

LAW OF GEORGIA

ON LICENSING OF ENTREPRENEURIAL ACTIVITY

Chapter 1. General Provisions

Article 1. Law Governed Sphere

1. The law regulates the relations arising out of licensing of the entrepreneurial activity, specifies the kinds of entrepreneurial activity permitted by the license and determines respective governmental authorities issuing a license, as well as the procedure and grounds of issuing, suspension and revocation of license.
2. Pursuant to this law the entrepreneurial activity that is likely to cause serious danger to the human life, health, state security or public order is subject to the licensing.
3. This law specifies those activities, which require licensing as well as the list of those governmental authorities who are authorized to issue the license.
4. This law shall not be applied to:
 - a) the activity specified by item 2 of Article 1 of the Law of Georgia On Entrepreneurs.
 - b) export-import of goods (product, work, service).
 - c) the terms regulated under the law in the spheres of environmental protection and rational use of natural resources, power engineering, oil and natural gas, communication and post.
 - d) production of food, including baby food, and tobacco products.

Article 2. Definitions

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

- a) ***Entrepreneurial activity*** - activity determined by item 1 of Article 1 of the Law of Georgia On Entrepreneurs;
- b) ***License*** - special permit of a governmental authority, which entitles a licensee to carry out a certain activity observing the certain terms.
- c) ***Applicant*** - a resident or non-resident person applying for a license.
- d) ***Licensor*** - a governmental authority issuing a license under the present law.

- e) **License register (governmental and departmental)** - the strict registration document covering comprehensive data on issuance, suspension and revocation of a license.
- f) **Licensee** - a resident or non-resident person entitled to carry out the activity as provided by the license.
- g) **License fee** - the payment to be effected by an applicant in the amount determined by the law.
- h) **Notice** - the written information of the executive authority determined by this law with regard to commencement of the activity provided by Article 15.

Article 3. Equality before the Law

Pursuant to the law any activity carried out by resident and non-resident persons regardless their organizational and legal form and place of registration is subject of licensing.

Article 4. Activities Permitted under the License and Bodies Authorized to issue a License

1. In Georgia the following entrepreneurial activities are subject to licensing by the authorities listed in this Article:
 - a) insurance and intermediary business in the sphere of insurance - the State Insurance Supervision Service of Georgia.
 - b) banking, business of exchange points - the National Bank of Georgia.
 - c) making and repair of, and trade in weapons and ammunitions - the Ministry of Justice (within the limits of quotas specified by the National Security Council of Georgia).
 - d) air service, marine shipments and towage - the Ministry of Transport of Georgia.
 - e) activity of regulatory participants of the security market (broker companies, brokers, stock exchanges, central depository and security registrar) - the Ministry of Finance of Georgia.
 - f) arrangement of lotteries and other prize games - the Ministry of Finance of Georgia.

- g) production of medicines and substances subject to special control, pet medicines, activity of medical institutions - the Ministry of Health of Georgia.
 - h) business of centers for examination of vehicles - the Ministry of Internal Affairs of Georgia.
 - i) design and construction activity - the Ministry of Urbanization and Construction of Georgia (in the events determined by the law).
 - j) business of audit firms - the Audit Council under the Parliament of Georgia.
 - k) activity of private educational institutions - the Ministry of Education of Georgia.
 - l) production and repair of metrologic and measuring instruments - the Department for Standardization, Metrology and Certification of Georgia.
2. The higher representative bodies of Abkhazia and Ajaria Autonomous Republics will additionally determine by their normative acts the licensing bodies on the appropriate area in the cases directly provided under this law.

Article 5. Authority of Licensor

1. The governmental authority issuing a license shall:
 - a) issue a license for entrepreneurial activity provided by this law and keep the departmental register;
 - b) in accordance with the procedure established by the law, suspend a license and apply to the court for its revocation in compliance with the Civil Procedure Code;
 - c) notify the Ministry of Justice of Georgia- an authority keeping the public license register to cover issuance, suspension or revocation of licenses;
 - d) publish information about issuance, suspension or revocation of the license in the official gazette "Law Bulletin of Georgia".
2. The form of license is determined by the normative act of the licensor. Any restriction of the entrepreneur's rights, request for additional information or extra charges under the normative act of the licensor is prohibited.

