Law of Georgia

on the Licenses and Permits

Section I General Provisions

Chapter I The Scope of the Law. Definition of Terms

Article 1. The Scope of the Law

1. This law shall regulate such organizational activity or action, which affects undefined circle of persons, characterized with serious danger to the human life or health, comprises extremely important state or social interests or is connected to the application of state resources. In case established by law the action of this law may be applied to unorganized activity or action as well. This law shall also control the sphere regulated by the license and permit, define the range of varieties of the license and permit, establish the procedure of issuance of the license and permit, its amendments and revocation.

2. Action of this law shall not be applied to the activities or actions defined by this law in case if it is implemented the Ministry or by institution under its jurisdiction provided for by the Law of Georgia "on the Structure, Proxy and Activity Rule of the Government of Georgia", but the action of Article 3, sub-paragraph "a. a." and Chapter IV of this law shall not apply on the field regulated under the Law of Georgia "on the Oil and Gas". (25.05.2006 N3176I)

3. Relations connected with the advance license and permits shall be controlled under the Law of Georgia "on the Investment State Support". (30.06.2006 N3427)

Article 2. Principle of Issuing License and Permits

1. State control over the activity or action by the license or permit shall be implemented only in case if this activity or action is directly connected to the serious danger to the human life or health or to the fields of interest of the state or society. State control shall be implemented only if by issuing the license or permit the reduction of the mentioned threat or consideration of the state or public interests is certainly possible.

2. The aim and main principles of control by the license or permit of the activity or action provided for by paragraph 1 of this Article shall be to:

- a) Ensure and protect the safety of human life and health;
- b) Ensure and protect the safety of human inhabit and there cultural environment;
- c) Protect the state and social interest.

3. Activity or action, which is not directly connected to the public risk, shall be free of control by the state or controlled only partially.

4. The license or permit issued by the foreign state may be recognized under the international agreement or law and granted with the same legal status as the license or permit issued under the Georgian legislation.

Article 3. Definition of the Terms

The terms used in this law shall have the following meanings:

a) License – the right on the ground of administrative act granted by the administrative organ to the person for the implementation of certain activity on the basis of fulfilling the terms envisaged under the law

a.a.) License of Application – the variety of the license, under which the person is granted with the right for application of public resources. The license of application shall be issued under the auction and shall be connected to the object. The licensee shall be entitled to divide the license of application or/and transfer completely of partially to the third person, including demise;

a.b.) License of Activity – the variety of the license. Under which the person is granted with the right to implement activity prescribed by this law. The license of the activity shall be issued after applicant fulfils the terms defined by the law and shall be connected with the subject. Transfer of the license of the activity demise or in any other manner shall not be permitted;

b) General License – the right when the person on the basis of united general license is entitled to fulfill similar kinds of activities and is not obliged to obtain the license for each of these activities.

c) Special License – the right when the person is entitled to implement any limited activity from the general varieties of licensed activity and is obliged to present factual circumstances of fulfilling only special terms of license. Applicant of the license shall be entitled to implement the activity permitted under the special license and shall not be obliged to obtain the license controlling the wider area of the activity;

d) License Certificate – Document confirming the possession of the license;

e) Permit – Right to fulfill the action for determined or undetermined period provided for by this law, which is connected to the object and confirms compatibility of this will to the terms stipulated by the law. The transfer of the permit to the other person shall be permissible, if it is not prohibited by the law or permit is not substantially connected to its holder.

f) Permit Certificate – Document confirming the possession of the permit;

g) Applicant of the License – Person willing to obtain the license;

h) Applicant of the permit – Person willing to obtain the permit;

i) Licensor – administrative organ issuing the license under the procedure prescribed by the law;

j) Issuer of the Permit - administrative organ issuing the permit under the procedure prescribed by the law;

k) Other Administrative Body – administrative body, which in accordance of the law is obliged to establish factual conditions for fulfilling additional terms of license and permit determined by the law. The rules and principles for issuing the license and permits envisaged by this law shall be applied to the procedure of determination.

