

Investor's Handbook

A Legal Guide to Business in Georgia
2013

Part 3: General Review of Current Licenses
and Permits Applicable in Georgia

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Licenses, Fees and the Licensing Authorities

In Georgia, every company is entitled to choose a field of activity at its own discretion and run a business without limitation, unless such an activity is directly prohibited by the law or a permit or license is required to perform the activity.

The Law on Licenses and Permits includes the exhaustive list of activities that require a license or a permit.

Information about licenses and permits applicable in Georgia, the rule of their issuance, the issuing bodies and the amount of license/permit fees is outlined below.

Licenses, Fees and the Licensing Authorities

As a rule, licensing is mandatory for activities that are relevant for human life and health, the State security or public interests.

As mentioned in the above, an exhaustive list of licenses and permits can be found in the law. It is not allowed to require a license or permit that is not specified by the law.

At the same time, the Georgian legislation allows recognition of licenses issued outside Georgia by the Georgian authorities with the same legal effect as a permit/license issued by the Georgian authorities. However, such recognition is effective either by virtue of an international treaty binding for Georgia or a rule of the Georgian legislation explicitly authorizing such recognition.

According to the Georgian legislation, there are two types of applicable licenses: the license to exercise an activity and the license for use.

The License to Exercise an Activity is a license which grants a person the right to exercise a certain activity specified by the law (e.g. to set up a private security service). To obtain a license for an activity, one has to meet particular requirements. This type of license may be used only by the person (a natural person or legal entity) who has been granted the license. Therefore, a transfer of a license for an activity to another person is not allowed.

The License to Use applies to the use of national resources specified by the law. Such a license grants its holder the right to use certain resources (e.g. natural resources). Licenses of this type can only be awarded in an open outcry tender, except the cases stipulated by the law and the holder of the license may transfer it to others.

Articles 6 and 7 of the Law on Licenses and Permits contain an exhaustive list of licenses issued by the Georgian authorities.

The licensing authorities are subject to regulations of various laws and sub-laws.

Please find below a basic list of licenses that may be required in the process of entrepreneurial activities.

Licenses to Exercise an Activity, Fees and the Licensing Authority

Description	License Fee	Licensor
<i>License for the production of biological pesticides</i>	GEL 280	Ministry of Agriculture of Georgia - National Food Agency
<i>General license for trading in weaponry</i>	GEL 2,000 GEL	Ministry of Defense of Georgia
<i>License for trading in a specific type of weaponry</i>	GEL 100 GEL	Ministry of Defense of Georgia
<i>License for the production, purchase, import or export of electronic surveillance equipment</i>	<i>License fee for the production – GEL 100;</i> <i>License fee for purchase, import or export of electronic surveillance equipment - 1% of the contract value.</i>	Ministry of Internal Affairs of Georgia
<i>License for private broadcasting</i>	GEL 2,000	Georgian National Communications Commission
<i>License for community broadcasting</i>	GEL 2,000	Georgian National Communications Commission
<i>License for electric power generation</i>	<i>No license fee.</i> The license holder pays an annual regulation fee established by the National Commission of Georgia on Energy and Water Supply Regulation	National Commission of Georgia on Energy and Water Supply Regulation
<i>License for electric power transmission</i>	<i>No license fee.</i> The license holder pays an annual regulation fee established by the National Commission of Georgia on Energy and Water Supply Regulation	National Commission of Georgia on Energy and Water Supply Regulation
<i>License for dispatching of electric power</i>	<i>No license fee.</i> The license holder pays an annual regulation fee	National Commission of Georgia on Energy and Water

	established by the National Commission of Georgia on Energy and Water Supply Regulation	Supply Regulation
<i>License for distribution of electric power</i>	<i>No license fee.</i> The license holder pays an annual regulation fee established by the National Commission of Georgia on Energy and Water Supply Regulation	National Commission of Georgia on Energy and Water Supply Regulation
<i>License for distribution of natural gas</i>	<i>No license fee.</i> The license holder pays an annual regulation fee established by the National Commission of Georgia on Energy and Water Supply Regulation	National Commission of Georgia on Energy and Water Supply Regulation
<i>License for transportation of natural gas (the right to transport natural gas through a transportation system)</i>	<i>No license fee.</i> The license holder pays an annual regulation fee established by the National Commission of Georgia on Energy and Water Supply Regulation	National Commission of Georgia on Energy and Water Supply Regulation
<i>License for transportation of natural gas</i>	GEL 2,000	National Agency for Oil and Gas – a State entity subordinated to the Ministry of Energy of Georgia
<i>License for oil refining</i>	GEL 15,000	National Agency for Oil and Gas – a State entity subordinated to the Ministry of Energy of Georgia
<i>License for processing of natural gas</i>	GEL 5,000	National Agency for Oil and Gas – a State entity subordinated to the Ministry of Energy of Georgia
<i>License for oil transportation</i>	GEL 2,000	National Agency for Oil and Gas – a State entity