3. The governmental authority issuing a license shall provide the Ministry of Justice of Georgia - the body keeping the public license register - with the information about issuance, suspension and revocation of every licenses in 5 days following the decision-making. At the same time, the licensor shall annually, not later January 20, provide the Ministry of Justice with the entire information related to the license, including that one concerning how many and what licensees have appealed the act of the licensor at the court. The form of state license register, kinds and procedure of supply with information are determined by the Ministry of Justice.
4. The Ministry of Justice of Georgia shall, on a quarterly basis, ensure publication of the licensing data in the official gazette - "Law Bulletin of Georgia".

CHAPTER II. LICENSING PROCEDURE

Article 6. Term of License

1. A license shall be issued for the unlimited term.
2. The activity determined by the license shall be carried out by the licensee from the day of making decision on issuance of the license by the licensor.
3. Transfer of the license to another person is prohibited.

Article 7. Grounds for Licensing

1. The license shall be granted on the basis of the application of an applicant.
2. The application shall contain:
 - a) for a natural person - name, surname, birth place and date, registration date in the Enterprise List, number, occupation, place of occupation and residence;
 - b) for a legal person - the firm name, organizational and legal type, location (legal address), name and surname of a person authorized for representation;
 - c) about the type of a license applied for.
3. The list of documents required for licensing of commercial banks is determined by Article 3 of Law of Georgia On Commercial Bank.

4. The application shall be enclosed with the document evidencing the payment of license fee.
5. The additional list of documents and conditions of those ones provided by this Article for licensing, with respect to the peculiarities of business, may be determined by the law or order of the President of Georgia only.
6. In case of changes in the licensee's firm name (name, surname), address or reorganization the licensee shall notify the licensor in writing and submit the proper documents within 7 days after the state registration.

Article 8. Consideration of Documents Submitted for Licensing

1. The licensor shall make the appropriate decision in connection with the written application of an applicant or, under the rule established by the law, duly authorized proxy thereof within 30 days from making application.
2. In case of need the licensor shall establish the permanent commission with the participation of governmental institutions involved in the licensing.
3. The commission shall examine and determine whether the applicant complies with the provisions of a license.
4. The licensor shall make one of the following decisions with regard to the results of examination:
 - a) on issuance of a license;
 - b) on refusal of a license.
5. The refusal of a license shall be substantiated and shall specify the grounds for it.
6. If an applicant is not informed about granting the license or dismissal of it within the term mentioned in item 1 of this Article, he/she shall have the right to commence the activity indicated in his application as soon as this term is expired.

Article 9. Grounds for Dismissal

1. The licensor can dismiss the license if:
 - a) the submitted documents do not comply with the law;

- b) the applicant applies for such activity the license on which has been revoked and 1 year has not been passed upon revocation thereof;
 - c) the license of applicant is suspended and the grounds for suspension of such license has not been eradicated.
2. The license shall not be dismissed by the reason that the number of licenses to be issued is limited.

Article 10. Loss or Damage of License Certificate

- 1. If the license certificate is lost or damaged the holder or proxy thereof shall apply to the licensor for issuance of a copy of the license.
- 2. The licensor will issue a copy of the license certificate only after filing the application to the authority keeping the public license register for making possible amendments in the register.
- 3. The appropriate amendments on issuance of the copy of license certificate shall be entered into the public license register.
- 4. The copy of license certificate has the same force as the original.

Article 11. License Fee

- 1. For issuance of a license certificate or a copy thereof the applicant shall pay the license fee.
- 2. The amount of license fee, the procedure for transferring thereof to and back from the budget are determined by the Law of Georgia on License Fee.

