

LAW OF GEORGIA

ON CONTROL OF ENTREPRENEURIAL ACTIVITY

Chapter I – General Provisions

Article 1

1. Everyone has the right to freely carry out entrepreneurial activity.
2. Entrepreneurial activity under the Constitution of Georgia may only be restricted by law.
3. The state, a local self-government body, or other administrative body is authorised to exercise control over the activity of an entrepreneur only under the procedures determined by law.

Law of Georgia No 1697 of 24 September 2009 – LHG I, No 29, 12.10.2009, Art. 180

Article 2

1. Terms used in this Law shall have the following meanings:

- a) entrepreneur – an enterprise of any organisational legal structure under the Law of Georgia on Entrepreneurs, as well as a non-entrepreneurial (non- commercial) legal person engaged in entrepreneurial activity as part of this activity;
- b) control over entrepreneurial activity – activity of the state bodies, local self-government bodies, and other administrative bodies regulated by the legislation of Georgia, which is intended to inspect financial and economic activity of an entrepreneur and to verify performance of the obligations imposed on it; to determine if the activity of an entrepreneur complies with the legislation of Georgia; to detect violations in the activity or to impose an appropriate sanction. For the purpose of this Law, control shall not be the issuance of a licence, permit or certificate under the legislation of Georgia, or making a decision on authorisation, request of a certificate in the distribution network and drawing up of a respective report; also, activities carried out to verify the fulfilment of international treaties of Georgia in the field of environmental protection, fulfilment of requirements for usage of natural resources and other environmental requirements, activities under agreements and licences related to oil and gas resources, inspection determined by Article 8(3) of the Law of Georgia on the Legal Entity under Public Law called the Operative-technical Agency of Georgia and activities carried out to prevent and respond to forced labour and labour exploitation;
- c) controlling body – a state, local self-government, or other administrative body authorised by law to exercise control over entrepreneurial activity.

2. Taxation bodies and the State Audit Office of Georgia shall exercise control over financial and economic activity of an entrepreneur in cases provided for by the legislation of Georgia and within statutory limits (except for tax relations under the Tax Code of Georgia).

3. (Deleted).

Law of Georgia No 2565 of 23 July 2003 – LHG I, No 24, 20.8.2003, Art. 183

Law of Georgia No 919 of 29 December 2004 – LHG I, No 41, 30.12.2004, Art. 203

Law of Georgia No 843 of 29 December 2004 – LHG I, No 42, 30.12.2004, Art. 220

Law of Georgia No 4229 of 29 December 2006 – LHG I, No 50, 30.12.2006, Art. 380



Law of Georgia No 4302 of 29 December 2006 – LHG I, No 51, 31.12.2006, Art. 411

Law of Georgia No 1697 of 24 September 2009 – LHG I, No 29, 12.10.2009, Art. 180

Law of Georgia No 3539 of 21 July 2010 – LHG I, No 47, 5.8.2010, Art. 306

Law of Georgia No 3595 of 17 September 2010 – LHG I, No 54, 12.10.2010, Art. 347

Law of Georgia No 4415 of 11 March 2011 – website, 17.3.2011

Law of Georgia No 6550 of 22 June 2012 – website, 29.6.2012

Law of Georgia No 489 of 25 March 2013 – website, 5.4.2013

Law of Georgia No 4086 of 22 July 2015 – website, 31.7.2015

Law of Georgia No 489 of 22 March 2017 – website, 27.3.2017

Chapter II – Procedure for Exercising Control over Entrepreneurial Activity

Article 3

1. Only a controlling body may exercise control over entrepreneurial activity. If there are appropriate grounds, another state body may make a proposal to a controlling body or court to inspect entrepreneurial activity of an entrepreneur.
2. A controlling body shall be authorised to exercise control over entrepreneurial activity (including, entering an enterprise, requesting documents, suspending its activity, sealing the property of an entrepreneur and inspecting an enterprise and the quality of the production manufactured by the entrepreneur) only by order of the judge.
3. A judge shall only issue an order to inspect an entrepreneur's activity when a controlling body submits to him/her appropriate information with well- grounded and reasonable suspicion that the entrepreneur has violated requirements of the legislation.
4. An entrepreneur's activity shall not be inspected unless a judge issues an order to do so. If the inspection of an entrepreneur is already in progress, it must be terminated immediately after a judge refuses to issue an order on inspection, any sum paid, or other property or document transferred in favour of the controlling body, or the state or local budget must be unconditionally returned to the entrepreneur. If this is not possible, the entrepreneur shall be fully and appropriately recompensed. An entrepreneur shall have the right to claim and receive compensation for damage caused by an unauthorised inspection.
5. Evidence that was obtained as a result of an inspection conducted in violation of the law shall be invalid.
6. A controlling body shall be authorised to inspect an entrepreneur only with respect to issues on which there is an order of a judge.
7. The procedure for consideration and solution of an issue under this article by a judge shall be defined under the Administrative Procedure Code of Georgia.