		subordinated to the Ministry of Energy of Georgia
<i>Life insurance license</i>	GEL 500	National Bank of Georgia
<i>Insurance license (exclusive of life-insurance)</i>	GEL 500	National Bank of Georgia
<i>Reinsurance license</i>	GEL 500	National Bank of Georgia
<i>Banking license</i>	GEL 500	National Bank of Georgia
<i>License for non-banking acceptance of deposits and lending activities</i>	GEL 10	National Bank of Georgia
<i>Securities registrar license</i>	GEL 500	National Bank of Georgia
<i>Brokerage license</i>	GEL 700	National Bank of Georgia
<i>Stock exchange operation license</i>	GEL 2,000	National Bank of Georgia
<i>Central depositary license</i>	GEL 1,000	National Bank of Georgia
<i>Asset management license</i>	GEL 300	National Bank of Georgia
<i>Specialized depositary license</i>	GEL 500	National Bank of Georgia
<i>Private security service license</i>	GEL 50,000	Ministry of Internal Affairs of Georgia
<i>License for executive activities</i>	GEL 200	Ministry of Justice of Georgia

Licenses for Use; Fees and the Licensing Authority

(These licenses may only be awarded in an open outcry tender)

Description	License Fee	Licensor
<i>Natural Resources Mining License</i>	GEL 200	Ministry of Environment and Natural Resources protection of Georgia
<i>License for use of underground space</i>	GEL 200	Ministry of Environment and Natural Resources protection of Georgia
<p><i>General license for use of oil and gas resources</i></p> <p>a) Specialized license for exploration of oil and gas resources</p> <p>b) Specialized license for extraction of oil and gas resources</p>	<p>a) GEL 2,000</p> <p>b) GEL 20,000</p>	National Agency for Oil and Gas - a State entity subordinated to the Ministry of Energy of Georgia
<p><i>General license for applied use of forestry resources</i></p> <p>a) Special license for timber processing</p> <p>b) Special license for hunting industry</p>	<p>a) GEL 200</p> <p>b) GEL 200</p>	Ministry of Environment and Natural Resources protection of Georgia
<i>Fishing License</i>	GEL 200	Ministry of Environment and Natural Resources protection of Georgia
<i>License for use of number pool (?) resources</i>	GEL 1,000	Georgian National Communications Commission
<i>License for use of radio frequencies</i>	GEL 1,000	Georgian National Communications Commission
<i>License for use of Sochi fir-cones and tubers of Galantus Alpinus or/and tubercles of Cyclamen verum for export purposes, as per annex to the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES)</i>	GEL 100	Ministry of Environment and Natural Resources protection of Georgia

Permits, Fees and Issuing Authorities

A permit is a document entitling to perform certain actions defined by the law. It is granted subject to satisfaction of certain pre-defined conditions.

A permit may be issued for a limited or unlimited term.

In view of the existence of various types of permits (e.g. the permit to carry a weapon), we only offer the information on permits that might be required within the scope of an entrepreneurial activity.

An exhaustive list of all possible existing permits is provided in Article 24 of the Law on Licenses and Permits.

The Law on Licenses and Permits lists the following permits:

Description	Permit Fee	Issuing Authority
<i>Permit to produce environmental impact</i>	GEL 500	Ministry of Environment and Natural Resources protection of Georgia
<i>Permit for transportation, import, export, re-export or transit of limited circulation materials</i> <i>(The list of limited circulation materials is defined by the decision of the Government of Georgia)</i>	GEL 200	Ministry of Environment and Natural Resources protection of Georgia
<i>Permit for use of industrial explosives</i>	GEL 40	Georgian Technical Supervision State Inspectorate – a legal person of public law
<i>Permit for export, import, or re-export of species appearing on the annexes to the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) as well as their parts and derivatives.</i>	GEL 50	Ministry of Environment and Natural Resources protection of Georgia
<i>Permit for the application of numeration resources</i>	100 GEL	Georgian National Communications Commission
<i>Building permit (excepting construction of a radiation facility or a nuclear object or an object of specific importance)</i>	Up to GEL 1 per square meter (up to GEL 5 per square meter in the resort zone)	Executive Local Council