1) One Window Principle – procedure of administrative proceedings, when administrative body issuing the license or permit shall ensure the approval of additional licensing or permitting conditions by the other administrative body on its own. Approval of additional licensing or permitting conditions shall be connected to the administrative proceedings of issuing license or permit. Obtaining of the factual conditions approving this term shall directly serve to the aim of license or permit.

m) License Registry – (governmental, departmental) - systematic unity if the data on issuance, suspension and revocation of license.

n) Permit Registry – (governmental, departmental) - systematic unity if the data on issuance, suspension and revocation of Permit.

o) Licensee – person who on the basis of administrative act is granted with the right to carry out the activity as provided by the license, to apply resources, or by the other licensee has transferred the right to conduct the licensed activity.

p) Holder of Permit – person, who on the basis of administrative act is granted with the right to carry out the action as provided by the permit, to apply resources, or by the other holder of permit, has transferred the right to conduct the action which is the subject of the permit.

q) License Fee – obligatory single payment to the central budget of Georgia, to be paid by the applicant in amount determined by the law, for obtaining the right to carry out the licensed activity prescribed by the law. License fee shall comprise the expenses for the administering the issuance of license.

r) Permission Fee – obligatory single payment to the central budget of Georgia or to the relevant local budget (if the issuer of the permit is the body of the local selfgovernment or government) to be paid by the applicant under the law or on the basis of law in amount determined by the representative body of local selfgovernment (government) (if the permit is issued by the local self-government or government), for obtaining the permission to carry out the action prescribed by the law. Permission fee shall comprise the expenses for the administering the issuance of permit.

s) Person – physical or legal person, other organizational entity, which is not a legal person;

t) Terms of License – detailed list of requests and information provided for by the law, which shall be fulfilled by the applicant for obtaining the license and while conducting the activity determined by the license.

u) Terms of Permission – detailed list of requests and information determined by the decision of the representative body of local self-government (government) under the law or on the basis of law which shall be fulfilled by the applicant for obtaining the permission and while conducting the action determined by the permission.

v) Construction Permit – different hierarchical permission, which streaming from the economic interests of the applicant, but in the scope of administrative proceedings shall be divided into three independent stages: I stage – determination of the terms of city construction; II stage – approval of the architecturalconstruction project; III stage – issuance of the construction permit. The procedures and principles for issuing the permission determined by this law shall be applied on the mentioned stages. (Determination of the terms of city construction until the relevant amendments into the legislation shall be considered as architectural-planning order, though the architectural-construction project may be considered as architectural project).

Article 4. Inadmissibility of Introducing Additional License and Permit

1. This law shall provide for the detailed list of the varieties of license and permit of the areas of licensed activity and actions of the permission. Introduction of the license or permit for the activity or action which is not defined by this law shall be inadmissible under the other legislative or sub-legislative act.

2. Introduction of such obligation implying contently establishment of license or permission regime on any activity or action by the administrative body under the sub-legislative normative acts, or necessity of consent of administrative body in any manner shall be inadmissible.

Article 5. Bodies Authorized to Issue a License and Permit: Authorities of the Autonomous Republics of Abkhazia and Adjaria in the Field of License and Permit.

1. Bodies authorized to issue a license and permit shall be defined by the law or by of the decision of the Government of Georgia.

2. License and permit on the activity and action provided for by this law shall be issued by the central governmental institutions. Under the decision of the Government of Georgia the authority to issue the license and permit on the different fields and types of activity or action may be transferred to the relevant institutions of the Autonomous Republics on the basis of motivated petition of the governmental institution issuing the license and permit. Issuance of the License

Chapter II Types of the License

Article 6. Types of the License of Activity

Article 7. Types of the License of Application

4.General license of forestry application:

a) Special license of wood manufacturing;

b) Special license of hunting industry.

5. License of fishing.

9. For export purposes license of application of Sochi fir-cones and tubers of Galantus Alpinus or/and tubercles of Cyclamen vernum, stipulated by the annex of the Convention on "International Trade in Endangered Species of Wild Fauna and Flora" (CITES)

Chapter IV

Procedure of Issuing the License of Application

Article 17. Documentation to be submitted for Obtaining the License of Application

1. The applicant of the license of application on licensing under the bid procedure shall submit the written application, which shall include the indication on the type of license of application requested by the applicant.

2. For the legal entity of the private law and individual entrepreneurs the extracts from the state registry shall be enclosed to the application, but for the physical persons – copies of identification documents, the documents stipulated by the legislation. Legal entity of the public law shall enclose the approved copies of founding documents to the application.

