

LAW OF GEORGIA ON GRANTS

Chapter I

Common Regulations

Article 1. Sphere of Use

This Law specifies general principles of allotment, receipt and use of the grant in Georgia.

Article 2. Grant

1. The grant is the target-oriented means allotted by the grantor (donor) to the grantee free of charge in monetary or in natural form, which shall be used for implementation of specific humane, educational, scientific-research, health, cultural, sports, ecological and social projects, as well as the programs of state or public importance.
2. The means allotted for political or business purpose shall not be considered as grant.

Article 3. Grantor

The grantor (donor) may be:

1. International philanthropic, humanitarian or public organization (including international sports association, federation and committee), financial-credit institution, government of foreign country or its representation, as well as juridical person (fund not engaged in business) of foreign country.
2. That non-enterprising juridical person (fund, program) of Georgia, the main purpose of the charter of which is to accumulate property on purpose to encourage philanthropic, social, cultural, educational, scientific-research or other activity, useful for the society.

Article 4. Grantee

The grantee may be:

1. The state of Georgia as the organ (organization) authorized by the President of Georgia.
2. The organ of state authority of Georgia and the organ of local self-government.
3. Non-enterprising juridical person, resident or not resident of Georgia, its representation, branch or department.
4. Citizen of Georgia.

CHAPTER II

General Principles of Allotment of the Grant

Article 5. Legal Foundation for Allotment of the Grant

1. Legal foundation for allotment of the grant is the written agreement between the grantor (donor) and grantee, as well as the official written decision by the international sports organization on allotment tangible and intangible values (including monetary resources) to the sports federation or club of Georgia. The

agreement must include the purpose and amount of the grant, also the concrete line of its use, term of its assimilation and claims laid by grantor to grantee.

2. The grant must be used only for the purpose stated in the agreement. Usage of the grant for other purposes shall be permitted only with the assent of the grantor (donor).

3. Realization of the values received as the grant shall be permitted only in that case, when such action was previously stipulated by the agreement on the allotment of the grant.

Article 6. Violation of the Agreement and Responsibility for it

1. The parties shall be charged responsibility in accordance with operative laws for violation of the conditions, stipulated by the agreement on allotment of the grant.

2. In the lack of agreement between the juridical persons residents of different countries or between the citizens of different countries, the disputable question shall be settled under the legal rule of that country, which was previously chosen by the parties. If such decision is not defined by the agreement, the dispute shall be settled under the laws of Georgia.

CHAPTER III

Taxation of the Grant

Article 7. General Rule of Taxation of the Grant

The rule of taxation of the grants is defined under the operative laws of Georgia.

Article 8. Setting the Law in Force

This Law is to be in force as soon as it is published.

The President of Georgia

Eduard Shevardnadze.

Tbilisi,

28 June, 1996.