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## Tax & Law Brief

April 2021



### Amendment to the Law of Georgia on the Legal Status of Aliens and Stateless Persons

On 13 April 2021, amendment to the Law of Georgia on the Legal Status of Aliens and Stateless Persons was published. The amendment will become effective from 12 May 2021. According to the amendment:

- A residence permit will not be issued to an alien who is in Georgia based on the prolonging of the duty to leave when submitting an application for residency.
- A residence permit in Georgia (except for an investment residence permit, a special residence permit and a specific type of temporary permit) will not be issued on the basis of the C type ordinary visa.
- Residence permit in Georgia (except for an investment residence permit, special residence permit and specific type of temporary permit) will not be issued to an alien who has visa and / or residence permit of the country determined by the decree of the Government of Georgia and can enter Georgia without a visa.

*Source: Legislative Herald of Georgia, 27 April 2021*

### Order N 32/04 of NBG President dated 9 March 2021 on Approval of the Rule on Protection of Consumers' Rights while Providing Services by Financial Organizations

On 1 April 2021, the Order of the President of the National Bank of Georgia (hereinafter - the NBG) on approving the rules for the protection of consumer rights when providing services by financial organizations has become effective.

The order replaced the order 151/04 of the President of the NBG dated 23 December 2016.

- According to the order, the duties of the financial organization (hereinafter – “FO”) among others, include:
  - To provide the customer with the complete, true, understandable information on the financial product necessary for making the decision. This information is to be provided, among others, in the contracts that are to be concluded / are concluded with the customer;
  - Immediately and without any additional costs inform the customer orally if the refusal to grant a loan by FO is based on the information received from the Credit Information Bureau database;
  - When offering an insurance related to a financial product, FO shall inform and provide the customer with the Information Sheet as stipulated under the order of the Head of the State Insurance Supervision Service of Georgia of 3 April 2017 N18;

### Duties of the Financial Organization

- When offering an insurance related to a financial product, provide the customer with information on whether insurance is necessary to obtain a financial product.

*Source: Legislative Herald of Georgia, 27 April 2021*

## Order N 48/04 of the NBG President On Approval of the Rule of Electronic Implementation of Preventive Measures by an Accountable Person

The order establishes the rule for performing preventive measures defined by the Law of Georgia on Prevention of Money Laundering and Terrorism Financing electronically with the client and / or the person acting on behalf of the client by the accountable persons supervised by the NBG.

According to the order, the accountable person, among others, shall:

- Notify in writing the NBG before conducting the electronic identification / verification process and provide the information related to the electronic identification/verification matters;

### Duty to notify

- Obtain written consent from the NBG on implementing the electronic identification / verification process - the NBG makes a decision within 30 calendar days of the application and, if necessary, may extend the deadline by an additional 30 calendar days, of which the reporting entity shall be notified.

### Duty to gain the written consent from the NBG

- If the entity performs electronic identification / verification without the approval of the NBG, all such identified/verified persons for the purposes of the Law of Georgia on Prevention of Money Laundering and Terrorist Financing shall be considered unidentified / unverified and the NBG will be authorized to use the law or Supervisory measures.

### Electronic identification/verification without an approval of NBG

*Source: Legislative Herald of Georgia, 27 April 2021*

## Draft Law on Amendments to the Law of Georgia on Deposit Insurance

On 27 April 2021, the Parliament of Georgia on the third hearing reviewed the draft law on Amendments to the law of Georgia on Deposit Insurance and related acts.

### Information on insured deposits

- The draft law regulates the issue of providing information on insured deposits. The Deposit Insurance Agency (hereinafter referred to as the Agency) may request and / or verify information on insured deposits in commercial banks at any time, if necessary, remotely and / or through external auditors designated by the NBG and / or commercial banks.

### Repo operations

- Under the draft law, the Agency may conduct repo operations.
- The draft also includes a rule for remuneration of depositors as a result of mergers of commercial banks. In case of merger of commercial banks, within 6 months after the merger, in case of an insured event, the depositor has the right to request a separate reimbursement of the insured deposit within each commercial bank before the merger, in accordance with the legal act (instruction) of the Head of the Agency.

Source: Parliament of Georgia, 27 April 2021



Let's talk.

For a deeper discussion of how this issue might affect your business, please contact us at PwC Georgia.

**Sergi Kobakhidze**  
Partner, Tax & Law Practice  
[sergi.kobakhidze@pwc.com](mailto:sergi.kobakhidze@pwc.com)

**Vano Gogelia**  
Head of Legal Practice  
[vano.gogelia@pwc.com](mailto:vano.gogelia@pwc.com)



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