3. Document confirming the payment of the license fee shall also be enclosed to the application. The amount of the license fee, the procedure of its payment to the budget, as well as return of the extra amount paid, shall be determined by the Law of Georgia "on the license and permit duties".

4. Application on the participation in the bid shall be received not less than within 15 days from announcing the bid. The deadline of receiving applications in each particular case shall be determined by the licensor. (14.12.2007 N5606)

5. If applicant until the deadline of receiving applications refuses to participation in the bid, paid license fee shall be the subject to return.

Article 18. Procedure of Issuance of the License of Application under the Bidding Procedures

1. The license of Application shall be issued under the bidding procedure.

2. The ground for starting the proceedings of issuing the license of application of particular state resource shall be the application of applicant, as well as the decision of the licensor.

3. The decision on the basis of the application or on its own initiative concerning the issuance of the license of application under the bidding shall be the Administrative Act.

4. For issuing the license on the state resource application the following shall be established:

a) Requests for the application of particular objects;

b) Additional terms of license for the applicant of license. Additional terms of license shall be established by the law.

5. The licensor for the particular object of application license, streaming from the public interests may determine quantitative, qualitative and periodic norms and procedures.

6. If the application of particular resource of the license of application and terms and requests of license established for this application with its content includes the activity/action defined by the other license or permit and consequently additional terms, for the application of mentioned resource to obtain this license shall not be necessary.

7. Under the bidding procedure, the license for application of particular resource shall be issued on the basis of undertaking obligation to fulfill the norms and procedures established for the application and proposing the highest prices.

8. Every applicant fulfilling the terms of license provided for by the law and undertaking the obligation to satisfy the requests defined by the licensor shall be entitled to participate in the bidding for the license.

9. Information on the bid opening on the issuance of license of application of particular state resource shall be published by licensor to the central press not later then one month before the bidding date. In order to spread the information also other means may be applied additionally.

10. Information to be published shall contain the following data:

- a) Name of the licensor;
- b) Particular object of the license of application;
- c) Deadlines for submitting the application by the applicant and bid opening;
- d) Terms of license defined by the law;
- e) Requests for the application of particular object;
- f) Criteria of revealing the winners;
- g) Other data following to the decision of the licensor.

11. The quantity, capacity and the procedure of application of the particular object of the license of application on which the license of application is issued shall be determined by the licensor.

12. The procedure of bid opening, revealing the winner and issuing the relevant license certificate shall be determined by the licensor.

Article 19. Procedure of Payment and Determination of Starting Price for Issuing the License of Application. Term of Validity of the License of Application.

1. Procedure of payment and determination of starting price for issuing the license of application under the principles of this law shall be determined by the licensor.

2. Considering the state and public interests aimed at issuing the license of application for most optimal price, term of validity of the license of application shall be determined by the licensor on the bases of applicant's application or without it. These terms of validity shall be taken into consideration in order to determine the price.

3. Issuance of the termless license of application shall be inadmissible. While determining the term of validity the nature and technological character of the particular object of the license shall be taken into consideration.

Article 20. Transfer of the License of Application Wholly or Partially. Other Issues Connected to the License of Application

1. Holder of the license shall be entitled to divide the license of application into several parts and to transfer the right to application or its part to the other person under the lease or with the right to a property.

2. In case of transfer of the license to the other person wholly or partially licensee shall be obliged to submit the relevant document to the licensor, which within 3 days shall make amendments to the license registry and issue appropriate license certificate. 3. Non-fulfillment of obligation provided for by paragraph 2 of this Article by the licensor shall not restrict the licensee to implement the relevant application.

4. Licensee shall be entitled to implement the relevant application, only after fulfilling the terms of license, undertaking the obligation to fulfill the requests established for the application of particular object and submitting the information to the licensor on the transfer of the license of application. For non fulfillment of mentioned obligation the liability shall be imposed upon the licensee.

5. Issues related to the rights and obligations of the licensor and lose-damage of the license certificate shall be regulated under the procedures prescribed by chapter III of this law.

