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Law of Georgia on Grants

Chapter I

General provisions

Article 1. The Scope

This law shall regulate the general principles of donation, receipt and use of a grant in Georgia.

Article 2. Grant

1. The targeted funds gratuitously transferred, in cash or in kind, from the grantor (donor) to the grantee, that are used for specific humanitarian, educational, scientific-research, health care, cultural, sporting, ecological and social projects, as well as for implementation of the programs of the state or public importance, shall constitute a grant;

2. The funds transferred in order to achieve entrepreneurial or political goals shall not be deemed to be a grant.

Article 3. The Grantor

The following may be a grantor (donor):

1. International charitable, humanitarian and other public organization (including international sports associations, federations and committees), financial-credit institution, the government of a foreign country or its representation, and also a non-entrepreneurial legal person (foundation) of a foreign country;

2. Those non-entrepreneurial legal persons (foundations, programs) of Georgia the main charter objective of which is to accumulate the property in order to support charitable, social, cultural, educational, scientific-research and other activities beneficial to the public.

Article 3. The Grantee

The following may be a grantee:

1. The state of Georgia in the person of a body (organization) so authorized by the President of Georgia;

2. A governmental or a local self-governance body of Georgia;

3. A resident or non-resident non-entrepreneurial legal person of Georgia, its representation, branch or division;
Chapter II

Principles of Donation of a Grant

Article 5. Legal Grounds for Donation of a Grant

1. A written contract concluded by the grantor (donor) and the grantee, as well as a written resolution of an international sports organization on the allocation of targeted material or intangible values (including monetary funds) to a Georgian sports federation or club, shall constitute the legal grounds for a grant. The contract shall include the purpose of the donation of the grant, its amount, specific directions of its use, time periods for its utilization and the principal conditions set by the grantor (donor) to the grantee.

2. The grant shall be used only for the purposes stipulated in the contract. Use of the grant for other purposes shall be allowed only by permission of the grantor (donor).

3. Realization of the values received through the grant shall be allowed only if so predetermined in the contract on the donation of the grant.

Article 6. Violation of Contractual Terms and Liability

1. In the case of violation of the contractual terms the parties shall be liable in accordance with the effective legislation.

2. An unsettled dispute arisen between the resident legal persons or citizens of different countries shall be resolved by judicial settlement of that country which the parties predetermine. If there be no such agreement in the contract, the dispute shall be resolved in accordance of the legislation of Georgia.

Chapter III

Taxation of a Grant

Article 7. General Procedure for Taxation of a Grant

The procedure for taxation of a grant shall be determined by the effective legislation of Georgia.

Article 8. Effective Date of the Law

This Law shall take effect upon promulgation.
President of Georgia

Eduard Shevardnadze

Tbilisi,
June 28, 1996