<i>Permit for building high importance objects (excepting radiation facilities and nuclear objects)</i>	<p><i>The fee:</i></p> <p>a) Object with the value of up to GEL 500,000: GEL 1,000 + 0.5% of the value of the object;</p> <p>b) Object with the value ranging between GEL 500 thousand and 1 million: GEL 8000;</p> <p>c) Object with the value ranging between GEL 1 million and 3 million: GEL 14,000;</p> <p>d) Object with the value ranging between GEL 3 million and 5 million: GEL 19,000;</p> <p>e) Object with the value ranging between GEL 5 million and 10 million: GEL 24,000;</p> <p>f) Object with the value over GEL 10 million: GEL 24,000 + 0.01% of the value of the object.</p>	Ministry of Economy and Sustainable Development of Georgia
<i>Permit for export, import, re-export or transit of dual-use goods</i>	GEL 30	Ministry of Economy and Sustainable Development of Georgia
<i>Air carrier operation permit</i>	<i>Permit fee is not payable</i>	United Transport Administration within the Ministry of Economy and Sustainable Development of Georgia
<i>Permit for irregular international air transportation</i>	<i>Permit fee is not payable</i>	United Transport Administration within the Ministry of Economy and Sustainable Development of Georgia

<i>Permit for regular international passenger transfers under an international agreement</i>	GEL 500	United Transport Administration within the Ministry of Economy and Sustainable Development of Georgia
<i>Permit for international freight transportation under international agreements</i>	GEL 500	United Transport Administration within the Ministry of Economy and Sustainable Development of Georgia
<i>Permit for international freight transportation (in excess of the quota established by the applicable international agreement) from Georgia by a foreign freighter</i>	GEL 500	United Transport Administration within the Ministry of Economy and Sustainable Development of Georgia
<i>Permit for duty free trade</i>	GEL 1 00	Revenue Service - a legal person of public law within the Ministry of Finance of Georgia
<i>Permit for operation of a customs warehouse (open or/and closed)</i>	GEL 1,000	Revenue Service - a legal person of public law within the Ministry of Finance of Georgia

<p><i>Permit to open a casino</i></p>	<p>a) Anywhere in Georgia (excepting Batumi, the areas in the Dusheti municipality adjacent to the Bazaleti Lake, the Kobuleti and Borjomi municipalities and the Tskaltubo and Sighnaghi municipalities): GEL 5,000,000;</p> <p>b) In Batumi, the areas in the Dusheti municipality adjacent to the Bazaleti Lake, the municipalities of Kobuleti and Borjomi: GEL 250,000.</p> <p>Note: Casinos established in the Tskaltubo and Sighnaghi municipalities are exempted from the permit fee.</p> <p>Note: Casinos opened in a newly built hotel with at least one hundred rooms in Batumi and Anaklia as well as in the municipalities of Kobuleti and Khelvachauri are exempted from the permit fee for the 10-year period starting on the date of issuance of the license.</p>	<p>Revenue Service - a legal person of public law within the Ministry of Finance of Georgia</p>
<p><i>Permit to operate a slot machine arcade</i></p>	<p>From 50 000 to 1 000 000 GEL per year.</p>	<p>Revenue Service – a legal person of public law within the Ministry of Finance of Georgia</p>
<p><i>Permit to operate a betting shop</i></p>	<p>From 30 000 to 300 000 GEL per year.</p>	<p>Revenue Service – a legal person of public law within the Ministry of Finance of Georgia</p>

<i>Permit to operate raffles</i>	GEL 15,000	Revenue Service – a legal person of public law within the Ministry of Finance of Georgia
<i>Permit to operate a bingo palace</i>	GEL 15,000	Revenue Service - a legal person of public law within the Ministry of Finance of Georgia
<i>Permit to hold a promotional raffle</i>	GEL 15,000	Revenue Service – a legal person of public law of the Ministry of Finance of Georgia Has to be changed (Art. 7.10)
<i>Permit for import or export of medications subject to special control</i>	GEL 100	State Regulation Agency on Medical Activities within of the Ministry of Labor, Health and Social Affairs of Georgia
<i>Permit for pharmaceutical facilities (excepting production of addictive drugs)</i>	GEL 400	State Regulation Agency on Medical Activities within the Ministry of Labor, Health and Social Affairs of Georgia
<i>Permit to operate an authorized drugstore</i>	GEL 300	State Regulation Agency on Medical Activities within the Ministry of Labor, Health and Social Affairs of Georgia

Rules for Issuance of Licenses and Permits

To obtain a license/permit, an application should be submitted to the respective state agency. The application should clearly specify the type of a license/permit which is being requested by the applicant.