6. Transfer of the license of application wholly or partially to the other person, in case if under the final judgment of conviction the right of activity in the relevant licensed field is deprived of the licensee shall be inadmissible. (25.07.2006 N3533)

Chapter V Control over the Fulfillment of the Terms of License. Revocation of License

Article 21. Control over the Fulfillment of the Terms of License

1. Fulfillment of the terms of license by the licensee shall be controlled by the licensor. Licensor shall be entitled to exercise the control if by the legislation the mentioned function does not fall under the competence of other administrative organ. In cases envisaged by the law requests provided for by the other normative act may fall under the control of licensor as well and in case of their violation the responsibilities stipulated by this law shall be applied.

2. Licensor shall exercise the control only by the selected examination of fulfillment of terms of license or/and by regular reports of the licensee.

3. If the other is not prescribed by the law, licensee shall annually from April 1 to May 1 report on the protection of terms of license. Report shall be made to the licensor in written. Licensee, who obtains the license during 6 month before starting of reporting period, shall not be obliged to report the licensor.

4. If the presented report is not declared clearly or the fact of protecting the terms of license is not indicated at all, the licensor shall be entitled to request the licensee to provide information proving the fulfillment of the protection of the terms of license within the reasonable time.

5. Non fulfillment of the requests of paragraph 4 of this Article by the licensee shall be the ground fort imposing the liability provided for by the legislation.

6. Licensor shall exercise the control over the fulfillment of terms of license only by examining the terms of license. Licensor shall not be entitled to examine or request the submission of such factual conditions, which are not directly connected to the protection of the terms of license by the licensee.

7. Decision of the licensor on the implementation of selected examination shall be an administrative act. Licensor while conducting the selected examination shall be obliged to percent mentioned administrative act to the licensee.

8. Upon the decision of the licensor representatives of the other administrative body may participate in the implementation of selected examination.

9. Licensor after the conclusion of selected examination shall be obliged to draft relevant examination act, which by the licensor shall be inserted into the registry specially provided for this.

10. If the other is not prescribed by the law, licensor shall exercise the control over the fulfillment of terms of license only once within the calendar year.

Article 22. Responsibility for the Violation of Terms of License. Revocation of License

1. Non fulfillment of the terms of license by the licensee provided for by the law shall be the ground to fine the licensee under the procedure prescribed by the law. The amount of the penalty shall be defined by the law. Licensor shall determine the reasonable period for the fulfillment of terms of license and establish those terms, the protection of which is mandatory for the implementation of particular activity.

2. Despite imposing the liability, non fulfillment of the terms of license in the established period by the licensee the imposed penalty shall be tripled. While imposing the penalty to the licensee the deadline and relevant terms of fulfilling the terms of license shall be determined.

3. After passing the deadline established from imposing the tripled penalty, if the terms of license are not fulfilled by the licensee, the imposed penalty shall be tripled.

4. If despite the imposed liability provided for by paragraphs 2 and 3 of this Article the terms of license is not fulfilled by the licensee, the licensor shall make the decision on the revocation of the license.

5. Licensor in the decision on the revocation of license shall motivate the necessity of applying this form of liability.

6. Revocation of the license shall mean the invalidation of the decision on the issuance of license in accordance with the General Administrative Code.

7. The ground for invalidation of the decision on the issuance of the license except the cases prescribed by Article 61 of the General Administrative code shall be as follows:

a) Licensee's request;

b) Death (liquidation) of the licensee, in accordance with the established procedure declared dead or missing or without legal capacity;

c) Breach of the terms of license established by the law;

d) Final judgment of conviction the deprivation of the right of activity. (25.07.2006 N3533)

8. Licensor shall make the decision on the revocation of the license under the procedure determined by this law for the issuance of license. Licensor shall be obliged to notify the licensee immediately concerning the beginning of administrative procedure on the revocation of license.

9. In case of existence of the ground stipulated by paragraph 7, sub-paragraph "d" of this law, also in case of emergency, when the delay of the decision may cause a substantial damage to the public or private interests, the licensor shall be obliged to make motivated decision on the revocation of license within 3 days and immediately notify the licensee on the revocation of license. (25.07.2006 N 3533)

10. License certificate shall be returned to the licensor within 3 days form the effective date of the decision.

11. Revocation of the license as the form of liability shall be applied only in case if fining the licensee cannot provide the fulfillment of the terms of license and the licensor motivates that the revocation of the license will not causes more damage than the validity of the license.

12. If the revocation of the license may cause more damage, then the validity of the license, or its termination is substantially impossible, licensor shall make the motivated decision on granting the right to the licensee on the prolongation of licensed activity under the terms established by licensor. In such case licensee shall be obliged to fulfill the additional terms of license within the reasonable time established by the licensor.

