

**LAW OF GEORGIA
ON STATE PROMOTION OF INVESTMENTS**

**Chapter I
General Provisions**

Article 1. Purpose of the Law

Purpose of the present Law shall be promotion of investments by refinement of procedures required for entrepreneurial activities and placement of investments as well as by creation of additional legal regime.

Article 2. Scope of the Law

1. The present Law shall apply to any local and foreign investment, which will be placed and utilized on the territory of Georgia.
2. The present Law shall set special norms and additional supportive measures for promotion of investments of special importance. *(25. 07. 2006 N 3526)*
3. Rights guaranteed under the present Law shall apply to any individual and legal entity.

**Chapter II
Ensuring the State Promotion of Investments**

Article 3. National Investments Agency of Georgia

1. The Government of Georgia shall ensure state promotion of investments. *(25. 07. 2006 N 3526)*
2. National Investments Agency of Georgia (hereinafter the Agency) shall be the representative of the Georgian Government in the field of state promotion of investments. *(25. 07. 2006 N 3526)*
3. The Agency shall be entitled to represent an investor in his relationship with the administrative authorities and other persons. To this end an agreement shall be made between the investor and the Agency, providing for the scope of representation. By virtue of the agreement made between the investor and the Agency, the Agency shall assist the investor in obtaining all the licenses and/or permits, necessary for conducting investment activities, also in discharging other representative authorizations. The agency shall discharge the aforementioned powers on a paid-for basis, except for the cases involving special importance investments. The amount of fee for rendered services shall be specified by the Ministry of Economic Development of Georgia. Special importance investments shall be exempted from the payment of service fee.
(25. 07. 2006 N 3526)
4. The representative powers of the Agency, guaranteed by this Law shall not restrict the investor in the accomplishment of his relationship with the administrative authorities personally or through some other representative.

Article 4. Investor's Rights (25. 07. 2006 N 3526)

1. Investor shall be entitled to:
 - a) Request issuance of any license / permit (including preliminary license / permit) through the Agency;
 - b) Request purchase of property and implementing of all related procedures through the Agency;
 - c) Request any information which in his / her opinion is related with issuance of license / permit (including preliminary license / permit) and purchase of property as well as with the making investments;
 - d) Enjoy guarantees provided for in the Georgian legislation.
2. For the purpose of enjoying rights provided for in the present Law, the administrative bodies shall cooperate with the Agency and the investor.

Chapter III Preliminary License and Permit

Article 5. Procedure of Issuance of a Preliminary License or / and Permit

1. A preliminary license/permit is a right to conduct a certain activity/action for obtaining a license/permit granted to a person by an administrative authority on the grounds of an administrative law act under the condition of observance of the requirements of law. Certain timeframes may be provided for the observance of this condition. Any license/permit may be issued on a preliminary basis, except for: (25. 07. 2006 N3526)

- a) a license for use;
- b) a construction permit;
- c) a license (permit) in the field of circulation of weapons and ammunition.

2. Any person shall be entitled to request a preliminary license / permit.

3. For obtaining a license/permit, along with the documents envisaged by the *Law of Georgia on Licenses and Permits*, an applicant shall be required to provide the respective administrative authority with the preliminary project of the activity for conducting of which he requests the license/permit. The preliminary project must be as detailed as possible, in order to make it possible to explicitly identify the terms and conditions (taking due account of the specific character of the activity the design may include the type of the activity, the amount of investments, schedule and categories; location, engineering processes, description and types of used equipment, the implementation schedule, also the other data at the discretion of the investor). The issuer of the license/permit shall be entitled to request the refinement of the preliminary project for the purpose of identification of the terms and conditions. This request must be reasonable and should not make it impossible to meet it. The timeframe provided for the refinement of the preliminary project shall not be less than 15 days. The applicant for a license/permit shall be entitled to submit the information under this Paragraph before the specified timeline.

4. The administrative body shall issue an administrative – legal act following receipt of the request for preliminary license / permit within the timeframe set under the *Law of Georgia on Licenses and Permits*. In addition to details provided for in the General Administrative Code of Georgia such act shall include specific license / permit terms and timeframe for meeting these terms if necessary. License /

permit terms shall be formulated in conformity with the Georgian legislation and in a way that evaluation and monitoring of their observance are possible.

5. Preliminary license / permit shall become effective after the license / permit holder presents documents confirming observance of set license / permit terms. Confirmation shall be conducted by the license / permit issuer through issuance of the administrative – legal act.

6. After the preliminary license / permit is issued it shall be prohibited to amend license / permit terms without prior consent of the license / permit holder if amended terms worsen investor's position. If after issuance of the administrative – legal act, provided for in this Article, license / permit terms defined by the legislation are changed which worsens the investor's position, they shall not apply to the holder of preliminary license / permit without holder's prior consent within five years following license / permit issuance. *(25. 07. 2006 N 3526)*

7. Timeframe and procedure for issuance preliminary license / permit shall be defined under the resolution of the Georgian Government. *(25. 07. 2006 N 3526)*

Article 6. Rescinded *(11. 07. 2007 N 5297)*

Article 7. Rescinded *(11. 07. 2007 N 5297)*

Article 8. Rescinded *(11. 07. 2007 N 5297)*

Chapter IV Facilitating Regime for Special Importance Investments

Article 9. Special Importance Investment

1. Investor, who plans to place an investment with the total volume exceeding GEL 8 million or which significantly impacts development of country's economy and infrastructure in the light of functional and strategic perspective, shall be entitled to request from the Georgian Government assigning the status of special importance to the investment.