Law of Georgia No 3052 of 4 May 2010 – LHG I, No 26, 20.5.2010, Art. 180

Article 4

1. If an authorised controlling body has inspected an entrepreneur, it may not be inspected again with respect to the same issue by another controlling body (except as provided for in the second sentence of Article 5(2) of this Law), or by another division of the same controlling body.



2. Before exercising control, a controlling body shall be obliged to provide an entrepreneur with a written list of the entrepreneur's rights and duties.

Article 5

1. The requirements of Article 3(2) of this Law shall not apply to:

a) tax control measures carried out by taxation bodies under the procedures determined by the legislation of Georgia on the basis of Article 255 of the Tax Code of Georgia;

b) activity of the National Bank of Georgia as provided for by law;

c) activity of the State Audit Office of Georgia provided for by the legislation of Georgia;

d) deleted;

e) deleted;

e1) activity related to the exercise of state control by the Ministry of Environmental Protection and Agriculture of Georgia and by the agencies within the Ministry;

e2) deleted (25.3.2013, No 489);

f) activity of a national regulatory body under the legislation of Georgia;

g) deleted;

g1) activity, under the legislation of Georgia, of the Legal Entity under Public Law called the Technical and Construction Supervision Agency within the Ministry of Economy and Sustainable Development of Georgia;

h) measures to supervise fulfilment of technical regulations applicable in the air and sea transportation fields carried out under the legislation of Georgia by the Legal Entities under Public Law called the Civil Aviation Agency and the Maritime Transport Agency within the Ministry of Economy and Sustainable Development of Georgia, as well as the activity related to the control of fulfilment of the conditions of mineral extraction licences or licences for subsoil use by the Legal Entity under Public Law called the National Agency of Mines within the Ministry of Economy and Sustainable Development of Georgia;

i) verification of satisfaction of technical regulations for high risk medical activity if the verification is performed on the basis of a random inspection once in a calendar year;

il) activity under the legislation of Georgia in the area of supervision of educational activities;

j) activity under the legislation of Georgia carried out by the Legal Entity under Public Law called the National Food Agency within the Ministry of Environmental Protection and Agriculture of Georgia;

k) activity under the law carried out by the Legal Entity under Public Law called the State Insurance Supervision Service of Georgia;

l) activity under the legislation of Georgia carried out by the Emergency Management Service, a state sub-agency within the Ministry of Internal Affairs of Georgia, to supervise facilities under state fire supervision and facilities of vital importance;

m) during carrying out aesthetic and cosmetic procedures in public places by duly authorised persons from municipality bodies:

m.a) checks of the observance of technical regulations – sanitary norms of infection prevention and control in carrying out aesthetic and cosmetic procedures in public places, if random checks are carried out once in a calendar year;

m.b) checks of conditions related to the registration in the registry of economic activities, if random checks are carried out once in a calendar year.

2. All controlling bodies shall be prohibited from requiring that an entrepreneur submit information falling outside the scope of their authority. When inspecting other state financial and economic control bodies, the State Audit Office shall be authorised to require that an appropriate body, in order to conduct its desk tax audit, submit documents and information



evidencing budget settlements.

n) inspection of observance of occupational safety standards by the service within the Ministry of Internally Displaced Persons from the Occupied Territories, Labour, Health and Social Affairs of Georgia, which carries out the inspection of the observance of occupational safety standards, if the inspection is carried out:

n.a) on the basis of a random control once per calendar year;

n.b) for the purpose of repeated inspection within a reasonable time frame;

n.c) for the purpose of conducting an enquiry of an accident in the working area;

[n) activity under the Organic Law of Georgia on Occupational Safety carried out by the service within the Ministry of Internally Displaced Persons from the Occupied Territories, Labour, Health and Social Affairs of Georgia, which carries out the inspection of the observance of occupational safety standards; **(Shall become effective from 1 September 2019)**]

o) inspection carried out by the State Inspector Service under the Law of Georgia on the State Inspector Service.

3. In the cases provided for in paragraph (1)(c–f) of this article, control of entrepreneurial activities of an individual legal person may only be exercised based on an administrative act of an appropriate body.

4. This Law shall not apply to actions provided for by the Law of Georgia on Operational Investigations and under the Criminal Procedure Code of Georgia. A controlling body exercising control over entrepreneurial activity at the request of a body conducting operational investigations shall be granted the right of inspection by a judge's order. The body conducting interrogation and operational investigations shall apply to a court with a motion to conduct an inspection, and shall present appropriate information to the judge on violations of law by the entrepreneur. The judge shall consider the issue alone at a closed judicial session without participation of the parties. The requirements of Article 4(1) of this Law shall not apply to the inspection to be conducted.