A record from the Public Registry (in case the applicant is a legal entity) or the copy of a personal identification document (in the case of a natural person) shall be attached to the application, together with the document evidencing the payment of the license/permit fee.

Issuance of licenses and permits in Georgia is governed by the One Stop Shop principle, meaning that the interested person has to deal only with one administrative entity to obtain a desired license/permit.

The decision-making term on the issuance of a license is 30 days from submission of an application; the respective term for permits is 20 days. If no decision is made during this period the license/permit is considered issued.

Licenses for Use

A license for use allows its holder to use certain State resources defined by the law. Licenses of this type can only be awarded in an open outcry tender, *excepting situations defined by the law*.

A tender may be initiated by the licensing agency or by a license seeker who submits an application to the relevant licensing authority.

After a decision to hold the tender the licensor defines the requirements for the future license holder. These requirements and conditions may vary according to the license in question. Such requirements and conditions are stipulated by the law.

Information about the tender as well as the requirements for the application for a license and additional terms and conditions of the license are published in the national press at least one month prior to the auction. The published information includes:

- a) Name of the Licensor;
- b) Scope of the license for use;
- c) Deadlines for applications and the tender;
- d) Licensing terms specified by the law;
- e) Requirements for applications for a specific object;
- f) Criteria for the award;
- g) Other data at the licensor's discretion.

(The law on Licenses and Permits, Article 18.10)

Any interested person is entitled to take part in the tender.

The bidder who fully meets the terms and conditions set forth in the license and offers the highest price is awarded the license.

The holder of the license for use can divide the license into several parts and transfer by way of lease or sale the rights granted under the license or under any part thereof to a third party. The above does not apply to licenses for use of the resources of Georgia's continental shelf in the Black Sea, which may be transferred only on consent of the Government of Georgia.

Control of compliance with of the license/permit terms and conditions

The licensor controls compliance with the license/permit terms and conditions by means of selective inspections or/and regular reports from the licensee.

Unless otherwise stipulated by the law, the licensor may only control compliance with the license/permit terms and conditions once in a calendar year.

Responsibility for non-compliance with the license terms and conditions

The licensee is responsible for meeting of the obligations accepted upon obtaining of the license.

The licensor controls fulfillment of these obligations by the licensee.

In the case of non-compliance with the license terms and conditions the licensee shall be penalized and given a defined term to remedy the non-compliance. If the licensee fails repeatedly to meet the obligation within this term, the penalty applicable to the licensee shall be tripled.

The payment of a penalty does not exempt the licensee from the obligation to comply with the license terms.

If the license terms are not complied with after a repeated application of penalty, the licensor shall cancel the license.

Certain types of licenses/permits

Building permits

According to the law, a building permit is only mandatory for the following types of building projects:

- a) New constructions (including assembly work);
- b) Reconstruction of an existing building;
- c) Disassembly of an existing building;
- d) Modification of a building document in a way that requires a new permit.

(Decision of the Government of Georgia # 57 “On the rules for issuance of building licenses and the licensing terms and conditions,” Item 36.2)

A building permit is issued by the executive government of the respective municipality on the basis of an application submitted by the interested party. The permit issuance procedure basically consists of three stages and takes maximum 60 days. The legislation also provides for a possibility to issue permits in a simplified procedure.

Permit for outdoor advertisement

A decision to issue a permit to place outdoor advertisement is made by the executive government of the municipality in charge of the territory where the advertisement is expected to be placed. A permit for placement of an outdoor advertisement is only required where such advertisement is expected to be placed on grounds that belong to the State or municipality. Consequently if an individual posts an advertisement on his/her own plot of land or building, no permit is required.

A permit may only be awarded in an open outcry tender. Unlike other types of permits, the legislation does not require a permit fee for placement of outdoor advertisement. The winner of the tender should only pay the costs of permit issuance. The costs of permit issuance are defined by the respective municipality.

Permit for regular local passenger conveyance

A permit is issued on the basis of a tender. The decision to issue the permit is made by the executive body of the respective municipality. The winner in the tender is only required to pay the permit issuance costs. Payment of a duty is not required by the law. The costs of permit issuance are defined by the respective municipality.