13. If in case provided for by paragraph 12 of this Article licensor is not fulfilling the terms of license, licensor shall be entitled despite of imposing the liability upon

the licensee make a decision of the fulfillment of the terms of license by its own or by the third person, with the expenses of licensee.

14. In cases of the types of licenses determined by the law, when the fulfillment of the license under the procedure of paragraph 13 of this Article is impossible, based on the petition of the licensor the court shall deliver the decision on the appointment of the special manager for the implementation of the licensed activity and for the fulfillment of the terms license. If the delay may cause damage, licensor under the motivated decision appoints the special manager and presents to the court for the decision immediately.

15. If for the licensor it is known in advance that fine against the licensee would not provide the fulfillment of the terms of license procedures provided for by paragraphs 12, 13 and 14 of this Article may be applied despite of fining the licensee. Licensor shall be obliged to motivate the mentioned decision.

16. Special manager aiming to fulfill the terms of license in shortest period as possible with the expenses of licensee shall be entitled to implement all activities, which are connected to the licensed activity. If the other term of validity is not provided for by the law, monthly report of the special manager on the conducted activity shall be approved by the court.

17. Taking into account the terms of license to be fulfilled, special manager shall be appointed for the determined period. If within the established period the terms of license could not be fulfilled, the court shall be entitled to prolong the mentioned term of office.

18. Licensee on the request of the special manager shall be obliged to provide him/her with any information or material means connected to the licensed activity. Non fulfillment of the mentioned obligation by the licensee or impede the special manager shall cause the liability of the licensee under the procedure provided for by the legislation.

19. In case of ensuring the fulfillment of the terms of license by the special manager or by the licensee itself the court shall make a decision on the abolition of the special management.

20. Every action intended to ensure the fulfillment of the terms of license, including remuneration of the special manager shall be provided with the expenses of licensee.

21. Issues of the authority, activity and remuneration of the special manager taking into account the character of the licensed activity may be additionally regulated by the normative act of the licensor or by higher (controlling) administrative body.

22. If the licensee holds the general license and is not able to fulfill the terms of license regulating any similar kind of limited activity, licensee shall be entitled to fulfill all other activities determined by the general license. Non-fulfillment of the terms of license regulating the limited activity shall not be the ground for prohibition to fulfill other activities stipulated by the general license.

23. Violation of the terms of license regulating any similar kind of limited activity by the holder of the general license shall cause the liability under the procedure prescribed by this Article.

24. Control over the fulfillment of the terms of license and requests set for the application of the particular object and the liability for their violation by the holder of the license of application shall be determined under procedures prescribed in Article 21 and 22 of this law.

25. In case of violation of the terms license and requests set for the application with the particular object by the holder of license of application, the court on the basis of motivated petition of the licensor shall have the authority to revoke the license of application.

26. Paragraphs 11-21 of this Article shall not be applied to the cases defined by paragraph 7, sub-paragraph "d" of this Article. (25.07.2006 N3533)

Article 23. Suspension of the Decision on the Issuance of the License, Refusal on its Issuance or on its Revocation in Case of Administrative Claim or Submitting the Claim

The decision on the issuance of the license, refusal on its issuance or on its revocation in case of administrative claim or submitting the claim shall not be suspended, if the other is not decided by the licensor or administrative body considering the claim or the court.

Section IV License and Permit Registries. Accessibility to the Information Responsibility

Chapter IX License and Permit Registries. Accessibility to the Information.

Article 36 License and Permit Registries. Accessibility to the Information 1. License/permit registry shall be of two kinds: a) The departmental license/permit registry; b) Public license/permit registry.

2. The departmental license/permit registry shall be provided by the licensor/issuer of permit.

3. Licensor/issuer of permit shall insert the data on the issuance of the license/permit, amendments made into, its revocation or issuance the duplicate into the departmental license/permit registry within 2 days from the decision.