Law of Georgia No 2565 of 23 July 2003 – LHG I, No 24, 20.8.2003, Art. 183

Law of Georgia No 3115 of 26 August 2003 – LHG I, No 29, 18.9.2003, Art. 230

Law of Georgia No 3373 of 24 February 2004 – LHG I, No 7, 16.3.2004, Art. 33

Law of Georgia No 1125 of 22 March 2005 – LHG I, No 13, 12.4.2005, Art. 86

Law of Georgia No 3188 of 6 June 2006 – LHG I, No 21, 15.6.2006, Art. 178

Law of Georgia No 4302 of 29 December 2006 – LHG I, No 51, 31.12.2006, Art. 411

Law of Georgia No 4275 of 29 December 2006 – LHG I, No 51, 31.12.2006, Art. 434

Law of Georgia No 5264 of 11 July 2007 – LHG I, No 30, 30.7.2007, Art. 335

Law of Georgia No 341 of 10 October 2008 – LHG I, No 25, 23.10.2008, Art. 165

Law of Georgia No 1689 of 24 September 2009 – LHG I, No 29, 12.10.2009, Art. 172

Law of Georgia No 3052 of 4 May 2010 – LHG I, No 26, 20.5.2010, Art. 180

Law of Georgia No 3555 of 21 July 2010 – LHG I, No 46, 4.8.2010, Art. 281

Law of Georgia No 3595 of 17 September 2010 – LHG I, No 54, 12.10.2010, Art. 347

Law of Georgia No 4145 of 17 December 2010 – LHG I, No 76, 29.12.2010, Art. 517

Law of Georgia No 4219 of 22 February 2011 – website, 10.3.2011

Law of Georgia No 4415 of 11 March 2011 – website, 17.3.2011



Law of Georgia No 4657 of 5 May 2011 – website, 13.5.2011

Law of Georgia No 6170 of 8 May 2012 – website, 25.5.2012

Law of Georgia No 6550 of 22 June 2012 – website, 29.6.2012

Law of Georgia No 489 of 25 March 2013 – website, 5.4.2013

Law of Georgia No 1468 of 4 October 2013 – website, 16.10.2013

Law of Georgia No 1596 of 20 November 2012 – website, 3.12.2013

Law of Georgia No 2470 of 29 May 2014 – website, 12.6.2014

Law of Georgia No 5364 of 8 June 2016 – website, 17.6.2016

Law of Georgia No 5572 of 24 June 2016 – website, 13.7.2016

Law of Georgia No 1712 of 7 December 2017 – website, 14.12.2017

Law of Georgia No 2052 of 7 March 2018 – website, 21.3.2018

Law of Georgia No 2618 of 17 June 2018 – website, 6.7.2018

Law of Georgia No 3096 of 5 July 2018 – website, 11.7.2018

Law of Georgia No 3299 of 21 July 2018 – website, 9.8.2018

Law of Georgia No 4092 of 22 December 2018 – website, 28.12.2018

Law of Georgia No 4262 of 27 December 2018 – website, 29.12.2018

Law of Georgia No 4286 of 19 February 2019 – website, 4.3.2019

Law of Georgia No 4601 of 8 May 2019 – website, 8.5.2019

Article 6

Any controlling body shall be obliged, before January 25th of each year, to submit an annual report to the President of Georgia, the Government of Georgia and the Parliament of Georgia on motions submitted to the courts to issue orders, the number of orders issued by courts, and the results of inspections conducted on the basis of the issued orders during the previous year.

Law of Georgia No 1234 of 20 September 2013 – website, 8.10.2013

Chapter III – (Deleted)

Law of Georgia No 799 of 19 December 2008 – LHG I, No 40, 29.12.2008, Art. 261

Article 7 (deleted)

Law of Georgia No 799 of 19 December 2008 – LHG I, No 40, 29.12.2008, Art. 261



Article 8 (deleted)

Law of Georgia No 799 of 19 December 2008 – LHG I, No 40, 29.12.2008, Art. 261

Chapter IV – Transitional and Final Provisions

Article 9

1. Deleted.
2. The Committee of the Parliament of Georgia for Legal Issues, Law and Administrative Reforms, and the Committee of Sector Economy and Economic Policy shall be assigned, within three months after the entry of this Law into force, to develop a draft law together with the appropriate executive authorities, on the procedures for separation of powers of controlling bodies and for exercising control.
3. The Ministry for Finance of Georgia shall, within three months, ensure submission of the text of this Law to the legal persons registered as taxpayers with Georgian taxation bodies.
4. The Committee of the Parliament of Georgia for Legal Issues, Law and Administrative Reforms shall be assigned to make proposals within three months, together with the appropriate executive agencies, to bring the applicable legislation of Georgia in line with this Law.
5. Article 2(3) and Article 5(1)(g) of this Law shall enter into force as from 1 January 2006.

Law of Georgia No 1399 of 10 May 2002 – LHG I, No 10, 13.5.2002, Art. 44

Law of Georgia No 843 of 29 December 2004 – LHG I, No 42, 30.12.2004, Art. 220

Law of Georgia No 799 of 19 December 2008 – LHG I, No 40, 29.12.2008, Art. 261

Article 10

This Law shall enter into force on the 15th day from its promulgation.

President of Georgia

Eduard Shevardnadze

Tbilisi

8 June 2001

No 921–IIS