License for use of oil and natural gas resources

Pursuant to the Georgian legislation, oil and natural gas resources throughout Georgia can only belong to the State. In other words, the State retains the title to said resources, irrespective of the ownership title to the land where oil and natural gas deposits are located. The State is the owner of the aforementioned resources, and their use is not allowed without a special license.

In view of the strategic importance of oil and natural gas resources, the extraction of these resources is regulated by a specialized Law on Oil and Gas, which sets forth specific rules for obtaining of licenses for use of these resources.

The License for use of oil and gas is only issued by the National Agency of Oil and Gas of Georgia in a competitive or open outcry tender. Information about the tender should be published at least one month in advance. The respective agreement is signed with the winner of the tender. The agreement stipulates the terms of use in detail. The license can be issued for maximum 25 years.

License for oil refining, natural gas processing, transportation of oil or natural gas (License for an activity)

The license for oil refining, natural gas processing and transportation of oil or natural gas (License for an activity) is issued by the National Agency of Oil and Gas of Georgia. The license is issued based on the application of the interested party for maximum 25 years. This term may be extended by maximum 10 years.

License for use of minerals

The issues related to use of minerals in Georgia are regulated by the Law on Minerals. According to the Georgian law, several types of uses of minerals require a license. These include:

- a) Exploration of minerals;
- b) Mining of minerals;
- b¹) Handling a mineral deposit or processing minerals;
- c) Utilization of the remains of mining enterprises;
- d) Use of underground space as well as building and operation of such underground facilities (including facilities for storage of industrial waste from oil and natural gas production and wastewater) that are not related to extraction of useful minerals;
- e) Gathering geological, mineralogical, paleontological collections for museum exhibits.

(The Law on Minerals, Article 6.1)

A license for use of minerals does not cover oil and natural gas resources.

Usually a mineral use license is issued for a definite term and in particular for periods of 5 to 45 years.

The terms and conditions are specified in accordance with the types of use:

- a) For minerals used for generation of energy – up to 45 years;
- b) For mines of black and colored metals – up to 40 years;
- c) For construction materials – up to 30 years;
- d) For non-mining minerals – up to 30 years;
- e) For underground water and natural non-fuel gases – up to 25 years;
- f) For construction of buildings not related to extraction of minerals – up to 45 years;
- g) For exploration of minerals – up to 5 years.

(The Law on Minerals, Article 10.2)

Similar to oil and natural gas, the title to mineral-related rights only belongs to the State regardless of the actual owner of the respective plot of land.

Use of minerals in regular non-industrial activities on a private plot of land does not require a license. Mineral use licenses are awarded by the Legal Entity of Public Law under the Ministry of Environment and Natural Resources Protection of Georgia – National Environmental Agency.

Preliminary License/Permit

To promote domestic and foreign investments, the Georgian legislation envisages the possibility to issue preliminary licenses/permits. In the case of a preliminary license/permit, it is issued by the respective licensing agency on the basis of the application of the interested party and the person receiving the license takes the responsibility for meeting the requirements of the law by an agreed upon deadline. In order to obtain a preliminary license/permit, an applicant shall submit together with the application a technical project describing the specifics of the activity in detail.

A decision about the issuance of a license/permit is made within the term specified by the Law on Licenses and Permits.

The principles for issuance of a preliminary license/permit are governed by the Law on State Promotion of Investments.

Any license or permit may be issued on preliminary basis, excepting:

- a) Licenses for Use;
- b) Building Licenses;
- c) Licenses (permits) relating to arms and munitions.

State support in the process of obtaining licenses/permits

A potential investor should remember that the issuance procedures often differ for different licenses and permits. Different criteria and terms can apply to different licenses/permits. Therefore only general information has been provided regarding the procedures for obtaining of licenses and permits because the specific criteria for obtaining of certain licenses are regulated by multiple laws and regulations.

In view of the above the State offers a special service to investors wishing to obtain a license or a permit. An investor can approach the National Investment Agency of Georgia and request the issuance of any license or permit (including a preliminary license/permit) through that agency.

In that case the Agency is authorized by signing the respective agreement with the investor to represent that investor in dealings with the licensing authorities and to perform certain actions on behalf of the investor. For these services the Agency charges a fee specified in the agreement between the Agency and the investor.

