



## **Georgian Legal News**

### Refer to the Law

#### **Announcement of the National Bank of Georgia**

As per the announcement of the National Bank of Georgia dated 14 November 2018, as of 1 January 2019 the Statute on Issuance of Loans to Natural Persons will enter into force, whereby a lender must conduct an insolvency check of the potential borrower before loan origination. Furthermore, lenders are responsible for investigating the borrower's financial circumstances and ensuring that he/she can afford the loan (loan, guarantee).

The Statute will be binding simultaneously for commercial banks, microfinance organisations, credit unions, and other lenders.

## Draft Law on Legal Status of Foreign Citizens and Stateless Persons

The Parliament of Georgia is reviewing the initiated amendments to the Law on Legal Status of Foreign Citizens and Stateless Persons, which may introduce more stringent requirements for foreign nationals seeking Georgian residence permits, to name but a few:

- the legal ground is repealed for the issuance of a short-term residence permit to a foreign national in cases where such foreign national owns an immovable property the market price of which exceeds the equivalent of USD 35,000 in GEL;
- investment residence permit may be issued following an investment of USD 500,000 (instead of GEL 300,000 currently), provided the investment has created at least 50 jobs for Georgian nationals;
- a permanent residence permit may be issued only to the spouse, parent, or child of a Georgian national;
- permanent residence permits for making investments will be repealed.

## Bill on Social Entrepreneurship

The Parliament of Georgia is reviewing the Bill on Social Entrepreneurship, which aims to establish a legal framework for social entrepreneurship.

Social entrepreneurship is understood as an entrepreneurial activity that seeks to ensure social equality, employ disadvantaged social groups, and pursue goals in the fields of education, culture, healthcare, sports, and environmental protection.

In accordance with the Bill, a social enterprise is a legal entity that, apart from other criteria established by the law, is obligated to reinvest at least 70 percent of its profits into socially focused activities listed in its charter.

The social status of an enterprise (LLC, JSC, Cooperative) is subject to registration. A non-entrepreneurial (non-commercial) legal entity, which conducts its activities in the field of social entrepreneurship is considered to be a social enterprise and has the right to request registration of such status.

## Contacts

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