2. In the event other than the one provided for in Paragraph 1 of this Article, the Georgian Government shall be entitled to assign the status of special importance to investment placed in mountainous regions, the total volume of which exceeds GEL 2 million or which in the light of functional and strategic perspective positively affects development of local economy and infrastructure.

3. The status of special importance investment shall be assigned under the resolution of the Georgian Government.

Article 10. Procedure for Assigning the Status of Special Importance Investment

1. The status of the special importance investment may be requested by the investor before or after making an investment.

2. For the purpose of assigning the status provided under the present Law, the investor shall present an investment proposal to the Georgian Government, which shall be enclosed with the detailed plan of investment implementation.

3. Investment proposal shall be studied by the ministry (ministries) defined under the decision of the Georgian Government or / and other administrative body (bodies) within a month following its submission, on the basis of which the Georgian Government will make decision on assigning the special importance status to the investment. Extension of this period is feasible under the decision of the Georgian Government on the basis of nomination motivated by the leading ministry, under the respective order of the Georgian Government, on which the investor shall be informed. Failure to issue the order of the Georgian Government within the stated period shall be regarded as refusal to assigning the special importance investment status.

4. When assigning the status of special importance to the investment an agreement is formed between the government and the investor, which defines investment terms. Based on the agreement of the parties amendments can be made to the investment plan and the agreement. Agreement terms shall be public. *(25. 07. 2006 N 3526)*

5. Upon assigning the status of special importance investment the investor shall, for the purpose of ensuring fulfillment of liabilities undertaken under the agreement, deposit guarantee amount, which shall equal 2% of investments or submit banking guarantee. *(25. 07. 2006 N 3526)*

6. The Agency shall perform permanent monitoring over placement of special importance investments and present respective report to the Georgian Government. Reporting schedule is made under the order of the Georgian Government. On the basis of the report the Georgian Government shall make decision on use of additional measures to support the investments of special importance if necessary. *(25. 07. 2006 N 3526)*

7. The Agency shall maintain departmental registry of special importance investments.

8. The Georgian Government shall be entitled to define in detail the procedure of assigning the status of special importance investment.

Article 11. Issues Related with State Control over Entrepreneurial Activities in case of Investments of Special Significance *(25. 07. 2006 N 3526)*

1. In case of investments of special importance investor shall be entitled to notify the Agency on state control exercised over its activities. The Agency shall study and provide the Georgian Government with information on exercising control over business activities with violation of the Law or any other circumstance impeding investing process.

2. For the discharge of the powers under Paragraph 1 of this Article the Agency shall be entitled to request the information from controlling authorities, except for classified data, directly envisaged by this Law.

Article 12. Expiration of Validity Period of the Status of Special Importance Investment

1. The status of special importance investment shall be effective for the period determined by the Georgian Government.

2. The status of special importance investment shall be cancelled if the investor fails to meet terms of the Agreement concluded in conformity with this Law. *(25. 07. 2006 N 3526)*

3. Cancellation of the status of special importance investment shall not entail cancellation of licenses and permits (including preliminary licenses and permits). Any license / permit shall be valid if not cancelled according to the procedure set under the Georgian legislation *(25. 07. 2006 N 3526)*

4. In the event of meeting the agreement terms the guarantee amount provided for in the Article 10 of this Law shall immediately be returned to the investor. *(25. 07. 2006 N 3526)*

5. In the event of cancellation of the status of special importance investment the guarantee amount provided for in Article 10 of this Law shall be transferred to the state budget.

Article 13. Some Powers of Supreme State Bodies *(25. 07. 2006 N 3526)*

1. In the capital of Georgia, in the capitals of the Autonomous Republics and on the recreational territories, also on the territory of the city of Borjomi the spatial - territorial planning documentation, envisaged by the *Law of Georgia on the Principles of Spatial Arrangement and Town-Planning* shall be approved under the consent of the Government of Georgia.

2. In the capital of Georgia and in the capitals of the Autonomous Republics the development regulation zone, envisaged by the *Law of Georgia on Protection of Cultural Heritage*, shall be regarded as the zone of special regulation of construction activities, envisaged by the *Law of Georgia on the State Supervision over the Architectural-Construction Activities* and it shall be approved by the President of Georgia.

3. The permits for the disposal of lands and construction within the zone, specified by Paragraph 2 of this Article, on the recreational territories of Bakuriani and Gudauri, also on the territory of the city of Borjomi (except land in private ownership), shall be issued by the administrative authorities, identified by the Government of Georgia, commensurate with the procedure, specified by the Government of Georgia. The Government of Georgia shall be entitled to delegate powers to local self - government authorities for a certain period.

Chapter V Transitional Provisions

Article 14. Investment Activities Commenced prior to Effective Date of the Present Law

For the purpose of exercising rights provided for in the present Law, any person may apply to the Georgian Government whose activities meet requirements provided for in the Law and are conducted at the time of application, regardless the commencement date of such activities.

Article 15. Rescinded (11. 07. 2007 N 5297)

Chapter VI Final Provision

Article 16. Validation of the Law (25. 07. 2006 N 3526)

1. The present Law, except for Paragraphs 2 and 3, Article 13 shall become effective from August 15, 2006.

2. Paragraphs 2 and 3, Article 13 shall become effective from the date of validating respective normative acts.

Mikheil Saakashvili

President of Georgia
Tbilisi
June 30, 2006
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