Procedures for producing Food Products

The Code of food safety, veterinary and plant protection is regulating the procedures and permits for producing food products, including the veterinary and phytosanitary control, The type of conditions to be met by the equipment used in food processing is regulated by the resolution of Georgian government (25 June 2010, N173).

Veterinary control is defined as measures taken for the business operator in order to save *animals* from harmful organisms, while phytosanitary control refers to the protection of *plants* from harmful effects. Veterinary and phytosanitary certificates are issued after performing the appropriate control.

According to the requirements for the building where the food is processed, the building has to be equipped in a manner that gives the possibility of cleaning, disinfection, control of air condition and protection of hygienic rules as well as the protection from dirt. Besides that, the ventilation system (natural or mechanic) has to be constructed in a manner that provides for the possibility of cleaning and changing filters and other details. Adequate lighting system and toilets equipped with appropriate hygienic tools are further requirements as well. In general, the cleanness of every part of the building and their protection from dirt has to be guaranteed. It is forbidden to continue food processing during the performance of general reconstruction works; food processing is allowed only in case of minor reconstruction. The performance of appropriate chemical and disinfection measures is required as well.

The equipment used in food processing has to be cleaned and, if necessary, disinfected in the appropriate frequency which guarantees the protection from the risk of dirtiness. The equipment has to be made from materials and shall be constructed in a manner which allows its cleaning and disinfection. In order to avoid corrosion of the equipment which are not directly used in food processing, the use of chemical measures is allowed.

Law on Licenses and Permits

June 14, 2005

Article 2. Principles of Issuance of Licenses and Permits

2. *Objective and the basic principles of regulation through licenses and permits are as follows:*

- a) *Safety and protection of human life and health;*
- b) *Safety and protection of human residence and cultural environment;*
- c) *Protection of the State and public interests.*

Article 3. Definition of terms

a) *A license for Use shall mean a license granting its holder the right to use public resources. The license for use shall be awarded in an open outcry tender, except in the cases specified in this law and shall be issued in respect of a certain object. The licensee shall be entitled to divide the license for use and/or transfer the license or parts thereof to a third party, including transfers by virtue of a heirloom.*

b) *A license for Activity shall mean a license granting its holder the right to perform a certain activity that is subject to licensing according to the law. The license for activity shall be issued after the applicant fulfils the terms defined by the law and it shall be issued to a particular holder. The transfer of a license for activity is not allowed by virtue of heirloom or otherwise.*

e) *A Permit is the document entitling to perform a certain action for a definite or indefinite period of time, as provided for by this law; the permit is issued in respect to a certain object and confirms the compliance of this desire and intent with the law. The transfer of a permit to another party is permissible, unless prohibited by the law or unless the permit has substantially been issued to a particular holder.*

l) *One Stop Shop Principle – administrative proceedings where the administrative authority issuing the license or permit ensures on its own that approvals are duly obtained for any additional licensing or permitting conditions from other administrative authorities. The approval of additional licensing or permitting conditions forms part of the administrative proceedings to issue the respective license or permit. The achievement of the actual environment fulfilling this condition shall directly serve the aim of the license or permit.*

Article 4. Restriction on the Introduction of Additional Licenses or Permits

1. *This law contains an exhaustive list of licenses and permits for licensed activities and actions subject to permits. An introduction of any license or permit for an activity or action not covered by this law on the force of any other law or regulation shall not be allowed.*

2. *No administrative authority may introduce by virtue of any regulation an obligation which implies in essence the establishment of a license or permission regime in respect to any activity or action or a necessity to obtain any additional approval from an administrative authority.*

Article 9. Documentation to be submitted to obtain a license for an activity

3. *The application shall be accompanied with an excerpt from the Public Register in case of a legal entity of private law and a business of an individual entrepreneur, or with copies of the relevant identifying documents in case of a natural person. A legal entity of public law shall attach the authenticated copies of its bylaws to the application.*

4. *A document evidencing the payment of a license fee shall be attached to the application as well.*
5. *Additional licensing terms in view of the specific nature of the activity covered by the license shall be imposed solely and exclusively by the law.*

Article 10. General rules for issuance of licenses for activities

17. The Licensor shall arrive at a decision regarding the issuance of the license within 30 days of the filing date of the application. If the decision to grant the license or a refusal is not notified within the said term the license shall be considered granted.

18. The Applicant is entitled to require a license certificate upon expiration of the term established for the grant of the license. The licensor shall be obligated to issue the license without delay.