CHAPTER III. SUSPENSION AND REVOCATION OF LICENSE***Article 12. Suspension and Renewal of License***

- 1. The licensor shall make decision on suspension of a license if the licensee breaks provisions of the license or provisions of the law on entrepreneurship specified under the license.
- 2. The decision on suspension of the license shall be notified to the licensee without delay indicating the motive of and grounds for suspension, shall be entered into the public license register and published in the official gazette "Law Bulletin of Georgia" within 10 days after the decision-making.

3. Suspension of the license means the ban on the entrepreneurial activity permitted under the license up to renewal of the license. The license shall be suspended for the reasonable term only.
4. The license is suspended till fulfillment of provisions and conditions stipulated by item 1 of this Article, but no later than 3 months after the decision-making.
5. After fulfillment of the conditions and provisions as related to suspension of the license, the license shall be renewed by decision of the licensor made on the basis of application submitted by the licensee or his proxy.
6. The decision on suspension of the license may be appealed against before the court according to the procedure stipulated by the Civil Procedure Code of Georgia.
7. The decision on suspension of license shall be entered into both the departmental and public license registers and published in the official gazette "Law Bulletin of Georgia".

Article 13. Revocation of License

1. The grounds for revocation of a license shall be as follows:
 - a) licensee's request;
 - b) death (liquidation) of licensee;
 - c) expiration of suspension term of the license;
 - d) other grounds stipulated by the special law;
 - e) systematic (three or more times) breach by the licensee of the rules established by the law for performance of entrepreneurial activities as permitted under the license;
2. In the cases stipulated by items "e", "d" and "e" of item 1 of this Article the decision on revocation of the license on the basis of the application of the licensor shall be made by the court of relevant jurisdiction.
3. The licensor shall make the decision on revocation of license in 5 days following the day when it gets known about the grounds for revocation.
4. The licensor shall:

- a) notify the licensee in writing about revocation of the license specifying the grounds for revocation;
- b) enter the information into the departmental license register and notify the relevant authority keeping the public license register;
- c) publish the decision on revocation of the license in the official gazette "Law Bulletin of Georgia" in 10 days following its making.

CHAPTER IV. REGISTER

Article 14. License Register and Keeping Thereof

- 1. The license register is of two kinds:
 - a) the departmental license register;
 - b) the public license register.
- 2. The licensor enters the license data into the departmental license register in 3 days following the decision-making on the issuance of such license.
- 3. The following shall be put into the departmental license register:
 - a) the information concerning the licensee (firm name, organizational and legal form, state registration data, location; if the licensee is the natural person - name, surname and place of registration as well as the information about changes made in its firm name, organizational and legal form, location or its reorganization);
 - b) kind (kinds) of activity subject to licensing;
 - c) number of license and date of issue;
 - d) the date on suspension, renewal, revocation of the license or issuance of a license copy.
- 4. The licensor is obliged to:
 - a) furnish the relevant authority keeping the public license register with the information concerning the license in 10 days after making entries in the departmental register;
 - b) to provide information about issue, suspension, renewal, revocation of the license, on issue of the license copy to the official gazette "Law Bulletin of Georgia".

5. The goal of the public license register is to create the complete and universal data-base covering detailed information about issuance, suspension and revocation of licenses.
6. There shall be put into the public license register the information determined by item 3 of this Article, legal address of the licensor and personality of the undersigned.
7. Any person shall have the right to look through and apply in writing for obtaining the data of the departmental register and public license register.

Article 15. Obligation of Notification on Performance of Entrepreneurial Activity

1. Some kinds of entrepreneurial activity require the obligatory notification to the respective authority.
2. The following kinds of entrepreneurship are subject to notification to the bodies listed therewith:
 - a) activity connected with noble metals, precious gems and articles - to the Standard Supervision Inspection of the Ministry of Finance of Georgia;
 - b) air survey of the territory of country, creation of the national geodetic network, works for issue of maps and plans - to the State Department of Geodesy and Geography of Georgia;
 - c) activity of forwarders - to the Ministry of Transport of Georgia;
 - d) aviation works - to the Ministry of Transport of Georgia;
 - e) activity connected with the employment of population (including that one abroad) - to the Ministry of Social Protection, Labor and Employment;
 - f) geologic activity - to the State Geology Department;
3. The notice shall be made in the form of application and shall contain:
 - a) for a natural person - the data of identification card of a citizen of Georgia, registration in the enterprise list, occupation, place of residence;
 - b) for a legal person - the data about firm name, organizational and legal form, location (legal address), person authorized for representation;
 - c) what kind of entrepreneurial activity does the person carry out and where.
4. An entrepreneur shall notify the respective authority about commencement of activity not later than 5 days following the commencement date.