4. The following shall be inserted into the departmental license/permit registry as well:

a) The information concerning the licensee/holder of permit: entrepreneur state registry data – for individual entrepreneur or legal person (for other organizational entity); name, surname and data on the residence and working places – for the physical person;

b) Data of the licensee/holder of permit on the firm name (name, surname), organizational-legal form; on changes of the location or its reorganization;

c) Type (types) of license/permit;

d) Number of license/permit certificate and date of its issue;

5. Licensor or/and issuer of permit under the administrative procedure shall be obliged to:

a) Notify the body providing the public license/permit registry concerning the data included into the departmental license/permit registry on the license/permit issued under the administrative procedure within 10 days from inserting it.

b) Publish the data on issuing of the license, make changes into and on its revocation in the official gazette "Sakanonmdeblo Matsnce" (Legislative Messenger) within 10 days from making the decision;

c) Permits issued by the body of the local self-government shall be published by the issuer of permit.

6. The public license/permit registry shall be the complete and universal data-base covering detailed information concerning the issuance of license/permits issued under the public administrative procedure, changes entered into and its revocation.

7. The public license/permit registry shall be provided by the Ministry of Justice of Georgia.

8. The data provided for by paragraph 3 of this Article shall be inserted into the public license/permit registry, legal address of the licensor/issuer of permit under the administrative procedure and name of the official undersigning the decision shall be indicated as well.

9. The procedure of record keeping of the public license/permit registry shall be determined by the Ministry of Justice of Georgia, which shall be obliged to ensure the publicity of this registry.

10. Data on the license/permit shall be inserted into the public license/permit registry with record, which shall not imply the changes into the previous records.

11. Everyone shall be entitled under the procedure established by the General administrative Code to access the data of the public license/permit registry and receive the public information concerning the licenses/permits.

Chapter X Responsibility

Article 37. Responsibility for Violation of this Law

1. Responsibility for violation of this law shall be determined under the Georgian legislation.

2. Not making the decision in a determined period on the issuing or refusal of issuing the license by the licensor or issuer of permit by violating the provisions of this law or not making the decision within the determined period by other administrative body shall cause the appointment of the guilty official on the lower position for 6 month period.

3. Repeatedly commitment of the violation provided for by paragraph 2 of this Article within 3 years shall cause the dismissal of this official from the occupied position.

4. By the licensor or issuer of permit in cases provided for by Article 10, paragraph 18 and Article 26, paragraph 11 of this law refusal on immediate issuance of the license or permit certificate shall cause the warning of the guilty official. Repeatedly commitment of the mentioned violation within 3 years shall cause the dismissal of this official from the position.

5. Appointment of an official on the same position, from which he/she was dismissed, based on the violation indicated in this Article shall be inadmissible. Also appointment of this person on the position of the similar content and function as the position from which he/she was dismissed shall be inadmissible.

Section V Transitional and Conclusive Provisions

Chapter XI

Transitional Provisions

Article 38. Legal Status of Licenses and Permits Issued before Effective Date of this Law

1. If particular activity or action, on which the license or permit was issuing, or is not any more the subject of regulation of this law, no one shall be entitled to request the license or permit for the fulfillment of this activity or action.

2. Before effective date of this law license or permit issued for that particular activity or action which is the subject of control of this law, shall have the legal force throughout the relevant period.

3. If on the particular activity or action the license was issuing and after the effective date of this law the permit is issuing, or *vice versa*, in a manner that the terms of license and permit is not substantially changed, licensor or holder of permit shall be entitled to request the issuance of the license or permit certificate on the basis of application. Licensor or issuer of permit shall be obliged to issue the relevant certificate immediately.

Article 39. Transitional Regulation of the License of Application

1. Before effective date of this law license issued for particular activity on which the license of application shall be issued in accordance with this law, shall have the legal force throughout the relevant period.

2. Procedure and conditions of prolongation of the term of action of the license of application provided for by paragraph 1 of this Article shall be the subject of Georgian legislation.

Article 40. Transitional Regulation of Bodies Issuing the Licenses and Permits and the Procedure of Issuance

1. Before making the changes and addenda into the legal acts, bodies issuing the license and permits, procedure and terms of issuance in accordance with this law shall be established by the normative act of the Government of Georgia.

2. If the terms of activity or action of the license and permit is defined by the legal act, license or permit shall be issued in case of fulfilling the procedures established by this legal act.

3. If such type of license or permit is defined by this law, additional terms of license or permit of which is not determined by the legal act, before making the changes and addenda into this legal acts the terms of license or permit shall be determined under the normative act of the Government of Georgia.