Article 17. Documentation to be submitted for the grant of the License for Use

1. The applicant for the license for use that is awarded in an open outcry tender shall submit a written application indicating the type of the license sought.

2. The application shall be accompanied with an excerpt from the Public Register in case of a legal entity of private law and a business of an individual entrepreneur and copies of the relevant identifying documents in case of an individual. A legal person of public law shall attach the authenticated copies of its bylaws to the application.

3. A document evidencing the payment of the license fee shall be attached to the application as well.

Article 18. The Rules for the award of licenses for use in an open outcry tender

1. Licenses for Use shall be awarded in an open outcry tender, except the cases stipulated by this law.

2. The ground for initiating the proceedings for the award of the license for use of a particular state resource shall be the application of an applicant or the licensor's decision;

4. For the award of a license for use of state resources, the following shall be established:

a) Requirements for use of a particular object;

b) Additional terms and conditions of the license for the applicant.

Additional terms and conditions of the license shall be provided for in the law.

7. The license for use of a particular resource awarded in an open outcry tender shall be issued on the basis of a binding obligation to comply with the rules and procedures established for the use of the concerned resource and the highest bid.

9. The information about the open outcry tender to award a license for use of a particular state resource shall be published by the licensor in the central press not later than one month before the tender date. Other public awareness raising channels can be used additionally as well.

Article 19. The Rules for determination of the starting price for the license applied for and payment procedures. Validity term of the license for use

1. The method of payment and the starting price for the award of the license for use shall be determined by the licensor in compliance with the principles of this law.

Article 20. Transfer of the license for use or of a part thereof. Other issues related to the license for use

1. The license holder shall be entitled to divide the license for use into several parts and transfer the right for use or any part thereof to others by virtue of lease or sale, excepting the situations covered by Paragraph 7 hereof.

7. It is only on consent of the Government of Georgia that the holder of a license to use resources on Georgia's continental shelf of the Black Sea may divide the license into parts and/or transfer the license or a part thereof to a third party by virtue of lease or sale or otherwise.

Article 21. Controlling compliance with the license terms

2. The licensor shall control compliance with the license terms by means of selective inspections or/and by obtaining regular reports from the licensee.

10. Unless otherwise stipulated by the law, the licensor shall only be allowed to control compliance with the license terms once during a calendar year.

Article 22. Responsibility for violation of the license terms. Cancellation of the license

1. The licensee's non-compliance with the terms and conditions of the license prescribed by the law shall be sufficient ground to apply a penalty to the licensee according to the procedure prescribed by the law. The amount of the penalty shall be defined by the law. The Licensor shall give a reasonable period of time for the fulfillment of the terms and conditions of the license and define the terms and conditions that must be met in order to engage in a particular activity.

2. If the licensee is still in non-compliance with the terms and conditions of the license by the end of the defined period, the amount of the applied penalty shall be tripled. The timeframe and the relevant terms for fulfillment of the terms and conditions of license shall be determined at the time of applying the penalty to the licensee.

4. If, notwithstanding the applied penalty as per this Article, the licensee continues to be in non-compliance with the terms and conditions of the license, the licensor shall cancel the license.

Article 26. General rules for the grant of permits

10. The authority issuing the permit shall decide on the grant of the permit within 20 days of the filing date of the application. If the decision to grant or to refuse the permit is not made within the said term, the permit shall be considered granted.

Article 26¹. The Rules for issuance of permits to place outdoor advertisement

1. The decision to grant a permit to place an outdoor advertisement is a discretionary right of the representative authority of the respective municipality. If a regulation is introduced to regulate placements of outdoor advertisements by means of permits, such permits shall be issued by the executive government of the municipality (the Mayor's Office in Tbilisi).

2. A permit to place outdoor advertisement is awarded in an open outcry tender. The permit to place outdoor advertisement shall be awarded on the basis of a binding obligation to fulfil the established rules and regulations and the highest bid. The winner in such open outcry tender shall only pay the fee for the permit according to the tender awards. No permit fee shall be payable in the process of grant of the permit to place outdoor advertisement.

Article 26². The Rules for the grant of permits for local regular passenger conveyance

1. Permits for local regular passenger conveyance shall be issued by the local council on the basis of a tender. In case of Tbilisi, it is the local government of Tbilisi or a structural unit of the Tbilisi Mayor's Office duly authorized by the government of Tbilisi. To obtain a permit on local regular passenger conveyance, the tender winner shall pay a permit issuance fee. No permit fee shall be payable in the process of grant of the permit for local regular passenger conveyance.