5. The authority shall issue the document certifying the receipt of the notice in 3 days following the date on which such notice.

CHAPTER V. DISPUTE ON LICENSING

Article 16. Appeal against Decision Made on License

Any decision of the licensor made in connection with the license may be appealed against by the person concerned before the court according to the procedure established by the law of Georgia.

Article 17. Responsibility for Violation of This Law

The responsibility of the licensor, officials thereof and licensees for violation of this law is determined by the law of Georgia.

CHAPTER VI. TRANSITIONAL PROVISIONS

Article 18. Licenses Issued before the Effective Date of This Law

1. On the effective date of this law only the activities determined by this law are subject to licensing.
2. Persons who carry out activity determined by this law and subject to licensing and who have obtained the licenses before the effective date of this law shall apply to the licensor for putting the license into the license register under the rule established by the law within 6 months from the effective date of this law.
3. In case of failure to fulfil the requirements of item 2 of this Article the licenses got before the effective date of the law are null and void.
4. Licenses which were applied for before the effective date of this law will be issued only under the procedure established by this law.
5. The Ministry of Finance of Georgia shall draft the law on arrangement and business of casinos and other games of chance.
6. The Ministry of Agriculture and Food of Georgia shall draft the law on licensing of production of food, including baby food and tobacco products within 1 month.

Article 19. Enactment Regarding Effect of the Law

The finance and budget committee of the Parliament of Georgia shall draft till June 1, 1999 and submit to the Parliament of Georgia for consideration the bill on License Fee.

CHAPTER VII. CONCLUSIVE PROVISIONS**Article 20. Effective Date of Law and Annulled Normative Acts**

1. The effective date of this law is July 1, 1999.
2. The following acts are null and void in connection with the effective date of this law:
 - a) Resolution No. 281 of the Cabinet of Ministries of Georgia of March 7, 1992 On Provisional Statute of Regulation and Licensing of Transport Service in the Republic of Georgia;
 - b) Resolution No. 65 of the Government of the Republic of Georgia On State Standard Supervision on the Territory of Republic of Georgia;
 - c) Resolution No. 180 of the Cabinet of Ministries of the Republic of Georgia of March 25, 1994 on Regulation and Licensing of Motor-Transport Service in the Republic of Georgia;
 - d) Resolution No. 812 of the Cabinet of Ministries of the Republic of Georgia On Formation and Arrangement of Security Market in the Republic of Georgia.
 - e) Resolution No. 84 of the Cabinet of Ministries of the Republic of Georgia of February 6, 1995 On Licensing of International Tourist Activity in the Republic of Georgia and On Statute of Rule and Amount of Payment of License Fee for International Tourist Activity;
 - f) items 2.13-2.17, 6.3-6.4 of Resolution No. 211 of the Cabinet of Ministries of the Republic of Georgia of April 15, 1995 On Approval of Provisional Regulations on Issue, Circulation of Securities and Stock Exchange;
 - g) Resolution No, 264 On Approval of Regulations on Licensing of Activity Connected with Temporary Employment of Citizens of Georgia Abroad;
 - h) Order No. 22 of the President of Georgia of March 16, 1996 On Introduction of Licensing of Construction Activity in Georgia;

- i) Order No. 568 of the President of Georgia of the August 29, 1996 On Certain Urgent Measures for Improvement of Licensing and Certification, Protection of Consumer's Market from Falsified and Low-quality Product;
- j) Order No. 4 of the President of Georgia of January 4, 1997 On Licensing of Medical Activity.

President of Georgia
Tbilisi, May 14, 1999
No. 1966-IIS

(signed, sealed)

Eduard Shevardnadze,