishing to be involved in the program, audit report submission form and other important regulatory articles. In addition to the amendments, a number of articles were added to the resolution, which regulate in more detail the obligation of an entrepreneur to open an account in a commercial bank licensed by the National



Bank of Georgia for the purpose of involvement in the program and articles regulating a number of other obligations of the beneficiary, on which interested people must necessarily pay attention.

You can see the above Resolution in details at the link: <https://matsne.gov.ge/> with the registration code: 240140000.10.003.022867

The Resolution entered into force on 15th of July, 2021.

Resolution №333 of the Government of Georgia

On 7th of July, 2021, a number of legislative amendments were made to the resolution № 99 of the Government of Georgia of February 10, 2020 “on approval of the rules and conditions for entry and inspection in the areas/objects subjected to inspection”. Based on these supplements and amendments, the resolution was formed with different edition.

Above amendments affected the articles regulating the rules and conditions of entry and inspection of the objects subjected to inspection, article defines terms, defining the goals and mechanisms of state control, basic principles of state control implementation, types and directions of inspections and other important issues. It should be noted that significant changes were made to the resolution, so it is important that each interested persons should consider and process these amendments in detail.

You can see the above Resolution in details at the link: <https://matsne.gov.ge/> with the registration code: 270000000.10.003.022888

The Resolution entered into force on 9th of July, 2021.



The Resolution №347 of the Government of Georgia

On 13th of July, 2021, amendments were made to the resolution №250 of the Government of Georgia of July 11, 2012 on the determining of annual rates of permit fee to arrange a casino and discount/benefit. Based on these amendments, several articles of the order were formed with different edition, that are:

The paragraphs 4 and 5 were supplemented to the first article of the resolution, with the following content :

„4. The first year permit fee for a casino arrangement permit issued from July 5, 2021 to January 1, 2022 in the territory of Tbilisi shall be defined as 2,500,000 GEL.

5. After the first year of operation, permit fee for a casino arrangement permit issued from July 5, 2021 to January 1, 2022 in the territory of Tbilisi shall be defined as 2,500,000 GEL.

You can see the above Resolution in details at the link: <https://matsne.gov.ge/> with the registration code: 210070000.10.003.022902

The Resolution entered into force on 14th of July, 2021.