

## **BGI Law Brief**

**July 2019**

### **Parliament Adopts Laws on Ownership and Use of Agricultural Land**

After a long wait, the Parliament has approved bills on ownership and use of agricultural land. The legislative package includes Organic Law on Ownership of Agricultural Land and Law on Determining Function of the Land and Management of Sustainable Development of Agricultural Land Plots.

Based on the newly-enacted legislation, agricultural land, as an 'especially important resource', will be recorded in the unified database of the National Agency of Management of Sustainable Development and Use of Land, a legal entity of public law operating under the Ministry of Environment and Agriculture of Georgia. Such land will be classified under various categories and may be used only for the purposes prescribed by the law. Changing the category of a land plot must be registered by the National Agency of Public Registry.

Furthermore, conversion of a land plot from agricultural to non-agricultural will be allowed only in case of necessity and subject to payment of respective compensation. Pursuant to the law, the Government shall have the right of first refusal to acquire agricultural land from private owners.

As to the ownership: agricultural land may be owned exclusively by the state, municipalities, state agencies or citizens of Georgia. Ownership of agricultural land by foreigners and foreign companies, directly or indirectly, is possible only in

exceptional cases, subject to preconditions specified by the law, including *inter alia* the following: (i) foreign citizens are eligible to own agricultural land in case of inheritance; (ii) legal entities may acquire agricultural land parcels only if a Georgian citizen controls more than 50% of the capital or otherwise exercises control over the legal entity in question; (iii) legal entities controlled by foreign citizens may be permitted to acquire agricultural land subject to investment plan approved by the Government to allow implementation of important development projects on a case-by-case basis; (iv) certain eligible financial institutions will be allowed to acquire agricultural land by way of repossession of the land used as collateral.

The Organic Law on Ownership of Agricultural Land and the Law on Determining the Function of the Land and Management of Sustainable Development of Agricultural Land Plots are effective as of July 2, 2019.

### **Parliament Enacts New Customs Code**

The Parliament has introduced the Customs Code of Georgia unifying existing customs regulations and setting out new rules and procedures in an effort to harmonize local legislation with EU standards.

The Code introduces a new system of Authorized Economic Operators, which envisages simplified customs procedures. Foreign entities may also be subject to simplified procedures if they comply with a number of requirements in the country of origin. Allowing usage of a customs guarantee by certain businesses is also a

novelty. In addition, the Code provides completely new grounds for exemption from customs duties.

The Code was adopted on June 28, 2019, however will enter into force as of September 1, 2019, except for the chapter setting our exemption from the customs duties), which will enter into force from September 1, 2020.

In addition, a recent amendment to the Order of the Minister of Finance on Approval of the Instructions on Movement and Declaration of Goods on the Customs Territory of Georgia reduced the term for payment of import duties from 30 to 5 days. The changes affected the so-called 'golden list' companies, as it effectively cancelled preferential conditions, which previously permitted longer deadlines for paying import duties for companies on the 'golden list'. The above-mentioned amendment took effect on 12 June 2019 for excisable goods, becoming effective on 2 July 2019 for the rest of imported goods.

### **New Regulation on Financial Reporting**

The Service for Accounting, Reporting and Auditing Supervision has recently adopted the Rules of Registration of Users on Financial Reporting Web-Site, Provision of Reports by the Subject and Publication of Provided Information, which deals with various technical aspects for financial reporting.

In particular, entrepreneurs and other entities, which are subject to financial reporting obligations under the 2016 Law of Georgia on Accounting, Reporting and Auditing, must undergo registration on a web-page [www.reportal.ge](http://www.reportal.ge) for the purposes of electronic filing of their financial statements.

The information uploaded on the e-portal by the users will be processed and

published by the Service for Accounting, Reporting and Auditing Supervision on the website. The information will be publically available to all interested parties.

### **Government Adopts New Construction Regulations**

On June 3, 2019, the Government adopted a number of regulations with respect to construction and urban development.

In particular, the Government adopted the Decree on Basic Provisions on Use of Territories and Urban Development Regulations. The decree determines construction and non-construction areas, functional zones, their borders and applicable requirements for implementing the same. In addition, the Government has adopted mandatory guidelines for city planning and urban development.

The Government also adopted new rules for issuing construction permits and acceptance of constructions into exploitation which will apply to construction permits issued after June 3, 2019.

Furthermore, the Government has adopted amendments to the Technical Regulations on Construction Products, approving *inter alia* a new form of Declaration on Construction Product Specifications.

### **Office of the State Inspector Established**

As of May 10, 2019, the Office of the State Inspector of Georgia was established to take over the duties previously performed by the Personal Data Protection Inspector in the field of personal data protection.

In addition to personal data issues, the key function of the Office of the State Inspector will be monitoring of the covert investigation activities.

Commencing from November 1, 2019, the State Inspector will be vested with the authority to investigate cases of official misconduct, including the alleged offences and grave violations committed by law-enforcement authorities.

### **Constitutional Court Rules on the Right of Access to Court Judgments**

On June 7, 2019, the Constitutional Court of Georgia issued a landmark decision on Media Development Fund and Institute for Development v. Parliament of Georgia case, striking a balance between the person's right to privacy and the right to have access to information maintained in public agencies. To achieve such a balance, the Court declared Article 28(1) and Article 44(1) of the General Administrative Code of Georgia as implemented before December 16, 2018, and Article 5 and Article 6(1)(3) of the Law of Georgia on Personal Data Protection unconstitutional, to the extent they restricted public access to full text versions of judgments of common courts of Georgia. In particular, the Constitutional Court determined that court decisions must be public unless there are specific grave circumstances warranting restriction.

The invalidation of unconstitutional provisions shall become effective as of May 1, 2020.

This Law Brief is for general information purposes only. It does not constitute and is not intended to be relied upon as legal advice. BGI shall not be responsible for any loss in the event this update is relied upon without seeking our professional advice first.

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