2. The Representative body of the relevant municipality defines the price of the permit for local regular passenger conveyance, approves the rules for inviting bidders in a tender to award the permit and for payment of the permit fee; In Tbilisi the fee is fixed for permits for local regular city passenger conveyance; the rules for inviting bidders in a tender to award such permits are approved by the City Council of Tbilisi and payment of the permit fee is approved by the government of Tbilisi via their representative appointed by the Mayor's Office of Tbilisi.

Article 26⁴. The Rules for the grant of building permits

2. A building permit shall be granted and the related administrative procedures shall be accomplished in 60 days.

3. The rule and the terms of issuance (including simplified issuance) of a building permit are regulated by the regulation issued by the Government of Georgia.

Article 33. Control of compliance with permit terms and conditions

1. The licensor shall only control compliance with the license terms and conditions in selective inspections.

7. Unless otherwise stipulated by the law, the licensor is only authorized to control compliance with the license terms and conditions once during a calendar year.

Law on Oil and Gas

April 16, 1999

Article 4. The Ownership to Oil and Gas Resources

1. Oil and natural gas deposits situated in Georgia are State property. A title of ownership to a plot of land does not automatically grant the title of ownership or the right to use the natural resources of oil and gas deposited under that plot of land.

Article 10. Procedures for grant of the right to the investor to explore and extract oil and natural gas

1. An agreement granting an investor the right to use oil and natural gas resources and utilize the mine containing oil and gas is signed between the State and the investor who has won in the respective competitive or open outcry tender held by the National Agency of Oil and Gas of Georgia. The tender terms and the terms and conditions of the general license to use oil and natural gas resources also should be reflected in the agreement.

Article 16. Validity term of the general license to use oil and natural gas resources

1. The maximum term of validity of the agreement and the respective license to use oil and natural gas resources is 25 years.

Article 25⁶. Procedures to issue licenses for activity

6. c) The term of validity of an activity license shall not exceed 25 years. The National Agency of Oil and Gas is entitled to extend the term of the activity license under new terms and conditions by no more than 10 years on the basis of a new application of the holder of the activity license.

Law on Minerals

May 17, 1996

Article 2. The Status of mineral resources of Georgia

1. Mineral deposits of Georgia belong to the State. Any kind of action which directly or indirectly affects the ownership right of the State is forbidden; consequently, any such transaction is void. Land ownership does not imply and grant the ownership right to the mineral deposits.

3. Use of mineral resources of Georgia requires payment.

Article 17. Procedures for issuance of licenses to use mineral resources

1. Mineral use license is to be issued in accordance with the provisions of the law on Licenses and Permits.

Law on State Promotion of Investments

June 30, 2006

Article 3. National Investment Agency of Georgia

3. The Agency is entitled to represent an investor in dealings with administrative authorities and other persons. For this purpose an agreement is signed between the investor and the Agency, identifying the scope of representation. By means of the agreement signed by/between the Agency and the investor, the Agency assists the investor in the process of obtaining all the licenses or/and permits required for carrying out an investment activity, or exercises other representative rights. These activities are performed by the Agency against a fee, except in cases where the investments are of special importance. The fee for the service is defined on consent of the supervisory board of the Agency. Investments of particular importance are exempted from payment of a service fee.

Article 4. The Investor's Rights

1. The Investor is entitled to:

a) Require issuance of any license/permit (including a preliminary/license and permit) through the Agency.

Article 5. The rules for issuance of a preliminary license or/and permit

1. A preliminary license/permit is the right to undertake a specified activity/action assigned to a person by an administrative body on the basis of an administrative and legal act and on the condition of fulfilling the requirements established by the law for obtaining the respective license/permit. A term can be specified for the fulfilment of the requirement. Any type of license/permit except the following may be issued in advance:

a) License for Use;

b) Building License;

c) License (permit) applicable in the field of circulation of arms and munitions.

2. Any person has the right to request a preliminary license/permit.

3. For the purpose of obtaining a preliminary license/permit, an applicant is required to provide the respective administrative authority with a technical design of the activity for which the license/permit is requested, along with the documents envisaged by the Law of Georgia on Licenses and Permits. The technical design must be as detailed as possible in order to make it possible to explicitly identify the terms and conditions (in view of the specific character of the activity the design may include the type of the activity, the amount of investment, the schedule and the categories; location, technological processes, a description and types of employed equipment, the implementation schedule and other information matching the decision of the investor).



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